

California job losses grow

By George Avalos
Contra Costa Times

Posted: 03/01/2010 04:30:00 PM PST

Updated: 03/01/2010 08:40:09 PM PST

California lost far more jobs last year than the state initially reported, according to a new report that provides an early glimpse into statewide employment trends.

"The economy was a lot worse than everybody thought," said Howard Roth, chief economist with the state's Department of Finance. "The job market is weaker than we figured."

According to an estimate from the state Employment Development Department, California employers shed 871,000 jobs in 2009. If that estimate holds up when final revisions are released this month, California's job losses would be far more grim than first believed. The agency reported as recently as Jan. 22 that California employers chopped 579,000 jobs from payrolls in 2009.

That would translate into 292,000 more lost jobs.

"If it comes to that number, it would be one of the biggest revisions ever," said Paul Wessen, an economist with the state EDD. "I can't remember a revision this big since the early 1990s, when we lost a lot of aerospace jobs."

"This is the worst recession for California since the Great Depression," said Brad Kemp, director of regional research with Beacon Economics.

Bleak economic conditions come as no surprise for Bay Area job seekers.

"The job market is pretty tough," said Nyla Burt-Heeder, a Martinez resident who is seeking work as an administrative assistant in the medical industry. "It's fairly difficult to get the type of income that you want."

Burt-Heeder has yet to get an interview. She's been looking since mid-January since she was laid off from her job at Contra Costa Regional Medical Center.

Why are job losses so much worse than first thought? The EDD's monthly estimates depend in part on the number of employers it believes exist in California at a given time. But the recession has erased numerous companies.

"Businesses went away and no longer existed that we originally thought were there," said Dennis Meyers, an economist with the state finance department.

"When you have a recession this severe, you can have a variation like this," added Wessen, the EDD economist. "The monthly payroll survey predicts the direction the economy is heading. But it often doesn't get the magnitude of the change."

If the job erosion intensifies, that could force state officials to revamp estimates for economic growth — and the amount of cash expected to enrich state coffers.

"It means the revenue stream is going to be that much lower," Roth, the finance chief economist, said. "The job base on which revenues depend is

Advertisement

4 MEALS UNDER \$3
MINI MEALS
Each includes a small soft drink and small fries.



official restaurant

©2010 McDonald's. Prices and participation may vary. Limited time only.
©2010 The Coca-Cola Company. "Coca-Cola" and the Contour Bottle are registered trademarks of The Coca-Cola Company.

lower."

Some hopeful signs have emerged lately. A new report by IHS Global Insight predicts jobs in the state may grow 0.9 percent in 2010.

"We are getting to the bottom of the job losses," said Kemp, the Beacon economist.

That doesn't mean things will be noticeably better any time soon. Employers may need to see six to 12 months of profit improvements before they resume hiring.

"Being at the bottom doesn't necessarily feel good," Kemp said. "Things aren't getting better. They just aren't getting exponentially worse."

Contact George Avalos at 925-977-8477.

Advertisement

4 MEALS UNDER \$3
MINI MEALS

Each includes a small soft drink and small fries.



official restaurant

©2010 McDonald's. Prices and participation may vary. Limited time only.
©2010 The Coca-Cola Company. "Coca-Cola" and the "Contour Bottle" are registered trademarks of The Coca-Cola Company.