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## Five Years Later: Iowa Jobs Show Promise, Slow Performance Unemployment Rate Falls to 3.8 Percent — But Fewer Seek Work

MOUNT VERNON, Iowa (April 20, 2006) – A second-straight month of strong job gains accompanied uncertainty about confidence in the Iowa job market at the five-year mark of the state’s recovery from the 2001 recession.

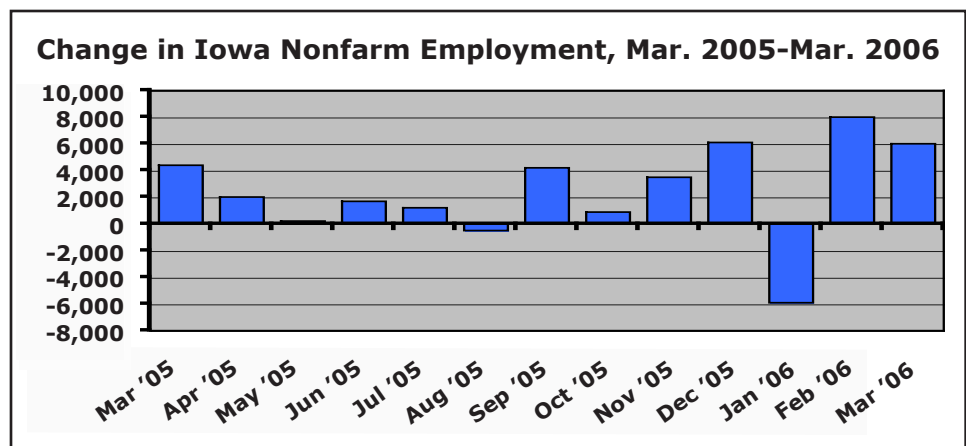
Iowa’s unemployment rate fell in March to a 47-month low of 3.8 percent, a sharp drop from 4.4 percent in February. This reflected overall job growth that was echoed in a nonfarm job increase as well, but far fewer people were looking for work in March.

Nonfarm jobs rose by 6,000 in March to 1,503,800. This followed an 8,000 job increase in February, and kept the state on a pace of about 2,300 net new jobs per month over the past 12 months – the same as for 2005.

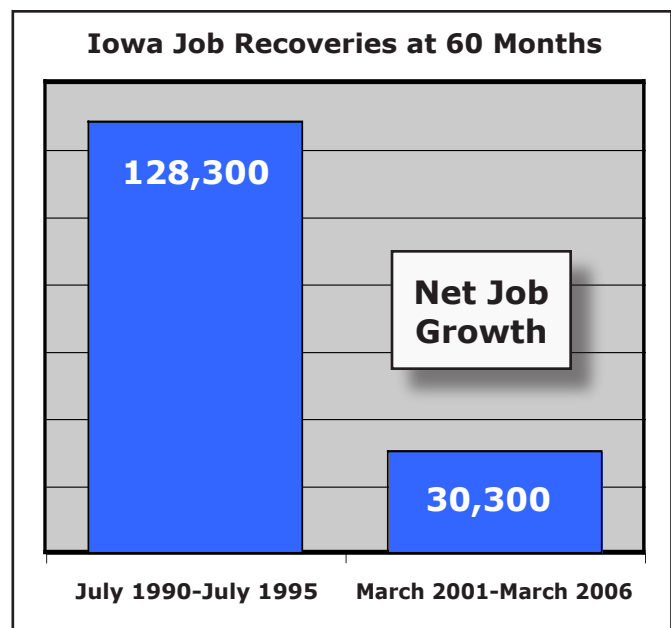
Economists for the nonpartisan Iowa Policy Project (IPP) cautioned that it was important to keep a long-term perspective.

“Iowa has been creating jobs at a slow pace, but so is the country,” said David Osterberg, executive director of the IPP.

“The nation has averaged 176,000 new jobs per month over the past year – that is only 2.1 million for the year. This is way short of the 3 million-plus new jobs created over the same amount of time during the recoveries in the Clinton and Reagan presidencies. In January, the New York Times called the current recovery ‘anemic.’ We agree,” Osterberg said.



Source: Iowa Workforce Development



“Iowa is doing better. However, much of the reason for the low unemployment rate is that people have stopped looking for jobs, which many must think are elusive.”

Osterberg noted the nonfarm job level at the five-year mark is only 30,900 ahead of the March 2001 start of the recession. At the same point after the start of the 1990 recession, Iowa had seen an increase of 128,300 payroll jobs.

“We still have a lot of ground to make up. The trends are good, but we need 100,000 more jobs to call this a boom,” Osterberg said.

Except for education and health services, all industry sectors showed job growth, with construction gaining 1,700 and leisure and hospitality 1,600. Financial activities and professional and business services rose 500 each, government rose by 400 and manufacturing by 300.

Over the year, manufacturing showed the biggest increase at 5,400 — though it remained 12,700 behind the levels of March 2001. Education and health services rose by 5,200 and construction by 5,000 over the year.

For five-year comparisons, declines showed in two categories besides manufacturing, with information 6,200 behind and trade, transportation and utilities 4,200 behind. Other industry categories showed five-year net increases, with education and health services at 14,200 and construction at 12,600 to lead the way.

The unemployment rate dropped below 4 percent for the first time since June 2002, caused in part by more people reporting they were employed, but more heavily by a drop in those reporting they weren’t employed. People who dropped out of the workforce are not counted.

“That’s one problem with the unemployment rate,” IPP Research Associate Elaine Ditsler said. “It will almost always understate true unemployment.

“The important measure is jobs. And over five years, jobs have only grown 2 percent.”

Key numbers following Thursday’s release of March employment figures from Iowa Workforce Development and the Bureau of Labor Statistics:

- Total nonfarm employment rose by 6,000 jobs to 1,503,800 in March, up from a record 1,497,800 in February. The March figure is 27,400 higher than in March 2005, and 30,900 ahead of the level for jobs at the start of the national recession in March 2001.

- The unemployment rate fell to 3.8 percent from 4.4 percent in February. The state unemployment rate had been at 4 percent or above since June 2002, when it was 3.9 percent.

- The labor force fell by 6,700, to 1,666,200 people working or looking for work.

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

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