



April 2024

# Iowa Jobs and Labor Force Update

March 2024

In March, the growing disparity between the Bureau of Labor Statistics’ (BLS) household and establishment surveys are becoming more pronounced in Iowa, with each data set telling a seemingly contradictory story. To collect employment data each month, the BLS completes a “Current Population Survey” (CPS) of households and a “Current Employment Statistics” (CES) survey of business establishments. As shown in figure 1, the establishment survey has shown a steady strengthening in employment since the pandemic with a sharp rise since the start of 2024. However, the household survey indicates the employment recovery relative to pre-pandemic levels peaked in May 2022 and remained mostly flat through April 2023. According to the household survey, employment has been declining in nominal terms and relative to population-adjusted pre-pandemic levels since April 2023.

At first glance, the household survey appears strong, with Iowa’s unemployment rate dropping from 3% (revised up from 2.9%) in February to 2.9% in March. However, a deeper look into the data raises questions about the strength of Iowa’s labor market. The [unemployment rate](#) “represents the number of unemployed people as a percentage of the labor force,” according to BLS. The unemployment rate can fall without employment rising if the number of Iowans in the labor force declines. Indeed, Iowa’s labor force has declined by 18,000 workers since last April, according to the household survey, suggesting the unemployment rate fell primarily because of people dropping out of the workforce rather than unemployed individuals finding employment. This could result from unemployed Iowans leaving the labor force.

The establishment survey tells a different story. It shows an *increase* of nearly 25,000 jobs since last April. The establishment survey tracks new jobs created and filled by businesses. This means more jobs are being created and filled (according to the establishment survey) while fewer people are employed (based on the household survey). A couple scenarios might explain this apparent contradiction. Most likely, some unemployed Iowans have dropped out of the workforce while existing workers have taken on a second and third job.

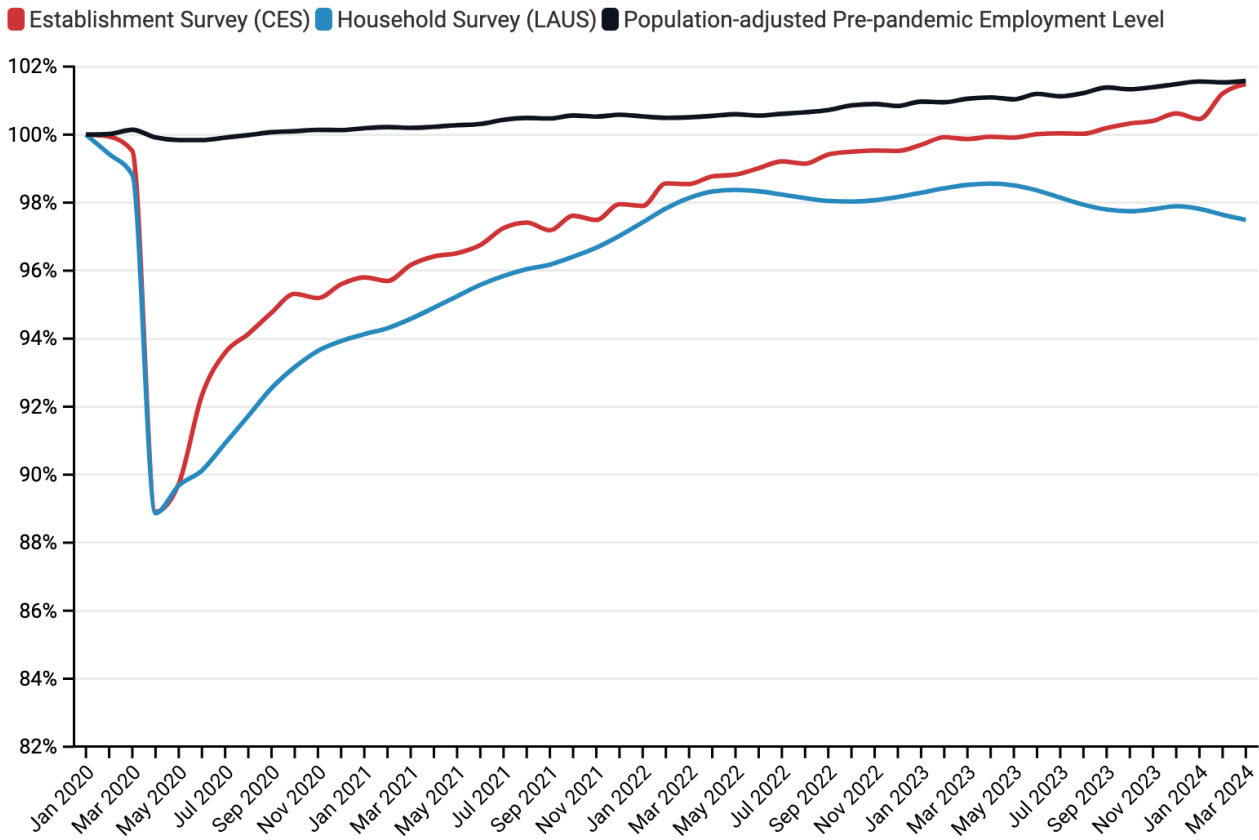
As the cost of living rises with inflation, some low-wage workers may need to work more—and perhaps take on multiple jobs—to maintain their standard of living. If businesses create jobs that are filled by workers already employed in other jobs, the establishment survey could go up while the household survey remains flat or falls. That could explain the divergence between the two surveys, but it does not explain why more Iowans are dropping out of the labor force. Perhaps Iowans on the economic brink—those on the “margin” economically—are having to decide whether to take on multiple jobs to survive or give up entirely by dropping out of the workforce. Those dropping out of the workforce may have sought further education or upskilling to increase their earning potential, or they may have given up on working out of discouragement from the rising cost of living, among other possible explanations.

