## CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreword</td>
<td>2</td>
</tr>
<tr>
<td>Executive Summary</td>
<td>3</td>
</tr>
<tr>
<td>Introduction</td>
<td>8</td>
</tr>
<tr>
<td>Profile of Santa Clara County</td>
<td>11</td>
</tr>
<tr>
<td><strong>Chapter 1: Making a Living</strong></td>
<td>13</td>
</tr>
<tr>
<td>Employment and Wages</td>
<td>14</td>
</tr>
<tr>
<td>Household Budgets</td>
<td>22</td>
</tr>
<tr>
<td>Achieving Self-Sufficiency</td>
<td>27</td>
</tr>
<tr>
<td><strong>Chapter 2: Seeking Security</strong></td>
<td>31</td>
</tr>
<tr>
<td>Savings and Debt</td>
<td>32</td>
</tr>
<tr>
<td>Job Security</td>
<td>38</td>
</tr>
<tr>
<td>The Safety Net</td>
<td>43</td>
</tr>
<tr>
<td><strong>Chapter 3: Staying Healthy</strong></td>
<td>51</td>
</tr>
<tr>
<td>Children’s Health</td>
<td>52</td>
</tr>
<tr>
<td>Adult Health</td>
<td>58</td>
</tr>
<tr>
<td>Health Care Access/Infrastructure</td>
<td>65</td>
</tr>
<tr>
<td><strong>Chapter 4: Building a Community</strong></td>
<td>71</td>
</tr>
<tr>
<td>Housing and Neighborhoods</td>
<td>72</td>
</tr>
<tr>
<td>Transportation</td>
<td>80</td>
</tr>
<tr>
<td>Crime and Public Safety</td>
<td>85</td>
</tr>
<tr>
<td><strong>Chapter 5: Pursuing the Dream</strong></td>
<td>91</td>
</tr>
<tr>
<td>Education</td>
<td>92</td>
</tr>
<tr>
<td>Response to Global Climate Change</td>
<td>101</td>
</tr>
<tr>
<td><strong>Special Section: Solutions</strong></td>
<td>109</td>
</tr>
<tr>
<td>Acknowledgements</td>
<td>116</td>
</tr>
<tr>
<td>Funding</td>
<td>117</td>
</tr>
<tr>
<td>End Notes</td>
<td>118</td>
</tr>
</tbody>
</table>
On social, political and economic fronts, our nation seems to be poised on the brink of profound transformation. The first generation to grow up with e-mail and cell phones is now coming of age, and they are rapidly taking technology to heights undreamt of just a few years ago. In politics, Americans are expected to vote this fall in record numbers; whichever candidate they choose, come January there will be a new administration with a new mandate issued by millions of voters who have been energized to participate in the political process. Perhaps the biggest transformation of all is taking place in response to the global threat of climate change, as the nations of the world urgently seek ways to shift away from an economy built on fossil fuels to one that runs on clean and green energy.

Change is in the air – and it’s about time.

For America’s working families, a change is long overdue. From the single mom struggling every day to feed her children on the minimum wage, to the couple who scrimped and saved for their dream house only to lose it to foreclosure, to the Boomer nearing retirement worried about how she will afford health care, to the high school student who sees his dreams for the future receding as the cost of college rises out of reach – as these stories and millions more testify, the American economy is increasingly failing the American people.

The seeds of this failure are many and diverse, some stretching back decades. At least part of the "big squeeze", though, can be traced to a phenomenon whose birthplace and center, insofar as it has one, lies here in Silicon Valley: the shift to a “knowledge-based economy”, exemplified by the explosive emergence of high tech.

The new information economy has created enormous wealth and been a source of tremendous vitality in Silicon Valley and around the world. But the growth of these global industries and their attendant business practices has been a double-edged sword. In ways large and small, such as the development of outsourcing as a standard business practice, the disappearance of lifelong careers and advancement at a single company, or the creation of a large new class of independent contractors who fall outside many of the support systems designed for employees, high-tech industries have critically altered the economic and employment landscape. Workers, families and communities have struggled to adapt to this new landscape with little help from government, which has largely failed to retool its laws and practices to meet the challenges of the new economy.

Perhaps the biggest impact is the shift toward an "hourglass economy.” The knowledge-based economy has tended to create high-paying positions for highly-educated employees alongside large numbers of low-wage jobs in service and supportive industries, but it offers vanishingly few decent jobs for residents with moderate skill levels, feeding the growing feeling that our nation is caught in a middle-class squeeze.

It is neither desirable nor possible to stuff the genie back in the bottle. We can’t go back to the way things were. Rather, the change America needs is to envision how we can move the New Economy forward towards a society that generates both growth and fairness, both unparalleled innovation and broadly shared prosperity.

The aim of the Life in the Valley Economy project is to provide fodder for both halves of this conversation: a clear and fact-based understanding of how the flaws in our current economic system are squeezing the middle class, and models for creative reform that can begin to point the way forward.

The ten solutions profiled within all partake of that same spirit of innovation that has transformed Silicon Valley into an epicenter of high tech. In the midst of a recession, these stories of local progress offer hope: Communities have the capacity to envision and create solutions to the problems plaguing working families. And these stories present a challenge: To focus our collective energies on the realization of those solutions rather than on the politics of blame.

At the heart of Silicon Valley’s creativity lies a culture of problem-solving; through prototypes, pilot projects, and experimentation, we try out new ideas until we find the one that works, avoiding the trap of wallowing endlessly in the failure of those that don’t. This collaborative can-do spirit means focusing on solutions instead of problems and seeking partners rather than hunting for scapegoats. Here and throughout the country, our communities can learn from this practice by rejecting the apostles of blame and decisively affirming our will to bring forth creative solutions that fix what is broken. I hope that LIVE 2008 can help provide the tools and inspiration to do so.

Phaedra Ellis-Lamkins
Executive Director
Working Partnerships USA
EXECUTIVE SUMMARY

*Life in the Valley Economy 2008* examines the state of Silicon Valley’s economy through the lens of middle-class and working-class households trying to make ends meet and secure their family’s future. As the second annual LIVE report, this publication updates the data and analysis provided in LIVE 2007, highlights trends that have emerged over the past year and discusses implications for the state and nation. Finally, LIVE 2008 adds a special “Solutions” section profiling ten regional initiatives each of which aims to provide a new model to tackle the economic challenges facing working families and communities.

CHAPTER 1: MAKING A LIVING

The large majority of Santa Clara County families depend on work as their primary source of income; more than any other factor, the strength of the job market and of wage levels is central to determining households’ financial well-being. Although the strong presence of Silicon Valley companies in international markets has helped cushion the local impacts of the current U.S. recession, the Valley is far from immune to the slowdown, as evidenced by the upward climb in unemployment over the past year.

Silicon Valley and the United States will recover from the recession. Yet analysis of the just-completed recovery reveals a disturbing trend: While the region’s economy continued to expand, unlike previous economic cycles, this expansion was largely decoupled from job growth. This decade marks the first economic cycle for more than fifty years in which the region suffered a net job loss over the entire cycle.

The decline in job opportunities coupled with an increase in the proportion of low-wage jobs has placed increasing strain on household budgets. Further pressure is provided by the high cost of living, with inflation driving up prices at rates not seen for 17 years. Together, these three factors – scarcity of jobs, lack of real wage growth, and soaring consumer prices – are lowering living standards for a broad swath of Silicon Valley’s households, from the poorest all the way through highly educated professionals. This triple threat is at the root of the “middle-class squeeze.”

KEY FINDINGS

- **Jobs:** From Jan. 2004 through June 2008, Silicon Valley added jobs at just a 1.7% annual rate – the region’s lowest employment growth of any recovery in the last fifty years.
- **Wages:** Industries that added jobs between 2001 and 2008 had an average weekly wage of $1,194, 41% lower than in industries that lost jobs.
- **Low-Wage Work:** An estimated 32% of all employed workers are paid $15/hr or less, putting them below the minimum earnings needed to meet the basic standard for self-sufficiency.
- **Income:** Real median household income in Santa Clara County remained steady in 2006 at $80,838, showing no significant change from 2005 or 2004.
- **Inflation:** The already high cost of living has soared in Silicon Valley with estimated cost increases since 2000 of 139% for gasoline, 119% for health care, 64% for child care and 50% in electric rates. Over the same period, the average weekly wage grew only 32%.
- **Cost of Living:** The 2008 Self-Sufficiency Standard shows that for two working parents with two kids, it costs a minimum of $62,100 per year to raise a family in Santa Clara County.
- **Elder Economic Security:** For a single retiree living in rental housing, the minimum income needed to make ends meet is $25,391. Among seniors living alone, 51% have incomes too low to adequately meet their basic needs.
- **Hardships:** 93,000 Silicon Valley adults experienced food insecurity during 2005; the majority of food-insecure adults were employed. In 2007, 18,000 Silicon Valley residents experienced homelessness.
CHAPTER 2: SEEKING SECURITY

Over the past three decades, a transformation of the nature of work in the United States, coupled with changes in public policy, has resulted in a dramatic shift of risk: away from corporations and other large-scale institutions, and onto individual families. Today, the middle class walks a tightrope of insecure jobs, unreliable incomes, inaccessible health insurance, and increasing debt, with worrisome prospects for the immediate future, let alone for retirement.

Middle class financial and asset instability have been brought to the forefront of national attention in the past year with the advent of the mortgage meltdown. Homeownership is a hallmark of the American Dream, and owning one’s own home has long been viewed as key to ensuring family stability and financial security. But in the past two years, more than a million American families have seen that dream disappear as their homes have been lost to foreclosure.

KEY FINDINGS

• Foreclosures: Foreclosure activity in Santa Clara County has grown by 513% since 2006. In the past two years, one out of every forty homeowners received a notice of default on their mortgage.
• Debt: With 26.2% of homeowners holding a home equity loan or second mortgage, San Jose’s rate of borrowing against equity is 15th highest in the nation. In 2007-08, the number of personal bankruptcies in northern California rose by 60%.
• Union Membership: In 2007, Bay Area union membership rose to 12.1% of private sector workers, the highest rate this decade. Union membership increases average job tenure by 60%.
• Unemployment: In the first quarter of 2008, 45% percent of unemployed workers in California ran out of unemployment benefits without finding a new job. The recently passed federal extension of benefits will provide some relief to the long-term unemployed.
• Public Assistance: As of April 2008, more than one out of every eight Santa Clara County residents receives some form of public assistance; more than two thirds of these are Medi-Cal enrollees.

CHAPTER 3: STAYING HEALTHY

In Santa Clara County, trends in children’s health coverage have been encouraging in recent years, as local policy has helped expand access to quality public health insurance programs. Although the proportion of children covered by a parent’s job-based health insurance has declined, public programs and outreach efforts have thus far succeeded in countering this trend, with the result that the proportion of children with health coverage continues to grow. However, funding limitations and cutbacks at the federal, state, and local levels pose a major challenge to reaching the county’s goal of 100% health coverage and access for all children.

For Santa Clara County’s adult residents, while the most recent data show the overall health insurance rate holding steady, declining trends in employer-sponsored coverage are cause for alarm. Public programs like Medi-Cal have compensated in part by picking up coverage for some of the workers who have lost their job-based health benefits, but the large majority of working adults are ineligible for Medi-Cal.

The challenge of accessing needed health care services has grown for many in Santa Clara County – both insured and uninsured – over the past four years. The closure of San Jose Medical Center in December 2004, the termination of Medi-Cal contracts at Regional Medical Center and other hospitals, and the potential closing of Los Gatos Community Hospital in 2009 have left residents with limited health care options and put even more pressure on the county’s public health safety net system.

KEY FINDINGS

• Children’s Health Coverage: Through the efforts of the Santa Clara County Children’s Health Initiative to insure 100% of kids, in just seven years the number of children with public health coverage has more than doubled.
• **Adult Health Coverage:** Nationwide, the share of non-elderly adults who are underinsured increased to 20% of those with health insurance in 2007, up from 12% in 2003.

• **Health Care Costs:** The average annual cost to workers in California for job-based family health premiums continued to rise, jumping 9.9% in the past year from $2,883 in 2006 to $3,103 in 2007.

• **Access to Care:** In 2007, the total hours that Valley Medical Center’s emergency room was forced to divert ambulances to other hospitals increased 32%, from 489 hours to 646 hours.

• **Geriatric Care:** Nine out of ten nursing home facilities surveyed in the Bay Area are failing to meet the minimum staffing standard for California.

• **Health Risk Factors:** Overweight and obesity rates have climbed steadily among adults in Santa Clara County. Nearly 54% of residents aged 18 and older are now considered overweight or obese.

### CHAPTER 4: BUILDING A COMMUNITY

In Santa Clara County, the lack of affordable housing continues to be one of the major challenges facing families today, threatening not only quality of life but also the region’s economic vitality. The shortage of affordable homes forces residents to budget uncomfortably large shares of their income for housing and can make it harder for businesses to attract and retain employees.

The nationwide foreclosure crisis and housing market crash have hit home in Silicon Valley, with ripple effects spreading well beyond the foreclosed-upon properties. Families who have lost their homes – both locally and in the Central Valley – are returning to an increasingly expensive rental market. The result is an increase in overcrowded living conditions, increasing stress for displaced children and families and straining neighborhood cohesiveness.

Transportation infrastructure and access is also integral to community livability. Soaring gasoline prices, breaking $4/gallon for the first time on record, have forced families to spend an increasing share of their income on transportation costs. As driving becomes costlier, public transit ridership in Santa Clara County has grown, but increases remain modest; decades of urban planning for automobiles and underinvestment in transit have left Silicon Valley without the necessary transit infrastructure to accommodate and encourage a major shift in commuter behavior.

Public safety is also a growing community concern. In 2007 the county’s largest city, San Jose, lost its designation as the “Safest Big City in America,” a title held for six straight years. Coinciding with its drop in ranking, the region has seen a rise in both homicides and property crime, although the crime rate remains low relative to other urban areas in the United States.

### KEY FINDINGS

- **Housing Market:** Home sales in Santa Clara County dropped 21% from 2006 to 2007. In January 2008, sales fell to a 20-year low.

- **Housing Affordability:** In 2007, fewer than one out of four potential first-time homebuyers could afford the average entry-level home, as the first-time-homebuyer affordability index dropped to 23%.

- **Rental Market:** Average rents for large apartment complexes in Santa Clara County climbed from $1,425 in first quarter 2006 to $1,660 in first quarter 2008, an increase of 16.5%. In 2008, the San Jose metro area overtook L.A. to become the most expensive rental market in the state.

- **Transportation:** Freeway traffic grew for the third consecutive year, climbing 10% in 2007 up to 28,300 vehicle hours of delay. More residents turned to public transit, with light rail ridership growing 25% in 2007 to an all-time high of 32,567 average weekday riders.

- **Crime:** Property crime in Santa Clara County increased for the sixth consecutive year in 2006, climbing 10.5% to 1,524 crimes per 100,000 residents, up from 1,379 crimes in 2005. San Jose’s homicide count reached a ten-year high in 2007, at 33 reported murders.
CHAPTER 5: PURSUING THE DREAM

Taking as its foundation the “American Dream” of a society where every child has the opportunity to reach the middle class, this chapter scrutinizes whether our community is effectively providing pathways to opportunity for youth and adults of all backgrounds. Education is one of the most important predictors of economic success for workers and their families. As the state’s economy grows and changes, demand has grown for not just a highly educated workforce, but a workforce with very specific and rapidly changing skills. Although Silicon Valley is home to a number of innovative K-12 school districts, a strong network of community colleges, and several world-class universities, overall the state and local educational systems lack adequate resources to serve all students and make higher education accessible.

While education will help prepare today’s youth for the future, as important as preparation is the kind of future we are now building for them to inhabit. Perhaps the greatest challenge for the next generation – not just in Silicon Valley or the United States, but worldwide – is climate change. From rising food costs as drought threatens California’s agriculture, to increased illness and death resulting from greater incidences of extreme-heat days and wildfires, global climate change is expected to have profound local impacts. Under a business-as-usual scenario, working families and low-income households stand to bear the greatest share of the burdens imposed by a changing climate. But this crisis carries in it the seeds of opportunity: as the United States makes the shift to a low-carbon, clean energy economy, we can and should focus on creating new green jobs that will enable millions of people to climb out of poverty and restore the middle class.

KEY FINDINGS

- **Post-Secondary Education**: The college-going rate for Santa Clara County’s high school seniors edged upward in 2006-07; 53% of graduating seniors went directly to college, up from 49% the previous year. Latino students – currently the least likely to go to college – achieved the largest gains, increasing their college-going rate from 28% in 2005-06 to 34% in 2006-07.

- **Educational Attainment**: Silicon Valley residents are more highly educated than the state or national average; nevertheless, the majority of adults (age 25+) do not have a four-year college degree.

- **Career Opportunities**: For 2004-2014, 62% of projected annual job openings in Santa Clara County require no formal education beyond high school. However, approximately half these lower-skilled job openings pay less than a living wage.

- **Climate Change Impacts**: If climate change continues on its current course, projections indicate that by 2100 significant portions of Silicon Valley will lie underwater, including all of Alviso and areas of Mountain View and North San Jose.

- **Greenhouse Gas Emissions**: Since 2000, the greater Silicon Valley region has held the line on CO₂ emissions from energy consumption; emissions dropped from 35.5 million tons in 2005 to 34.0 million tons in 2006. Reaching the state’s 2050 emissions target will require cutting carbon by more than 80%.

- **Green-Collar Jobs**: A national greenhouse gas emissions cap-and-invest system would generate a minimum of $50 billion per year, which could be invested over the next ten years to build America’s clean energy economy and create five million high-quality green jobs.
SOLUTIONS: TEN TRANSFORMATIVE IDEAS

This special section of LIVE 2008 profiles ten promising regional initiatives, each of which aims to provide a new model for dealing with one or more of the economic challenges facing working families.

1) **Green Jobs for Green Homes**: This first-of-its kind initiative would open the door for tens of thousands of Silicon Valley residents to green their homes through improved energy efficiency and save some green on their energy bills – all while creating jobs for a new generation of green-focused construction workers.

2) **A Secure Airport that Puts Passengers First**: The City of San Jose is poised to launch a cutting-edge Living Wage Ordinance at San Jose Airport that would train airport staff to improve both security and customer service, increase the airport’s competitiveness and lift more than 500 minimum-wage workers out of poverty.

3) **Disaster-Proof Hospital Services**: Hurricane Katrina hammered home the need for emergency preparedness. Yet many of our nation’s hospitals would be decimated by a major disaster – leaving communities without emergency services just when they are most needed. To move beyond this dangerous status quo, Valley Medical Center is planning critical upgrades to remain open in an earthquake’s aftermath.

4) **Confronting the Housing Challenge**: With the foreclosure crisis driving home the need to prevent the lack of housing from forcing working families out of Silicon Valley, San Jose proposes to expand its successful Inclusionary Housing policy to create affordable housing options throughout the city.

5) **Health Coverage to Help Small Business Grow**: Small business employees have the highest uninsurance rate of any working adults, putting small companies at a competitive disadvantage. The voluntary Healthy Workers program will provide a full, no-deductible health coverage plan affordable to small businesses and their employees.

6) **Stopping Sickness Before It Starts**: Under the newly conceived Universal Prevention plan, every county resident would have guaranteed access to basic preventative health care; early screenings and treatments will reduce the load on hospital emergency rooms and help all residents lead healthier lives.

7) **Public Scrutiny of Subsidized Development**: In San Jose, the Sunshine Reform Task Force has created a model ordinance that brings public accountability to the millions of dollars in development subsidies given away each year. Applying open government principles to public subsidies will help citizens ensure that taxpayer money is spent responsibly in ways that create good jobs and meet neighborhood needs.

8) **Planning for Livable Neighborhoods and Good Jobs**: The planning framework proposed by the City of Santa Clara for “big box” retail would be a pioneering step toward integrating neighborhood preservation, low-carbon land use planning and local economic competitiveness, while encouraging good jobs and blocking poverty-level wages.

9) **Building Careers to Build California**: The California Construction College aims to provide a pathway for California’s youth to gain both a skill and a college degree in a field with a looming workforce shortage: construction. At the same time it opens up opportunities for longtime construction workers to advance their careers.

10) **Developing Skills for Tomorrow’s Transit Systems**: Through the Transportation Career Ladders Project, community colleges and incumbent employees will train the next generation of workers for careers in public transit: a workforce urgently needed as our nation shifts to a clean energy economy.
INTRODUCTION

This second annual edition of Life in the Valley Economy: Silicon Valley Progress Report evaluates the state of working families in our region and finds reason for both pessimism and optimism.

On the pessimistic side, our economy is not creating enough jobs or enough good jobs. During Silicon Valley’s most recent economic expansion, annual employment growth was held down to just 1.7% – the lowest job growth rate of any expansion in the past fifty years. The tech-heavy Valley economy bottomed out in 2003, then turned the corner; revenues and profits displayed healthy growth from 2004 up through the end of 2007. Missing from this glowing picture of economic health was one item: jobs. Among the jobs that were created, the average weekly wage was 41% lower than in the disappearing jobs which they replaced.

A long-term analysis of employment in Silicon Valley reveals that the anemic job creation experienced recently goes beyond a temporary slowdown. That 1.7% growth rate is not only the weakest in the past fifty years, but falls below population growth over the same period, resulting in more workers competing for fewer jobs. What’s more, over the complete economic cycle (Jan. 2001 to June 2008), the Valley lost a total of 136,300 jobs, marking another milestone: the first cycle during which the region suffered a net job loss. The economy grew, but employment shrank.

To compound the problem, even middle-class workers with stable jobs face a falling standard of living as wages fail to keep up with costs. Wage growth has stalled, with median real earnings for Silicon Valley workers unchanged since 2000. Rapidly rising prices for gas, food, homeownership, health care, and child care – in short, just about every basic necessity for a family – have outpaced both wages and overall inflation. As a result of stagnant wages coupled with a soaring cost of living, more than a quarter of Santa Clara County households fall below self-sufficiency; they do not earn enough to cover basic expenses. For vulnerable populations this proportion is higher. Among seniors living alone, at least 50% have incomes below basic self-sufficiency.

With work no longer providing an adequate and stable income, working families find themselves walking a financial tightrope from which one small push – a family emergency, an unexpected medical expense, even a car breaking down – will cause them to fall. The most recent manifestation of the “insecurity economy” is the massive mortgage meltdown, to which Silicon Valley is far from immune; foreclosures in the second quarter of 2008 reached six times their level in 2006, and in the past 24 months, one out of every forty homeowners in the county has received a notice of default on their mortgage. Amplifying the local trend, this year a new national Middle Class Security Index confirmed statistically what most Americans have already realized: the large majority (69%) of all middle-income families in the United States lack basic economic security. This growing lack of security – the “great risk shift” onto working families – means that the financial ailments that have long plagued low-income Americans, like lack of health insurance, unstable housing, or even tradeoffs between gas and food, are beginning to infect a greater proportion of the middle class.

The sound of popping champagne corks in the 1990s has been replaced by the pop of bursting bubbles – first the tech bubble at the turn of the century followed by the housing bubble and, closely tied to housing markets, the credit bubble. With no more bubbles to keep us afloat, the United States is turning to the ground beneath its feet and finding it unstable. Quality, stable employment, the foundation upon which the American middle class was built, is no longer a primary product of the American economy.

On the optimistic side, practical ideas to rebuild that foundation are beginning to emerge. From the grassroots to the Capitol, there is a growing realization that the problems plaguing middle-class families and pushing more people into working poverty will not solve themselves, nor will they be solved by the same business-as-usual policies that created our economy’s ills.

Here in Silicon Valley, as in regions around the country, community members who recognize these problems – often from personal experience – have begun coming together to develop innovative local solutions. Ten of these promising practices are profiled in the following pages. They run the gamut from experimental projects like a new model for preventative health care coverage to seemingly common-sense but much-neglected ideas such as making sure our emergency medical infrastructure can withstand a hurricane, earthquake or other major disaster.

