

# Workforce Review

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

## September 2011

*Did you know?*

### Business confidence plunges in the Bay Area amid plans for more layoffs

Bay Area executives have soured about the region's economic outlook and have intensified their plans to chop jobs in the coming months, according to a new survey released Thursday. The quarterly business confidence index compiled by the Bay Area Council plummeted, hitting 51 on a scale of 1 to 100. The summer 2011 reading on the index represented an 11-point drop from the reading for the spring — and the worst quarterly decline since 2002.

“There is a lot of negative sentiment out there,” said Michael Yoshikami, chief investment strategist with Walnut Creek-based YCMNet, an investment firm. “There is a lot of uncertainty.”

The latest survey found that 21 percent of businesses in the Bay Area intend to increase staffing levels in the region in the coming six months. That's down sharply from the 33 percent that had planned to increase hiring in the spring survey.

“When CEOs are uncertain, they hold back on hiring,” Yoshikami said.

An estimated 17 percent of Bay Area businesses plan to slash their regional workforce, the most recent study found. That was up from 13 percent of employers that were planning layoffs in the spring survey. Bay Area executives said the prospect of rising health care costs has curbed their appetite to add workers.

“The drop in business confidence in the Bay Area is consistent with what we're seeing nationwide,” said Lenny Mendonca, a member of the executive committee of the Bay Area Council, and a director at McKinsey, a consulting firm.

The region's economy has eroded in recent months, business leaders told the researchers. Business conditions in the Bay Area are getting worse, according to 26 percent of the executives surveyed for the summer report. During the spring, just 9 percent said things had become worse. The summer survey found that an estimated 31 percent of businesses in the region saw an improving economy. In the spring survey, 64 percent of businesses said the Bay Area economy was on the upswing.

Despite the dreary outlook, business leaders said the Bay Area still is better off than the country generally.

“Our region's comparative economic advantages offer a ray of sunshine,” Mendonca said.

Among them: Bay Area businesses have good access to capital, the region boasts a well-educated workforce, the area is close to global markets and the area has a strong entrepreneurial spirit.

**Source:** *San Jose Mercury News* (10/13/11)

[http://www.mercurynews.com/ci\\_19100169](http://www.mercurynews.com/ci_19100169)

**nova**

WORKFORCE  
DEVELOPMENT

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

| Unemployment Rate      | September 2010 | August 2011 | September 2011 | Percentage Point Change |        |
|------------------------|----------------|-------------|----------------|-------------------------|--------|
|                        |                |             |                | Monthly                 | Annual |
| San José–Sunnyvale MSA | 11.0%          | 10.0%       | 9.6%           | - 0.4                   | - 1.4  |
| California             | 12.1%          | 11.9%       | 11.4%          | - 0.5                   | - 0.7  |
| United States          | 9.2%           | 9.1%        | 8.8%           | - 0.3                   | - 0.4  |

  

| Labor Force            | September 2010 | August 2011 | September 2011 | Percentage Change |         |
|------------------------|----------------|-------------|----------------|-------------------|---------|
|                        |                |             |                | Monthly           | Annual  |
| San José–Sunnyvale MSA | 900,100        | 911,300     | 914,600        | + 0.4%            | + 1.6%  |
| Civilian Employed      | 801,300        | 820,100     | 826,400        | + 0.8%            | + 3.1%  |
| Civilian Unemployed    | 98,800         | 91,200      | 88,200         | - 3.3%            | - 10.7% |

