

Feature Article: **Economic Recovery** *Miracle or Mirage?*

According to the National Bureau of Economic Research (NBER), the recognized authority on recessions, the recession that began early in 2001 lasted a mere eight months and ended nearly two years ago. If this is so, then why are signs of economic recovery so lacking and unemployment still at near-record highs? It's all in the math.

Economy 101

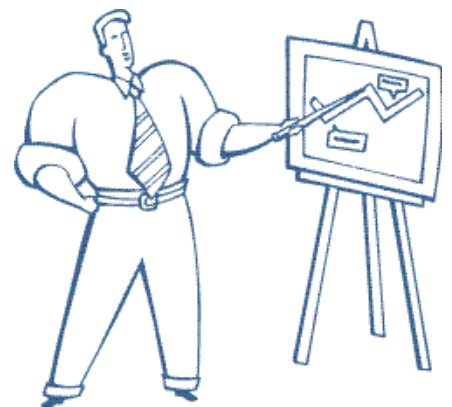
A recession occurs just after the economy hits a peak of activity and continues to the low-point or trough. It is more appropriate, therefore, to think of a recession as an active period of diminishing activity rather than of diminished inactivity. Recessions last for an average of eleven months and occur far less frequently than the more normal state of expansion. Although the NBER factors in a variety of economic indicators, including real income, industrial production, wholesale/retail sales, and employment, the organization relies most heavily on gross domestic product (GDP) data to determine the peaks and troughs of the U.S. economy. Reportedly, the steady decline in employment and continued growth in output leads to the belief that the gains in GDP are based primarily on increases in productivity and this discrepancy had made the pinpointing of the end of the recession difficult to assess.

Because recessions influence the economy on a broad scale and are not confined to a single sector or region, the economic activity must be examined from a macroscopic view. On a national scale, the GDP reached its peak in March 2001 then fell drastically for the next two quarters, hitting its low in November of that year. Prior to this, the nation had been in a period

of expansion for ten years from March of 1991, setting the record for the longest expansion in NBER's 83-year history.

Regional View

This broad perspective of the economy is important in determining policies at the federal level, however it provides little insight into Silicon Valley's regional economy. According to state unemployment figures, Santa Clara County has lost one of every six jobs from the height of the high-tech boom in December 2000. In forty years, this is the greatest job loss of any region of comparable size. A study conducted by the Center for Continuing Study of the California Economy paints an even bleaker picture of Silicon Valley's technology sector: While the nation's employment in computer and electronic product manufacturing declined by 21.8 percent, Silicon Valley lost nearly a third of all jobs in this high-tech field. In fact, Silicon Valley's economy is so slow compared to the rest of the state that if you were to calculate the state's economic outlook without Silicon Valley data, the state would be performing better than the national average. Because technology—the driver of Silicon Valley's economy—is vital to the economic health of the nation, there is little fear that the region, unlike Southern California with the loss of defense and aerospace jobs in the 1990s, will be unable to recover from the current correction.



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- Advanced Micro Devices
- Analog Devices, Inc.
- Applied Materials
- Billmore Hotel & Suites
- Center for Continuing Study of the California Economy
- Center for Quality of Management
- Children's Discovery Museum
- County of Santa Clara
- Crest Financial Services
- Department of Rehabilitation
- Emergency Housing Consortium
- Employment Development Department
- Foothill-De Anza Community College District
- Hewlett Packard Company
- Housing Authority of the County of Santa Clara
- Intel Corporation
- Intuit
- Kaiser Permanente
- Lockheed Martin Missiles & Space
- Microsoft Corporation
- Molecular Medicine Research Institute
- NASA Ames Research Center
- National Council on the Aging
- Network Appliance, Inc.
- Polycom, Inc.
- San Jose Newspaper Guild
- Santa Clara Unified School District
- Solectron Corporation
- Sun Microsystems, Inc.
- Sunnyvale Chamber of Commerce
- Surgical Optics

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Signs of Recovery

Although unemployment is still remarkably high and consumers are wary of putting money back into the economy, corporate leaders are seeing a glimmer at the end of the recessionary tunnel. This past spring, the Bay Area Council conducted its quarterly survey of 544 CEOs and senior business executives. After a steady decline for the past year, attitudes are changing and the survey shows a new optimism toward short-term growth. The NBER cautions, however, that unemployment generally lags behind other economic indicators, and even though many of Silicon Valley's business leaders are optimistic about general economic conditions, no one is expecting

hiring to return to the pre-2001 frenzy any time soon. But a surge in temporary hiring across the country may bode well for those on long-term unemployment, as companies consider rebuilding their depleted workforce.

