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U.S. Data on Jobless Show Dire Situation

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By Dean Calbreath

With the jobless rate hovering around 11.5 percent in California and inching above the 10 percent mark in San Diego County, the specter of unemployment is more threatening than it has been in decades.

But the official jobless rate tells only half the story.

Dig deeper and you'll find that one out of five Californians who want to work cannot find full-time jobs — nearly twice the official unemployment rate.

“The official rate is just the tip of the iceberg,” said Murtaza Baxamusa, research and policy director with San Diego’s Center on Policy Initiatives. “There are a lot of part-timers in this city who cannot find full-time work. And there are some people who have gotten discouraged from looking for a job at all.”

The official unemployment rate does not include people who haven’t looked for a job in the past four weeks. It also does not count people who are working part time because they can’t find a full-time job.

Those people are tracked in what’s called the U-6 unemployment rate maintained by the Bureau of Labor Statistics, which paints a darker picture of the nation’s job market.

As with the official unemployment rate, the U-6 rate has been climbing steadily since the recession began in December 2007. It crossed the 10 percent mark in June 2008 and hit 16.5 percent last month, compared with the official rate of 9.5 percent.

In California, the U-6 rate has nearly doubled in the past three years, jumping from 9.1 percent in 2006 to 17.7 percent in the 12 months ended in June. And the figure has continued to worsen. This spring, the U-6 rate in California averaged 20.3 percent, according to a New York Times review of Census Bureau data covering April and May.

The vast majority of people included in the U-6 rate are part-timers who cannot find full-time jobs because of “economic reasons” rather than personal preference. In California, such part-timers constitute 7 percent of the work force, compared with 3.7 percent when the recession began.

Although the part-timers are working, they sometimes bring in less money than job seekers who are receiving unemployment.

Take, for example, Maria Delgado, an in-home nurse in Encanto. Because of budget cutbacks at the state-run In-Home Supportive Services program, Delgado works only 47.9 hours a month, or an average of about 1.5 hours a day, earning \$9.50 per hour — just \$1.50 above California’s

minimum wage.

That comes to \$455 per month. In comparison, the maximum unemployment benefit in California is \$450 per week, although it's far less for workers at Delgado's wage level.

Until recently, Delgado had been supplementing her income by working part time for a neighborhood health association, but she has been laid off indefinitely from that job.

"They told me they might bring me back, but for now I'm officially on vacation until further notice," she said.

Delgado, a divorcee with two children and an ailing mother to care for, said she sends out job applications every day but so far has found no takers. "Everybody's cutting back," she said. Until she can find a full-time job, she's back living with her mother.

Part-time work includes a wide variety of positions, from short-order cooks to business consultants. Steve Harvey, who heads the San Diego operations of OI Partners-The McGuire Group, an employment agency, said he has helped a number of laid-off corporate executives find part-time jobs, including a telecommunications sales engineer who is now conducting part-time direct sales for a manufacturer.

"Part-time jobs can sometimes evolve into relatively good full-time jobs," Harvey said. "But more often than not, taking a part-time job is just a matter of economic survival. It's good to have some income coming in, but you get paid a lot less and there aren't any benefits.

"And sometimes a part-time job isn't something that's really helpful to the job search at all, since it takes away from the time that you could spend looking for a full-time position," Harvey said.

The U-6 rate also includes "discouraged" jobless workers who have lost their jobs within the past year but have not looked for work within the past month. The Labor Department estimates that about 1.3 percent of the work force nationwide and 1.4 percent in California fit into that category.

Unless you're doing a random telephone poll — which is how the Labor Department conducts its research — it's hard to find those workers, because they don't often show up at unemployment offices or job-training centers.

San Diego construction worker Matthew Billburg — who has been unable to find work since being laid off in February — said he understands why some job seekers opt to suspend their searches.

"Nobody's hiring. Everybody's letting people go. And when you're looking for a job, it's just one frustration after another," said Billburg, who has worked in construction for the past 25 years, starting out of high school.

"I talk to people that I've worked with in the past, but nobody's looking for anybody. It doesn't surprise me that some people give up. But for me that's just not an option," Billburg said.

A recent report by the Bureau of Labor Statistics notes that discouraged workers "account for a small proportion of the total number of persons not in the labor force." But the bureau adds that the number typically rises during recessions. Between the first quarter of 2008 and the first quarter of 2009, the number of discouraged workers jumped 70 percent throughout the country.

The growth in the U-6 rate is a nationwide phenomenon. Several states are in worse shape than California, including Oregon, with an estimated 23.5 percent rate during the second quarter. In Michigan and Rhode Island, the U-6 rate is at 21.5 percent. Arizona, Tennessee, Indiana, Nevada and Ohio have U-6 rates of around 20 percent, the New York Times study showed.

With all those double-digit figures, the unemployment rate sounds uncomfortably close to the Great Depression, which hit an estimated unemployment peak of 25 percent in early 1933. But economists say the 1930s jobless rate would have been much higher — perhaps 35 percent or more — if the U-6 definition had been used.

During the 1930s, like today, the official jobless rate did not count part-time workers as being unemployed. Unlike today, the 1930s rate did include discouraged workers who had not sought work for four weeks.

But there were other differences — some that added to the unemployment rate and others that took it lower. For instance, workers for government stimulus programs, such as the Civilian Conservation Corps or the National Industrial Recovery Act, were listed as unemployed during the New Deal era, because those jobs were viewed as artificial creations.

“It’s very hard to compare today’s rates to the 1930s,” said Jay Zagorsky, an economist with Ohio State University, who has written studies of New Deal employment data. “But I would estimate that unemployment at the depth of the Depression was roughly twice as high as it is today, no matter what definition you’re using.”

There are some signs that the unemployment problem is easing.

Nationwide, the number of new filings for unemployment claims has dropped steadily over the past three months, falling from a seasonally adjusted 674,000 in late March to 522,000 in the first week of July.

Statewide, the California jobless rate was unchanged between May and June, signaling a slowdown in layoffs. And the billions of dollars in federal stimulus funding are just now beginning to filter into the job market.

Nevertheless, most economists say that even if the recession hits bottom later this year, unemployment — including the U-6 numbers — will continue to rise through at least early 2010.

IHS Global Insight, a Massachusetts-based economics consulting firm, predicts that it will be 2013 before California’s jobless rate returns to its pre-recession level of about 5 percent.