Warning signs Silicon Valley cannot ignore

Commentary: Silicon Valley Leadership Group and Silicon Valley Community Foundation

Silicon Valley—the world’s leading innovation region—is seeing many warning signs that our continued success is not a given. Other U.S. tech hubs are competitively pursuing our region’s jobs and skilled workers—and local companies themselves feel the strain of growing their businesses in one of the world’s most expensive labor and housing markets. Last month, Zapier, a tech company based in Silicon Valley, started offering new hires $10,000 to help them “delocate” from the Bay Area, ostensibly to move somewhere more affordable.

In the recently released 2017 update of the Silicon Valley Competitiveness and Innovation Project (SVCIP)—a joint venture focused on assessing the region’s economic health and advancing a shared policy agenda—we clearly see that Silicon Valley’s stronghold in the innovation economy is at risk.

To be sure, the valley remains ahead of competing innovation regions—designated in the SVCIP report as Austin, Boston, New York, Seattle and Southern California—in several key areas. Those notably include venture capital funding, patent filings and worker productivity. But some other metrics stand out as danger signals. The report—produced by the Silicon Valley Leadership Group and Silicon Valley Community Foundation—shows that immigration, housing, transportation and education are four issues that Silicon Valley’s leaders cannot afford to ignore.

The importance of immigration in our region is well known: 57 percent of Silicon Valley’s STEM professionals are foreign born, with an average of 2,793 new residents moving to the area from abroad each month. Policies that limit high-skilled immigration or make it unnecessarily difficult to work here are detrimental to the diversity and innovation the region is known for worldwide.

Our region also has the highest home prices of any tech hub in the nation, with a median home cost of $935,000. That’s two and half times more than median home costs in Seattle and almost four times more than in Austin. Housing stock has increased just 2.6 percent between 2010 and 2015 in Silicon Valley—a rate roughly one-tenth of our job growth.

Skyrocketing housing costs are forcing many to move further away from their jobs and endure long commutes. Since 2010, the average commute time in Silicon Valley has increased faster than in any other innovation region, to an average of 70 minutes each day. The symbiotic relationship between housing, transportation and job growth necessitates a regional effort to address these challenges.

In a region where one in four jobs are STEM-related—a rate three times the national average—the majority of graduating high school seniors in Silicon Valley are woefully behind in STEM career readiness. Less than half of local 11th grade students demonstrated proficiency in mathematics last year. More troubling: just one in five African American and Latino students is meeting those same standards. The widening gap in educational achievement must be addressed through high-quality education initiatives to prepare our students to compete for well-paying jobs in innovation industries.

For Silicon Valley to continue thriving, these problems must be addressed—and soon. Now more than ever, businesses and nonprofit leaders need to work with our public leaders to craft a policy agenda with competiveness at its core. Our local, state and federal government officials must adopt policies that welcome talent wherever it is from, ensure that we build enough to house people at reasonable prices, invest in the public infrastructure and prepare the next generation of innovators and entrepreneurs with high-quality educational opportunities.

Join us at svcip.com to ensure that Silicon Valley remains a leader in the innovation economy.

Source: San José Mercury News (05/28/17)
http://bayareane.ws/2qw0Omk
### Regional Layoff Activity

**May 2017 Events**

<table>
<thead>
<tr>
<th>Company</th>
<th>Location</th>
<th># Affected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bebe Stores, Inc.</td>
<td>Multiple cities</td>
<td>170</td>
</tr>
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<td>Juniper Networks</td>
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<td>17</td>
</tr>
<tr>
<td>Riverbed Technology, Inc.</td>
<td>Sunnyvale</td>
<td>22</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>337</strong></td>
</tr>
</tbody>
</table>

**WARN SUMMARY**

- **Events YTD**: 98
- **Individuals Affected YTD**: 6,199
- **Individuals Previous YTD**: 6,465

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

1. **YTD**: Year to Date (Program year: July 1–June 30)
2. **Previous YTD**: No data available for San Mateo County, FY2014/15

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

**Source**: NOVA's internal Rapid Response database

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### Labor Force by Metropolitan Statistical Area (U.S. High-Tech Regions)

