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Good Sign, But Uncertainty in Iowa Jobs Despite Increase in Jobless Rate, More Jobs Reported in Iowa

MOUNT VERNON, Iowa (Aug. 19, 2004) – Iowa’s roller-coaster job picture showed a 2,000-job increase in July after accounting for a lower level of jobs in June than previously reported, leaving the state with a three-month net loss of 3,200 nonfarm jobs.

The July figures from Iowa Workforce Development (IWD) also showed a slight increase in the unemployment rate, from 4.3 percent to 4.4 percent, but that could be attributed to a 2,700 increase in the number of people in the labor market, according to Iowa economists.

“It’s a good sign to see that one-month increase in jobs. Hopefully, the numbers being reported for July are more accurate than the May and June numbers, which were revised downward significantly,” said Elaine Ditsler, a research associate for the Iowa Policy Project (IPP).

“What we do know from IWD’s estimates is that Iowa lost a total of 5,200 jobs in May and June, so that puts some perspective on the 2,000 increase for July that is being reported today,” IPP Research Director Peter Fisher said. “Across the past year, the trend we’re seeing remains unstable – but it at least is pointing slightly up if those July numbers hold.”

The July increase of 2,000 puts the state at 1,446,200 nonfarm jobs – 9,800 more than IWD reported for July 2003.

“It sure is better to be gaining jobs, but even if we could hold a pace of 2,000 new jobs each month, it would take 14 more months to recover from the 2001 recession,” Ditsler said, noting a 28,000 net jobs deficit from March 2001, the start of that recession.

The unemployment rate is improved over the year, from a post-recession peak of 4.7 percent in July 2003 to 4.4 percent last month.

The largest single increase for July came in education and health services, with 1,500 new jobs in the month, the third straight month of growth in that sector. Manufacturing rose by 900 in the month and professional and business services rose by 800, while government jobs dropped by 1,100 and trade and transportation fell by 500. Those numbers are seasonally adjusted.

Key numbers following Thursday's release from the state:

■ The unemployment rate rose from 4.3 percent in June to 4.4 percent in July. In July 2003, the rate was 4.7 percent.

■ The labor force rose over the month from 1,623,100 to 1,625,800 – people working or looking for work. The figure is up by 16,300 from a year earlier.

■ Total nonfarm employment rose from a revised June figure of 1,444,200 to 1,446,200 in July, an increase of 2,000 jobs. However, the revised June figure is 2,700 below what IWD had reported last month.

■ The nonfarm employment number is up 9,800 from July 2003, but is 28,000 below the level of March 2001, at the start of the last recession. It is 6,000 behind the level in November 2001, when the recession officially ended.

■ From June 2003 to July 2004, 35,900 jobs were supposed to have been created in Iowa under the federal "Jobs & Growth" tax cut; that plan has fallen 25,000 jobs short in Iowa. To reach that target, Iowa would have to gain 7,800 jobs per month the rest of the year, compared with the 2,000 increase seen in July.

The Iowa Policy Project is a non-profit, non-partisan research organization based in Mount Vernon. IPP reports are available to the public, free of charge, on the web at www.iowapolicyproject.org <<http://www.iowapolicyproject.org/>>.

– 30 –

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