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Stimulus May Reduce Unemployment

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Category: [News](#) > [City](#)

While Berkeley's unemployment rate is at its highest level in the last eight years, the economic stimulus package President Barack Obama is scheduled to sign today is expected to create new jobs in the city.

Rep. Barbara Lee, whose district includes Berkeley, voted in favor of the \$787 billion stimulus bill that passed in both the U.S. House of Representatives and the U.S. Senate Friday.

In a Friday press release, Lee was optimistic that the package would create thousands of jobs.

"Californians will benefit greatly from this legislation" she said in the release. "Over the next two years, 396,000 jobs will be created-7,300 of those jobs in my district alone."

Berkeley is at its highest monthly unemployment rate-7.4 percent in December-since monthly surveys began in 2000, according to California's Employment Development Department.

Berkeley's unemployment rate has reached similar heights-for example, 7.1 percent in June 2003 as a result of the dot-com bubble. But the city's current rate will not reach its peak anytime soon, said Dr. Jon Haveman, founding principal of Beacon Economics, a research and consulting firm based in Los Angeles.

"This recession is much worse and more widespread," Haveman said in an e-mail. "I expect the unemployment rate in Berkeley to continue to rise throughout 2009."

The city's December unemployment rate is less than those for Alameda County and California, which are 7.8 and 9.1 percent respectively. The national rate was 7.1 percent, according to the U.S. Bureau of Labor Statistics.

Economists and city officials said allocation details for the stimulus are yet to be determined.

"How it'll translate to local jobs is a question that's so far down the road that it's hard to say," said city spokesperson Mary Kay Clunies-Ross.

Julie Sinai, Berkeley Mayor Tom Bates' chief of staff, said she hoped the stimulus funds would

reinstate city infrastructure projects that have been put on hold due to the freeze in state funding.

She said while city officials are monitoring the state and federal budget processes, it is too early to rely on the stimulus funding for the city budget.

"The city is adjusting and planning for the next two to three years without regard to the stimulus package," Sinai said in an e-mail.

The bill also provides \$53.6 billion to help states create jobs and prevent cutbacks and layoffs by "modernizing schools and colleges and meeting other needs," according to a Friday press release from the House's Committee on Education and Labor.

Stimulus funding will likely alleviate some of the pressure to cut spending in Sacramento, and, in turn, some of the spending cuts focused on education, according to Haveman.

"Education spending is likely to be the most significant way in which the stimulus package affects Berkeley," Haveman said. "This will come both through the university and through provisions for remodeling public schools."

Haveman believes UC Berkeley will contribute to the recovery of the city, which he said will be in "great shape" in five to 10 years.

"Berkeley has everything that an economy would want to have going for it," he said. "It has a world class educational institution that provides world class education. It has a highly educated labor force. Through the university a lot of money funnels to the community."

Tags: economic stimulus package

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