Silicon Valley has a unique opportunity to build a model of a sustainable economy in which the benefits of growth are broadly shared: a model that could profoundly influence the future direction of our nation as that direction is debated over the next year. Silicon Valley
has been a driving force in the national economy, and our problems are both reflective and predictive of national trends. The regional solutions developed and field-tested here thus hold great promise for replication by communities throughout the country and, eventually, as ingredients for a national economic revival.

What's Inside

*Life in the Valley Economy 2008* examines the state of Silicon Valley's economy through the lens of middle-class and working-class households trying to make ends meet and secure their family's future. As the second annual LIVE report, this publication updates the data and analysis provided in *LIVE 2007*, discusses trends that have emerged over the past year, and adds several new topical features.

Silicon Valley, famed for big ideas, is itself an idea—not a region limited by clearly defined geographical boundaries. For data analysis purposes, however, it is necessary to choose a set of boundaries. In order to better evaluate the impacts of public policies on family finances and the larger economy, we define our geographical region of analysis as a single county, Santa Clara. *

New Features

In addition to updating the data provided in *LIVE 2007*, this year's report includes two new features:

- **A special Solutions section featuring ten innovative local policy initiatives.**

  Spearheaded by diverse assortments of community members and leaders, these ten initiatives are a sample of the many pioneering locally-rooted solutions now being developed to tackle economic and social challenges like those analyzed in this report.

  Among the projects profiled is “green jobs for green homes”, an ambitious plan to tackle both the quality jobs shortage and the high cost of living through a large-scale retrofitting effort to enable residents to transform their homes to high-performance, energy-efficient buildings. Another innovative idea is a different approach to health care reform coverage aimed at “stopping sickness before it starts” by making key preventative health care services universally available. These initiatives and eight others are described beginning on page 109.

  We include these “solutions in progress” with three goals: to provide models upon which other communities and regions can build; to encourage support for the initiatives themselves; and to concretely demonstrate that change is not only possible, it is happening.

- **Throughout the report, an expanded focus on issues affecting seniors.**

  Socially, among our community’s chief values is honoring and providing for our elders. Demographically, older adults make up an increasing proportion of the region’s residents, and their numbers are projected to increase dramatically as the Baby Boomer generation begins to retire.

  Seniors face a unique set of financially-related challenges that differentiate them from other demographic groups. Those who are retired usu-

* The “San Jose metropolitan area” or “San Jose MSA,” which typically includes Santa Clara and San Benito Counties, is also used interchangeably with the term “Silicon Valley” in this report. Where data is not available for Santa Clara County or the MSA alone, the region of analysis is noted.
ally live off of a fixed income, making them highly vulnerable to increases in the cost of living. In Santa Clara County, the median income for senior women living alone is $20,762; just the typical rent on a one-bedroom apartment consumes 62% of that amount.

Older adults also face a variety of age-related health issues, both chronic and acute, that impact their lives; to give just one example, the prevalence of diabetes among adults ages 65+ in Santa Clara County is three times greater than among non-elderly adults. Consequently, seniors are likely to need more medical care, and in particular, more expensive prescription drugs, but they often struggle to afford health care costs. Seniors aged 60 and up make up 17% of all Medi-Cal recipients in the county.

In Santa Clara County, 31% of senior women and 21% of senior men have a physical disability. A large proportion of seniors thus face mobility challenges that may make them dependent upon public transit or paratransit, meaning that changes in transit fares or routes have a major impact. Finally, housing requirements for seniors differ from those for other types of families, and there is a major need for housing with supportive services.

These are just a few of the needs for which our community must prepare. Yet policies and programs intended to strengthen the safety net often ignore seniors’ needs. In the last year, one of the most prominent philanthropic institutions in our region – the United Way of Silicon Valley – has eliminated all its funding for senior services. To highlight the impacts of the Valley economy on seniors and the need for more attention to senior issues, LIVE 2008 incorporates five new indicators that track issues affecting older adults.

**Structure of Report**

**LIVE 2008** is divided into five chapters, plus the Solutions special section:

*Chapter 1: Making a Living* evaluates the performance of Silicon Valley's economy in delivering working families' most basic economic needs: job opportunities and adequate incomes. It analyzes employment trends in both the short term, looking at the recent economic expansion and the current slowdown, and in the long term, examining the region's record on job creation for the past fifty years. Delving into the multiple factors affecting household budgets, this chapter also examines income, the cost of living, and poverty.

*Chapter 2: Seeking Security* assesses the local impacts engendered by the "great risk shift": the increasing burden of economic risk and insecurity being borne by American families. It provides data on several of the interconnected elements that contribute to the security or precariousness of the average household, including household savings and debt, homeownership and mortgages, unemployment and job security, and the adequacy of the social safety net. This year's edition includes a particular focus on the implications for households' economic security of the collapse of the housing bubble, with its resultant foreclosures, falling prices and market slowdown.

*Chapter 3: Staying Healthy* provides an overview of the condition of the region's health care system with an emphasis on affordability of and access to quality health care – recognizing that individuals who lack access to care, or cannot afford it, suffer long-term consequences to their financial as well as their physical well-being. This chapter includes analyses of health coverage for children and for adults, as well as access to health care providers and the state of the county's health care infrastructure.

*Chapter 4: Building a Community* scans several of the elements that contribute to creating livable communities, promoting civic engagement, and maintaining quality of life. High on the list is a neighborhood's physical infrastructure, including housing, transportation, and neighborhood amenities such as libraries, parks and community centers. Also examined are crime, neighborhood involvement, and family stresses.

*Chapter 5: Pursuing the Dream* considers the long term changes in how opportunity and rewards are distributed in our society. Taking as its foundation the "American Dream" of a society where every child has the opportunity to reach the middle class, this chapter scrutinizes whether our educational system is effectively providing pathways to opportunity for students of all backgrounds. The final section examines what may be the greatest threat to our children's future – global climate change – and assesses not only the threats posed to working families by the changing climate, but also the opportunities that could emerge from shifting towards a clean and green economy.

Finally, as described above, **Special Section: Solutions** profiles ten regional initiatives, each of which aims to provide a new model for dealing with one or more of the economic challenges facing working families.
## PROFILE OF SANTA CLARA COUNTY, CALIFORNIA, 2006

Total population: 1,731,281

### PEOPLE

<table>
<thead>
<tr>
<th>Category</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male:</td>
<td>884,985</td>
</tr>
<tr>
<td>Female:</td>
<td>846,296</td>
</tr>
<tr>
<td>Age 0-17:</td>
<td>431,735</td>
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<tr>
<td>Age 18-64:</td>
<td>1,117,371</td>
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<td>Age 65 and over:</td>
<td>182,175</td>
</tr>
<tr>
<td>Median age:</td>
<td>36</td>
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<tr>
<td>With a disability:</td>
<td>171,493</td>
</tr>
<tr>
<td>White:</td>
<td>672,130</td>
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<td>Mexican:</td>
<td>382,777</td>
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<tr>
<td>Other Latino:</td>
<td>62,704</td>
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<tr>
<td>Chinese or Taiwanese:</td>
<td>142,026</td>
</tr>
<tr>
<td>Vietnamese:</td>
<td>110,746</td>
</tr>
<tr>
<td>Asian Indian:</td>
<td>101,551</td>
</tr>
<tr>
<td>Filipino:</td>
<td>81,456</td>
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<tr>
<td>Other Asian / Pacific Islander:</td>
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<tr>
<td>African-American:</td>
<td>43,185</td>
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<td>Native American:</td>
<td>4,654</td>
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<td>Multiracial or some other race:</td>
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<td>U.S.-born:</td>
<td>1,100,561</td>
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<td>Naturalized US citizens:</td>
<td>299,530</td>
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<td>Non-U.S. citizens:</td>
<td>331,190</td>
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<td>Speak English only:</td>
<td>800,699</td>
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<td>Speak English and another language:</td>
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<td>Speak English less than “very well”:</td>
<td>357,214</td>
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<td>Veterans:</td>
<td>80,437</td>
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### HOME AND FAMILY

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<th>Category</th>
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<td>Married couples:</td>
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<tr>
<td>Single mothers:</td>
<td>31,717</td>
</tr>
<tr>
<td>Single fathers:</td>
<td>13,419</td>
</tr>
<tr>
<td>Other families:</td>
<td>46,395</td>
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<tr>
<td>Nonfamily households:</td>
<td>176,557</td>
</tr>
<tr>
<td>Families with children:</td>
<td>210,269</td>
</tr>
<tr>
<td>Grandparents raising grandchildren:</td>
<td>9,042</td>
</tr>
<tr>
<td>Women with a birth in the past year (age 15-50):</td>
<td>23,240</td>
</tr>
<tr>
<td>Renter households:</td>
<td>230,620</td>
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<tr>
<td>Homeowner households:</td>
<td>354,810</td>
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<tr>
<td>Average household size:</td>
<td>2.90</td>
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<tr>
<td>Moved to Santa Clara within past year (from U.S.):</td>
<td>72,269</td>
</tr>
<tr>
<td>Moved to Santa Clara within past year (from abroad):</td>
<td>25,910</td>
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### EDUCATION, WORK, AND INCOME

<table>
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<th>Count</th>
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</thead>
<tbody>
<tr>
<td>High school or less (age 25+):</td>
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<tr>
<td>Some college (age 25+):</td>
<td>272,142</td>
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<tr>
<td>Bachelor’s degree (age 25+):</td>
<td>288,079</td>
</tr>
<tr>
<td>Advanced degree (age 25+):</td>
<td>217,559</td>
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<tr>
<td>Employed (age 15+):</td>
<td>836,124</td>
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<tr>
<td>Unemployed (age 15+):</td>
<td>52,601</td>
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<tr>
<td>Not in labor force (age 15+):</td>
<td>453,536</td>
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<tr>
<td>Median hourly wage (2008):</td>
<td>$23.45</td>
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<td>25th percentile hourly wage (2008):</td>
<td>$13.77</td>
</tr>
<tr>
<td>75th percentile hourly wage (2008):</td>
<td>$40.78</td>
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<tr>
<td>Median annual earnings for workers:</td>
<td>$40,361</td>
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<tr>
<td>Median household income:</td>
<td>$80,838</td>
</tr>
<tr>
<td>People in poverty:</td>
<td>9.0%</td>
</tr>
</tbody>
</table>

1. MAKING A LIVING

INDICATOR 1: EMPLOYMENT AND WAGES
INDICATOR 2: HOUSEHOLD BUDGETS
INDICATOR 3: ACHIEVING SELF-SUFFICIENCY
INDICATOR 1: EMPLOYMENT AND WAGES

KEY STATISTICS

- From Jan. 2004 through June 2008, Silicon Valley added jobs at just a 1.7% annual rate – the region’s lowest employment growth of any recovery in the last fifty years.

- Job gains over the economic cycle have been concentrated in private educational and health services, which since May 2001 has grown 55%. No other sector has grown more than 5% over 2001 levels, and employment in five of the ten major sectors remains well below 2001.*

- Industries that added jobs between 2001 and 2008 had an average weekly wage of $1,194, 41% lower than in industries that lost jobs.

- An estimated 32% of all employed workers are paid $15/hr or less, putting them below the minimum earnings needed to meet the basic standard for self-sufficiency.

WHY IT MATTERS

The large majority of Santa Clara County families depend on work as their primary source of income; more than any other factor, the strength of the job market and of wage levels is central to determining households' financial well-being. Although the strong presence of Silicon Valley companies in international markets has helped cushion the local impacts of the current U.S. recession, the Valley is far from immune to the slowdown, as evidenced by the upward climb in unemployment over the past year.

In 2007, Silicon Valley finally appeared to be bouncing back from the devastating crash of 2001, as nine out of ten major industry sectors added jobs over the year. However, this growth proved short-lived when the job market slowed again in 2008, led by declining employment in the construction and finance industries resulting from the nationwide mortgage meltdown and subsequent credit crunch.

Silicon Valley and the United States will recover from the recession. Yet analysis of the just-completed recovery reveals a disturbing trend: While the region’s economy continued to expand, unlike previous economic cycles, this expansion was largely decoupled from job growth. This decade marks the first economic cycle for more than fifty years in which the region suffered a net job loss over the entire cycle. Silicon Valley’s economy appears to have veered onto a different track than that which it followed in previous decades with such success. If the U.S. economy follows the Valley’s lead – as the recent nearly jobless recovery may indicate – working families may increasingly feel a financial squeeze even in good economic times.

* See p. 18 for employment change in each of the ten industry sectors.
Silicon Valley experienced a period of substantive job growth from 2006 through mid 2007, but employment slowed in 2008.

After four long years of crippling employment losses followed by a job market stuck in neutral, beginning in mid-2005 Silicon Valley finally began to add jobs again. The boom proved to be both shallow and brief, producing average job growth of only 1.7% per year, and lasting only four years before jobs sank once again into near-recessionary territory. By June 2008, annualized job growth had fallen to just 0.1% – the lowest level since September of 2004 – leaving 54,600 of the region’s workers unemployed.

On the positive side, despite the national recession of 2008, as of June Silicon Valley workers have thus far avoided the severe job losses now plaguing California and much of the country. While the San Jose region currently has a higher unemployment rate, at 6.1%, than neighboring areas San Mateo and San Francisco, its unemployment is considerably less than the statewide rate of 6.9%.

Many of Silicon Valley’s most prominent companies, particularly technology giants like Google and Yahoo, are global businesses with a strong presence in international markets, helping to shield them from the domestic downturn. The falling value of the dollar against other currencies has provided a further boost to the region’s export-oriented industries. A second, less encouraging reason also underlies Silicon Valley’s relatively low job losses in the current recession: The jobs have already left. Most of the jobs that vanished in the wake of the 2001 crash have yet to return, leaving the region with a deficit of 135,600 jobs compared to June 2000. Meanwhile the region’s population has grown by 135,470 people since 2001, leaving Silicon Valley with more workers yet fewer jobs.

“There is no question that the state economy is in a slowdown and that the slowdown will probably last for at least another year.”

-Stephen Levy, Center for the Continuing Study of the California Economy²
Silicon Valley’s economy continues to grow, but economic growth has become decoupled from job growth, leading to a jobless recovery.

While the national recession is undeniably having an impact, Silicon Valley’s driving industries remain strong for the longer term. The “Silicon Valley 150” – the Valley’s 150 largest publicly traded companies – had a banner year in 2007. Total sales for the Silicon Valley 150 (or SV150) grew last year by 10.6% while profits roared ahead with growth at 35%, leading the SV150 to post record profits for the second year in a row and record sales for the fourth consecutive year. 3

However, over the past two decades job growth in Silicon Valley has failed to keep pace with economic growth. Between 1972 and 1985, the overall economy (as measured by inflation-adjusted total personal income, or TPI)* and jobs remained closely connected. Both TPI and jobs nearly doubled over this period, with each growing by 93%.

In the late 1980s and early ’90s, the jobs-economy connection began to weaken as military base closings depressed job growth. This gap grew larger in the boom of the late 1990s and for most of the current decade has continued to increase. By 2002, economic production had already bounced back to its 1999 level, but jobs were flat-lined. As of June 2008, employment in the Valley has yet to regain 1999 levels.

As a result of this decoupling of economic growth and job growth, even though inflation-adjusted TPI increased 84% between 1986 and 2006, employment grew by just 17% over that same twenty-year period.

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*Total personal income (TPI) as reported by the Bureau of Economic Analysis includes wages and salaries, income of business owners and the self-employed, interest, dividends, transfer payments and income from rent. It is used as a proxy for economic growth since a time-series measure of Gross Regional Product is not available over the time period of analysis. Total personal income is not necessarily correlated with median household income.
In the most recent business cycle, Silicon Valley posted the lowest job growth of any recovery in the past fifty years.

How does job creation in Silicon Valley during the most recent economic recovery stack up against performance in previous economic cycles? The answer is not encouraging.

Following the dot-com bust, Silicon Valley’s economy appears to have veered onto a fundamentally different track than it has followed in prior cycles. Despite substantial growth in revenues and profits from 2004-2008, Silicon Valley companies added jobs at a rate of only 1.7% annually – the lowest job growth of any expansion in the past fifty years.4

What’s more, over the complete economic cycle (Jan. 2001 to June 2008), the Valley lost a total of 136,300 jobs, marking the first cycle in the past half-century during which the region suffered a net job loss. The economy grew, but employment shrank.5

With the region’s population continuing to grow, job growth has failed to keep up with the demand for jobs, resulting in more residents leaving the labor force: a trend not visible in the unemployment rate. Between 2000 and 2006, the share of households in the county with zero wage or salary income grew from 14.9% to 18.3%.6

Job growth at the national level was similarly anemic during the recent recovery. Over the total national expansion (2001 Q4 to 2007 Q4), employment growth ranked as the lowest of any expansion in the past fifty years.7 In Silicon Valley – which has frequently been in the lead of national economic trends – we see this weak job growth amplified.
In 2007-08, educational and health services remains Silicon Valley’s strongest sector; manufacturing and professional/business services make gains but remain far from recovering 2001 levels.

From June 2007 through June 2008, seven of Silicon Valley’s ten major industry sectors added jobs. Manufacturing, the sector hardest hit by the previous recession, showed the strongest growth with 1,800 new jobs. Net job losses were concentrated in leisure and hospitality, which shed 1,900 jobs as recession loomed, and in construction and financial activities, both heavily impacted by the mortgage meltdown.

Over the longer term, the region’s employment base has shifted as some sectors incurred heavy losses while others held their ground. Figure 1.5 shows job gains or losses for the ten industry sectors since 2001. Professional and business services has now become the region’s largest source of employment with 19.6% of all jobs, eclipsing the previous leader – manufacturing – which now holds 19.3% of jobs. Yet the Valley’s two largest industries have also suffered the largest job losses, falling by 18% and 32% respectively since May 2001 for a combined loss of 120,000 jobs. In contrast, employment in private educational and health services increased by an impressive 55%, adding 14,700 jobs in the past seven years.

Figure 1.5, Source: Current Employment Statistics.
San Jose metro region includes Santa Clara and San Benito counties.
Shifting industry mix leads to falling wages; growing industries pay 41% less than shrinking industries

Analysis of wages and job growth in 70 detailed industry subdivisions reveals that job growth in the San Jose region during the recovery has been concentrated in lower-paying industry segments.

Between May 2005 and May 2008, 48 industry subdivisions added jobs while 20 eliminated jobs. The average weekly wage in the growing industries, weighted by the number of jobs added, was $1,667. In the industries that shed jobs, average wage was $1,960: nearly $300 more per week.

The industry shift that has taken place since the 2001 crash is even more pronounced. Jobs in growing industries averaged $1,194 per week, 41% below the $2,019 per week average in shrinking industries.

Figure 1.6, Source: Analysis of ES202 and CES data.
An estimated 32% of all employed workers do not earn enough to meet the basic standard for self-sufficiency

While Silicon Valley is host to a substantial number of high-paying occupations like computer software engineer (median pay of $54/hr) or general/operations manager (median $64/hr), the bulk of jobs available pay considerably less. Approximately 32% of all Silicon Valley workers are paid $15/hr or less, putting their wages below the "self-sufficiency standard" for a family of four, i.e., the minimum wage needed to afford the basic necessities of life in Santa Clara County without public assistance.*

An additional 29% of workers are paid $16 to $30/hr, which is enough to ensure self-sufficiency for a single adult or a two-earner family, but may be inadequate for a single parent. Finally, roughly 39% of workers are paid $31/hr or more, putting them solidly in the secure middle class (or above).

Figure 1.7 shows employment in the San Jose region by wage bands, based on the median wage of each detailed occupational category. The bottom two bars represent workers in occupations where the median wage is below self-sufficiency; the three next highest bars represent workers who may be below self-sufficiency, depending upon the size and composition of their family; and the nine upper bars represent those securely at or above self-sufficiency. The 61% of workers who are below or on the edge of self-sufficiency are all likely to have difficulty making ends meet at some point, be it a struggle to pay for basic food and rent, or the inability to save enough for retirement or a child’s college tuition.

*See page 28 for a detailed explanation of the self-sufficiency standard.
Eight of the 20 largest occupations do not pay a living wage

The region's 20 largest occupations collectively employ 29% of all workers in the county; examining these occupations can provide more insight into Silicon Valley's employment and wage structure.

Several of the top 20 jobs are high-paying, among them general/operations managers and three specialized classifications of computer engineering, all of which have a median wage over $50/hr. However, eight of these 20 jobs offer very low pay, with a median hourly wage that falls below the Living Wage for San Jose (As of July 2008, the current Living Wage as determined by the City of San Jose is $14.08/hr if an employer does not offer health coverage). This occupational profile suggests substantial growth in low-wage jobs over the decade, at the expense of middle-wage and high-wage jobs; in 2001, only five of the top 20 occupations paid less than a living wage.

The table below lists Santa Clara County's 20 largest occupations (ranked by total employment) in 2008, alongside the median wage in each, and identifies which occupations fall below the San Jose Living Wage standard.

### 20 Largest Occupations in Silicon Valley, 2008

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Employment</th>
<th>Median hourly wage</th>
<th>Above living wage?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail Salespersons</td>
<td>25,730</td>
<td>$10.66</td>
<td>N</td>
</tr>
<tr>
<td>Computer Software Engineers, Applications</td>
<td>20,260</td>
<td>$51.55</td>
<td></td>
</tr>
<tr>
<td>Computer Software Engineers, Systems Software</td>
<td>19,080</td>
<td>$53.90</td>
<td></td>
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<tr>
<td>Office Clerks, General</td>
<td>17,010</td>
<td>$15.31</td>
<td></td>
</tr>
<tr>
<td>General and Operations Managers</td>
<td>16,600</td>
<td>$63.77</td>
<td></td>
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<tr>
<td>Cashiers</td>
<td>16,490</td>
<td>$10.03</td>
<td>N</td>
</tr>
<tr>
<td>Executive Secretaries and Administrative Assistants</td>
<td>15,190</td>
<td>$24.85</td>
<td></td>
</tr>
<tr>
<td>Janitors and Cleaners, Except Maids and Housekeepers</td>
<td>14,710</td>
<td>$11.16</td>
<td>N</td>
</tr>
<tr>
<td>Registered Nurses</td>
<td>14,700</td>
<td>$47.86</td>
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<tr>
<td>Waiters and Waitresses</td>
<td>12,570</td>
<td>$8.55</td>
<td>N</td>
</tr>
<tr>
<td>Business Operations Specialists, All Other</td>
<td>10,380</td>
<td>$32.28</td>
<td></td>
</tr>
<tr>
<td>Combined Food Prep and Serving Workers, Incl. Fast Food</td>
<td>10,120</td>
<td>$8.87</td>
<td>N</td>
</tr>
<tr>
<td>Customer Service Representatives</td>
<td>10,090</td>
<td>$20.16</td>
<td></td>
</tr>
<tr>
<td>Bookkeeping, Accounting, and Auditing Clerks</td>
<td>9,880</td>
<td>$20.59</td>
<td></td>
</tr>
<tr>
<td>Stock Clerks and Order Fillers</td>
<td>9,820</td>
<td>$11.04</td>
<td>N</td>
</tr>
<tr>
<td>Computer Hardware Engineers</td>
<td>9,700</td>
<td>$55.09</td>
<td></td>
</tr>
<tr>
<td>Accountants and Auditors</td>
<td>9,000</td>
<td>$34.25</td>
<td></td>
</tr>
<tr>
<td>Laborers and Freight, Stock, and Material Movers, Hand</td>
<td>8,660</td>
<td>$12.49</td>
<td>N</td>
</tr>
<tr>
<td>First-Line Supervisors of Office &amp; Admin. Support Workers</td>
<td>8,540</td>
<td>$26.68</td>
<td></td>
</tr>
<tr>
<td>Security Guards</td>
<td>8,310</td>
<td>$13.36</td>
<td>N</td>
</tr>
</tbody>
</table>

INDICATOR 2: HOUSEHOLD BUDGETS

KEY STATISTICS

- Real median household income in Santa Clara County remained steady in 2006 at $80,838, showing no significant change from 2005 or 2004. This stabilization confirms that real income is no longer sliding downward; median income for 2007 is likely to show an increase, which would be the first real income growth this decade.

