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EMPLOYMENT

## California's jobless rate hits high of 12.6% in March

The state adds 4,200 jobs, but more people were seeking work than in February. L.A. County's rate holds at 12.4%; Orange County's rises to 10.1%. Meanwhile, unemployment benefits are running out.



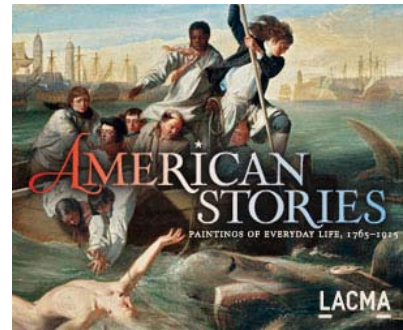
California added 4,200 jobs in March. The education and health services sector grew the most. Above, a career fair in the Inland Empire. (David McNew / Getty Images / February 25, 2010)

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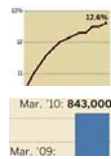


Chart: State jobless rate climbs

Graphic: Still in pain

By Alana Semuels  
April 17, 2010

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California's unemployment rate reached a new high of 12.6% in March, bolstering fears that a weak labor market will remain a drag on the state's economy at least through the end of the year.

The unemployment rate in February was 12.5%.

Despite hints of an economic turnaround, some of the 2.3 million unemployed in the state found March the toughest month yet. That's because tens of thousands have been out of work so long that their unemployment checks will be cut off within the next few weeks. They're not helped by the \$18-billion measure signed Thursday by President Obama that extends jobless benefits for many Americans through June 2.

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The [Employment Development Department](#) estimates that about 100,000 Californians will have exhausted their benefits by this weekend.

"Jobs have not been quickly multiplying, so there's a lot of people who are still in need of assistance," said Loree Levy, a spokeswoman with the Employment Development Department.

California payrolls increased by 4,200 nonfarm jobs in March, primarily in the sectors of manufacturing, educational and health services, and leisure and hospitality. Still, the unemployment rate rose as many who had been discouraged by the job hunt resumed their search.

The construction, information, government and financial activities sectors continued to shed jobs, the EDD said. California has lost more than 1.3 million jobs since December 2007.

The unemployment rate in Los Angeles County remained steady at 12.4% in March, as employers added 9,900 jobs, led by the leisure and hospitality sector with 3,700 jobs. Orange County's unemployment rate increased to 10.1%, from a revised 9.8% in February, although employers in that county added 7,300 jobs.

The Inland Empire, which includes Riverside and San Bernardino counties, gained 5,700 jobs but still saw its unemployment rate rise to 15%, up from a revised 14.8% in February.

Typically, unemployment benefits in California last 26 weeks. But in the last two years, four sets of federal extensions have added 53 weeks. Another program, called FED-ED in California, added 20 weeks on top of that, bringing the total potential benefits to 99 weeks.

That's the longest duration of jobless benefits made available in recent memory, the EDD's Levy said. But employers remain cautious about hiring. On average, there are 5.5 job applicants for every opening, according to Maurice Emsellem, policy co-director at the National Employment Law Project. For those about to lose benefits, the clock is ticking.

"They're on the leading edge of the demand, and for the first time, there's no more further weeks being discussed," Levy said.

Some unemployed workers will be helped by the federal measure passed Thursday. They had already qualified for previous extensions of benefits but were not able to receive them because Congress had not yet authorized the funding. Emsellem estimates that the measure will help 424,000 people who otherwise would have run out of benefits by the end of the week.

But other jobless workers, such as Dave McCord, feel ignored by Congress. The 53-year-old San Francisco resident got his last unemployment check three weeks ago. The telecommunications engineer has been out of work since March 2008, and he estimates that he's sent out thousands of resumes and spent countless hours searching for employment.

McCord doesn't have health insurance, and worries that if he doesn't find a job soon, he'll have to move in with his grown children. He signed an online petition urging Congress to grant additional unemployment benefits to people like him. But he knows that further extensions are unlikely.

"I recognize that there should be a limit, but if there's six people looking for every job, we have a special situation," he said. "Now, we don't have a consistent safety net."

But some economists said that extending benefits could create a long-term unemployment problem similar to that in some European countries. Alan Reynolds, a senior fellow at the conservative Cato Institute, says unemployment insurance benefits discourage people from looking for work. He estimates that extending benefits increases the unemployment rate by 1.7 percentage points.

To reduce the unemployment rate, he says, states should reduce the amount of benefits available.

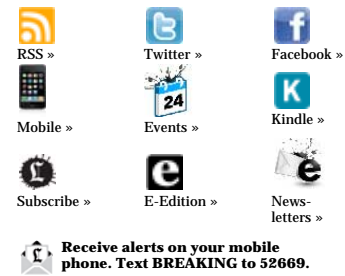
"It sounds harsh, but if you want to improve the fiscal situation, you have to get people back to work," he said. "This will encourage it. It's all about incentives."

Michael Patterson, a 45-year-old aspiring actor, says he'd much rather have a job than collect benefits.

Patterson is on his third extension of benefits. When he first lost his job with a temp agency, he gave up his apartment and moved in with his family in Palmdale. But, he said, they too are struggling financially, so he moved out a few months ago. He now pays \$210 a month to sleep on the floor of a friend's apartment, and he sometimes goes to the L.A. Mission to eat.

"It's not good to depend on unemployment benefits that any moment could be cut off," he said.

Many of the long-term jobless in California were employed in industries decimated by the recession,




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including construction and business and professional services, said Esmael Adibi, an economist at Chapman University.

"For those people, the outlook is grim," Adibi said.

About 39% of the unemployed in California -- about 843,000 people -- have been out of work for 27 weeks or more. That's more than twice as many people as a year ago.

Many companies are squeezing more work out of existing employees and delaying hiring anyone new, said Philip J. Romero, dean of the College of Business and Economics at Cal State L.A. Productivity grew 6.9% in the fourth quarter of 2009, the steepest growth rate since 2003, according to the Bureau of Labor Statistics.

For some who run out of unemployment insurance and still can't find a job, the only recourse is to go on welfare. Laid-off warehouse worker Charles Valentino, whose benefits stopped coming a few months ago, found himself applying for general relief in a Social Services office in downtown L.A. this week.

He'd much rather be working, he said. He now sleeps in a room with four other people, collects food stamps and hopes to find a job so he can be reunited with his two children.

"I tried real hard to find something," he said, holding his belt, which he had to take off to pass through the office's security. "It's frustrating."

alana.semuels@ latimes.com

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Pizza here doesn't conform to one nationality -- it practically circumnavigates the globe. [Photos](#)

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So, Reynolds admits "it sounds harsh..." yet he says "states should reduce the amount of benefits available," in order to "get people back to work. This will encourage it. It's all about incentives."

So, instead of laying blame for this recession-producing rate of unemployment where it squarely belongs: on the greed of corporate America, especially Wall Street, the banking and mortgage industries, Reynolds puts it on the very people who have been suffering the worst over the last couple of years.

The vast majority of ordinary Americans could not withstand one or two years of unemployment without any kind of safety net such as unemployment insurance. But