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## ECONOMY: Region's joblessness in March worst on record

By CHRIS BAGLEY - Staff Writer

Cascading layoffs in nearly every sector of the economy drove the region's unemployment rate to its highest level on record last month as companies dumped employees, according to data released Friday by a state agency.

The monthly report from the Employment Development Department showed 12.9 percent of workers without a job in the two-county region of Riverside and San Bernardino, significantly higher than anytime in the 19 years the agency has been tracking the region.

California's unemployment rate rose to 11.5 percent, its highest level in 33 years of data that include the 1982 recession, considered to be the worst since the 1950s.

State officials also revised their previous estimate for February regional joblessness to 12.4 percent from [12.2 percent last month](#).

Most major economic sectors shrank from February to March, including construction and several others that typically expand in springtime. Health care employment grew in the last 12 months, by 3 percent, the only category of nongovernmental jobs to do so.

The federal and state governments added several hundred jobs over the period, but cuts by local school districts and governments more than offset those gains. It was the region's first year-over-year decline in government jobs since the early 1990s, when several military bases closed.

Private-sector employment shrank by 82,400 in the 12-month period, to 947,300 in March. That 8 percent decline was even steeper than the 10-year boom in jobs and population that petered out in 2006.

The recession has slammed California harder than most other states because of its relatively young work force, the implosion of its larger-than-average real estate bubble, and its central role in funneling overseas imports to consumers here, said Jerry Nickelsburg, a senior economist at UCLA.

"As consumer demand declines all over the country, that gets amplified in the California numbers in our logistics," Nickelsburg said.

The distribution and logistics sector is concentrated heavily in the Highway 91 corridor running from Long Beach to San Bernardino, and several thousand Southwest County residents commute to warehouses and distribution centers in Corona and Riverside. The state report Friday suggested those numbers have probably shrunk precipitously: Regionwide, the trucking and distribution industries cut about 7,000 jobs from a previous total of 119,000.

The region's construction sector continued to shrivel unabated last month as public-works projects were delayed and commercial developments wrapped up. Employment in the sector peaked at 133,000 in June 2006, when housing tracts, office parks and school campuses were awash in

construction. But the sector's job total has shrunk by nearly half since then, to 70,300 last month, and continued declines in the numbers of building permits issued suggest that the numbers will shrink further.

Consumers' falling home values and angst over their own jobs have led them to cut spending sharply over the last 12 months, leading retailers to slash employment by nearly 9 percent in the last year.

More recent economic data suggest that the situation will probably not get much worse, said regional economist Christopher Thornberg. Incomes have risen for most workers who have kept their jobs, he said, citing federal data. Massive government spending and modest tax cuts also are beginning to have an effect, he said.

"It's really just a matter of time," he said. "We need not panic."

Even so, Thornberg said the two-county region's unemployment rate was the worst in the nation except for metropolitan Detroit, whose hobbled car industry has led to 13.6 percent joblessness.

With about 859,000 Californians receiving regular unemployment insurance benefits in March and the number continuing to grow, Gov. Arnold Schwarzenegger said Friday he would expedite the hiring of an extra 1,150 workers to staff unemployment call centers.

The agency is in the process of hiring about 850 workers to be paid from federal funds.

He said the agency also will be authorized to contract out services and borrow personnel and office space from other state departments to help reduce wait times for unemployed people seeking benefits and services.

The agency already has extended its call center hours and opened several of its centers on Saturdays to deal with the surge in claims.

More than 2 million Californians are now out of work, 913,000 more than a year ago, according to the state figures.

Last month, Schwarzenegger signed legislation allowing California to tap into \$3 billion in unemployment funds included in the massive federal stimulus package. It allows workers to receive benefits for up to 79 weeks and collect an extra \$25 a week through July 3, 2010. Payments range from \$65 to \$475 a week.

In January, California began borrowing from the federal government to keep its unemployment insurance fund solvent. The employment department projected the state will need to borrow \$2.4 billion through year's end and \$4.9 billion in 2010 if the state doesn't adjust its benefits or taxes on employers.

Federal data showed only three states ---- Michigan, Oregon and South Carolina ---- with higher jobless rates in March. The U.S. unemployment rate was 8.5 percent last month.

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