- The already high cost of living has soared in Silicon Valley with estimated cost increases since 2000 of 139% for gasoline, 119% for health care, 64% for child care and 50% in electric rates. Over the same period, the average weekly wage grew only 32%.

- Even with the recent drop in home prices, median housing costs for Santa Clara County homeowners are up an estimated 38% since 2000.

- The only major expense which has not increased is rents, which are down an estimated 6% from their 2001 high. Even after that drop, the San Jose region still averages the highest rents in the state.

WHY IT MATTERS

This indicator focuses on one of the most basic measurements of a family’s well-being: the ability to make ends meet. Do family members collectively bring in enough income in a year to cover the cost of living? If the answer is yes, then the household budget is balanced, and excess income can be saved or invested. But if income is not enough to cover expenses, the household will have to reduce its standard of living, dip into its savings, or go into debt to pay the difference.

In the current decade, the decline in jobs per population coupled with an increase in the proportion of low-wage jobs (see indicator 1, Employment and Wages) has placed increasing strain on household budgets. Further pressure is provided by the high cost of living – a full-time minimum wage worker in San Jose does not earn enough to cover the average rent for a two-bedroom apartment, let alone food, gas, and other necessities. And inflation continues to drive up prices at rates not seen for 17 years.

Together, these three factors – scarcity of jobs, lack of real wage growth, and soaring consumer prices – are lowering living standards for a broad swath of Silicon Valley’s households, from the poorest all the way through highly educated professionals. This triple threat, now beginning to spread across the country, is creating a widely recognized “middle-class squeeze.” According to the Economic Policy Institute, 2000-2007 marks the first recession and recovery cycle on record in which American families saw their real median income decline.10
Median household income stabilizes but still fails to outpace inflation

“Real household income” is income adjusted for the overall rate of inflation experienced by American consumers each year (known as the Consumer Price Index). While the overall inflation rate does not reflect the Silicon Valley region specifically, the trend in real household income is a useful measure of whether or not incomes have kept up with the average cost of living.

For Santa Clara County households, real median income in 2006 stood at $80,838, showing no statistically significant growth from 2005. For the past three years, real median income has held steady at about $80,000; this income stabilization confirms an end to the rapidly falling incomes of 2001-2004. Stable real incomes mean that households are better able to keep up with inflation. However, the average household has yet to recover any of the 2001-2004 income loss, which in 2006 real dollars translates to a fall of $10,980 in annual income.

Once again, the trend in Silicon Valley reflects and amplifies the larger national trend. For the United States as a whole, median family income showed little growth in the most recent economic recovery. In fact, real income remains below its level in 2000, marking the first recovery of any length since World War II in which median family incomes have failed to regain the ground lost in the preceding recession.11
No major ethnic group has seen real income growth for this decade

All of the county’s ethnic groups suffered from the decline in real incomes, and none has enjoyed any growth in real incomes between 2000 and 2006.

Among Silicon Valley’s three largest ethnic groups, Latinos absorbed an 18.8% drop in real incomes, followed by a 6.3% decline for whites and 2.0% for Asian Americans. Pacific Islanders, African-Americans, and Native Americans also appear to have experienced large declines, although the small sample size for these three groups makes income estimates subject to large margins of error.
Inflation hits home as average households spend more on the basics

In January 2008, San Jose achieved the dubious honor of being ranked by Forbes magazine as the metro region with the highest cost of living in the country. Since January, costs for most necessities have only grown higher, leaving even solidly middle-class households stretching to cover their expenses.

In 2007, the Bay Area saw higher inflation than the nation; the cost of living in the San Francisco-Oakland-San Jose region increased by 3.3% over the year, while inflation for the United States reached 2.8%. For 2008, inflation in the United States is thus far on track to reach its highest rate in 17 years, with annualized inflation standing at 7.9% as of June.

Locally, in the past six months Santa Clara County consumers have been hit by substantial cost increases for household basics ranging from food and rent to electricity and – by far the highest increase – gasoline. In the past 12 months alone (July 2007-08), the average price per gallon for regular unleaded in San Jose shot up by 42%. Over the longer term, Bay Area gas prices have grown since 2000 by an astounding 139%.

The run-up in gas prices is nearly equaled by the increase in health care costs; since 2000, the average cost to a worker for family health coverage in California has more than doubled, growing by 119%. Child care costs ballooned by 64%. Electric rates are up 50%, and public transit, while seeing less inflation than gasoline, is still up 66% (as measured by the monthly VTA pass). Food costs are up an average 34% nationwide. Homeowners are paying 38% more in housing costs. The only major category without an increase is rents, which are down somewhat from their 2001 high; but even after that drop, the San Jose region still averages the highest rents in the state.

The contrast between cost increases for household goods and services and increases in wages – as shown in Figure 1.10 – is striking. Since 2000, the average weekly wage in Santa Clara County has grown by a total of 32% before inflation. Except for rental housing, every major expense category for a typical household has increased faster than wages.
Housing remains the largest expense for Bay Area households, consuming 40% of the average family’s budget

As of 2005-06, the average Bay Area household spent 40% of its budget on housing and related expenses. Transportation consumed 15% of expenses, and another 13% went to food and drink.

In total, the average Bay Area household spent $66,343 annually in 2005-06, up considerably from $60,990 in 2004-05. Nearly two-thirds of this increase in spending went to housing-related expenses.

Child care costs grow 55% since 2001

Working parents in Santa Clara County are increasingly hard pressed to keep up with the cost of child care. For one preschool-aged child in 2008, the average cost of full-time center-based care came to $11,338 per year, a 55 percent increase since 2001. A minimum wage earner working full-time makes just $16,640 per year – making it virtually impossible for most low-wage workers to afford the market rate for quality child care.

Ironically, the providers of care and early education for the youngest children are themselves in the ranks of low-wage workers. The median wage for child care workers in Silicon Valley is $11.41/hr.17 As a result of low wages combined with high capital costs for child care centers, the county is suffering a shortage of available child care slots: a 2006 study found only 50,551 available licensed slots for an estimated 195,871 kids needing care.18

*Child care is not included in the above graph because households without young children have no child care expenses, making the average child care expenditure low. However, for those families that do need child care, it can be a major expense, as discussed in the following section.
INDICATOR 3: ACHIEVING SELF-SUFFICIENCY

KEY STATISTICS

• The 2008 Self-Sufficiency Standard shows that for two working parents with two kids, it costs a minimum of $62,100 per year to raise a family in Santa Clara County.

• For a single retiree living in rental housing, the minimum income needed to make ends meet is $25,391. Among seniors living alone – a fast-growing demographic in Silicon Valley – 51% have incomes too low to adequately meet their basic needs.

• 93,000 Silicon Valley adults experienced food insecurity (being unable to afford enough food) at some point in 2005. The majority (58%) were employed.

• 18,000 Silicon Valley adults and children experienced homelessness in 2007. Among homeless adults, 29% indicated that their homelessness was due to loss of a job, up from 18% in 2005.

WHY IT MATTERS

Santa Clara County holds the dubious honor of having one of the highest costs of living in the nation. Sky-high prices for housing, health care, energy, child care and other basic needs mean that even people working full-time at salaries well above the minimum wage often struggle to provide for themselves and their families.

The goal of “self-sufficiency” measures a family’s ability to provide for its own basic needs without deprivation and without relying on public assistance or private charity. Households that are not self-sufficient may experience hardships that can include homelessness, overcrowded housing, food insecurity (inability to afford enough food), using unlicensed child care or none at all, or delaying or foregoing needed health care.
The basic cost of living in Silicon Valley is $62,100 for a family of four

The "self-sufficiency standard" defines the minimum income necessary to meet a family's needs without public assistance, based upon the local cost of basic goods and services and the number of adults and children in the household.

The 2008 Self-Sufficiency Standard shows that for two working parents with two kids, it costs a minimum of $62,100 per year to raise a family in Santa Clara County. Assuming both parents work full-time year-round, they need to earn at least $14.70/hr to meet this standard. For a single parent with two young children, child care costs push the Self-Sufficiency Standard up to $69,497, meaning that he or she must earn $32.91/hr just to make ends meet.

Figure 1.12 shows the 2008 Santa Clara County Self-Sufficiency Standard for a family with two working parents and two children, breaking down the components of the standard: housing, food, transportation, health care, child care, taxes and miscellaneous expenses such as clothing.

It is important to note that the Self-Sufficiency Standard assumes that all working families are covered by job-based health insurance, which is increasingly not the case. Without access to job-based coverage, health care costs in the pie chart above shoot up from $348/month to an average $943/month, adding $7,140 to a family's annual expenses.\textsuperscript{19} In addition, self-sufficiency only measures whether a family can obtain its immediate needs at the market rate; it does not allow for costs of college education, retirement savings, unemployment, or other situations which might require additional expenditures.

In 2000, an estimated 25% of Santa Clara County households did not earn enough to meet the self-sufficiency standard.\textsuperscript{20} Since real incomes have fallen, this number is likely to be even larger today. As a result, many working people in the Valley live in overcrowded or substandard housing, go without needed health care and child care, or rely on public programs – if available – to fill the gap.
Half of all seniors living alone have incomes too low to meet their basic needs

A separate self-sufficiency standard has been developed to gauge the cost of living for older adults – specifically, retirees ages 65 and up. Retirees enjoy a lower cost of living in some respects, without the necessity of commuting or (usually) of providing for children, and with Medicare providing for health care expenses, although many costly health or personal care needs of older adults are not fully paid for by Medicare. At the same time, retirees living on a fixed income often face great difficulty in stretching their incomes to cover the rising costs of housing, food and transportation.

The Elder Economic Security Standard, developed by UCLA, indicates that the basic costs of living for elder households in Santa Clara County range from $25,391 for a single senior renting a one-bedroom unit, up to $47,354 for a couple with a mortgage.

As of 2006, at least 31% of households including elders had incomes below these standards, meaning that they face serious challenges in making ends meet. Among those who struggle the most are seniors living alone: 50.5% of this demographic had incomes that fell below the Elder Economic Security Standard, meaning that half of all seniors living alone have incomes too low to adequately cover basic costs for housing, food, health care, transportation and other necessities.

Neither Social Security nor Supplemental Security Income (SSI) typically pays enough for an elder to meet the Economic Security Standard. In Santa Clara County, the average annual Social Security payment to a senior recipient in 2006 was $11,264; the average annual payment for senior SSI recipients was just $7,731. Figure 1.13 shows the Elder Economic Standard for various living situations as compared to the average Social Security and SSI payments.

Senior women living alone are a fast-growing demographic in Santa Clara County, and are among the most likely to lack adequate income. In 2006, Santa Clara County was home to 29,318 senior women living alone – a 17% increase since 2000 – as well as 10,464 senior men living alone. The median income for seniors living alone was $31,883 for men and just $20,762 for women; the latter income puts the average woman well below the Elder Economic Security Standard, except for those who own their homes free and clear.

Figure 1.13, Source: UCLA Center for Health Policy Research; American Community Survey 2006 PUMS
More than 100,000 adults experience hardships; the majority can be considered "working poor"

Lack of adequate income has severe consequences for families; often they must forego one basic need, such as food, to pay for another, such as housing. As a result of these difficult decisions, in 2005 an estimated 93,000 adults experienced food insecurity (being unable to afford enough food), 119,000 had no usual place to go for health care, and 101,952 reported foregoing a needed doctor's visit due to cost. 

In addition, 38,259 households suffered overcrowded housing in 2006 (more than one person per room, excluding bathrooms), and in 2007 an estimated 18,056 people experienced the severe hardship of homelessness.

Many of those in need are the working poor. Increasingly, a job does not provide security against financial hardship. In 2005, 58% of all food insecure adults were employed, up from 47% in 2003. Similarly, 69% of adults with no usual place for health care had jobs in 2005, compared to 61% in 2003. An estimated 19% of the homeless were employed in 2007; furthermore, 29% of homeless residents surveyed indicated that their homelessness was due to loss of a job, up from 18% in 2005.

In 2008, the slowing economy coupled with soaring prices for food and fuel are likely to drive more individuals and families into hardship situations. Food banks serving the San Jose and central coast report that the demand for food assistance increased by more than 20 percent in the second quarter of 2008.
2. SEEKING SECURITY

INDICATOR 1: SAVINGS AND DEBT
INDICATOR 2: JOB SECURITY
INDICATOR 3: THE SAFETY NET
INDICATOR 1: SAVINGS AND DEBT

KEY STATISTICS

• Foreclosure activity in Santa Clara County has grown by 513% since 2006. In the past two years, one out of every forty homeowners received a notice of default on their mortgage.

• With 26.2% of homeowners holding a home equity loan or second mortgage, San Jose’s rate of borrowing against equity is 15th highest in the nation.

• In 2007-08, the number of personal bankruptcies in northern California rose by 60%.

WHY IT MATTERS

Over the past three decades, a transformation of the nature of work in the United States, coupled with changes in public policy, has resulted in a dramatic shift of risk: away from corporations and other large-scale institutions, and onto individual families. Today, the middle class walks a tightrope of insecure jobs, unreliable incomes, inaccessible health insurance, and increasing debt, with worrisome prospects for the immediate future, let alone for retirement.

Middle class financial and asset instability have been brought to the forefront of national attention in the past year with the advent of the mortgage meltdown. Homeownership is a hallmark of the American Dream, and owning one’s own home has long been viewed as key to ensuring family stability and financial security. But in the past two years, more than a million American families have seen that dream disappear as their homes have been lost to foreclosure.3
Foreclosure rate is highest on record; one in forty homes has received a notice of default on their mortgage

In 2007, Silicon Valley (along with the nation) suffered an unprecedented rise in foreclosures, setting an all-time local record for annual mortgage defaults – only to see that record surpassed in the first six months of 2008.

Lenders sent 3,679 notices of default (the first step in the foreclosure process) to Santa Clara County homeowners in the second quarter of 2008, representing a more than sixfold increase in just two years (up 513% since 2006 Q2). Over the past 24 months, 14,839 homeowners have received notices of default, representing one out of every forty homes. By comparison, the worst 24 months following the dot-com bust saw 6,087 foreclosures, affecting one out of every hundred homes.

Subprime foreclosures alone are projected to reduce property values in the county by $2.53 billion

Today’s never-before-seen foreclosure highs are the result of a confluence of factors: subprime, adjustable rate, and other “exotic” loans made without adequate oversight; subpar wages that blocked many Americans from affording a home using conventional loans and pushed them to rely heavily on excessive credit (encouraged to do so by banks, brokers and lenders); and above all, the housing market bubble, which inflated home prices in markets like Silicon Valley to extraordinary levels, and whose collapse now leaves many homeowners owing more on their mortgage than the market value of their home. (One statewide estimate puts the number of 2005 homebuyers who now owe more than their home’s value at 68%.) Initially thought to be limited to the subprime mortgage market, the crisis has now spread its tendrils far beyond, reaching not only to homeowners with prime-rate loans, but triggering a credit crunch that poses a substantial threat to worldwide financial institutions and markets.

On the local level too, the foreclosure crisis’s effects are widespread. In Santa Clara County, the Center for Responsible Lending estimates that the foreclosures on homes purchased with subprime loans in 2005 and 2006 will create a “spillover effect” on the value of surrounding houses, ultimately bringing down home values and reducing the county’s tax base by $2.53 billion. This does not include the additional impacts from foreclosures on prime or other types of loans, nor from loans made in 2007-08. Statewide, subprime foreclosures will bring down California home values by an estimated $107.2 billion.

Among other impacts:

- Employment has fallen by 6% in the construction industry.
- Renters are being evicted as their landlords succumb to foreclosure. One out of five foreclosures in California last year was on non-owner-occupied housing.
- California social service providers report a noticeable increase in homelessness due to foreclosures.
- Cases of West Nile virus in California were up 40% in 2007, an increase partly attributable to mosquitoes breeding in swimming pools of foreclosed-upon homes. Santa Clara County’s vector control district identified and treated more than 200 algae-infested abandoned pools last year.
In 2006, one-third of all mortgage loans to African-Americans and nearly half of all loans to Latinos were subprime

A family’s housing costs and ability to pay the monthly mortgage depend greatly on the type of loan and its interest rate. Subprime loans, which charge a higher interest rate, are typically marketed to buyers with poorer credit ratings – who end up paying more for their mortgage. In 2004, the average California borrower with a 30-year subprime mortgage would have paid $692 more per month than the average borrower with the same mortgage at the prime interest rate.12

In San Jose, the rate of subprime lending increased markedly in 2005-06. From having one of the nation’s lowest incidences of subprime lending – making up just 1.7% of all home purchase loans in 2004 – the region saw subprime shoot up to 17.5% of all home purchase loans in 2006.13

Even more striking is the demographic disparity between buyers who received a prime-rate loan and those who were saddled with a subprime loan. Among homebuyers, African-Americans were 3.7 times more likely than whites to end up with a subprime loan; Latinos were 5.5 times more likely. In total, 32% of African-American homebuyers and 47% of Latino homebuyers received subprime loans.

The practice of “steering”, in which brokers receive kickbacks from the lender (known as yield spread premiums) if they direct customers to more expensive subprime loans, likely contributed to this disparity.14 A nationwide analysis of loans issued in 2004 revealed that Latino or African-American homebuyers were 30% more likely to receive a subprime loan than a white homebuyer with the same credit score and down payment.15

Too often, homebuyers who are steered into a subprime or other exotic loan end up unable to pay the loan’s higher costs (especially for adjustable rate mortgages and others in which initially low payments later went up.) The San Jose Mercury News found that – while Latinos make up only 26% of the county’s population – roughly 60% of all foreclosures in 2007 fell on homes owned by Latinos.16

In the wake of the mortgage meltdown, regulators and banks have moved to limit subprime lending and other exotic types of loans; however, the impacts of the recent spate of subprime lending will continue to reverberate for several more years. The Center for Responsible Lending projects that for subprime loans originated in the San Jose metro region in 2006, 19.3% – nearly one out of five – will end in foreclosure.17
With 26.2% of homeowners holding a home equity loan or second mortgage, San Jose’s rate of borrowing against equity is 15th highest in the nation.

The rate of borrowing against home values in Silicon Valley is among the highest in the country, with the San Jose region ranking 15th among the nation’s 150 largest housing markets. In 2006, 26.2% of all homeowners in the county had either an outstanding home equity loan or a second mortgage, higher than the state or national rate, and up from 21.4% in 2000.

Home equity can provide an additional safety net for families in need, but too-heavy reliance on it may end up driving the household into a hole. Homeowners who draw down excessive equity may end up owing more in mortgage and loan payments than they can repay, or—especially if home values decline—even owing more than the house is worth, a situation referred to as being “upside down” in a house. Families in this situation are at high risk of foreclosure.

Home equity borrowing in Santa Clara County is likely to decrease in 2007-08, not because households are in a better financial situation—they’re not—but because homeowners have watched their equity disappear over the past year as home values dropped. Declining property values resulting from the bursting of the housing bubble are a prime force driving the ongoing rise in foreclosures. As the market value of their home falls, more and more homeowners find themselves financially “upside down”.

Nationwide, American homeowners’ percentage of equity in their homes—that is, the ratio of the amount of the house that the homeowner actually owns to the house’s total value—is at an all-time low of 46.2%, as of the first quarter of 2008. 2007-08 marks the first period on record in which homeowners’ mortgage debt exceeds their equity. Collectively, homeowners now own less than half the equity value of their homes. The home equity to value ratio has fallen steadily since 2001, when it stood at 57%, and is down even further from historic norms; in 1985, the ratio was 69%.

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**HOMEOWNERSHIP: RELATED DATA**

- Housing cost burden see p. 73
- Affordability for first-time homebuyers see p. 75
- Annual home sales and prices see p. 76
- Homeownership rate see p. 78

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Between 2007 and 2008, personal bankruptcy filings rose by 60% despite new bankruptcy law

The personal bankruptcy rate is one indicator of financial insecurity; it signals the frequency of extremely high and unsustainable household debt burdens. In 2007, 10,603 people filed for personal bankruptcy in northern California. For the first quarter of 2008, bankruptcies were up 60% over Q1 2007, with 4,065 people filing for bankruptcy. The San Jose division saw the greatest increase in Northern California, with bankruptcies up 70% between 2006-07 and 2007-08.22

Households often file for bankruptcy when they are in danger of losing their homes to foreclosure.23 Health problems are also a major contributor; a 2001 survey found that 46% of all personal bankruptcies nationwide are related to illness or medical bills.24

A new federal law, which took effect in fall 2005, added tighter restrictions on individuals’ ability to file for personal bankruptcy. Bankruptcy filings in northern California did fall immediately after the new law took effect, but they have since resumed their climb, although filings remain below the levels of 2000-05.

The personal savings rate stabilizes, but remains at its lowest level since the Great Depression

Savings are key to a household’s security. Every family will, at some point, experience an unanticipated financial challenge: the car breaking down, losing a job, falling seriously ill. With adequate savings, a household has a cushion with which to replace lost income or pay for unforeseen expenses; without savings, a challenge can become a crisis. In addition, savings are needed to ensure a secure retirement and to pay for higher education.

Over the past twenty years, the United States has witnessed a dramatic decline in the personal savings rate, which represents the difference between American households’ total income and their total spending. In 2007, the personal savings rate ceased its fall – but it stabilized at an annual rate of only 0.5%, the lowest savings level since 1933.
Americans’ debt payments now consume 14% of after-tax income

As of the first quarter of 2008, American households’ total required monthly debt payment, including mortgage and consumer debts, equaled 14.1% of total household income after taxes. In other words, American households are spending 14.1% of their income just to service their debts – more than they spend on food.26

While this debt service ratio has remained fairly constant over the past two years, in the longer-term picture it is at an historic high (see Figure 2.6). With the U.S. job market failing to provide adequate incomes, many working families have been forced to rely upon debt to make up the gap between wages and rising costs. In a survey of low- and middle-income American households with credit card debt, one-third reported relying on credit cards to cover basic expenses: rent, mortgage, groceries, utilities, or insurance.27

Income volatility eats away at savings; every two years, one out of ten working-age adults sees their income fall by more than 50%

Along with inadequate wages, income instability underlies much of the decline in the national savings rate and concomitant increase in debt. For American families, income volatility – the likelihood of large sudden swings in income – has doubled since 1969. The proportion of working-age adults experiencing a family income drop of more than 50% in a two-year period has grown from just 4% in the early 1970s to nearly 10% today. In other words, every two years, one out of ten working-age Americans will see their family income cut in half.28

Because a typical middle-class family cannot suddenly cut their expenses in half without falling into hunger or homelessness, households hit with a sudden income drop may have to make up for the loss by dipping into their savings or taking out debt. In 2007, the national Middle-Class Security Index showed that only 31% of middle-class families (as defined by income) were financially secure. More than half of middle-class families have no net financial assets. Twenty-one percent of middle-class families live paycheck to paycheck, with less than $100 per week left after paying for essential living expenses like housing and food -- a situation which makes saving impossible.29
**INDICATOR 2: JOB SECURITY**

**KEY STATISTICS**

- In Silicon Valley’s retail sector, eight out of ten jobs last less than a year.

- Low-wage workers in Santa Clara County are disproportionately female and Latino. Sixty-three percent of low-wage workers are in their prime working years of age 25 to 64.

