



## Recession Catching Up With Silicon Valley

By Teresa Garcia

PALO ALTO, CA (KGO) -- Silicon Valley is bracing itself for a rough year, but a new report shows just how hard the neediest population may be hit in a region that was among the last to feel the impact of the global

recession.

The annual report assesses Silicon Valley's social, economic and environmental health. And this year clearly points to the global recession finally catching up to the region - hurting employment, social services and the housing market.

The report released by the joint venture Silicon Valley Network, warns that the economic downturn, from the financial collapse to the national mortgage crisis, is going to continue to affect the region in 2009, with job losses and home foreclosures as well.

But the report also highlights reasons for optimism, saying that green economy is what will offer new opportunities for growth -- clean technology innovation, from alternative energies like solar and wind, to hybrid and electric car manufacturing and green construction, this sector is expected to create the bulk of new technology jobs. In fact, this sector has seen job growth for several years. Another indicator the green sector is the pathway to economic recovery is that investment of almost \$2 billion dollars in clean technology last year was nearly double that in 2007.

But the region is also facing a struggle -- employment dropped 1.3 percent in December compared to the previous year; home foreclosure sales in Silicon Valley rose 184 percent in 2008, faster than California as a whole; venture capital investment in Silicon Valley companies dropped 7.7 percent during the year, but this is much less than the nationwide average.

Silicon Valley's population grew 1.6 percent in 2008 along with foreign immigration; meanwhile the gap between wealthiest and poorest residents also continues to grow.

A major area of concern is that the valley is not prepared to meet future workforce needs when it eventually pulls out of the recession. Newly skilled workers will be in demand, for example in the clean tech field.

The report says one of the problems is the state's underfinanced community college system which trains many workers for new jobs. Education at all levels is threatened by state cutbacks - as the state grapples with its \$42 billion budget deficit.