**JUNE 2017**

<table>
<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>158,800,000</td>
<td>159,979,000</td>
<td>+ 0.7%</td>
<td>7,207,000</td>
<td>6,572,000</td>
<td>− 8.8%</td>
<td>4.5%</td>
<td>4.1%</td>
<td>− 0.4</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>California</td>
<td>19,021,900</td>
<td>19,061,300</td>
<td>+ 0.2%</td>
<td>941,400</td>
<td>805,600</td>
<td>− 14.4%</td>
<td>4.9%</td>
<td>4.2%</td>
<td>− 0.7</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>San Diego</td>
<td>1,561,400</td>
<td>1,553,600</td>
<td>− 0.5%</td>
<td>66,500</td>
<td>56,100</td>
<td>− 15.6%</td>
<td>4.3%</td>
<td>3.6%</td>
<td>− 0.7</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>San Francisco</td>
<td>997,900</td>
<td>1,004,100</td>
<td>+ 0.6%</td>
<td>28,200</td>
<td>25,700</td>
<td>− 8.9%</td>
<td>2.8%</td>
<td>2.6%</td>
<td>− 0.2</td>
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</tr>
<tr>
<td>San José</td>
<td>1,048,300</td>
<td>1,045,400</td>
<td>− 0.3%</td>
<td>36,600</td>
<td>31,500</td>
<td>− 13.9%</td>
<td>3.5%</td>
<td>3.0%</td>
<td>− 0.5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Austin, TX</td>
<td>1,104,558</td>
<td>1,131,597</td>
<td>+ 2.4%</td>
<td>32,381</td>
<td>36,049</td>
<td>+ 11.3%</td>
<td>2.9%</td>
<td>3.2%</td>
<td>+ 0.3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Boston, MA</td>
<td>2,634,593</td>
<td>2,719,862</td>
<td>+ 3.2%</td>
<td>89,058</td>
<td>102,880</td>
<td>+ 15.5%</td>
<td>3.4%</td>
<td>3.8%</td>
<td>+ 0.4</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>New York City, NY</td>
<td>4,114,500</td>
<td>4,202,800</td>
<td>+ 2.1%</td>
<td>190,000</td>
<td>178,300</td>
<td>− 6.2%</td>
<td>4.6%</td>
<td>4.2%</td>
<td>− 0.4</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Seattle, WA</td>
<td>1,614,700</td>
<td>1,645,300</td>
<td>+ 1.9%</td>
<td>67,100</td>
<td>54,500</td>
<td>− 18.8%</td>
<td>4.2%</td>
<td>3.3%</td>
<td>− 0.9</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NOVA Workforce Area</td>
<td>766,100</td>
<td>768,400</td>
<td>+ 0.3%</td>
<td>21,100</td>
<td>18,700</td>
<td>− 11.4%</td>
<td>2.8%</td>
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**NOTE**: Totals may not add correctly due to rounding.

**Source**: Employment Development Departments for states of California, Massachusetts, New York, Texas & Washington

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### Labor Force & Annual Change

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<tr>
<th>Region</th>
<th>May 2016</th>
<th>April 2017</th>
<th>May 2017</th>
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<tr>
<td>San José MSA</td>
<td>3.5%</td>
<td>3.1%</td>
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<tr>
<td>San Francisco MD</td>
<td>2.8%</td>
<td>2.6%</td>
<td>2.6%</td>
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<tr>
<td>California</td>
<td>4.9%</td>
<td>4.5%</td>
<td>4.2%</td>
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<tr>
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<td>4.5%</td>
<td>4.1%</td>
<td>4.1%</td>
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<tr>
<td>Combined Region</td>
<td>3.6%</td>
<td>3.1%</td>
<td>2.9%</td>
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**NOTE**: San José MSA (San José-Sunnyvale-Santa Clara Metropolitan Statistical Area) = Santa Clara and San Benito Counties
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### Industry Employment

**LABOR FORCE & ANNUAL CHANGE**

- **Total Nonfarm**: 1,084,000
- **Construction**: 47,900
- **Manufacturing**: 164,500
- **Retail Trade**: 84,800
- **Information**: 76,600
- **Professional & Business Services**: 225,800
- **Educational Services**: 46,200
- **Health Care & Social Services**: 46,200
- **Hospitality & Leisure**: 105,300
- **Government**: 97,700

**NOTE**: Totals may not add correctly due to rounding.

**Source**: California Employment Development Department, LMID

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