- Silicon Valley’s low-wage jobs are heavily concentrated in the leisure and hospitality sector, where 37% of workers can be classified as low-wage.

- In 2007, Bay Area union membership rose to 12.1% of private sector workers, the highest rate this decade. Union membership increases average job tenure by 60%.

**WHY IT MATTERS**

“The great risk shift” has accelerated in the past five years, with its impact perhaps nowhere more evident than in Silicon Valley. The Valley’s close ties to high-tech and the global economy are the source of both our greatest economic strengths and our greatest weaknesses. We have been hit first and hardest by trends such as outsourcing, contracting, contingent and temporary employment, vanishing career ladders, and the movement from stable wages and pensions to forms of compensation dependent on the stock market.

Cumulatively, these trends are generating a qualitative change in the organization of work. More and more jobs offer low pay, few if any benefits, and no job security. They are dead-end positions, requiring relatively little education and lacking career ladders through which increased skills yield increased compensation. Secure middle-class jobs that can support the average family are becoming rarer; even if you have a good job, you never know when it might disappear. Just as businesses suffer in the face of economic uncertainty, so do individuals; workers whose income is undependable have difficulty planning for the future, and may be unable to access credit, finance major purchases, or even rent a house or apartment. The shift away from stable employment adds up to heightened insecurity for the middle class.
Job churning is highest in the retail sector, where 8 out of 10 jobs last less than a year.

"Job churning" describes the high rate of employee turnover that has become the norm in many American industries, even when an industry or company is growing and adding net employees. Since turnover rates include both voluntary and involuntary employee separations, high turnover is not, in itself, a signal of a faltering economy. In fact, Silicon Valley saw some of its highest turnover rates at the very end of the 1990s when job markets were tight, encouraging workers to move rapidly between jobs in search of upward mobility.

However, sustained high rates of job churning may have negative impacts on household finances, economic security, and ultimately, community coherence. Unemployment spells can cause considerable hardship for families; even if the worker in question is able to find a new job fairly quickly, the initial drop in income, the costs of job hunting and disruption to the normal routine can all take their toll. In a 2003 national survey of unemployed workers, 57% of all unemployed adults reported that they had to postpone medical treatments; 56% had to cut back on spending for food; 26% had to move to different housing, or move in with a friend or relative; 22% had their phone service cut off; and 36% had trouble paying gas or electric bills.30

Figure 2.7 shows quarterly turnover rates in Silicon Valley’s five largest industries (as ranked by total employment). Unsurprisingly, turnover is highest in the retail sector, with 15.2% turnover in the most recent quarter (2007 Q2) and annual turnover for 2006-07 at 82% -- meaning, roughly, that 8 out of 10 retail jobs last less than a year.

The manufacturing industry, by contrast, has consistently low turnover at 28% annually for 2006-07. As discussed in Chapter 1, Silicon Valley’s employment base has been shifting away from manufacturing towards business services, health and education – all of which have annual turnover rates of 40-50%.

**Turnover in Santa Clara County’s Five Largest Industries, 2001-2007 Q2**

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30. Figure 2.7, Source: Quarterly Workforce Indicators, U.S. Census Bureau.
Seeking Security: Indicator 2: Job Security

LOW-WAGE WORK

Silicon Valley’s low-wage workers are most likely to be female, Latino, and aged 25 to 64

The proliferation of low-wage jobs (as discussed in Chapter 1) is a prime contributor to job and income insecurity. In addition to paying wages that are inadequate to meet the cost of living, low-wage jobs have higher turnover rates, are less likely to offer health or retirement benefits and are less likely to provide full-time year-round work than are middle-wage jobs.

The table at right profiles the low-wage workforce in Santa Clara County (for statistical purposes, “low-wage” is defined here as the bottom 20% of workers by annual wage/salary income, roughly $15,000 and below.)

While 37% of low-wage workers are young people who may be students or just entering the workforce, 63% are adults aged 25-64, in what should be their prime earning years. Four out of ten are married and 22% are raising children (by comparison, 35% of all workers are raising children). Women are slightly more likely than men to be in low-wage work. Most prominently, Latinos are overrepresented in the low-wage workforce; while Latinos make up 25% of the workforce as a whole, they are 38% of low-wage workers.

Low-wage workers are heavily concentrated in the leisure and hospitality sector

The prevalence of low-wage work within an industry is determined by a combination of the hourly wages paid and the hours per week or weeks worked per year. Figure 2.8 shows the concentration of low-wage workers in Silicon Valley’s major industries. Since low-wage work is defined here as the bottom 20%, any industry with a concentration of less than 20% has a moderate or low prevalence of low-wage work.

Only three industries hold a disproportionately high number of low-wage workers: construction, “other services” (which includes repair & maintenance and personal & laundry services), and above all, leisure and hospitality.

In this sector, which includes hotels, restaurants, and arts, entertainment and recreation, 37% of employees are low-wage workers. The average wage/salary income of workers in the leisure and hospitality industry is just $21,013, despite the fact that 72% of workers in this sector are in their prime working years of age 25-64.\textsuperscript{11}

Source: Economic Policy Institute analysis of 2006 American Community Survey

Figure 2.8, Source: Economic Policy Institute analysis of 2006 American Community Survey
In California, unionization raises pay by an average 17% for low-wage workers and 16% for the median-wage worker.

One approach to improving job quality and security is unionization. Workers who choose to form a labor union gain the ability to bargain collectively with their employers; this strategy has a well-documented positive effect on wage levels. 32

Workers across the pay scale earn higher wages if their job is unionized; however, the largest wage benefits accrue to low- and middle-wage workers. A 2008 study by the Center for Economic and Policy Research examined five years’ worth of wages for union and nonunion workers in every state, adjusting for differences in wage levels as well as education, age, experience, gender, and race to make sure they were comparing workers with similar characteristics.

The results showed that workers in every state experience wage gains from unionization, and nationwide, the lowest-wage workers (10th percentile wage level) gain the largest pay increase – 20.7% – from joining a union. 33 In California, the lowest-wage workers see a 16.5% wage increase from unionization, and middle-wage workers see an increase nearly as high at 15.9% (see Figure 2.9). This analysis provides compelling evidence for the utility of unions as a tool for communities seeking to turn low-wage jobs back into good jobs.

Workers who are members of a union have greater job security than nonunion workers.

In addition to lifting up wage levels, unions hold potential to increase family economic security through multiple means, including health and retirement benefits, protections against discrimination or unsafe working conditions, and even sponsoring job training and upgrade programs to help workers keep their skills current or advance their careers.

The combined effects of these benefits translate to improved job security for workers and reduced turnover for employers. Nationwide, average job tenure (length of time at current job) is 11.5 years for union workers and 7.2 years for nonunion workers. When broken down by age, union workers of every age bracket enjoy higher average job tenure than nonunion workers of the same age, as shown in Figure 2.10.

Figure 2.9, Source: Center for Economic and Policy Research

Figure 2.10, Source: CPS, Displaced Workers/Job Tenure Supplement
Bay Area private sector workers achieve highest unionization rate since 1999

Bay Area union membership was on the rise in 2007, driven by increased unionization in the private sector. An estimated 57,000 additional private-sector workers chose to join unions last year, bringing the private-sector unionization rate for the San Jose-San Francisco-Oakland region up to 12.1%: the highest rate this decade.

Combining the public and private sectors, 18.2% of all workers in the Bay Area were covered by a union contract in 2007, up from 17.1% in 2006.34

The United States as a whole saw an uptick from 12.0% to 12.1%: a small increase, but notable as the first recorded growth in the nation’s unionization rate since the 1970s.

However, union membership in the Bay Area -- and the United States -- remains near historic lows following decades of decline. In the 1960s, about 30% of workers belonged to unions. Today, union coverage has been cut to the rock-bottom rate of 12%.

Under the right circumstances, unionization can set standards for an entire industry, improving job quality for both union and nonunion workers.35 However, this kind of industry-wide effect generally occurs only in industries that enjoy a high union density. As union density in the U.S. has been eroded, job security has declined in many fields.36
**INDICATOR 3: THE SAFETY NET**

**KEY STATISTICS**

- In the first quarter of 2008, 45% of unemployed workers in California ran out of unemployment benefits without finding a new job. The recently passed federal extension of benefits will provide some relief to the long-term unemployed.

- As of April 2008, more than one out of every eight Santa Clara County residents receives some form of public assistance; more than two thirds of these are Medi-Cal enrollees.

- Older adults aged 60+ make up 14.5% of Santa Clara County’s population, yet they are 17.2% of Medi-Cal recipients and 22.4% of General Assistance recipients.

**WHY IT MATTERS**

The social safety net is supposed to be a means of support for households negatively impacted by economic conditions, providing a degree of insulation against job and income insecurity. But the safety net in the United States is in a state of advanced decay.

The majority of unemployed workers never receive unemployment benefits, and even for those that do, the amount and length of the benefits are usually inadequate. Our health care system is in crisis, with employer-based coverage shrinking and no existing government program capable of picking up the slack for the growing population of working uninsured adults. Other safety net programs, such as welfare and food stamps, play a crucial role in supporting the most vulnerable segments of the population. However, these programs have such limited eligibility requirements that the majority of people impacted by economic risk are excluded from help.
Seeking Security: Indicator 3: The Safety Net

UNEMPLOYMENT INSURANCE

In California, three out of five unemployed workers are excluded from unemployment insurance benefits

The unemployment insurance system is intended to cushion the impact of job loss on families and on the overall economy by replacing a portion of a laid-off worker’s wages. Nearly all workers in California pay a portion of their wages into the unemployment insurance system. Yet only 39% of unemployed workers statewide actually receive unemployment benefits.

Our nation’s unemployment insurance system was designed more than fifty years ago, based on the assumption that most families depended upon a single breadwinner who had a full-time, permanent, stable job. Layoffs were assumed to be relatively rare, and once the economy improved, a laid-off worker was supposed to be able to quickly find another job, or even be called back to his or her original job.

Today, very few jobs fit into this model. But the unemployment system has responded only slowly to the changing nature of work. As a result, less than half of jobless workers qualify under the antiquated unemployment rules. Low-income and contingent workers, who are disproportionately minorities, are particularly disadvantaged by the current rules, which exclude workers with too-low incomes and do not count income from the most recent quarter of work. California has adopted some reforms that expand access to benefits, but many unemployed workers remain outside the system.37

Percent of Jobless Workers Receiving Unemployment Benefits, California, 2000-2007

Figure 2.12, Source: U.S. Department of Labor
Unemployment payments increase for California workers

Over the past five years, California has made steady progress in boosting the payments provided by unemployment insurance to a more sustainable level. Unemployed workers got a boost in 2002, when California increased the benefits payable through the state's unemployment insurance program. Previously, California had one of the lowest benefit rates in the country, with the average benefit replacing only about 39% of a worker's previous wages. In 2006, the average benefit replaced 50.5% of wages, above the national replacement rate of 46.7%.

The state's benefit rates remain low relative to the cost of living, however, especially in high-cost areas of the state like Silicon Valley. The lowest-income claimants receive benefits of just $40 per week. Even the maximum benefit, $450 per week, is inadequate to cover housing costs alone for the average Santa Clara County homeowner.

Figure 2.13, Source: U.S. Department of Labor
Forty-five percent of unemployed workers in California exhausted their unemployment benefits in Q1 of 2008; the recently passed federal extension of benefits will provide some relief to the long-term unemployed.

Even if a jobless worker is fortunate enough to qualify for unemployment insurance, he or she faces an additional problem: the insurance runs out in six months at most. If laid-off workers could quickly find new jobs, the time limit would not be a problem; however, as the nature of employment has shifted, long-term unemployment has become far more common than in the past.

In California today, over forty percent of all workers on unemployment exhaust their benefits, i.e., they run out of benefits while they are still looking for work. In mid-2007 the rate of exhaustions began to climb as job growth slowed. As of the first quarter of 2008, the benefits exhaustion rate stood at 45.1%. By comparison, the exhaustion rate in Q1 of 2001 was 36.6%.

To temper the impacts of the economic slowdown, the federal government recently passed an extension of jobless benefits for the long-term unemployed, known as Emergency Unemployment Compensation (EUC). Beginning July 6, 2008, jobless workers who have exhausted their regular state benefits and still cannot find work can receive up to 13 weeks of extended federal benefits. The extension began in July to help approximately 950,000 unemployed workers nationwide who had already exhausted their benefits; it will reach a projected 3.7 million jobless workers by March 2009 (when the extension is set to expire).
More than one out of every eight Santa Clara County residents receives public assistance; Medi-Cal is the most-used program by far

As of April 2008, 250,767 children and adults were receiving public assistance in Santa Clara County: 13.6% of the population.

Two-thirds of the individuals on public assistance received not cash aid or food stamps, but Medi-Cal. Since 2001, the number of Medi-Cal enrollees in the county has nearly doubled. This immense need for assistance with health coverage reflects the nation’s broken health care system, designed to rely on increasingly inadequate job-based health insurance (see Chapter 3 for further discussion of health insurance coverage).

For residents struggling with increasing job and income insecurity, public assistance programs are a vital part of the social safety net. In addition to helping families avoid the extreme hardships of hunger, homelessness, and lack of health care, public assistance can give recipients the stability they need in order to find or keep a job, provide for their children, or succeed in school. However, many individuals and households in need are excluded from aid programs due to strict state and federal eligibility standards.

Figure 2.15, Source: Santa Clara County Social Services Agency. Data tracking methodology changed in July 2005; 2006-08 data are thus not directly comparable to prior years. ‘Medi-Cal only’ and ‘Food Stamps only’ do not include CalWORKs clients.
Number of CalWORKs recipients remains stable for 2007-08, but well above prior levels

In 2007-08, the number of county CalWORKs recipients fell slightly from the previous year, totaling 14,142 households and 33,386 people as of April 2008. While the CalWORKs caseload has been fairly stable recently, it has risen over the decade, up 35% since 2001.

As of April 2008, 62% of the county’s CalWORKs recipients were Hispanic/Latino, 12% white, 9% Vietnamese, and the remainder from a wide mix of ethnicities. 94% were born in the United States. Only 22% of CalWORKs recipients were adults, and more than three-quarters were children; among the adults, 78% were women. The chart illustrates the quarterly caseload from 2000 to 2008.

Figure 2.16, Source: Santa Clara County Social Services Agency
Older adults are largely ineligible for CalWORKs, but seniors make up a disproportionate number of clients in other public assistance programs.

Because CalWORKs is targeted to families with minor children, low-income older adults are generally excluded from CalWORKs benefits, as well as being less likely to receive food stamps. However, other public assistance programs serve a disproportionately large number of seniors.

Individuals age 60 or over make up 14.5% of Santa Clara County’s population, yet they are 17.2% of Medi-Cal recipients and 22.4% of General Assistance recipients. Another smaller cash aid program, CAPI, serves elders nearly exclusively at 94% of its caseload. In total, 38,368 seniors – 15% of the total population aged 60 and up – receive some form of public assistance from the County.

Low-income seniors may also receive financial assistance from the State through the Supplemental Security Income / State Supplemental Payment program (SSI/SSP). Approximately 47,490 low-income seniors and people with disabilities living in Santa Clara County receive SSI/SSP grants to help with basic living expenses. However, the real value of SSI/SSP grants is diminishing as the State refrains from providing cost of living adjustments; one scheduled cost of living adjustment has already been deferred from June 2008 to October, and the Governor’s proposed budget (May Revise) would suspend and withhold additional cost of living adjustments through June of 2009, cutting support to elderly and disabled Californians by a total of $484 million. In addition, the Governor’s proposed budget would eliminate CAPI altogether. The final budget for 2008-09 could reinstate some of these proposed cuts; as of July 31, the Legislature and the Governor remain in negotiations, and a final budget has yet to emerge.

Figure 2.17, Source: Santa Clara County Social Services Agency; American Community Survey
3. STAYING HEALTHY

INDICATOR 1: CHILDREN’S HEALTH
INDICATOR 2: ADULT HEALTH
INDICATOR 3: HEALTH CARE ACCESS/INFRASTRUCTURE
**KEY STATISTICS**

- Through the efforts of the Santa Clara County Children’s Health Initiative, enrollment in children’s public health programs grew for the seventh consecutive year, from 133,529 kids in 2006 to 138,470 in 2007.

- Children enrolled in Santa Clara County’s Healthy Kids program are nearly twice as likely (89%) to have a usual source of care compared to similar children without Healthy Kids (49%).

- African American infants in Santa Clara County are two to three times more likely to suffer infant mortality than other racial/ethnic groups.

**WHY IT MATTERS**

There are few things more vital to the well-being of a community than the health of its children. Kids with health insurance coverage are more likely to receive necessary preventative treatment, more likely to see a doctor when they are sick, and less likely to miss school.

In Santa Clara County, trends in overall children’s health coverage have been encouraging in recent years, as local policy has helped expand access to quality public health insurance programs. However, funding limitations at the federal, state, and local level continue to threaten the ongoing success of these programs. Maintaining sufficient funding capacity to combat the sharp decline seen in private employer-based health coverage in recent years remains a major challenge for children’s public health insurance programs.
Number of kids with public health coverage continues to grow

Since its launch in 2001, the Santa Clara County Children’s Health Initiative (CHI) has dramatically improved health coverage for Silicon Valley kids, more than doubling the number of kids enrolled in publicly provided health insurance. This first-in-the-nation program includes both a public outreach effort to enroll kids eligible for two state/federal health programs, Medi-Cal and Healthy Families, as well as the creation of a new local public program, Healthy Kids, to provide affordable health insurance to low and middle income children.

In 2007, CHI assisted more than 17,000 children with enrollment into Medi-Cal, Healthy Families, and Healthy Kids, a 15% increase from 2006. Overall, average monthly enrollment for these three public programs increased for the seventh consecutive year, rising from 133,529 kids in 2006 to 138,470 kids in 2007 (see Figure 3.1). Average enrollment in the first four months of 2008 also crept up slightly, climbing to just under 140,000 kids.2

The success of CHI has helped keep overall health insurance rates for kids in Santa Clara County very high, with more than 97% of all kids now covered – this despite major declines in employer-based private coverage in recent years.3 However several challenges for children’s health arose in 2007: the county lost $1.5 million over two years in state funding for Healthy Families and Medi-Cal enrollment and retention; the federal government delayed reauthorizing money for Healthy Families; and Healthy Kids was forced to cap its enrollment due to local funding limitations.4 Moreover, state budget reductions proposed in 2008, if implemented, would have forced an estimated 550,000 California children off of health insurance programs.5 Although these budget proposals – to increase Medi-Cal status reporting requirements and raise Healthy Families premiums and co-payments - have been reduced or rejected temporarily, state budget challenges remain a serious threat. If local and state programs are to continue to protect children from the ongoing decline in job-based insurance, there will have to be an enduring, determined effort to keep them fully funded.
Studies show that Healthy Kids program has dramatically improved health status and access to care

With the establishment of the Healthy Kids program in 2001, all children in Santa Clara County with a family income below 300% of the Federal Poverty Level – $63,600 for a family of four in 2008 – became eligible for comprehensive, affordable health insurance. Healthy Kids has filled the gap for many families who could not afford private insurance but were not eligible for existing public coverage.

The impact of the Healthy Kids program on the children who participate has been staggering. A 2003-04 survey found that children enrolled in Healthy Kids saw dramatic improvements in health care access compared to similar children without Healthy Kids coverage. Children enrolled in Healthy Kids were nearly twice as likely, at 89%, to have a usual source of care compared to those without Healthy Kids, at 49%. The proportion of children with a medical visit in the past six months also jumped from 32% for children without Healthy Kids to 54% of those with the program (Note: This boost held true regardless of the type of visit, i.e. preventive visits jumped from 25% to 43%, visits for sick children rose from 18% to 30%, and visits to specialists climbed from 5% to 11%). Furthermore, the percentage of children receiving a preventive dental checkup in the past six months nearly tripled for those with Healthy Kids, from 22% to 61%, while the share of children with unmet medical needs dropped from 24% without Healthy Kids to just 10% with the program. These improvements in medical access were reflected in parents’ confidence levels, as 75% of parents of children with Healthy Kids reported being confident their child could get care as needed, compared to just 41% of those without Healthy Kids (see Figure 3.2).
Not only have children enrolled in Healthy Kids experienced improved health access, they have also seen significantly improved health outcomes compared to similar children without Healthy Kids coverage. After participating in the program for just one year, the share of children reported to be in fair or poor health was just 12%, a full third below the 18% of children without Healthy Kids.9

Moreover, Healthy Kids reduced the need for kids to miss school. The proportion of 5-18 year olds missing 3 or more school days in the previous month due to health problems was 5% for those having Healthy Kids coverage for one year compared to 11% for those without Healthy Kids (see Figure 3.3).10 These results demonstrate how quality health insurance programs can have a concrete impact on health in a short period of time.

INFANT HEALTH

Access to timely prenatal care declines in 2006, ethnic disparities persist

Children's health care needs begin before they are born. An expectant mother's access to early prenatal care can significantly reduce the risk of health problems for her child as well as herself.11 In 2005, the percentage of all Santa Clara County mothers who received late (after the first trimester) or no prenatal care remained consistent with 2000 levels, at 12.9%.12 This means that more than 1 out of 8 Santa Clara County mothers are still not receiving the care they need.

Large disparities continue to exist among different ethnic groups, though the gap is narrowing. From 2000-2005, the share of Latina mothers receiving late or no prenatal care declined from 20.4% to 19% but remained higher than other racial/ethnic groups.13 Rates were also elevated among African American mothers, with 17.2% not receiving needed prenatal care in 2005, compared to 10.1% of Asian/Pacific Islander mothers and 8.2% of White mothers (see Figure 3.4).14
Low birth weights show a slight increasing trend since 2001; rates remain highest among African-American and Asian-American babies.

Birth weight is another key indicator of infant health, as low birth weight babies are at higher risk of infant mortality, long term disabilities and other health problems.\(^\text{16}\) From 2005 to 2006, the countywide share of babies born at low birth weight (<2500 grams) increased slightly from 6.5% to 6.8%.\(^\text{17}\) Santa Clara County is not meeting the national Healthy People 2010 objective of 5.9% or fewer babies born underweight.

Overall, low birth weight has shown a very small, but statistically significant increasing trend countywide since 2001. African American babies (at 11% in 2006) and Asian/Pacific Islander babies (at 7.6% in 2006) continue to be most at risk of low birth weight. Latino babies (5.9%) and White babies (6.4%) are least likely to be born below a healthy weight level (see Figure 3.5).\(^\text{18}\)

**Figure 3.5**, Source: Santa Clara County Public Health Department

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Percentage of Low Weight Births (<2500g), by Race/Ethnicity, Santa Clara County, 2000-2006
Infant mortality showing downward overall trend; but African American infants continue to suffer disproportionately high rates

Infant mortality is one of the most fundamental measures of community health. In 2006, the infant mortality rate (IMR) in Santa Clara County dropped to 3.1 deaths per 1,000 births down from 4.1 deaths per 1,000 live births in 2005 (see Figure 3.6). This rate is safely below the national Healthy People 2010 objective of 4.5 deaths or less and falls well under the IMR statewide. Also, it reflects a statistically significant declining trend in infant mortality countywide over the past ten years.

But, despite encouraging countywide trends, there remains an alarming disparity in infant mortality rates among different racial/ethnic groups in Santa Clara County. Most unsettling are rates among African American infants, who are consistently two to three times more likely to suffer mortality than other groups. In 2004-2006, infant mortality among African Americans climbed to 11.3 deaths per 1,000 live births, compared with 4 deaths among Latinos in 2006, 2.9 deaths among Whites and 3.7 deaths among Asians/Pacific Islanders. Since Santa Clara County’s Black Infant Health program began in 1991, there has been a decline in African American infant mortality and the county has remained consistently below the California rates in this measure. However, because rates remain so much higher than other racial/ethnic groups, reducing mortality among African American infants must be a continuing priority for the community and policy makers.
INDICATOR 2: ADULT HEALTH

KEY STATISTICS

- Overweight and obesity rates have climbed steadily among adults in Santa Clara County in recent years; nearly 54% of residents ages 18 and older are now considered overweight or obese.

