

Workforce Review

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

February 2013

Did you know?

Job gains dominated by lower-paying work

Federal Reserve Chairman Ben S. Bernanke made clear this week that he wanted to see “sustained” improvement in job growth and the unemployment situation before rolling back or halting monetary stimulus to the economy. On Friday, one of his colleagues on the Fed board pointed to another concern about the labor market: the quality of many of the newly created jobs.

Sarah Raskin, a Fed governor, noted that a little more than half of the job gains since the recovery have been in lower-wage occupations such as retail sales and restaurant work — even though they made up about one-fifth of the job loss caused by the Great Recession.

Moreover, Raskin said employers are increasingly relying on part-time and temporary staff, the so-called contingent workforce. Although 10% of job losses during the recession were temporary work, these jobs have accounted for more than 25% of the net employment gains since the recovery, she said, citing research from the American Staffing Association.

“The flexibility may be beneficial for workers who want or need time to address their family needs,” she said in prepared remarks at the National Community Reinvestment Coalition’s annual conference in Washington. “However, workers in these jobs often receive less pay and fewer benefits than traditional full-time or ‘permanent’ workers ... and often have no real pathway to upward mobility in the workplace.”

Other economists have warned about the uneven job growth since the job-market recovery began about three years ago. About half the jobs that disappeared in the last recession were in the manufacturing and construction industries, which on average pay better and provide more hours than work in retail, leisure and some other service sectors.

In fact, Raskin noted that about two-thirds of the recession’s job losses were in moderate-paying occupations in manufacturing, skilled construction and office administration. But less than one-fourth of subsequent job gains have come in these occupations.

The Fed has said it would probably keep pumping tens of billions of dollars into the financial system until the outlook for the labor market showed substantial progress. Bernanke noted Wednesday that the private sector has added more than 200,000 jobs a month on average in the last five months and that the jobless rate has dropped 0.4 percentage point since September. Plus, jobless claims have fallen to the lowest levels since the financial crisis. Still, that wasn’t enough for the Fed to slow its monthly purchases of \$85 billion of Treasury and mortgage securities.

Raskin’s remarks Friday indicate that the quality of the jobs and their share of overall growth matter too. Yet she also acknowledged the limits of the Fed’s ability on this front.

“While the Federal Reserve’s monetary policy tools can be effective in promoting stronger economic recovery and job gains,” she said, “they have little effect on the types of jobs that are created, particularly over the longer term.”

Source: *Los Angeles Times* (03/22/13)
<http://lat.ms/ZwQ5Op>

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

Unemployment Rate	February 2012	January 2013	February 2013	Percentage Point Change	
				Monthly	Annual
San José–Sunnyvale MSA	9.2%	8.2%	7.6%	- 0.6	- 1.6
California	11.3%	10.4%	9.7%	- 0.7	- 1.6
United States	8.7%	8.5%	8.1%	- 0.4	- 0.6

Labor Force	February 2012	January 2013	February 2013	Percentage Change	
				Monthly	Annual
San José–Sunnyvale MSA	934,100	944,800	952,000	+ 0.8	+ 1.9
Civilian Employed	848,200	867,700	879,500	+ 1.4	+ 3.7
Civilian Unemployed	85,900	77,200	72,500	- 6.1	- 15.6

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

Change in Employment	February 2012	January 2013	February 2013	Percentage Change	
				Monthly	Annual
Total Nonfarm	887,200	908,800	915,200	+ 0.7%	+ 3.2%
Construction	32,100	36,100	35,300	- 2.2%	+ 10.0%
Retail: General Merchandise	14,000	15,200	14,100	- 7.2%	+ 0.7%
Computer Systems Design	51,100	55,000	55,500	+ 0.9%	+ 8.6%
Administrative & Support Svcs	46,900	51,600	51,300	- 0.6%	+ 9.4%
State Government: Education	4,200	4,600	4,300	- 6.5%	+ 2.4%

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		
	February 2012	February 2013	Annual Change	February 2012	February 2013	Annual Change	February 2012	February 2013	Annual Change
Santa Clara County	906,400	924,300	+ 2.0%	80,800	68,300	- 15.5%	8.9%	7.4%	- 1.5
Cupertino	25,000	25,700	+ 2.8%	1,400	1,200	- 14.3%	5.8%	4.8%	- 1.0
Los Altos	13,100	13,500	+ 3.1%	600	500	- 16.7%	4.5%	3.7%	- 0.8
Milpitas	32,800	33,500	+ 2.1%	3,000	2,600	- 13.3%	9.2%	7.6%	- 1.6
Mountain View	43,400	44,400	+ 2.3%	2,900	2,400	- 17.2%	6.6%	5.4%	- 1.2
Palo Alto	32,400	33,300	+ 2.8%	1,500	1,300	- 13.3%	4.8%	3.9%	- 0.9
Santa Clara	58,400	59,600	+ 2.1%	4,800	4,000	- 16.7%	8.2%	6.8%	- 1.4
Sunnyvale	77,600	79,300	+ 2.2%	5,900	5,000	- 15.3%	7.6%	6.3%	- 1.3
NOVA Region	282,700	289,300	+ 2.3%	20,200	17,000	- 15.8%	7.1%	5.9%	- 1.2

NOTE: Totals may not add correctly due to rounding

Source: California Employment Development Department, LMID

Regional Layoff Activity: February 2013

Company	WARN *	City	Affected	Cause	Layoff Summary	
Applied Materials	Yes	Multiple cities	89	RIF	Individuals Affected YTD †:	1,649
Better Place Mobility	No	Palo Alto	28	Closure	Events Current YTD †:	42
TriWest Healthcare	Yes	Mountain View	2	RIF	Events Previous YTD †:	68

* **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