For information on how NOVA can assist your business, or your employees, please contact us at (408) 730-7232 or visit us online at www.novaworks.org.

NOVA Partner

Reflections

Celebrating Personal Achievement and Civic Leadership



NOVA will celebrate the 13th Annual CONNECT! Awards Luncheon, "Reflections," on September 24, 2003. This year's theme commemorates the idea that through the understanding of past obstacles one can realize the greatest accomplishments. The event celebrates the personal achievements of honorees who have surpassed various barriers to actualize their life goals. It also salutes the leadership of NOVA's public and private partnerships for their communal assistance. The event is a substantial measurement of how crucial community programs are to the welfare and development of the local social and economic landscape.

Nine alumni from various NOVA and CONNECT! programs and four civic part-

ners will receive prominent recognition. Community awards will honor the Career Closet of San Mateo and Santa Clara, the County of Santa Clara, and Network Appliance. A special recognition award will be presented to Silvia Montoya for her efforts through Adelante Familia.

Emmy Award-winner and recognized media personality, Fred LaCrosse, will serve as master of ceremonies for this prestigious event. The affair is expected to draw an attendance of hundreds from local business, education, and government.

This invitation-only event will be held at the Crowne Plaza Cabaña in Palo Alto. To obtain an invitation or further information, please contact NOVA at (408) 730-7232.

NOVA Program

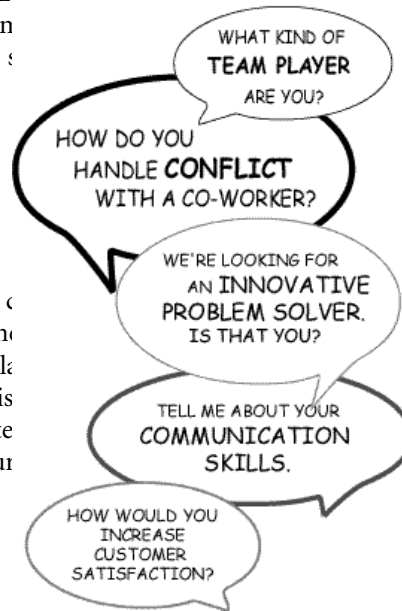
Professional Effectiveness Program (PEP)

A Recipe for Business Success

With a mixture of distinctive ingredients, NOVA's Professional Effectiveness Program (PEP) helps job seekers and employees in obtaining a set of skills that ultimately pave the way to a successful work environment. PEP, designed to address the needs of businesses for employees with strong interpersonal skills, has served over 1000 participants since its development in 1999.

Anne van Tonningen, a PEP training coach, explains why this kind of training is beneficial. "Open, positive, and encouraging relationships lie at the heart of workplace satisfaction and effectiveness. PEP courses teach skills that assist professionals in securing and maintaining these types of ideal working relationships."

The program begins with an individual skills assessment, followed by individual feedback from a professional coach who identifies strengths and opportunities for growth. Continuing the skills enhancement process, PEP targets the vital areas of communication, team building, and problem solving.



PEP has developed and uses a post-training evaluation asking participants if PEP skills are being used, and if so, what impact has occurred. Of the class attendees who have responded, 96 percent report that this program has helped them achieve positive results on the job in at least one of the following areas: improving communication with coworkers, increasing productivity, increasing job satisfaction, and/or resolving a workplace conflict. More than half report that they have achieved positive results in all four areas.

The Professional Effectiveness Program is flexible in that it can be tailored to a company's needs, in terms of scheduling, location, and content, and energize your staff with state-of-the-art training through PEP.

