



## Jobless rate dips below 6% -- sort of

By Dean Calbreath

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For the first time in nearly six years, the [jobless rate in San Diego County](#) dipped below the 6 percent mark in May, driven by restaurants, hotels and entertainment sites preparing for summer tourists, the California Employment Development Department reported on Friday.

Thanks mostly to hiring at restaurants and bars, which added 2,800 workers last month, the jobless rate fell from 6.1 percent in April to 5.8 percent in May, the lowest rate since June 2008.

After weeding out the effect of summer hiring, the seasonally adjusted jobless rate remains slightly above 6 percent, dropping from 6.4 percent in April to 6.1 percent in May, said Lynn Reaser, chief economist for Point Loma Nazarene University (PLNU) at the Fermanian Business & Economic Institute. But that still ranks as the best number since July 2008.

Reaser adds that the jobless rate fell "for the right reasons." Sometimes the jobless rate falls because job-seekers get so discouraged that they stop looking for work and are no longer counted on the unemployment rolls, but that's not what happened last month.

Instead, more people entered the workforce at the same time as existing job-seekers were finding employment.

Over the past year, she noted, San Diego jobs have grown by 2.2 percent, roughly even with the statewide growth rate of 2.3 percent and well above the national gain of 1.8 percent.

A recent poll of small businesses in San Diego County by **California Bank & Trust** suggests that jobs will continue to grow. The poll showed that 52 percent of the businesses surveyed plan to add workers this year. Calculations based on that poll show that 32 percent of businesses plan to hire up to five workers, 18 percent that plan to hire five to ten workers and 2 percent hiring more than 10.

Tory Nixon, the bank's executive vice president for small business lending, showed that small businesses were operating in a "clearly different environment" than last year, when they were more reluctant to add employees.

"Businesses are optimistic, expect healthy grow rates, are making capital investments and leveraging new technologies to market and sell their products," he said.

The drop in the jobless rate this year has been faster than most economists previously predicted.

In forecasts this January, both Reaser and Kelly Cunningham, economist at the National University System Institute for Policy Research, predicted that the jobless rate would hover between 6 and 6.5 percent at the end of the year.

In contrast, Alan Gin at the University of San Diego's Burnham-Moores Center for Real Estate, predicted it would dip below 6 percent by year's end.

"It's a little better than I was expecting, although after making seasonal adjustments, it's still at 6.1 percent," he said. "I'm not sure how much farther we'll get, since when hiring increases more people tend to start looking for jobs, which can keep the unemployment rate high. But we could be on track to add 30,000 jobs by the end of the year, which would put the jobless rate somewhere between 5.5 percent and 6 percent."

Reaser agreed that by the adjusted rate would drop below 6 percent before year's end. But she sounded a cautionary note. Even though San Diego's economy is still moving forward, she said, "the strength of the momentum is still in question."

Although hiring grew strongly in February and March, it slowed in April and May. After adjusting for seasonal hiring, she said, job growth in May was flat, with 200 fewer jobs than would be expected from recent trends. Even if that's just a temporary stumble, she doubts that job growth can be sustain its recent speed without stronger growth in sales and spending.

But Gin said that after the huge surge in the first quarter, the recent slowness may merely reflect some consolidation in the job market.

In the meantime, he's encouraged by the year-to-year growth trends, particularly in professional, scientific and technical services, which have added 5,800 jobs, with a growth rate of nearly 5 percent.

"Those tend to be high-paying jobs, so we appear to be getting a pretty good balance," he said.