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Iowa Jobs: Declines in Two Directions Payroll Jobs Fall — But Jobless Rate Also Drops for Iowa

IOWA CITY, Iowa (Oct. 21, 2008) — A drop in the unemployment rate to 4.2 percent gave Iowans a bright note despite a slight drop in payrolls during September.

The unemployment rate fell from a revised rate of 4.5 percent in August. Payroll or nonfarm jobs, measured in a separate survey, declined by 400 during the month.

“The payroll job number is discouraging — not because it’s a one-month drop, but because it compounds a larger sluggish trend,” said Mike Owen, assistant director of the nonpartisan Iowa Policy Project, which tracks Iowa job trends.

“Likewise, the jobless rate drop must be viewed in terms of longer trends, because it’s four-tenths of a percentage point higher than it was a year earlier. Even then, we should be relieved that our unemployment rate is not bouncing up at a time of national uncertainty in the economy.”

While Tuesday’s news release from Iowa Workforce Development characterized nonfarm employment as “holding steady,” Owen said that also is uncertain given the nonfarm job trends.

“It’s great to look for a silver lining, but this is a little more gray than silver,” Owen said. “The September drop means we’ve lost payroll jobs in five of the last eight months. It’s true that the overall trend is marginally up for 2008. But our pace of growth is not strong.”

Iowa has averaged a net increase of 400 jobs in the last six months and 500 a month this year, compared with monthly averages over 1,800 from 2004 through 2006, and 700 last year. Iowa nonfarm jobs in September stood at 1,525,900 — or 6,200 ahead of September 2007.

The 400-job net drop in Iowa payrolls (nonfarm jobs) showed declines in some service sectors: education and health services (700, all on the education side), financial activities (400), and “other” services (200). Smaller increases showed in government (300), leisure and hospitality (200), trade, transportation and utilities (200), construction (100) and professional and business services (100).

Other sectors were unchanged in September, including manufacturing, which was down 2,400 from a year earlier.

The Iowa Policy Project (IPP) is a nonpartisan, nonprofit research and policy analysis organization based in Mount Vernon, with its principal office in Iowa City. IPP reports on job trends and other public policy issues facing Iowa are at <http://www.iowapolicyproject.org>.

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