Joint Venture
SILICON VALLEY NETWORK

index OF SILICON VALLEY

2006

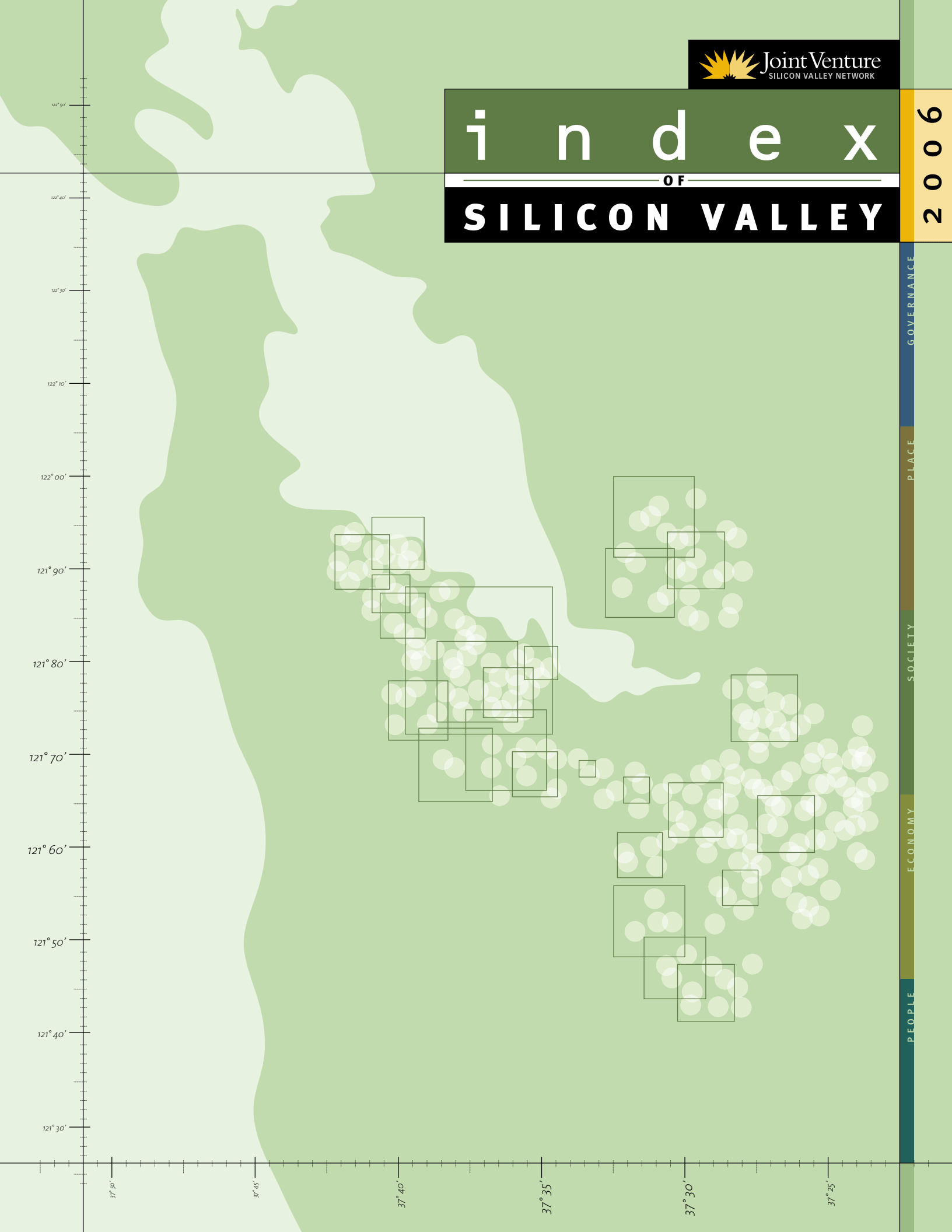
GOVERNANCE

PLACE

SOCIETY

ECONOMY

PEOPLE



JOINT VENTURE BOARD OF DIRECTORS

CO-CHAIRS

Harry Kellogg, Jr.
Silicon Valley Bank

Martha Kanter
Foothill - De Anza Community College District

PRESIDENT AND CEO

Russell Hancock
Joint Venture: Silicon Valley Network

DIRECTORS

Gregory Belanger
Comerica Bank

Frank Benest
City of Palo Alto

Steve Bochner
Wilson Sonsini Goodrich & Rosati

Ed Cannizzaro
KPMG LLP

Hon. Cindy Chavez
City of San Jose

Pat Dando
San Jose/Silicon Valley Chamber of Commerce

Chris Dawes
Lucile Packard Children's Hospital

Dan Fenton
San Jose Convention & Visitor's Bureau

Rick Fezell
Ernst & Young

Hon. Liz Figueroa
California State Senate

Vintage Foster
San Jose/Silicon Valley Business Journal

Chet Haskell
Cogswell Polytechnical College

Kevin Healy
PricewaterhouseCoopers LLP

Hon. Rose Jacobs Gibson
San Mateo County Board of Supervisors

Mark Jensen
Deloitte & Touche LLP

Don Kassing
San Jose State University

W. Keith Kennedy, Jr.
CNF Inc.

Alex Kennett
Solutions Inc.

Hon. Liz Kniss
Santa Clara County Board of Supervisors

Paul Locatelli
Santa Clara University

Bernadette Loftus
Kaiser Permanente

John Maltbie
San Mateo County

Jean McCown
Stanford University

Curtis Mo
WilmerHale LLP

Joseph Parisi
Therma Inc.

Daniel Perez

Mark Radcliffe
DLA Piper Rudnick Gray Cary LLP

Paul Roche
McKinsey & Company

Chris Seams
Cypress Semiconductor Corporation

John A. Sobrato
Sobrato Development Companies

Gautam Srivastava
AMD

Neil Struthers
Santa Clara County Building & Construction Trades Council

Colleen Wilcox
Santa Clara County Office of Education

Linda Williams
Planned Parenthood Mar Monte

Kyung Yoon
Heidrick & Struggles

INDEX ADVISORS

Ken Abreau
Calpine

Chris Augenstein
Santa Clara Valley Transportation Authority

Bob Brownstein
Working Partnerships USA

Mike Connor
San Francisco Estuary Institute

Mike Curran
NOVA

Irvin Dawid
The Sierra Club, Loma Prieta Chapter

Jane Decker
County of Santa Clara

Jeff Fredericks
Colliers International

James Koch
Santa Clara University

John Kreidler
Cultural Initiatives

Stephen Levy
Center for the Continuing Study of the California Economy

Will Lightbourne
County of Santa Clara, Social Services Agency

John Maltbie
County of San Mateo

Connie Martinez
Children's Discovery Museum

Manuel Pastor, Jr.
University of California, Santa Cruz

AnnaLee Saxenian
University of California at Berkeley

Anne Skeet
American Leadership Forum

Olivia Soza-Mendiola
MACSA

Sterling Speirn
Peninsula Community Foundation

Judith Steiner
Hidden Villa

Neil Struthers
Santa Clara & San Benito Bldg. & Construction Trades Council

Anthony Waitz
Quantum Insight

Kim Walesh
City of San Jose Office of Economic Development

Colleen Wilcox
Santa Clara County Office of Education

Prepared By:

COLLABORATIVE ECONOMICS

Doug Henton
John Melville
Erica Björnsson
Angelina Aguirre
Heidi Young

Dear Friends:

Last year the *Index of Silicon Valley* reported a complex picture with indicators pointing upward, downward, and sideways. This year we can see a storyline emerging: our economy is restructuring, our pace is more measured, the jobs we're creating are more demanding, and as a region, we have work to do in order to ensure broad levels of participation in the global marketplace.

The information presented here shows our region is no longer losing jobs at the dramatic pace ushered in by the dot-com collapse. In fact, we've managed to post our first, albeit modest, net increase in jobs in five years. But according to our analysis, the jobs we're generating are different than before, a change wrought by industrial restructuring and the forces of globalization. Though we've posted continuous productivity gains, and though per capita income is on the rise, regional job growth remains sluggish. Moreover, not everyone is benefiting from the changes we're experiencing, and too many of us are unprepared to participate in a more demanding economy.

What does this mean for Silicon Valley's long term development? What will be our unique competitive advantage in the new global landscape? If the world is becoming "flat," as journalist Thomas Friedman has argued, how are we going to secure our place in that new world?

Fortunately, we have some core assets to build upon while we reposition. We continue to add to our talent base, which flows into the Valley from every part of the world. We host an extraordinary set of laboratories and research institutions which fuel local innovation. And with the world's highest concentration of venture capital and a dense network of supporting industries, our innovation "habitat" is still uniquely positioned to nurture entrepreneurial activity.

Building on these assets, we see Silicon Valley becoming a world center for creativity. As you'll read in our analysis section, we are increasing our regional advantage as creators of new products, services, companies, and new business models. But in a world where technology products quickly become mass commodities, and in a world where companies create complex global supply chains to make and sell these products, Silicon Valley must constantly find new ways to add value. This means we have to stay on the creative edge of design, marketing and production management.

The story for 2006, then, is how our region restructures as we continue a long-term macroeconomic shift out of the industrial economy and into the idea economy. This shift signals ongoing disruptions and dislocations, for companies and for the labor force. It also signals a critical need for our leaders to evaluate our state of readiness: how serious are we about holding center stage in the idea economy? Are we preparing our people with the tools they need? Do our institutions meet the needs of a transitioning workforce?

The answers to these questions—and the action we take—will determine our place in the global economy.

Sincerely,

Russell Hancock
President & Chief Executive Officer

THE SILICON VALLEY REGION

Area: 1,500 square miles

Population: 2.43 million

Jobs: 1.15 million

Average wage: $69,455

Age distribution:
0-9 years old, **15%**; 10-19, **13%**;
20-44, **42%**; 45-64, **21%**;
65 and older, **9%**

Adult educational attainment:
82% hold high school diplomas;
41% hold bachelor's degrees

Foreign born: 38%

Foreign immigration in 2004:
27,433

Domestic emigration in 2004:
24,665

Ethnic composition:
40% White, non-Hispanic;
33% Asian, non-Hispanic;
23% Hispanic; **3%** Black, non-Hispanic;
1% American Indian, Alaskan Native, Native Hawaiian or other Pacific Islander

Joint Venture defines Silicon Valley as Santa Clara County plus adjacent parts of San Mateo, Alameda and Santa Cruz counties. This definition reflects the core location of the Valley's driving industries and most of its workforce. Where possible the indicators in the Index of Silicon Valley use the following definition of Silicon Valley:

Santa Clara County (all)

Campbell, Cupertino, Gilroy, Los Altos, Los Altos Hills, Los Gatos, Milpitas, Monte Sereno, Morgan Hill, Mountain. View, Palo Alto, San Jose, Santa Clara, Saratoga, Sunnyvale

Alameda County

Fremont, Newark, Union City

San Mateo County

Atherton, Belmont, East Palo Alto, Foster City, Menlo Park, Portola Valley, Redwood City, San Carlos, San Mateo, Woodside

Santa Cruz County

Scotts Valley

TABLE OF CONTENTS

HIGHLIGHTS 4
INDEX AT A GLANCE 6
SPECIAL ANALYSIS 8

PEOPLE

Silicon Valley has a growing, well-educated, diverse population with significant foreign talent.

Talent 10 – 13

ECONOMY

Silicon Valley's economy remains one of the most innovative in the nation. Employment is growing again and per capita income has been rising; however, median household income has remained flat for over the past decade.

Innovation 14 – 17

Industry Clusters 18 – 19

Employment 20 – 21

Income 22 – 25

SOCIETY

While Silicon Valley's overall educational performance has been improving, significant variations by race and ethnicity still exist. Health care outcomes remained relatively unchanged. Crime rates declined slightly.

Preparing for Economic Success 26 – 27

Early Education 28 – 29

Arts and Culture 30 – 31

Health 32 – 33

Safety 34 – 35

PLACE

Silicon Valley is preserving open space, increasing housing density and approving housing near transit. However, transit ridership is declining. Housing affordability improved slightly and is now above the California average.

Environment 36 – 37

Land Use 38 – 39

Housing 40 – 41

Commercial Space 42 – 43

GOVERNANCE

Silicon Valley local revenues continued to be constrained, but voters have approved a majority of revenue generating measures.

Civic Engagement 44 – 45

Revenue 46 – 47

SPECIAL ANALYSIS CONTINUED 48
APPENDICES 52
INDEX OF CHARTS 56
ACKNOWLEDGMENTS 57

HIGHLIGHTS

In 2005, Silicon Valley experienced its first net increase in jobs in four years, coupled with the largest population gain and sustained increase in per capita income since 2000. This follows a turbulent five-year period of economic restructuring and occupational change that produced both unprecedented job losses and substantial wage gains.

As we emerge from the dot-com collapse, it is clear that Silicon Valley retains strong advantages in the global economy: a diverse, well-educated population; a large pool of scientific, engineering, and business talent; an entrepreneurial culture; and restructured companies that have held their place as industry leaders and innovators. In the past year, most of the region's key industry clusters began to add jobs again.

Silicon Valley also appears to be growing as a center for creativity in business and technology. This year's Special Analysis describes growing evidence of new idea creation (in the form of patents) and business creation (in the form of thousands of new start-up firms, and a large share of U.S. venture capital investment). The region's Creative and Innovation Services cluster has the most firms of any cluster, and now ranks second in employment—the only cluster to experience a net gain in jobs between 2001 and 2005.

Silicon Valley has a much higher concentration of core design, engineering, scientific and business management talent than other regions or the nation. This talent group drives the creation of new ideas, methods, products and services, and business models that produce economic value and prosperity. This group comprises 23% of our cluster employment and 14% of total regional employment—well above regions such as Austin, Seattle, and San Diego (all 8-9%), and the nation overall (2%).

Moreover, a majority of the region's workforce is in jobs that require creativity. The region's "creative edge" is not limited to artists or the top tier of technology professionals; it includes people at all levels who generate new ideas and methods using engineering, scientific, design and other knowledge and skills. 62% of all Silicon Valley workers (and 70% of technology workers) report that their jobs require "a fair amount" or "a lot" of creativity.

The past few years have also clarified certain realities about Silicon Valley's changing economic role. Many companies have grown their revenues and achieved record productivity, but they haven't added to the region's job count—choosing in some cases, to outsource work to lower-cost locations. Some workers gained ground over this period, while others lost jobs; some occupations experienced substantial growth, while others recorded sizable declines. The implications of these shifts are not yet fully understood.

Many households are feeling the economic squeeze. While per capita income and average wages are rising, Silicon Valley's median household income declined for the fourth year in a row, and is now close to what it was a decade ago. The rate of personal bankruptcy filings has risen 50% since 2001. Average apartment rental rates continue to outpace median household income; the percentage of newly approved housing units defined as "affordable" continues to fall.

While educational performance is improving in the region, many students will not be prepared for success in Silicon Valley. Only 33% of 10th and 11th graders—and only 23% of Hispanic youth—are enrolled in intermediate algebra, a gateway course to higher level mathematics. Fewer than half of all 3rd graders—and only 17% of 3rd grade English learners—scored at or above the national median in reading.

Yet, during a period of economic hardship, there is also evidence of the resilience of Silicon Valley.

Despite heavy losses, the region's employment base continues to have a majority of jobs in mid-wage occupations—between high-wage research and professional service jobs and low-wage personal services jobs.

Almost every education measure in the Index has improved since the beginning of the decade. So has the region's commitment to education, as measured by amount and rate of bond issues approved.

Almost every health measure has also shown improvement. The share of overweight children, while high, has dropped steadily in recent years. The rate of child immunization has continued to rise steadily. Almost all children are now covered by health insurance, as are about 90% of adults (although only 77% of Hispanics).

Violent and juvenile crime rates, including cases of child abuse, have recorded little change, remaining below the California average.

The region has also logged some important livability gains:

More housing units were approved in 2005 than in any year since 1999. Average units per acre of newly approved residential development has more than doubled since 2001.

Although much higher than in 2000, commercial vacancy rates have declined for the second year in a row. The net change in non-residential development approved in 2005 will shift commercial space closer to major transit corridors.

Environmental measures have improved. Acres of permanently protected open space have steadily increased. Bay water quality (i.e., level of PCBs) is better. The share of non-commercial vehicles using alternative fuel sources nearly doubled to 5% in the past year.

While Silicon Valley has been relatively resilient, the stakes seem to be rising. Despite absorbing a loss of more than 200,000 jobs since 2000, the region has held onto much of its core talent and industry strengths. Job opportunities have grown substantially in some occupations, and thousands of new businesses have formed. Despite economic hardship for some residents, most social and environmental indicators have remained relatively stable or improved. Yet, major challenges remain for a substantial portion of our population: many residents risk being left behind if they do not have the knowledge and skills necessary to compete in the rapidly changing global economy.

2006 INDEX AT A GLANCE

WHAT IS THE INDEX?

Joint Venture's *Index of Silicon Valley* has been telling the Silicon Valley story since 1995. Released every January, the indicators measure the strength of our economy and the health of our community—highlighting challenges and providing an analytical foundation for leadership and decision making.

WHAT IS AN INDICATOR?

Indicators are measurements that tell us how we are doing: whether we are going up or down, going forward or backward, getting better or worse, or staying the same.

Good indicators:

- are bellwethers that reflect fundamentals of long-term regional health;
- reflect the interests and concerns of the community;
- are statistically measurable on a frequent basis; and
- measure outcomes, rather than inputs.

Appendix A provides detail on data sources for each indicator.

WHAT IS AN INDUSTRY CLUSTER?

Several of the economic indicators relate to "industry clusters." An industry cluster is a geographic concentration of interdependent, internationally competitive firms in related industries, and includes a significant number of companies that sell their products and services outside the region. Healthy, outward-oriented industry clusters are a critical prerequisite for a strong economy.

Appendix B identifies the specific subsectors included in each cluster.

PEOPLE

Silicon Valley has a growing, well-educated, diverse population with significant foreign talent.

Silicon Valley population **grew by 1%**, the largest increase since 2000, as **immigration increased** and **emigration decreased.**

Region's population with a **bachelor's degree**

Foreign born residents

Engineers and Scientists in industry clusters who are **foreign born**

Engineering and Science Degrees Conferred per capita in region

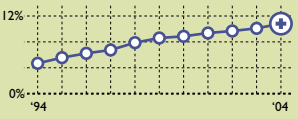
1994: **98% more**
2004: **59% more**
Silicon Valley vs. California

Engineering and Science degrees to foreign students 1994-2004

ECONOMY

Silicon Valley's economy remains one of the most innovative in the nation. Employment is growing again and per capita income has been rising; however, median household income has remained flat for over the past decade.

Silicon Valley's share of all US venture capital investment



10.8% The national share of patents granted to Silicon Valley investors increased at a faster rate than any period since '97-'98

Value added by **Silicon Valley** employees increased at more than twice the **US average**

Employment increased for the first time in four years

Total average pay ($69,455) and per capita income ($53,633) both grew for the second year in a row, and are now **above 1999 levels**

Median Household Income

Percentile	Income
80th	$148,113
Median	84,987
20th	44,786

SOCIETY

While Silicon Valley's overall educational performance has been improving, significant variations by race and ethnicity still exist. Health care outcomes remained relatively unchanged. Crime rates declined slightly.

18% Students taking requirements for entrance to UC/CSU

Enrollment in Intermediate Algebra **increased for the fourth year**

10th & 11th graders enrolled in algebra, *with disparity across racial/ethnic groups*

Third graders who scored below national median in reading – *no change from last year*

Immunization rate for young children; *rising for fourth year*

Overweight Youth

Overall health insurance coverage remained **unchanged**, however racial and ethnic disparities persist

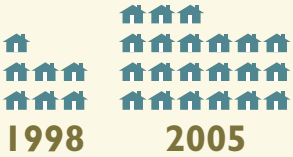
6 times as many applicants for community college nursing training programs as there are spaces available

PLACE

Silicon Valley is preserving open space, increasing housing density and approving housing near transit. However, transit ridership is declining. Housing affordability improved slightly and is now above the California average.

