

Calif. unemployment rate drops, but many jobs are part time

By Shan Li and Ricardo Lopez, Los Angeles Times

California continued its economic recovery in June as its unemployment rate slid to 8.5 percent, the lowest it has been in nearly five years.

Employers' payrolls grew by 30,200 jobs, helping push down the jobless rate from 8.6 percent in May, according to data released Thursday by the state's Employment Development Department.

The Golden State has outpaced the overall U.S. in job creation over much of the last year, and its turnaround has been swift. Since June 2012, the state's nonfarm employment has grown 1.8 percent, adding nearly 254,000 jobs.

"The numbers are moving in the right direction," said Esmael Adibi, director of Chapman University's A. Gary Anderson Center for Economic Research. "It should get even better as we get through the year."

Job gains were notched across six sectors. The trade, transportation and utilities sector led hiring last month, adding 13,200 jobs. That sector includes wholesale and retail trade, indicating that consumers have been driving the recent economic expansion.

That supports the recent consumer confidence report issued by the Conference Board. Consumer sentiment in June jumped to its highest level since January 2008. Shoppers have been splurging again as housing prices rise and the labor market improves, economists said.

But the recovery wasn't across the board.

Five sectors shed jobs in June. Among them was the professional and business services sector, which lost 3,300 jobs. That industry includes high-paying occupations such as architects and lawyers. The construction and financial activities sector also showed small declines, losing 1,700 and 2,500 jobs respectively.

The California jobs report, though positive, showed that a large number of positions created in June were in low-paying industries, many of them part-time jobs. The leisure and hospitality industry, one of the fastest-growing segments of the economy, added 9,700 jobs last month.

Michael Bernick, former director of California's Employment Development Department, said the sharp rise in part-time workers bodes poorly for the economy because of reduced spending power. Job seekers are facing a labor market where companies are reluctant to hire full-time employees.

"The intense competition out there for jobs hasn't decreased at all, unless you are a highly skilled computer programmer," Bernick said. "One explanation is a sharp national growth in part-time employment."

Cary Campagna, 59, of Rancho Santa Margarita is among those struggling to find gainful employment.

He has been sending out resumes, responding to job ads on Craigslist and networking, with no luck so far. To make a little money, Campagna drives a limousine part-time. He earns about \$50 driving clients to Los Angeles International Airport and \$25 to Orange County's John Wayne Airport.

"There's a lot of jobs out there, but a lot of them pay in the \$8- to \$10-per-hour range," he said. "Even if I worked 40 hours a week, I couldn't live on that."

The long-term unemployed, those who have been without work for 26 weeks or longer, also face another challenge. On Tuesday, California officials warned that the final tier of federal unemployment extension benefits would be cut if the state's jobless rate falls below a three-month average of 9%.

The state said it expects to hear the final decision Friday from the U.S. Department of Labor. If that tier is eliminated, an estimated 100,000 Californians will lose up to 10 weeks of benefits.

An improving economy brings with it "more winners but also more losers," said Sung Won Sohn, an economist at Cal State Channel Islands. Those who find jobs gain, he said, but the long-term unemployed may lose jobless benefits and be worse off.

Changes in unemployment rates were mixed across Southern California. Some counties saw their rates rise even as they added jobs.

Los Angeles County added 200 nonfarm jobs, and its unemployment rate edged up to 9.7 percent in June from 9.6 percent in May. The leisure and hospitality industry gained the most positions in the county, adding 7,000 jobs last month.

San Diego County added 7,500 positions but still saw its jobless rate tick up to 7.3 percent in June from 6.8 percent the month before. Orange County added 8,500 jobs, and its unemployment rate similarly jumped to 6.1 percent from 5.5 percent the month before.

The Inland Empire, which covers Riverside and San Bernardino counties, shed 6,700 jobs, and its unemployment rate jumped to 10.2 percent in June from 9.3 percent the month before. Losses were concentrated in the government sector, which shed 2,900 jobs.

In the Bay Area, San Francisco, San Mateo and Marin counties combined added 4,100 positions. Unemployment ticked up to 5.5 percent last month from a revised 5 percent in May.

The statewide and Los Angeles County unemployment rates are seasonally adjusted; the other counties' are not.

The employment report normally is issued early Friday. However, the Bureau of Labor Statistics accidentally released the data prematurely on Thursday.