- In California, the average annual cost to workers for job-based family health premiums jumped 9.9% last year, up from $2,883 in 2006 to $3,103 in 2007.

- Nationwide the share of non-elderly adults who are underinsured grew from 12% of those with health insurance in 2003 up to 20% in 2007.

WHY IT MATTERS

The health of the adult population in a community can have both quality of life and economic repercussions, as adult health treatments account for the bulk of all health care costs, and employees who are sick are less likely to be able to go to work.

Although the most recent data on adult health insurance in Santa Clara County shows overall rates holding steady, declining trends in employer sponsored coverage are cause for alarm. While public programs like Medi-Cal in recent years have partially compensated for declines in adult job-based coverage, without policy change this trend is unsustainable, because very few adults not already enrolled are eligible for public programs. Also, years of steadily growing health care costs have swelled the underinsured population, which is forcing a growing number of individuals to go without the care they need due to cost concerns.

Some health outcomes in Santa Clara County have worsened in recent years; the national obesity epidemic is being felt locally, and diabetes rates are creeping up. Still, Santa Clara County enjoys one of the highest life expectancy rates in the country.
Staying Healthy: Indicator 2: Adult Health

HEALTH OUTCOMES & WELL-BEING

Overweight/obesity rates climb in Santa Clara County

Being overweight or obese increases the risk of a variety of chronic diseases and negative health conditions including hypertension, type II diabetes, coronary heart disease, and some cancers. Because of its strong correlation with negative health outcomes and, conversely, because weight loss can help improve many negative health conditions, overweight/obesity figures serve as an important public health indicator.

In Santa Clara County overweight/obesity rates have crept up in recent years, climbing from 51.6% of adults above recommended body weight in 2000 to 53.8% in 2006. Rates among men are substantially higher than among women, with 62.4% of adult men overweight or obese in 2006 compared to 44.7% of women (see Figure 3.7).

While comparison data before the year 2000 are not available for Santa Clara County, these local increases in overweight/obesity fall in line with longer and more disturbing trends seen throughout the United States over the past 20 years. During this time overweight/obesity rates have been steadily on the rise in every state of the union. Since 1990 the share of the U.S. population who are considered overweight or obese has climbed from 44.7% to a full 63% in 2007. California has seen similar increases, with overweight/obesity rates growing from 43.6% in 1990 to 59% in 2007. Since weight changes are directly related to the difference between calories consumed and calories burned, from a public policy perspective there are essentially just two ways to deal with this growing epidemic: encourage increased physical activity or improve people’s diets.

Figure 3.7, Source: Santa Clara County Behavioral Risk Factor Survey
*Note: 2006 data is from 2005-06 Survey
Fast food restaurants are by far the most common retail food outlets in Santa Clara County

Healthy food is currently not the easy choice for Santa Clara County residents. An analysis of different retail food outlets in 2005 in Santa Clara County found far more opportunities to buy food from fast-food restaurants and convenience stores than the generally healthier food available from supermarkets and produce vendors. Fast-food restaurants make up 57% of food retail outlets in the county, compared to 24% for convenience stores and just 15% for full-service grocery stores (see Figure 3.8).  

Overall, the ratio of fast-food restaurants and convenience stores to supermarkets, produce stores, and farmers markets in Santa Clara County is 4.32 to 1. This is slightly higher than the California rate of 4.18 to 1. Survey data on dietary intake among Santa Clara County residents reflect the lack of access to healthy food. According to a 2005-06 survey, less than one-third of Santa Clara County adults consume the recommended five or more servings of fruits and vegetables per day. Moreover, six out of ten middle and high school students surveyed consumed fried potatoes and soda in the last 24 hours.  

A growing body of evidence demonstrates the relationship between the types of food outlets available in a community and health outcomes. For example, areas with a higher proportion of fast food restaurants have been shown to have higher rates of diabetes, cardiovascular disease and cancer. Also, individuals who live near supermarkets are more likely to eat fresh produce and less likely to be obese. Because of these public health implications, the availability of healthy food options should be factored into public policy and land use decisions.
Diabetes is on the rise since 2000, especially among middle-aged and elderly adults

Diabetes, a chronic disease affecting the body’s metabolism, has become a major public health concern and is the seventh leading cause of death in Santa Clara County. Possibly related to the rise in overweight/obesity, diabetes rates have climbed in Santa Clara County since the start of the decade. The share of adults countywide who have been told by a doctor they have diabetes increased from 5.1% in 2000 to 7.1% in 2004 before inching down to 6.8% in 2006. Note: It is likely that this definition of diabetes prevalence results in an undercount of the full proportion of adults with the disease, as estimates are that just 70% of those with diabetes have been clinically diagnosed.

Diabetes rates in Santa Clara County are strongly correlated with age, with older residents at a much higher risk of the disease. In 2006, residents ages 65 and over were most likely, at 18.2%, to have been diagnosed with diabetes, compared with 14.2% of 55-64 year olds and 7.3% of 45-54 year olds. The diabetes rate for adults ages 44 and under was well below that of their older counterparts (see Figure 3.9). With local population growth projected to be highest over the next 20 years among those 65 and older, diabetes prevention and treatment will only become more critical.

Disparities in diabetes rates exist among racial/ethnic groups as well. In 2006, African Americans had the highest prevalence of diabetes in Santa Clara County, at 13.6%. Whites had the lowest rates, at 5.7% with a diabetes diagnosis, compared to 7.5% of Latinos and 7.9% among Asians/Others.
Life expectancy in Santa Clara County has increased by nearly 8 years since the 1960s

Life expectancy for Santa Clara County residents has grown substantially since the 1960s.

From 1961 to 1999, the amount of time the average baby born in the county could expect to live grew from 72.7 years to 80.3 years. Santa Clara County remains substantially above the national life expectancy rate – which reached 77.8 years in 2004 – and has one of the highest expectancy rates in the nation according to a recent county by county national analysis.

Women are still likely to live longer than men, though the gap is narrowing both locally and nationwide. Whereas Santa Clara County women born in 1980 could expect to live nearly seven years longer than men, those born in 1999 have an anticipated added life span of only four years (see Figure 3.10). National trends indicate that life expectancy in some parts of the country is actually declining for women. While this is not the case in the Bay Area, the narrowing gap between men and women locally may be linked to a rise in the number of middle-aged and older women developing certain chronic diseases including lung cancer and diabetes.40

HEALTH COSTS AND COVERAGE

Workers' costs for family health premiums jump another 9.9% in 2007

Since 2000, Californians have experienced dramatic increases in the cost of job-based health insurance. 2007 was another year of rising costs, with the steepest increases impacting the cost of family coverage.

The average worker contribution for an employer-based plan for a family of four jumped 9.9%, up from $2,883 in 2006 to $3,103 in 2007 (see Figure 3.11).41 This cost increase was nearly triple the overall rate of inflation in California of 3.4%.42 Costs also rose for individual coverage, albeit at a slower rate: premium costs for workers crept up 2.6% from an average contribution of $547 in 2006 to $561 in 2007.43 The cost to workers of both family and individual job-based health plans has grown at an average rate of 11% annually since 2000.44
Co-payments and other health plan expenses continue to rise

As health premiums continue to climb, workers with employer-based health care are also experiencing cost increases in other facets of their health coverage. For California in 2007, co-payments continued their rapid rise, as the percentage of workers with co-pays of $20 or more per doctor’s visit increased again for all types of job-based health plans. The largest jump in office co-pays came among HMO plans, where the proportion of workers paying at least $20 grew from 31% in 2006 to 43% in 2007. PPO and POS plans did not rise as steeply in the past year but these plan types remain the most likely to come with high office co-pays (see Figure 3.12). Further adding to the health cost burden, average prescription drug co-payments have grown 33% for California workers since 2002.

Also, in an effort to keep premiums down, a greater share of employers are purchasing high deductible health plans that may offer lower monthly premiums but require higher out of pocket payments for medical services. Among California workers with individual coverage, the percentage with a deductible of $500 or more rose from 34% in 2006 to 43% in 2007 for all plans. For those employees with family coverage, the share with a deductible of $2,000 or more jumped from 15% of all plans in 2006 to 27% of plans in 2007. All of these rising health expenses combine to force families to spend larger shares of their income to stay healthy.

The impacts of the steadily increasing costs of health care are being reflected in public attitudes about health care affordability. In 2007, 47% of Californians reported that they worry a great deal/quite a lot about being unable to afford needed care when they are sick. This is up from 32% who felt this way in 1997. Moreover, Californians are increasingly attempting to control costs by neglecting needed care. In 2007, 58% of Californians in fair or poor health reported avoiding some type of needed care due to cost, up from 43% in 2004.
Underinsurance is revealed as a growing national problem

Although Santa Clara County adults have experienced a significant decline in job-based insurance coverage in recent years, other forms of insurance have temporarily compensated, stabilizing the overall adult health insurance rate at about 88% from 2001 through 2005 (most recent data available). However, these overall health insurance numbers do not capture the share of workers who may be underinsured due to employers reducing but not eliminating health benefits. A 2007 national survey found that nearly 20% of adults (ages 19-64) with health insurance were underinsured, meaning their health coverage did not protect them from catastrophic medical costs. This is a dramatic increase from 2003 when 12% of adults with health insurance were considered underinsured. Like those without health insurance, underinsured individuals are much less likely to seek the care they need than those who are fully insured. In 2007, 53% of underinsured adults went without needed health care due to costs – including not following up on recommended treatment or tests, not seeing a doctor when sick, or not filling prescriptions. This rate does not fall far below the 68% of uninsured adults who went without needed care due to cost.
INDICATOR 3: HEALTH CARE ACCESS/INFRASTRUCTURE

KEY STATISTICS

- Medi-Cal inpatient days of care provided by Valley Medical Center have increased 22% over the past four years; Medi-Cal days now account for 71% of inpatient days at the public hospital.

- In 2007, the total hours that Valley Medical Center’s emergency room was forced to divert ambulances to other hospitals increased 32%, from 489 hours to 646 hours.

- Nine out of ten nursing home facilities surveyed in the Bay Area are failing to meet the minimum staffing standard for California.

WHY IT MATTERS

Having health insurance coverage does not guarantee access to health care services. Obtaining needed health care requires, among other things, that there be a doctor or hospital with time and space available, willing to accept your specific type of coverage (or lack of coverage), and offering the services you need.

The challenge of accessing needed health care services has grown for many in Santa Clara County in recent years. The closure of San Jose Medical Center in December 2004 and the termination of Medi-Cal contracts at Regional Medical Center and other hospitals have left low-income and downtown San Jose residents with limited health care options. These limitations continue to put pressure on the county’s public health safety net system. Meanwhile, staffing shortages in California’s health care workforce threaten access to quality care, particularly for the state’s rapidly growing elderly population.
The public health care safety net is required to serve a steadily growing share of the county’s Medi-Cal population, thereby straining the safety net system.

Santa Clara County’s high quality public health care delivery system is vitally important to residents who do not have access to or cannot afford health insurance. Through its public hospital, Santa Clara Valley Medical Center (VMC), and its broad network of community clinics, the county has been able to deliver both preventative and acute care to much of its uninsured population. In fiscal year 2007, the Santa Clara County Health and Hospital System (SCVHHS) provided more than 5,300 inpatient days of care and 136,000 outpatient visits for the uninsured.

Meanwhile, SCVHHS also provides the bulk of all care to residents with Medi-Cal coverage, the state’s major low-income health insurance program. In large part due to the recent decline in hospital options for Medi-Cal patients in Santa Clara County, the care provided to Medi-Cal beneficiaries by the public health system has been steadily growing. From fiscal years 2004 to 2007, the number of Medi-Cal inpatient days of care provided by Valley Medical Center increased 22%, from 76,272 days to 93,158 days (see Figure 3.13). Medi-Cal days now account for 71% of all inpatient days provided at VMC, compared with 63% of all days in 2004. Outpatient Medi-Cal visits have also increased, up 8% from 293,168 visits in 2004 to 317,876 visits in 2007.

The growth in health services provided to Medi-Cal enrollees at VMC has driven an overall increase in inpatient days and outpatient visits throughout the public health system. While the ability of SCVHHS to provide needed services to low-income families is well recognized, as the share of Medi-Cal patients who must rely on the public hospital continues to grow, system capacity is stretched – which could jeopardize access.
Options for receiving health services limited for Medi-Cal clients

The rising Medi-Cal population in Santa Clara County continues to be faced with limited options for obtaining health care services, particularly hospital services that are near their home. Based on 2000 Census data, most of the lowest income census tracts in the county are located in downtown and East San Jose, parts of the county that no longer have hospitals accepting Medi-Cal insurance (see Figure 3.14). \(^55\) Regional Medical Center in East San Jose, as well as Community Hospital of Los Gatos, have ended their contracts to provide non-emergency care to Medi-Cal patients. \(^56\) Combined with the abrupt closing of San Jose Medical Center in downtown San Jose in 2004, options for Medi-Cal families have narrowed significantly, forcing low-income residents to travel across town to give birth or receive non-emergency operations. \(^57\)

**Figure 3.14**, Source: U.S. Census Bureau, 2000 Census
Note: 300% of the federal poverty level for a family of four in 1999 was $50,100
The ambulance diversion rate at Valley Medical Center jumped 32% in 2007

Home to the only Level I trauma center in the heart of the county and the South Bay’s only burn center, Valley Medical Center’s emergency department is an especially critical component of the region’s emergency health infrastructure. Evidence that this infrastructure is being stretched can be found by looking at Valley Medical Center’s ambulance diversion rate - a key indicator of emergency room crowding. Although validated numbers are not available before December 2004, the diversion rate has been on the rise since that date.

The number of hours that Valley Medical was forced to divert ambulances from its emergency room increased 32% in 2007, from 489 total hours in 2006, up to 646 hours (see Figure 3.15). This was the second straight year VMC saw a substantial increase in diversion hours since the 2004 closure of San Jose Medical Center.

One strategy being pursued to ease some of the strain on the county’s urgent and emergency care system is a critical bond measure on the November 2008 ballot (see Solutions section page 112). This measure would not only provide essential seismic upgrades to Valley Medical Center, it would also fund construction of a new urgent care facility in downtown San Jose to fill some of the void in health services left in that part of the community.
Bay Area nursing homes regularly fail to comply with minimum staffing standards, threatening quality of care for seniors

One of the keys to providing high quality health services is having an adequate number of trained staff to deliver care. As the baby boomer generation approaches retirement age, the availability of quality health care services for seniors in the Bay Area and Silicon Valley is limited. According to a 2007 legislative study, nursing homes in the Bay Area regularly fail to meet the minimum California staffing standard of 3.2 hours of direct nursing care per resident per day. In 2004-05, the most recent data available, just one in ten nursing home facilities in the Bay Area met this standard for all audited days. Other parts of California also had low compliance rates; just 30% of Los Angeles area nursing homes were able to meet the state staffing standard, while all other California regions had 25% of facilities in compliance (see Figure 3.16). These failure rates are particularly alarming when considering the Centers for Medicare and Medicaid Services suggest that a minimum staffing rate of 4.13 hours of nursing care per patient-day is necessary to provide adequate care.

Adding to the challenge of providing quality care, turnover rates at nursing homes in Santa Clara County are high. In 2006, the average nursing home in the county had a 44% annual turnover rate, with some facilities reporting rates as high as 86%. Heavy turnover increases the strain on remaining employees and leads to an under-experienced workforce, which can put nursing home residents at risk. In an effort to address some of these challenges, in 2004 the California legislature passed the Medi-Cal Long Term Care Reimbursement Act, a bill to deliver added funding to nursing homes with the goal of boosting staffing levels and improving quality of care. However, early results of the bill’s implementation show only marginal increases in hours of nursing care, despite substantial growth in nursing home industry revenues. To ensure that nursing home residents are receiving the level of care they need, home operators will have to do a better job of investing in their workforce.

Paralleling the lack of sufficient staffing in long-term care facilities, California is underprepared for an aging population in terms of geriatricians. Estimates show the state has just one physician trained in geriatrics per 4,000 residents ages 65 and over. With the elderly population set to double over the next 25 years, California will have to make a concerted effort to adequately compensate and train doctors, nurses, home health aides, nursing assistants and other support staff to effectively serve the health needs of the senior community.
4. BUILDING A COMMUNITY

INDICATOR 1: HOUSING AND NEIGHBORHOODS
INDICATOR 2: TRANSPORTATION
INDICATOR 3: CRIME AND PUBLIC SAFETY
KEY STATISTICS


- In 2007, fewer than one out of four potential first-time homebuyers could afford the average entry-level home, as the first-time-homebuyer affordability index dropped to 23%.

- As more householders lose their chance at home ownership, the rental market has tightened. Average rents for large apartment complexes in Santa Clara County climbed from $1,425 in first quarter 2006 to $1,660 in first quarter 2008, an increase of 16.5%.

- In 2008, the San Jose metro area overtook L.A. to become the most expensive rental market in the state.

WHY IT MATTERS

The quality of life of a community is felt most directly in the places where people reside. Is there adequate and affordable housing available for families at all income levels? Are parks, community centers, and other amenities available and accessible to all residents? Do neighborhoods have the services they need?

In Santa Clara County, the lack of affordable housing continues to be one of the major challenges facing families today, threatening not only quality of life but also the region’s economic vitality. The shortage of affordable homes forces many families to budget uncomfortably large shares of their income for housing and can make it harder for businesses to attract and retain employees.

Whereas locally, the recent foreclosure crisis and housing market crash have not resulted in the physical blight seen in other parts of the country, families and neighborhoods in Silicon Valley are feeling the impact in the form of growing social blight. Families who have lost their homes – both locally and in the Central Valley – are returning to an increasingly expensive Silicon Valley rental market and being forced to settle for limited living space, often renting single rooms from homeowners. The result is an increase in overcrowded living conditions, increasing stress for displaced children and families and straining neighborhood cohesiveness.
Cost burden for renters fell slightly in 2006; but rents have been on the rise

In 2006 (the most recent data available), the housing cost burden for Santa Clara County renters eased slightly, as the proportion of households spending 30 percent or more of their pre-tax income on rent declined from 47.3% to 43.3%. Despite this modest drop, nearly 100,000 Santa Clara County households are budgeting more than thirty percent of their income – the accepted affordability standard – toward rent. Moreover, the number of households spending 50 percent or more of their income on rent has remained very high at 21.8%, or more than 50,000 households in 2006 (see Figure 4.1).

More recent data on average rents suggest that housing cost burdens may be getting heavier again for renters. The mortgage crisis and the credit crunch have cooled off home sales and increased demand for rentals. The result has been a tighter rental market: average rents for apartment complexes in Santa Clara County jumped 11.6% from 2006 to 2007 and another 4.4% from 2007 to 2008 (see Figure 4.2). Silicon Valley is now the most expensive rental market in California. With an average asking price of $1,660 per month for large apartment complexes, in just four years average rent has risen by a total of nearly $400 a month.

This reality presents a challenge for all renter households, but in particular, times are difficult for the increasing numbers of families that have lost their home to foreclosure and are trying to rejoin the rental market. (See Seeking Security section, page 33 for more information on foreclosure trends). Affordable housing counselors report a growth in the non-approved rental market, as entire families are being financially forced to rent individual rooms in homes, creating an overcrowding problem and increasing family stress. Homeowners hoping to prevent foreclosure are willing to rent their rooms, with the result being some homes in Santa Clara County housing four, five or even more families.
Mortgage payments become less affordable; more than one out of five homeowners now spend half of their income on housing

Whereas housing cost burdens declined slightly for renters in 2006, homeowners in Santa Clara County felt an increased burden. In 2006, the percentage of homeowners with mortgages who paid more than 30 percent of their income for housing grew for the sixth year in a row, climbing from 47.6% to 49.3%. The share of households spending more than half of their income on housing grew from 18.4% in 2005 to 20.6%, or more than 56,000 households in 2006. This is more than double the share of families who spent that amount in 2000 (see Figure 4.3).7

The accepted standard of affordability states that housing should consume no more than 30 percent of a household’s gross income.8 However, nearly half of all renters and homeowners in Santa Clara County are not meeting this standard, leaving families with less cash available for transportation, child care, food and other necessities.

The root cause of the housing bubble in Silicon Valley has been overpriced housing, not an overbuilt housing market. Due to the fiscal system for local government in California that rewards employment lands and discourages the building of needed housing, Silicon Valley faces a structural challenge to building enough housing to accommodate jobs. Still, over the past 10 years local governments and developers have made great strides to increase the supply of affordable housing in Santa Clara County.9 But, as evidenced by a general upward trend in housing cost burdens, affordable housing needs in the Valley are still outpacing the supply, especially for the lowest-income families. Growing land acquisition and construction costs combined with the deeper levels of subsidy required to produce housing for extremely low-income families underscores the need for new resources to support affordable housing. To come close to meeting the below market rate demand in the coming years, local governments and advocates in the Valley will need to identify new revenue – both local and outside resources – to support affordable housing production.
Affordability for first-time buyers drops below 25% in 2007, but trends may be reversing

In 2007, affordability rates for first-time homebuyers continued their downward slide, dropping to a new low of just 23% able to purchase the entry-level home (see Figure 4.5). As entry-level homes grew less affordable, prices for higher-cost homes followed a corresponding upward trend, with the median purchase price of a single-family home climbing by 8% in 2007 to reach $836,775 (see Figure 4.4).

However, signs indicate that the decline in home affordability is slowing. First, the median price for 2007 may be artificially high, as sales slowed for lower-priced homes through much of the 2007 calendar year, yet remained strong for more expensive houses until the credit market tightened in the latter part of the year. Second, early 2008 numbers show that median home prices have finally dropped in Santa Clara County, down to $767,000 for the first half of the year, below the median price for 2006. Furthermore, the affordability rate for first-time homebuyers increased to 31% in the first quarter of 2008, its highest level since late 2005.
Housing sales continue to plummet, reach 20-year low in January 2008

Home sales took a substantial hit for the third consecutive year in 2007, dropping 21% from 2006 numbers. Exacerbated by the credit crunch that took hold in summer of 2007, total sales, including both single-family homes and condominiums, fell from 26,265 sold in 2006 to 20,679 in 2007 (see Figure 4.6). Early 2008 numbers show sales have continued their downward spiral. January 2008 marked the lowest home sales numbers for Santa Clara County of any month in 20 years. And, in the first half of 2008, sales fell another 36% from first half 2007 numbers. As of June 2008, home sales had dropped on a year-over-year basis in Santa Clara County for 39 consecutive months.

