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## Iowa Job Pace Dips in 2006 December Increase in Nonfarm Jobs – and Jobless Rate

MOUNT VERNON, Iowa (Jan. 18, 2007) – Iowa’s nonfarm job growth dipped slightly in 2006 from the year before as the state’s job level continued a slow climb in December.

Iowa nonfarm jobs grew by 3,600 in December, matching the November increase, leaving payroll employment at a record high of 1,520,200. For the year, the increase was 24,500 jobs, down from a 28,000 increase in 2005.

That works out to an average of 2,000 new jobs per month – down from 2,300 per month in 2005.

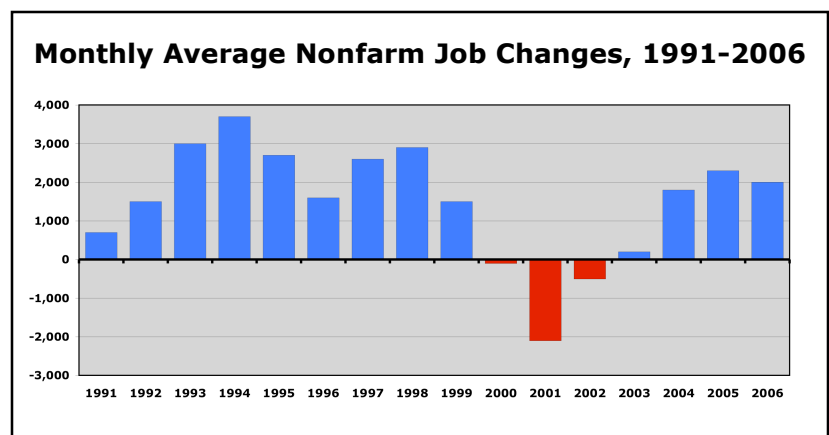
“Both November and December were pretty promising. Unfortunately, that performance did not reflect the year,” said David Osterberg, executive director of the nonpartisan Iowa Policy Project (IPP). “Instead, we actually saw a slight decline in 2006 from 2005, at levels far below what would show up in a strong economy.”

By the numbers:

- Nonfarm employment rose by 3,600 jobs in December, as it did in November, and stood 24,500 ahead of December 2005.
- Iowa nonfarm jobs rose in eight of the 12 months of 2006, with the declines in January, April, August and October holding the monthly average increase to 2,000.
- The December nonfarm job level of 1,520,200 jobs is 47,300 ahead of the March 2001 level, at the start of the last recession. The 47,300 figure compares with a net gain of 151,200 nonfarm jobs at the same 69-month point from the start of the 1990 recession.
- The unemployment rate rose to 3.5 percent in December from 3.4 percent in November. It remains well below the 4.5 percent level of a year earlier.

“The last three years were far better than the three before them,” Osterberg said. “But we saw five years in the ’90s that performed well ahead of last year – including monthly averages of 3,000 in 1993 and 3,700 in 1994.”

The monthly average increases of 2,000 jobs in 2006 and 2,300 jobs in 2005 compare with actual declines in Iowa nonfarm jobs in 2000, 2001 and 2002. (See graph at right.)



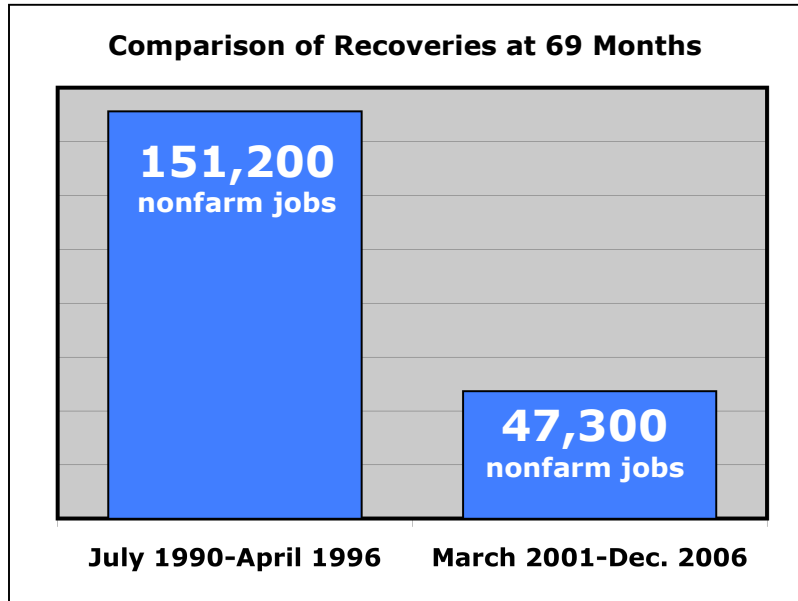
“This is another way of understanding the comparatively slow pace of Iowa’s recovery from the 2001 recession – a pace that may be stagnating,” Osterberg said.

IPP economic analysts have noted that Iowa’s job growth from the start of the last recession has remained more than 100,000 jobs behind the same point after the start of the 1990 recession.

“These comparisons with the robust ’90s recovery are helpful in measuring the quality of this recovery,” Osterberg said. (See graph at right.)

Iowa has gained a net of 47,300 jobs since March 2001, the start of the last recession. Iowa had gained 151,200 net jobs in the 69 months from the start of the previous recession, in July 1990.

By industry, manufacturing showed increases of 1,300 in December and 4,200 over the year.



Trade and transportation showed a 1,100 increase for the month, with financial activities up 700 and health services up 600. Construction jobs dropped by 500 and mining fell 100 in the month, with no change in either the information or leisure and hospitality sectors.

Over the year, besides manufacturing, professional and business services also rose by 4,200. Construction showed 3,800 new jobs over the year, and education and health services gained 3,700. Trade and transportation rose by 3,200 over the year, with leisure and hospitality up 3,000, financial activities 2,300 and government 2,000.

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

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