

California's jobless rate stalls at 12.6 percent

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Haunted by the housing bubble and chained to a yawning state budget deficit, California's job market continued to trail the nation's last month. The state's unemployment rate stalled at a record 12.6 percent.

Employers statewide added 14,200 workers in April, the Employment Development Department said Friday. While that marked the fourth straight month of job growth, the total was about half as many as expected, given the strong nationwide results for the month.

"The job growth is very modest," said former EDD director Michael Bernick, a labor market expert at the Milken Institute. "There are other states with smaller economies who are creating more jobs."

Sacramento's job market was mixed. The unemployment rate fell seven-tenths of a point, to 12.4 percent. But the four-county region actually lost 200 jobs.

Why the discrepancy? The payroll job figures and the unemployment rate are calculated from separate surveys, and occasionally the two sets of data veer off in different directions. The payroll numbers, based on a larger sample, are considered more reliable.

EDD consultant Alex Alvarado said payrolls in the Sacramento region were driven lower by an unexpected drop in farm employment. Normally farmers hire during April, but Alvarado said the wet weather changed that.

"We're about a month behind, three weeks at least," said Russell van Loben Sels, a Courtland pear farmer and president of the Sacramento County Farm Bureau.

But across much of California, the troubles in the job market go well beyond weather. Much of the hiring in April came courtesy of the federal government as it geared up for the census.

"If you pull out the census hiring, it would be pretty close to zero," said economist Jeff Michael of the University of the Pacific.

Two weeks ago, the U.S. government reported that a better-than-expected 290,000 jobs were created nationwide in April, although unemployment rose to 9.9 percent.

Based on its population, California should have created at least 30,000 jobs last month. Instead it was lapped by states like Texas, Virginia and Ohio, each of which created more jobs.

"We certainly didn't get our share," said Howard Roth, chief economist at the state Department of Finance.

Although foreclosures are easing, Roth said the effect of the housing crash is still dragging down

the recovery.

"The states that had the biggest bubbles ... are doing poorly," he said. California's 12.6 percent unemployment – the worst since modern record-keeping began in 1976 – trailed only Michigan (14 percent) and Nevada (13.7 percent). Nevada is experiencing many of the same aftershocks from the housing debacle.

Michael said California is trailing the U.S. recovery by about three months. Job growth in California could improve this summer, he said.

But some big obstacles remain, including the state's \$19.1 billion budget deficit.

Although the state payroll has shrunk only slightly in the past year, Bernick said the deficit is having ripple effects on the private sector.

Building contractors are hurting because local redevelopment agencies had to surrender \$1.7 billion in property taxes to the state last week. For example, Sacramento could experience delays in remaking K Street, while Roseville lost money for its Town Square project.

With unemployment stubbornly high, thousands are in danger of falling through gaps in the safety net. The EDD said 110,000 Californians have exhausted their unemployment benefits, which last a maximum of 99 weeks.

"I'm hoping to find something before it comes to that," said Chris Carter, 28, of Sacramento, who lost his auditor's job at Comcast a year ago.

Yet there are glimmers of hope. William and Catherine Roberts, an unemployed couple from south Sacramento County, found an uptick in openings as they pored through the listings at the EDD's job-search center on Broadway this week.

"Things are starting to look up," said William Roberts, a truck driver. "There are more opportunities than there were a year ago."

California employers have added about 56,000 workers since the beginning of the year. Roth said it was encouraging that payrolls keep growing in the face of the single largest layoff of the recession: the March closure of Toyota Motor Corp.'s NUMMI factory in Fremont. The shutdown erased 4,700 jobs at the plant itself and thousands more at parts factories.

Tesla Motors announced Thursday it plans to reopen the factory in 2012 and make electric cars in partnership with Toyota. The goal is to hire 1,000 workers.

"It's good news, but it doesn't make up for the loss of NUMMI by a long shot," Michael said.

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