Nonetheless, Iowa’s labor force participation and unemployment statistics have remained consistently better than the nation’s. The difficulties described above are not unique to Iowa; in fact, Iowa’s employment situation has outperformed the rest of the United States. In March, Iowa’s unemployment rate dropped to 2.9%, the lowest level since June 2023, compared with the United States unemployment rate of 3.8%. The state’s labor force participation rate fell slightly from 67.2% to 67%, well above the national rate of 62.7%. In January 2020, prior to the pandemic, Iowa had a workforce participation rate of 69.6% and an unemployment rate of just 2.7% compared with 63.3% and 3.6% for the United States.

## Key Findings—Iowa March 2024 Employment Data

- The establishment and household surveys became increasingly divergent in March, with the establishment survey showing a growth in jobs while household survey showed fewer Iowans employed. This suggests some Iowa workers are taking on multiple jobs while the total number of Iowans working is falling.
- Over the past 12 months, private employment grew by 20,500 jobs (1.5%) while government employment grew by 5,200 jobs (2%), according to the establishment survey. Local government accounted for 3,800 of new government jobs, federal government accounted for 500, and state government 900.
- Since the start of the year, from December '23 to March '24, the government sector added 1,400 jobs, and the private sector gained 8,500 jobs.
- Iowa's unemployment rate fell from 3.0% to 2.9% in March, ranking 11th lowest in the nation. Last month's report printed a 2.9% unemployment rate for Iowa, but this month's report revised the February rate up to 3%.
- Iowa's LFPR (labor force participation rate) fell from February to March by 0.2 percentage points to 67%. Still, its LFPR remains high relative to other states.
- In March 2024, Iowa had 23,600 more jobs on net than in January of 2020, prior to the pandemic, according to the establishment survey. Since January 2020, "professional and business services" has seen the largest increase in jobs in the state in nominal terms (11,600). According to the household survey, Iowa had 18,000 fewer jobs in March 2024 than in January 2020.

