

DIRECTOR'S MESSAGE

As we begin anew in 2023, a lot of the world's eyes are on our NOVAworks region and the number of layoffs occurring, especially in the technology industry. As the global headquarters to some of the world's most easily identifiable names, we often find ourselves in the spotlight with elected officials, the press, and others asking us here, "What are you doing in response to these layoffs?"

And of course, equally important to what we are doing about the layoffs themselves is how we can assist impacted employees. At an upcoming NOVAworks workforce board meeting, we will share an in-depth look at how the NOVAworks team and partners respond to the layoffs in the region ongoing.

For now, I offer a quick glossary of terms you may have heard or read in the media:

Dislocated Worker

A person who has been laid off through no fault of their own, due to a business downsizing or closure, for example.

WARN (Worker Adjustment and Retraining Notification)

This is a notification to affected employees of the upcoming layoff. It is also required to be sent to the Employment Development Department, the chief local elected official, and the local workforce development board.

Rapid Response

An allocation of resources from the U.S. Department of Labor that is passed down to local workforce areas that have suffered significant layoff activity in the prior year.

Rapid Response Team

This refers to the team of NOVAworks, EDD, and other partner organizations that respond within 24 hours post-WARN with the ability to offer resources to affected workers.

These services include but are not limited to Unemployment Insurance Benefits, California Training Benefits and NOVAworks Career and Training Services.

The NOVAworks team considers any layoffs to be one too many and are on constant watch and vigilance to serve all impacted workers.



—Marléna

STATE OF THE REGION

While COVID-19 has proven to be an existential crisis for many retail, hospitality, and tourism operations, Silicon Valley's tech-enabled industries generally sailed through the pandemic with robust earnings and expansive hiring.

Starting in the fall, however, the Valley awoke to large scale layoffs in tech and related sectors. During October and November 2022 alone, regional employers cut more than 7,600 positions. Impacted companies included Meta Platforms (2,564 cuts), Twitter (1,126), Cepheid (1,003), Nuro (269), Amazon (263), and Lyft (227), according to a Mercury News compilation of EDD data.

What gives?

The layoffs have spurred a cadre of economists and regional analysts to pose the "whither Silicon Valley" question.

Sunnyvale-based LinkedIn in December provided its own take on broad economic trends through *State of the Labor Market*, a new



monthly newsletter that provides insights and commentary on global labor market trends. This analysis relies in part on a unique database of 140 million active LinkedIn profiles. [Subscribe at <https://bit.ly/3Xhe751>.]

Some nuggets from the December 2022 issue:

- Current layoffs could present an opportunity for young-tech startups or other companies in different industries to gain access to new talent in a less competitive market.
- There is a disconnect and a tension between what workers want and what employers are willing to offer when it comes to flexibility and

remote work. The mismatch is especially pronounced in the U.S., where remote job postings shot up from less than 2% in January 2020, peaking at close to 20% of all job postings this past spring. They have since come down to around 14% of all job post-

ings, a sign that employers are ready to see workers back in the office.

- On the other hand, of total job applications

sent on LinkedIn in November 2022, 52% were for remote positions, up from 50% in the previous month.

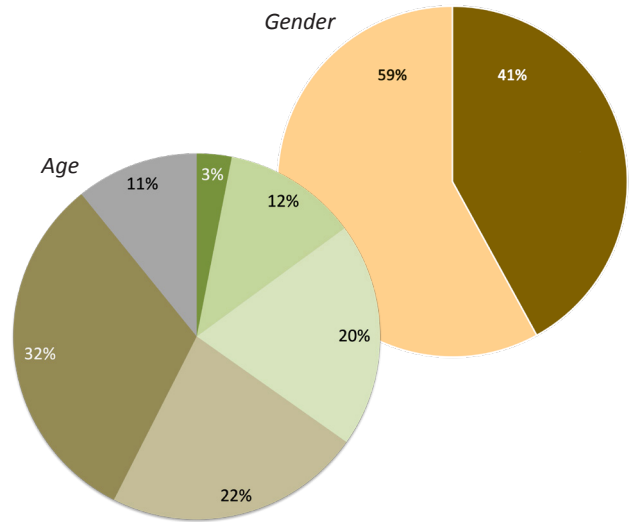
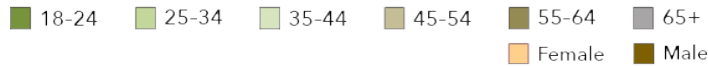
- Looking ahead, we foresee a number of factors slowing down the economy in 2023. Rising interest rates, persistently elevated inflation, and the diminished level of excess savings will reduce consumer spending.
- Amid the ongoing uncertainty, we expect a further deceleration in hiring going into 2023, especially in sectors like real estate and tech, which saw significant booms during the pandemic.
- But even if employers' hiring appetite fades, the supply of workers seems likely to remain tight in the next few years due to a range of factors such as lower-than-expected population growth, long-term COVID illnesses, early retirements, and a decline in immigration.

