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## Disappointing Month for Iowa Jobs in May State Jobless Rate Jumps to 4.8 Percent; Nonfarm Job Growth Stalls

MOUNT VERNON, Iowa (June 16, 2005) – Promise in April turned to disappointment in May as Iowa’s nonfarm job growth dropped for the first time in four months and the unemployment rate jumped to 4.8 percent after a sharp drop the month before.

Payroll, or nonfarm, employment fell by 600 jobs during the month after a dramatic 6,900-job gain in April, according to the state. The unemployment rate rose from an 18-month low of 4.5 percent in April.

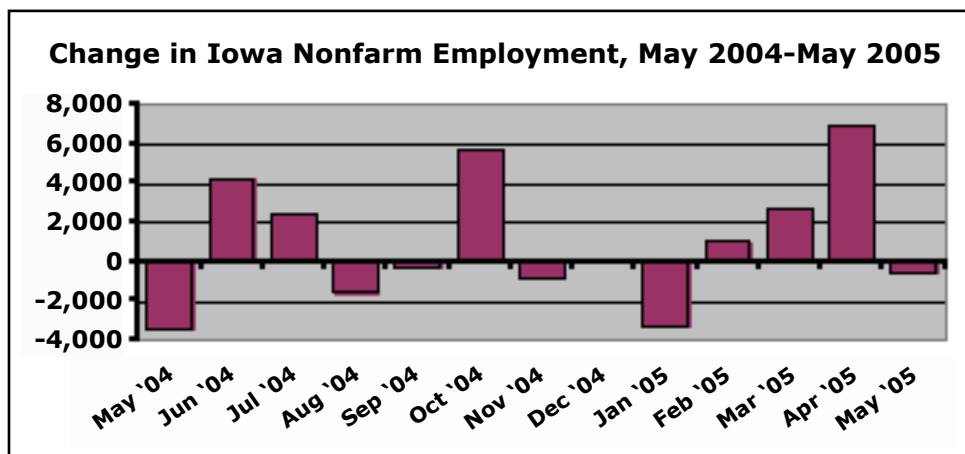
“May’s numbers are not reason for alarm, but it shows why we need to keep a long-term perspective on Iowa’s job picture,” said David Osterberg, executive director of the nonpartisan Iowa Policy Project. “April was a great month for job numbers, but May was not so good. We need to remember that one month’s numbers can’t describe the employment picture.”

While nonfarm jobs in May were up by 16,200 over the year, Iowa remains 5,500 short of the number of jobs at the March 2001 start of the last recession.

Osterberg took issue with the claim from Iowa Workforce Development that that payroll employment “continues to show strong steady growth.”

“That’s really overstating things,” Osterberg said. “We lost jobs in May, and that’s not growth. The only trend in Iowa jobs over the past year is that there’s really no lasting trend. The numbers have been up and down since May of last year. We haven’t had more than three straight months in either direction.”

Until May, nonfarm jobs had risen in each of the three previous months. The May figures showed declines in construction (1,000), professional and business services (500), but also increases in trade and transportation (800), and financial activities and education and health services (300 each).



Source: Iowa Workforce Development

Key numbers following Thursday's release from the state:

- Total nonfarm employment dropped from 1,469,200 to 1,468,500 during the month, a decline of 600 jobs following an increase of 6,700 jobs. That is 16,200 more nonfarm jobs than in April 2004.
- The decline of 600 jobs in May compares with a monthly average increase of almost 1,400 over the previous 12 months. An average gain of almost 800 jobs is needed each month through the rest of 2005 to erase the recession job deficit from March 2001.
- The May increase in the unemployment rate followed the first monthly decline in six years, and matched the 4.8 percent rate of a year earlier.
- The labor force dropped over the month from 1,645,300 to 1,640,100 – a decline of 5,200 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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