

Workforce Review

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

April 2012

Did you know?

Can today's unemployed be tomorrow's job-creators?

The U.S. Labor Department today announced \$35 million in grants to create an interesting twist on unemployment insurance — one that could create new jobs over time.

Currently, if you lose your job through no fault of your own, you are eligible for unemployment benefits while you search for work. Before the financial crisis, the standard eligibility period was 26 weeks (since extended to as many as 99 weeks) and the maximum weekly payment is usually about \$400. That comes out to around \$10,000.

But what if that getting that \$10,000 wasn't contingent on actively looking for work? What if the unemployed could use that money to support themselves while they started new businesses?

Some half a dozen states already use this approach, or "Self-Employment Assistance program" (SEA), which is an optional part of the whole federal unemployment insurance set-up. The Labor Department said today that is expanding the program nationally. The idea is that if you can't get a job -- and many of today's unemployed simply can't get well-matched jobs in this economy — why not create your own job?

Says Scott Gerber, founder of a campaign called Fix Young America that addresses youth unemployment, "SEA creates a guaranteed source of capital for startups without any of the traditional credit or collateral requirements as barriers — or the need to give away equity to investors — and empowers the unemployed to one day become the employers."

Of course, one can imagine many ways such a policy could be abused. How hard do you have to be working on starting that business (although some states require participants to submit business plans)? Plus, in most states unemployment benefits count against the employer that laid you off when unemployment tax rates are calculated. For a struggling employer that had to resort to layoffs, this means that in the worst case scenario, you may be funding your future competition!

But the current system of unemployment benefits can be abused, too, and if small businesses really are the engine of economic growth, then there's no reason not to encourage people to start them. Usually, the best outcome when a person receives unemployment benefits is that that person lands a better job than she had before. With SEA, the best outcome is that people who lose their jobs will start businesses that create dozens of jobs. That sounds like an upside worth banking on.

Source: CBS News (05/24/12)
<http://cbsn.ws/Ltlc5I>

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

Unemployment Rate	April 2011	March 2012	April 2012	Percentage Point Change	
				Monthly	Annual
San José–Sunnyvale MSA	9.8%	9.3%	8.4%	- 0.9	- 1.4
California	11.5%	11.5%	10.5%	- 1.0	- 1.0
United States	8.7%	8.4%	7.7%	- 0.7	- 1.0

Labor Force	April 2011	March 2012	April 2012	Percentage Change	
				Monthly	Annual
San José–Sunnyvale MSA	914,900	943,400	938,000	- 0.6%	+ 2.5%
Civilian Employed	825,000	856,100	858,900	+ 0.3%	+ 4.1%
Civilian Unemployed	89,800	87,300	79,100	- 9.4%	- 11.9%

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

Change in Employment	April 2011	March 2012	April 2012	Percentage Change	
				Monthly	Annual
Total Nonfarm	873,900	898,600	902,600	+ 0.4%	+ 3.3%
Construction	30,300	33,900	33,800	- 0.3%	+ 11.6%
Electronic & Appliance Stores	5,200	4,700	4,600	- 2.1%	- 11.5%
Internet Service Providers	4,900	5,200	5,200	0.0%	+ 6.1%
Employment Services	18,600	20,100	20,200	+ 0.5%	+ 8.6%
Local Government: Cities	13,700	12,800	12,800	0.0%	- 6.6%

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			Unemployed		
	April 2011	April 2012	Annual Change	April 2011	April 2012	Annual Change	April 2011	April 2012	Annual Change
United States	152,898,000	153,905,000	+ 0.7%	139,661,000	141,995,000	+ 1.7%	13,237,000	11,910,000	- 10.0%
California	18,293,200	18,368,900	+ 0.4%	16,185,000	16,436,700	+ 1.6%	2,108,200	1,932,200	- 8.3%
Austin, TX	941,328	954,590	+ 1.4%	881,735	902,246	+ 2.3%	59,593	52,344	- 12.2%
Boston, MA	2,515,341	2,516,819	+ 0.1%	2,354,572	2,383,689	+ 1.2%	160,769	133,130	- 17.2%
Portland, OR	1,198,696	1,197,269	- 0.1%	1,089,418	1,104,345	+ 1.4%	109,278	92,924	- 15.0%
San Diego	1,571,800	1,582,200	+ 0.7%	1,419,100	1,444,000	+ 1.8%	152,700	138,200	- 9.5%
San Francisco	968,900	994,000	+ 2.6%	891,000	924,500	+ 3.8%	77,900	69,600	- 10.7%
Seattle, WA	1,480,900	1,496,750	+ 1.1%	1,360,370	1,401,220	+ 3.0%	120,530	95,530	- 20.7%
San José–Sunnyvale	914,900	938,000	+ 2.5%	825,000	858,900	+ 4.1%	89,800	79,100	- 11.9%

NOTE: Totals may not add correctly due to rounding

Source: California Employment Development Department, LMID

Regional Layoff Activity

Company	WARN *	City	Affected	Cause
Applied Materials	Yes	Multiple cities	29	RIF
Hewlett-Packard	Yes	Sunnyvale	230	RIF / Closure
Lucky Supermarkets	No	Cupertino	TBD	Closure
Tellabs	Yes	Santa Clara	205	RIF

Layoff Summary	
Individuals Affected YTD †:	4,012 ‡
Events Current YTD †:	76
Events Previous YTD †:	65

* **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

464+

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