Friday, April 10, 2009

663,000 Unemployed Ask, What Recovery?

By ALICE GOMSTYN

ABC NEWS Business Unit

4/3/09, 7:51 PM EDT

And when it comes to having work, where you live makes a difference.

Despite better-than-expected reports on everything from housing to manufacturing this week, recession-wary U.S. companies are still shedding hundreds of thousands of jobs. The government reported that the nation's employers cut 663,000 workers in March, pushing the unemployment rate up to 8.5 percent, the highest in nearly 26 years.

Since the recession began in December, 2007, 5.1 million jobs have been lost, with almost two-thirds of the decrease -- 3.3 million job cuts -- occurring in the last five months, the U.S. Bureau of Labor Statistics reported today.

"The ramifications of the financial crisis have been broadly spread across the whole country, wherever you are, whatever industry, whatever kind of job you have," said Steve Cochrane, managing director of Moody's Economy.com.

As widespread as the recession has been, however, its effects on employment have varied widely from region to region. Average state unemployment ranges from 3.9 percent in energy-rich Wyoming to 12 percent in Michigan, which continues to suffer as its auto industry declines (see chart below).

Among metropolitan areas, the swing is even wider: The U.S. Bureau of Labor Statistics, in its monthly survey of 372 metro areas, found unemployment rates as

low as 3.5 percent but also as high of 24.5 percent. Below, a look the metropolitan areas with some of the lowest and highest unemployment rates in the nation.

Lost Your Job or Worried About Losing It? Share Your Story With ABC News

Energy Industry Helps Keep Unemployment Rate Low

Oil prices have fallen. But for the cities of **Houma, Bayou Cane and Thibodaux**, the energy industry is still a large part of why this portion of southeastern Louisiana has an unemployment rate of 3.5 percent, the lowest in the latest BLS survey.

Oil and gas businesses such as drilling company Pride Offshore, the region's second-largest employer, account for much of the employment. But should falling oil prices continue to hurt the industry there, as officials expect it will, they're hoping that another growing sector in the area will help cushion the blow: shipbuilding and ship repair.

Boat service company Edison Chouest Offshore is building a $100 million shipyard at the Port of Terrebonne, a facility that will add 1,000 high-paying positions, according to Moody's Economy.com. Meanwhile, some companies once focused solely on oil and gas are focusing some of their resources on shipbuilding. Houma-based Gulf Island Fabrication, known for building oil drilling and production platforms, has expanded into tow-boat manufacturing as its oil platform business has slowed.

"We've been very fortunate to be able to diversify into that area and minimize our downtime in other segments of our businesses," Gulf CEO Kerry J. Chauvin said.

The company has managed to avoid job cuts for now, although "if things don't pick up," Chauvin said, layoffs may still happen.

Jobs: An Iowa Education

About 1,000 miles north of Louisiana, in the city of **Ames** in Story County, Iowa, it's education, not oil, that greases the economic wheels. There, Iowa State University is responsible for more than 10,000 jobs in the region, no small number in a county of 85,000 people.

The university, like many others, has had financial troubles, said Sheila Lundt, the assistant city manager of Ames. "But it's been able to keep its employment fairly stable," she said.

Thanks in part to the university, as well as research-oriented and public sector employers like the National Animal Disease Center, the city and Iowa's Story County have an unemployment rate of 3.7 percent.

In the short term, things are looking up for the university, according to Moody's Economy.com. It could see a boost in applications as students crunched by the recession choose Iowa State University over expensive private schools.

A decline in manufacturing jobs, however, has hurt Ames' employment picture and, according to Moody's Economy.com, combined with limited growth in Ames' research and government sectors, paints a bleak economic future for the city.

Lundt said there's good reason for employers to come or stay in Ames: The workforce is educated and dependable.

"There's a lot to be said for the work ethic in Iowa," she said. "People come to work here and they do their jobs and I think that's an important thing."

Employment Stability: Hope From Hospitals, Strong Workforce

Iowa City is another place in the Hawkeye State with very low unemployment, and Iowa City has more than just that in common with Ames. It, too, can at least partly

chalk up its low rate -- 3.8 percent -- to a local university. The University of Iowa employs more than 20,000 people.

The Iowa City area also boasts a large health care sector: University of Iowa Hospital & Clinics, Mercy Hospital and a veterans medical center employ more than 10,000 people.

Together, the university and the local hospitals "insulate us from some of the current economic challenges," said Nancy Quellhorst, the president of the Iowa City Chamber of Commerce.

But that insulating effect might not last for long. Moody's Economy.com predicts that the weakening economy will hurt spending by both the university and local hospitals.

But, as in Ames, Iowa City can still tout its workforce. More than 40 percent of the city's adult residents, Quellhorst said, have bachelor's degrees and four percent have Ph.D.s.

"As employers look for a strong workforce, we're very competitive," she said.

The city has also embarked on a program to encourage residents and merchants to do more of their shopping locally instead of online or elsewhere.

Local business owner Doug Parsons, who runs Frohwein Office Plus, an office furniture and supply store, said it's impossible to judge how well the program has worked. But, he added, "there's no way it could have a negative effect."

"If we need plumbing help or lawn care or whatever it may be, we go and do business locally, and we look for companies that we think might be interested in doing business with us," he said. "From our standpoint, it works out for everybody."

Cities with Highest Unemployment Rate

While Iowa boasts two of the three lowest-unemployment metro areas, California has a more dubious distinction. The three metro areas with the top unemployment rates on the BLS survey are all in the Golden State: **Yuba City**, with an unemployment rate of 18.9 percent; **Merced**, at 19.9 percent; and **El Centro**, with the highest rate at 24.5 percent.

The regions have more than just a state in common. All three have economies that are largely based on agriculture. The seasonal nature of much agricultural work, particularly when it comes to the kinds of niche farming popular in California, results in unsteady employment, Cochrane said.

"A lot of that farm labor is not fully employed throughout the year," he said.

While the seasonal nature of agricultural work has been a constant for many years, the recession is exacerbating high unemployment in the regions. California has been at the forefront of the nation's housing boom and subsequent bust; the pain that that has caused to the state's construction industry has extended to Yuba City, Merced and El Centro.

"Merced was, for a number of years, one of the fastest growing areas in the country," said Mike Conway, a city spokesman. "It had a huge number of homes being built and had a large force engaged in construction work and related fields. When that bubble burst, those folks ended up being laid off."

Jobs at Borders: Bright Spots in Dim Times

Despite the "double whammy," as Conway put it, of the recession and the unsteady agricultural sector, all three areas boast some economic bright spots. Yuba City is home to Beale Airforce Base, which continues to develop new technology and which Moody's Economy.com predicts will remain "a stabilizing force" for the area's economy. Merced will receive millions in both state and federal stimulus aid that will be used to fund transportation and road construction work.

And El Centro, a border town, is continuing to focus on its commerce with Mexicali, Mexico, which is home to some of the highest paid residents in Mexico. Many, said El Centro City Manager Ruben Duran, cross the border to shop in El Centro while many El Centro residents head in the opposite direction to work in businesses in Mexicali.

Duran said El Centro is also using its low cost of living to attract new businesses.

"We have a whole economic development program of trying to relocate businesses here," he said. "We have a lot of success with companies leaving the coast."