

San Francisco Chronicle

Silicon Valley's next challenge: Retraining

Tom Abate, Chronicle Staff Writer

Tuesday, February 17, 2009

Green industry might help pull Silicon Valley out of this recession, but the region faces the challenge of retraining adult workers, according to a new report from local civic leaders.

The 2009 Index of Silicon Valley, which will be discussed at a town hall meeting in San Jose on Friday, provides a socio-economic snapshot of the region at a time when the global recession has crippled the high-tech economy.

The report defines Silicon Valley as Santa Clara and San Mateo counties along with bits of eastern Santa Cruz and southern Alameda counties.

"There is a lot of pain in Silicon Valley. The national economy is in the tank, and so are we," said Russell Hancock, chief executive of Joint Venture: Silicon Valley Network, a public-private partnership formed in 1993.

Friday's town hall meeting will ask 1,200 business, academic, government and nonprofit leaders how the region can cope with this recession.

The most positive aspect of the 60-page report is the emergence of what it calls Clean Technology - including energy, environment and transportation startups - as the next wave of innovation.

"Silicon Valley has survived downturns in the past, and each time it has been a new technology that has helped move forward," Hancock said.

The semiconductor industry helped revive the region after the recession of the early 1970s, he said. Computers and workstations helped spark the recovery from the slowdown that occurred in the 1980s. The Internet boom reversed the slump of the early 1990s.

Joint Venture says clean tech will play that catalytic role in the current downturn by attracting venture capital. From 2007 to 2008, venture investment in Silicon Valley clean tech ventures rose 94 percent to about \$1.9 billion, the report said.

But the current recession has accelerated a new type of unemployment that is forcing adult workers to find not just new jobs but new careers, said Emmett Carson, president of the Silicon Valley Community Foundation, which helped produce the report.

"We need a strong system of workforce development to support adult worker retraining and transition," he said.

Carson used state jobs data to highlight occupations that should have the most openings in the next several years - not necessarily because of new job creation but because retiring Baby Boomers will create openings. These fields include sales, office administration, food service, transportation, and building repair and maintenance. But to get these jobs, workers may need new skills.

Mike Curran, director of NOVA, a job retraining organization based in Sunnyvale, said adults typically need short, concentrated training programs that can get them back to work quickly as opposed to college classes spread out over months or years. Night classes are a plus because they let workers with jobs keep them while they train for new or better-paying occupations, he said.

One example is the Pipe Trades Training Center in San Jose, which qualifies apprentices for jobs ranging from plumbing to energy-efficient building maintenance.

Experts say similar programs aimed at other occupations are needed to give jobless workers a shot at careers that can support a family.

The federal stimulus bill should help, said Jeff Ruster, director of the Silicon Valley Workforce Investment Board in San Jose. He expects his group's training and job-counseling budget will grow more than 50 percent from its current \$9.5 million. But that would still leave funding below the \$16 million level of 2003, he said.

The Joint Venture report shows that Silicon Valley continues to attract highly paid workers while squeezing out lower-middle and working-class households.

According to the report, 42 percent of households in Silicon Valley have incomes above \$100,000 per year, versus 27 percent in that bracket for California. Statewide, the largest group is the 44 percent of households earning from \$35,000 to \$99,999. In Silicon Valley 38 percent of households fit this category. Only 20 percent of Silicon Valley households earn less than \$35,000, compared with 29 percent for the rest of the state.

The result is a regionwide process of gentrification that will be among the topics discussed at the town hall meeting. What Silicon Valley leaders can do about this is a question, but the report says it's one worth asking because the same forces that reward the best-educated and displace the rest of the labor force are at play throughout the U.S. and global economies.

"It's time for Silicon Valley to be innovative with workforce development," Carson said.

Snapshots of California, Silicon Valley

Since 1995, Joint Venture: Silicon Valley Network has compiled key indicators on the region's health and discussed its business and socio-economic climate at an annual town hall meeting. This year's event on

Friday at Parkside Hall in San Jose will focus on job training, the green economy and the growing income disparity. Here are some key indicators:

Population

Silicon Valley

2,589,000

up 41,166 or 1.6 percent over 2007

California

38,148,493

up 435,905 or 1.2 percent over 2007

Education

Silicon Valley

18%

graduate or professional degree

26%

bachelor's degree

24%

some college

18%

high school graduate

14%

less than high school

California

11%

graduate or professional degree

19%

bachelor's degree

28%

some college

23%

high school graduate

20%
less than high school

Wealth

Household income distribution; percentage, number of households

Silicon Valley

Under \$35,000: 20 percent, 164,785

\$35,000 to \$99,999: 38 percent, 316,855

Over \$100,000: 42 percent, 351,899

California

Under \$35,000: 29 percent, 3,592,576

\$35,000 to \$99,999: 44 percent, 5,330,240

Over \$100,000: 27 percent, 3,277,856

E-mail Tom Abate at tabate@sfchronicle.com.