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California's unemployment rate hits 12.2% in August

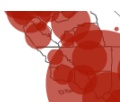
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Service Employees International Union member janitors rally in North Hollywood to protest the decision to close the only unionized Toyota plant in the U.S. in the recent layoffs of unionized cleaning staff at



Interactive:
California's rising
jobless rates

By Alana Semuels
September 19, 2009

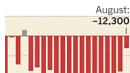
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California's jobless rate set a fresh postwar high in August, rising to 12.2% from 11.9% in July and putting more pressure on the state's tattered unemployment insurance fund.

Though the state may be in the early stages of an economic rebound, the latest figures underscore what many economists fear: There is no obvious engine of job growth to put



Graphic: California's
unemployment
picture



Graphic: Fewer losses

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California's more than 2.2 million unemployed residents back to work quickly.

There was some encouraging news in the job figures released Friday by the state Employment Development Department. The pace of payroll job losses has slowed dramatically. California employers slashed a net 12,300 jobs last month. That's down from 39,000 jobs lost in July and the average of more than 70,000 jobs shed monthly during the first half of the year.

Still, the sheer number of Californians out of work -- and the lengthening duration of their joblessness -- is worrisome to economists and public officials. Nearly 30% of the state's unemployed have been out of work at least 27 weeks.

California's unemployment rate is well above the national rate of 9.7%. And it's the fourth-highest in the nation; only Michigan, Nevada and Rhode Island, at 15.2%, 13.2% and 12.8%, respectively, are faring worse. Unemployment will not decline until industries such as renewable energy, healthcare and construction experience significant growth, economists say. Most don't expect that any time soon.

"The unemployment rate hasn't peaked yet," said Jed Kolko, associate director of research at the Public Policy Institute of California. "It's likely to still get higher, and stay high for several more quarters."

Grinding joblessness is putting a financial strain on the state unemployment fund, which has had to turn to the federal government for loans. It hurts cities, which are collecting less sales tax and property tax than they were before the bust. And it drags down consumer confidence as Californians, already out of work or wary of losing their jobs, hold back on spending, which in turn slows job growth.

Hacienda Heights resident Robert Dumas, 52, and his son Michael, 20, were laid off from a plumbing fixtures manufacturer on the same day in February. They lost their health insurance, applied for food stamps and are coming dangerously close to defaulting on their home loans, said Robert's wife, Donna.

All three members of the Dumas family have been looking for work. Donna Dumas' mother is moving in and contributing her Social Security to help pay the home loans.

"I'm just so stressed out that sometimes I don't even want to wake up in the morning," said Donna Dumas, 51. "Stress hurts emotionally and physically, and I'm aching."

Although California's jobless rate is expected to begin receding next year, some economists predict that the state may be saddled with double-digit unemployment until late 2011 or longer, in part because of continued weakness in housing and construction.

Green technology and medical research are among the most promising new job generators, said Jock O'Connell, international trade and economics advisor at the University of California Center in Sacramento. Federal stimulus dollars should boost spending on infrastructure. Economic growth in China and other overseas trading partners should help California add jobs in trade, logistics and manufacturing.

Still, thousands of manufacturing jobs that have left the state are unlikely to return. And a glut of foreclosures will continue to weigh on home construction.

[Photos, map and reader comments](#)

As more Californians lose their jobs, they're turning to the state's unemployment insurance fund, which is already insolvent and headed for a \$6.2-billion deficit by year's end, projections show. Since the recession began in December 2007, Californians have received more than \$20 billion in jobless benefits from the state and federal governments.

High unemployment is bedeviling areas throughout the state; 14 counties from Imperial in the south to Trinity in the north are experiencing unemployment rates of 15% or more.

The rate in Los Angeles County rose to 12.3% in August from 11.9% in July. The jobless rate in Riverside and San Bernardino counties was 14.5%, unchanged from July's revised rate. Ventura County posted 11.2% in August, up from July's revised rate of 10.9%.

Orange County's remained among the lowest in the state at 9.6%.

Los Angeles County experienced significant losses in the government sector over the month, dropping 9,900 jobs as budget woes prompted cuts and furloughs. Manufacturing employment in the county also continued to slide, down 4,200 jobs from last month and 38,700 for the year.

The losses come amid increasing signs that a recovery is underway in California and the Southland. Economists at UCLA said this week that the recession probably has ended. Other indexes predict growth for the regional economy.

But companies are unlikely to ramp up hiring soon, said Philip J. Romero, dean of the College of Business and Economics at Cal State L.A. Coming out of a deep downturn, employers are focused on their bottom lines.

"We will probably hear good economic news for another year before unemployment -- which is what people care about -- begins to significantly trend down," Romero said.

That's disheartening for unemployed Californians such as Edward Berry.

The 52-year-old Upland resident lost his job in software support at a hospital eight months ago and has been looking for a new job in IT ever since. He has stopped going to the movies. He rides his bike instead of driving his car. He looks for coupons before he shops at the grocery store.







But finding a job is tough in Riverside and San Bernardino counties. The number of jobs in construction in that area has dropped 23% over the last year, and the number of jobs in Berry's field has fallen 7.5%.

Berry has applied for more than 200 positions but doesn't hear back about most of them. He's started volunteering as an IT consultant and taking online courses to beef up his resume as he continues to apply for jobs, keeping an eye on how many more weeks of unemployment benefits he has left.

"It's very stressful," he said. "The sand is leaking from the hourglass."

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