

# Workforce Review

*A monthly review of labor market statistics and related information for Northern Santa Clara County*

## August 2006

### *Did you know?*

#### **Rising Health Care Costs Outpace Inflation: Employers Chip Away at Retiree Health Benefits**

Over time, some maintain, growing legions of the elderly will find themselves with thousands of dollars in additional costs—posing difficult personal choices over care and new pressures on a federal government that already faces a vast, uncovered liability for the old-age needs of the baby boom generation.

“Across the board, retirement benefits are on the chopping block,” said Daniel D. Doyle, an attorney for former Monsanto Co. employees whose benefits shrank after their division was spun off and filed for bankruptcy protection. “As companies try to restructure and squeeze out shareholder value, they are going to rely more and more on Medicare and other government programs to fill the breach.”

Retiree health benefits first took a big hit more than a decade ago, when new accounting standards required companies to more clearly disclose those costs—prompting many employers to trim their offerings. More recently, the benefits are falling victim to rising healthcare expenses and corporate cost cutting.

On average, retirees account for 29% of the corporate medical bill for large employers that offer such benefits, according to Hewitt Associates, a benefits consulting firm. And like other medical costs, those for retirees have risen steadily—as much as 10.3% from 2004 to 2005, according to a survey of large private employers by the Kaiser Family Foundation and Hewitt.

Retiree medical benefits are now offered by just one in three large employers, down from two in three in the late 1980s, according to a study by the Kaiser Foundation and the Health Research & Educational Trust.

Source: *Los Angeles Times* [09/26/06]

[www.latimes.com/business/investing/la-fi-healthcuts26sep26,1,5058099.story?coll=la-headlines-business-invest](http://www.latimes.com/business/investing/la-fi-healthcuts26sep26,1,5058099.story?coll=la-headlines-business-invest)



*A regional catalyst shaping and influencing the Silicon Valley workforce investment system to promote economic opportunity and shared prosperity.*

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Civilian Unemployment Rate	August 2005 (Actual)	July 2006 (Revised)	August 2006 (Preliminary)	Percentage Point Change	
				07/06-08/06	08/05-08/06
San José-Sunnyvale MSA	5.4%	5.0%	4.7%	-0.3	-0.7
California	5.2%	5.1%	4.9%	-0.2	-0.3
United States	4.9%	5.0%	4.6%	-0.4	-0.3

  

Civilian Labor Force	August 2005 (Actual)	July 2006 (Revised)	August 2006 (Preliminary)	Percentage Change	
				07/06-08/06	08/05-08/06
San José-Sunnyvale MSA	858,600	850,300	847,000	-0.4%	-1.4%
Civilian Employed	812,000	807,700	807,100	-0.1%	-0.6%
Civilian Unemployed	46,600	42,600	39,900	-6.3%	-14.4%

  

Where the Jobs Are (San José-Sunnyvale MSA)	August 2005 (Actual)	July 2006 (Revised)	August 2006 (Preliminary)	Percentage Change	
				07/06-08/06	08/05-08/06
Total Nonfarm	871,400	875,100	876,900	+0.2%	+0.6%
Goods Producing	218,500	217,100	217,200	0.0%	-0.6%
Manufacturing	172,100	171,300	171,000	-0.2%	-0.6%
Service Providing	652,900	658,000	659,700	+0.3%	+1.0%
Health Care	67,800	67,600	67,800	+0.3%	0.0%
Prof. & Business Svcs.	160,500	160,300	161,800	+0.9%	+0.8%

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 High-Tech Regions (Metropolitan Statistical Areas)	Labor Force		Labor Force % Change (08/05-08/06)	Employed		Employed % Change (08/05-08/06)	Unemployment Rate	
	August 2005	August 2006		August 2005	August 2006		August 2005	August 2006
	<b>United States</b>	<b>149,792,000</b>	<b>151,698,000</b>	<b>+1.3%</b>	<b>142,425,000</b>	<b>144,579,000</b>	<b>+1.5%</b>	<b>4.9%</b>
Austin, TX	811,451	836,166	+3.0%	776,196	801,464	+3.3%	4.3%	4.2%
Boston, MA	1,480,421	1,487,718	+0.5%	1,418,690	1,423,353	+0.3%	4.2%	4.3%
Portland, OR	1,106,784	1,123,265	+1.5%	1,043,248	1,064,870	+2.1%	5.7%	5.2%
Raleigh-Durham, NC	756,448	792,203	+4.7%	725,104	763,464	+5.3%	4.1%	3.6%
San Diego, CA	1,515,300	1,511,800	-0.2%	1,449,300	1,450,300	+0.1%	4.4%	4.1%
San Francisco, CA	920,100	915,500	-0.5%	876,800	878,000	+0.1%	4.7%	4.1%
Seattle, WA	1,369,700	1,414,800	+3.3%	1,303,200	1,356,100	+4.1%	4.9%	4.2%
<b>San Jose-Sunnyvale</b>	<b>858,600</b>	<b>847,000</b>	<b>-1.4%</b>	<b>812,000</b>	<b>807,100</b>	<b>-0.6%</b>	<b>5.4%</b>	<b>4.7%</b>

Source: Various State Employment Departments (CA, MA, NC, OR, TX, WA)

### Regional Layoff Activity: August 2006

Company	WARN**	City	Affected	Cause
Albertsons	Yes	Various cities	278	Closure
Alza Corporation	Yes	Mountain View	664	Closure
General Dynamics	No	Santa Clara	10	RIF
Sun Microsystems	Yes	Santa Clara/Sunnyvale	53	RIF
			<b>1,005</b>	

### Summary

 Individuals Affected YTD<sup>†</sup>: 1,220 †

WARN Current YTD: 5

WARN Previous YTD: 5

\*\* WARN : Workers' Adjustment and Retraining Notification (notice of mass layoff or closure)

† YTD : Year to Date — Refers to fiscal year (July 1-June 30)

‡ Cumulative total may not equal sum of monthly numbers due to internal adjustments