For more information, call NOVA's Business Service Center at (408) 730-7830 or view the PEP website at www.pepskills.org.

Bulletin Board

Summertime was moving time for the NOVA Youth Employment Office, the Center for Applied Competitive Technologies (CACT), and Proven People.

NOVA's Youth Employment Office, including Job Corps staff, moved from the Sunnyvale mall at the end of August to the CONNECT! Business and Career Campus at 505 W. Olive Avenue in Sunnyvale. The move was necessitated by the mall's redevelopment that began in September. Older youth and high school dropouts will be primarily served at the Youth Office's new location, although youth of all ages are welcome to visit. NOVA will serve in-school youth with advisors stationed at satellite offices in each of NOVA's seven consortium cities. Most of these satellite offices will be located in high schools.

In July, CACT moved from 465 S. Mathilda Avenue back to De Anza College in Cupertino. CACT merged with the Business & Industry Institute (BII) at the college to form the college's newly created Professional and Workforce Development unit. CACT will continue to serve the training and education needs of the region's small to mid-sized manufacturers.

Also in July, Proven People moved from the old Sunnyvale Senior Center on McKinley Avenue into the new Sunnyvale Senior Center at 550 E. Remington Drive. Proven People provides a no-fee job referral service for job seekers aged 55 and older within Santa Clara County.

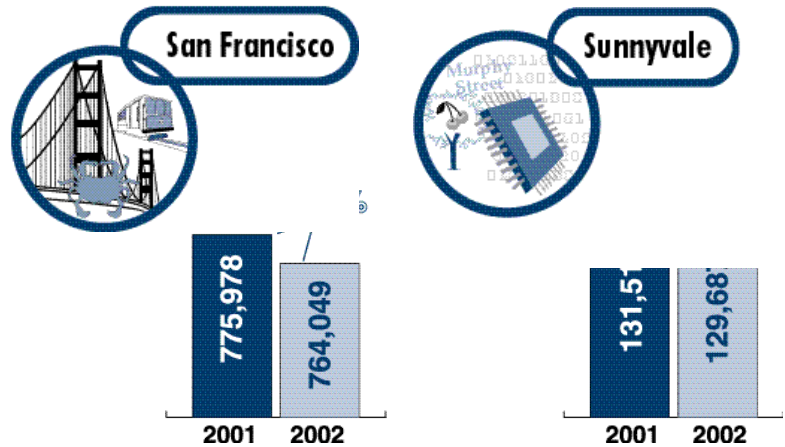
Labor Market Information

Exiting the Valley

The economic downturn may have depressed the apartment rental market, but even so, the cities in Silicon Valley that were once considered highly populated and bustling are now experiencing an exodus of population.

Which two large U.S. cities lost the greatest percentage of population between 2001 and 2002? Of the 242 cities with more than 100,000 residents, San Francisco had the greatest percentage loss (1.5 percent) reducing its population by 11,929 to 764,049. Sunnyvale is next on that list, losing 1.4 percent of its residents in one year (July 1, 2001 to June 30, 2002). San Jose, the largest city in Silicon Valley, remains the nation's 11th largest city, but is down to a population of 900,443, indicating a 0.6 percent loss in population. According to the U.S. Census Bureau, most larger Bay Area cities were among those losing population.

Top Two Cities with the Greatest Population Exodus July 1, 2001 to July 1, 2002



Source: U.S. Census Bureau "Population Estimates for Cities and Towns"

Featured Website



Workforce Innovations is now online!

Workforce Innovations, NOVA's bimonthly newsletter about current workforce development issues, trends, and resources of interest to the business community, educators, and career facilitators, is now available online in PDF format at www.novaworks.org/businesses/business_newsletter.html. You can read the current edition as well as all the previous editions of Workforce Innovations, and request NOVA's Business Services center send you hard copies of any or all editions of this informative newsletter. So if you are looking for a simple, easy way to quickly read about what's new and noteworthy in Silicon Valley, be sure to go to the new Workforce Innovations website!



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