Having the right talent with the right skills in the right positions will continue to help companies navigate through these uncertain times. NOVAworks can play a role in this effort through its effective business services and Rapid Response activities.

NOVAworks CUSTOMERS

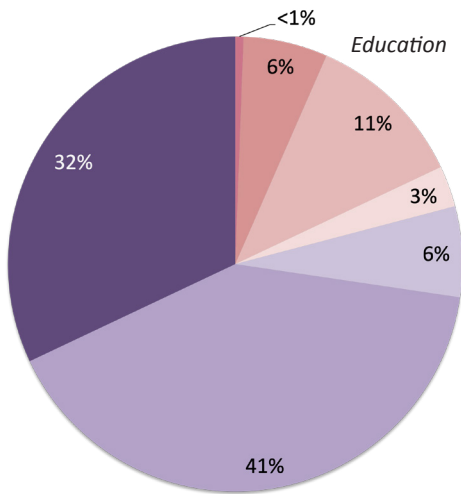
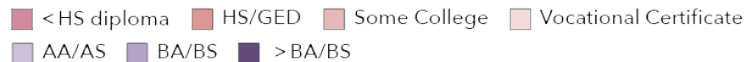
Customer Demographics: Age & Gender (December 2023)

The median age of customers of NOVAworks' two job centers is 49 and nearly two-thirds of all customers are 45 or older. Historically, more women than men have accessed NOVAworks services and the current data confirm this trend.

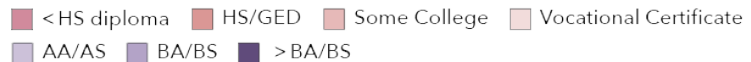


Customer Demographics: Educational Attainment (December 2023)

Customers of NOVAworks' two job centers tend to be highly educated with 73% possessing a bachelor degree or higher and nearly one-third a higher degree.



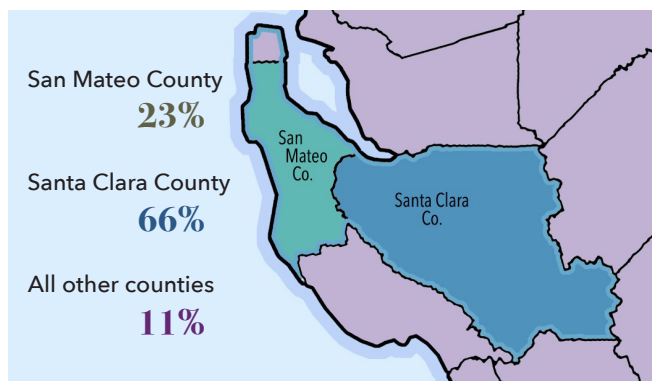
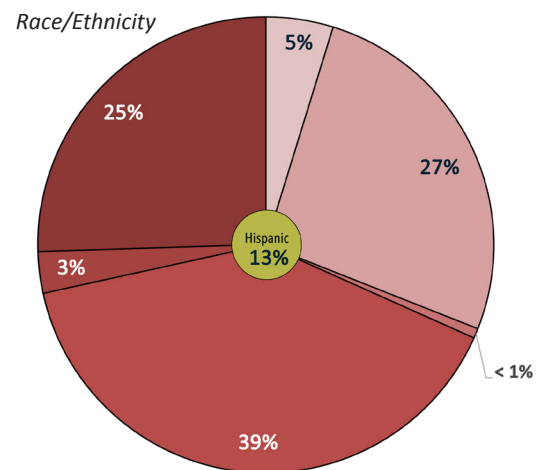
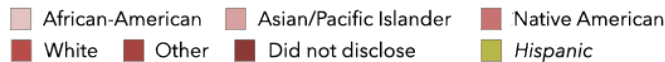
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Customer Demographics: Race/Ethnicity (December 2023)

NOVAworks' customers are diverse with no race composing a majority, although more than a quarter chose not to disclose their race or ethnicity.

