

Tech jobs hammered by recession

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Silicon Valley's tech work force is shrinking at an alarming rate, with job losses in the region's dominant industry outpacing the overall employment decline across the valley.

Seemingly immune to recession for much of last year, the valley has been hit hard by tech job cuts that accelerated in the beginning of the year. Tech accounted for 21 percent of all lost jobs in the valley in the first two months of the year, for instance, compared with 13.6 percent of all lost jobs since the start of the recession in December 2007, according to a Mercury News analysis of data from the state [Employment Development Department](#).

And more than two-thirds of the 7,112 potential layoffs announced during the first quarter were from high-tech companies, according to notices filed with the [EDD](#) by companies that are planning to cut workers. That suggests tech's share of overall job losses may continue.

The job losses hit especially hard in a region so dominated by technology employment. And the jobs include some of the best-paying in the valley, supporting lower-paid workers in non-tech areas like retail and construction.

Tech jobs in the valley "are declining pretty rapidly," said Jon Haveman, a principal with Beacon Economics, a firm that has done a recent study of Silicon Valley employment trends.

To translate the statistics into human terms, ask Rosemarie Whipple, 48, laid off in September from Hewlett-Packard after "almost 28 years" with the company as a printing systems technical consultant.

"I started with HP when I was 19. A lot of people like me were laid off. Now I'm 48. How am I going to get a job? It sucks."

Whipple said she is \$125,000 underwater on the home she bought in Tracy in 2002. Her loan resets in November, adding principal payments after five years of paying only interest. She can't even land a job as a bartender and is living on the severance HP gave her.

"You go for interviews, they turn you down; you go online for Monster, [Career Builder](#), and you apply for five jobs a day and you don't get nothing. It's a black hole," she said.

For Whipple and those like her, it's probably going to be a tough year. Professional/business services and information, two categories of jobs dominated

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by technology, could end the year with a 14 percent decline at the current rate of job shrinkage, according to Beacon.

"There is more decline to come," Haveman warned. "It may well start to pick up before the end of the year, but that's by no means a given."

Roughly half of the 3,100 jobs lost from January to February in the valley were lost in the professional/business services and information sectors, according to the EDD.

The

TECH JOB LOSSES IN REGION ARE ACCELERATING

Since the recession began 14 months ago, cuts in high-tech employment, which accounts for about one out of every four local jobs, contributed 13.6 percent of all jobs lost in the San Jose region. During the first two months of 2009, tech job losses rose to 21 percent of all job cuts.

	DECEMBER 2007	FEBRUARY 2009	CHANGE SINCE DEC. '07	PERCENTAGE CHANGE	YEAR-TO-DATE CHANGE	PERCENTAGE CHANGE
All jobs	930,500	892,400	-38,100	-4.1%	-19,500	-2.1%
Tech jobs	219,500	214,300	-5,200	-2.4%	-4,100	-1.9%
Tech jobs as percent of all jobs	23.6%	24.0%	13.6%	--	21.0%	--

Source: California Employment Development Department

(Click on image to enlarge.)

local figures echo national trends, with several new studies of federal and state jobs data showing sharp drops in tech hiring and increases in unemployment rates in key sectors of the high-tech industry.

Engineering jobs have slumped badly, with jobless rates zooming in the fourth quarter for all types of engineers, according to an analysis of U.S. Labor Department data by the IEEE-USA, a professional engineering group based in Washington, D.C.

The decline in engineering jobs exceeds that of professional jobs in general, the organization said.

Gordon Day, president of the IEEE, said the withering of engineering jobs has yet to approach

the peak unemployment reached in 2003 in the aftermath of the dot-com collapse. Then, electrical engineering unemployment reached 6.7 percent. The figure in the first quarter was 4.1 percent.

"We're not there yet, but we're climbing at a very rapid rate," Day said. "The trend quarter to quarter is fairly substantial. Until we see some slowing of that trend, we're going to continue to be worried."

Challenger, Gray & Christmas says high-tech job cuts announced in the first quarter are the steepest since 2002, up 27 percent from the fourth quarter of 2008, and five times higher than those announced in the first quarter of 2008.

Tech jobs got caught in the second wave of the recession, said John Challenger, president of the national outplacement firm. The first wave was banking, construction and homes.

Forrester Research is predicting a 1.2 percent decline in information technology jobs this year, though it is optimistic about a return to hiring in 2010.

Friday, the state will release the latest California and Silicon Valley jobs data, providing another glimpse of the regional jobs market.

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