Part of the most recent drop-off in home sales has come as a result of the increased difficulty in obtaining financing for jumbo loans, those mortgages above $417,000. Whereas before the credit market tightened in 2007 jumbo loans accounted for nearly 65% of all Bay Area mortgages, in June 2008 these loans made up just 28.8% of all mortgages. The slowdown in home sales has made life difficult for families that need to sell their homes quickly, especially those trying to avoid foreclosure.
Multi-family units continue to be the most common new housing type

Building higher-density, multi-family units is part of the solution to the housing crisis, as these units make more efficient use of space, reduce sprawl and provide a more affordable housing option for families who cannot meet the expense of a single-family home. In Santa Clara County, multi-family units made up 63% of the housing produced in the two-year span from 2006 through 2007. This proportion is consistent with trends from 2000 through 2005 where two-thirds of all units built in the county were multi-family. The share of single-family attached homes (e.g. townhouses) saw the largest increase from previous years, with 16% of all housing units produced in 2006 and 2007 falling into this category compared to just 4% from 2000 through 2005. Overall, 6,688 multi-family units were built from 2006 through 2007 compared to 2,273 single-family detached units and 1,681 single-family attached units (see Figure 4.7). The number of mobile homes in Santa Clara County – also an important source of affordable housing – has remained virtually unchanged for 8 years.19

While these ratios show a strong effort to build higher-density projects, still the majority (54%) of existing housing units in the county are single-family detached homes, developments which tend to require more land and increased infrastructure costs.20
Home ownership rates stay flat in Santa Clara County for another year

Home ownership rates in Santa Clara County remained stagnant for another year in 2006. Since 2000, the percentage of households who own their home has increased by less than 1 percentage point and remains at roughly the same level in 2006 (60.6%) as it was in 1990 (59.1%) (see Figure 4.8). More recent national trends indicate that these home ownership rates may have dropped significantly since 2006. Driven by the foreclosure and credit crises, from 2005 through early 2008 national home ownership experienced its sharpest decline in 20 years.22

San Jose code enforcement staffing has dropped 28% since FY 2001; now just 28 officers serve the entire city

A quality code enforcement program is critical to maintaining the health, safety and quality of life of a community’s streets and neighborhoods. Budget cuts in San Jose, Santa Clara County’s largest city, in recent years have lead to a 28% drop in code enforcement inspectors since FY 2001 despite citywide code enforcement workloads remaining steady (see Figure 4.9). San Jose now has only 28 officers to serve its nearly 1 million residents. Despite this decline, the code enforcement department has been able to continue to respond to all emergency cases (e.g. sewage spills, fire hazards, swimming pools without proper gates) within 24 hours and most of its health and safety priority cases within 72 hours. However, performance for non-health and safety cases, such as zoning compliance and lawn parking, has reportedly declined substantially due to the drop in staffing. While 70% of these non-life safety cases still get an initial inspection within 10 days, often these cases cannot be followed-up on, increasing the potential for neighborhood blight. If code enforcement were to lose one more FTE, the department would no longer be able to send an inspector out to all of its non-health and safety cases and would be reduced to sending notification letters.23

![Figure 4.8](source: Census 1990, 2000 & American Community Survey)

![Figure 4.9](source: San Jose Department of Planning, Building, and Code Enforcement)

*Note 2007-08 workload number is a estimate.*
San Jose park acreage per resident remains stable but maintenance staffing has not kept up with acreage growth

Parkland can significantly improve the quality of life of a community. Access to parks and open space provides residents with recreational opportunities, encourages physical activity and preserves neighborhood air quality.

Since late 2006, San Jose has increased its overall city park acreage (including both neighborhood and regional city parks, from 3,553 acres to 3,577 acres. Acreage per resident declined slightly from 3.73 acres per 1,000 residents in 2006 to 3.67 acres per 1,000 residents in early 2008, but this ratio is still above the city's benchmark standard of 3.5 acres.

While park acreage and the need for park maintenance has steadily grown in San Jose since 2000, park maintenance staff has been substantially reduced in recent years. Without adequate maintenance staff, park landscaping cannot be upheld, parks are left unclean, repairs are slow, restroom facilities are closed and overall park quality is reduced. Between fiscal years 2003 and 2006, San Jose park maintenance staff was cut 25%, from 154 full-time equivalent staff to 116 FTEs, reducing the upkeep of parks throughout the city (see Figure 4.10). Since that time maintenance staffing has bounced part of the way back up, but is still 11% below 2003 levels, despite the city’s increased park acreage. This contradictory trend of expanding facilities while contracting staff reflects the difficulty of securing public funding for ongoing operations versus capital improvement projects. Similar trends have been seen with San Jose’s expanding community centers and libraries.
INDICATOR 2: TRANSPORTATION

KEY STATISTICS

- Freeway traffic grew for the third consecutive year, climbing 10% in 2007 up to 28,300 vehicle hours of delay.

- Overall transit ridership remains well below peak levels, but ridership for Caltrain, light rail and buses increased in 2007, with light rail ridership growing 25% to an all-time high of 32,567 average weekday riders.

- In 2006, 77% of county residents commuted to work by driving alone, 10% were part of a carpool, and 3.7% utilized public transit.

WHY IT MATTERS

Transportation costs, traffic congestion and the availability of public transit have significant and interrelated impacts on the livability of a community. Soaring gasoline prices in recent years have forced families to spend an increasing share of their income on transportation costs. However, driving alone continues to be the commute mode of choice, leading to a worsening of traffic congestion on Santa Clara County freeways and raising environmental concerns as car trips impact greenhouse gas emissions and contribute to climate change.

All of these challenges with car travel have made the availability of public transit an increasingly critical issue. While transit service and ridership in Santa Clara County have seen modest gains in the last couple years, decades of urban planning for automobiles and under-investment in transit have left Silicon Valley without the necessary transit infrastructure to accommodate a major shift in commuter behavior, even with sky high gas prices. This shift will need to be gradual and will require smart growth planning efforts and the prioritization of ongoing funding for transit.
Traffic congestion on Santa Clara County’s 137 miles of freeway grew in 2006 and again in 2007, marking three consecutive years of increased delay. The daily hours drivers spent in congested freeway conditions grew 18% from 2005 to 2007, climbing from 23,900 vehicle hours of delay to 28,300 hours. While these figures are still well below the county’s year 2000 peak of 51,700 hours of delay (see Figure 4.11), the upward trend is a concern as added time spent in traffic allows workers less time to spend with their families and in their communities. Also, higher levels of traffic are linked to the lack of affordable housing near Santa Clara County’s jobs, as workers have to commute long distances between their jobs and housing they can afford.

The worst congestion corridors in Santa Clara County continue to be found along Highway 101, home to four of the five most congested sections of freeway within the county. During evening peak hours in 2007, southbound 101 travelers from Great America Parkway in Santa Clara to North 13th Street/Oakland Road in San Jose experienced the county’s most congested conditions. This stretch of highway ranked as the 10th worst in the Bay Area. Meanwhile, the most crowded morning stretch was found on Interstate 280 headed northbound from Highway 87 to 880 in San Jose.
Building a Community: Indicator 2: Transportation

**Congestion on local roadways holds steady**

Traffic on local roadways stayed relatively stable in 2006, maintaining its significant improvement from 2000 levels.

Local road congestion is measured based on traffic flow and wait times at major intersections. In Santa Clara County, 252 different intersections are quantitatively assigned “Level of Service (LOS)” grades A through F based on their level of congestion. LOS A represents ideal conditions, while LOS F signifies severely congested conditions. From 2004-2006, the most recent data available, the proportion of intersections rated with an LOS level of C or better (i.e. uncongested) dropped slightly from 49% to 47%. But, on the positive side, the share of intersections falling into the most congested category, LOS F, also crept down, from 3% to 2% in 2006. This is substantially below the year 2000 peak of 10% of all intersections at LOS F (see Figure 4.12). These improvements since 2000 come in part from the reduction in commute traffic resulting from the dot-com bust, but also from road and traffic signal improvements. In 2006 Santa Clara County received a national award from the Institute of Transportation Engineers for work done to ease delays through re-timing and synchronization of traffic signals on its expressways.

**Most residents still driving to work alone**

As of 2006, the most recent data available, driving alone to work continued to be the overwhelming transportation mode of choice in Santa Clara County. Just under 77% of county residents chose to drive by themselves to their place of employment in 2006, a slight drop from 78.5% in 2005. However, recent record-setting gasoline prices may be slowly dropping this percentage further.

The share of workers who chose to carpool to their job in 2006 remained consistent with 2005 numbers at roughly 10%, while 3.7% of commuters opted for public transportation, up from 3.1% in 2005. Meanwhile, the percentage of workers using other modes of transportation to work (including bicycles, motorcycles and walking) increased from 8.5% in 2005 to 9.5% in 2006 (see Figure 4.13).
Transit service inches up for second year in a row in 2007; VTA changes its bus system in 2008

The availability of public transit in Santa Clara County is a critical transportation indicator as thousands of low-income individuals and families rely on transit to get to work, school, medical appointments and other essential services. Service levels for the county’s two primary modes of public transit – bus and light rail – edged up for the second straight year in 2007, after suffering major cuts in service in the early part of the decade. Overall scheduled bus and light rail hours increased 2% from fiscal years 2006 to 2007, with slight increases coming in both modes of service. While hours of bus service remain 16% below year 2000 levels, light rail reached an all-time peak in 2007 at nearly 144,000 scheduled hours (see Figure 4.14).

In January 2008, the Santa Clara County Valley Transportation Authority (VTA) made major changes to its bus service, including more frequent service on popular routes, an increase in low-fare community busing and cutting back underutilized routes. Scheduling and/or route alterations affected 57 bus routes while service was discontinued on 7 underutilized routes with the goal of rerouting to areas buses are most needed. This system overhaul is a restructuring of service and has not resulted in any major changes in the total hours of service offered.

Figure 4.14, Source: VTA
Overall transit ridership climbed for second straight year in FY2007; early FY2008 numbers also show growth

After four years of steeply declining transit use in the wake of the dot-com crash, public transit ridership in Santa Clara County has been recovering since 2005. In fiscal year 2007, average weekday ridership for combined bus, light rail and Caltrain service increased 7%, from 139,029 boardings in 2006 up to 148,553 boardings. Fueled by an extended service line, light rail saw the largest jump in ridership, climbing 25% in this one-year span to an all-time high of 32,567 average weekday boardings. Meanwhile, Caltrain ridership increased 7% in 2007, up to 13,863 riders originating in Santa Clara County. Bus ridership – which still accounts for the overwhelming majority of all transit use in the county – grew 2% to 102,123 weekday riders in FY2007.

Numbers from the first three quarters of fiscal year 2008 show continuing positive trends for transit ridership as combined weekday boardings climbed another 3% up to 152,721 (see Figure 4.15). This latest ridership jump is likely aided by the increasing gas prices, as residents look for alternatives to using their cars, and by the recent restructuring of the county bus system. The early results of the VTA bus service overhaul indicate a positive impact on bus ridership. The third quarter of FY2008 – the quarter immediately following these changes – saw a 4.6% increase in bus ridership compared to the same period of the previous year. Finally, also contributing to the rise is ridership, is the fact that VTA has not increased its basic fares since January 2005 and has even reduced some fares, making transit a more viable option for drivers looking to avoid high gas prices.

Figure 4.15, Source: VTA & Caltrain
*Includes only Caltrain riders originating in Santa Clara County
**2008 Bus and Light Rail numbers based on first 3 quarters of the fiscal year
**INDICATOR 3: CRIME AND PUBLIC SAFETY**

**KEY STATISTICS**

- Property crime in Santa Clara County increased for the sixth consecutive year in 2006, climbing 10.5% to 1,524 crimes per 100,000 residents, up from 1,379 crimes in 2005.

- The adult jail population in Santa Clara County has increased 19% over the past five years, following years of budget cuts to county social services.

- San Jose’s homicide count reached a ten-year high in 2007 at 33 reported murders.

- Domestic violence-related calls for assistance in Santa Clara County declined substantially for the fourth straight year marking an overall drop of 20% from 2002-2006.

**WHY IT MATTERS**

Physical and psychological safety of residents has a significant impact on the quality and stability of life within a community. Higher crime rates can erode neighborhood trust and strain public resources through the expense of the criminal justice system. Domestic violence, child abuse and juvenile arrests can be particularly devastating to a community as these measures reveal family as well as social breakdown and predict future instability.

While many public safety measures in Santa Clara County have shown significant improvement since 2000, the most recent data indicates some decline in overall community safety. In 2007 the county’s largest city, San Jose, lost its designation as the “Safest Big City in America,” a title held for six straight years. Coinciding with its drop in ranking, San Jose has seen a rise in homicides and violent crime and increased community concerns about crime. The most recent countywide numbers reveal a steady violent crime rate, but a rapidly growing property crime rate and a swelling county jail population. The juvenile felony arrest rate grew for the second year in a row in 2006, but, on the positive side, domestic violence and injury/fatality traffic collisions continued their steady decline.
CRIME

Violent crime rate in Santa Clara County holds steady in 2006; property crime climbs for sixth consecutive year

The crime rate, and violent crime in particular, is one of the most commonly cited indicators of public safety. In 2006 (the most recent data available), the violent crime rate in Santa Clara County remained steady at 304 crimes per 100,000 residents, matching the 2005 rate exactly. This rate is down 34% from a 2001 peak of 458 crimes per 100,000 people (see Figure 4.16).43

Property crime in Santa Clara County has followed a much different pattern than violent crime in recent years. 2006 marked the sixth consecutive annual increase in the property crime rate and saw the largest increase of any of these years. From 2005 to 2006, property crime jumped 10.5% to 1,524 crimes per 100,000 residents (see Figure 4.16).44 These still climbing rates may be explained by the slow economy and weak labor market in Santa Clara County. Evidence shows that difficult economic times for wages and employment are often met with an increase in property crime.45

San Jose’s violent crime rate up in 2007; homicide count hits a ten-year high

While violent crime countywide remained steady in 2006, San Jose (Santa Clara County’s largest city) saw its violent crime rate climb by 4% in 2007, according to preliminary 2007 figures for large jurisdictions. Violent crimes per 100,000 residents grew from 373 in 2006 to 387 in 2007 marking the largest one-year increase in the city since 2001.46 Still, total violent crime in San Jose is well below rates from the earlier part of this decade. However, the city’s homicide totals are peaking for this decade. In 2007, San Jose’s homicide count grew to its highest level since 1997, at 33 reported homicides (see Figure 4.17).47

For years recognized as the nation’s “Safest Big City,” San Jose has experienced rising community concern over crime in recent years. In 2007, 22% of San Jose residents reported crime as the most serious issue facing the city, up from just 14% who cited this issue in 2005 and 2003.48 This increase may stem in part from the rising homicide numbers, but it also reflects growing concern about police understaffing and gang violence.
Juvenile felony arrests remain high for a second year in a row

The juvenile felony arrest rate can reveal levels of social breakdown, as juvenile crimes not only harm those victimized, but youth who commit felonies severely limit their options for the future. In 2005, after four years of declining or stable juvenile crime, the juvenile felony arrest rate jumped 24% in just one year up to 1,492 arrests per 100,000 youths. 2006 saw these numbers remain high, edging up to 1,498 arrests per 100,000 youths (see Figure 4.18).\(^5\) Linked to the increase in juvenile crime in recent years, the number of youths locked up in juvenile hall in San Jose reached a 30-year high in 2008.\(^6\)

County jail population is steadily rising

Paralleling years of county budget cuts, the local jail population in Santa Clara County has been steadily growing. From fiscal years 2003 to 2008, the average daily adult inmate population in the county has grown 19%, up from 3,906 inmates to 4,662 inmates (see Figure 4.19). The number of inmates with major mental health needs increased 112% during this period.\(^7\) Meanwhile, seven consecutive years of county budget deficits have forced hundreds of millions of dollars in cuts to social safety net programs, including major reductions to mental health and drug and alcohol treatment; programs that address the root causes of crime.\(^8\)
FAMILY STRESSES AND SAFETY

Domestic violence-related calls for assistance drop 7.5% in 2006

One of the key indicators of the health and well-being of a community is the quality and stability of the family life within it. In 2006, Santa Clara County saw improvement on some, but not all measures of family stability.

The rate of domestic violence-related calls for assistance – one of the best available measures of domestic violence – continued its steady decline in Santa Clara County in 2006. Calls fell 7.5% in 2006 from the previous year, decreasing from 332 calls per 100,000 people down to 307 per 100,000. Since 2002, calls have dropped every year, for a total decline of 20% in that four year span (see Figure 4.20).53

The rate of domestic violence-related deaths has also been on the decline in Santa Clara County. For the four-year span from 2000 to 2003, domestic violence fatalities occurred at an average rate of 18.5 deaths per year. In 2004-2006, the average dropped to 7.3 deaths per year. In 2007, domestic violence-related deaths fell to four, the lowest number since 1994 when the county began tracking this figure.55

These declining rates of domestic violence in recent years in Santa Clara County may be linked to increasingly robust outreach and community awareness efforts as well as the county criminal justice system's diligence in serving restraining orders to convicted domestic violence offenders.56

The rate of child abuse slides up for fourth straight year

While domestic violence rates continued their declining trend in 2006, child abuse rates have seen slight increases for each of the past four years. Substantiated cases of child abuse and neglect rose from 7.5 per 1,000 children in 2006 to 7.6 in 2007 (see Figure 4.21).57 These ratios still fall substantially below the statewide rate of 10.7, but the trend causes some concern.58
Fatal and injury collisions dropping

Despite the increase in traffic on Santa Clara County freeways, fatal and injury traffic collisions have been steadily dropping. Injury collisions declined each of the last six years, falling another 4% from 2005 to 2006 down to 7,336 collisions. Fatal traffic collisions occurring in Santa Clara County also decreased, from 93 collisions involving a fatality in 2005 to 89 in 2006 (see Figure 4.22).
5.
Pursuing the Dream

Indicator 1: Education

Indicator 2: Response to Global Climate Change
KEY STATISTICS

- For Santa Clara County's high school seniors, both college preparedness and the college-going rate edged upward in 2006-07; 53% of graduating seniors went directly to college, up from 49% the previous year. More than half the increase was due to renewed enrollment in community colleges after recent years' fee increases were partially reversed.

- Latino students, who currently are the least likely to go to college, achieved the largest gains, increasing their college-going rate from 28% in 2005-06 to 34% in 2006-07.

- Silicon Valley residents are more highly educated than the state or national average; nevertheless, the majority of adults (age 25+) do not have a four-year college degree.

- For 2004-2014, 62% percent of projected annual job openings in Santa Clara County require no formal education beyond high school. However, approximately half these lower-skilled job openings pay less than a living wage.

WHY IT MATTERS

Education is one of the most important predictors of economic success for workers and their families. As the state’s economy grows and changes, demand has grown for not just a highly educated workforce, but a workforce with very specific and rapidly changing skills. However, the state and local educational systems lack adequate resources to make higher education accessible, and those resources that do exist are often not targeted to support the students who most need them.

Ultimately, an under-resourced educational system shortchanges our children and youth, makes it harder for adults to maintain their skills and engage in lifelong learning, and in the long-term could create a shortage of highly skilled workers, threatening the state’s economic growth. At the same time, a drive to improve education must be accompanied by and focused through the lens of quality job creation, lest well-meaning initiatives provide education that does not match up with the demands of the future job market.
An increasing proportion of high school students graduate prepared for college; however, as many as 20% of students drop out before graduating.

As the region’s high schools have focused on ensuring all students gain the skills they need to succeed after high school, the college preparedness rate has risen in Santa Clara County. The percent of 12th graders who had completed the prerequisite courses required to enter California’s public four-year colleges – known as the “A-G requirements” – inched up to 42% in 2006-07, increasing from 40% in 2005-06 and up from a low of 37% in 2000-01.¹

However, while one cohort of students is being prepared for college, another is dropping out. A new state system for tracking dropouts this year reported that 20% of students who enter 9th grade in Santa Clara County do not complete high school.² While lower than the reported state dropout rate of 24%, this is unacceptably high.

Only 18% of Latino high school seniors are prepared for college.

Although there are more Latino students enrolled in Santa Clara County public schools than any other ethnic group, Latino high school graduates exhibit the lowest college readiness rate.

In 2006-07, 36% of the county’s public K-12 students were Latino, 26% white, 25% Asian American, 5% Filipino, and 3% African American.³ But among Latino high school seniors in 2006-07, only 18% had completed the required courses for UC/CSU colleges. African Americans and Pacific Islanders also had very low college readiness rates, at 21% and 15% respectively. By comparison, 50% of white students and 66% of Asian American students completed the college requirements.⁴

Restoring college opportunity for students of all ethnicities is an urgent goal for our public school system.
Santa Clara County schools gain greater funding per student

Ensuring that all students are provided with the resources that they need to succeed is a critical component of an effective educational system – one with which California has long struggled. Over the past three years, Santa Clara County schools have seen an increase in available resources, as annual expenses per student day (known as Average Daily Attendance, or ADA) rose from a low of $7,162 in 2003-04 to $7,604 in 2005-06 and up to $8,305 in 2006-07 (not adjusted for inflation).

After accounting for inflation, this represents a 2.9% real increase since 2002-03. While not a large increase, this growth signals a shift from the 2001-04 period when spending per student failed to keep pace with inflation.

The funding disparity between districts within the county widens

Santa Clara County encompasses 32 separate school districts. There is substantial inter-district disparity in funding per student, with the result that the resources available for a public school student depend greatly on where he or she lives. For example, in 2005-06 Palo Alto Unified spent $11,170 annually per ADA, while Milpitas Unified spent $6,293 per ADA.

The disparity between districts has increased in the past seven years. If all districts are divided into five quintiles based on expenses per student, between 1998-99 and 2005-06, the lowest-funded quintile saw spending per student grow by just 6.9% (inflation-adjusted). By comparison, the highest-funded quintile grew by 20.5%, widening the resource gap (see Figure 5.4).

In dollar terms, over seven years spending per student in Palo Alto Unified (already one of the highest-funded districts) went up by $2,003 after inflation – in 2006 dollars, from $9,167 to $11,170. Over the same period, spending per student in Milpitas Unified (one of the lowest-funded districts) grew by just $339 after inflation – from $5,960 to $6,299 – exacerbating the gap between the two districts.
ACCESS TO HIGHER EDUCATION

More graduates go on to higher education, spurred by more affordable community colleges, but the college-going rate remains relatively low at 53%

The college-going rate for Santa Clara County youth has fallen sharply since the 1990s. In 2005, the proportion of high school graduates who went directly to college reached an historic low of 49.3%, making them the only class in the past twenty years to send less than half its graduates on to higher education. In 2006, this trend reversed itself slightly as the college-going rate rose to 52.6%. More than half of this uptick was due to more students enrolling in community colleges; 21.6% of Class of ‘06 graduates matriculated to a community college, compared to 19.6% in 2005.

The increase in high school students enrolling in community college can likely be attributed to a fee cut that improved community college affordability. From 2003-2005, student fees for the California Community College system more than doubled, from $11 per unit to $26 per unit. Combined with cuts in state funding for the community colleges, these increases sparked a precipitous decline in college enrollment. In response to this problem, last year the state of California partially reversed the fee increases, cutting fees to $20 per unit. These more affordable fees appear to be helping reverse the recent decline in high school graduates’ college enrollment. However, college or university remains expensive for low-to-middle-income students, and high school graduate’ college attendance remains at low rates relative to the 1990s.

The college-going rate increases for students of every ethnic group; Latinos, with the lowest college-going rate, achieve the largest increase

In 2006, high school seniors in all major ethnic groups made small but noticeable gains in their college-going rates. Latino students, who currently are the least likely to go to college, achieved the largest gains, increasing their college-going rate from 28% in 2005 to 34% in 2006. This growth was driven by an increase in Latino students attending community colleges, from 18% in 2005 to 23% in 2006.

However, over the longer term college-going rates have fallen for students of all ethnic groups except Asian Americans. From 1996 to 2006, declines ranged from 11 percentage points for African Americans and Latinos to 18 points for Filipinos.
Pursuing the Dream: Indicator 1: Education

The cost of college has risen substantially

The cost of college and associated expenses is a major barrier to students from low- and middle-income families. Even students who are high academic achievers are unlikely to receive a college degree if their family is poor. In a nationwide study comparing students’ 8th grade standardized test scores with their college graduation rates, the effects of income overwhelmed the effects of high test scores. A student in the lowest-scoring group, but from a high-income family, had a 30% chance of attending and completing college, compared to a 29% chance among students with the highest test scores, but from low-income families. The same pattern is found in college-going rates; nationwide, the highest-achieving low-income students attend college at the same rate as the lowest-achieving high-income students (78% and 77% respectively). For California youth and their families, college is rapidly becoming less affordable. At University of California campuses, student fees (the equivalent of tuition) have increased by 84% in the last ten years. California State University fees have grown by 81% over the same period, and community college fees are up 82%, even after last year’s fee reduction.

