

318 2nd Ave. N • Mount Vernon, IA 52314

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CONTACT: Mike Owen (319) 338-0773 or [ipp@lcom.net](mailto:ipp@lcom.net).

## Sharp Job Gains, Drop in Iowa Jobless Rate

### State Jobless Rate Falls to 4.5 Percent; Return to Pre-Recession Job Levels in Sight

MOUNT VERNON, Iowa (May 19, 2005) – Iowa’s biggest boost in nonfarm jobs in almost five years gave the state its third straight monthly employment increase as the unemployment rate dropped sharply in April to 4.5 percent – its first decline in six years.

April numbers from Iowa Workforce Development showed a gain of 6,700 nonfarm jobs during the month, with increases in nearly every sector. The unemployment rate fell below 5 percent for the first time since last September. It had not shown a one-month drop since April 1999.

“This is the strongest three-month employment trend we’ve seen in the past year,” said Peter Fisher, research director of the Iowa Policy Project. “Another month like that would complete our climb out of the recession jobs deficit. We need to watch whether these trends hold and help us get eventually to a net increase in jobs.”

The April numbers brought Iowa’s nonfarm jobs to within 5,100 of the number of jobs at the start of the last recession, which began in March 2001.

The 6,700-job increase in April followed increases of 2,700 in March and 1,000 in February. Over the 12 months before April, nonfarm job growth had averaged less than 900.

“We always need to keep a long-term perspective on these monthly numbers. As we’re graduating new classes of high-school and college students this month, we are reminded that we need continued growth in the Iowa economy to meet the needs of new people entering in the labor market,” Fisher said.

“Whether we can meet those needs is going to depend on job quality. Do the new jobs pay as well as those we lost during the recession? Do they offer benefits? Those are important long-term questions.”

Until April, the state unemployment rate had been at 5 percent or above for six months. The 5.1 percent level from January through March had been Iowa’s highest jobless rate since February 1988, and compared with a 3.1 percent level in March 2001. The rate had climbed steadily since then.

The largest single increase in nonfarm jobs in April was in professional and business services, with an increase of 1,400 new jobs. An increase of 900 jobs in manufacturing marked the fourth straight monthly increase in that sector. Trade and transportation rose by 800.

Key numbers following Thursday's release from the state:

■ Total nonfarm employment rose from 1,462,200 to 1,468,900 during the month, an increase of 6,700 jobs. That is 13,200 more nonfarm jobs than in April 2004.

■ Iowa's nonfarm job number is at its highest since 1,470,400 in May 2001, two months after the recession started.

■ The growth of 6,700 jobs in April compares with a monthly average of about 900 over the previous 12 months. An average of a little over 600 is needed each month through the rest of 2005 to erase the recession job deficit.

■ The April drop in the unemployment rate was the first in six years, and compared with a 4.7 percent rate a year earlier. The last decrease was in April 1999, when the rate fell to 2.6 percent from 2.7 percent the month before.

■ The labor force rose over the month from 1,643,100 to 1,645,700 – people working or looking for work.

The Iowa Policy Project (IPP) is a nonprofit, nonpartisan research organization based in Mount Vernon. IPP reports about job and income trends are on the web at [www.iowapolicyproject.org](http://www.iowapolicyproject.org).

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