

Public sector layoffs drive NC unemployment rate above 10 percent

By

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RALEIGH -- North Carolina's unemployment rate climbed to more than 10 percent last month as public sector layoffs offset gains in private sector jobs.

The state jobless rate rose to 10.1 percent in July – up from 9.9 percent in the previous month. It's the first time the state's unemployment rate has topped 10 percent since August 2010.

The number of local government workers decreased by 11,800 while state government jobs also decreased by 300. However, private companies added 6,900 positions, fueled by gains in the professional and business service sector.

Democratic leaders blamed the higher unemployment figures on the \$19.7 billion budget approved by state lawmakers. The spending plan, which went into effect on July 1, mandated cuts to local school districts.

"The increase in North Carolina's unemployment rate is a direct result of the destructive agenda being pushed by Republicans in the General Assembly," said Democratic Party Chairman David Parker."

Republican lawmakers insist there's not enough data available to link job losses to the state budget. GOP leaders also accused Democrats of playing politics with the latest unemployment figures.

"Everything that the Democrats have tried - which has basically been raise taxes, spend more money, borrow – has not worked," said Senate President Pro Tempore Phil Berger, R-Rockingham. "We're one month into the Republican budget. Let's see what happens."

Senate Minority Leader Martin Nesbitt, D-Buncombe, said most government layoffs could have been avoided by extending a temporary sales tax increase that expired June 30. He added that private companies will also suffer from the high number of government job losses during the past two months.

"That's 22,000 people that we don't have out there buying groceries, getting a haircut, buying gas for their car – the things they did to keep this economy moving," Nesbitt explained. "When you take the consumers out of the economy, it's doomed to failure."

However, Berger defended the decision to let the one-cent sales tax increase expire. "There is spending that occurs as a result of individuals having a job in the public sector, but I don't think the answer to the problem we have is more employment in the public sector," he added.

Berger also said he was confident the private sector would continue to grow in the coming months ahead.