Silicon Valley's share of protected open space continues to increase

5% of new cars in Silicon Valley use alternative fuel



New approved residential developments now at **21 units per acre**

2005: Share of new housing approved near transit

8 year average

Transit ridership declined for the fourth straight year, and **revenue hours declined** for the third straight year

Households able to afford median priced home in Silicon Valley

California average

GOVERNANCE

Silicon Valley local revenues continued to be constrained, but voters have approved a majority of revenue generating measures.

Total city revenues have **declined since 2001**, due primarily to the loss of sales tax revenue and other revenue sources (e.g. fees)

Local property tax revenues have returned to **pre-Prop 13** (1978) levels

All bonds in 2004/2005 **passed**

15% **Voter turnout** fell for 2005 special election, compared to turnout for 2003 special election

City Revenue

County Revenue

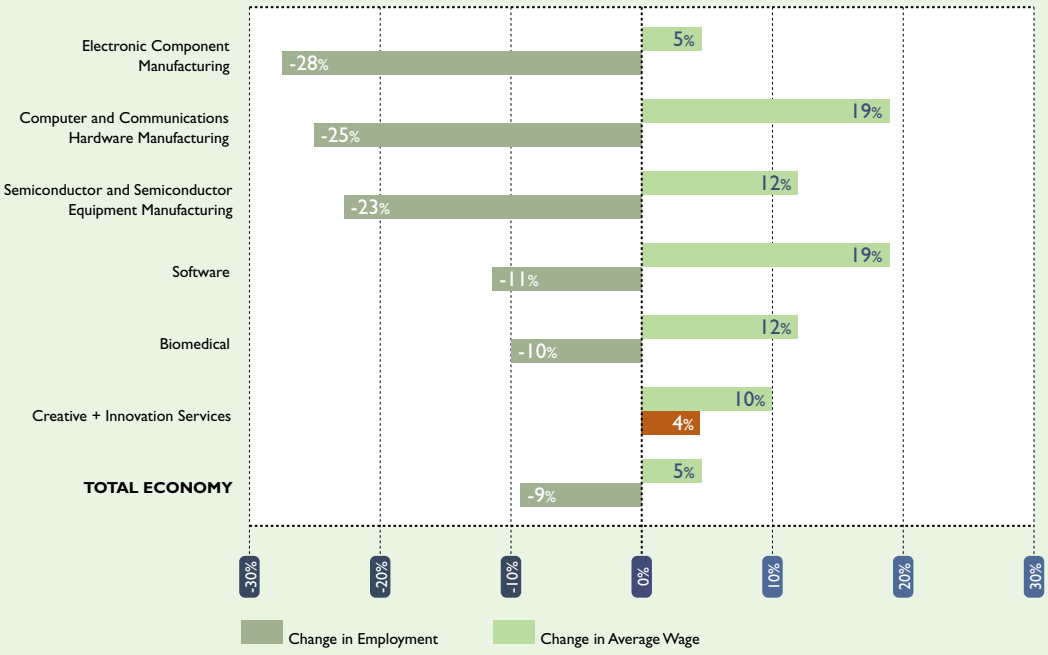
About 2006 Index | 01
Map of Silicon Valley 02 |
Table of Contents | 03
Highlights 04 | 05
Index at a Glance 06 | 07
Special Analysis 08 | 09
PEOPLE 10 | 13
ECONOMY 14 | 25
SOCIETY 26 | 35
PLACE 36 | 43
GOVERNANCE 44 | 47
Special Analysis cont. 48 | 51
Appendices 52 | 55
Index of Charts 56 |
Acknowledgments | 57

A Valley of Ideas

Is Our Creative Edge Our Competitive Advantage in the Global Economy?

While Silicon Valley added more jobs than it lost for the first time in four years, the news doesn't tell us very much about the region's prospects for the future. The Valley has experienced a turbulent five-year period of economic restructuring and occupational change, producing both unprecedented job losses and substantial wage gains (Figure 1). This striking juxtaposition of job loss against wage gain indicates a fundamental shift to higher-skilled occupations. In light of this, our Special Analysis takes a closer look at the changing economic and occupational structure of Silicon Valley—and what it may mean for the future.

Figure 1: Changes in Wage Per Employee and Number of Employees, FY2002-FY2005



Source: California Employment Development Department

What is Silicon Valley's Creative Edge?

In the years since the dot-com collapse, Silicon Valley has solidified its position as a global center for creativity in business and technology. Silicon Valley has long been effective at attracting entrepreneurs, incubating new companies, creating new products and services and introducing entirely new business models. The region also has a documented, well-established infrastructure of financial, legal, business and other start-up expertise. But our experience these past five years offers additional evidence that Silicon Valley's most important competitive edge may be its "creative edge."

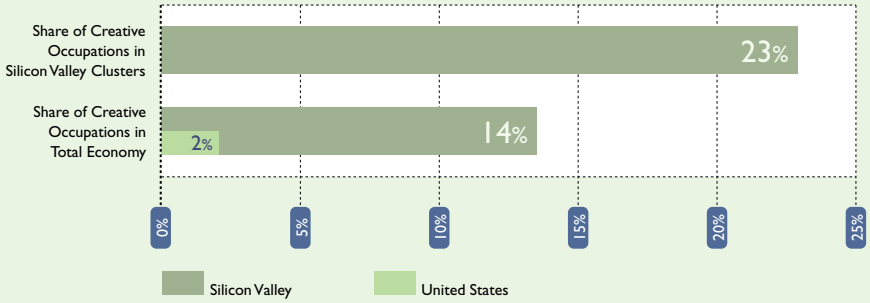
The region is a growing center for new idea creation. *More than 10% of all the nation's patents are generated in Silicon Valley, up from 5% a decade ago. Patents per capita have more than tripled, from 114 to 377 per 100,000 residents between 1994 and 2004.*

The region is a growing center for new business creation. *More than 25% of all venture capital in the United States is invested in Silicon Valley, up from 18% a decade ago. Even while the region was losing jobs, thousands of new companies were created. As last year's Index noted, about 23,800 net new firms (with an average size of seven employees) were created during the 2000-2002 period. In fact, Silicon Valley is constantly renewing its company base: 46% of all the region's firms were started in the five years spanning 1998 to 2002, representing 30% of all the region's jobs.*

The region's creative and innovation services cluster is showing remarkable growth. *The cluster includes professional service firms in such areas as research and development, scientific & technical consulting, engineering services, and industrial design. It was the fourth largest cluster in the region in 2001; today, it is the second largest cluster—behind only software. It was the only cluster to experience a net gain in jobs (4%) during the 2001-2005 period. The cluster's employment concentration compared to the nation's also rose during this time, by 15%. Moreover, creative and innovation services has the largest number of firms of any cluster (6,565), adding 3% more firms over the 2001-2005 period.*

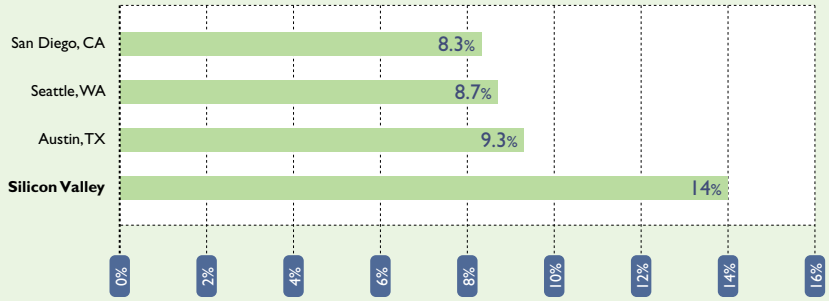
Silicon Valley has a much higher concentration of core design, engineering, scientific and business management talent than other regions or the nation. *This group, including both top-level and key support occupations, drives the creation of new ideas, methods, products and services, and business models that produce economic value and prosperity. As Figure 2 shows, this group comprises 23% of cluster employment and 14% of total regional employment—well above regions such as Austin, Seattle, San Diego (all 8-9%) and the nation as a whole (2%).*

Figure 2A: Core Design, Engineering, Scientific, and Business Management Talent Contribution to Economy



Source: California Employment Development Department

Figure 2B: Core Design, Engineering, Scientific, and Business Management Talent as Share of Total Regional Employment



Source: US Bureau of Labor Statistics, California Employment Development Department

Continued on Page 48

Why Is This Important?

Silicon Valley's most important asset is its people. They drive the region's economy and shape the quality of life. We examine population growth as a function of migration (immigration and emigration) and natural population change (number of births minus number of deaths). Just as important as the number of people is who they are. What are their levels of education? What skills and experiences do they bring to the Valley? We examine overall educational attainment, as well as who is being educated in the fields that drive the Silicon Valley economy.

Beyond the talent that we import, we look at two indicators of Silicon Valley's future talent pool. The number of science, engineering, math and computer science degrees awarded regionally helps us to gauge how well Silicon Valley is preparing talent for our driving, export-oriented clusters. A local workforce equipped with strong skills is a valuable resource for generating new ideas and innovative products and services.

How Are We Doing?

Although Silicon Valley's population grew by less than one percent last year, it was the largest increase since 2000. While the rate of natural change remained virtually the same, immigration increased and emigration decreased, resulting in a much smaller net outflow of people than the past two years.

Educational attainment among adults in Silicon Valley remains high, with eighty-two percent of the population having at least a high school diploma and forty-one percent holding a bachelor's degree.

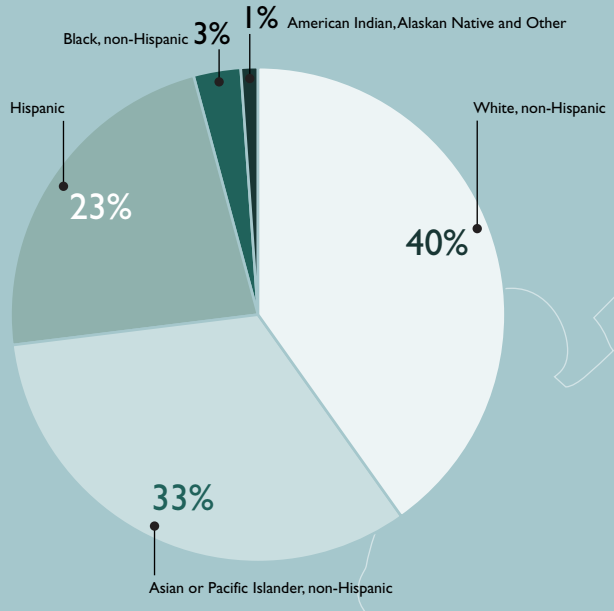
Our region has one of the most diverse populations in the nation. An important component of the region's changing population is the addition of legal immigrants from abroad. Thirty-eight percent of Silicon Valley residents are foreign-born. As of the year 2000, fifty-three percent of engineers and scientists in Silicon Valley's clusters were foreign born. This figure is substantially higher than the concentration of foreign-born engineers in other technology regions (e.g., Austin, Boston).

In 2004, the rate of legal immigration rose for the first time since 2001, following a dramatic decrease in the rate of immigration at the regional, state, and national levels over the 2002-2003 period. Though the rate of immigration into Silicon Valley remains below its 2001 peak, it is currently higher than the second half of the 1990s. The share of residents who became citizens also rose for the first time since 2000.

The preparation of new talent in Silicon Valley is above average and growing. The engineering and science degrees conferred per capita in the region is much higher than the California average, and has grown steadily since 2001. At the same time, the share of these degrees conferred to temporary, non-permanent residents has grown steadily since 1997—and is now eighteen percent of the total.

Population Diversity

Population Composition by Race and Ethnicity,
Santa Clara County 2004

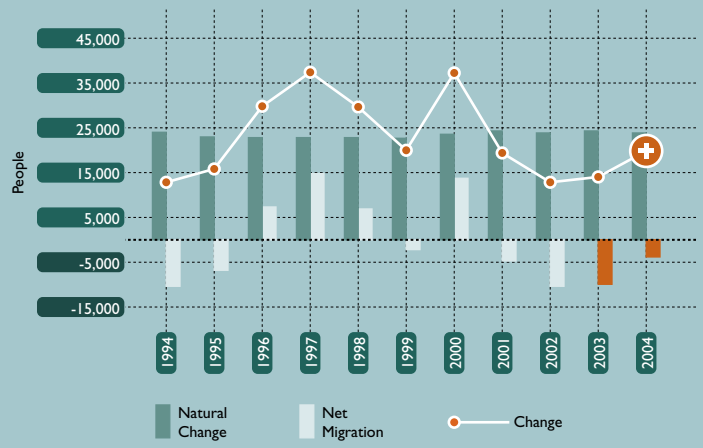


Source: U.S. Census Bureau

Silicon Valley has a growing, well-educated, diverse population with significant foreign talent.

Population Change

Components of Population Change,
Santa Clara and San Mateo Counties



Source: California Department of Finance

Net migration

dropped 59%

between 2003 and 2004

Population

2004	2005	% change
2,407,435	2,429,868	**.9%**

About 2006 Index | 01
Map of Silicon Valley 02 |
Table of Contents | 03
Highlights 04 | 05
Index at a Glance 06 | 07
Special Analysis 08 | 09

PEOPLE
Talent 10 - 13

ECONOMY **14 | 25**

SOCIETY **26 | 35**

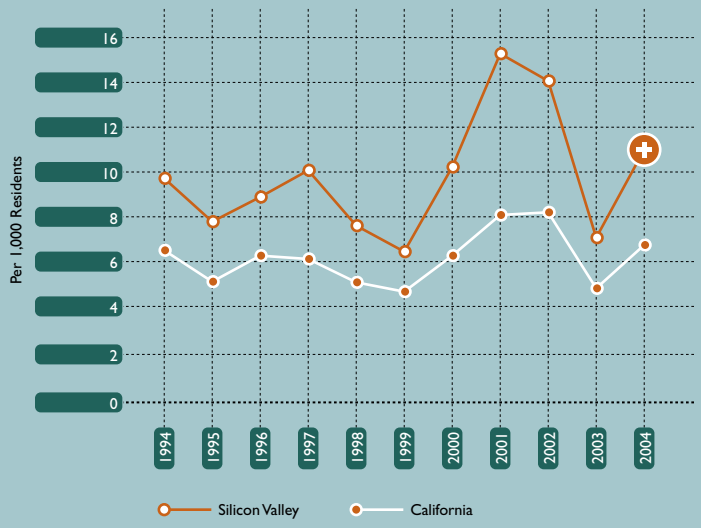
PLACE **36 | 43**

GOVERNANCE **44 | 47**

Special Analysis cont. 48 | 51
Appendices 52 | 55
Index of Charts 56 |
Acknowledgments | 57

Foreign Immigration

Rate of Legal Immigration to Santa Clara/San Mateo Counties and California



Legal immigration

rate **rose 56%**

between 2003 and 2004

Silicon Valley

rate of legal immigration

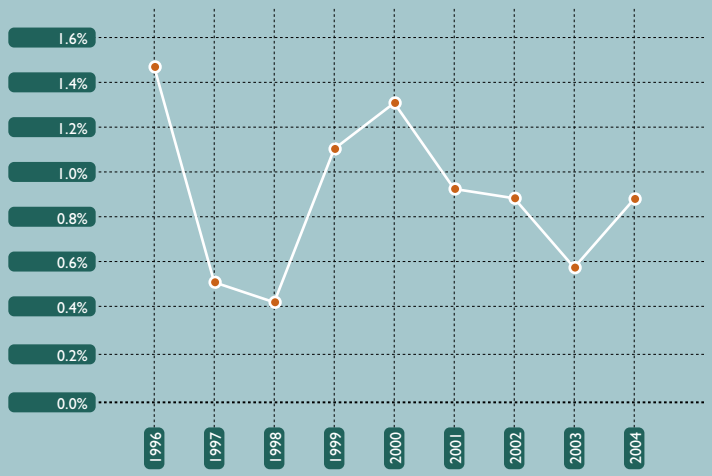
60% higher than California and

350% higher than US in 2004

Source: Department of Homeland Security

Naturalized Citizens

Annual Naturalizations as a Share of Population,
San Jose Metropolitan Statistical Area



2% of Silicon Valley population

became **naturalized** citizens or

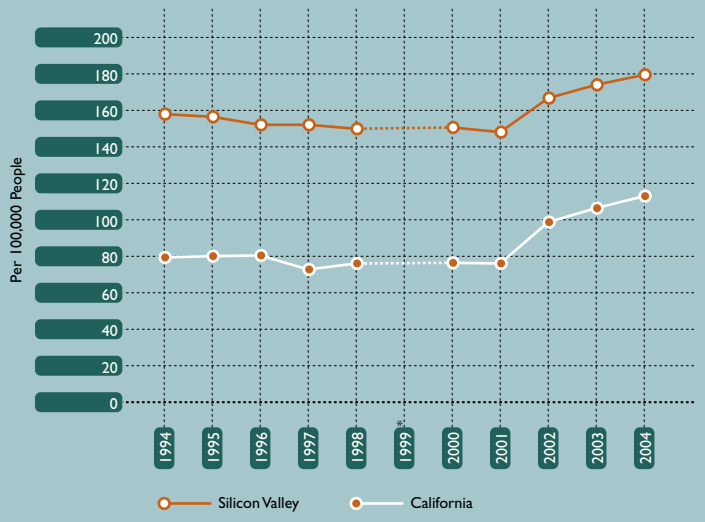
legal permanent residents in 2004

Source: Department of Homeland Security

Silicon Valley has a growing, well-educated, diverse population with significant foreign talent.

Science and Engineering Education

Engineering and Science Degrees Conferred Per Capita
Silicon Valley and Surrounding Regions



Source: National Center for Education Studies, California Department of Finance Demographic Research Unit

*Data Not Available

60% more
engineering and science degrees conferred, per capita, in Silicon Valley than in California, **down from 100% more** in 1994

Degrees Conferred, by Discipline, 2004

Engineering	**48%**
Biological and Biomedical Sciences	**32%**
Physical Sciences	**10%**
Mathematics and Statistics	**7%**
Engineering Technologies/Technicians	**3%**

Educating Foreign Talent

Share Engineering and Science Degrees Conferred to Nonpermanent US Residents
Silicon Valley and Surrounding Regions

Source: National Center for Education Studies

27% increase
in degrees conferred to foreign, nonpermanent U.S. residents, 1994-2004

About 2006 Index | 01
Map of Silicon Valley 02 |
Table of Contents | 03
Highlights 04 | 05
Index at a Glance 06 | 07
Special Analysis 08 | 09

PEOPLE
Talent 10 - 13

ECONOMY **14 | 25**
SOCIETY **26 | 35**
PLACE **36 | 43**
GOVERNANCE **44 | 47**

Special Analysis cont. 48 | 51
Appendices 52 | 55
Index of Charts 56 |
Acknowledgments | 57

Why Is This Important?

Innovation drives the economic success of Silicon Valley. The ability to generate new ideas, products and processes is an important source of regional competitive advantage. To measure innovation, we examine both the process (i.e., investment in innovation, idea generation) as well as the results (i.e., number of fast-growing innovative firms, value-added across the economy).

New venture capital investment is a leading indicator of the region's innovation process. Companies that have passed the screen of venture capitalists are innovative, entrepreneurial, and have high growth potential. Patents are an indicator of a region's ability to create and apply new knowledge.