## Employment Levels in Iowa since January 2020



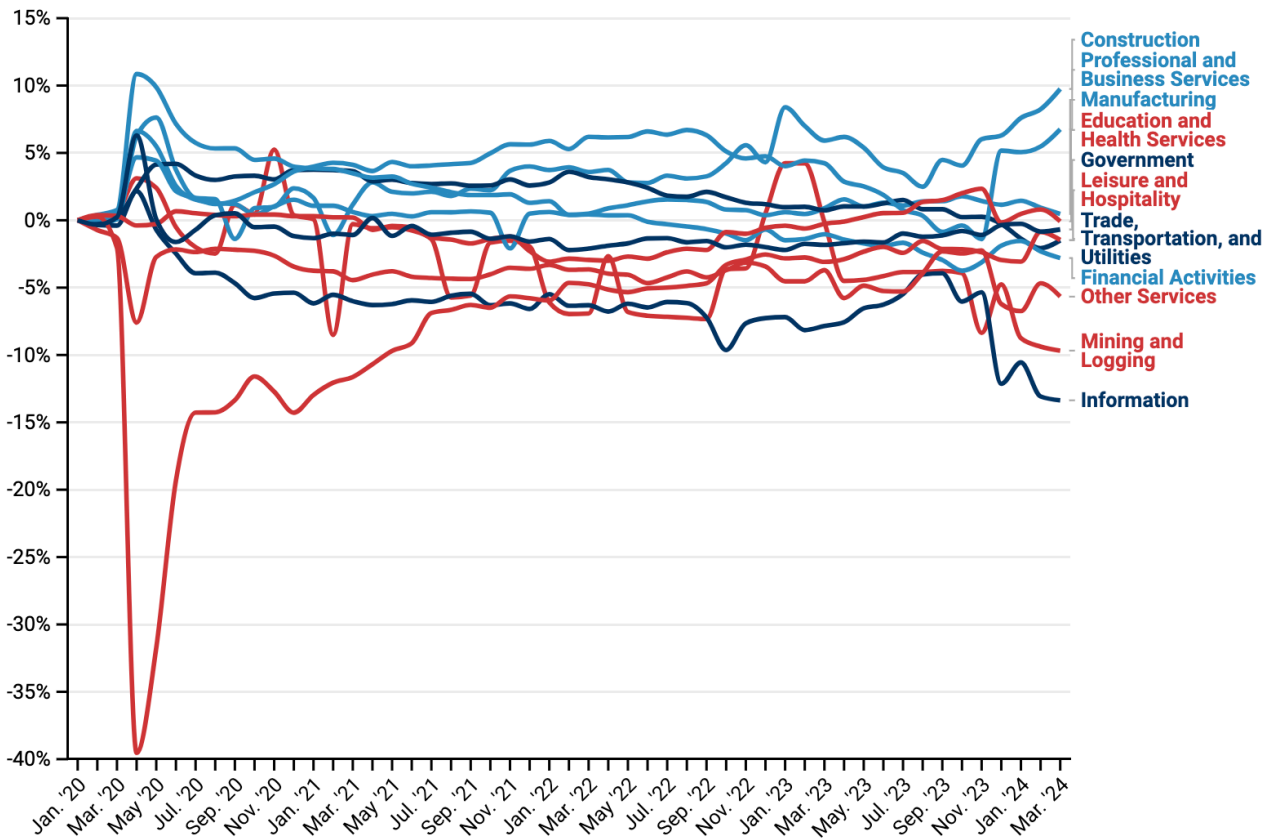
- According to both the employment figures from the BLS survey of establishments (CES) and the number of people employed from the BLS survey of households (LAUS), **Iowa has yet to recover to a pre-pandemic employment-to-population ratio.**
- Based on the establishment survey, nominal employment now exceeds pre-pandemic levels and has nearly recovered to population-adjusted pre-pandemic levels. See figure 1 above.

### A Deeper Dive into Iowa Industries (BLS CES Survey)

- Based on the establishment survey, the state saw an increase of 4,400 jobs from February to March, with only four of 11 major sectors experiencing a net job loss: “Manufacturing,” “financial activities,” and “education and health services,” and “other services.”
  - Of the major sectors, “professional and business services” experienced the largest nominal (2,200) and percent (1.48%) increase in jobs month-over-month.
  - Last month, “leisure and hospitality” experienced the largest nominal (4,200) and percent (2.97%) increase in jobs month-over-month. This may be in part attributable to the rise in tourism-related consumer spending due to the so-called “Clark Effect.” (See Common Sense Institute’s latest report on “[Clarkonomics](#)” for more.) This month, “leisure and hospitality” added only 500 jobs.

- “Education and health services” and “other services” saw the largest month-over-month decline with a loss of 500 jobs each.
- “Mining and lodging” and “information” saw no net change.
- Five sectors saw a net increase in jobs from January to February: “construction” (900), “trade, transportation, and utilities” (1,800), “professional and business services” (2,200), “leisure and hospitality” (500), and “government” (600).
- Notably, the “trade, transportation, and utilities” sector experienced a net jobs loss (minus 400 jobs) from January to February but the second greatest increase (plus 1,800 jobs) from February to March.
- Of the 600 new government jobs, 300 came from state and 300 came from local government.

