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Challenges Grow for Iowa's Working Families Labor Day 2008: Job Trends Weak, Declining for Iowa

IOWA CITY, Iowa (Aug. 28, 2008) — Stagnation in Iowa jobs and a continued decline in job quality have combined with high gasoline and food prices, flooding and housing pressures to present daunting challenges for Iowa's working families on Labor Day 2008.

In its fifth edition of "The State of Working Iowa," the Iowa Policy Project (IPP) noted deficiencies in policy that compound those challenges: failing to index the improved minimum wage, which already has lost value, and failing to offer strong work supports such as child-care assistance in a state where all parents are expected to work.

It also points to special concerns for women and young workers that will be detailed further in supplementary reports to be issued in the coming weeks.

"The numbers and some of the circumstances are new — but our basic Labor Day story remains: Iowans on balance are becoming less economically secure and having a tougher time getting by," said Colin Gordon, senior research consultant for IPP and co-author of the report. "To get a new story line for Labor Days to come, our policy makers must grasp these realities and address them."

Co-author Beth Pearson, an IPP research associate, echoed the report's conclusion, that policy should reflect Iowa values of security and dignity for Iowans working to support their families.

"As we rebuild from recent devastating natural disasters, we need to keep our attention on policies that will support our basic values as Iowans," she said.

The report notes that even though Iowa began to recover jobs lost during the 2001 recession and post-recession months, the improvement was slow and has been shrinking.

"This has been a meager and uneven recovery," Gordon said. "It has taken us more than seven years to increase the state's nonfarm job base by only 3.5 percent — compared with a 14 percent improvement in a similar period of recovery from the 1990 recession.

"By any measure of job growth or job quality, what has been called 'recovery' is nearing an end."

According to the report:

- The brunt of declines in the current business cycle are borne by younger and less-educated workers; for those with less than a high-school education, unemployment has not significantly eased from the 11 percent range it hit during the 2001 recession. Those people made up about 10 percent of the work force in 2007.
- Job quality declined even as the job base recovered from the 2001 recession; three of the four job sectors where jobs declined from 2001-07 were also among the four top-paying job sectors.
- Working Iowans have taken a "double hit" on job-based benefits. As job growth has drifted from high-wage sectors such as manufacturing, it also has drifted from sectors offering stable, job-based health-coverage.

- Iowa remains a low-wage state — trailing the national average and ranking sixth in the nine-state region in median wage (\$14.30 in 2007), with similar rankings at low-wage (20th percentile -- \$9.28) and high-wage (80th percentile -- \$22.76) measures. Low and median wages have fallen since 2001, with high wages showing little growth.

“The net results on job quality from the recent business cycle have been daunting,” Gordon said. “In addition, the Iowa economy has added about 110,000 jobs since 1997, but we’ve lost over 150,000 jobs with health coverage over the same span. And at high-, median- or low-wage levels, Iowa now is clustered among the lowest-performing states.”

The full report is available at www.iowapolicyproject.org, along with other Iowa Policy Project reports about state job and economic trends, budget and tax policy, renewable energy and environmental policy.

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