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WORKFORCE REVIEW

A monthly review of labor market information for Silicon Valley

With federal support, the U.S. can recreate Silicon Valley success nationwide [Opinion]

If any single element defines the magic of American free enterprise, it's that none of us can say for certain which new idea is going to lead to the next technological breakthrough. That mystery opens worlds of possibility.

As you read this, someone is tinkering with an idea that will spark the next Google, Intel, Qualcomm, or Dell. But we don't know who and we don't know where, because lots of people are trying a whole variety of different ideas. To make the most of that miraculous uncertainty, America was once responsible for more than 60 percent of global research and development, dwarfing the rest of the world's various investments. No one knew during the postwar era precisely what might come of the dollars Washington was sending to a relatively unknown federal agency called the Defense Advanced Research Projects Agency, or DARPA — but among the agency's many bets, one of its investments blossomed into the internet. The rest is history.

Unfortunately, over the last several decades, as domestic wellsprings have tapered and other nations have ramped up investment, America's share of global R&D has fallen to 28 percent as of 2018, according to Congressional Research Service.

It's not just that the government has curtailed research funding by cutting the budgets for the National Institutes of Health, the National Science Foundation, the Defense Department and other research agencies. It's that private venture capital has evolved to focus on a small handful of startup ecosystems, namely in Silicon Valley, Boston and New York. That has left huge swaths of the American public frozen out of opportunities to contribute their ideas to the marketplace of American innovation even as global competition heats up.

Fortunately, Washington is now beginning to wake up to this challenge, as evidenced by the new focus on the nation's infrastructure, including rural broadband. What's crucial today, beyond simply restoring systems that have been neglected for decades, is that we begin making investments that seed new innovation-oriented jobs outside the handful of coastal locales already awash in entrepreneurialism. A host of communities across the country boast all the constituent elements required to reap the fruits of technological invention — but as a nation we've yet to shape them into the hubs they're poised to become. We need to act before we lose the opportunity to fire new engines of American innovation in places like Indianapolis, Detroit and Columbus.

A new bipartisan bill has emerged to do exactly that. Senators Chuck Schumer (D-NY) and Todd Young (R-IN) have worked with Reps. Ro Khanna (D-CA) and Mike Gallagher (R-WI) to craft The Endless Frontier Act which, in addition to authorizing $100 billion for a new directorate focused on R&D and commercialization at the National Science Foundation, explicitly directs $10 billion to the Department of Commerce to make investments in places on the cusp of establishing themselves at the forefront of a new, more expansive, wave of innovation.

Here's how it would work: The Commerce secretary would designate, through a competitive process, ten to fifteen new innovation hubs poised to combine the intellectual capital found at universities, the entrepreneurial vision that fuels start-ups, the capital resources to experiment and learn and a workforce equipped to bring ideas to life. Each hub would receive an infusion of federal capital to be used for R&D, workforce training, entrepreneurship and manufacturing. Resources would be controlled by consortia in each hub consisting of a mix of universities, local, tribal, or state governments, labor organizations, national laboratories, financial institutions and venture development organizations. Silicon Valley clearly already has this critical combination of stakeholders working together, but its momentum originated, in part, as a result of government support. This new legislation, which promises to bring real money and leadership to bear in places that are on the cusp of taking off in earnest, holds the potential to put the nation as a whole on an entirely new footing.

The regional tech hubs would ensure that government investment in R&D reduces the geographic opportunity inequality that has grown rife in the U.S. over the last generation. According to the Brookings Institution report, The Case for Growth Centers, between 2005 and 2017, just five metropolitan areas generated 90 percent of the country's innovation-sector growth. That has driven a wedge between the handful of cities where highly skilled workers tend to concentrate and the remaining regions, which the report warned might otherwise fall into "traps of underdevelopment." The bill is also poised to go a long way toward leveling the playing field for female and minority entrepreneurs who will be positioned to take advantage of new educational programs funded explicitly to broaden opportunity.

Combined, the package will work to powerful effect. Stark regional, racial and gender-based divergences are not only economically inefficient — they're morally wrong. Access to the American dream should not hinge on what you look like or where you live. If venture capitalists can seed innovative companies, the government should be able to seed innovative communities. And that's the point.

This is Washington leaning into the process of entrepreneurship. Government can't mandate innovation — but public policy can create the seedbed for new ideas, pushing forward technological advancement in areas markets won't independently address. In doing so, policymakers and others must be intentional about bringing the constituent pieces required to harvest new technology together in places outside the coastal tech hubs. Startups are responsible for nearly all net new job creation in the U.S., meaning this is a big part of what we need to build back better.

As I've discovered through the Rise of the Rest, Revolution's long-term initiative to invest in and nurture start-ups outside the traditional pockets of technological innovation, talent is equally distributed across the U.S., but capital and opportunity are not.

The Endless Frontier Act will serve to put much more of America in the innovation game. By taking better advantage of the nation's deep well of entrepreneurial assets, communities blessed with universities, leaders, know-how and talent will have opportunities to shape America's collective future.

