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Iowa Jobs End 2007 on Sour Note

December Payroll Jobs Fall — Jobless Rate Rises to 4 Percent

MOUNT VERNON, Iowa (Jan. 23, 2008) — A disappointing December boosted Iowa's unemployment rate to 4 percent, its highest level in 23 months, as payroll jobs fell by 900 to finish off a slow-growth year.

"This isn't the signal we need when many are talking about a possible recession," said David Osterberg, executive director of the nonpartisan Iowa Policy Project, which tracks Iowa job trends.

"We still had 19,000 more nonfarm, payroll jobs in Iowa at the end of 2007 than we did a year earlier, but overall it's not a strong pace and not a consistent one," Osterberg said.

The jobless rate rose to 4 percent after five consecutive months at 3.9 percent, while nonfarm jobs dropped by 900 to 1,527,800 in December. The unemployment rate was at its highest point since January 2006.

"As we've noted often, one month's performance should not be overstated. The trends over several months and longer are more important. That said, the trends for Iowa right now are not strong," Osterberg said.

"For the year, nonfarm jobs grew at an average pace of about 1,600 per month, slightly ahead of 2006 but below that of the previous two years, and far below the pace prevalent in the 1990s. And, for 2007, we have seen net increases in nonfarm jobs in only two of the last six months."

Iowa's last four years have been in the middle of the pack on job growth performance. In the last six years of the 1990s, only two years showed a monthly average job change lower than that of 2007. But from 2000 through 2003, Iowa showed an actual nonfarm job loss.

Wednesday's report from Iowa Workforce Development showed payrolls fell in December by 500 in professional and business services, and 400 each in construction and the education and health category, while manufacturing dropped by 300.

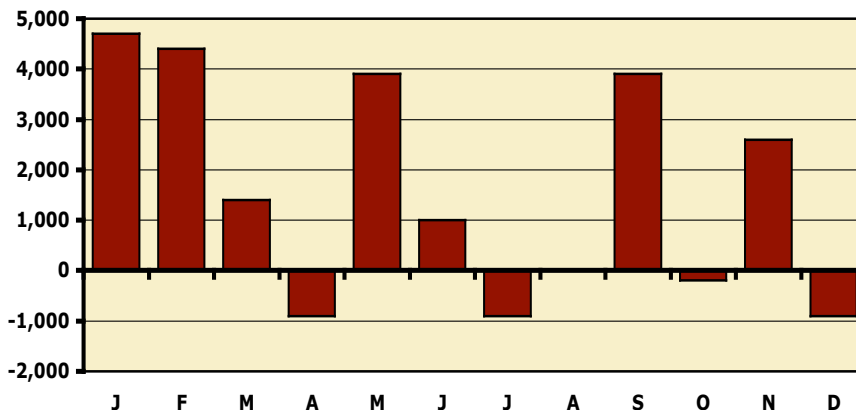
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Comparing the pace

- Over the last 12 months, nonfarm jobs have risen at an average of about 1,600 per month.
- Over the last six months, nonfarm jobs have grown at a pace of about 800 per month.

For perspective, Iowa nonfarm jobs in the mid-1990s gained by averages from 2,500 to 3,700 jobs in five of six years (1993-95 and 1997-98). Iowa actually had a net monthly loss on average in 2000, 2001 and 2002.

Iowa Monthly Nonfarm Jobs Fluctuate in 2007



Trade, transportation and utilities gained by 400, while finance rose by 200.

Over all of 2007, education and health services, and leisure and hospitality posted the biggest gains, at 3,700 in each category. Trade, transportation and utilities gained 2,800 (largely in transportation and warehousing), while professional and business services gained by 2,700, construction was up 2,300 and financial activities rose by 2,200. Government gained 1,900 jobs in 2007, with losses of 200 in mining and 100 in manufacturing.

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

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