

# State compiling annualized jobs data

10:14 PM PST on Friday, February 19, 2010

By JACK KATZANEK  
The Press-Enterprise

Inland Southern California will get its clearest look at how much damage the recession has done to the job market when the state updates its data on March 5.

The monthly reports on job gains or losses from the state Employment Development Department are based on a relatively small sampling of Riverside and San Bernardino County workers.

In late February or early March, the state releases more accurate data using reports on **unemployment** insurance forms that all employers must file with the federal government. The process of revising the state's monthly data is called "benchmarking."

In December, the most recent month for which there is data, EDD estimated there were 1,161,100 Inland workers on payrolls, 51,200 fewer than 12 months earlier. That is the number that could change, possibly radically, when the revisions are announced.

Probably the most radical revision came two years ago. The Inland area's economy had already been weakened by the housing slump, and many people believed the country was already in recession, a fact that data later proved true. But the state had been reporting that Inland Southern California gained more than 32,000 jobs that year.

Then, on Feb. 29, 2008, the revised data revealed the Inland area had actually lost 7,300 jobs in the past year, a revision of close to 40,000 jobs. It was the first time the Inland counties had ever had an annualized job loss.

Economists' opinions differ about what this year's revisions will show.

Chapman University economist Esmael Adibi said he was not surprised by the huge downward revision of 2008, but he doubts that will be repeated this time.

"Usually when the economy is going into recession, they tend to underestimate the job losses," Adibi said. "When it's coming out, they underestimate job creation. I think we're at the cycle where we won't see large revisions, and if there are, it's on the plus side."

Adibi said most of the businesses that are missed by the state's monthly tabulations are smaller ones, which are especially vulnerable during downturns. But during a recession many workers who are laid off from established firms often try to rebound by starting their own small businesses.

And these small firms also are often missed by the state when it counts jobs during a recovery, Adibi said.

Earlier this week, the Los Angeles County Economic Development Corp. issued a forecast that called for continued weakness in the Inland area for 2010. Jack Kyser, the group's founding economist, said he expects the job count to be revised downward.

Kyser said he's been studying interim audits of state data, which is not sorted according to counties or regions. It is, however, sorted by job classifications, and the first indication is that job creation will be weaker in some sectors, such as construction, retail and manufacturing. All three are major Inland employers.

Redlands-based economist John Husing agrees there could be slight downward revisions this time.

"I think it will turn out to be pretty much what we thought," Husing said. "It's bad, and everyone knows it."

Unemployment in San Bernardino and Riverside counties was estimated at 14 percent in December. But the jobless rate, which is based on the size of the overall work force, is a separate survey from the one that counts payroll jobs.

Christopher Thornberg, principal of Los Angeles-based Beacon Economics, said he expects a downward revision. But, he said, what's coming is better.

"More recent reports show the bleeding has stopped, and that's the more critical issue," Thornberg said.

*Reach Jack Katzanek at 951-368-9553 or at [jkatzanek@PE.com](mailto:jkatzanek@PE.com)*