

Workforce Review

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

October 2014

Did you know?

Silicon Valley median income now \$94,572 — 43% higher than the typical U.S. household

Silicon Valley's median income is now 43 percent higher than the typical American household, underscoring both the upsides (bigger paychecks for some) and the drawbacks (housing, anyone?) of rapid economic growth.

At \$94,572, the region's 2013 median household income dwarfed both California's statewide \$61,320 median and the nationwide \$53,291 median, according to a new analysis of federal data by think tank Joint Venture Silicon Valley. The proportion of households in Silicon Valley bringing in more than \$150,000 per year also jumped from 26 percent to 29 percent last year.

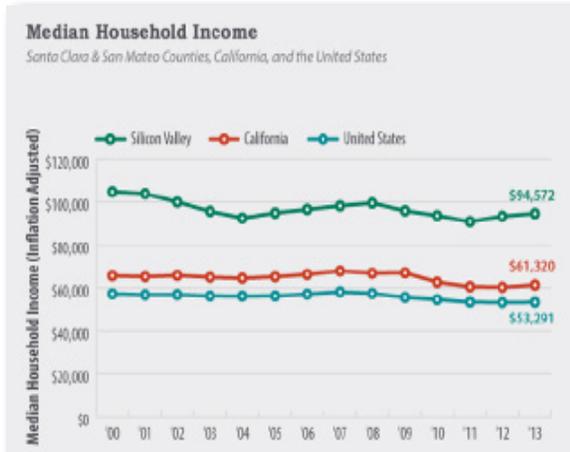
That increase reflects the dynamism of a market rapidly adding high-paying jobs in fields like engineering and finance. But that picture of prosperity is clouded by declining economic mobility for those in lower-wage jobs and a decline in middle-class jobs, which doesn't mesh well with skyrocketing costs of living.

"We need to call it like it is. We need to own up to our dysfunction," Joint Venture CEO Russell Hancock told me. "We like all these jobs, but we don't want to provide the housing." As it stands, the region is on a path to an even more divided society where public-safety workers, teachers, restaurant workers — and, increasingly, white-collar workers like doctors and lawyers — can't afford to live here, he said.

As I have reported, one major driver of the region's \$2,000-plus rents and million-dollar "average" homes is a jarring imbalance in the supply of workforce housing. Palo Alto, for instance, has more than three jobs for every one housing unit in the city. That jobs-housing mismatch becomes even more extreme when factoring in Silicon Valley's much-discussed income polarization.

Hancock pointed to the loss of middle-class jobs in fields like document processing or manufacturing — many of which have been automated with technology or outsourced. The region is left with a gap between white-collar jobs paying six-figure salaries and service-sector jobs like janitorial or restaurant work that pay more like \$20,000-\$30,000 per year.

"You can't create a ladder big enough to span that chasm," Hancock said. "We're not creating the support positions, and we're not making things anymore."



He said the only way to curb the "gigantic community issues that we don't know how to address" is to either be content with less economic growth (not likely, given Silicon Valley's obsession with scale), or to build for a more crowded future.

"Go vertical and go dense," Hancock said. "That's all there is to it."

He concedes that serious barriers exist in that future, too, since no one group is likely to quickly remedy the situation.

"The employers need to get really serious about locating near transit," Hancock said. "Local governments, they have to stare down the NIMBY forces."

Source: *Silicon Valley Business Journal* (09/24/14)
<http://bit.ly/YaYj5F>

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

Unemployment Rate	October 2013	September 2014	October 2014	Percentage Point Change	
				Monthly	Annual
San José–Sunnyvale MSA	6.6%	5.2%	5.2%	0.0	- 1.4
California	8.5%	6.9%	7.0%	0.1	- 1.5
United States	7.0%	5.7%	5.5%	- 0.2	- 1.5

Labor Force	October 2013	September 2014	October 2014	Percentage Change	
				Monthly	Annual
San José–Sunnyvale MSA	950,400	971,100	977,800	+ 0.7%	+ 2.9%
Civilian Employed	887,700	920,500	927,100	+ 0.7%	+ 4.4%
Civilian Unemployed	62,700	50,600	50,700	+ 0.2%	- 19.1%

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

Change in Employment	October 2013	September 2014	October 2014	Percentage Change	
				Monthly	Annual
Total Nonfarm	976,800	1,004,300	1,011,500	+ 0.7%	+ 3.6%
Specialty Trade Contractors	28,700	30,200	29,300	- 3.0%	+ 2.1%
Mfg: Computer Equipment	40,400	44,100	43,000	- 2.5%	+ 6.4%
Retail: Electronics Stores	4,700	4,800	4,900	+ 2.1%	+ 4.3%
Education: Colleges	27,200	25,300	28,300	+ 11.9%	+ 4.0%
State Gov't: Education	4,700	4,200	4,900	+ 16.7%	+ 4.3%

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			Unemployment			Unemployment Rate		
	October 2013	October 2014	Annual Change	October 2013	October 2014	Annual Change	October 2013	October 2014	Annual Change
Santa Clara County	924,500	951,000	+ 2.9%	60,500	48,700	- 19.5%	6.5%	5.1%	- 1.4
Cupertino	25,800	26,700	+ 3.5%	1,100	900	- 18.2%	4.2%	3.3%	- 0.9
Los Altos	13,500	14,000	+ 3.7%	400	400	0.0%	3.3%	2.6%	- 0.7
Milpitas	33,500	34,400	+ 2.7%	2,300	1,800	- 21.7%	6.8%	5.3%	- 1.5
Mountain View	44,500	46,000	+ 3.4%	2,100	1,700	- 19.0%	4.8%	3.8%	- 1.0
Palo Alto	33,500	34,700	+ 3.6%	1,200	900	- 25.0%	3.5%	2.7%	- 0.8
Santa Clara	59,700	61,500	+ 3.0%	3,600	2,900	- 19.4%	6.0%	4.7%	- 1.3
Sunnyvale	79,400	81,900	+ 3.1%	4,400	3,600	- 18.2%	5.6%	4.4%	- 1.2
NOVA Region	289,900	299,200	+ 3.2%	15,100	12,200	- 19.2%	5.2%	4.1%	- 1.1

NOTE: Totals may not add correctly due to rounding

Source: California Employment Development Department, LMID

Regional Layoff Activity: October 2014

Company	WARN *	City	Affected	Cause
Cisco Systems	Yes	Milpitas	1,004	RIF
KLA-Tencor	No	Milpitas	19	RIF
Prometheus Real Estate Group	Yes	Multiple cities	18	RIF
Security Industry Specialists	Yes	Mountain View	313	Closure
Symantec Corporation	No	Mountain View	2	RIF
Company confidential	Yes	Sunnyvale	57	RIF
			1,413	

Layoff Summary

Individuals Affected YTD †:	2,271
Events Current YTD †:	31
Events Previous YTD †:	30

* **WARN: Worker Adjustment and Retraining Notification**
(notice of mass layoff or closure)
† **YTD: Year to Date**
(Program year: July 1–June 30)

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