To measure results, we count the number of gazelles—innovative companies whose revenues have grown at least twenty percent for each of the last four years, starting with at least $1 million in sales. We also examine value-added as a proxy for productivity, and as a reflection of how much economic value Silicon Valley companies create. Innovation, process improvement and industry/product mix are all factors that drive value-added, which in turn drives changes in wages.

How Are We Doing?

The number of Silicon Valley patents per capita continued to rise, and the share of patents granted to Valley inventors increased at a faster rate during 2003-2004 than any period since 1997-1998.

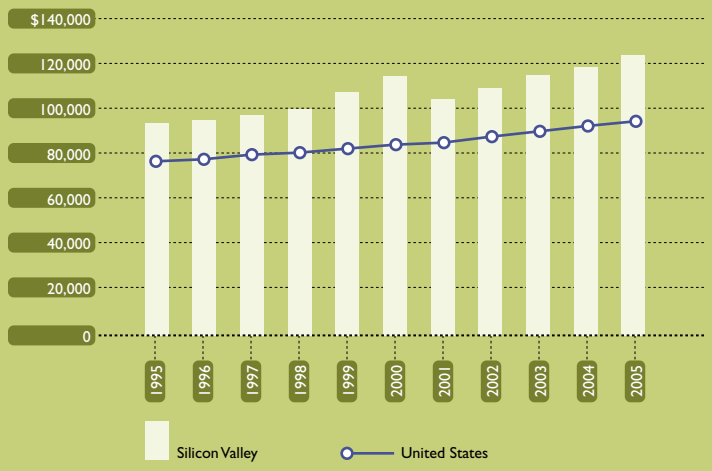
Value-added by Silicon Valley employees increased from 2004-2005 at more than twice the national rate.

Preliminary venture capital data for 2005 shows a slight decrease in investment from 2004, as well as a slight decrease in share of total U.S. venture capital investment that is made in Silicon Valley firms.

The number of gazelle firms remained about the same in 2005. However, Silicon Valley still receives twenty-six percent of all U.S. venture capital investment, and almost half of all funding for companies specializing in computers or peripherals, networking and equipment, and semiconductors.

Value Added

Value Added Per Employee,
Santa Clara/San Mateo Counties and U.S.

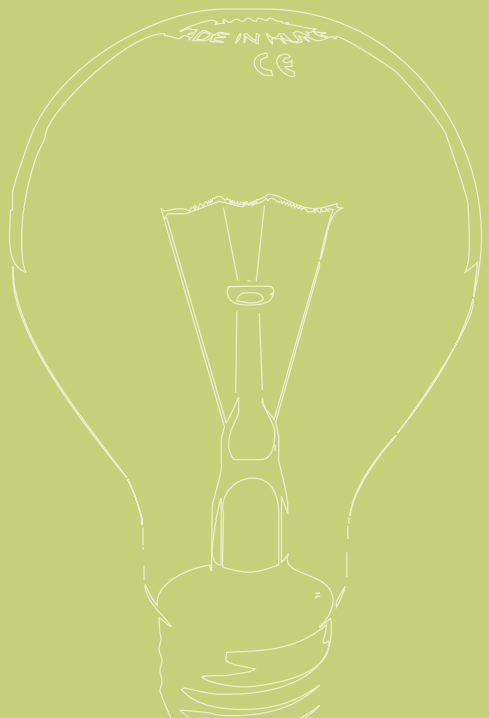


Source: Economy.com

Value Added

rate of increase 2004-2005

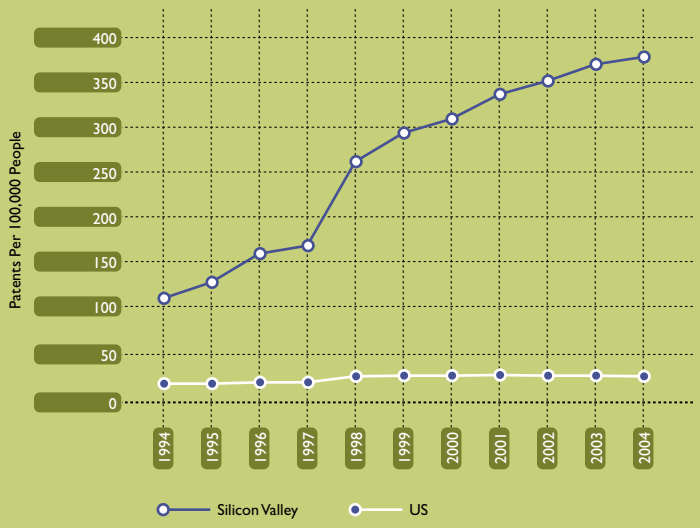
Silicon Valley 4.4%
U.S. 2.0%



Our innovative economy remains a national leader in patents, venture capital and value added, although venture capital spending declined slightly this year.

Patents Per Capita

Silicon Valley Cities and US



Source: US Patent and Trademark Office

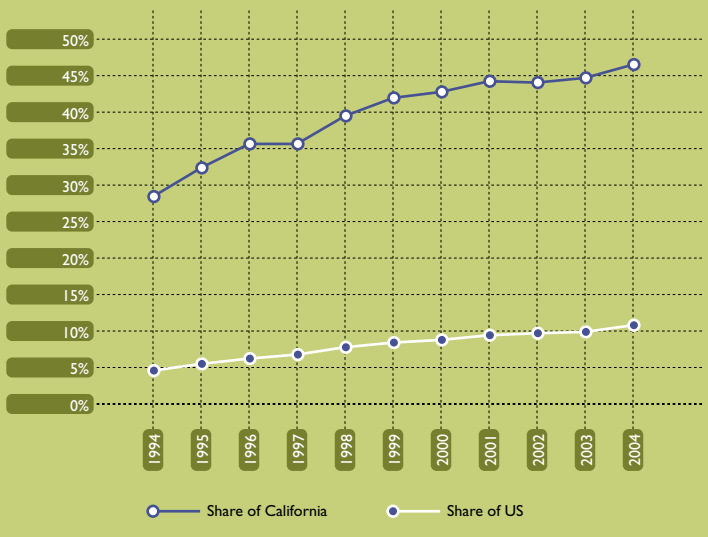
9,060 patents

granted to SV inventors in 2004

Patents granted per 100,000 people **increased by 35% nationally and 232% regionally** between 1994 and 2004

Share of Patents

Silicon Valley's Share of US and California Patents



Source: US Patent and Trademark Office

47% of California patents

granted to Silicon Valley in 2004

11% of US patents

granted to Silicon Valley in 2004

About 2006 Index | 01
Map of Silicon Valley 02 |
Table of Contents | 03
Highlights 04 | 05
Index at a Glance 06 | 07
Special Analysis 08 | 09

PEOPLE **10 | 13**

ECONOMY
Innovation 14 - 17
Industry Clusters 18 - 19
Employment 20 - 21
Income 22 - 25

SOCIETY **26 | 35**

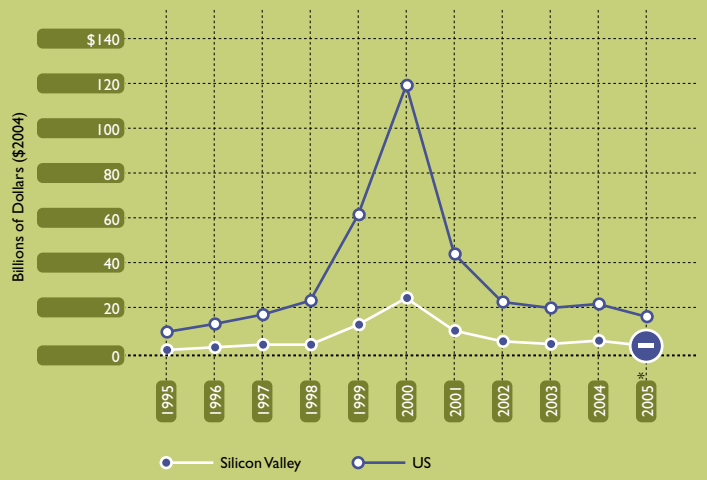
PLACE **36 | 43**

GOVERNANCE **44 | 47**

Special Analysis cont. 48 | 51
Appendices 52 | 55
Index of Charts 56 |
Acknowledgments | 57

Venture Capital Dollars

Total Venture Capital Financing in Silicon Valley Firms,
Silicon Valley Cities and US



Source: PricewaterhouseCoopers/Thomson Venture Economics/
National Venture Capital Association. MoneyTree™ Survey

* Current as of Q3 2005

10 percent

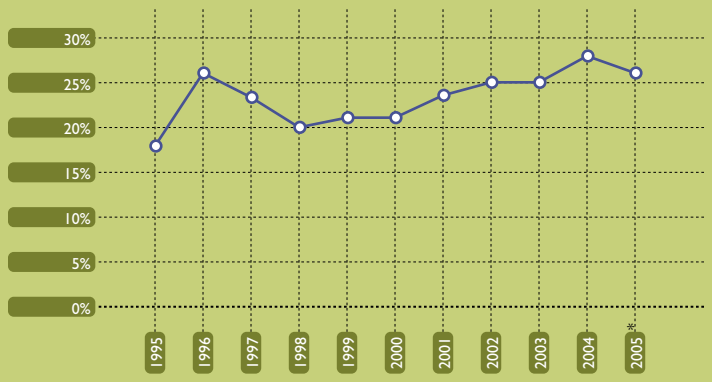
Venture capital investment in Q3 2005 is down 10% from Q3 2004

Share of US VC coming to SV
1995: 18%
2005: 26%

Share of VC funding for **biotechnology, medical devices, and equipment** rose from **7% to 20%** over the 2000-2005 period

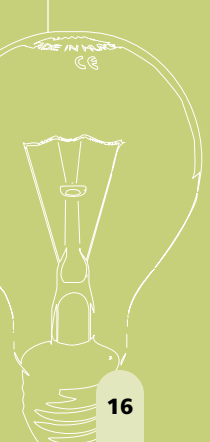
Share of US Venture Capital

Silicon Valley Share of US Venture Capital Investments



Source: PricewaterhouseCoopers/Thomson Venture Economics/
National Venture Capital Association. MoneyTree™ Survey

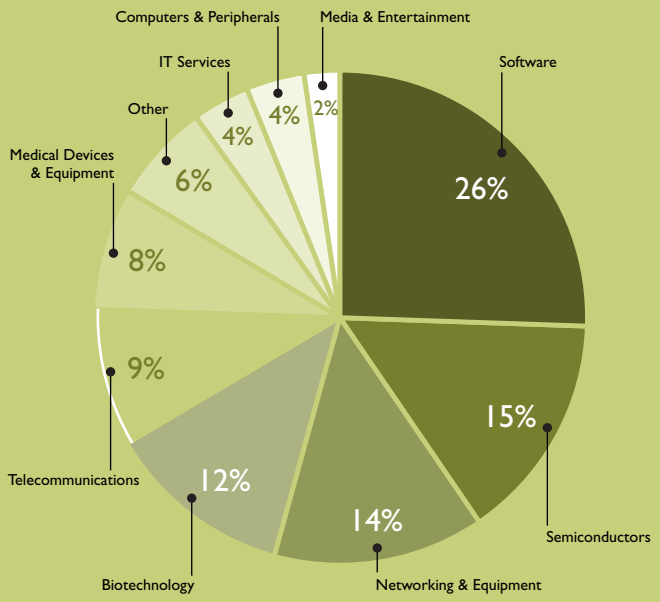
* Current as of Q3 2005



Our innovative economy remains a national leader in patents, venture capital and value added, although venture capital spending declined slightly this year.

Venture Capital by Industry

Venture Capital Investment in Silicon Valley by Industry, Q1-Q3 2005



Source: PricewaterhouseCoopers/Thomson Venture Economics/ National Venture Capital Association. MoneyTree™ Survey

Current as of Q3 2005

About 2006 Index | 01
Map of Silicon Valley 02 |
Table of Contents | 03
Highlights 04 | 05
Index at a Glance 06 | 07
Special Analysis 08 | 09

PEOPLE **10 | 13**

ECONOMY
Innovation
14 - 17
Industry Clusters
18 - 19
Employment
20 - 21
Income
22 - 25

SOCIETY **26 | 35**

PLACE **36 | 43**

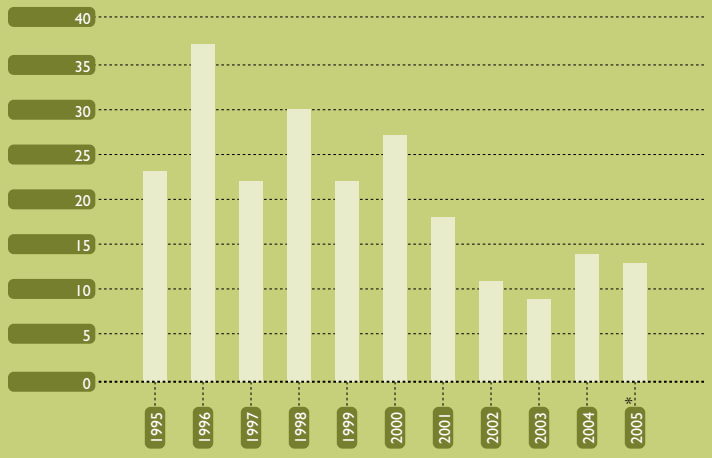
GOVERNANCE **44 | 47**

Special Analysis cont. 48 | 51
Appendices 52 | 55
Index of Charts 56 |
Acknowledgments | 57

Gazelles

Number of gazelle firms
in first three quarters of 2005
same as number of gazelles
in first three quarters of 2004

Number of Publicly Traded Gazelle Firms, Silicon Valley



Source: Standard and Poor's Compustat Database
* Estimate

Industry Clusters

Why Is This Important?

To better understand the complex Silicon Valley economy, we examine the performance of related industry sectors, or "clusters." We focus on outward-oriented clusters, as they are the primary source of wealth creation for our region. The extent to which a cluster represents a competitive advantage for our region is measured by its employment concentration—a calculation that compares the percentage of regional employment with the percentage of national employment in that cluster.

By looking at average-wage data for the clusters and their change over time relative to the national averages for those clusters, we can see how highly valued their work is compared to workers in other industries and similar clusters throughout the United States.

How Are We Doing?

With two exceptions, Silicon Valley clusters gained concentration relative to the United States between FY 2002 and FY 2005. The exceptions were Corporate Offices and Biomedical. Clusters such as Semiconductor and Semiconductor Equipment Manufacturing, as well as Computer and Communications Hardware Manufacturing are over ten times more concentrated than the nation. Despite losing some ground, the Biomedical cluster is over three times more concentrated than the nation.

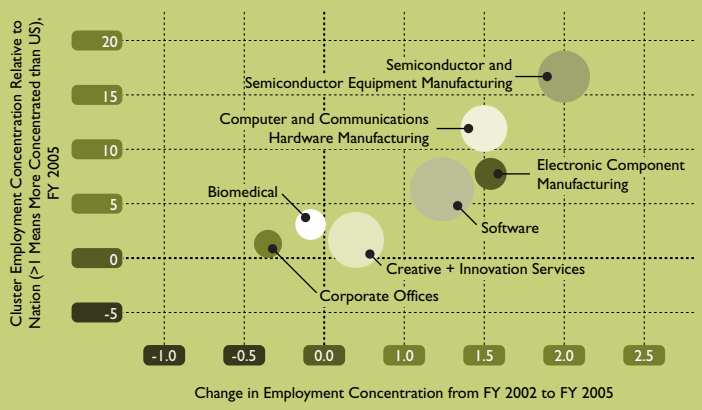
Creative and Innovation Services was the only cluster that experienced a net gain in employment during this period. This cluster includes professional service firms in areas such as research and development, scientific and technical consulting, engineering services, and industrial design.

All the clusters also experienced wage gains, ranging from five to twenty-five percent increases between FY 2002 and FY 2005. Moreover, the average wage in Silicon Valley clusters is forty-five to eighty percent higher than average wages in those clusters nationwide.

Biomedical and Creative and Innovation Services are the only clusters that gained establishments from FY 2002 through FY 2005. This increase in net establishments suggests that the ratio of business openings to business closings is growing within these clusters.

Industry Cluster Concentration

Silicon Valley Cluster Portfolio by Employment Concentration Relative to U.S. (Vertical Axis), Change in Employment Concentration From FY 2002 to FY 2005 (Horizontal Axis), and Average Employment, FY 2005 (Size of Circle)



Source: California Employment Development Department, US Bureau of Labor Statistics

Only the creative and innovation services cluster gained employment since 2001, while all industry clusters experienced significant wage gains. Bioscience and creative and innovative services clusters gained the most establishments since 2001.

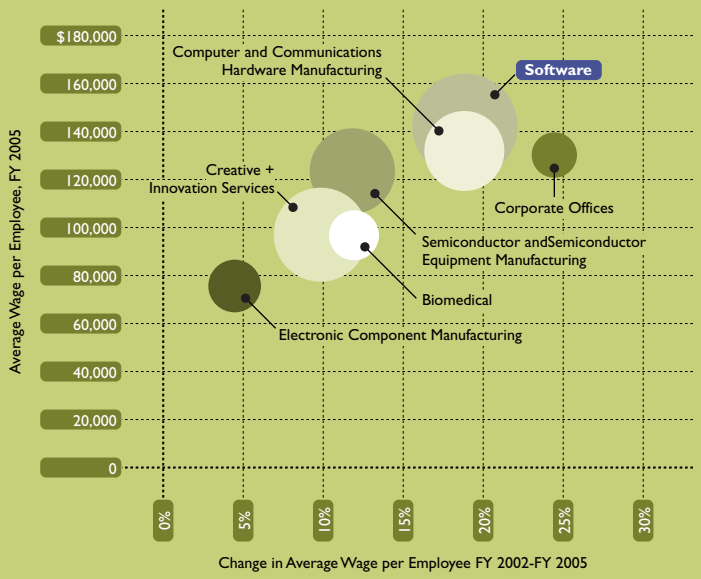
Average Cluster Wage

in Silicon Valley is **75% higher** than the U.S. average cluster wage

Overall Cluster wages in Silicon Valley **rose 5% faster** than in the rest of the U.S. Most of this increase was driven by rising **software** salaries which **grew 22% faster** in SV than across the U.S.

Industry Cluster Compensation

Silicon Valley Cluster Portfolio by Change in Average WageFY 2002 - FY 2005 (Vertical Axis), Average Wage FY 2005 (Horizontal Axis), and Average Employment, FY 2005 (Size of Circle)



Source: California Employment Development Department, US Bureau of Labor Statistics

SILICON VALLEY CLUSTERS (FY 2005)

	Employment Concentration Relative to US	Average Employees per Establishment	Ratio of SV Wages to US Wages
Biomedical	3.06	64	1.45
Computer and Communications Hardware Manufacturing	11.82	156	1.54
Corporate Offices	1.30	77	1.68
Creative and Innovation Services	1.51	11	1.57
Electronic Component Manufacturing	7.75	63	1.59
Semiconductor and Semiconductor Equipment Manufacturing	16.69	92	1.55
Software	6.29	23	1.80

About 2006 Index | 01
Map of Silicon Valley 02 |
Table of Contents | 03
Highlights 04 | 05
Index at a Glance 06 | 07
Special Analysis 08 | 09

PEOPLE **10 | 13**

ECONOMY
Innovation
14 - 17
Industry Clusters
18 - 19
Employment
20 - 21
Income
22 - 25

SOCIETY **26 | 35**

PLACE **36 | 43**

GOVERNANCE **44 | 47**

Special Analysis cont. 48 | 51
Appendices 52 | 55
Index of Charts 56 |
Acknowledgments | 57

Why Is This Important?

Job gains or losses are a basic measure of economic health. We examine overall jobs, as well as employment in industry clusters and other major industries. In addition, to get a full picture of employment in Silicon Valley, we include household survey statistics that tell us how many residents are employed and the rate of unemployment within the Silicon Valley-based workforce.

