

[← Back to Original Article](#)

## California jobless rate remains 12.3% in July

*Private-sector employers add some positions, but payrolls shrink by 9,400 as the Census and federal stimulus spending wind down.*

August 21, 2010 | By Alana Semuels, Los Angeles Times

California's labor market showed troubling signs of weakness in July as employers cut positions, offering little hope to the state's 2.25 million jobless workers.

Golden State employers slashed 9,400 net jobs from payrolls, according to data released Friday by the Employment Development Department, marking the second straight month of losses. While the state's unemployment rate remained constant at 12.3%, the jobless rate in the Inland Empire metropolitan area reached a new high of 15.1%, and the rate in Los Angeles County grew to 12.4% from 12.2% in June.

The figures point to a job market that's stalling, following slow growth in the first five months of the year, as federal stimulus spending winds down and private-sector employers remain reluctant to hire. Nationally, the employment situation also is deteriorating. But California is performing worse than much of the country, weighed down by continued woes in manufacturing and construction.

"Our job growth is not only very limited, but it's even behind other states," said Michael Bernick, a San Francisco employment lawyer who ran the jobs agency under former Gov. Gray Davis. "We are falling behind."

Nationally, 37 states added jobs in July. California has the third-highest unemployment rate in the nation, behind only Nevada at 14.3% and Michigan at 13.1%.

The state's troubles join a spate of recent bad news for the U.S. economy. On Thursday, the Labor Department said new applications for unemployment benefits unexpectedly rose to their highest level in nine months as nervous employers continued to trim their workforces. The U.S. economy grew at an annualized rate of 2.4% in the second quarter, far slower than expected, the government said last month. And a report released this week by the Federal Reserve Bank of Philadelphia showed that manufacturing in that region slowed in August.

"Businesses have all of a sudden become cautious because they see the news is not good," said Anil Puri, dean of the Mihaylo College of Business and Economics at Cal State Fullerton. "What we're seeing right now is a halt in growth."

Forty-four percent of California's 2.25 million unemployed workers have been jobless for 27 weeks or more. The number of these "long-term" unemployed has more than doubled from a year earlier and will soon exceed 1 million.

Among them is Javier Jimenez. The El Puente resident lost his job at a commercial printing business in November. Without a steady paycheck, he dropped out of night school. He said he scours job listings and the Yellow Pages daily, calling printing companies to ask whether they have any positions available.

"Every place I call says they're not hiring," said Jimenez, 30, who has two young daughters. "I just want to find a job."

Jimenez isn't sure how he'll support himself and his family when he runs out of his allocated 99 weeks of unemployment benefits. More than 150,000 of the state's jobless have already fallen off the rolls.

California's manufacturing sector lost 2,000 jobs in July. Professional and business services declined by 3,000 and leisure and hospitality dropped by 2,100. The government sector dropped 23,100 jobs, many of which were temporary Census positions.

Private-sector employers added 13,700 jobs to payrolls, after adding 1,300 last month, with gains in information, trade, transportation and utilities and educational and health services. The construction sector added 1,400 jobs in July, only the second time that industry has seen gains in the last two years.

Still, those gains are nowhere near the 15,000 jobs that California needs to add monthly just to keep pace with population growth. The state has lost 103,800 over the last year and 1.3 million since December 2007.

"We have a very dim outlook," said Michael Stead, an economist and the director of capital markets at Bank of the West, who added that the possibility of the U.S. falling back into recession is growing. "One thousand or 13,000 jobs is not going to cut it."

The state's budget troubles are magnifying the pain, said Esmael Adibi, director of the A. Gary Anderson Center for Economic Research. Furloughs, cutbacks and tax increases all create uncertainty, which stalls hiring, he said.

"The pace of job creation is very, very, very weak," he said. "That's mainly because of the uncertainties out there."

Other analysts were more optimistic. Chris Thornberg with Beacon Economics said most of the losses were the result of the expected wind-down of Census operations. He pointed to gains in health and education as positive signals.

Inland areas of the state are suffering the most, said Jeff Michael, director of the business forecasting center at the University of the Pacific in Stockton.

In Sacramento, the unemployment rate reached 12.7%, up from a revised 12.4% in June and 11.6% a year earlier.

The unemployment rate in Riverside and San Bernardino counties' metropolitan areas reached a new high in July, climbing to 15.1% from a revised 14.4% in June. A year earlier it was 14.3%.

The unemployment rate in Orange County ticked up as well, reaching 9.8% from a revised 9.5% in June.

The jobs picture was only slightly better in the Bay Area. In tech-heavy Santa Clara County, the unemployment rate reached 11.5%, up from 11.4% in June but below July 2009's rate of 11.7%. That county added 1,800 manufacturing jobs. In the San Francisco metropolitan area, the unemployment rate was 9.4%, barely changed from June's rate of 9.3%.

In Los Angeles County, the seasonally adjusted unemployment rate increased to 12.4% from a revised 12.2% in June. Employers jettisoned 37,400 jobs in July, with the biggest losses in the government sector. The educational services sector, which has been relatively immune to big cuts, lost 4,900 jobs, and the healthcare and social assistance sector lost 2,200.

The unemployment rate increased in all but seven counties in July, but the state's rate remained flat because its data is seasonally adjusted and accounts for summer job losses in the education sector.

Laura Velard, 56, has been out of work since January 2008. The Los Angeles resident has two decades of experience as an administrative assistant, but she's looking for a job in any sector that's hiring. She has run out of unemployment benefits and lives with her mother.

She said she goes to a career center at least twice a week and checks Craigslist constantly. No one has work for her.

"I have no gas money, all my bills are on hold," she said. "What am I supposed to do?"

*alana.semuels@latimers.com*