

Silicon Valley unemployment rate jumps to record 11%

By Pete Carey
Mercury News

Posted: 04/17/2009 10:32:21 AM PDT

Updated: 04/18/2009 04:20:27 AM PDT

Pink Slip 2.0

- **Blog:** The Pink Slip 2.0 project
- Follow the project on **Twitter**
- **Section:** Layoffs news, more

Economic crisis

- Full coverage of the economic crisis, including special reports and databases

Databases

- See if your California company is planning layoffs in 2009
- Unemployment rate by county

Silicon Valley's unemployment rate jumped to a record 11 percent last month, and more than 100,000 people are now unemployed and looking for work in the area, the state reported Friday. The question now is how many more will join them before the recession ends.

No one claims to have the answer, but some analysts say there are inklings that the job losses may slow over the next few months, even though the region's jobless rate rose from a revised 10.2 percent in February.

The March rate is the highest since the state began

keeping comparable records for the valley in 1990, the [Employment Development Department](#) said.

California's rate reached 11.2 percent in March, the fourth-highest in the country and the highest since 1976, which is as far back as [EDD](#) records go.

Silicon Valley's computer and electronics manufacturing sector was down sharply for the month, losing 1,300 jobs, but the pain was widespread, ranging from construction workers and truck drivers to financial services employees, engineers and lawyers.

"It's the most brutal labor market I've seen in 30 years," said Michael Bernick, a San Francisco lawyer who was the EDD's director from 1999 to 2004 and who has volunteered for decades with job training groups.

But there are also some encouraging signs. Stock prices of high-tech firms are up, as semiconductor companies such as Intel report an uptick in orders and a possible bottoming of the business free fall. Housing at the lower end of the market is beginning to sell, with multiple offers becoming more common. Banks are reporting profits.

And the rate of job losses in California slowed, with a decline of 62,100 in March compared with 114,000 in February.

That gives Leza Williams some reason for hope. The 47-year-old administrative assistant lost her job at a high-tech firm a week ago. "I'm very optimistic," she said Friday.

To be sure, these are signs of life in a still-troubled economy. Many of the homes that are selling are foreclosures, and the companies with rising orders warn that it may not last. Bank profits are partly due to changes in accounting rules.

Advertisement

Find local companies rated Highest in Quality

Read rating scores and survey comments of top rated companies.



Quality • Satisfaction • Trust

Go To www.DiamondCertified.org



Print Powered By  FormatDynamics™

But these indicators are "reasons to believe the enormous job-shedding has stopped or will stop soon," Bernick said.

It can't happen soon enough for John Plocher, a 47-year-old software engineer who was laid off from struggling Sun Microsystems in November after about 20 years with the company. "It's just staggering how many people are out there looking," he said Friday.

Job-loss shock

"All the big companies seem to be shedding," Plocher said. At regular lunch meetings of his networking group, "I just look at their name tags: 'I used to work at '...' and it's all the big names in the valley."

Plocher, who has a son in high school and daughter in college, said socializing and networking are important, especially to get over the first shock of losing a job. "The first month was really, really hard."

That grueling job loss is very real, but there are two stories to tell about the valley, said Stephen Levy of the Center for Continuing Study of the California Economy in Palo Alto: "One story is that the recession has hit Silicon Valley with full force, with a high unemployment rate and escalating job losses."

"The second story is that that's history," he continued. "As we look to the future, things look better for Silicon Valley than they did six months ago. We now have an administration that has put science, technology and innovation at the top of its agenda. You can see Silicon Valley companies competing aggressively for all of this new work in alternative energy, design and engineering. We have an agenda that favors what we do."

"But that is not going to stop more job losses in the months to come, into 2010," Levy said. "The glimmers we're seeing say that the job losses will slow, but they will continue through the summer."

The glimmers remain difficult for some analysts to see.

"I think of myself as an optimist, but I find it hard to be optimistic about the situation," said Jon Haveman of Beacon Economics in San Rafael.

Haveman said tech-job losses appear to be slowing, as does the overall rate of decline in some areas, but "San Jose is not one of those areas."

And amid the layoffs, a lot of hiring is going on, though less than usual, said former EDD director Bernick.

"The numbers we look at are net numbers," he said. "Within that, there is an enormous amount of job creation and job destruction going on. I wouldn't be surprised if there's considerable job creation and hiring going on in Santa Clara County. There's just more loss."

Dot-com bust worse

Still, the job losses in this recession pale in comparison with the dot-com collapse, when 123,900 jobs were lost during one 12-month period. The valley has shed 36,200 jobs in the past year.

The EDD data combines Santa Clara County and the sparsely populated, agricultural San Benito County. Separately, Santa Clara County's unemployment rate is 10.8 percent and San Benito County's is 16.2 percent.

The nation's jobless rate in March was 8.5 percent,

Advertisement

Find local companies rated Highest in Quality

Read rating scores and survey comments of top rated companies.



Quality • Satisfaction • Trust

Go To www.DiamondCertified.org



Print Powered By  FormatDynamics™

much lower than California's. One reason for that is that the state was one of the hottest markets during the housing boom and had further to fall.

Contact Pete Carey at pcarey@mercurynews.com .

Highest unemployment rates:

1.

Michigan: 12.6 percent

2.

Oregon: 12.1 percent

3.

South Carolina: 11.4 percent

4.

California: 11.2 percent

5.

North Carolina: 10.8 percent

Source: Center for Continuing
Study of the California Economy

Advertisement

Find local companies rated Highest in Quality

Read rating scores and survey comments of top rated companies.



Quality • Satisfaction • Trust

Go To www.DiamondCertified.org



Print Powered By  FormatDynamics™