

# DATA RELEASE

## Unemployment | September 18, 2020

**DATA RELEASE:** Silicon Valley unemployment rate for August down to 7.5%

### SILICON VALLEY EMPLOYMENT PICTURE IMPROVES

August Unemployment at 7.5%; 11,000 people back to work  
sharpest decline since April's peak

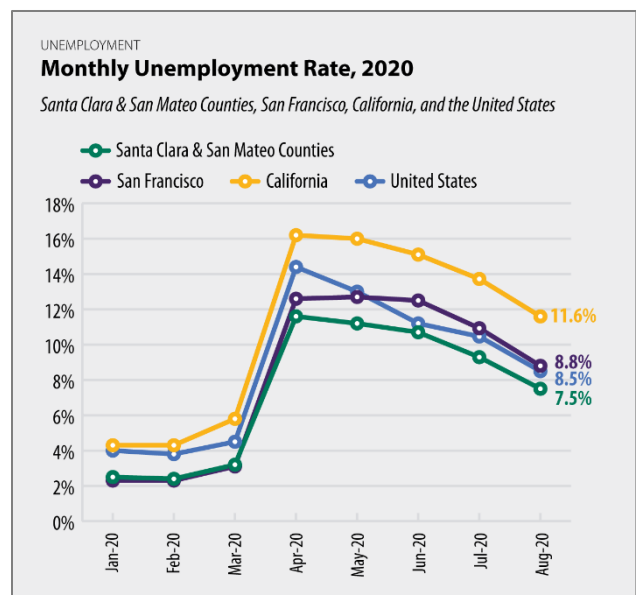
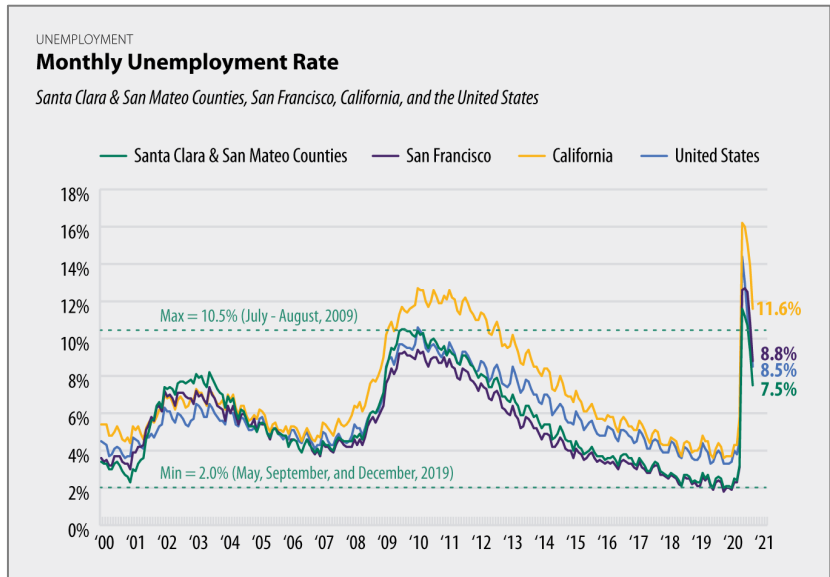
**September 18, 2020** – Joint Venture Silicon Valley's Institute for Regional Studies today released an analysis of post-COVID unemployment rates alongside 20 years of pre-COVID historical data. The analysis came after today's release of preliminary August 2020 labor market data from the U.S. Bureau of Labor Statistics (BLS) via the California Employment Development Department (EDD). The numbers reflect the sharpest

month-over-month decline since the region's unemployment rate since it peaked at an unprecedented 11.6 percent in April. *Between mid-July and mid-August, residential employment in Santa Clara and San Mateo Counties rose by 10,850 people, bringing the employment rate down to 7.5 percent.*

Since Silicon Valley's loss of nearly 202,000 workers between March and May, the region gained back 41,000 of them in June, 23,000 in July, and another 11,000 in August (for a total of +75,100 over the three-month period). As such, compared to February employment levels, the region remains down by 126,500 jobs. As of mid-August, 110,000 Silicon Valley residents who participate in the labor force but were out of work.

