

Jobless rate in Md. up sharply

Unemployment hits 4.4%; was 4% in June

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The economic ill health vexing most of the nation is creeping into a state that had thought itself immune.

Maryland's unemployment rate ratcheted up in a big way last month for the second time this year, jumping to 4.4 percent from 4 percent in June, the Labor Department said yesterday.

The jobless rate had reached 4 percent in May when it rose from 3.6 percent, another unusually large increase.

Just over 130,000 Marylanders were looking for work but unable to find it in July, according to the preliminary numbers, which are adjusted to account for seasonal variations.

That's up from about 120,000 in June.

Maryland employers added jobs overall last month - 1,100 - but that gain came from government agencies, the Labor Department said.

Private industry cut 500 jobs in July, according to the estimates.

"We're in a state of transition," said Richard P. Clinch, director of economic research at the University of Baltimore's Jacob France Institute. "We've avoided any significant harm from the national slowdown, but it seems to have come home at this point. ... Clearly the pain is beginning to filter its way into the Maryland economy."

It could be worse.

At 5.7 percent, the nation's unemployment rate was well above the state's last month, and the nation has been bleeding jobs rather than adding them. U.S. employers have cut more than 450,000 jobs this year. Seventy percent of states had fewer jobs last month than they did in June.

But it has been four years since Maryland's jobless rate was as high as 4.4 percent, back when businesses were shaking off the last of the 2001-recession-induced doldrums.

As problems from the housing market continue to ripple outward and the rapidly rising cost of living pinches businesses and consumers alike, Maryland employers aren't hiring as quickly as would-be workers are entering the labor market.

The discomfort isn't spread equally, either. Government employment continued to rise last month while private employment fell because cuts in sectors such as finance and manufacturing outweighed corporate hiring elsewhere.

Only Maryland's strongest industries - professional and business services, education and health services and the hospitality sector - reported gains in July.

For firms that match up workers and employers in the professional and business services sector, it doesn't feel like bad times.

"We still have a number of very good positions in the accounting and IT area," said Chuck Sudina, president of Sudina Search Inc. in Timonium, which specializes in permanent-placement services. "We've got more jobs than we have people to fill them with certain skill sets. ... There's more companies hiring, I think, than there are companies that are either cutting back or even just on the hold."

Job candidates are being more assertive, not less, in salary negotiations, said Joe Gonzales, Robert Half International's regional vice president for professional staffing services in the Baltimore metro area.

But that's not driven by a cocky certainty that companies can't say no. Workers are reacting to the cost of gas and other necessities eating into their bank accounts, said Gonzales, whose division focuses on placements in accounting, finance, technology, legal services and office/administrative.

On the horizon is the military base realignment and closure process, which is expected to bring thousands of government and contractor jobs to the metro area. But the trickle won't turn into a flood for a while. Many of the jobs slated to come here from other states - with or without the people who hold them now - won't appear until 2010 and 2011, said J. Michael Hayes, managing director of military and federal affairs for the state Department of Business and Economic Development.

All in all, it seems like an economy "treading water," said Kevin McIntyre, an associate professor of economics at McDaniel College in Westminster.

"What we're really looking at is how long is it going to take for all this roiling in the housing sector to work its way through the economy to the point that we start to see normal growth again," he said. "If the rest of the country goes into a mild recession, I would expect to see sluggish growth here, but I would be pretty surprised to see Maryland go into a recession outright."

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