

FOR IMMEDIATE RELEASE TUESDAY, JAN. 27, 2009
CONTACT: Mike Owen (319) 338-0773, ipp@Lcom.net

Iowa Jobs in Spiral; Policy Options Noted December Jobs Drop Sharply — Jobless Rate at 46-Month High

IOWA CITY, Iowa (Jan. 27, 2009) — Iowa’s sharp drop of 7,800 nonfarm jobs in December underscores the challenge for Iowa policymakers in responding to state impacts of the national recession.

“We have not seen a period like this since the last recession. We need to be sure state budget decisions don’t make matters worse,” said Peter Fisher, research director for the nonpartisan Iowa Policy Project (IPP), which tracks state job trends. “Budget cuts that result in layoffs would add to the problem. The same goes for decisions that cut vital public services.

“It’s important to recognize that some state spending can actually lessen the impacts of a recession. When state dollars are turned over in local economies, it can help to support Iowa’s communities and working families.”

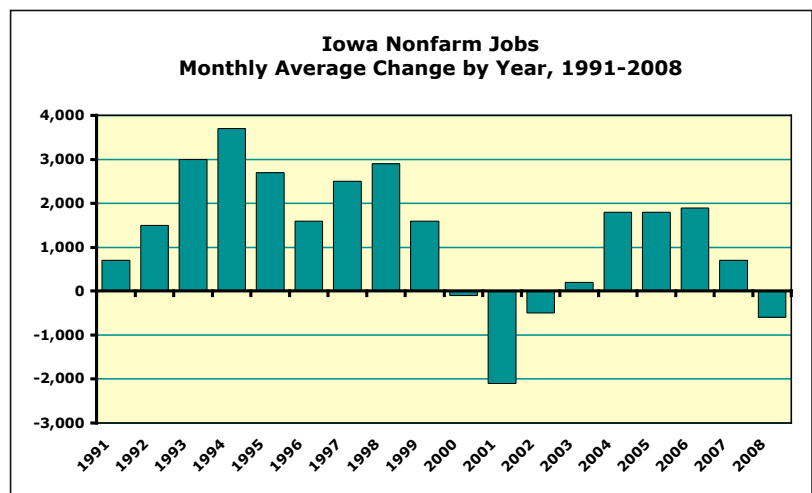
Iowa’s unemployment rate stood at 4.6 percent for December, up from 4.3 percent the month before and 3.8 percent in December 2007. The rate has not been this high since February 2005.

The nonfarm job numbers — which come from a separate survey of employers’ payrolls — are even more daunting, falling more sharply in one month than at any time since the last recession, when payroll jobs fell by 8,600 in October 2001.

Iowa nonfarm jobs have fallen for the last four months, and for 2008 are down 7,800, an average drop of 600 per month, closing the year with a net loss in nonfarm jobs for the first time since 2002. Nonfarm jobs stood at 1,513,300 in December — almost 10,000 jobs below the average for the year.

The figures announced Tuesday by Iowa Workforce Development do not include recently announced layoffs around the state.

IPP analysts stressed the need to examine all policy options for their impact on the state economy and the ability of the state to meet its obligations to those most affected by layoffs and the recession.



“Unemployment insurance benefits provide some of the biggest returns in terms of economic stimulus because money goes straight to Iowa families who will spend it in their communities,” said Beth Pearson, an IPP research associate.

Pearson noted that the National Employment Law Project estimates 212,422 Iowans would receive increased unemployment benefits under provisions of the recovery/stimulus bill in the U.S. House.

The House version of the legislation includes funds for states to modernize their unemployment benefit systems, to better serve those displaced workers. For Iowa, this would mean \$5.1 million to help handle increases in unemployment claims and keep local offices open, and the possibility of \$72 million in incentive awards for the state to make changes in its outdated system and fill gaps in the safety net for affected workers.

The new figures from Iowa Workforce Development found the biggest job declines in December came in professional and business services, 4,500; construction, 3,500; and manufacturing, 2,300 (all seasonally adjusted). The largest increase came in leisure and hospitality, 1,200, with increases of 700 in education and health services, 400 in trade, transportation and utilities, and 300 in government.

Smaller changes came in financial activities, up 100, and in mining and “other” services, both down 100. Information jobs were unchanged.

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>>.

#