The fee increases of the last several years are the latest in an accelerating trend of reduced college affordability for California students from working families. Figure 5.7 shows how college costs (including fees, housing, books and related expenses) as a percent of family incomes have changed since 1975. Thirty years ago, a low-income California family would have spent 33% of their annual income to send a child to a CSU such as San Jose State. Today, a similar family would need to spend 56% of their income to cover one year at a CSU.

As students struggle to finance their educations, the educational debt load is also increasing, creating a growing burden on young people after they graduate from college. In California, the average total owed on Stafford loans for students beginning repayment (i.e., immediately after graduating or leaving college) has grown from $11,352 in 1995-96 to $17,884 in 2003-04. In addition, more students are turning to private loans; nationwide, private student loans as a proportion of all educational borrowing have shot up from 4% in 1995-96 to 20% in 2005-06.

Recent cuts to California’s funding of higher education, combined with cuts called for in the Governor’s proposed budget for 2008-09, threaten to further increase costs and reduce access to college for California students. All three of the state’s public higher education systems – UC, CSU and Community Colleges – are underfunded for their current enrollment, and under the proposed budget (which as of July 31st has not yet been passed) would need to reduce enrollment over the next several years. Even optimistic fiscal projections show that the UC and CSU systems would have to turn away 27,000 qualified students in the next two and a half years.
Alternative forms of post-secondary education are widely used, both by students just out of high school and by adults seeking to upgrade their skills or retrain.

When designing policies addressing the need for higher education, often only programs leading to a bachelor’s or advanced degree are considered. Yet tens of thousands of county residents enroll each year in other types of post-secondary education, much of it with a vocational or career/technical orientation. These varied sub-baccalaureate programs are of enormous importance in providing a means for students to develop the skills needed for today’s rapidly changing job market.

One type of career/technical education is the apprenticeship system, in which trainees learn a trade through a combination of classroom instruction and on-the-job training. Because they are sponsored directly by employers or industry partnerships along with trade unions, apprenticeship programs are unique in their direct link to the job market and a lifelong career. In addition, apprentices are paid an hourly wage while they are learning the trade, unlike most other career technical programs which rarely pay trainees for their time and often charge tuition.

Many joint labor/management training committees also provide periodic training for incumbent workers to learn new skills or keep them current with the latest developments in their trade. For example, as demand has grown for solar panels, the International Brotherhood of Electrical Workers has created a comprehensive training course through which electricians can learn how to size, install and maintain solar photovoltaic panels.

As of 2006 the apprenticeship programs that include the Silicon Valley region were training a total of 8,219 active apprentices, equivalent in size to enrollment at a mid-sized community college. The table above provides active apprentices in each of the ten largest apprenticeship programs serving Santa Clara County.

Another focus of alternative post-secondary educational programs is training and skills upgrades for adults already in the workforce, reflecting workers’ growing need for lifelong learning to maintain their competitiveness in the present-day job market. In Santa Clara County, just over half (55%) of those enrolled in higher education are traditional-aged students (age 24 and under); 25% are age 25 to 34, and another 20% are age 35 or over. However, the percent of adults 25 and up enrolled in higher education has declined in recent years from 7.7% in 2000 to 6.0% in 2006, suggesting that funding cuts and fee increases in community colleges and adult education may be making lifelong learning less accessible.
Overall, Santa Clara County adults possess higher educational levels than those in the state or nation as a whole.

As shown in Figure 5.8, about one-third of Santa Clara County adults have never been to college, one-quarter have some college but not a four-year degree, one-quarter have a bachelor’s degree, and one-fifth hold advanced degrees. By comparison, those who have never been to college make up 43% of all adults in California and 46% in the U.S., and in both California and the nation as a whole, only one out of ten adults holds an advanced degree.

While Santa Clara County has been successful in attracting highly educated workers, it is notable that the majority (56%) of adults still do not possess a four-year degree. Job creation and economic development strategies must take into account the employment needs and skills of this majority population.

Educational access and attainment among Santa Clara County adults reveals a huge gap based on race and ethnicity; of particular concern, two-thirds of Latinos over age 25 have never been to college.

Although educational attainment of the county population as a whole is relatively high and growing, there remain massive racial and ethnic gaps in average education level. Most strikingly, 67% of Latino adults in Santa Clara County have never been to college. The Vietnamese American adult population also has a lower average educational level; 44% have never been to college, and only 8% have an advanced graduate or professional degree. Among African Americans, 33% have never been to college and 10% have advanced degrees.

At the opposite end of the scale, the Indo-American population in Silicon Valley is very highly educated, with fully 50% of adults possessing advanced degrees. Figure 5.9 shows educational attainment for all ethnic groups with a population of 65,000 or more within Santa Clara County.
Workers with a bachelor’s degree earn 2.9 times as much as workers without a high school diploma

In general, education is a good investment; a higher level of education typically leads to substantially greater earnings throughout one’s working lifetime. In 2006, a worker in Santa Clara County without a high school diploma earned a median of just $22,045, compared to $29,313 for a high school graduate, and $63,390 for a bachelor’s degree holder. 21

The amount of the wage premium for education varies by sex, although both genders receive substantial returns to education. In 2005, working women with some college earned, on average, 58% more than women with a high school diploma; the corresponding premium for men was only 36%. On the other hand, a bachelor’s degree brought a greater payoff for men: 134% over a high school diploma, compared to 120% for women.

A projected 62% of job openings will not require any college or post-secondary education; half these jobs pay less than a living wage

Sixty-two percent of projected annual job openings in Santa Clara County through 2014 require only on-the-job training or related work experience. While some of the openings in jobs without formal education requirements pay well, many do not; 51% of these lower-skilled jobs pay a median wage less than the current living wage for San Jose ($14.08/hr without health benefits).

Among job openings that do require formal education, a bachelor’s degree is by far the most common post-secondary requirement; 27% of job openings will require a bachelor’s degree or a bachelor’s plus experience. Another 8% will require a vocational or associate’s degree, and just 3% of job openings are projected to call for a master’s, PhD or professional degree. 22

If Silicon Valley’s future job mix matches these projections, it may indicate that even highly educated workers will face increased competition for jobs. As of 2006, 21% of the county’s low-wage workers (the bottom 20th percentile of wage earners) have a bachelor’s or advanced degree, indicating that a college education is no guarantee of a well-paying job. 23
Since 1999, the value of a college education for U.S. workers has stopped growing

In the recent history of our nation’s economic growth, a four-year college degree has become ever more valuable in the job market, as incorporation of new technology produced more jobs requiring high-level skills. From 1979 through 1999, the college wage premium in the U.S., adjusted for differences in age, sex, race, marital status and region, increased steadily – growing from about 25% in 1979 to 45% in 1999.

However, in the current decade the college wage premium has flattened, with no sustained growth since 1999. In fact, between 2000 and 2004 the college premium actually shrank: median real earnings fell by 5.2% for college graduates while rising 1.6% for high school grads. For recent college graduates (ages 23-29), the real average hourly wage in 2007 was lower than it was in 2001, declining by $1.60 for men and $0.60 for women.

At the same time, college graduates entering the workforce are less likely to get health benefits and more likely to suffer unemployment than in decades past. In 1983-84, 80.0% of recent college graduates had employer-provided health insurance. This proportion fell to 69.6% in 1999-2000 and in the current decade has dripped further still; as of 2004-05, only 60.5% of recent college graduates have a job with health benefits.

In short, a college education is no longer a guarantee of entrance into the secure middle class. Although education is necessary for economic success, it is insufficient for raising the overall standard of living if there are not enough high-quality jobs available for graduates.

In the longer term, a reduction in the wage premium could have a negative effect on educational levels. If prospective students do not believe that they will be able to secure well-paying jobs upon graduation, they will have less motivation to invest their time, money, and foregone earnings in pursuing higher education.

“A four-year college degree, seen for generations as a ticket to a better life, is no longer enough to guarantee a steadily rising paycheck.”

-Greg Ip, Wall Street Journal

“...a four-year college degree, seen for generations as a ticket to a better life, is no longer enough to guarantee a steadily rising paycheck.”

-Greg Ip, Wall Street Journal
INDICATOR 2: RESPONSE TO GLOBAL CLIMATE CHANGE

KEY STATISTICS

- If climate change continues on its current course, projections indicate that by 2100 significant portions of Silicon Valley will lie underwater, including all of Alviso and areas of Mountain View and North San Jose.

- Since 2000, the greater Silicon Valley region has held the line on carbon emissions from energy consumption; emissions dropped slightly from 35.5 million tons in 2005 to 34.0 million tons in 2006. However, reaching the State’s 2050 emissions target will require cutting carbon in Silicon Valley by more than 80%.

- Vehicle miles of travel in Santa Clara County rose by 41% between 1990 and 2000 and, under business-as-usual projections, are expected to reach double the 1990 level by 2030.

- A national carbon emissions cap-and-invest system would generate a minimum of $50 billion per year, which could be invested over the next ten years to build America’s clean energy economy and create 5 million high-quality green jobs.

WHY IT MATTERS

The global climate change indicator was added to LIVE this year to reflect both the growing urgency of confronting the climate crisis and the opportunities that have begun to emerge as we make the transition away from a carbon-intensive economy to one built on clean energy. This section includes an initial effort at tracking indicators of the anticipated repercussions of climate change on Santa Clara County and the greater Bay Area, along with progress reports on efforts to reduce the region’s greenhouse gas emissions and to prepare for the changes that are coming, including increased heat, freshwater shortages and sea level rise in the San Francisco Bay. These indicators maintain a particular focus on how both climate change impacts and the economic and policy response will affect low-and middle-income families through mechanisms such as higher gas and food prices or greater vulnerability to extreme weather events.

Finally, this section touches on the promise and challenges of the growing green economy, investigating the reality behind the concept of “green jobs”: the alluring proposal that efforts to fight climate change can and should create new job opportunities that will enable millions of people to climb out of poverty and restore the middle class.
A one-meter rise in sea level would place low-lying neighborhoods bordering the San Francisco Bay underwater.

The level of the San Francisco Bay is projected to rise considerably in the coming years as global warming melts the polar ice caps and raises sea levels worldwide.

With much of the coastal Bay Area situated a few feet—or in some places, mere inches—above the waterline, the rising Bay may be the most visibly dramatic impact of climate change. The Bay Conservation and Development District (BCDC) has mapped the areas that would fall below the waterline following a one-meter rise in sea level, which is roughly the midpoint of the projected sea level rise by 2100.

BCDC’s map of the South Bay (Figure 5.12) reveals that substantial portions of Santa Clara County would be flooded, including parts of Mountain View and other cities lying north of Hwy. 237 or east of Hwy. 101, the portion of North San Jose lying north of Tasman Drive, and nearly all of Alviso. Further north, San Francisco and Oakland International Airports would be underwater as well.

If the U.S. and the world embark on an intensive effort to drastically cut greenhouse gas emissions, climate change can likely be slowed in time to avoid a sea level increase of this magnitude.

However, the concentration of greenhouse gases that has already built up in the atmosphere will continue to make its effects felt for the next 100 years. Even the most optimistic scenarios for greenhouse gas reduction project an approximately three-inch rise in average sea level, along with increased frequency of floods. It is critical that the Bay Area plan and prepare for rising water levels in the Bay and along the coast, including strengthening of levees and other flood control systems.
In addition to rising sea levels, South Bay residents will face climate change impacts including water shortages, reduced agricultural production, more frequent heat waves, and heightened risk of wildfires.

As climate change progresses, residents and businesses in Santa Clara County will feel the impacts of increasing temperatures and shifting weather patterns.

Temperatures in California are projected to increase, on average, somewhere between 3° F (assuming dramatic emissions reductions and an optimistic climate scenario) and 10.5° F (if emissions continue to increase at a high rate) over the next ninety years. Accompanying the temperature increase will be changes in rainfall and snowfall patterns and an increase in extreme weather events such as storms, droughts and floods. Foreshadowing what is to come, an unusual spate of dry lighting sparked more than 800 fires throughout Northern California in a single week in late June, before the normal wildfire season had even begun.

The table below lists some of the major trends projected for California and their potential impacts on the Bay Area. For a detailed analysis of climate change projections and impacts in California, see the California Climate Change Center at http://www.climatechange.ca.gov/research/impact.html; for a summary, see the report Our Changing Climate at www.climatechoices.org/.

### Selected Climate Change Impacts in the Bay Area and California, 2008 - 2100

<table>
<thead>
<tr>
<th>Projected Trend</th>
<th>Impacts</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>HEAT</strong></td>
<td></td>
</tr>
<tr>
<td>200% to 400% increase in the number of days each year of extreme heat</td>
<td>Higher rate of illness and deaths from heat-induced conditions, including dehydration, heat exhaustion, asthma and respiratory distress, heart attack, and stroke.</td>
</tr>
<tr>
<td><strong>WATER</strong></td>
<td></td>
</tr>
<tr>
<td>Reduction in annual Sierra Nevada snowpack by 30 to 90%</td>
<td>Major summer water shortages.</td>
</tr>
<tr>
<td>As sea level rises, intrusion of saltwater into groundwater aquifers and the Sacramento / San Joaquin River Delta</td>
<td>Additional reduction of water supply.</td>
</tr>
<tr>
<td><strong>FIRES</strong></td>
<td></td>
</tr>
<tr>
<td>Increase in wildfires by 10% to 55% statewide</td>
<td>During a fire, danger to lives and property, as well as reduced air quality. Cumulatively, reduction in pine, conifer and alpine forest coverage.</td>
</tr>
<tr>
<td><strong>FOOD</strong></td>
<td></td>
</tr>
<tr>
<td>Changing seasonal patterns caused by warmer spring and summer temperatures</td>
<td>Reduced production of many agricultural products in California. Products at risk include (among others) apples, almonds, walnuts, milk and dairy products, and wine grapes.</td>
</tr>
<tr>
<td>Outbreaks of new plant pests and diseases as warm-climate pathogens expand their range</td>
<td>Additional, largely unpredictable, impacts on agriculture. Reduced production may lead to higher food prices.</td>
</tr>
</tbody>
</table>

Working families and low-income households are likely to bear the brunt of impacts from climate change and associated trends

Middle-and low-income households who are already walking a financial tightrope have little room to maneuver in response to rising energy costs, local climate shifts that threaten comfort and health, or the growing likelihood of a natural disaster.

In particular, low-income households:

- Are more likely to live in inner cities, which face a greater likelihood of more extreme-heat days due to the urban heat island effect;
- Are less likely to have home air conditioning available for use during heat waves;
- Make up the large majority of California’s farmworkers, who are already suffering heat-related deaths while working in the fields and will suffer increased heat as global warming accelerates;
- Are more likely to suffer from asthma or other respiratory ailments whose impact may be increased by rising temperatures and changing seasonal patterns;
- Are less likely to have access to affordable health care to treat asthma, heat-induced ailments, or infectious diseases that spread with a warming climate;
- Pay a larger proportion of their incomes for energy and gasoline costs, meaning that they are disproportionately affected by rising costs for these commodities;
- Typically lack the capital or credit to invest in energy- and cost-saving technologies such as home insulation, new energy-saving appliances, solar panels or hybrid cars;
- Have fewer resources to allow them to evacuate in an emergency triggered by an extreme weather event such as a fire, flood or hurricane; and
- Have fewer resources with which to adapt to climate stresses by relocating to a less impacted region.

Low-income households may face a double whammy: Not only are they more vulnerable to the effects of climate change, they could also end up being hardest hit by public policies designed to fight climate change. Because they spend more of their income on energy and are less able to invest in energy-saving purchases like solar panels, more efficient appliances or a new fuel-efficient car, low-to-moderate income families could be disproportionately impacted by a mandate for greenhouse gas reduction which raises the price of carbon emissions.

A mandated 15% national reduction in greenhouse gas emissions is projected to increase expenses for households in the lowest-income quintile (the poorest 20%) by 3.3% of their after-tax income. Households in the middle income quintile would see increased expenses equaling 2.8% of their income, while the highest-income quintile would experience a relatively smaller increase at 1.7% of income. Although 3% of income may seem small, for households already squeezed by rising costs and falling incomes, it could be the straw that breaks the camel’s back.
Climate change policy can be designed to mitigate impacts on working families and expand economic opportunities through green-collar job creation

The impacts outlined above are not inevitable. A well-designed climate change policy such as “cap-and-invest” could offset the cost burden for low- and moderate-income households using the revenues from the auctioning of emissions allowances. A carbon cap with the auctioning of all emissions allowances would generate anywhere from $50 billion to $300 billion in annual public revenues. Approximately 14% of these revenues would be adequate to fully offset the costs to low-income families, ideally through an existing mechanism such as the Electronic Benefit Transfer (EBT) cards now used to deliver food stamp benefits. While expenses may rise in the short term, over the long term a successful transition to a clean energy economy ought to reduce families’ cost burden. Clean energy from sources like solar and wind, as well as a modernized power grid, will be critical components of an energy transition, which – if done effectively – will provide American households with affordable, reliable, domestically-produced electricity. Public investment in upgrading the nation’s residential and commercial buildings is another critical piece that will pay dividends in the form of reduced home energy bills.

Reducing transportation emissions offers another opportunity to significantly reduce families’ cost of living. More than half of Americans do not have access to public transit, and only a handful of cities have invested in their transit systems to the point that residents can easily get around without a car. The benefits of transit access are considerable. The average U.S. household spends 19% of its budget on transportation, the most costly budget item after housing -- but households living near transit hubs spend only 9% of their budgets on transportation. Today, soaring gas prices are driving the difference between these costs higher still. A commitment to efficient, affordable and user-friendly public transit, as well as building communities to be transit-oriented and walkable, could lighten households’ budget burdens considerably, in addition to cutting the 30% of America’s greenhouse gas emissions that are produced by the transportation sector.

The ambitious New Apollo Program aims to move America to a clean energy economy while simultaneously helping restore the strength of the embattled middle class, rebuilding an economic base for broadly shared growth and prosperity. The Apollo platform is designed around four basic principles: the transition must ensure equal opportunity, provide a level playing field, ensure regional equity, and respect the dignity of work. It calls for generating and investing $500 billion over the next two years to create five million high-quality green-collar jobs.
At the heart of this strategy is a national carbon emissions cap-and-invest system that would generate $50 billion to $300 billion each year in emissions allowance revenues to be invested into building the clean energy economy. Key job creation and carbon reduction strategies include, among others:

- **Energy efficiency upgrades and retrofits of buildings.** An investment of $10 billion, aiming to reduce total building energy use in the nation by 30%, could create 100,000 high-quality jobs in construction trades, architecture and engineering.

- **Domestic manufacturing of renewable energy products.** Policies to promote the shift to clean renewable energy, combined with a commitment to manufacture renewable components in the United States could create or retain 85,000 high-quality jobs in manufacturing.

- **Build and operate world-class transit systems throughout America’s metropolitan regions.** In addition to reducing vehicle miles travelled and saving money and time for travelers, investment in transit creates, on average, 19% more jobs than the equivalent investment in building more roads.

The above are just a few examples of ways in which investment in fighting global warming can be leveraged to generate economic growth and good jobs simultaneously. There is, however, no guarantee that any and all green strategies will expand opportunities for working families and the middle-class. An illustrative case is the Solargenix solar power plant in Nevada. As part of an effort to expand the supply of renewable energy and spur economic growth, in 2006 the state of Nevada provided the company Solargenix with a $15 million tax incentive to build a massive new solar thermal plant in the Nevada desert which would sell solar power to utility customers. However, the state failed to enforce provisions for job quality or hiring local workers, with the result that Solargenix hired the majority of its construction workforce from out-of-state and paid them well below the prevailing wage standard in Nevada."
GREENHOUSE GAS EMISSION REDUCTIONS

CO₂ emissions in the greater Silicon Valley region have stabilized, but much deeper reductions will be needed to meet 2050 targets

The enormous challenge posed by climate change has been catapulted into the limelight in the past year; prominent leaders in all sectors are now calling for serious and immediate efforts to fight global warming. In the U.S., while the federal government has lagged in taking serious action to counter climate change, states and localities have stepped up.

In California, the historic Global Warming Solutions Act of 2006 (AB32) committed the state to reduce its total greenhouse gas emissions to 1990 levels by 2020: the first time any U.S. state had committed itself to a binding emissions reduction.

Figure 5.13 shows total CO₂ emissions resulting from consumption of electricity, natural gas and gasoline in the four-county region including Santa Clara and projects the emissions reduction necessary to meet our share of the state’s goals under AB32.* AB32 commits California to reduce its total greenhouse gas emissions in a series of steps, with an ultimate target of 80% below 1990 levels by 2050.

Carbon emissions in the region have remained largely stable over the first half of the decade, even decreasing slightly in 2006, from 35.5 million tons down to 34.0 million tons. Recent trends put the region on track to meet the 2010 goal, with fairly modest cuts of 5 to 10% needed to reach the 2020 goal. To achieve the 2050 target, though, will require cutting emissions more than 80% below current levels: a goal that we are not on track to meet without a major shift away from business as usual.

With increasing awareness of the climate change crisis – as well as rising costs of energy – many Silicon Valley residents have already begun taking steps to reduce their carbon footprints. One prominent effort is Sustainable Silicon Valley (SSV), a partnership between at least 67 companies and local governments. In 2006, SSV partners reported reducing their annual emissions by a collective total of 138,000 tons of CO₂. 43

Although commendable, the reduction achieved by SSV represents less than one-half of one percent of total emissions in the region. Individual efforts are unlikely to carry Silicon Valley far enough to meet its targets unless they are backed up by a strong coordinated climate change strategy supported by policy changes at local, state, federal and international levels.

*Additional types of greenhouse gas emissions, such as process emissions from industry and emissions of greenhouse gases other than CO₂, are not included in these totals due to lack of data.
Average vehicle miles of travel in Santa Clara County are projected to double by 2030, increasing carbon emissions from gasoline usage.

In large part, it has been a shift towards renewables and other lower-carbon energy generation by PG&E, the primary electrical utility serving the Bay Area, that has enabled the region to hold the line on carbon emissions. However, gasoline consumption, which accounts for 56% of the region’s energy-related carbon emissions, continues to grow.

Average weekly vehicle miles of travel in Santa Clara County soared upward 41% between 1990 and 2000 and, under business-as-usual projections, are expected to reach double the 1990 level by 2030. Improved fuel efficiency and alternative fuel vehicles can partially offset this increase, but just as important will be reducing vehicle miles travelled through improving mass transit and cutting back on sprawl.

**Energy efficiency has been the most effective emissions reduction strategy**

California has already demonstrated the feasibility and economic benefits of reducing consumption through improving energy efficiency. Since 1970, Californians have reduced their per capita energy consumption by roughly 15%, even as per capita energy consumption for the rest of the U.S. has grown. Much of this reduction can be attributed to California’s foresighted application of energy efficiency standards in building codes, appliance standards and utility incentive programs; in 2003, these three strategies collectively saved an estimated 40,000 gigawatt-hours of electricity, equal to 15% of the state’s total electricity usage that year.

Increased efficiency not only reduces greenhouse gas emissions but also saves money for energy consumers. The state’s total electric bill as a percentage of state GDP has fallen from 2.5% in 1990 to 1.8% in 2005, meaning that Californians effectively saved more than $12 billion dollars of avoided electricity costs in 2005.

“Expanding public and private investment in energy efficiency and distributed power is the cheapest, fastest way to reduce rising energy costs, curb greenhouse gas emissions, and create a new generation of high quality green-collar jobs.”

-Apollo Alliance
INTRODUCTION

Besieged as they are by shrinking employment and wages, growing insecurity, and the looming climate crisis, working families’ future in the tech-driven global economy may seem gloomy indeed.

