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Iowa Jobs Plunge to End Year Jobless Rate Stabilizing — But Payroll Jobs Fall

IOWA CITY, Iowa (Jan. 22, 2010) — A sharp one-month drop in payroll jobs erased recent gains and left Iowa over 40,000 jobs behind to close out 2009, while the state’s unemployment rate remained in the mid-6 percent range for the sixth straight month.

“The drop in December is the worst for any month in this decade. It is disappointing after recent gains,” said Christine Ralston, research associate for the nonpartisan Iowa Policy Project (IPP), which tracks state job trends.

Iowa’s jobless rate fell in December to 6.6 percent from 6.7 percent in November. The seasonally adjusted rate — which was 4.4 percent a year earlier — rose quickly in the first half of 2009 to 6 percent, and has been at 6.5 percent or above for the last six months.

According to the household survey used to determine the jobless rate, fewer Iowans reported being out of work among those seeking employment. However, a larger survey of employers showed the number of payroll jobs declined.

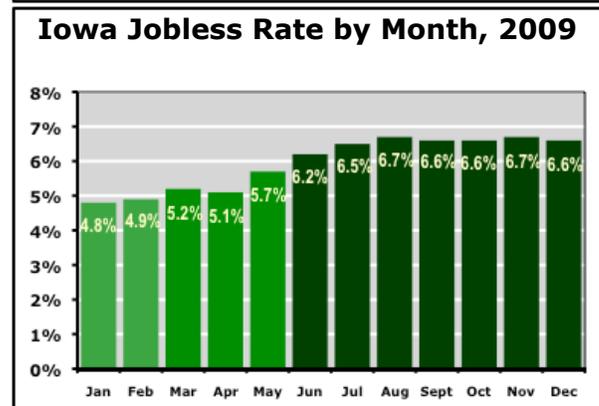
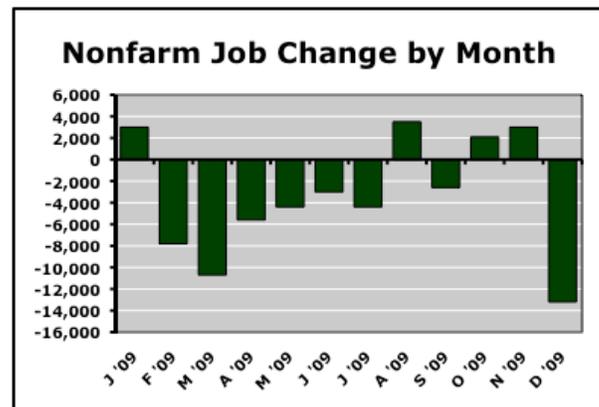
“We can see the Iowa economy has not kept up with the demand for jobs,” Ralston said. “While it’s true the recent recession is an anomaly in its severity, we started in January 2000 with an unemployment rate at 2.6 percent, and now it’s four full points higher.”

Iowa’s payroll, or nonfarm, job level stood at 1,468,800 in December, down 13,200 from November and 40,100 from December 2008. Until the December drop, nonfarm jobs had shown a net gain over the last five months, with monthly gains in August, October and November.

Over 2009, nonfarm jobs have fallen an average of 3,300 per month. In 2001, the year of the last recession before the 2009 recession, the average job loss was 2,100 a month.

Led by a 4,200-job drop in trade, transportation and utilities, all industry sectors fell during December except financial activities, which gained 600, and government, unchanged. Leisure and hospitality jobs fell by 3,300 in December, as did construction by 1,900 and manufacturing, 1,800.

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About half of the net nonfarm job losses for the full year came in manufacturing — 19,900 — with losses of 7,900 in trade, transportation and utilities, 7,700 in construction and 4,500 in leisure and hospitality. Only three sectors ended the year with a net gain for 2009: education and health services, 2,600; professional and business services, 1,200; and financial activities, 900.

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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