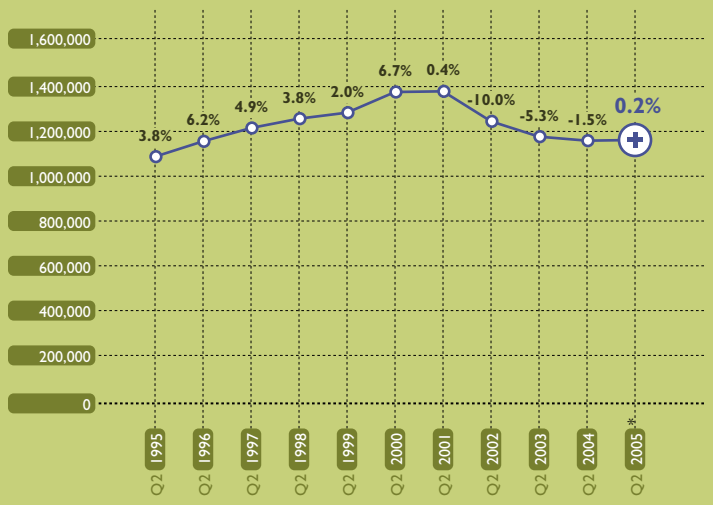
How Are We Doing?

Jobs increased slightly for the first time in four years. Gains were even stronger in a few of Silicon Valley's driving clusters. The Creative & Innovation Services cluster grew the fastest, with Software close behind. In other Silicon Valley industries, Financial Services showed the strongest employment growth from 2004 to 2005. The Semiconductor and Semiconductor Equipment Manufacturing and Corporate Offices Clusters and Business Services Industry contracted the most over the last year.

The number of Silicon Valley residents who are employed increased for the first time since 2000, combined with a second year of declining unemployment. As of June 2005, the rate of unemployment had reached its lowest level since June 2001.

Silicon Valley Jobs

Number of Silicon Valley Jobs in Second Quarter with Percent Change over Prior Year



Source: California Employment Development Department

* Based on preliminary data

1,153,650 jobs
in Q2 2005
(preliminary data)

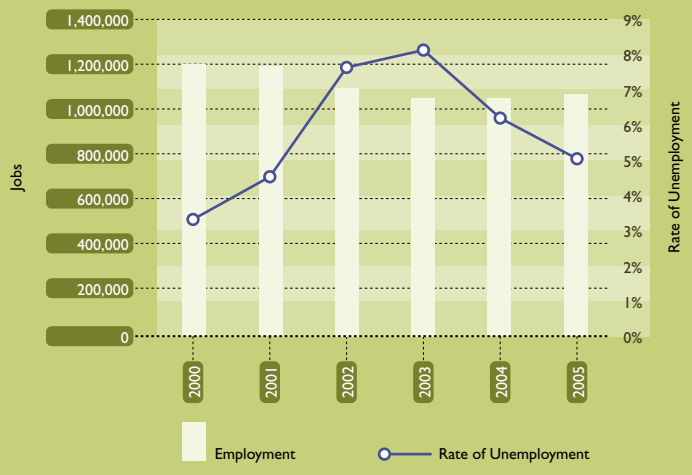
Gained 2,000 jobs
FY 2004 - FY 2005

Down 212,150 jobs
since Q2 2000

Up 60,070 jobs
since Q2 1995

Silicon Valley Employment

Number of Silicon Valley Residents Who Are Employed, And Silicon Valley* Rate of Unemployment

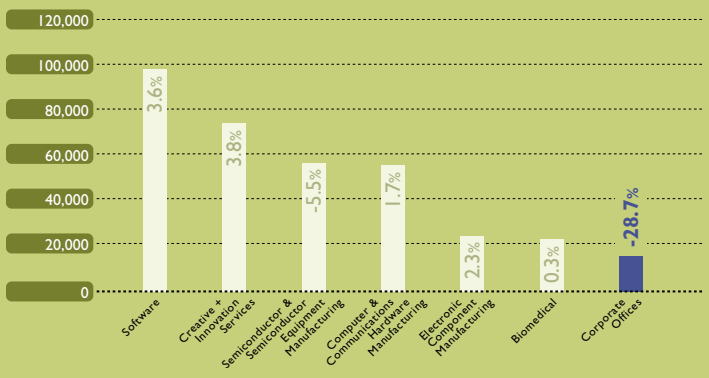


Source: California Employment Development Department
*Does not include Los Altos Hills, Monte Serano, Portola Valley or Woodside

Silicon Valley added jobs for the first time since 2001. All industry clusters except semiconductors and corporate offices added employment this year.

Industry Cluster Employment

Cluster Employment in Second Quarter 2005 with Change Over Prior Year,
Silicon Valley Cities



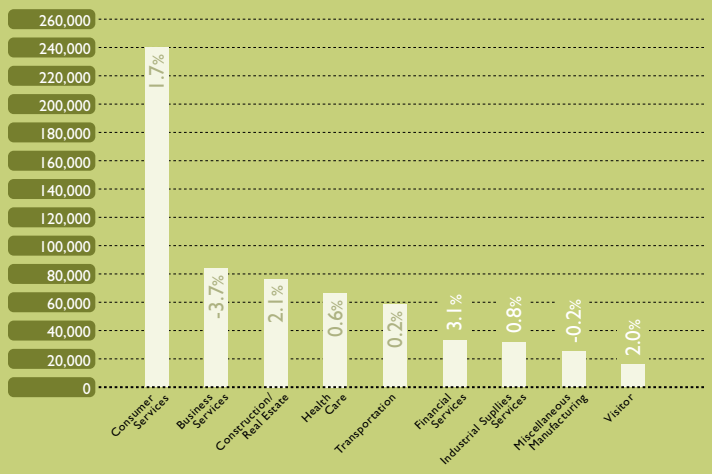
Source: California Employment Development Department

CLUSTERS	Job Change FY 2004 to FY 2005	Jobs in FY 2005
Software	3,364	97,455
Creative and Innovation Services	2,710	73,826
Semiconductor and Semiconductor Equipment Manufacturing	-3,307	56,393
Computer and Communications Hardware Manufacturing	927	55,305
Electronic Component Manufacturing	548	24,108
Biomedical	71	21,471
Corporate Offices	**-6,049**	15,018

The Silicon Valley workforce **dropped by 118,600 people from 2000 to 2005, but rose 5,500 from 2004 to 2005**— the first increase in workforce since 2001.

Other Industry Employment

Employment in Other Industries in Second Quarter 2004 with Change Over Prior Year,
Silicon Valley Cities



Source: California Employment Development Department

About 2006 Index | 01
Map of Silicon Valley 02 |
Table of Contents | 03
Highlights 04 | 05
Index at a Glance 06 | 07
Special Analysis 08 | 09

PEOPLE **10 | 13**

ECONOMY
Innovation
14 - 17
Industry Clusters
18 - 19
Employment
20 - 21
Income
22 - 25

SOCIETY **26 | 35**

PLACE **36 | 43**

GOVERNANCE **44 | 47**

Special Analysis cont. 48 | 51
Appendices 52 | 55
Index of Charts 56 |
Acknowledgments | 57

Income

Why Is This Important?

Growth of average annual pay in inflation-adjusted terms is an indicator of job quality. It is as important a measure of Silicon Valley's economic vitality as job growth. Average pay includes salary, wages, bonuses and stock options.

Average pay in Silicon Valley's driving industry clusters reflects the wealth-generating impact of our outward-oriented industries (industries that sell to customers outside the region). Average pay in the industry clusters and other industries reflects level of demand for skilled workers.

Real per capita income measures total personal income from all sources (e.g., wages, investment earnings, self-employment) adjusted for inflation and divided by the total resident population. Per capita income rises when a region generates wealth faster than its population increases.

Household income distribution tells us more about concentrations of income, and if economic gains are reaching all members of the region. This data is supplemented by an examination of the annual rate of bankruptcy filings.

How Are We Doing?

Real per capita income rose for the second consecutive year. From 1995 to 2005, Silicon Valley per capita income rose nine percent faster than the national average. Average pay continues to track closely with per capita income. Silicon Valley per capita income nine percent faster than the national average during the 1995-2005 period.

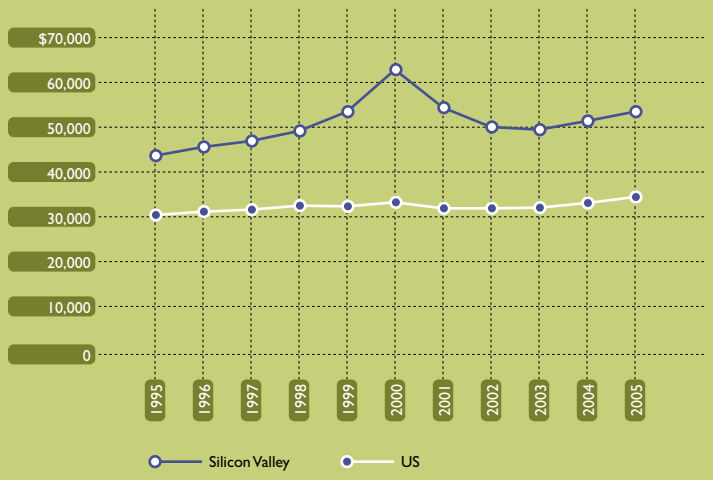
Household incomes at the median and 80th percentile fell for the third year, while incomes at the 20th percentile rose marginally. Possible reasons for the decline in median household income, while average wages rose, include a decrease in the average number of household members in the workforce.

The per capita rate of bankruptcies filed in Silicon Valley dropped marginally, and is still well below the California average. While the rate of personal bankruptcy filings has risen fifty percent since the peak of the bubble in 2001, it remains below the bankruptcy rates of the late 1990s.

Total average pay for Silicon Valley employees grew for the second consecutive year, and in real dollars is almost equal to average pay in 2001. Average pay rose in all of our industry clusters, except for Semiconductor and Semiconductor Equipment Manufacturing, both of which fell following an unusually high average wage in 2004. Wages in Corporate Offices grew the most, followed by Financial Services, Software, Creative & Innovation Services.

Real Per Capita Income

Santa Clara and San Mateo Counties



Source: Economy.com

$56,633

Average per capita income

22.5% increase

1995-2005

Silicon Valley per capita income

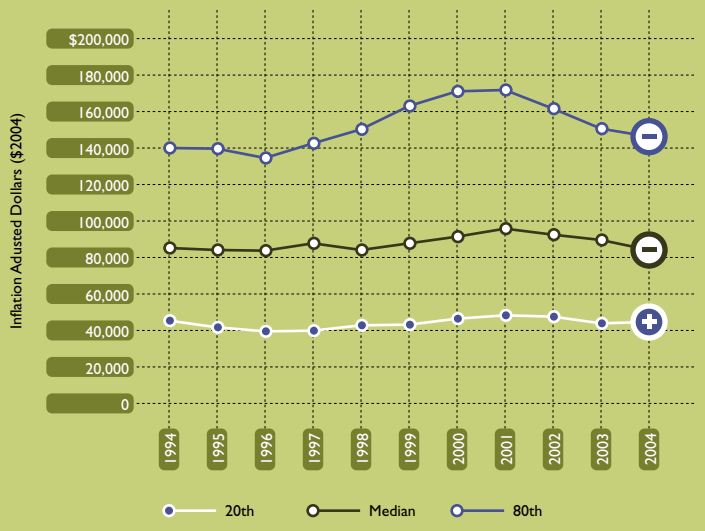
1.55 times greater

than the nation

Per capita income and average pay increased for the second year in a row. Median household income declined slightly in 2004 and was unchanged over the decade.

Income Distribution

Household Income Distribution,
Santa Clara County



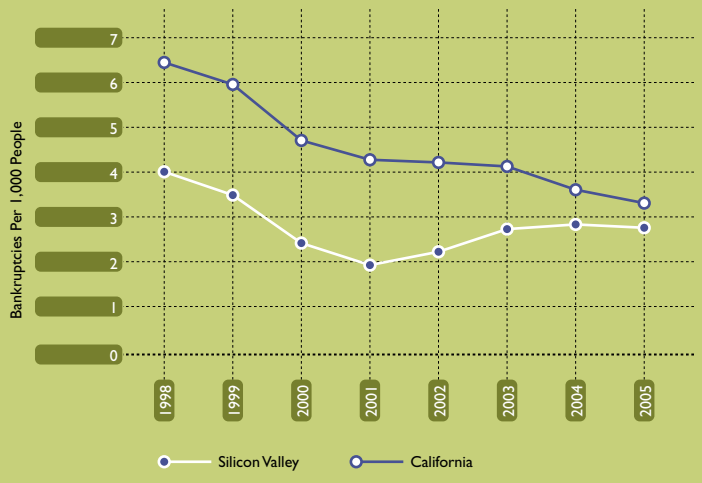
Source: US Census Bureau

% Change in Household Income

Percentile	1994 –2004	2003 –2004
80th	5%	⊖ -2%
Median	0%	⊖ -5%
20th	-1%	⊕ 1%

Bankruptcy

Business and Non-Business Bankruptcy Filings Per Capita
San Mateo and Santa Clara Counties



Source: United States Judiciary

6600 non-business
bankruptcy filings in FY 2005

Business bankruptcy filings
fell 26% from FY 2004 , for a total of
302 business
filings in FY 2005

About 2006 Index | 01
Map of Silicon Valley 02 |
Table of Contents | 03
Highlights 04 | 05
Index at a Glance 06 | 07
Special Analysis 08 | 09

PEOPLE **10 | 13**

ECONOMY
Innovation
14 - 17
Industry Clusters
18 - 19
Employment
20 - 21
Income
22 - 25

SOCIETY **26 | 35**

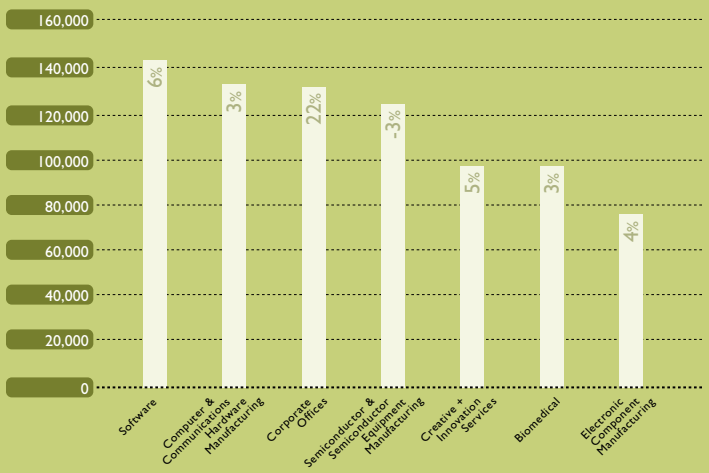
PLACE **36 | 43**

GOVERNANCE **44 | 47**

Special Analysis cont. 48 | 51
Appendices 52 | 55
Index of Charts 56 |
Acknowledgments | 57

Industry Cluster Pay

Average Per Employment Pay, with Change Over Prior Year,
Silicon Valley Industry Clusters, 2005



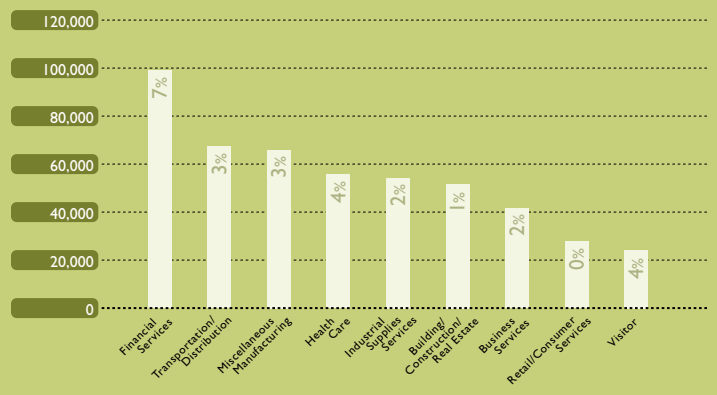
Source: California Employment Development Department

CLUSTERS	Average Wage FY 2005	Percent Change FY 2002 to FY 2005
Biomedical	$ 96,371	19%
Computer and Communications Hardware Manufacturing	$ 131,941	19%
Corporate Offices	$ 130,596	24%
Creative and Innovation Services	$ 96,699	12%
Electronic Component Manufacturing	$ 75,414	10%
Semiconductor and Semiconductor Equipment Manufacturing	$ 123,401	12%
Software	$ 141,972	5%

Per capita income and average pay increased for the second year in a row. Median household income declined slightly in 2004 and was unchanged over the decade.

Other Industry Pay

Average Per Employee Pay, With Change Over Prior Year,
Other Silicon Valley Industries, FY 2005

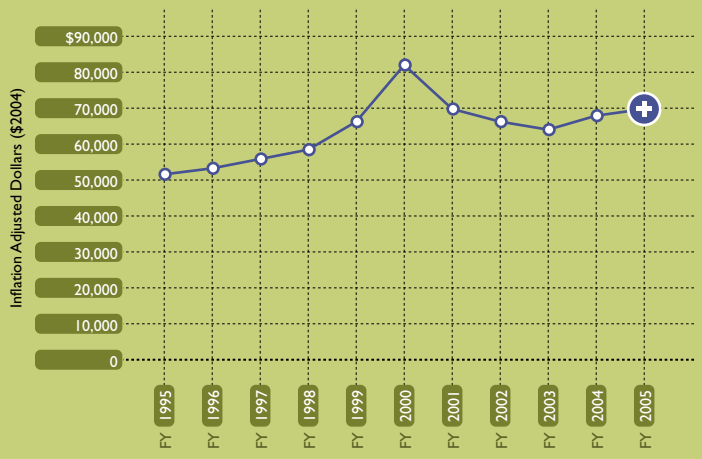


Source: California Employment Development Department

INDUSTRY	Average Wage FY 2005	Percent Change FY 2002 to FY 2005
Financial Services	$ 99,439	5%
Transportation/ Distribution	$ 67,602	4%
Miscellaneous Manufacturing	$ 66,048	9%
Health Care	$ 55,890	13%
Industrial Supplies Services	$ 54,633	2%
Building/Construction/ Real Estate	$ 52,177	-9%
Business Services	$ 41,505	-1%
Retail/ Consumer Services	$ 28,282	-2%
Visitor	$ 24,450	2%

Average Pay

Average Pay Per Employee,
Silicon Valley Cities



Source: California Employment Development Department

$69,455
Average pay per employee

2.7% Increase
FY 2004 - FY2005

About 2006 Index | 01
Map of Silicon Valley 02 |
Table of Contents | 03
Highlights 04 | 05
Index at a Glance 06 | 07
Special Analysis 08 | 09

PEOPLE **10 | 13**

ECONOMY
Innovation
14 - 17
Industry Clusters
18 - 19
Employment
20 - 21
Income
22 - 25

SOCIETY **26 | 35**

PLACE **36 | 43**

GOVERNANCE **44 | 47**

Special Analysis cont. 48 | 51
Appendices 52 | 55
Index of Charts 56 |
Acknowledgments | 57

Preparing for Economic Success

Why Is This Important?

The likelihood of economic success in Silicon Valley is correlated with post-secondary education or training. Two indicators of a person's preparation for post-secondary education are high school graduation and courses in intermediate algebra, which is considered a necessary "gateway" into higher-level mathematics.

The region's community colleges shoulder a major responsibility for preparing residents to participate in our competitive economy. By offering programs that teach high-value skills, community colleges help individuals gain economic mobility and prepare a workforce to meet employer needs.