*Note: Unemployment rates reported here are not seasonally-adjusted. References to Silicon Valley include Santa Clara and San Mateo Counties. The Bay Area data include the nine-county region.*

Between mid-July and mid-August, approximately 262,000 more Californians were employed, four percent of which were in Silicon Valley. Within Silicon Valley, the cities with the lowest August unemployment rates were Palo Alto (four percent), Mountain View (4.1 percent), Los Altos (4.1 percent), Menlo Park (4.3 percent), Saratoga (4.8 percent), and Cupertino (five percent). Those with the highest

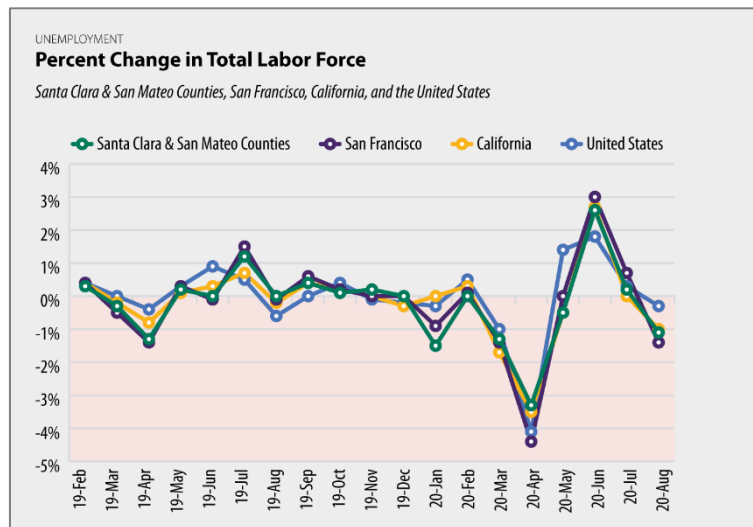


unemployment rates were Daly City and South San Francisco in San Mateo County (11.4 percent and 10.1 percent, respectively), San Jose and Milpitas in Santa Clara County (8.8 percent and 8.6 percent, respectively).

The Institute’s Director of Research, Rachel Massaro, noted, “We have a long way to go to get back to the two or three percent unemployment rates we saw pre-pandemic, but at least we’re heading in the right direction. Much of the recent job gain was attributed rehiring our educators for the start of the school year. What we need to keep an eye on are jobs in retail, restaurants, and personal care services – those hands-on, face-to-face jobs that we lost *en masse* in the effort to reduce transmission rates.”

Food service and restaurant jobs in the greater Silicon Valley region (including Santa Clara, San Mateo, San Francisco, and San Benito Counties) declined by 5,800 jobs (-2.7 percent) in August; Retail was up by 1,400 jobs (+1.4 percent) despite declines in Clothing & Clothing Stores (-400 jobs, down 3.1 percent). The industry with the greatest month-over-month job growth was Government (up 11,000 jobs or +5.6 percent), 67% of which was accounted for by local government education jobs. Other industries had opposite trends in each of the two greater Silicon Valley metropolitan areas, including Professional Business Services (up by 3,900 jobs in the San Jose-Sunnyvale-Santa Clara MSA but down by 1,000 jobs in the San Francisco-Redwood City-South San Francisco MD) and Leisure & Hospitality (down by 5,200 jobs in the San Jose-Sunnyvale-Santa Clara MSA but up by 1,800 jobs in the San Francisco-Redwood City-South San Francisco MD). Statewide, industries with the highest month-over-month percent growth were Government (+66,100), Trade, Transportation and Utilities (+26,000), and Professional and Business Services (+19,400 jobs).

