

State unemployment rate jumps, few new jobs

[Sam Zuckerman, Chronicle Staff Writer](#)

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(04-18) 12:19 PDT SAN FRANCISCO -- California employers kept payrolls flat and the state's unemployment rate jumped half a percentage point in March as a slowing economy curtailed employment in a broad range of industries.

Total jobs outside the farm sector increased by 1,000 in March, while the unemployment rate rose to 6.2 percent after seasonal adjustments, the California Employment Development Department reported Friday. The unemployment rate climbed because the number of people in the labor force grew by 61,000 and not enough jobs were created to absorb them.

The payroll numbers are calculated based on a survey of employers. A separate survey of households, used to derive the jobless rate, showed the number of employed Californians dropping by 23,000 in March while the number of unemployed people in the state rose by 84,000.

California's eroding job market provides evidence that the state has slipped into recession, analysts said. They point out March's tiny payroll rise was due to Hollywood screenwriters returning to work after settling their strike.

"Things are very much trending in the direction of falling employment and rising unemployment," said Jon Haveman, a principal with the San Rafael research firm Beacon Economics.

Across the nation, jobs dipped by 80,000 in March, and the unemployment rate rose 0.03 percentage point to 5.1 percent, the Labor Department reported earlier this month. The Labor Department's state data, released Friday, showed that only Michigan and Alaska had higher unemployment rates than California.

Paul Stevens, 46, a telecommunications sales manager who lives in Millbrae, just found a job after a three-month search, working in Silicon Valley for Spohn & Associates, an Austin, Texas, network technology consulting firm. He's taking a 30 percent cut in base pay. He left his last job at the beginning of January, thinking he had another position lined up.

New job, new baby

"We were doing the drug test and the background check. Then they pulled back and said with the economy we've eliminated the position we were hiring you for," he recalled. "Two days after I left my old company, my wife told me she was pregnant with our first child."

The Bay Area held up better than the state as a whole during the month. Based on data not adjusted for seasonal variation, the San Francisco metropolitan area, which includes Marin and San Mateo counties, registered a 4.4 percent jobless rate, up from 4.1 percent in February. The region added 4,700 jobs, boosted by strength in education, and the food service and hotel industries.

During the past 12 months, California's job market has lost ground. The state's nonagricultural employers had 12,000 fewer people on their payrolls last month than in March 2007. Over the year, job losses occurred in construction, manufacturing, information and financial services.

The employment squeeze was concentrated in Southern California, where nonfarm jobs fell by 62,600 over the year. By contrast, the Bay Area gained 19,800 jobs, calculates Stephen Levy, director of the Center for Continuing Study of the California Economy in Palo Alto.

No loss of business

In the Bay Area, jobs in construction, finance and retail are disappearing as the housing market slumps and consumers slow their spending. But those losses have been more than offset by gains in tourism, technology, professional and technical services, education and health care.

"I can honestly say I have not seen our business falling off at all. We're busier than ever," said Jane Groner, chief executive of Pacific Placement Group, a San Francisco employment agency that specializes in temporary and permanent administrative staff for technology, venture capital and private-equity businesses.

Still, Groner does see backwash from the housing market's troubles.

"I am seeing a lot of people laid off in mortgage business looking for more-traditional jobs," she noted. "In some cases we have been able to place them and in some cases not."

Jobs up, but so is unemployment

The Bay Area's metro regions added jobs in March, but not enough to keep unemployment rates from rising.

Metro area	Change in number of nonfarm jobs		Unemployment rate		
	1 month	12 months		February	March
San Francisco	4,700	20,100		4.1%	4.4%
San Jose	5,200	6,900		5.2	5.5
Oakland	2,900	- 8,600		5.2	5.5
Solano	700	-1,500		6.1	6.4
Sonoma	1,000	1,900		5.0	5.2
Napa	600	600		4.7	4.8
California*	1,000	-12,000		5.7	6.2

*Seasonally adjusted

Source: California Employment Development Department

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E-mail Sam Zuckerman at szuckerman@sfchronicle.com.