This year we use a new methodology to measure the rate of graduation, called the Cumulative Promotion Index. The indicator measures the likelihood that a ninth grader in Silicon Valley will complete high school with a regular diploma in four years.

The extent to which the Silicon Valley education system succeeds in helping students to attain these levels of education will directly impact students' ability to succeed in a knowledge-based economy.

How Are We Doing?

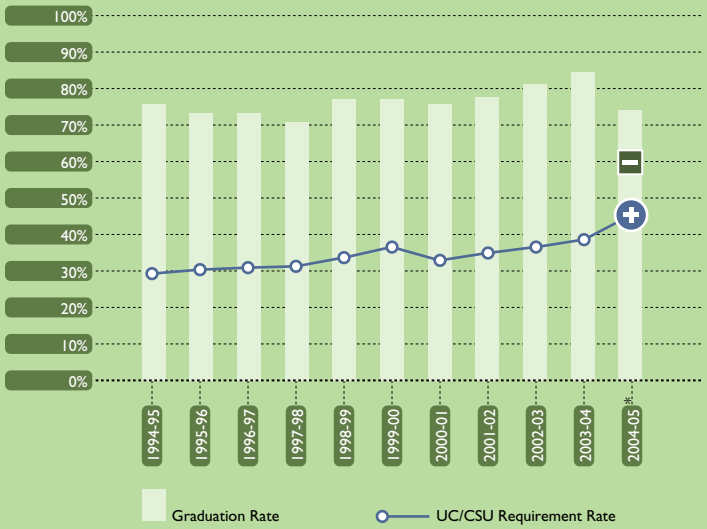
Community colleges in Silicon Valley are highly constrained, particularly in high-demand occupations such as health care. Applicants have exceeded available class space in growing numbers since 2001 for registered nursing (AA and AS degrees), as well as licensed vocational nursing programs. Each program had more than 6 people apply for every seat. Although the number of class openings have increased, demand still far outweighs supply.

The graduation rate fell in the last year to the lowest point since the 1997-1998 school year. At the same time, the share of graduating students who met the UC/CSU entrance requirements rose to the highest rate in the last ten years.

Enrollment in Intermediate Algebra increased for the fourth consecutive year. However, only one-third of students in 10th and 11th grades were enrolled in this subject during the 2004-2005 school year. In addition, disparity in enrollment persists across racial and ethnic groups, though there have been some gains since the 2001-2002 school year. Pacific Islanders was the only group to experience a decline in enrollment in Intermediate Algebra enrollment since 2003-2004.

High School Graduation

Rate of Graduation, and Share of Graduates Who meet UC/CSU Requirements,
Silicon Valley High Schools



Source: California Department of Education, Silicon Valley School Districts

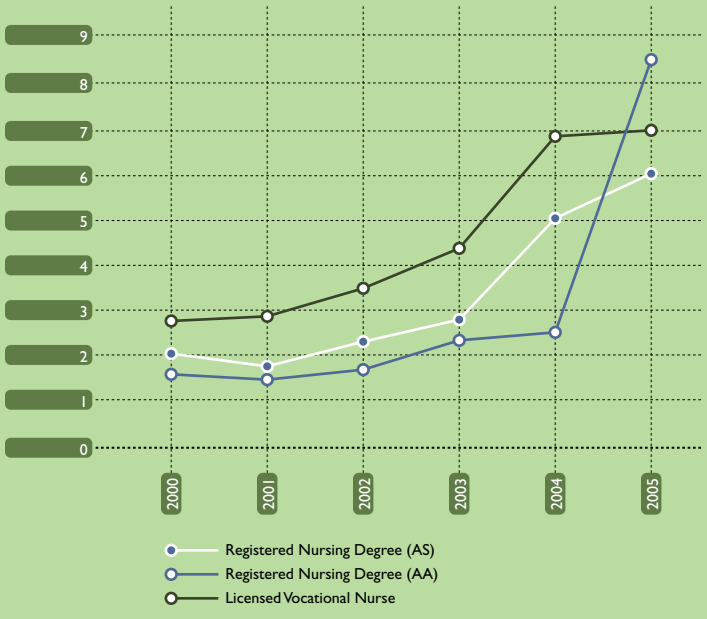
* Preliminary Data

Rate of graduation fell **from 85%** in 2003/2004 **to 74%** in 2004/2005

The share of graduates who met UC/CSU requirements in 2004/2005 **rose 18%, to 46%**

Workforce Training

Ratio of Applicants to Openings for Nursing Programs,
Silicon Valley Community Colleges



Source: Silicon Valley Community Colleges

PROGRAM	# of Applicants per class seat 2000	2005
Registered Nurse (AS)	2.09	6.35
Registered Nurse (AA)	1.60	8.40
Licensed Vocational Nurse	2.77	7.00

Graduation rates declined while share of students who met UC/CSU requirements rose. Enrollment in Intermediate Algebra increased, but disparities persist by race and ethnic groups.

Share of 10th and 11th grade students **rose 2%** from 2003/2004 to 2004/2005

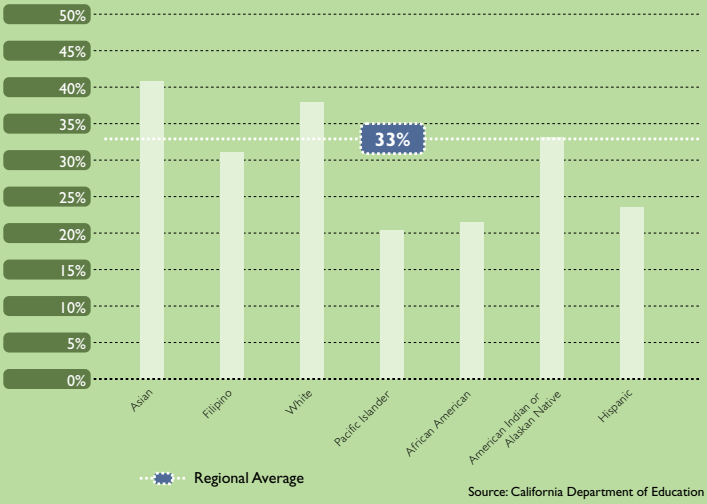
Overall Algebra Enrollment

Percentage of 10th and 11th Grade High School Students Enrolled in Intermediate Algebra,
Silicon Valley High Schools 2004-2005

Source: California Department of Education

Algebra Enrollment by Ethnicity

Percentage of 10th and 11th Grade High School Students Enrolled in Intermediate Algebra by Ethnicity,
Silicon Valley High Schools 2004-2005



Source: California Department of Education

ETHNICITY	School Year 1997-1998	School Year 2004-2005
African American	20%	21%
American Indian or Alaska Native	17%	33%
Asian	39%	41%
Filipino	30%	31%
Hispanic or Latino	13%	23%
Pacific Islander	22%	20%
White	30%	38%
Average Enrollment:	**27%**	**33%**

About 2006 Index | 01
Map of Silicon Valley 02 |
Table of Contents | 03
Highlights 04 | 05
Index at a Glance 06 | 07
Special Analysis 08 | 09

PEOPLE **10 | 13**

ECONOMY **14 | 25**

SOCIETY
Economic Success 26 - 27
Early Education 28 - 29
Arts and Culture 30 - 31
Health 32 - 33
Safety 34 - 35

PLACE **36 | 43**

GOVERNANCE **44 | 47**

Special Analysis cont. 48 | 51
Appendices 52 | 55
Index of Charts 56 |
Acknowledgments | 57

Why Is This Important?

Brain development during the first years of life lays the foundation for cognitive and language skills, social functioning, motor skills and emotional well-being. Early childhood education is essential to preparing a child for kindergarten, influencing a broad range of skills including social, early language and pre-reading skills.

Research shows that children who read well in the early grades are far more successful in later years; and those who fall behind often stay behind when it comes to academic achievement (Snow, Burns and Griffin 1998). Success and confidence in reading are critical to long-term success in school.

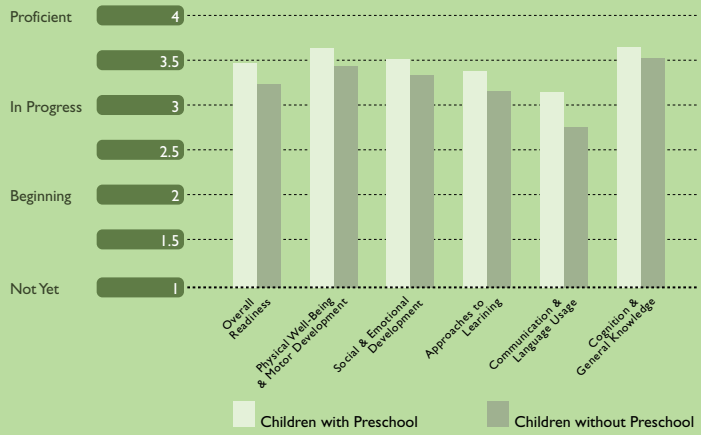
How Are We Doing?

Overall, Silicon Valley third graders scored below the national median for the 2004-2005 school year. These results show virtually no change from the 2003-2004 school year, and only a slight increase from the 2002-2003 school year. At the same time, the share of Silicon Valley English Learners reading at or above the national median, while extremely low at seventeen percent, did increase thirteen percent in the past year.

The Santa Clara County Partnership for School Readiness and the Peninsula Partnerships for Children, Youth & Families in partnership with Applied Survey Research evaluated a representative sample of entering students on five dimensions of school readiness. When kindergarten readiness is analyzed over time, San Mateo County's average readiness scores have continued to improve throughout the years (2001 through 2005 – the study was not conducted in 2004). In Santa Clara County, where kindergarten readiness research was conducted for the first time in 2004, results show a slight decrease in overall readiness from 2004 to 2005. On average, children who had some preschool experience scored higher on all five dimensions than those without preschool experience, most significantly in their communication and language usage.

Kindergarten Readiness by Preschool

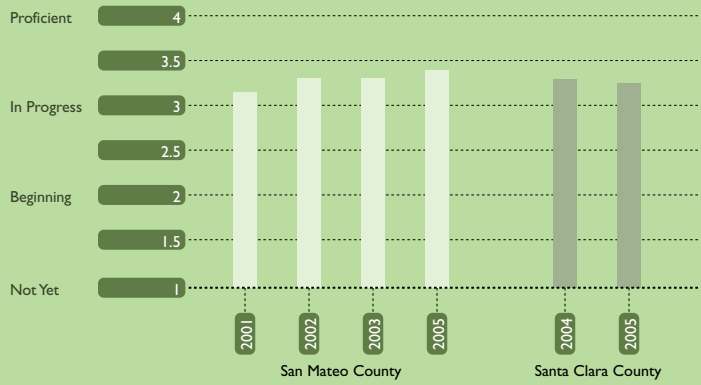
Kindergarten Readiness in Santa Clara and San Mateo Counties, by Presence of History of Preschool, 2005



Source: Peninsula Community Foundation, Santa Clara County Partnership for School Readiness, Applied Survey Research

Kindergarten Readiness, Overall

Kindergarten Readiness in Santa Clara and San Mateo Counties



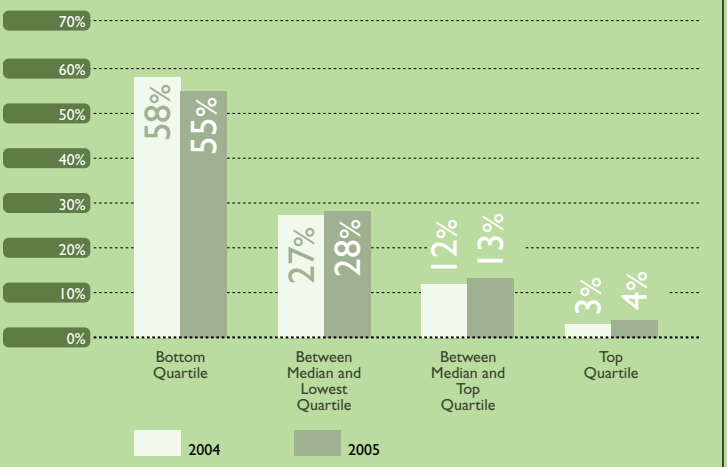
Source: Peninsula Community Foundation, Santa Clara County Partnership for School Readiness, Applied Survey Research
1) Results are statistically significant between groups for each developmental skill area
2) Data are preliminary

Overall kindergarten readiness in **San Mateo County** **increased 2.5%** from 2003 to 2005, while readiness in **Santa Clara County fell 1.5%** from 2004 to 2005

Third graders scored below the national median in reading.

3rd Grade Reading Ability

Share of Silicon Valley Third Grade English Learners Scoring at National Benchmarks on Cat/6 Reading Test



Source: California Department of Education

ALL SILICON VALLEY THIRD GRADERS	2004	2005
Top Quartile	21%	22%
Between Median and Top Quartile	25%	25%
Between Median and Lowest Quartile	26%	25%
Bottom Quartile	29%	28%

About 2006 Index | 01
Map of Silicon Valley 02 |
Table of Contents | 03
Highlights 04 | 05
Index at a Glance 06 | 07
Special Analysis 08 | 09

PEOPLE **10 | 13**

ECONOMY **14 | 25**

SOCIETY
Economic Success
26 - 27
Early Education
28 - 29
Arts and Culture
30 - 31
Health
32 - 33
Safety
34 - 35

PLACE **36 | 43**

GOVERNANCE **44 | 47**

Special Analysis cont. 48 | 51
Appendices 52 | 55
Index of Charts 56 |
Acknowledgments | 57

Why Is This Important?

Arts and cultural activities are important for Silicon Valley's economic and civic future. Creative people are crucial to an economy based on innovation. Participation in arts and cultural activities spurs creativity and increases exposure to diverse people, ideas and perspectives.

This year's Arts and Culture indicators are drawn from the 2005 Creative Community Index, published by Cultural Initiatives Silicon Valley.

How Are We Doing?

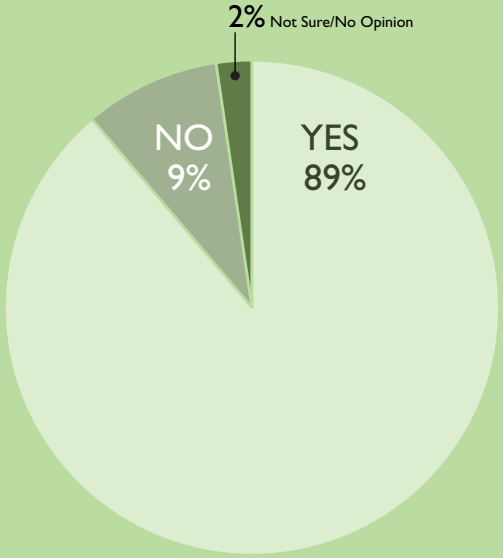
Nine out of ten Silicon Valley residents think that arts education should be required for school children along with English, math and science. In practice, however, even those districts that have made a commitment to improving their arts programs find it challenging to stay the course. Among 17 Santa Clara County school districts participating in a special 5-year program to establish arts policies, standards, curricula, and instruction, three out of five offer 30-60 minutes of weekly arts instruction for all elementary students in at least one arts discipline, well short of the 3 hours per week Silicon Valley residents think should be devoted to arts instruction in schools.

The majority of adults in Silicon Valley actively participate in some form of artistic expression, the most common of which is playing a musical instrument. Creative writing/poetry is the second most common activity, followed by dance and painting. On average culturally-active Silicon Valley adults spend 4-5 hours on arts and culture activities per week.

Arts in Education

Question: Do You Think That Arts Education Classes Should Be Required for School Children, Along With English, Math, Science and Other Courses?

Santa Clara County 2005



Source: Cultural Initiatives Silicon Valley

How many hours of arts education should Silicon Valley grade-school students receive each week?

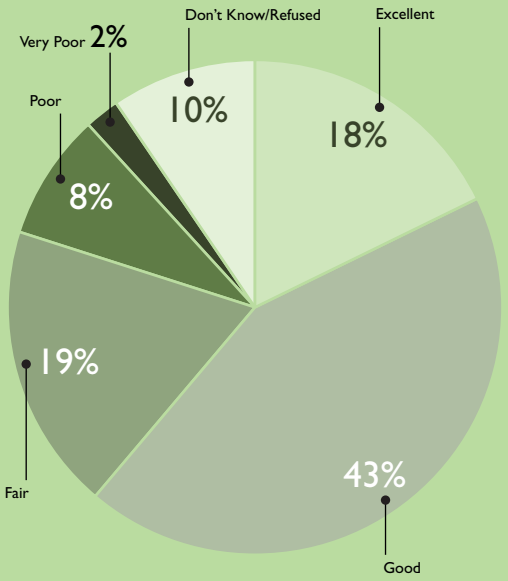
Hours	Share of support from Silicon Valley residents
8 +	5.1 %
6-8	4.1 %
4-6	31.4 %
2-4	35.6 %
1-2	12.6 %
0-1	2.5 %
Don't know/refused	8.5 %

Nine out of ten residents think that arts education should be required along with English, math and science.

Arts Environment

How Do You Rate the Community You Live In As A Place for Children to Pursue Cultural Activities and Receive Arts Education?

Santa Clara County 2005

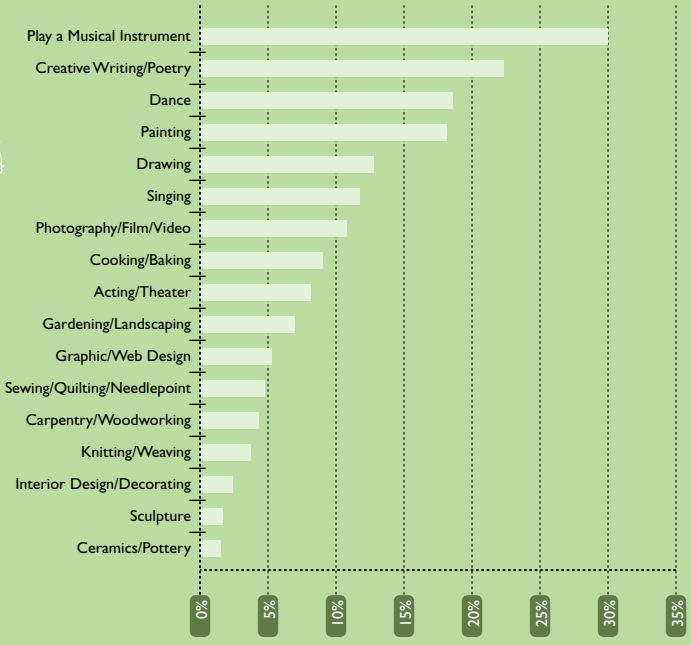


Source: Cultural Initiatives Silicon Valley

Arts Participation

In What Forms of Artistic Expression Do You Actively Participate?

Santa Clara County 2005



Source: Culturual Initiatives Silicon Valley

About 2006 Index | 01
Map of Silicon Valley 02 |
Table of Contents | 03
Highlights 04 | 05
Index at a Glance 06 | 07
Special Analysis 08 | 09

PEOPLE **10 | 13**

ECONOMY **14 | 25**

SOCIETY
Economic Success
26 - 27
Early Education
28 - 29
Arts and Culture
30 - 31
Health
32 - 33
Safety
34 - 35

PLACE **36 | 43**

GOVERNANCE **44 | 47**

Special Analysis cont. 48 | 51
Appendices 52 | 55
Index of Charts 56 |
Acknowledgments | 57

Why Is This Important?

Poor health outcomes generally correlate with poverty, which correlates with poor access to preventative health care and education.

Timely childhood immunizations promote long-term health, save lives, prevent significant disability and reduce medical costs.

Access to quality health care is heavily influenced by health insurance coverage. Because health care is expensive, individuals who have health insurance are more likely to seek routine medical care and to take advantage of preventative health-screening services than those without coverage—resulting in a healthier population.