### Changing Industry Shares of Total Iowa Employment since January 2020

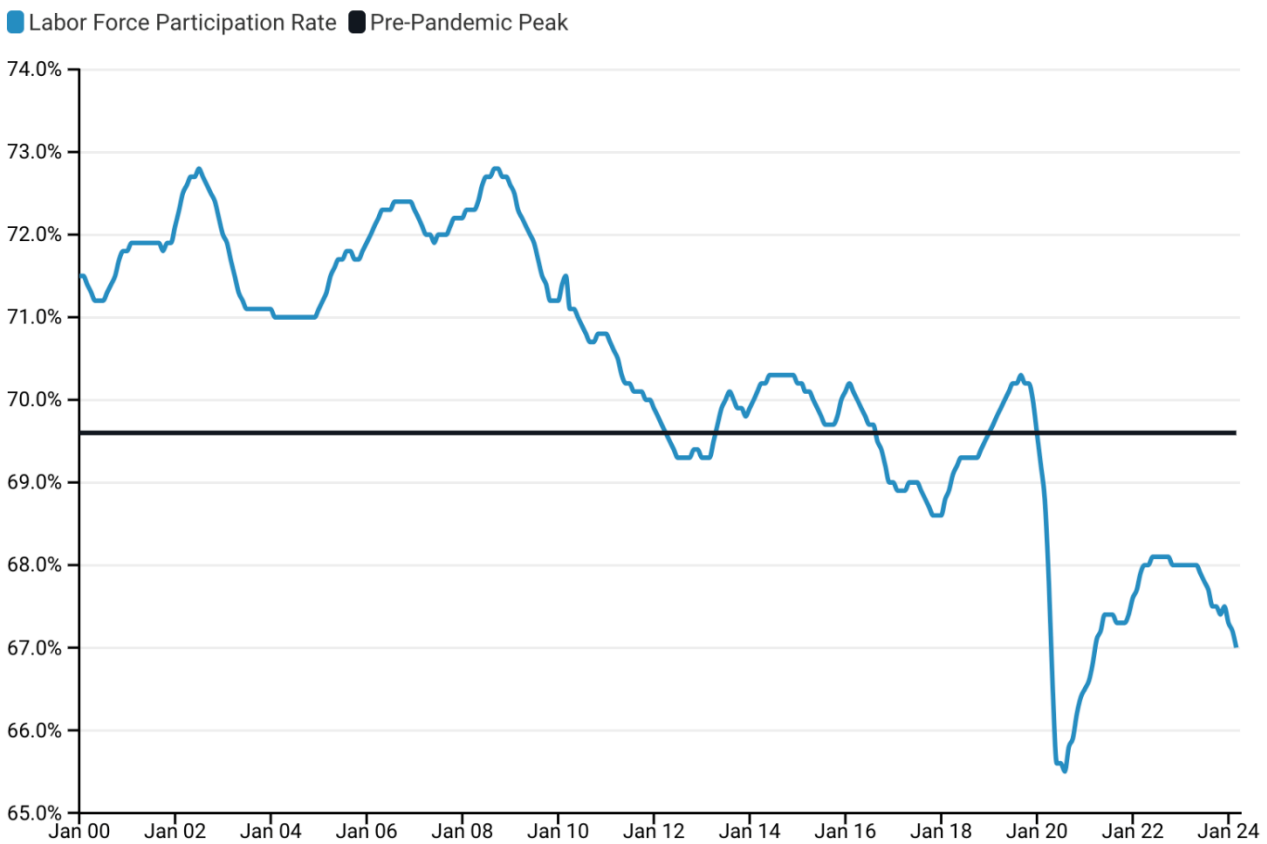


## Iowa Labor Force Update

Iowa’s LFPR declined by 0.2 percentage points from February to March.

- The LFPR fell to 67%, which is 3.7% below January 2020’s LFPR of 69.6%.
- Nonetheless, the unemployment rate dropped to 2.9%, down from a recent peak of 3.1% that held from August through November 2023.
- The unemployment rate falling with the labor force participation rate suggests some unemployed individuals have quit looking for work and dropped out of the workforce, causing the percentage of the workforce that remains unemployed to fall.

### Labor Force Participation Rate in Iowa Since 2000



### Data Sources

The data in this report are compiled from monthly and annual data released by the U.S. Bureau of Labor Statistics (BLS), including data from the Current Employment Statistics (CES) survey and the Local Area Unemployment Statistics (LAUS) Survey. Some data are sourced directly from BLS and others are retrieved from FRED.