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CONTACT: Mike Owen (319) 338-0773, ipp@Lcom.net

A Step on a Steep Climb to Recovery Small Improvements in Payroll Jobs as Jobless Rate Rises

IOWA CITY, Iowa (Nov. 20, 2009) — Improvements in service sectors boosted Iowa payroll jobs in October, while the unemployment rate rose back to 6.7 percent.

“The changes up or down are small, with the job market hovering in a troublesome area. Despite the boost in nonfarm jobs in October, most sectors are down over the year, with only education and health services posting a substantial gain,” said Christine Ralston, research associate for the nonpartisan Iowa Policy Project (IPP), which tracks state job trends.

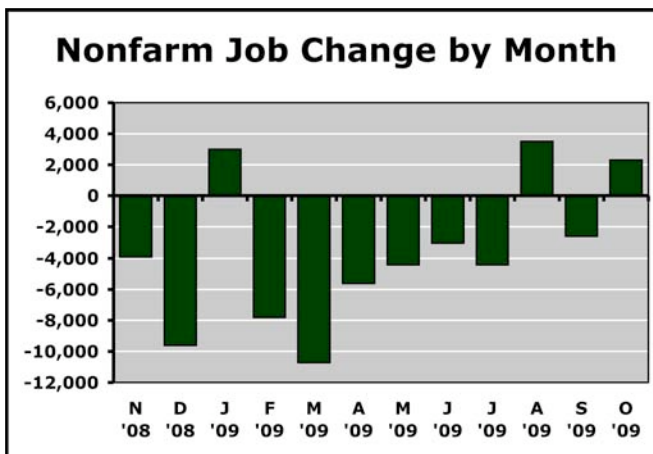
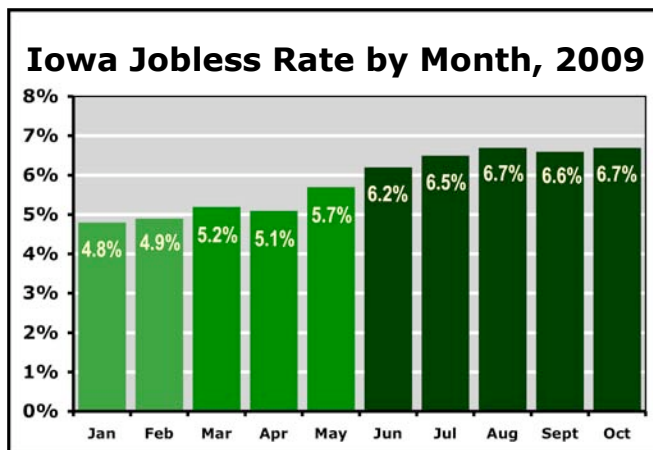
“While the 2,300-job boost in Iowa payroll numbers is welcome, it’s worth noting that 12 straight months at that pace would get us less than two-thirds of the way back to where we were a year earlier. We have a long climb ahead of us,” Ralston said.

The Iowa unemployment rate in October rose from a 6.6 percent revised figure for September, earlier reported at 6.7 percent (seasonally adjusted), according to Iowa Workforce Development (IWD). The rate stood at 6.7 percent also in August, its highest since it was 6.7 percent in August 1986. It stood at 4.3 percent in October 2008, and has risen by over half (2.4 percentage points) since then.

Iowa’s payroll, or nonfarm, job level stood at 1,479,200 in October, up from 1,476,900 in September. Nevertheless, nonfarm jobs have declined nine of the last 12 months and are down 43,200 from a year earlier.

For nonfarm jobs, the 2,300 increase comes with a downward revision for the month before, so the October number is only 900 jobs higher than the previously reported figure of 1,478,300 for September. IPP analysts said that is one reason longer-term trends are more important to follow than immediate month-by-month estimates, which may not hold after further review by economists.

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Education and health services led gaining sectors with a 2,000 boost for the month. Professional and business services rose 900 but were down 7,900 from October 2008. Also gaining in October were financial activities and government, 700 each, other services, 600, leisure and hospitality, 500, and manufacturing, up 500 for October but down 22,800 over the year.

Iowa's largest job sector — trade, transportation and utilities, employing over 300,000 Iowans — fell 3,000 in the month and were down 4,900 over 12 months. Also declining during the month were construction, 500, and information, 100.

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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