

California jobless rate soars to 8.2%

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(11-21) 11:19 PST SACRAMENTO -- California's unemployment rate jumped to 8.2 percent in October, and employers cut 26,400 nonfarm payroll jobs, as the global financial crisis punished the state, exacting its heaviest toll on the struggling Central Valley.

The state Employment Development Department reported Friday that the jobless rate had increased from 7.7 percent in September to its highest level since September 1994.

California's unemployment slide has been steep and sudden. Last October, the rate was just 5.7 percent.

Nationwide, the jobless rate was 6.5 percent in October.

The new figures show that while the Bay Area has been hit by layoffs, it continues to fare better than California as a whole.

The department put unemployment in San Francisco at 6 percent in October, while in San Mateo County the rate was 5.4 percent. In Alameda and Contra Costa counties, the rates were 7.1 percent and 7 percent, respectively. In Santa Clara County, the heart of Silicon Valley, unemployment registered 6.9 percent. In San Mateo and Marin counties, the rates were 5.4 percent and 4.9 percent.

Jon Haveman, with Beacon Economics in San Rafael, said the variations have to do with housing. The regions with the biggest price inflation are suffering the worst due to a falloff in construction and the psychological impact that foreclosures and falling home prices have on consumer spending.

"This all began with the housing bubble, and it was in places like the Central Valley, the Inland Empire and the East Bay where prices got most out of whack," he said.

Statewide, the department said 26,400 payroll jobs were lost during October. About 100,000 payroll jobs have evaporated in the last 12 months, leaving 15.1 million Californians still employed. The steepest payroll losses continue to be associated with the housing bust. EDD said statewide construction payrolls shrank again in October to about 803,000, down 7.6 percent or 66,000 jobs since last year at this time.

Payrolls in the financial activities sector shrank again in October, bringing to 32,000 the number of jobs lost in the last 12 months. About 836,000 Californians still work in finance, down 3.6 percent since October 2007.

The strongest payroll sectors continue to be educational and health services, and leisure and hospitality. Nearly 1.7 million Californians work in education or health, up 3.1 percent over last October. Employment in leisure and hospitality has risen 0.5 percent since October 2007 putting payrolls at about 1.6 million.

In the San Francisco metropolitan area, a three-county zone including Marin and San Mateo, payrolls have increased 0.2 percent since October 2007. About 1 million people collect paychecks in the three-county zone, and one-fifth of these work in professional and technical services, a sector that has added 2,500 jobs since last October.

In Santa Clara and San Benito counties, a combined metropolitan area according to state reporting conventions, payrolls grew 0.1 percent in year-over-year comparisons, bringing total employment to nearly 914,000. Software continued to add jobs, but other industries, notably retail trade and construction, were losers.

The EDD found that payrolls have contracted 2.1 percent since last October in Alameda and Contra Costa counties, where employers have cut 22,500 jobs to leave about 1.03 million people drawing paychecks. Health and education has been virtually the only sector to buck the job losses affecting construction, finance, retail and trade, transportation and utilities.



Statewide, an estimated 1.5 million Californians were unemployed in October - an increase of 95,000 since September and nearly 500,000 since last year.

The department said nearly 528,000 Californians were collecting unemployment benefits in October.

Gov. Arnold Schwarzenegger issued a statement acknowledging the economic difficulties "especially for people who have lost their jobs or who have begun looking for one."

He urged state legislators meeting in a special session this weekend to enact a stimulus package and pass a new funding plan to shore up the state's unemployment fund, which is expected to run out of money in January, although federal loans will keep checks coming.

San Francisco attorney Michael Bernick, who ran the Employment Development Department from 1999 to 2004 under former Gov. Gray Davis, said that the fund ran into a similar problem in 2003 but that lawmakers were unable to agree on whether or how to change the funding formula.

"We were rescued then because the economy improved," Bernick said. "This time it doesn't look like that is likely to happen."

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