

August 20, 2009

## Michigan jobless rate dips to 15% in July

Expert downplays slight decline, cites big job losses

*Staff and Wire Reports*

Michigan's unemployment rate dropped last month for the first time in more than a year.

But good news is relative when it comes to the state's economy. The 15 percent seasonally adjusted jobless rate, announced by the state Wednesday, likely will remain the highest in the nation. Michigan's unemployment rate has been worst in the U.S. for 26 of the last 27 months.

The state's jobless rate in June was 15.2 percent, the highest monthly rate recorded in the state since early 1983. State officials said hiring in the hotel industry, nursing and residential care helped stabilize the rate last month.

Fewer Michigan autoworkers than usual were laid off in July for model changeovers in factories, but only because an abnormally high number already were out of work. That makes it difficult to read much into the fact that Michigan gained 18,000 manufacturing jobs in July in a seasonally adjusted count.

"This year, a lot of those jobs have been shed already, so we don't have that big drop in employment for the month of July that we typically see," said Mark Reffitt, a regional economic analyst with the state.

"I don't necessarily expect it to continue staying flat or moving down. We're just going to have to wait and see what the next couple months of data show to discern any trend."

Reffitt said the Lansing area's unemployment rate probably will follow the state's pattern when numbers are released Aug. 27. The region's jobless rate tends to be lower than the state's, but follows the same trend.

The Lansing area's jobless rate was at 12.3 percent in June. Local rates are not adjusted for seasonal factors.

## GM ramps up

The Lansing area also should get a boost from General Motors Co., despite auto industry struggles that have cost jobs.

A second shift of 900 workers will return next week to GM's Lansing Delta Township plant, and hundreds of employees at area car part suppliers also are headed back to work. And GM's Lansing Grand River assembly plant resumed production last week after sitting idle for most of June and July.

Rick Waclawek, director of Michigan's Bureau of Labor Market Information and Strategic Initiatives, said the rise in manufacturing jobs statewide "does not reflect any real improvement in the job picture, but is just an artifact of the seasonal adjustment process."

## Jobs disappear

Michigan has lost 119,000 manufacturing jobs in the past year. About 281,000 total nonfarm payroll jobs have been lost in the state overall in that time.

The state added 11,000 government jobs and 7,000 leisure and hospitality service jobs in July. Health education and business service jobs also increased.

Jobs were lost in retail trade and construction.

Michigan's monthly jobless rate hadn't dropped since June 2008. A year ago, it was 8.3 percent.

The national unemployment rate for July was 9.4 percent, down from the 9.5 percent in June.

Economists have projected Michigan's unemployment rate generally will rise in the second half of this year and into 2010, although there could be month-to-month variations.

The University of Michigan estimated in July that the state's unemployment rate will average 15.8 percent next year.

Lansing State Journal business reporter Melissa Domsic and The Associated Press contributed to this report.

## Additional Facts

Granholm calls for benefits extension

Gov. Jennifer Granholm says Congress should again extend jobless benefits for the nation's unemployed workers.

Granholm called for action Wednesday, the same day Michigan reported a 15 percent unemployment rate for July. That's down from a national high of 15.2 percent in June, but well above the 8.3 percent jobless rate the state recorded a year ago.

Michigan currently provides up to 79 weeks of jobless benefits. That includes 33 weeks of federal emergency unemployment compensation and 20 weeks of federally funded extended benefits.

An estimated 100,000 unemployed Michigan workers are expected to lose their jobless benefits by the end of the year.

---