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Iowa Jobs Climb in December Roller-Coaster Year Ends on High Note

MOUNT VERNON, Iowa (Jan. 20, 2005) – Iowa’s sluggish recovery ended 2004 on the right track as the roller-coaster job performance through the year finished with a 1,600-job gain for December.

December figures from Iowa Workforce Development (IWD) showed a slight decrease in the unemployment rate, to 4.7 percent from the 12-year high of 4.8 percent recorded in both October and November.

Independent Iowa analysts agreed with IWD Director Richard Running that the good news of nonfarm job growth “is still not strong enough to substantially reduce unemployment.”

“Hopefully at some point during the year we will be able to say we have reached the number of jobs we had before the recession,” said David Osterberg, executive director of the Iowa Policy Project (IPP). “That will be a reason to celebrate, but only briefly, because we have to be focused on what will make the economy actually grow.”

Osterberg noted nonfarm jobs remain 17,300 behind the level of March 2001, when the last recession started. To reach that level this year, Iowa would have to gain about 1,400 jobs per month, compared with the 2004 average of about 1,000 per month. Iowa’s net gain from December 2003 to December 2004 was 12,400 jobs.

Elaine Ditsler, research associate for the IPP, said a long-term perspective will keep in mind job quality, not just the overall number of nonfarm jobs, and the rate at which Iowa is gaining jobs to reach that pre-recession level.

“A full 45 months after the start of the 2001 recession, we’re still 17,300 jobs behind,” Ditsler said. “To see how slow a recovery we’re in, compare that with our recovery from the 1990 recession. At this same point – the 45-month mark – we were almost 82,000 jobs ahead. That’s a staggering difference.”

The 1,600-nonfarm job increase in December follows a 700-job decline in November that ended a four-month string of job increases. Iowa has had net job gains in eight of the past 12 months, and the nonfarm job number of 1,456,900 for December beat the previous high for the year, in October, by 300. It also put nonfarm jobs at their highest level since September 2001.

The largest single increase for December came in construction, a gain of 1,500, with a 400-job increase in professional and business services and 300 in information. The only declines for the month were in government, 400, and manufacturing, 300.

Key numbers following Thursday's release from the state:

■ The unemployment rate fell to 4.7 percent in December from a revised 4.8 percent in November. In December 2003, the rate was 4.6 percent.

■ The labor force fell over the month from 1,631,700 to 1,630,200 – people working or looking for work. The figure is up by 30,000 from a year earlier.

■ Total nonfarm employment rose from 1,455,300 to 1,456,900, an increase of 1,600 jobs.

■ The nonfarm employment number is up 12,400 from December 2003, but is 17,300 below the level of March 2001, at the start of the last recession.

■ From June 2003 to December 2004, 49,800 jobs were supposed to have been created in Iowa under the federal “Jobs & Growth” tax cut; that plan has fallen 28,200 jobs short in Iowa. To meet the goals of that program by the end of this year, Iowa would have to gain almost 2,400 jobs each month, in comparison to the 1,600 increase in December.

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.

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