

Workforce Review

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

August 2011

Did you know?

California won't slip back into recession, UCLA study predicts

The national economy is in “far worse” shape than it was just three months ago, but neither the U.S. nor California is expected to slip back into recession, according to UCLA researchers.

The U.S. economy has “stalled,” the job market is “horrible,” and even a “modest shock” could trigger a full-blown recession, according to a quarterly economic forecast released Tuesday by UCLA’s Anderson School of Management. But in a nuance that only an economist could appreciate, a recession is unlikely because the forces that normally spur downturns, such as a falloff in home construction, are already so weak that further deterioration won’t do that much additional damage. A sudden drop in exports or consumer spending could trigger a recession, though it is considered unlikely at the moment, according to the report.

The U.S. growth rate is expected to pick up between 2.5% and 3% by mid-2012 from 0.9% currently, with about 150,000 net jobs being added each month compared with no job growth last month, forecasters said in the report. But even that would be far too tepid to make a dent in the stubbornly high unemployment rate, which is projected to drop to only 8.6% by the end of 2013 from the current 9.1%.

“You could make a reasonable argument that we never had a recovery and we’re, in fact, in one long slump,” said David Shulman, a UCLA senior economist.

Economists at UCLA are the latest to weigh in on whether the U.S. will lapse into another recession. Last week, the chief economist at Moody’s Investors Service put the chances of entering a double-dip recession within the next year at 40%.

Closer to home, the outlook for California’s economy is similar to that of the nation. The most notable development in the state is the widening gap between the fortunes of relatively prosperous coastal areas and those of far more challenged inland regions, economists said.

Coastal areas with knowledge-intensive industries, such as Silicon Valley, have decent growth prospects. Areas such as the Inland Empire and San Joaquin Valley, however, are facing “the specter of long-term economic stagnation” and employment levels that may not return to their pre-recession highs until 2017 at the earliest and perhaps much longer, according to the report.

For all of California, UCLA predicts virtually no growth this year, followed by anemic rates of 0.7% next year and 2.1% in 2013. The state’s 12.1% unemployment rate will remain around 12% through next year and will average 11% in 2013. It won’t drop to the single digits until 2014, according to the report.

Source: *L.A. Times* (09/20/11)

<http://articles.latimes.com/2011/sep/20/business/la-fi-ucla-economy-20110920>

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

Unemployment Rate	August 2010	July 2011	August 2011	Percentage Point Change	
				Monthly	Annual
San José–Sunnyvale MSA	11.3%	10.4%	10.0%	- 0.4	- 1.3
California	12.5%	12.4%	11.9%	- 0.5	- 0.6
United States	9.5%	9.3%	9.1%	- 0.2	- 0.4

Labor Force	August 2010	July 2011	August 2011	Percentage Change	
				Monthly	Annual
San José–Sunnyvale MSA	900,500	912,500	911,100	- 0.2%	+ 1.2%
Civilian Employed	798,500	817,800	820,000	+ 0.3%	+ 2.7%
Civilian Unemployed	102,000	94,800	91,100	- 3.9%	- 10.7%

Change in Employment	August 2010	July 2011	August 2011	Percentage Change	
				Monthly	Annual
Total Nonfarm	847,700	876,100	876,900	+ 0.1%	+ 3.4%
Construction	33,200	35,400	34,700	- 2.0%	+ 4.5%
Retail Trade	78,900	79,300	79,700	+ 0.5%	+ 1.0%
Employment Services	17,700	18,200	18,600	+ 2.2%	+ 5.1%
Health Care & Social Assist.	78,500	80,900	81,600	+ 0.9%	+ 3.9%
Government: State & Local	72,900	78,300	78,600	+ 0.4%	+ 7.8%

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 Metropolitan Statistical Area (U.S. High-Tech Regions)

	Labor Force			Employed			Unemployment		
	August 2010	August 2011	Annual Change	August 2010	August 2011	Annual Change	August 2010	August 2011	Annual Change
United States	154,678,000	154,344,000	- 0.2%	139,919,000	140,335,000	+ 0.3%	14,759,000	14,008,000	- 5.1%
California	18,264,800	18,115,600	- 0.8%	15,976,700	15,958,000	- 0.1%	2,288,100	2,157,600	- 5.7%
Austin, TX	911,200	923,925	+ 1.4%	845,604	856,035	+ 1.2%	65,596	67,890	+ 3.5%
Boston, MA	2,568,179	2,564,966	- 0.1%	2,374,348	2,400,587	+ 1.1%	193,831	164,379	- 15.2%
Portland, OR	1,194,451	1,200,088	+ 0.5%	1,069,492	1,092,598	+ 2.2%	124,959	107,490	- 14.0%
San Diego	1,570,400	1,569,400	- 0.1%	1,402,100	1,409,800	+ 0.5%	168,300	159,600	- 5.2%
San Francisco	968,200	964,200	- 0.4%	879,300	882,700	+ 0.4%	89,000	81,500	- 8.4%
Seattle, WA	1,484,570	1,476,902	- 0.5%	1,354,160	1,353,764	0.0%	130,410	123,138	- 5.6%
San José–Sunnyvale	900,500	911,100	+ 1.2%	798,500	820,000	+ 2.7%	102,000	91,100	- 10.7%

NOTE: Totals may not add correctly due to rounding

Source: California Employment Development Department, LMID

Regional Layoff Activity

Company	WARN *	City	Affected	Cause	Layoff Summary
Applied Materials	Yes	Santa Clara	4	RIF	
ArthroCare	Yes	Sunnyvale	21	Closure	Events Current YTD †: 18
CalSkate	No	Milpitas	40	Closure	Events Previous YTD †: 13
EHC LifeBuilders	No	Milpitas	4	RIF	
Iran Alive Ministries	No	Sunnyvale	10	Closure	
Lifescan	No	Milpitas	14	RIF	
Solyndra	Yes	Milpitas	141	Closure	
Company confidential	No	Los Altos	18	RIF	
Company confidential	No	Mountain View	20	RIF	
Company confidential	No	Sunnyvale	10	RIF	
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* **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

NOTE: Layoff data are reported by NOVA staff responding to layoff events and should be considered only an estimate of regional activity

Source: NOVA's internal Rapid Response database