

## Why does Fresno have thousands of job openings - and high unemployment?

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FRESNO - This city is grappling with one of the most troubling contradictions of the new economy: Even as it has one of the nation's highest unemployment rates, it has thousands of job openings.

The dilemma is becoming more common across the country as employers report increasing numbers of job openings. But many of those jobs are not a good fit for those who are out of work.

The reason, economists say, is that the recession accelerated the decline of some industries, such as housing construction, as others that require far different skills, including health care, emerged stronger.

Some economists predict that this disconnect is likely to grow as the economy develops jobs that require more training. President Obama, speaking last week in [his State of the Union address](#), said the nation is facing a new "[Sputnik moment](#)" that demands a renewed focus on innovation and education to secure its economic future.

Evidence of a skills mismatch became increasingly clear in Fresno after the housing bubble burst, causing joblessness to nearly triple.

Unemployment hovers at 16.9 percent, but managers at the 7,000-employee Community Medical Centers say they cannot find enough qualified technicians, therapists, or even custodians willing and able to work with medical waste.

The situation is much the same at Jain Irrigation, which cannot find all the workers it wants for \$15-an-hour jobs running expensive machinery that spins out precision irrigation tubing at 600 feet a minute, 24 hours a day, seven days a week.

"The job requires at least a high school education, and maybe some technical training, but we don't seem to be getting the right people applying," said Aric J. Olson, Jain's president.

The U.S. job market has rebounded from its July 2009 nadir, when the Labor Department reported that there were just 2.3 million job openings nationwide. (When the recession began in late 2007, there were 4.4 million openings.) In November, the latest time period covered by federal statistics, there were an estimated 3.2 million openings across the country.

But that 39 percent increase in job openings has not been accompanied by a corresponding decline in the unemployment rate, which now stands at 9.4 percent - the same as it was in July 2009.

### A matter of debate

The puzzling gap between jobs and hiring has touched off a furious debate among economists, one that holds serious implications for how policymakers attack the problem.

Some economists say the persistent lack of hiring is due mostly to weak demand caused by cutbacks in household consumption and business investment. They add that though the economy is improving, job openings remain scarce: There are 4.6 jobless Americans for each opening, according to the Labor Department.

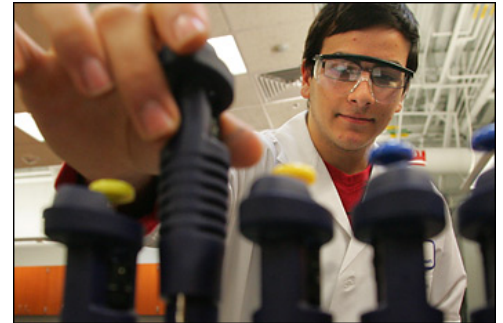
"Economies are funny," said Stephen J. Rose, a senior economist at Georgetown University's Center on Education and the Workforce. "They seem to work so well, but when they get knocked off their moorings, it takes awhile to reorganize everything."

Others say the problem is largely structural, meaning that a large share of jobless workers will have to acquire new skills before they can return to the workplace.

Still others think both factors are at play. The steep economic drop from the housing and financial bubbles that preceded the recession only amplified structural changes that are always occurring in the job market, they say.

"Should construction have been as large a part of the economy as it was?" said Jason Pride, director of investment strategy for Glenmede Investment and Wealth Management, a Philadelphia-based firm that manages \$19 billion in assets. "Probably not. But it persisted for 10 years and drew a lot of people in. Now some of those people have to take a step back and find new skills. It doesn't matter that people may be fairly skilled in one industry. Their skills may not be applicable to other fields."

Switching fields often isn't as simple as taking a class or two. In the coming years, the nation's workforce is going to need many more workers with college degrees and industry certifications, according to a report last year by Georgetown's workforce center.



Fresno leaders long ago saw nurturing innovation as the key to the area's economic future. The city sits in the heart of the nation's most abundant agricultural region, which has been both a boon and a burden: The seasonal nature of production has saddled the region with unemployment rates that are typically far above the national average.

The unprecedented housing boom brought construction jobs that lowered the unemployment rate to nearly 6 percent just a few years ago. But the bubble popped, throwing many people out of work.