Hispanic ethnicity is independent of race and can apply in conjunction with any race.



Customer Commute: County of Residence (December 2023)

The vast majority of NOVAworks customers reside within Santa Clara County and interact with the Sunnyvale job center. Nearly one-quarter reside within San Mateo County, and the remaining 11 percent commute into the NOVAworks region from outside these two counties.

INDUSTRY SPOTLIGHT: TECHNOLOGY

It goes without saying that Silicon Valley is home to a significant share of the country's tech companies, so it should also go without saying that when we experience what is being referred to as the "Great Reset" — ongoing mass layoffs within the tech sector — the region is going to experience a disproportionate share of disruption.

According to Layoffs Tracker (layoffs.fyi), technology companies in the San Francisco Bay Area experienced 292 layoff events in 2022. These events affected 47,738 individual workers from 255 unique companies; the number of affected workers represents 46% — nearly half— of all affected tech workers in the United States in 2022.

The Great Reset moniker was coined by Ahmed Banafa, an engineering professor at San José State University, to represent activity that is different in scope and affect from the "Great Resignation," which resulted from the pandemic's shelter-in-place orders and affected nearly every industry nationwide to varying degrees. Recent events may resemble the Dotcom Bust of 2000, but according to Banafa, the driving factors are quite different. While the Bust 20 years ago was the result of an artificial bubble bursting, the factors in play are likely a correcting of the expansion that many tech companies experienced during the pandemic. Many of the companies that grew in 2020 and '21 to meet

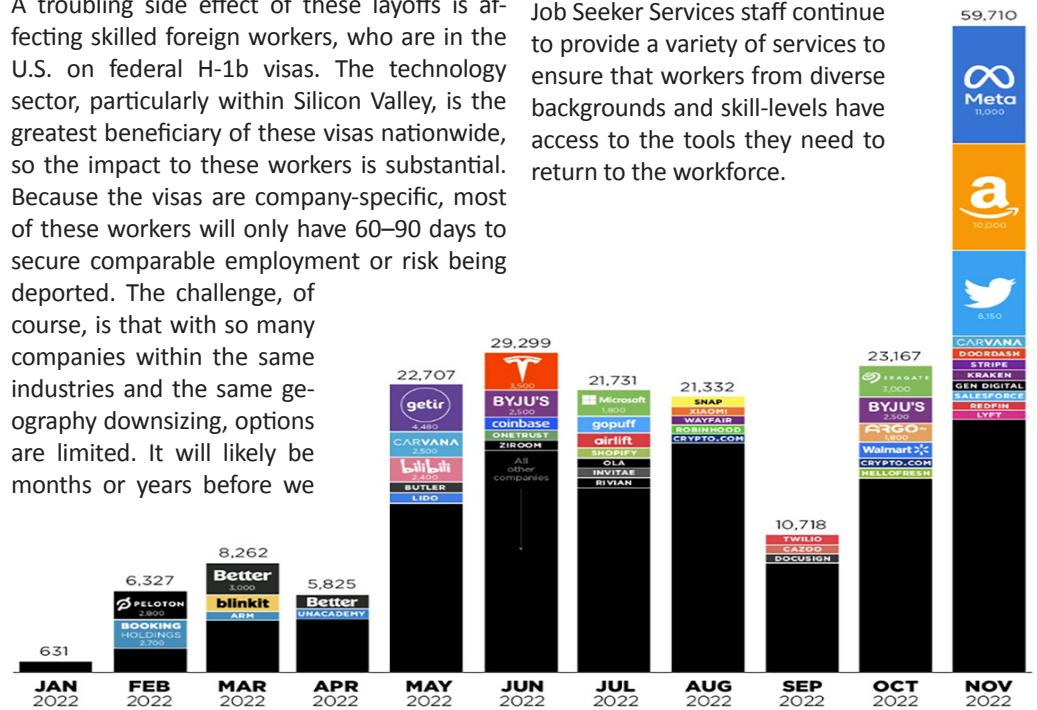
the needs of the increase in remote work and online services and shopping are now forced to cut back now that those needs have decreased.