Studies indicate that overweight children and adolescents are at increased risk for obesity-related adult diseases, including coronary heart disease, hypertension and type II diabetes.

How Are We Doing?

The rate of immunization for young children in Silicon Valley rose for the fourth consecutive year, mirroring state and national trends, and reflecting a regional effort to increase the share of children receiving timely immunizations.

The share of overweight children in grades 5, 7, and 9 has decreased steadily since 1999, with the greatest improvement taking place among 5th graders. Yet in 2004, twenty-nine percent of children were overweight.

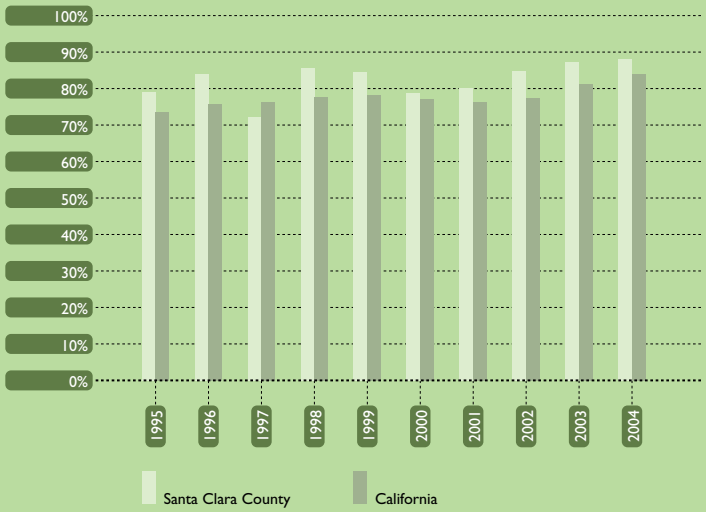
Overall health insurance coverage remained relatively unchanged from 2001 to 2003. The share of coverage in Silicon Valley hovered around ninety percent, compared with eighty-six percent coverage statewide average. Race disparities continue in the region, with Latinos and American Indian/Alaskan Natives having significantly lower coverage than other ethnic groups.

29% of 5th, 7th, and 9th-grade students were **overweight in 2004**

Share of youth that are overweight **fell 14%** from 1999 to 2004

Immunization of Children

Rate of Immunization for Children Ages 19-35 Months



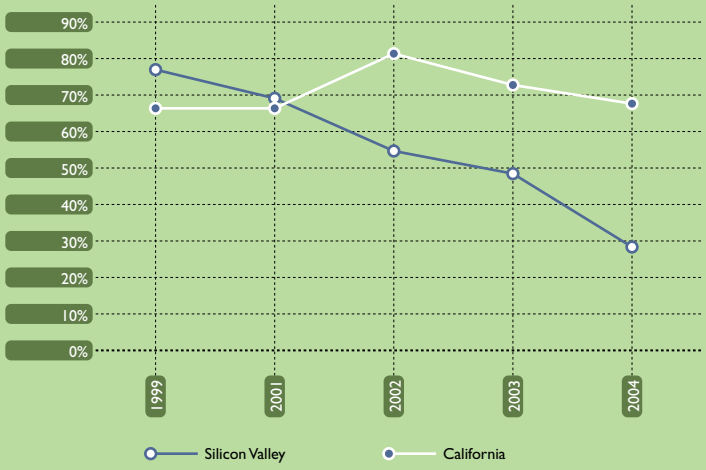
Source: National Immunization Survey, National Center for Health Statistics, Center for Disease Control

Rate of immunization **rose 11.5%** from 1995 to 2004

Overweight Youth

Share of Overweight Youth in Grades 5, 7, and 9

San Mateo and Santa Clara Counties and California

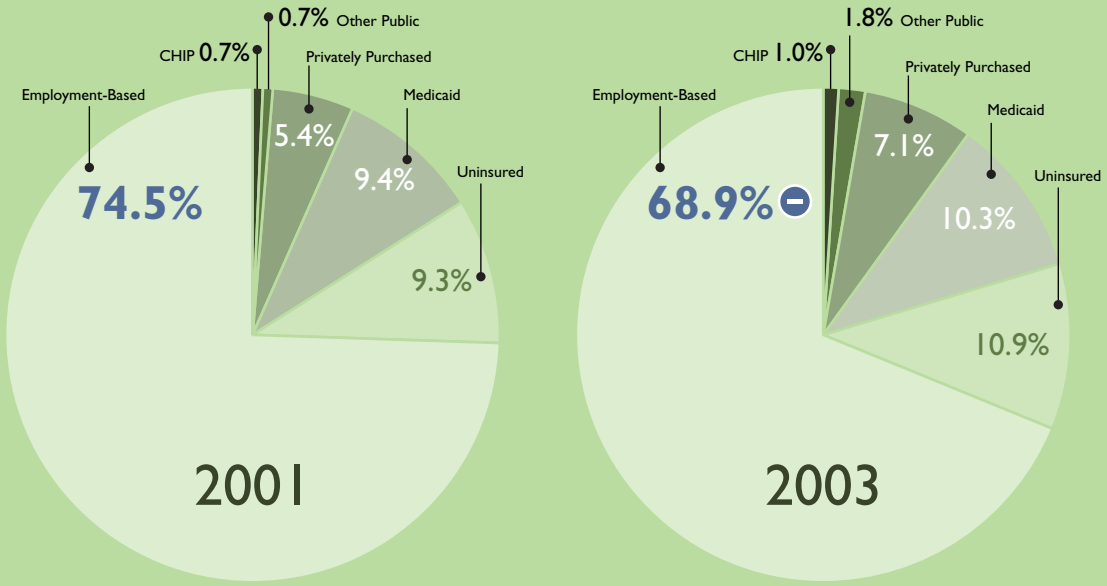


Source: California Department of Education

Immunizations for children rose, share of overweight children declined and health insurance coverage remained the same.

Health Insurance

Source of Health Insurance Coverage



Source: California Health Interview Survey

The share of residents covered by employer-based insurance **declined 7.5%** from 2001 to 2003

24% of Silicon Valley residents are uninsured or are dependent upon **public insurance**

About 2006 Index | 01
Map of Silicon Valley 02 |
Table of Contents | 03
Highlights 04 | 05
Index at a Glance 06 | 07
Special Analysis 08 | 09

PEOPLE **10 | 13**

ECONOMY **14 | 25**

SOCIETY
Economic Success
26 - 27
Early Education
28 - 29
Arts and Culture
30 - 31
Health
32 - 33
Safety
34 - 35

PLACE **36 | 43**

GOVERNANCE **44 | 47**

Special Analysis cont. 48 | 51
Appendices 52 | 55
Index of Charts 56 |
Acknowledgments | 57

Why Is This Important?

The level and perception of crime in a community are significant factors affecting the quality of life. Incidence of crime not only poses an economic burden, but also erodes our sense of community by creating fear, frustration and instability. Occurrence of child abuse is extremely damaging to the child and increases the likelihood of poor education performance, and of criminality later in life. Safety for the community starts with safety for children in their homes.

How Are We Doing?

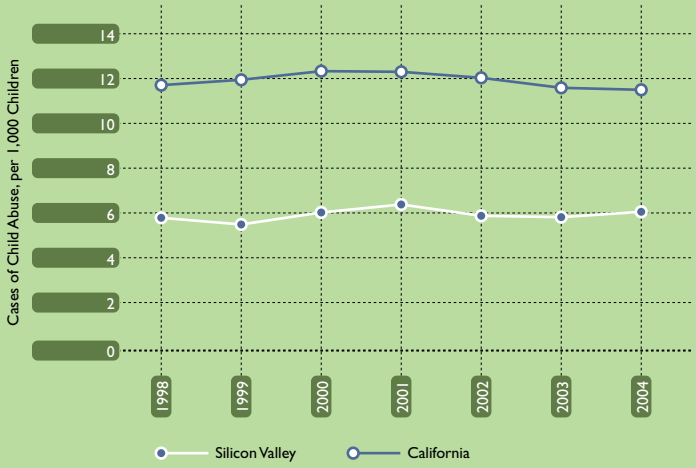
The rate of child abuse in Silicon Valley rose five percent from 2003 to 2004, but has otherwise remained relatively constant over the past six years. This is roughly half the statewide average rate of abuse.

Violent offenses by juveniles and by adults remained virtually unchanged from 2003, but the rate of violent offenses by juveniles has dropped dramatically since 1994. The rate of violent offenses by adults has not decreased as dramatically, but has declined steadily since 1995.

Child Abuse

Substantiated Cases of Child Abuse per 1,000 Children

San Mateo and Santa Clara Counties



Source: Child Welfare Services

3,732 cases

of substantiated child abuse per 1,000 children in 2004

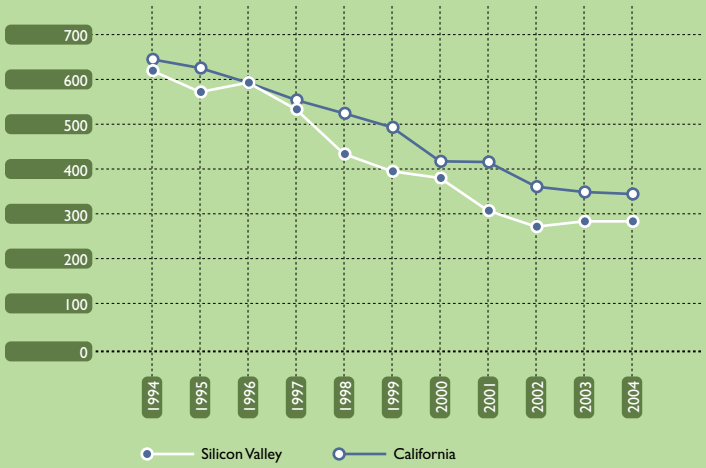
6.2 cases

of substantiated child abuse per 1,000 children in 2004

Child abuse rose but juvenile and adult crime remained virtually unchanged.

Violent Offenses, Juvenile

Violent Offenses per 100,000 10- to17-Year Olds
Santa Clara and San Mateo Counties



Source: FBI Uniform Crime Reports, California Department of Justice

Rate of violent offenses by juveniles **dropped 54%** from 1994-2004

288 violent juvenile offenses per 100,000 youth in 2004

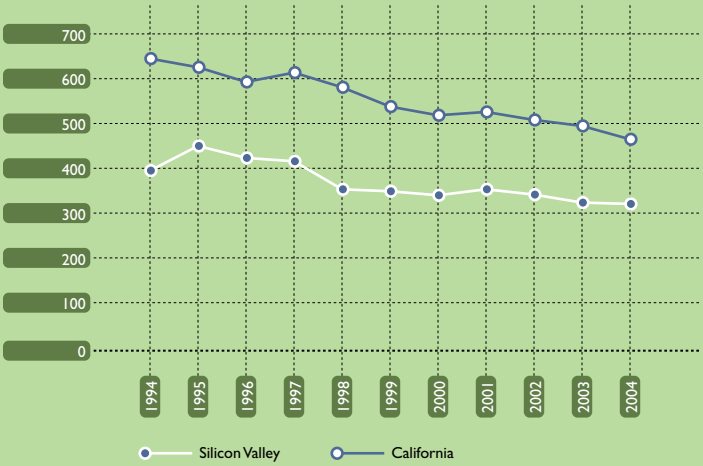
Comparing Rates of Violent Crime:

Ratio of the Silicon Valley Violent Offense Rate to California's Rate of Violent Offenses

	1994	2004
Juvenile	97%	83%
Adult	64%	69%

Violent Offenses, Adult

Violent Offenses per 100,000 Adults
Santa Clara and San Mateo Counties



Source: FBI Uniform Crime Reports, California Department of Justice

Rate of violent offenses by adults **dropped 19% from 1994-2004**

About 2006 Index | 01
Map of Silicon Valley 02 |
Table of Contents | 03
Highlights 04 | 05
Index at a Glance 06 | 07
Special Analysis 08 | 09

PEOPLE **10 | 13**

ECONOMY **14 | 25**

SOCIETY
Economic Success
26 - 27
Early Education
28 - 29
Arts and Culture
30 - 31
Health
32 - 33
Safety
34 - 35

PLACE **36 | 43**

GOVERNANCE **44 | 47**

Special Analysis cont. 48 | 51
Appendices 52 | 55
Index of Charts 56 |
Acknowledgments | 57

Why Is This Important?

Environmental quality affects all Silicon Valley residents. Water and air quality directly affect the health of all animals in the region, and are in turn affected by the choices that residents make about how to live—what types of cars we drive, where we build our homes, what contaminants we allow in our water, and how we enforce environmental guidelines.

Measuring the concentrations of polychlorinated biphenyls (PCBs) in the Bay waters (and in the organisms living in the Bay) serves as an indicator of the overall health of the South Bay ecosystem. PCBs were deposited into the bay during the industrial development period and continue to enter the bay as a result of urban and upstream runoff. Although this contaminant was banned from use in the 1970s, PCB contamination remains one of the greatest water quality concerns in the Estuary due to their persistence in the environment, accumulation in Bay wildlife, and potential effects on wildlife reproduction and human health.

Preserving open space protects natural habitats, provides recreational opportunities, focuses development, and maintains the visual appeal of our region.

Motor vehicles are the major source of air pollution for the Bay Area. By choosing vehicles that use alternative sources of fuel, residents can reduce their ecological footprint. Of course, vehicle fuel-type is only one factor by which people impact the environment. In the next section, we will look at land use patterns and the way they influence the use of vehicles.

How Are We Doing?

PCB contamination in the Lower South Bay improved from 2002 to 2003, but still exceeds the US Environmental Protection Agency and State Water Resources Control Board water quality guideline. PCB concentration declines in Bay Mussles, initially rapid, have slowed since the 1990's. At the current rate of decline, it could take decades to reach management targets.

Open space continues to increase, due in large part to concerted efforts by the Peninsula Open Space Trust, the Mid-Peninsula Regional Open Space District, and the Santa Clara County Open Space Authority. As of 2005, more than a quarter of the region is protected open space.

Overall, only a very small fraction of vehicles registered in Silicon Valley use alternative sources of fuel, but the trend is positive. Five percent of 2005 model-year, non-commercial vehicles registered in Santa Clara County use alternative fuel. Flex Fuel vehicles, which are designed to run on gasoline, alcohol fuel, or a combination, were the most popular of the alternatives purchased between 1999 and 2003. The next most popular alternative is hybrid battery and gasoline technology, which expanded rapidly in 2004 and 2005. Flex Fuel technology is found in a variety of vehicles, ranging from compact cars to pick-up trucks, SUVs, and vans.

+50,000 acres

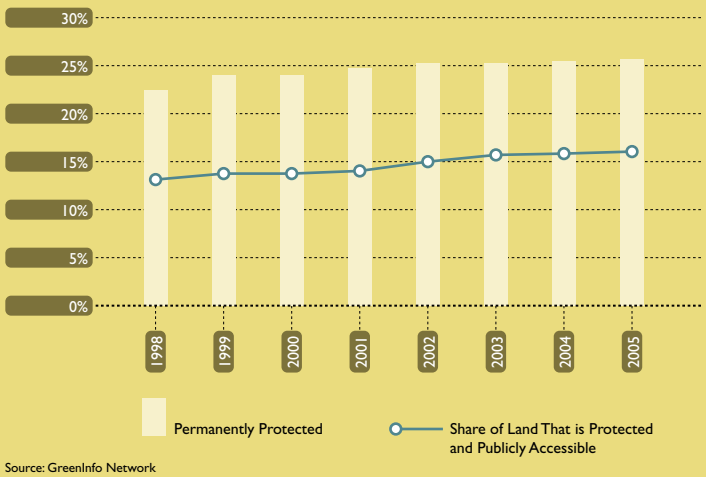
of new protected,
publicly accessible land (98-05)

1/4 of Silicon Valley land

is protected open space

Protected Open Space

Permanently Protected Open Space in Silicon Valley and Perimeter

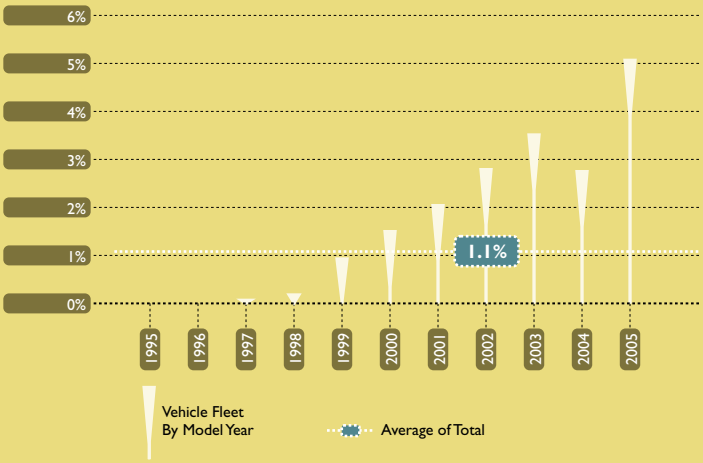


Source: GreenInfo Network

Permanent open space increased, PCB contamination improved but still exceeds guidelines and fraction of alternative fuel vehicles is small but increasing.

Alternate Fuel Vehicles

Share of Non-Commercial Vehicles Registered in Santa Clara County That Use Alternative Fuel Sources, 2005



Source: California Energy Commission

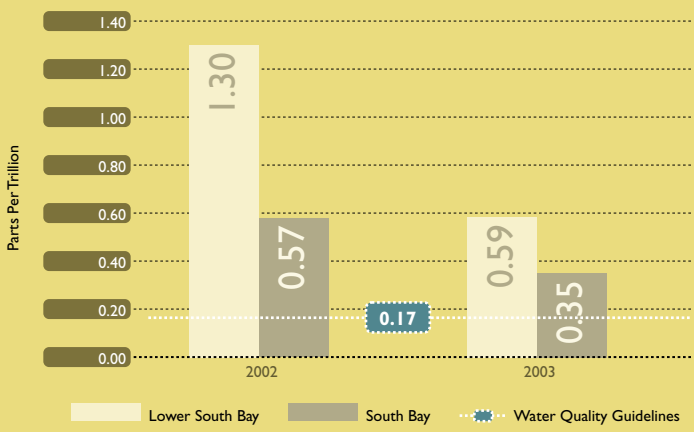
14% of new compact cars
in Silicon Valley in 2005 use alternative fuel sources

38% of new cars
were compact cars--making compact cars the most popular size for new cars in Silicon Valley

Less than 1%
of new commercial vehicles use alternative fuel sources

Water Quality

Average PCB Concentrations in San Francisco Bay, with California Safety Guideline



Source: San Francisco Estuary Institute

About 2006 Index | 01
Map of Silicon Valley 02 |
Table of Contents | 03
Highlights 04 | 05
Index at a Glance 06 | 07
Special Analysis 08 | 09

PEOPLE **10 | 13**

ECONOMY **14 | 25**

SOCIETY **26 | 35**

PLACE
Environment 36 - 37
Land Use 38 - 39
Housing 40 - 41
Commercial Space 42 - 43

GOVERNANCE **44 | 47**

Special Analysis cont. 48 | 51
Appendices 52 | 55
Index of Charts 56 |
Acknowledgments | 57

Why Is This Important?

By directing growth to already developed areas, local jurisdictions can reinvest in existing neighborhoods, use transportation systems more efficiently, and preserve the character of adjacent rural communities. Focusing new commercial and residential developments near rail stations and major bus corridors reinforces the creation of compact, walkable, mixed-use communities linked by transit. This helps to reduce traffic congestion on freeways and preserve open space near urbanized areas. By creating mixed-use communities, Silicon Valley gives workers alternatives to driving alone and increases access to jobs.

How Are We Doing?