At the same time, the region also developed industries with global reach. Fresno is home to 160 companies that make products such as irrigation components that provide exact water flows, allowing uniform crops with minimum water use. The region is also a center for filtering and other control systems for all types of liquids.

### **'A whole other problem'**

However, those innovative companies often struggled to find employees, and few understood the scope of the problem.

"For years, I thought the only challenge was that businesses were not growing and that we needed to find ways to increase demand," said Fresno Mayor Ashley Swearingin (R), who before being elected in 2008 co-founded the Regional Jobs Initiative, aimed at relieving chronic unemployment.

But a 2004 survey of Fresno area employers discovered thousands of job openings despite relatively high unemployment. "It was a total light bulb moment for me," Swearingin said. "The survey revealed a whole other problem. Certainly, a company needs demand for a product. But if they don't have people with the skills to fill jobs, it is hard to sustain growth."

Subsequent surveys have come up with similar findings, and many local employers call the search for qualified workers one of their toughest challenges.

Claude C. Laval III is chairman of a company that makes filters for a range of uses, from homes and water towers to the cooking oil used by snack-food companies. It is a niche business that suffered during the recession but that is now poised for robust growth.

"There are a lot of people with solids in their liquids," Laval said with a chuckle.

Finding the people he needs - first-rate welders and workers comfortable running computer-controlled equipment - is a constant challenge, he said. "Getting well-qualified, smart people who want to work in an industrial environment is not easy," he said.

Laval said the local workforce-training system, while rightfully focused on the impoverished and the unemployed, is almost always a step behind when it comes to meeting the evolving needs of employers. "They do surveys asking us who we plan to hire in the future. But often, we don't know ourselves," he said.

Consequently, though the job training he has observed is serious and well structured, he added, "it is not necessarily for jobs that exist."

Job-training officials say they do their best to gauge the needs of employers when deciding what classes to offer. Still, they acknowledge, it is difficult to match people with available jobs.

"There is not an easy way for people to find out that the opportunity is there or, conversely, the qualified person is there to be hired," said Blake Konczal, executive director of the Fresno Regional Workforce Investment Board.

Making matters worse, budget problems have led at least one local community college to end summer classes, while waiting lists and lotteries are used to cull those who want training in high-demand disciplines, such as nursing.

Ginny Burdick, senior vice president for human resources at Community Medical Centers, said the hospital is "like a city. We have every kind of job there is. Some take four-year degrees. Some take two-year degrees. Some take no degree at all."

But they all require certain skills that she said are in short supply. "Some people don't know how to figure out how to do a task," Burdick said. "Part of it is attitude. Part of the skill we want is the willingness to work hard."

### **Getting job skills early**

Local officials have tried to address employers' concerns by not only training the jobless, but better orienting students to the demands of the workplace.

At the Center for Advanced Research and Technology, which serves high schoolers from Fresno and neighboring Clovis, classes focus on hands-on experiences. All of the classes mix disciplines - combining, say, English, environmental science and chemistry - in an effort to make the material relevant both to the lives of students and to the needs of employers.

Michelle Mar, an English teacher, has students prepare resumes, and "I tell them whether I am going to hire them or not" based on how they are written.

Devin Blizzard, the program's executive director, said part of the idea is to make students career-ready. "You have to make the intangibles tangible," he said.

The program has a good reputation among employers, and many more of its students than is average in the region go on to community and four-year colleges, a recent study found.

Many employers here call that the right approach. They say that if potential employees don't have all the technical skills they need, they should at least convey a willingness to learn.

Bob Armev, president of Rutter Armev, a machine shop that works on specialty items such as crankshafts, textile rolls and food-processing equipment, says he can barely find machinists who know how to handle manual machines. When he does, he said, "they have a job making \$20 an hour, with health care and pension."

Sometimes, Armev trains unskilled people, a decision that he bases on the vibe he gets when he looks a job applicant in the eye. "The only way I can get good people is to train them myself," he said. "And that's very costly."

A couple of years ago, he hired two men despite what he assumed were their gang tattoos. One left the firm to be a truck driver. But the other is now an assistant foreman.

"He's a great worker," Armev said. "Sometimes you just have to take a chance and do something good for mankind."