While recognizing the problem is the first step, reciting a litany of financial woes afflicting our families and communities does not, in itself, change anything. We need to take the next step: do something about it.

New ideas and new directions are urgently needed. The best place to find them may not be Washington D.C., but Main Street USA: in communities across the country who have taken matters into their own hands, putting a panoply of fresh policies and programs to the test. Those that prove successful can emerge from these local “laboratories of democracy” to be taken up by communities across the country and, eventually, move up to the national level.

The Silicon Valley region of California stands out as one of the nation’s premier public policy “laboratories,” drawing on the same strengths that brought the Valley to lead the world in technological innovation.

San Jose, known today as the capital of Silicon Valley, was home to the nation’s first modern radio station (in 1909) and the state’s first modern mental hospital (Agnews). It was in Silicon Valley that the vacuum tube was perfected, making possible the age of electronics; and it was San Jose that elected the nation’s first Asian-American mayor of a major city. In the 1970s, Silicon Valley was both the capital of cutting-edge aerospace research and the “feminist capital of the nation,” a title earned for its many women leaders who successfully ran for elected office.

Most famously, Silicon Valley brought the world the microchip – developed and refined in Sunnyvale laboratories. But we also brought the world Cesar Chavez – the renowned labor and civil rights leader who spent his formative teenage years in East San Jose.

Today, despite its economic challenges, the Valley is a world center of software and technology innovation. Much of the tech industry’s success here is owed to the Valley’s parallel status as a center of diversity; with one of the nation’s largest and most diverse immigrant populations, the region draws on knowledge, new ideas and fresh perspectives from across the globe.

In this spirit, the 2008 Life in the Valley Economy report features this special section devoted to the next generation of innovative economic and social solutions being pioneered in Silicon Valley.

The following pages profile ten local initiatives developed to tackle persistent problems, all with potential to become valuable models — if we come together to make them work.

Spearheaded by diverse assortments of community members and leaders, these initiatives put forward locally-rooted solutions to problems ranging from housing affordability to greenhouse gas emissions to a shortage of construction workers. Some are still in the conceptual stage while others are well underway. Though wide-ranging, all ten share two common elements in their approach to problem-solving: innovation and collaboration.

Capitalizing on Silicon Valley’s unique brand of innovation, each is based on a fresh approach to the problem. And each one is propelled by collaborative efforts bringing people together to create the synergy and commitment that happen when a project is built from the grassroots up.

Through efforts like those profiled herein, Silicon Valley can once again blaze a trail for the nation to follow.

“New ideas and new directions are urgently needed. The best place to find them may not be Washington D.C., but Main Street USA.”
LIVE FROM SILICON VALLEY TEN TRANSFORMATIVE IDEAS

1. Green Jobs for Green Homes page 111
This first-of-its kind initiative would open the door for tens of thousands of Silicon Valley residents to green their homes through improved energy efficiency and save some green on their energy bills – all while creating jobs for a new generation of green-focused construction workers.

2. A Secure Airport that Puts Passengers First page 111
The City of San Jose is poised to launch a cutting-edge Living Wage Policy at San Jose Airport that would train airport staff to improve both security and customer service, increase the airport’s competitiveness and lift more than 500 minimum-wage workers out of poverty.

3. Disaster-Proof Hospital Services page 112
Hurricane Katrina hammered home the need for emergency preparedness. Yet many of our nation’s hospitals would be decimated by a major disaster—leaving communities without emergency services just when they are most needed. To move beyond this dangerous status quo, Valley Medical Center is planning critical upgrades to remain open in an earthquake’s aftermath.

4. Confronting the Housing Challenge page 112
With the foreclosure crisis driving home the need to prevent the lack of housing from forcing working families out of Silicon Valley, San Jose proposes to expand its successful Inclusionary Housing policy to create affordable housing options throughout the city.

5. Health Coverage to Help Small Business Grow page 113
Small business employees have the highest uninsurance rate of any working adults, putting small companies at a competitive disadvantage. The voluntary Healthy Workers program will provide a full, no-deductible health coverage plan affordable to small businesses and their employees.

6. Stopping Sickness Before It Starts page 113
Under the newly conceived Universal Prevention plan, every county resident would have access to basic preventative health care services; early screenings and treatments will reduce the load on hospital emergency rooms and help all residents lead healthier lives.

7. Public Scrutiny of Subsidized Development page 114
In San Jose, the Sunshine Reform Task Force has created a model ordinance that brings public accountability to the millions of dollars in development subsidies given away each year. By applying open government principles to public subsides, the ordinance will help citizens ensure that taxpayer money is spent responsibly in ways that create good jobs and meet neighborhood needs.

8. Planning for Livable Neighborhoods and Good Jobs page 114
The planning framework proposed by the City of Santa Clara for “big box” retail would be a pioneering step toward integrating neighborhood preservation, low-carbon land use planning and local economic competitiveness, while encouraging good jobs and blocking poverty-level wages.

9. Building Careers to Build California page 115
The California Construction College aims to provide a pathway for California’s youth to gain both a skill and a college degree in a field with a looming workforce shortage: construction. At the same time it opens up opportunities for longtime construction workers to advance their careers.

10. Developing Skills for Tomorrow’s Transit Systems page 115
Through the Transportation Career Ladders Project, community colleges and incumbent employees will train the next generation of workers for careers in public transit: a workforce urgently needed as our nation makes the shift to a clean energy economy.
**SOLUTIONS: MAKING A LIVING**

1. **Green Jobs for Green Homes**

   Global climate change poses an imminent threat to our way of life. But it also presents an opportunity: as the nation shifts to a low-carbon economy, we can to leverage that shift into economic growth, greater security, and a renewed promise for millions of struggling workers to reach the long-deferred American Dream.

   As both a center of investment in the emerging cleantech industry, and a region whose inhabitants are highly eco-conscious, Silicon Valley holds great potential for leading the nascent green jobs movement. One promising initiative is the solar training workshops designed by the International Brotherhood of Electrical Workers (IBEW), which offers comprehensive training in solar installation for both electrical workers and contractors.

   Another green jobs initiative currently in the works has the potential to increase employment, reduce carbon footprints, and save money for residents. Known as Green Pays, this initiative would fund energy efficiency retrofits of homes and office buildings, with the cost of the retrofit to be repaid out of the savings on the energy bill. Green Pays is a golden opportunity to create new jobs in the construction trades and help families and small businesses shrink their carbon footprint while saving substantial money on gas and electric bills.

2. **A Secure Airport that Puts Passengers First**

   Hundreds of minimum wage workers employed at San Jose International Airport could be getting a long-awaited raise this year as a result of community pressure to expand San Jose’s Living Wage policy. In recent months, concerned community members and people of faith have joined with airport workers to call for a living wage, better training and improved public oversight of employers at the Airport. San Jose City Councilmember Forrest Williams heeded this call and in April proposed an ordinance that would ensure all workers at the Airport earn the San Jose Living Wage – currently $12.83/hr if health benefits are offered, or $14.08/hr without health – and implement standards to improve job training and retention.

   If this ordinance is approved, it will improve the standard of living for hundreds of families. The Airport Living Wage Ordinance represents a next step in the evolution of municipal living wage policies, which in their basic form have proven highly successful: since the first modern-day living wage policy was passed by Baltimore in 1994, more than 140 local jurisdictions have established living wages to raise the floor for tens of thousands of workers across the nation.

   “These new green jobs will be an opportunity for growth, for both our contractors and members who are ready to do our part to reduce our dependency on fossil fuel.”

   Dan Romero, Membership Development Representative, International Brotherhood of Electrical Workers Local 332

   “By expanding a living wage to all workers at the airport, we can help ensure that employees will be able to find housing and avoid the experience I had of being homeless while working full time.”

   Dwayne Green, wheelchair ambassador, Aviation Safeguards
3. Disaster-Proof Hospital Services

In the aftermath of Hurricane Katrina, residents of Washington Parish tried calling 9-1-1 for help, only to find that all emergency communications systems were down and would remain so for a week, throwing first responders into chaos. Just two years prior, parish voters had rejected a proposal to upgrade the emergency communications center. The same scenario — emergency response systems or infrastructure being themselves destroyed by a crisis — could occur today in cities and towns across America. The majority of our nation’s infrastructure is decades old and not likely to withstand a major natural disaster. Meanwhile, the frequency and severity of climate-related disasters is increasing yearly; and here in Silicon Valley, seismologists predict a major earthquake within 20 years.

Santa Clara County is moving beyond this dangerous status quo by planning a major update of the region’s urgent and emergency health infrastructure. To be funded by a bond measure, Measure A, this update would encompass a state-of-the-art seismic upgrade to Valley Medical Center, which is Silicon Valley’s only open-door hospital and San Jose’s only Level 1 trauma and burn center, as well as construction of a new urgent care facility at the site of the former San Jose Medical Center, whose 2004 closure left downtown without adequate health services.

4. Confronting the Housing Challenge

Over the past decade, the soaring cost of housing has driven thousands of families out of Santa Clara County. Not only do teachers, janitors, nurses and firefighters find it increasingly difficult to stay here, but even high-tech talent has been hit: Silicon Valley CEOs rank high housing prices as their top obstacle to recruiting and retaining employees. Today, with rents and home sale prices still vying for the highest in the state even as foreclosures rise to unprecedented levels, the region urgently needs to rebuild a healthy, stable and realistically priced housing market so that middle-class and working-class families are not forced out altogether.

San Jose is on the verge of taking a long-term step towards restoring affordability in the housing market with its proposed citywide Inclusionary Housing policy. Inclusionary housing is a zoning tool that designates 20% of units in any major housing development to be affordable to low-to-moderate-income residents. Like many cities, San Jose currently applies inclusionary housing only in designated redevelopment areas, covering about one-third of the city. The proposed expansion would help spur development of the 19,000 new affordable homes needed by 2014 and would make San Jose the largest city in the U.S. to apply inclusionary housing citywide.
5. Health Coverage to Help Small Business Grow

While state-level health care reforms remain stalled, a local pilot project holds the potential to offer affordable health coverage to as many as 24,000 working adults. The Healthy Workers program is a voluntary, employer-based plan designed to offer affordable, comprehensive health insurance to local small business employees. To make the plan affordable, Healthy Workers splits the cost between three parties. Employers and workers will each contribute an affordable monthly premium of approximately $130 per participant for employers and $25-$55 for employees. The Santa Clara Valley Health and Hospital System will contribute the services of its extensive provider network at a discounted rate. Healthy Workers offers a comprehensive benefit plan with modest copayments and no deductibles.

Healthy Workers has won the support of local labor, small business, community and faith groups, has been approved by the County of Santa Clara, and was authorized as a pilot program by state legislation. It is scheduled to begin enrolling workers in health coverage by early 2009. If Healthy Workers achieves its goals here, it will be poised to serve as a replicable model for regions throughout the state seeking to address the lack of affordable health insurance for small business workers.

6. Stopping Sickness Before It Starts

Universal Prevention is a new concept in health care that would ensure access to basic preventative health services for every resident in Santa Clara County.

Preventative health care, including regular office visits, early screening and detection, and advice and support for healthy lifestyles can often prevent more serious health conditions. Yet far too many Americans avoid preventative health services due to high costs or lack of access. In Santa Clara County, not only do 12% of non-elderly adults lack any health coverage, but a substantial number of those who do have insurance are underinsured: stuck in a health plan that does not cover basic preventative services, unless high deductible costs are paid.

Universal Prevention would ensure that no one is deterred from preventative care due to cost or access. Insurance providers would be required to cover basic preventative services or pay a fee, while uninsured or underinsured residents could access preventative care through the County’s extensive provider network. By detecting problems earlier when they are most amenable to treatment, Universal Prevention holds great promise for helping people stay healthy and reducing the strain on emergency rooms and the health care safety net.
SOLUTIONS:
BUILDING A COMMUNITY

7. Public Scrutiny of Subsidized Development

In 2007, the City of San Jose’s citizen-led Sunshine Reform Task Force took up the challenge of bringing sunshine to one of the most shrouded and unaccountable areas of local government: public subsidies. In the name of promoting economic development, cities give away hundreds of millions of dollars each year to private developers and businesses. In some cases these tax expenditures return worthy benefits to the community, but too often subsidies are handed out like candy with no analysis of cost-effectiveness, no accountability, and no public input or disclosure.

The Task Force developed an open government ordinance incorporating a pioneering subsidy disclosure policy. For all proposed subsidies over $1 million, the ordinance requires an analysis of public costs and benefits, including job creation, job quality, neighborhood impacts, housing affordability, and net fiscal impact—needed to evaluate taxpayers’ return on their investment. Critically, the ordinance mandates early public notice—before City Council decides to grant the subsidy. San Jose has not yet adopted the Sunshine recommendations on subsidy accountability, but it has put into place a pilot Cost-Benefit Analysis that incorporates most of the Task Force’s proposal. In January 2009, the City will have the opportunity to implement the full policy, and in so doing launch a model of open, transparent and accountable development practices that will be looked to by communities throughout California.

8. Planning for Livable Neighborhoods and Good Jobs

The City of Santa Clara has proposed a pioneering new policy regarding “big box” retail (over 75,000 square feet) aimed at preserving neighborhood character and community values, promoting environmentally sensitive smart growth, maintaining their city’s economic competitiveness and—last but certainly not least—promoting high-road, high quality job growth while blocking the proliferation of poverty-level wages.

Santa Clara’s proposed Big Box Ordinance would go beyond a blanket restriction on store size to consider factors that could include effects on local retail and mall business, employee wages and benefits, costs and benefits to the city’s taxpayers, environmental and neighborhood impacts of traffic, and overall contributions to Santa Clara’s unique character that makes it a desirable city for both residents and shoppers. While the ordinance is under development, Santa Clara has taken the proactive step of directing all big box retail proposals to be referred to the City Council, which will make a final decision after a full public hearing.
9. Building Careers to Build California

Developed by the Santa Clara County Construction Careers Association (S4CA), the proposed California Construction College (CCC) is a unique institution that would enable both entry-level students and experienced construction workers to earn a college degree while learning the skills needed to work in high-demand, well-paying construction jobs or move up to management and teaching positions.

By partnering with San Jose City College and the National Labor College, the CCC will offer certificate, associates and bachelors degree programs in construction management, including credits for apprenticeship hours and on-the-job experience. To raise awareness of the educational and career opportunities available in the construction trades, the pilot project includes an outreach program for students and young adults. With a focus on women, underrepresented minorities and at-risk youth, the outreach effort is expected to reach 16,000 students throughout Northern California.

The CCC pilot project holds potential as an effective model for a "multiple pathways" approach to higher education that will help more students complete college and ensure that graduates are trained to succeed in high-demand, high-quality occupations.

10. Developing Skills for Tomorrow’s Transit Systems

The Transportation Career Ladders Project is a new career training and upgrade initiative created, in the collaborative spirit of Silicon Valley, by a partnership among the Santa Clara Valley Transportation Authority (VTA), Amalgamated Transit Union (ATU) 265, San Jose City College, work2future, and the Career Ladders Project. The project will offer three types of college-credit classes: foundational transit industry skills for youth and other jobseekers; a "coaching" class for experienced VTA staff; and special topics for workers seeking to advance their careers. In addition to creating a pipeline connecting young workers to good jobs at VTA, the project is on track to define a clear public transit career ladder, having just been awarded a two-year, $600,000 grant from the Community College system.

Dr. Kathy Werle, career and technical education dean at San Jose City College, praises the Career Ladder Project as “a great example of how industry and community colleges can collaborate to meet workforce needs and improve the lives of individuals.” This project is the latest achievement of the unique Joint Workforce Investment (JWI) partnership established in 2005 between VTA and ATU. JWI’s successful programs thus far have included the Maintenance Career Ladder Training Program and the newly launched Operator/Mentor Pilot Program.

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“The California Construction College taught me a little bit about every trade, but most important for me was it helped me think about what I wanted to do and figure out that it was plumbing.”

Roberto Vallejo, plumbing intern, Pipe Trades Training Center

“The mechanics helper program is a real blessing for my career path and for the well being of my family. My acquiring an advanced skill is inspiring my son to believe that we should never stop learning.”

Minnie Nadine Lomas, Mechanic Helper
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End Notes

► NOTES: Chapter 1

4. The only expansion with a comparably depressed (though slightly higher) job growth rate was 1986-1990, which coincided with the five-year drought that began in 1987 – the most severe drought in California’s recorded history.
5. The preceding analysis is based upon unadjusted employment data and therefore contains a seasonal bias that may result in shifting the start and end date of recession and recovery period by several months; for instance, under the current analysis a disproportionate number of recessions appear to begin in January. A seasonally adjusted analysis is currently underway. However, seasonal adjustment, while it may result in different start and end dates and corresponding small differences in growth rates, is not expected to materially change the main findings of the analysis.
9. The Living Wage level was established by the City of San Jose in 1998 to ensure that workers earn enough to support their families without resorting to public assistance programs. As of July 2008, the San Jose Living Wage is $12.83 per hour if health benefits are provided, and $14.08 per hour without health benefits.
15. CPI-U, compound annual rate for the three months ended in June 2008; Bureau of Labor Statistics.
21. Elder Economic Security Standard from UCLA. Housing and population data from the American Community Survey was used to approximate the number of Santa Clara County households containing seniors which fall below the income levels provided in the Elder Standard Index. Because the Index does not provide standards for elders living in larger households, the standard for an elder couple was also used for elders in households of three or more, resulting in a conservative estimate of elders living below the standard.
NOTES: Chapter 2

1. Estimate of REOs in 2007 from ForeclosureS.com.
2. DataQuick Information Systems and ForeclosureS.com.
3. ForeclosureS.com; American Community Survey 2006. Total homes includes all occupied housing units as of 2006, whether rented or owned.
NOTES: Chapter 2

34. Union membership data for the SJ-SF-Oakland region is from the Union Membership and Coverage Database, www.unionstats.com, constructed by Barry T. Hirsch (Georgia State University) and David A. Macpherson (Florida State University). All unionization data used originates from the Bureau of Labor Statistics.
NOTES: Chapter 3

2. Santa Clara Family Health Plan and Santa Clara County Social Services Agency
7. Mathematica Policy Research, Inc. Note: This comparison group was made up of children who were in the process of enrolling in Healthy Kids. Survey questions asked about their health care experiences in the six month time frame before they enrolled in Healthy Kids.
10. ibid
11. Lucile Packard Foundation for Children's Health http://www.kidsdata.org
12. Santa Clara County Public Health Department
13. Healthy People 2010 is a national health promotion plan developed by the U.S. Department of Health and Human Services that establishes health objectives to be achieved nationwide in the first decade of the 21st Century.
14. Santa Clara County Public Health Department
15. ibid
16. Lucile Packard Foundation for Children's Health http://www.kidsdata.org
17. Santa Clara County Public Health Department
18. ibid
19. Family Health Outcomes Project and Santa Clara County Public Health Department.
20. ibid
21. ibid
22. Note: Because of a low population density in Santa Clara County, the infant mortality rate among African Americans is calculated by pooling 3 years of data together.
23. Family Health Outcomes Project and Santa Clara County Public Health Department.
26. Santa Clara County Public Health Department, Behavioral Risk Factor Survey.
27. Santa Clara County Public Health Department, Behavioral Risk Factor Survey. 2000, 2004, 2005-06. Note: Overweight is defined as having a Body Mass Index (BMI) between 25 and 29.9; obesity is defined as a BMI of 30 or greater. BMI is a ratio based on height and weight.
30. ibid
37. Santa Clara County Public Health Department, Behavioral Risk Factor Survey. 2005-06.
53. Santa Clara Valley Healthy and Hospital System Planning and Marketing Department
54. ibid
55. U.S. Census Bureau, 2000 Census and U.S. Department of Health and Human Services, Federal Poverty Guidelines. Note: Low-income census tracts were considered to be those with a median household income below 300% of the federal poverty level for a family of four in 1999 ($50,100). The two Kaiser Permanente Hospitals in Santa Clara County were not included in Figure 3.14, though they do serve a very limited number of non-emergency Medi-Cal patients.


58. Santa Clara County Public Health Department, Emergency Medical Services Agency.


66. ibid
1. U.S. Census Bureau, American Community Survey
3. U.S. Census Bureau, American Community Survey
5. ibid
7. U.S. Census Bureau, American Community Survey
10. California Association of Realtors (CAR). Note: Annual affordability rates are based on a four quarter average of CAR’s first-time buyers affordability index. This index is calculated assuming that first-time buyers purchase a home at a price equal to 85% of the prevailing median price for existing homes.
11. California Association of Realtors (CAR)
12. Note: The median home price for the first half of 2008 is an estimate based on an average of the monthly median home price for Santa Clara County for the first six months of the year.
13. ibid
20. ibid
23. San Jose Office of the City Manager. San Jose 2007-08 Adopted Operating Budget, City Service Area: Neighborhood Services and Mark Gerhardt, San Jose Department of Planning, Building & Code Enforcement.
24. Mark Gerhardt, San Jose Department of Planning, Building & Code Enforcement and San Jose Office of the City Manager. San Jose 2008-09 Adopted Operating Budget, City Service Area: Neighborhood Services
25. Brad Brown, San Jose Department of Parks, Recreation, and Neighborhood Services.
26. ibid
27. San Jose Office of the City Manager. San Jose 2008-09 Adopted Operating Budget, City Service Area: Neighborhood Services and Claudia Chang, San Jose City Manager’s Budget Office.
28. San Jose Office of the City Manager. San Jose 2007-08 Adopted Operating Budget, City Service Area: Neighborhood Services.
29. Metropolitan Transportation Commission and Caltrans District 4. Bay Area Transportation: State of the System (2006 report) and “Daily Freeway Delay by Bay Area County, 2003-2007” (attached to May 14, 2008 press release: “Congestion Drops in Several Key Freeway Corridors, But Regionwide Delay Reaches Highest Level Since 2000”) Note: Traffic conditions are considered congested when average speeds are below 35 miles per hour for 15 minutes or longer.
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38. Santa Clara Valley Transportation Authority
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42. Silicon Valley/San Jose Business Journal. “San Jose Loses Title As Safest Big City.” November 19, 2007. Note: Rankings for America’s safest big cities are determined by independent crime ranking company, CQ Press, and are based on a city’s rate for several different basic crime categories. All cities with a population above 500,000 are eligible.
43. California Department of Justice, Criminal Justice Statistics Center. California Criminal Justice Profile.
44. ibid
46. California Department of Justice, Criminal Justice Statistics Center. Preliminary Report - Crime in Selected California Jurisdictions: January through December. 1997-2007. Note: Violent crime rate per 100,000 people was calculated using population estimates from the California Department of Finance.
49. California Department of Justice, Criminal Justice Statistics Center. California Criminal Justice Profile.
53. California Department of Justice, Criminal Justice Statistics Center.
58. ibid
End Notes

Notes: Chapter 5

10. Note that college-going counts include only students who go straight from high school to college; there may be additional students who attend college after taking a year or more off following high school. Source: “Enrollment – Freshmen at Public Institutions / College Going Counts” and “Enrollment – Freshmen at Private Institutions / College Going Counts.” California Postsecondary Education Commission, Online Data. http://www.cpec.ca.gov/. Graph for college-going rate by ethnicity includes only enrollment at public colleges and universities.


36. In 2004, for both California and U.S., adults with higher incomes (arranged in five groups: income<100% of the Federal Poverty Rate, 100-200%, 200-300%, 300-400%, and >400% FPL) had progressively higher health coverage rates. Only 53.6% of the lowest-income group had health coverage compared to 91.9% of the highest-income group.


Working Partnerships USA is a public policy and research institute that builds partnerships with community groups, labor unions, and faith based organizations dedicated to improving the lives of working families in Silicon Valley. By combining the skills of research and policy development, advocacy, and organizing under one roof, we create innovative, practical solutions to problems facing working people and the middle class. Working Partnerships was founded in 1995 as a nonprofit organization.