The average density of newly approved residential development increased for the third year in a row to a record twenty-one units per acre—three times the density of development approved in 1998 (the first year of the Joint Venture land use survey).

The share of newly approved housing that will be near transit increased slightly from 2004-2005, but is below the eight-year average of forty-three percent.

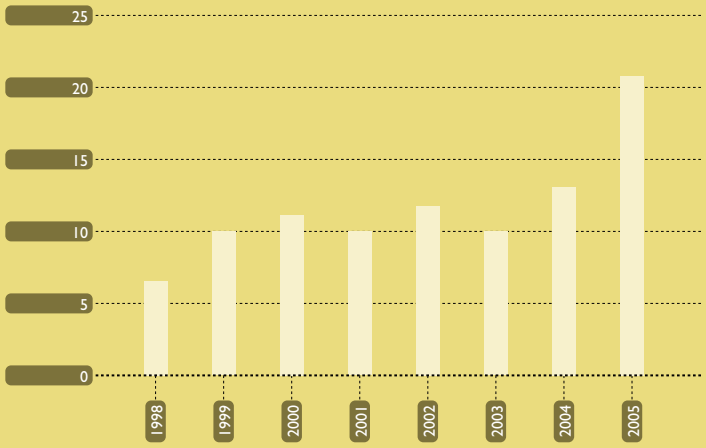
For the first time in the history of the land use survey, the net approved change in non-residential space (approvals for additions minus approvals for demolition) will result in a net loss of non-residential space* that is far from transit, the result of a region wide effort to concentrate development near transit.

Revenue hours, a measure of public transit operating time/service, declined for the third straight year, and ridership declined for the fourth year—though at a slower rate than from 2003-2004.

* Non-residential space includes office, R&D, warehouse, and industrial uses

Residential Density

Average Units Per Acre of Newly Approved Residential Development, Silicon Valley



Source: City Planning and Housing Departments

Overall density of land zoned

(units per acre)

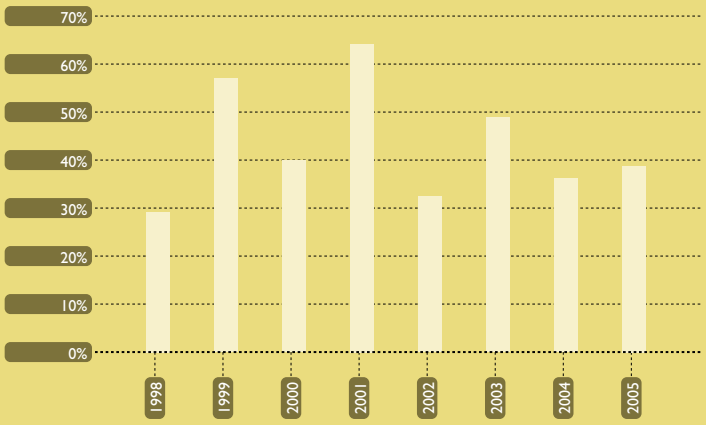
single-family residences: 3.6

multi-family residential: 6.4

Density of newly approved housing **increased 62%** from 2004-2005

Housing Near Transit

Share of New Housing Units Approved That Will Be Within 1/4 Mile of Rail Stations or Major Bus Corridors, Silicon Valley



Source: City Planning and Housing Departments

39% of housing approved in 2005 will be near transit

Share of newly approved housing that will be near transit **increased 8%** from 2004 to 2005, but is **still below 8-year average**

The average density of new approved resident development increased and share of newly approved housing near transit increased slightly. Transit ridership declined for the fourth year in a row.

Development Near Transit

Change in Non-Residential Development Near Transit, Silicon Valley

-71,000 square feet

of non-residential development that is far from transit

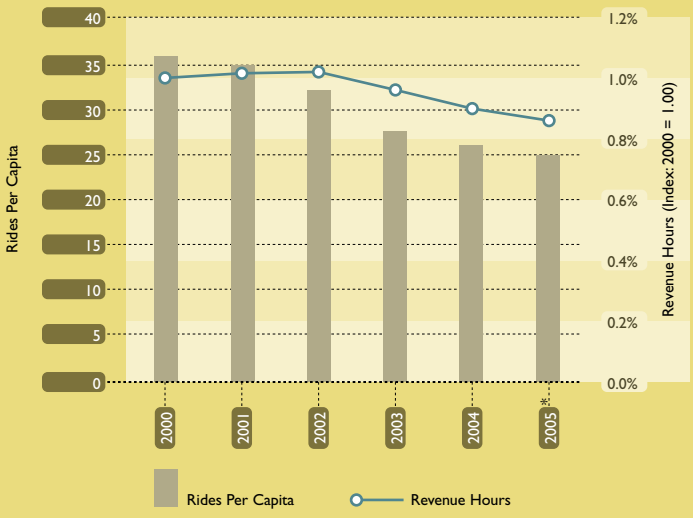
+2,316,000 square feet

of non-residential space near transit

Source: City Planning and Housing Departments

Transit Use and Availability

Number of Rides Per Capita and Change in Revenue Hours on Regional Transportation System, Santa Clara and San Mateo Counties



30% decline in rides per capita

from 2000-2004

15% decline in revenue hours

from 2000-2004

Source: Sam Trans, Transportation Authority, Altamont Commuter Express
* Estimate

About 2006 Index | 01
Map of Silicon Valley 02 |
Table of Contents | 03
Highlights 04 | 05
Index at a Glance 06 | 07
Special Analysis 08 | 09

PEOPLE **10 | 13**

ECONOMY **14 | 25**

SOCIETY **26 | 35**

PLACE
Environment
36 - 37
Land Use
38 - 39
Housing
40 - 41
Commercial Space
42 - 43

GOVERNANCE **44 | 47**

Special Analysis cont. 48 | 51
Appendices 52 | 55
Index of Charts 56 |
Acknowledgments | 57

Why Is This Important?

The affordability, variety and location of housing affect a region's ability to maintain a viable economy and high quality of life. Lack of affordable housing in a region encourages longer commutes, which diminish productivity, curtail family time and increase traffic congestion. Lack of affordable housing also restricts the ability of crucial service providers—such as teachers, registered nurses and police officers—to live in the communities in which they work.

How Are We Doing?

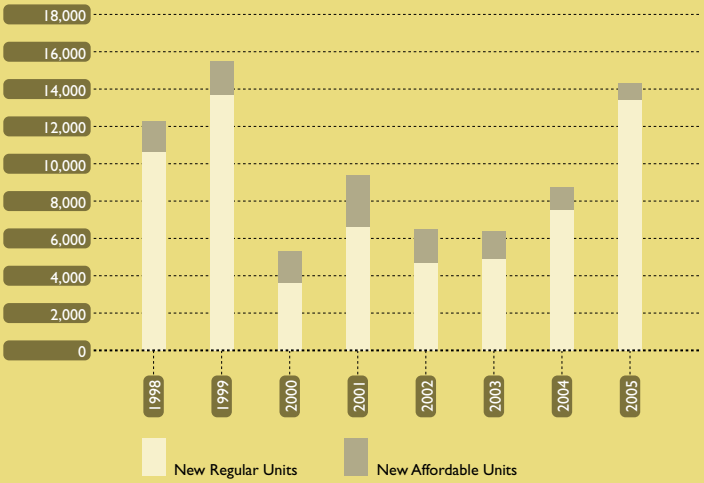
The number of affordable units approved in 2005 was the lowest number approved since the beginning of the survey in 1998, as well as the lowest share of total units.

Apartment rental rates declined for the fifth year, but were proportionally twelve percent higher in 2004 than they were in 1994, while median household income did not increase during that period.

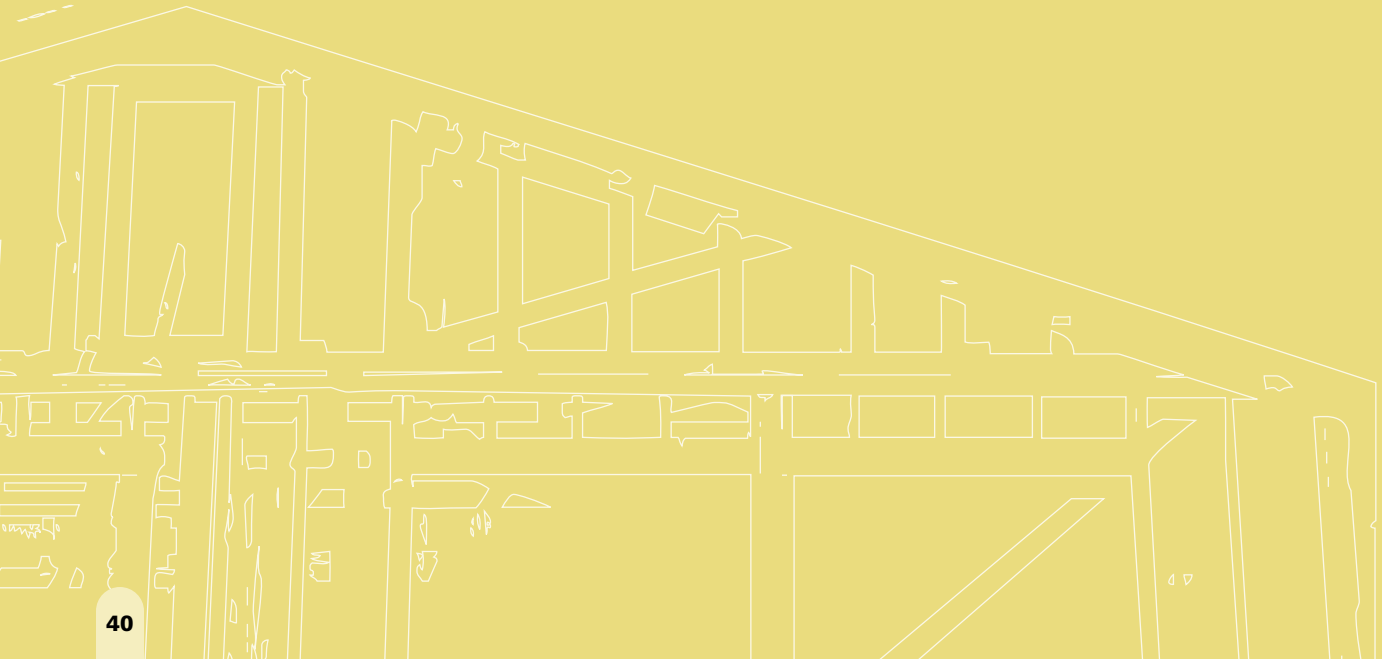
Home price affordability rose from 2004-2005, with twenty-three percent of regional households able to afford to purchase a median-priced house in Santa Clara County, compared to nineteen percent of California households able to purchase the median priced home in California.

Building Affordable Housing

Total New Housing Units Approved, Including New Affordable Housing Units, Silicon Valley



Source: City Planning and Housing Departments



The number of affordable housing units approved in 2005 was the lowest since 1998. Apartment rental rates declined for the fifth year in a row and housing affordability rose and is now above the California average, but remains well below the nation.

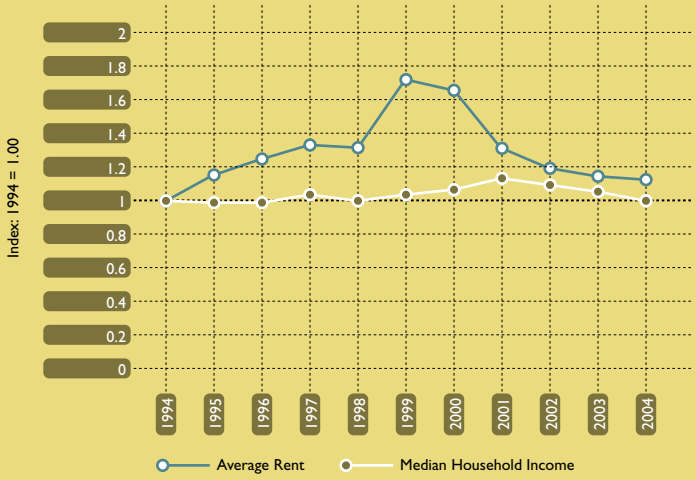
Rental rates

are **12% less affordable**

in 2004 than in 1994

Rental Affordability

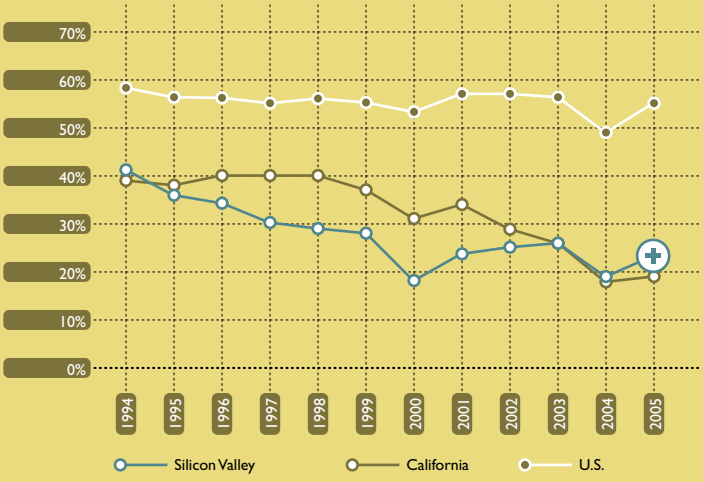
Apartment Rental Rates at Turnover Compared to Median Household Income,
Santa Clara County



Source: Real Facts, U.S. Census Bureau

Home Affordability

Percentage of Households That Can Afford
to Purchase The Median-Priced Home
Santa Clara County



Source: California Association of Realtors

21% increase

in housing affordability for Santa Clara County from 2004 to 2005

23% increase

in housing affordability for San Mateo County from 2004 to 2005, but affordability **remains low at 16%**

About 2006 Index | 01
Map of Silicon Valley 02 |
Table of Contents | 03
Highlights 04 | 05
Index at a Glance 06 | 07
Special Analysis 08 | 09

PEOPLE **10 | 13**

ECONOMY **14 | 25**

SOCIETY **26 | 35**

PLACE
Environment
36 - 37
Land Use
38 - 39
Housing
40 - 41
Commercial Space
42 - 43

GOVERNANCE **44 | 47**

Special Analysis cont. 48 | 51
Appendices 52 | 55
Index of Charts 56 |
Acknowledgments | 57

Commercial Space

Why Is This Important?

This indicator tracks the rates of commercial vacancy, availability, and cost, which are leading indicators of regional economic activity. The vacancy rate measures the amount of space that is not occupied. The change in available space shows the impact of absorption and addition to inventory. A negative change in available commercial space shows a tightening in the commercial real estate market. Increases in vacancy, as well as declines in rents, reflect slowing demand relative to supply.

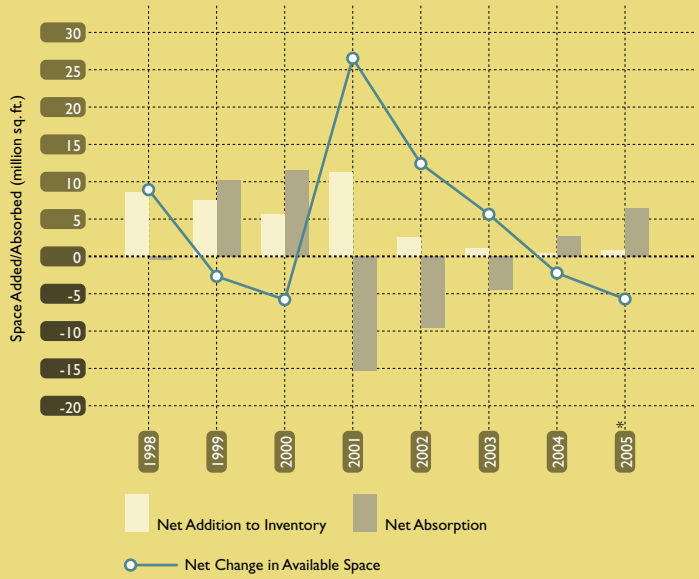
How Are We Doing?

The total square feet of available commercial space declined for the second year in a row, though the vacancy rate is still more than five times the vacancy rate in 2000. While office space had the highest vacancy rates following the economic peak in 2000, in 2005 office space vacancy rates fell below the overall commercial rate of vacancy. Rental rates continue to decline for all types of commercial property, except flex space (space that can be used for either office or industrial purposes).

Commercial Space

Net Change in Available Commercial Space

Santa Clara County



* through November

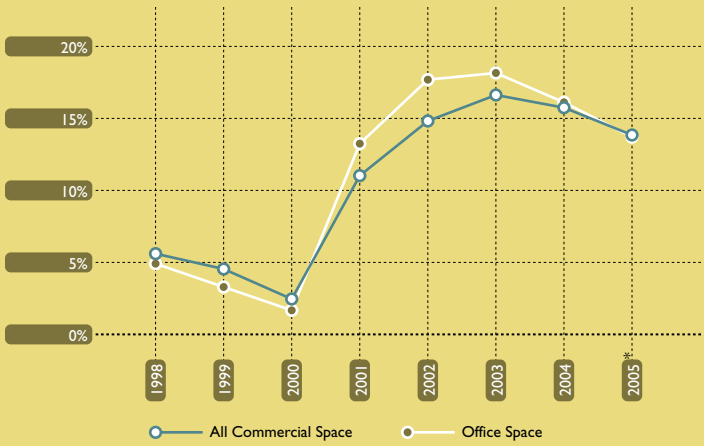
Source: Newmark Knight Frank

Available commercial space declined for a second year in a row and rental rates continued to fall.

Commercial Vacancy

Rate of Commercial Vacancy,
Santa Clara County

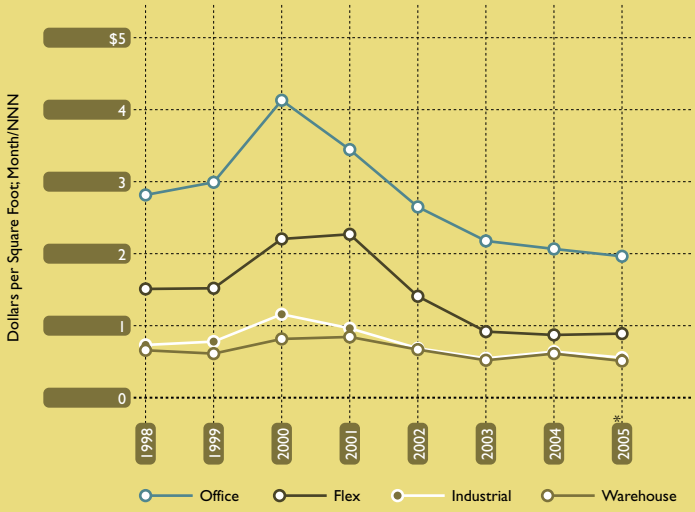
Overall vacancy rate 14%,
5.45 times the rate in 2000



* through November
Source: Newmark Knight Frank

Commercial Rents

Average Asking Rents,
Santa Clara County



Change in Rental Rates
2004-2005

Office	-3%
Flex	+2%
Industrial	-10%
Warehouse	-16%

* through November
Note: Lease rate data for industrial, warehouse and flex are provided "triple net" (NNN), which is a base lease rate that excludes the costs of utilities, janitorials, taxes, maintenance and insurance. Office rates are provided as "full service"
Source: Newmark Knight Frank

About 2006 Index | 01
Map of Silicon Valley 02 |
Table of Contents | 03
Highlights 04 | 05
Index at a Glance 06 | 07
Special Analysis 08 | 09

PEOPLE **10 | 13**

ECONOMY **14 | 25**

SOCIETY **26 | 35**

PLACE
Environment
36 - 37
Land Use
38 - 39
Housing
40 - 41
Commercial Space
42 - 43

GOVERNANCE **44 | 47**

Special Analysis cont. 48 | 51
Appendices 52 | 55
Index of Charts 56 |
Acknowledgments | 57

Civic Engagement

Why Is This Important?