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

| Change in Employment         | September 2010 | August 2011    | September 2011 | Percentage Change |               |
|------------------------------|----------------|----------------|----------------|-------------------|---------------|
|                              |                |                |                | Monthly           | Annual        |
| <b>Total Nonfarm</b>         | <b>853,100</b> | <b>885,300</b> | <b>886,200</b> | <b>+ 0.1%</b>     | <b>+ 3.1%</b> |
| Construction                 | 33,100         | 35,000         | 36,000         | + 2.9%            | + 8.8%        |
| Retail Trade                 | 78,100         | 79,300         | 79,200         | - 0.1%            | + 1.4%        |
| Employment Services          | 18,200         | 18,700         | 19,300         | + 3.2%            | + 6.0%        |
| Health Care & Social Assist. | 78,900         | 81,800         | 83,300         | + 1.8%            | + 5.6%        |
| Government: State & Local    | 79,500         | 79,600         | 79,600         | 0.0%              | + 0.1%        |

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   |                |                |
|---------------------------|----------------|----------------|---------------|----------------|----------------|---------------|----------------|----------------|----------------|
|                           | September 2010 | September 2011 | Annual Change | September 2010 | September 2011 | Annual Change | September 2010 | September 2011 | Annual Change  |
| <b>Santa Clara County</b> | <b>875,200</b> | <b>889,700</b> | <b>+ 1.7%</b> | <b>780,000</b> | <b>804,400</b> | <b>+ 3.1%</b> | <b>95,200</b>  | <b>85,300</b>  | <b>- 10.4%</b> |
| Cupertino                 | 24,000         | 24,500         | + 2.1%        | 22,300         | 23,000         | + 3.1%        | 1,700          | 1,500          | - 11.8%        |
| Los Altos                 | 12,500         | 12,800         | + 2.4%        | 11,800         | 12,200         | + 3.4%        | 700            | 600            | - 14.3%        |
| Milpitas                  | 31,700         | 32,200         | + 1.6%        | 28,200         | 29,000         | + 2.8%        | 3,600          | 3,200          | - 11.1%        |
| Mountain View             | 41,600         | 42,500         | + 2.2%        | 38,300         | 39,500         | + 3.1%        | 3,400          | 3,000          | - 11.8%        |
| Palo Alto                 | 31,000         | 31,700         | + 2.3%        | 29,200         | 30,100         | + 3.1%        | 1,800          | 1,600          | - 11.1%        |
| Santa Clara               | 56,300         | 57,300         | + 1.8%        | 50,700         | 52,200         | + 3.0%        | 5,600          | 5,000          | - 10.7%        |
| Sunnyvale                 | 74,700         | 76,100         | + 1.9%        | 67,700         | 69,800         | + 3.1%        | 7,000          | 6,300          | - 10.0%        |
| <b>NOVA Region (sum)</b>  | <b>271,800</b> | <b>277,100</b> | <b>+ 1.9%</b> | <b>248,100</b> | <b>255,800</b> | <b>+ 3.1%</b> | <b>23,800</b>  | <b>21,300</b>  | <b>- 10.5%</b> |

NOTE: Totals may not add correctly due to rounding

Source: California Employment Development Department, LMID

Regional Layoff Activity

| Company                   | WARN * | City               | Affected   | Cause   |
|---------------------------|--------|--------------------|------------|---------|
| ArthroCare Corp.          | Yes    | Sunnyvale          | 7          | Closure |
| Borders                   | No     | Multiple locations | 66         | Closure |
| dpiX, LLC                 | Yes    | Palo Alto          | 95         | RIF     |
| Hunter Technology         | No     | Santa Clara        | 3          | RIF     |
| Lockheed Martin           | Yes    | Sunnyvale          | 190        | RIF     |
| Onizuka Air Force Station | No     | Sunnyvale          | 39         | Closure |
| Palo Alto Bowl            | No     | Palo Alto          | 15         | Closure |
| Confidential company      | No     | Milpitas           | 12         | RIF     |
| Confidential company      | No     | Santa Clara        | 50         | RIF     |
| Confidential company      | No     | Sunnyvale          | 9          | RIF     |
|                           |        |                    | <b>486</b> |         |

**Layoff Summary**

Individuals Affected YTD †: **30 †**

Events Current YTD †: **1,106**

Events Previous YTD †: **21**

\* **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