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A Trend or a Reprieve? Iowa Jobs See Boost Second Straight Job Increase Erases May-June Deficit

MOUNT VERNON, Iowa (Sept. 16, 2004) – Iowa may have rebounded from a late-spring slump with a 3,400-job increase in August, the state’s second straight monthly increase in nonfarm jobs.

August figures from Iowa Workforce Development (IWD) also showed a slight increase in the unemployment rate, from 4.4 percent to 4.5 percent, but Iowa economists said that could be due to an increase in the number of people in the labor market.

“This is the first back-to-back increase since March and April. It will be interesting to see if this becomes a trend, or just a smooth patch on the rocky road for Iowa’s economy in recent years,” said Peter Fisher, research director for the Iowa Policy Project (IPP).

“It is a good sign that people are looking for work. But we need to make sure jobs – especially quality jobs – are out there for them.”

Fisher noted a recent report for the IPP by University of Iowa professor Colin Gordon, who found disturbing trends for both Iowa’s job numbers and wages over the past four years.

The August increase in jobs follows a 2,200 increase in July – a figure revised up 200 by IWD – and puts the state at 1,449,800 nonfarm jobs. That is up 11,400 from August 2003.

Iowa’s unemployment rate is improved over the year, from 4.6 percent in August 2003. The post-recession peak was 4.7 percent in July 2003.

The largest single increase for August came in government employment, with an 1,800 increase that offset an 1,800 decline in July. Trade and transportation rose 1,700, which IWD noted came at the same time as the opening of a new mall in West Des Moines, education and health services rose 500 and manufacturing rose 400. Construction and information both showed 400 job drops. Those numbers are seasonally adjusted.

Key numbers following Thursday’s release from the state:

■ The unemployment rate rose from 4.4 percent in July to 4.5 percent in August. In August 2003, the rate was 4.6 percent.

■ The labor force rose over the month from 1,626,000 to 1,632,300 – people working or looking for work. The figure is up by 33,400 from a year earlier.

■ Total nonfarm employment rose from a revised July figure of 1,446,400 to 1,449,800, an increase of 3,400 jobs.

■ The nonfarm employment number is up 11,400 from August 2003, but is 24,400 below the level of March 2001, at the start of the last recession. It is 2,400 behind the level in November 2001, when the recession officially ended.

■ From June 2003 to August 2004, 38,700 jobs were supposed to have been created in Iowa under the federal “Jobs & Growth” tax cut; that plan has fallen 24,200 jobs short in Iowa. To reach that target, Iowa would have to gain 8,800 jobs per month the rest of the year, compared with the 3,400 increase seen in August.

Fisher noted that Gordon’s Labor Day weekend report for the IPP found that Iowa’s median wage fell from \$12.03 in 1979 to \$10.99 in 1995 (2003 dollars), and then rose to \$12.71 in 2000 with slow growth to \$13.01 in 2003, leaving it behind the national median and that of five of eight regional peer states.

Gordon has pointed out that wage comparisons only tell part of the story of job quality in Iowa, where the share of people without health insurance has risen to 10.4 percent.

“Low-wage occupations are less likely to offer other forms of economic security, such as health insurance or pensions,” Gordon said.

Gordon’s report and other IPP reports about job and income trends are on the web at www.iowapolicyproject.org <<http://www.iowapolicyproject.org>>. The Iowa Policy Project is a non-profit, non-partisan research organization based in Mount Vernon.