Interestingly, many of the companies with the greatest layoffs will still be larger than they were prior to the pandemic — Amazon, which is reportedly planning to layoff 18,000 employees — will still be nearly double its size from 2019.

A troubling side effect of these layoffs is affecting skilled foreign workers, who are in the U.S. on federal H-1b visas. The technology sector, particularly within Silicon Valley, is the greatest beneficiary of these visas nationwide, so the impact to these workers is substantial. Because the visas are company-specific, most of these workers will only have 60–90 days to secure comparable employment or risk being deported. The challenge, of course, is that with so many companies within the same industries and the same geography downsizing, options are limited. It will likely be months or years before we

see the full ramifications of how the loss of these workers affects the local labor market.

NOVAworks is responding to the Great Reset on two fronts. Business Services staff are proactively responding to layoffs by reaching out to companies experiencing layoffs and meeting with affected employees in conjunction with EDD to encourage these individuals to access services at NOVAworks and other regional workforce boards. Concurrently, Job Seeker Services staff continue to provide a variety of services to ensure that workers from diverse backgrounds and skill-levels have access to the tools they need to return to the workforce.



Source: <https://bit.ly/3XJVeOY>

CUSTOMER SUCCESS

“ In January 2022, Crystal Tran was laid off from her job as a sales development representative with a marketing startup.

Only two years prior, she had earned her BS degree from San José State University in Business Administration with a concentration in Marketing. She had originally wanted to pursue a career in sales, but now unemployed, she was re-evaluating her career options. She realized that she was no longer focused on sales but was now interested in customer-

“ [S]he realized that she would be more marketable if she were to upgrade her project management skills. ”

success project coordination roles, ideally for a marketing or e-commerce company.

Crystal attended NOVAworks' Career Exploration workshop to learn more about her options and to make informed career decisions based upon local labor market information and current employer needs. Once she completed NOVAworks' Career Exploration Guide and all of the industry and occupational research that that entailed, she realized that she would be more marketable if she were to upgrade her project management skills. Working

with Thu Golbaz, a NOVAworks career advisor, Crystal was enrolled in the Project & Program Management certificate program through UC Santa Cruz Extension.

Crystal continued to job search during her training and worked with Thu in customizing her resume and practicing the interview process. This preparation proved to be successful when Crystal accepted an offer of a full-time project coordinator position Trip Actions' marketing department in September. Crystal credits NOVAworks and the training she received for her continued success.”

— Crystal Tran
NOVAworks Customer

FAST FACT

According to the U.S. Department of Labor, the average starting salary for a graduate from an apprenticeship program is \$50,000, with wages supposedly expected to increase. By contrast, the 2015 college graduate can expect to receive an average starting salary of \$37,300.



Source: Foundation for Economic Education (2018)

FAST FACT

The average annual income of remote workers is \$4,000 higher than that of other workers.



Remote workers save around \$7,000 per year in transportation, food, and childcare.

Source: Findstack (2022)

INDUSTRY DATA

Top 10 Industries by Employment: Technology Industry

Industry	Count	Avg. Annual Wage*
<i>Computer Systems Design</i>	81,477	\$ 292,637 >
Scientific Research & Development	49,363	267,743
Software Publishers	42,234	382,961
Web Search Portals ...	42,006	606,298
Computer Manufacturing ...	36,741	442,928
Media Streaming, Social Networks, ...	33,272	542,668
Semiconductor Manufacturing ...	20,469	350,151
Technical Consulting Services ...	14,533	170,182
Computer Infrastructure Providers ...	10,506	305,040
Other Scientific & Technical Services	6,805	193,888

* Wage data include bonuses, stock options, severance, and other perks in addition to salary.

Top 10 Occupations within Computer Systems Design Sector

Occupation	Count	Avg. Annual Wage*
Software Developers	17,423	\$ 143,300
Computer Occupations, All Other	5,261	133,200
Computer & IT Managers	5,207	205,300
Computer Systems Analysts	4,276	137,300
Computer User Support Specialists	4,204	71,600
Sales Representatives	2,975	119,700
Software Quality Assurance Analysts	2,545	125,700
General & Operations Managers	2,135	180,300
Project Management Specialists	1,992	137,300
Computer Programmers	1,982	118,100

Source: JobsEQ (2023)

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