

# Workforce Review

*A monthly review of labor market information for Northern Santa Clara County*

## June 2011

*Did you know?*

### Without Dropouts, Jobless Rate Would Be Over 11%

The unemployment rate increased to 9.2% in June, the Labor Department reported, but if the recession hadn't pushed so many people out of the labor market it would have been much worse.

The duration of unemployment continues to increase and sat at an average of 39.9 weeks in June. More than four million people who want jobs, or nearly a third of the unemployed, have been out of work for more than a year. Those are the people [who] are hanging in and looking for work, but a large number have given up altogether.

The share of the population in the [job] market, called the labor-force participation rate, fell to 64.1% last month — the lowest level since 1984 when women were still just beginning to enter in full force. The participation rate peaked in 2000 and has been steadily declining since, as the effect of women taking full-time jobs plateaued and Baby Boomers began to retire, but the decline accelerated sharply during the recession. The participation rate was 66% at the start of the recession and 65.7% when the recovery started in June 2009. If the participation rate were still at that level, the unemployment rate would be more than 11% right now.

With nearly a third of the unemployed out of work for over a year, it makes their reintegration back into the labor market more and more difficult. People out of a job that long tend to lose skills and experience long-term effects on their lifetime earning power. It's even harder to reintegrate workers who have dropped out altogether.

There's also a problem of underemployment. A comprehensive gauge of labor underutilization, known as the "U-6" for its data classification by the Labor Department, accounts for people who have stopped looking for work or who can't find full-time jobs. That number shot up in June to 16.2% from 15.8% a month earlier.

The U-6 figure includes everyone in the official rate plus "marginally attached workers" — those who are neither working nor looking for work, but say they want a job and have looked for work recently; and people who are employed part-time for economic reasons, meaning they want full-time work but took a part-time schedule instead because that's all they could find. People who drop out of the labor force completely aren't included in this tally.

Sometimes the jobless rate can rise because people re-enter the workforce. That can be a positive sign for the economy, indicating a strengthening labor market and improved confidence. Unfortunately, that wasn't the case in June. The number of people in the labor force dropped last month, while the number of people employed tumbled and the number of unemployed increased.

**Source:** *The Wall Street Journal* – Real Time Economics Blog (07/08/2011)

<http://blogs.wsj.com/economics/2011/07/08/without-dropouts-jobless-rate-would-be-over-11/>

**Labor Force Statistics** (San José–Sunnyvale–Santa Clara MSA)

Unemployment Rate	June 2010	May 2011	June 2011	Percentage Point Change	
				Monthly	Annual
San José–Sunnyvale MSA	11.3%	9.9%	10.5%	+ 0.6	- 0.8
California	12.2%	11.4%	12.1%	+ 0.7	- 0.1
United States	9.6%	8.7%	9.3%	+ 0.6	- 0.3

  

Labor Force	June 2010	May 2011	June 2011	Percentage Change	
				Monthly	Annual
San José–Sunnyvale MSA	896,700	892,700	901,300	+ 1.0%	+ 0.5%
Civilian Employed	795,200	804,500	807,100	+ 0.3%	+ 1.5%
Civilian Unemployed	101,500	88,100	94,300	+ 7.0%	- 7.1%

  

**Industry Statistics** (San José–Sunnyvale–Santa Clara MSA)

Change in Employment	June 2010	May 2011	June 2011	Percentage Change	
				Monthly	Annual
<b>Total Nonfarm</b>	<b>860,900</b>	<b>869,700</b>	<b>877,500</b>	<b>+ 0.9%</b>	<b>+ 1.9%</b>
Construction	32,900	32,100	33,900	+ 5.6%	+ 3.0%
Retail Trade	77,800	78,300	78,200	- 0.1%	+ 0.5%
Employment Services	17,100	17,700	17,900	+ 1.1%	+ 4.7%
Health Care & Social Assist.	78,500	80,400	81,000	+ 0.7%	+ 3.2%
Government: State & Local	84,900	84,800	85,200	+ 0.5%	+ 0.4%

NOTE: San José–Sunnyvale–Santa Clara MSA (Metropolitan Statistical Area) = Santa Clara and San Benito Counties

Source: California Employment Development Department, LMID

**Labor Force by City** (NOVA Seven-City Consortium)

	Labor Force			Employed			Unemployment		
	June 2010	June 2011	Annual Change	June 2010	June 2011	Annual Change	June 2010	June 2011	Annual Change
<b>Santa Clara County</b>	<b>871,600</b>	<b>875,800</b>	<b>+ 0.5%</b>	<b>774,000</b>	<b>785,600</b>	<b>+ 1.5%</b>	<b>97,600</b>	<b>90,200</b>	<b>- 7.6%</b>
Cupertino	23,900	24,100	+ 0.8%	22,100	22,500	+ 1.8%	1,700	1,600	- 5.9%
Los Altos	12,400	12,600	+ 1.6%	11,700	11,900	+ 1.7%	700	700	0.0%
Milpitas	31,600	31,700	+ 0.3%	27,900	28,400	+ 1.8%	3,600	3,400	- 5.6%
Mountain View	41,400	41,700	+ 0.7%	38,000	38,500	+ 1.3%	3,500	3,200	- 8.6%
Palo Alto	30,800	31,100	+ 1.0%	29,000	29,400	+ 1.4%	1,900	1,700	- 10.5%
Santa Clara	56,000	56,400	+ 0.7%	50,300	51,000	+ 1.4%	5,800	5,300	- 8.6%
Sunnyvale	74,300	74,800	+ 0.7%	67,200	68,200	+ 1.5%	7,200	6,600	- 8.3%
<b>NOVA Region (sum)</b>	<b>270,400</b>	<b>272,400</b>	<b>+ 0.7%</b>	<b>246,200</b>	<b>249,900</b>	<b>+ 1.5%</b>	<b>24,400</b>	<b>22,500</b>	<b>- 7.8%</b>

NOTE: Totals may not add correctly due to rounding

Source: California Employment Development Department, LMID

**Regional Layoff Activity**

Company	WARN *	City	Affected	Cause
dpiX	No	Palo Alto	59	RIF
Intuit	Yes	Mountain View	1	RIF
Metropark	No	Santa Clara	26	Closure
St. Jude Medical	Yes	Sunnyvale	58	Closure
Company confidential	No	Milpitas	4	RIF
Company confidential	No	Santa Clara	Unknown	RIF

**WARN Summary**

Individuals Affected YTD<sup>†</sup>: **2,251<sup>†</sup>**

Events Current YTD<sup>†</sup>: **76**

Events Previous YTD<sup>†</sup>: **123**

\* **WARN: Worker Adjustment and Retraining Notification** (notice of mass layoff or closure)

† **YTD: Year to Date** (Program year: July 1–June 30)

\* **Summary Total** may not equal sum of monthly numbers due to internal adjustments

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NOTE: Layoff data are preliminary and should be considered an estimate of monthly regional activity

Source: NOVA's internal Rapid Response database