7 states see jobless rate top 10 percent

By JEANNINE AVERSA – 2 days ago

WASHINGTON (AP) — Double-digit unemployment rates hit more states in February, with North Carolina and Rhode Island seeing their rates hit record highs.

The U.S. Labor Department's report, released Friday, showed the terrible toll the recession, now in its second year, is having on workers and companies alike.

Seven states have unemployment rates that topped 10 percent last month. That's up from four states in January.

"It's spreading like wildfire," said Richard Yamarone, economist at Argus Research.

The U.S. unemployment rate, released earlier this month, rose to 8.1 percent in February, the highest in more than 25 years. Economists predict the national jobless rate will have climbed to 8.5 percent in March when the government releases that report next week. It will probably hit 10 percent by year end even if the recession were to end later this year, they said.

Michigan's jobless rate climbed to 12 percent, the highest in the country. South Carolina registered the second-highest at 11 percent and Oregon came in third at 10.8 percent.

North Carolina came in fourth with an unemployment rate of 10.7 percent, the highest there on records dating back to 1976. California and Rhode Island tied for fifth place at 10.5 percent each. That was an all-time high for Rhode Island. The seventh state with a jobless rate above 10 percent was Nevada at 10.1 percent.

Georgia's unemployment rate rose sharply to 9.3 percent, also a record high. Earlier this week Shaw Industries Group Inc., the world's largest carpet maker, said it would close two plants in the state and lay off about 600 workers.

Layoffs in manufacturing, construction and retail — sectors hard hit by the housing collapse — are common threads running through the higher unemployment. Another thread: difficulties faced by states, such as South Carolina, Michigan and Rhode Island, to lure new types of companies to help cushion the loss of manufacturing jobs and retrain laid-off factory workers for other kinds of employment.

Joblessness continued to be the worst in the West — home to California and other states badly battered by the housing bust — and the Midwest, where the troubles of U.S. automakers has been sorely felt.

Currently 5.56 million people are drawing state unemployment insurance, the highest on records dating back to 1967 the federal government reported Thursday. The crush has exhausted unemployment funds in California, New York and elsewhere, forcing them to tap the federal government for money to keep paying benefits.

Rising unemployment means lost revenue for already squeezed states.

"It's a vicious cycle," said Michael Williams, dean of Touro College's Graduate School of Business. States are forced to cut back services at a time when people need them the most. "What about health care? What about education?" he wonders.

All told, Friday's report found that 49 states and the District of Columbia saw their unemployment rates move higher in February from the previous month. Only Nebraska recorded a slight drop. Its jobless rate dipped to 4.2 percent.

Wyoming once again had the lowest unemployment rate, 3.9 percent.

Federal Reserve Chairman Ben Bernanke said the recession could end this year, setting the stage for a recovery next year only if shaky financial markets are stabilized.

To brace the economy, the Fed has slashed a key bank lending rate to an all-time low and has embarked on a series of radical programs to inject billions of dollars into the financial system.

The Obama administration's $787 billion stimulus package includes money that will flow to states for public works projects, help them defray budget cuts, extend unemployment benefits and boost food stamp benefits. The administration also is counting on programs to prop up financial companies and reduce home foreclosures to help turn the economy around.

Companies are cutting jobs and other costs to survive the recession. Sales and profits have been hurt as consumers have hunkered down. That's caused the economy to shrink. Analysts believe the economy will keep on shrinking through the first six months of this year