

Workforce Review

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

February 2014

Did you know?

Record cost-of-living increase makes Silicon Valley 87% more expensive than U.S. average

It's not your imagination; it really is 87 percent more expensive to live in the heart of Silicon Valley than elsewhere in the U.S.

That cost differential, which jumped nearly 20 percent last year alone, is forcing the City of San Jose to make a record wage increase for public workers.

The city will pay its workers and contractors with health benefits \$17.81 per hour, or \$19.06 per hour for those without benefits starting July 2014, according to new annual living wage guidelines. The new living wage numbers reflect a 12.9 percent year-over-year increase in San Jose's cost of living — the biggest annual jump on record and three times the average 4.3 percent yearly increase since 1998.

The city's minimum wage for all workers — as opposed to the living wage required for workers doing business with the city — is just over \$10 an hour following a voter-approved increase from \$8 an hour in early 2013.

San Jose's living wage increase was driven primarily by housing cost increases not seen since the dot-com boom. Concerns about high housing costs and Silicon Valley's rising cost of living also dovetail with broader debates about the sustainability of the region's widening income gap.

The new living wage guidelines were calculated by adapting federal wage standards to San Jose's economic climate.

Nationwide, the poverty line rose by about \$260 for a family of three during 2013, and Silicon Valley's cost differential, also known as the geographic adjustment factor, increased more than 19 percent last year. All told, it now costs 87.3 percent more to live in San Jose than the national average.

"The increase in the geographic factor is the primary result of increasing rental housing costs," according to a city statement on the living wage. "In 2013, the average monthly rent for a one bedroom, one bath apartment in San Jose was \$1,825."

Source: *Silicon Valley Business Journal* (03/03/14)
<http://bit.ly/1f0ku0a>

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

Unemployment Rate	February 2013	January 2014	February 2014	Percentage Point Change	
				Monthly	Annual
San José–Sunnyvale MSA	7.6%	6.3%	6.3%	0.0	- 1.3
California	9.7%	8.5%	8.5%	0.0	- 1.2
United States	8.1%	7.0%	7.0%	0.0	- 1.1

Labor Force	February 2013	January 2014	February 2014	Percentage Change	
				Monthly	Annual
San José–Sunnyvale MSA	947,500	957,000	960,900	+ 0.4%	+ 1.4%
Civilian Employed	875,300	896,500	900,300	+ 0.4%	+ 2.9%
Civilian Unemployed	72,300	60,600	60,600	0.0%	- 16.2%

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

Change in Employment	February 2013	January 2014	February 2014	Percentage Change	
				Monthly	Annual
Total Nonfarm	941,500	975,600	982,700	+ 0.7%	+ 4.4%
Construction	35,300	38,300	38,900	+ 1.6%	+10.2%
Manufacturing: Aerospace	6,900	6,500	6,400	- 1.5%	- 7.2%
Retail: General Merchandise	14,200	15,300	14,900	- 2.6%	+ 4.9%
Publishing (except Internet)	16,400	16,200	15,500	- 4.3%	- 5.5%
Educ.: College/Professional	25,700	26,900	27,700	+ 3.0%	+ 7.8%

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 2013	February 2014	Annual Change	February 2013	February 2014	Annual Change	February 2013	February 2014	Annual Change
Santa Clara County	920,100	933,400	+ 1.4%	68,200	57,100	- 16.3%	7.4%	6.1%	- 1.3
Cupertino	25,600	26,100	+ 2.0%	1,200	1,000	- 16.7%	4.8%	3.9%	- 0.9
Los Altos	13,400	13,700	+ 2.2%	500	400	- 20.0%	3.7%	3.1%	- 0.6
Milpitas	33,300	33,800	+ 1.5%	2,500	2,100	- 16.0%	7.7%	6.3%	- 1.4
Mountain View	44,200	45,000	+ 1.8%	2,400	2,000	- 16.7%	5.5%	4.5%	- 1.0
Palo Alto	33,200	33,900	+ 2.1%	1,300	1,100	- 15.4%	3.9%	3.2%	- 0.7
Santa Clara	59,400	60,300	+ 1.5%	4,000	3,400	- 15.0%	6.8%	5.6%	- 1.2
Sunnyvale	78,900	80,200	+ 1.6%	5,000	4,200	- 16.0%	6.3%	5.2%	- 1.1
NOVA Region	288,000	293,000	+ 1.7%	17,000	14,300	- 15.9%	5.9%	4.9%	- 1.0

NOTE: Totals may not add correctly due to rounding

Source: California Employment Development Department, LMID

Regional Layoff Activity: February 2014

Company	WARN *	City	Affected	Cause
Abbott Laboratories	Y	Santa Clara	91	RIF
Bayer Healthcare	Y	Sunnyvale	34	Closure
Violin Memory	N	Santa Clara	23	RIF

Layoff Summary	
Individuals Affected YTD †:	1,934
Events Current YTD †:	61
Events Previous YTD †:	44

148

* **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