The region’s unemployment rate has not only been affected by the total number of unemployed workers, but also by the changing number of people in the labor force (the denominator in the unemployment rate calculation). While the regional unemployment rate peaked in April and May, that period was also a low point in the total labor force (which declined to nearly 1,440,000 from a 2019 average of 1,527,000); the Silicon Valley labor force has since increased by approximately 23,000 people, with a peak month-over-month increase of 2.6 percent between May and June.



The methodological caveats regarding data collection and misclassification during COVID-19 persist (as discussed in detail in previous Institute releases), although the effect has lessened over time according to the BLS. The September 18 BLS News Release states, “Despite the considerable decline in its degree relative to prior months, this misclassification continued to be widespread geographically.” The release went on to explain that these misclassifications not only affected national unemployment rates, but those at the local level as well. “Unemployed people that serve as the primary inputs to the state models were affected to varying degrees by the misclassification, which in turn affected the official LAUS estimates for August 2020.” Additionally, the release notes COVID-19 has impacted both the “birth-death model” (of business openings and closures) stating, “due to the impact of COVID-19, the relationship between business births and deaths is no longer stable.” It further notes that, for the first time in July and August, establishments reporting zero employment were utilized in the estimation

methodology using a probability approach to account for additional business closures, deemed “excess zeroes.”<sup>1</sup>

“It’s important to stress that the pandemic has affected the calculation methodology that’s used to estimate unemployment rates at the national level, and that those affects propagate to the state and local levels,” said the Institute’s Director of Research, Rachel Massaro. “At this point in time, it’s difficult to estimate the extent to which of all those methodological impacts combined are affecting the reported rates.”

#### **Unemployment Rates in August 2020 (preliminary):**

San Mateo County:	7.5%
Santa Clara County:	7.5%
Silicon Valley (San Mateo & Santa Clara Counties combined):	7.5%
San Francisco:	8.8%
Alameda County:	9.8%
Bay Area (9-County Region):	8.6%
California:	11.6%
United States:	8.5%

California was among 41 U.S. states with declining unemployment rates in August. Among the state’s 58 counties, Santa Clara County ranked the eighth lowest in terms of unemployment rate; San Mateo County, which lost the number one ranking in April and moved to number two, fell to seventh in May and June, then eighth in August. The highest unemployment rate in the Bay Area was Solano County, at 10.3 percent; the highest in the state was Imperial County, at 22.9 percent.

#### **California County Rank, by August 2020 Preliminary Unemployment Rate:**

Santa Clara County:	6
San Mateo County:	7
San Francisco:	22
Alameda County:	30

**Data Sources:** U.S. Bureau of Labor Statistics, Current Population Survey (CPS) and Local Area Unemployment Statistics (LAUS); California Employment Development Department (EDD)

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<sup>1</sup> U.S. Bureau of Labor Statistics. Current Employment Statistics - CES (National), *Changes to the Net Birth-Death Model Due to the COVID-19 Pandemic* ([www.bls.gov/web/empsit/cesbd.htm](http://www.bls.gov/web/empsit/cesbd.htm), accessed September 18, 2020).

**Notes:** Monthly unemployment rates are calculated using employment and labor force data from the Bureau of Labor Statistics, Current Population Statistics (CPS) and the Local Area Unemployment Statistics (LAUS). Rates are not seasonally adjusted. County-level and California data for July and August 2020 are preliminary, and county-level data for August are from the California Employment Development Department September 18 release.

**For further reference:** To access Silicon Valley’s online data hub, visit [www.SiliconValleyIndicators.org](http://www.SiliconValleyIndicators.org)

**About the Silicon Valley Institute for Regional Studies**

The Silicon Valley Institute for Regional Studies is the research arm of Joint Venture Silicon Valley, and is housed within the organization. The Institute provides research and analysis on a host of issues facing Silicon Valley’s economy and society. <https://jointventure.org/institute/about-the-institute>.

**About Joint Venture Silicon Valley**

Established in 1993, Joint Venture provides analysis and action on issues affecting the Silicon Valley economy and quality of life. The organization brings together established and emerging leaders—from business, government, academia, labor and the broader community—to spotlight issues, launch projects and work toward innovative solutions.

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