Source: ***The Hill*** (04/26/2021)
http://bit.ly/silicon-valley-success-nationwide

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NATIONAL *Focus*

UNEMPLOYMENT

Region	March 2020	February 2021	March 2021	Percentage Point Change: 1 month	Percentage Point Change: 12 months
San José–Sunnyvale MSA	3.1%	5.4%	5.2%	– 0.2	+ 2.1
San Francisco MD	2.7%	5.5%	5.2%	– 0.3	+ 2.5
California	5.1%	8.4%	8.2%	– 0.2	+ 3.1
United States	4.5%	6.6%	6.2%	– 0.4	+ 1.7

INDUSTRY EMPLOYMENT

Sector — March 2021	San Jose MSA	San Francisco MD	Combined Region	Percentage Change (Combined Region): 1 month	Percentage Change (Combined Region): 12 months
Total Nonfarm	**1,069,900**	**1,050,100**	**2,120,000**	**+ 0.9%**	**– 9.0%**
Construction	49,300	41,900	91,200	+ 0.7%	– 7.2%
Manufacturing	169,400	36,100	205,500	+ 0.9%	– 1.6%
Retail Trade	73,600	68,600	142,200	+ 0.1%	– 8.2%
Information	107,500	106,800	214,300	+ 0.5%	+ 1.7%
Professional & Business Services	239,200	280,800	520,000	+ 0.3%	– 2.2%
Educational Services	40,400	28,400	68,800	– 0.9%	– 18.2%
Health Care & Social Assistance	131,900	115,300	247,200	+ 2.0%	– 1.2%
Leisure & Hospitality	61,700	73,500	135,200	+ 5.3%	– 44.1%
Government	91,900	125,100	217,000	+ 0.7%	– 6.7%

Note: San José MSA (San José-Sunnyvale-Santa Clara Metropolitan Statistical Area) = Santa Clara and San Benito Counties
San Francisco MD (San Francisco-Redwood City-South San Francisco Metropolitan Division) = San Mateo and San Francisco Counties

Source: California Employment Development Department, LMID

LABOR FORCE & ANNUAL CHANGE

Labor Force by Metropolitan Statistical Area *(U.S. High-Tech Regions)*

	LABOR FORCE			UNEMPLOYMENT			UNEMPLOYMENT RATE		
	March 2020	March 2021	*Change*	March 2020	March 2021	*Change*	March 2020	March 2021	*Change*
United States	**155,167,000**	**150,493,000**	**– 3.0%**	**7,370,000**	**9,905,000**	**+ 34.4%**	**4.5%**	**6.2%**	**+ 1.7**
Austin, TX	1,240,287	1,271,187	+ 2.5%	47,005	67,445	+ 43.5%	3.8%	5.3%	+ 1.5
Boston, MA	2,769,234	2,751,839	– 0.6%	79,061	162,362	+ 105.4%	3.1%	6.6%	+ 3.5
New York City, NY	3,906,500	3,647,200	– 6.6%	170,900	462,100	+ 170.4%	4.2%	11.2%	+ 7.0
Seattle, WA	1,712,000	1,747,200	+ 2.1%	86,600	93,600	+ 8.1%	5.1%	5.4%	+ 0.3
California	19,167,200	18,912,300	– 1.3%	974,200	1,551,200	+ 59.2%	5.1%	8.2%	+ 3.1
San Diego	1,573,600	1,538,200	– 2.2%	59,200	105,700	+ 78.5%	3.8%	6.9%	+ 3.1
San Francisco	1,034,300	968,700	– 6.3%	27,600	50,800	+ 84.1%	2.7%	5.2%	+ 2.5
San José	1,078,800	1,044,300	– 3.2%	33,700	54,300	+ 61.1%	3.1%	5.2%	+ 2.1
NOVAworks Region	*791,000*	*749,500*	*– 5.2%*	*20,000*	*34,600*	*+ 73.0%*	*2.5%*	*4.6%*	*+ 2.1*

Note: Totals may not add correctly due to rounding

Source: California Employment Development Department, LMID

REGIONAL LAYOFF ACTIVITY

March 2021 Layoff Events

Company	Location	# Affected
Courtyard by Marriott @ SFO	South San Francisco	57
Residence Inn by Marriott @ SFO	South San Francisco	33
Southwest Airlines	South San Francisco	158
SyncTruck	South San Francisco	82
VMware	Palo Alto	107
	Total	**437**

WARN SUMMARY

Events YTD[†]: 183

Individuals Affected YTD: 19,614

Individuals Previous YTD[‡]: 23,462

* **WARN:** Worker Adjustment and Retraining Notification *(notice of mass layoff or closure)*

† **YTD:** Year to Date *(Program year: July 1–June 30)*

‡ **Previous YTD:** *(Same date range as YTD, one year prior)*

Note: Layoff data are preliminary and should be considered an estimate of monthly regional activity

Source: California EDD, CalJOBS: WARN data