An engaged citizenry shares in the responsibility to advance the common good, is committed to place and has a level of trust in community institutions.

Voter participation is an indicator of civic engagement and reflects community members' commitment to a democratic system, confidence in political institutions and optimism about the ability of individuals to affect public decision making.

Passage rates for local revenue-generating measures, such as bonds, indicate the community's sense of shared responsibility, its awareness of the fiscal situation facing cities and schools, and its confidence in the performance of government institutions.

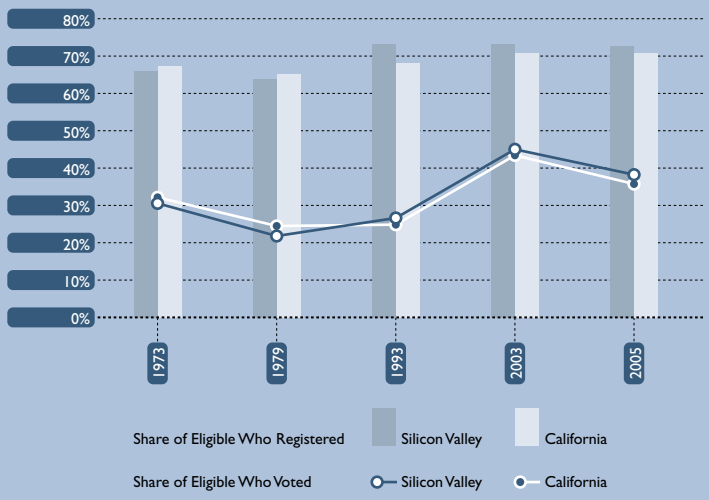
How Are We Doing?

Silicon Valley voter registration and turnout continues to outpace California, though the margin is closing in voter registration. Regional voter turnout for the November 2005 special election was lower than turnout for the 2003 special election, but still higher than the state average.

Between 1998 and 2005, revenue raised by Silicon Valley bond measures increased by one-fifth when adjusted for inflation, from $8.2 million to $1.6 billion, and the rate of passage increased by thirty percent. Most bonds proposed additional revenues for local schools. Since the 2000 passage of Proposition 39—which reduced the approval rate for local school bonds from two-thirds of the local electorate to fifty-five percent—our local bonds are more likely to pass.

Voter Participation

Share of Eligible Residents Who Registered and Voted in Special Elections
Santa Clara/San Mateo Counties and California



Source: California Secretary of State

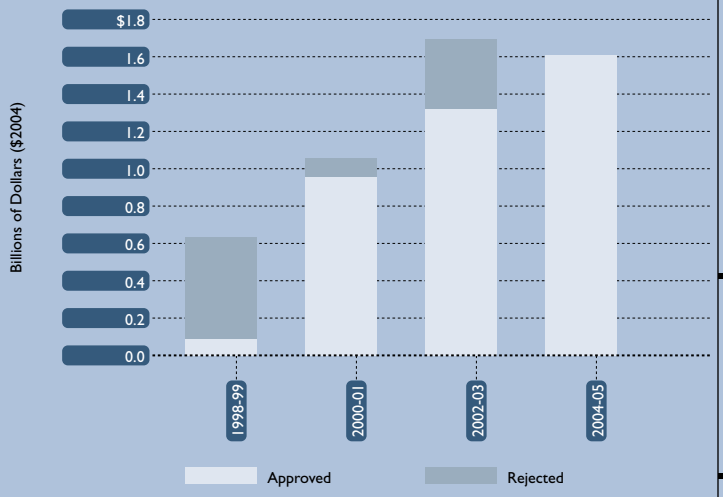
Voter turnout

fell 15% for 2005 special election compared to turnout for the special election in 2003

Voter registration and turnout was higher than California and the majority of local bond issues were approved by the voters.

Support for Alternative Funding

Value of Bond Measures Approved and Rejected
San Mateo and Santa Clara Counties



Source: San Mateo and Santa Clara County Offices of Voter Registrar, Smartvoter.org

Between 1998 and 2005, **bonds had a rate of passage of 81%** compared to 65% for taxes

The passage rate for school related measures during the same time period was **70%** and **$4.4 billion** was raised through bonds to improve local schools

74% of bond measures presented in local elections between 1998 and 2005 were aimed to **improve revenue for schools**

About 2006 Index | 01
Map of Silicon Valley 02 |
Table of Contents | 03
Highlights 04 | 05
Index at a Glance 06 | 07
Special Analysis 08 | 09

PEOPLE **10 | 11**

ECONOMY **14 | 17**

SOCIETY **26 | 35**

PLACE **36 | 43**

Civic Engagement 44 - 45
Revenue 46 - 47

Special Analysis cont. 48 | 51
Appendices 52 | 55
Index of Charts 56 |
Acknowledgments | 57

Why Is This Important?

Governance is defined as the process of decision-making and the process by which decisions are implemented. The ability of local government to govern effectively is influenced by many factors, including the availability and management of resources.

To maintain service levels and respond to a changing environment, local government revenue must be reliable. Property tax revenue is the most stable source of funding for local government, but represents less than a quarter of total revenue for cities and counties. While counties receive most of their funding from State and Federal sources, cities are more dependent upon volatile revenue from fees as well as sales, hotel occupancy, and other taxes.

How Are We Doing?

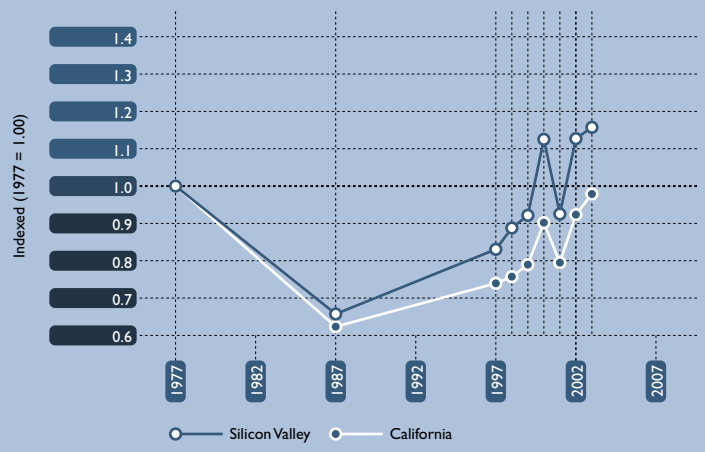
City revenues fell for the second year, while county revenues rose for the eighth consecutive year. Silicon Valley city revenue averaged a little more than three percent annual growth between FY 1993 and FY 2003, with an increasing share of revenue coming from non-tax revenue sources. Revenue for Santa Clara and San Mateo Counties also grew by a little more than three percent from FY 1997 through FY 2003.

Property tax levies for Santa Clara and San Mateo Counties continue to climb. In 2000 revenues from property taxes surpassed pre-Proposition 13 levels for the first time since that legislation was enacted in 1978. By contrast, in 1987 (ten years after Proposition 13 passed), property tax revenues were down thirty-five percent from ten years prior. Total property tax revenues for California still remain below pre-Proposition 13 levels.

Property Tax Revenue

Growth in Property Tax Levies

Santa Clara/San Mateo Counties and California



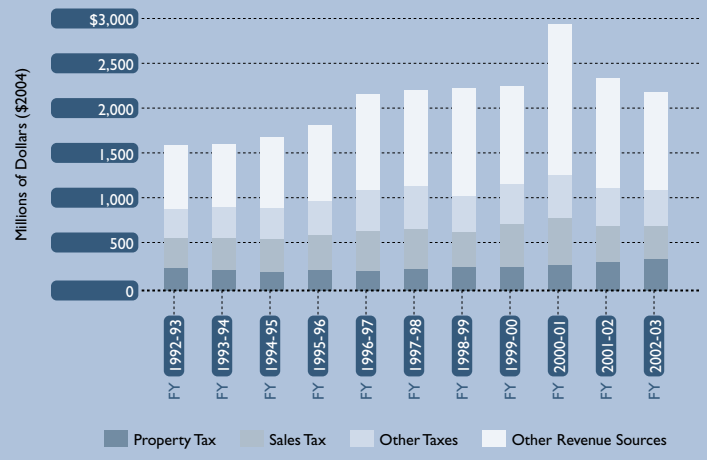
Source: California State Board of Equalization

Total property taxes collected in Silicon Valley have risen **16% above 1977 levels**—the year before Proposition 13, legislation that limited the rate of increase of property taxes, was enacted

City revenues declined for the second year while county revenue increased.

City Revenue

Aggregate Silicon Valley City Revenue by Source



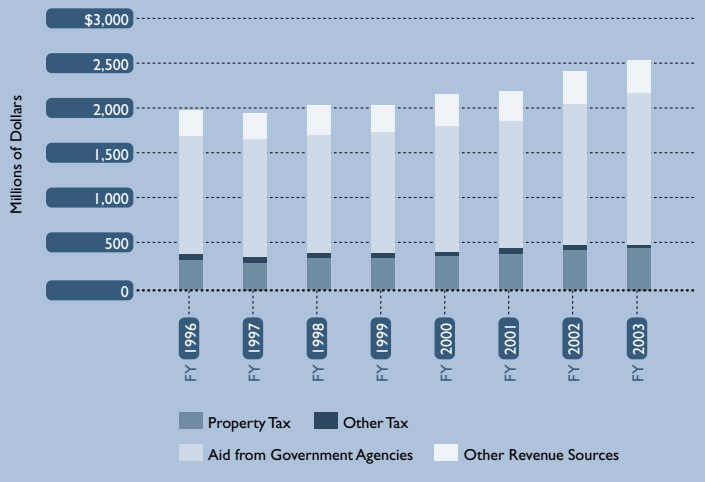
Source: California State Controller's Office

Total City Revenues fell 25%
from FY 2001 to FY 2003

3.2% Average Annual Growth
FY 1993 - FY 2003

County Revenue

Aggregate Revenue by Source
Santa Clara and San Mateo Counties



Source: Santa Clara and San Mateo Counties

Total County revenues
grew 6% from FY 2002
to FY 2003, continuing
an 8-year upward trend

About 2006 Index | 01
Map of Silicon Valley 02 |
Table of Contents | 03
Highlights 04 | 05
Index at a Glance 06 | 07
Special Analysis 08 | 09
PEOPLE **10 | 11**
ECONOMY **14 | 17**
SOCIETY **26 | 35**
PLACE **36 | 43**
Civic Engagement 44 - 45
Revenue 46 - 47
Special Analysis cont. 48 | 51
Appendices 52 | 55
Index of Charts 56 |
Acknowledgments | 57

continued from page 9

The region's economic restructuring has clearly triggered an occupational restructuring as well, producing both large gains and losses.

Of 432 total occupations represented in the region, 55% lost jobs, but 42% actually added jobs and 3% experienced no change between 2000 and 2004.

The region's count of top-level engineering, scientific and business management talent has actually grown since 2000—increasing from 67,420 to 68,940 between 2000 and 2004. But jobs in key support occupations fell from 41,230 to 22,260 during this same period.

As Figure 3 shows, employment changes were not uniform across occupations. There have been both large gains and losses in individual engineering, scientific, and business management occupations. (Note: occupational data is only available in aggregate by county, so we present Santa Clara here as a representative county).

FIGURE 3: Largest Gains and Losses in Santa Clara County: Engineering, Scientific, and Business Management Occupations 2000-2004

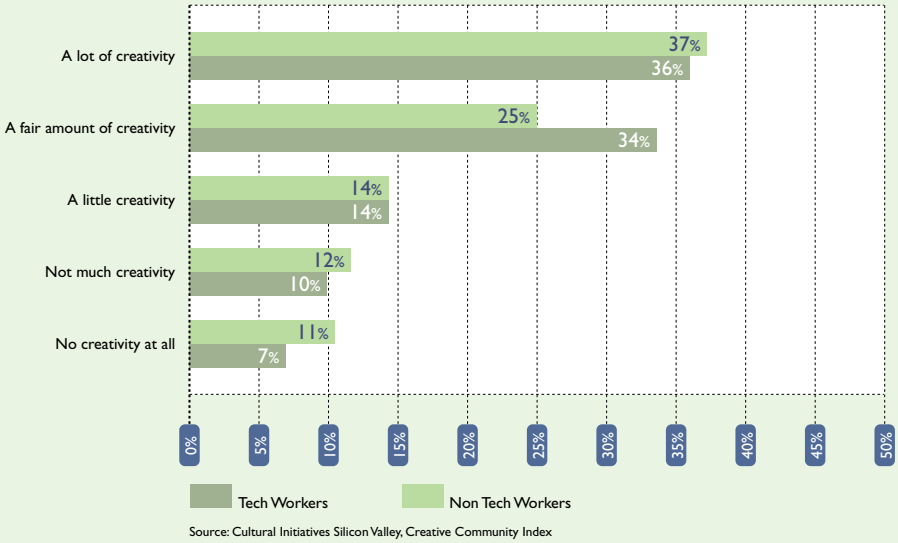
Major Core Occupations	Gain/Loss
Computer hardware engineers	5,260
Engineers, all other	3,850
Civil engineers	1,980
Electronics engineers, except computer	1,680
Management analysts	1,130
Market research analysts	1,070
Computer and information scientists, research	780
Materials engineers	390
Biochemists and biophysicists	(330)
Industrial engineers	(550)
Chief executives	(780)
Mechanical engineers	(2,390)
Electrical engineers	(3,300)
Computer software engineers, systems software	(7,550)

Key Support Occupations	Gain/Loss
Mechanical engineering technicians	1,200
Logisticians	1,150
Civil engineering technicians	620
Electro-mechanical technicians	(630)
Industrial engineering technicians	(740)
Electrical and electronics drafters	(1,250)
Computer systems analysts	(3,510)
Semiconductor processors	(5,640)
Computer programmers	(10,110)

During this restructuring, the region's workforce has remained one of the most productive in the world. In fact, the region has substantially increased its productivity advantage over the United States as a whole, outpacing the national average by 31% in 2004, up from 22% in 1994. Silicon Valley's talent base may be restructuring, but it remains a major advantage for the region in the global economy.

Equally striking, a majority of the region's workforce are in jobs that require creativity. Silicon Valley's "creative edge" is not limited to artists or the top tier of professionals; it includes people at all levels generating new ideas and methods, utilizing engineering, scientific, design or other expertise. As Figure 4 shows, 62% of all Silicon Valley workers (and 70% of technology workers) report that their jobs require "a fair amount" or "a lot" of creativity.

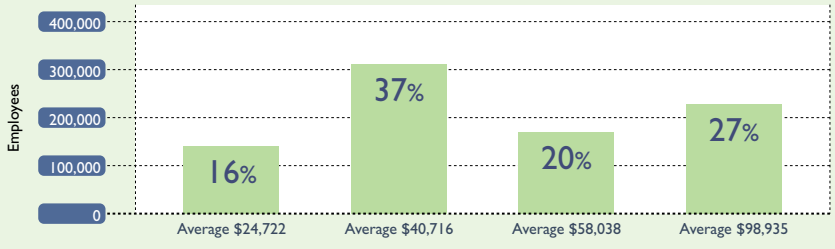
Figure 4: How Much Creativity Does Your Job Require In Order to Do Your Work Well? (Those Who Are Employed), Santa Clara County, 2005



Source: Cultural Initiatives Silicon Valley, Creative Community Index

A majority of the region's workforce are also in mid-wage occupations. As Figure 5 shows, despite substantial restructuring, the region's employment base continues to have a majority of jobs in mid-wage occupations—between high-wage research and professional service jobs and low-wage personal services jobs. Many of these mid-wage occupations include "jobs of place," such as health care, education, and other occupations requiring face-to-face interaction. These jobs are less susceptible to offshoring. On this basis, it would appear that Silicon Valley's creative edge is more inclusive than exclusive: a majority of the workforce is both in mid-wage occupations and in jobs that require creativity.

Figure 5: Silicon Valley Workforce Distribution by Median Wage, Divided by Quartiles, 2004



Source: Cultural Employment Development

Silicon Valley's Growing Idea Economy

Silicon Valley seems to be solidifying its position as an "idea economy" in order to compete in the global economy (see Figure 6).

Figure 6

Ideas Drive Economic Growth

	Industrial Economy	Idea Economy
Raw Materials	Natural Resources, Labor, Capital	Ideas
Customer Focus	Mass Production	Mass customization based on information technology and product design
Organization	Large Corporations, Economies of Scale	Entrepreneurs, Small Scale, Free Agents, Networks
Success Factors	Labor, Quantity, Low Cost, Stability, Control	Talent Speed, Innovation, Flexibility, Customization

Source: Collaborative Economics

Like other regions, Silicon Valley must find a role to play in a global economy that has become a series of "value chains" connecting product design, flexible production, marketing, and logistics functions. This is a complex process involving many partners across numerous locations throughout the world.

Today, the region's firms increasingly rely on their Silicon Valley workforce to make specific, high-end contributions to these global value chains—focusing on tasks such as "creative" product design, innovation services, business management, and the like. At the same time, many companies have outsourced and "offshored" other functions to lower-cost locations in order to remain globally competitive enterprises.

As products increasingly become commodities and production becomes routine, the competitive advantage of high-cost regions depends on the ability to add value in new and creative ways. Silicon Valley's competitive edge is its ability to create new ideas, methods, product designs, services and businesses based on its engineering, science, and management expertise.

ENGINEERING + DESIGN

The business culture of Silicon Valley has traditionally focused on engineering, and on making products to sell to other firms. Today, we see more focus on consumers with an emphasis on design and customer experience, in addition to technical features. This shift requires building creative teams with diverse disciplinary backgrounds, and valuing "right brain" or creative skills in areas like marketing, branding, design, and customer service.

There is no fixed limit on how many residents can participate in Silicon Valley's idea economy. As the global economy grows, not only will China, India and other developing countries be able do things once exclusive to Silicon Valley, but they will also demand more products and services. This means they will be large and growing markets for Silicon Valley's idea economy, bringing prosperity to our region and creating jobs for our residents. Creativity is already important in the jobs of a majority of Silicon Valley workers—both in cluster and non-cluster industries. However, residents risk being left behind if they do not have the education, knowledge and skills necessary to Silicon Valley's creative edge in the global economy.

As Daniel Pink has observed in his new book[1], the "conceptual age" requires more "right brain" thinking, which is the creative side of our brain (in contrast to "left brain" thinking, which is the more analytical side of our brain). In the past, the industrial economy did not particularly value "creative thinking" as a key skill. With the shift to more knowledge work, creative thinking became recognized as legitimate, but still secondary to analytical thinking:

> *Now, as North America, Western Europe and Japan evolve once again, (right-brain or creative thinking) is beginning to achieve economic and social parity—and, in many cases, primacy. In the twenty-first century, it has become first among equals, the key to professional achievement and personal satisfaction. (Left brain or analytical thinking) remains indispensable. It's just no longer sufficient. In the Conceptual Age, what we need instead is a whole new mind.*

To succeed as an idea economy and extend its benefits to more residents, Silicon Valley will need to focus on:

- how well our leaders understand the region's growing role as a center for creativity in business and technology in the changing global economy;
- how well our educational system prepares children and adults to bring a creative "whole mind" dimension to their careers in Silicon Valley;
- how well our companies encourage and develop creativity in their employees;
- how well our communities expand opportunities and places for creative interaction and expression;
- how well our culture values creativity and the arts not only to enrich the quality of life of Silicon Valley, but to help spark new ideas and innovations in the region's economy;
- how well our residents recognize that creativity is an economic imperative and attainable goal for everyone, not an exclusive skill set for just a few.

[1] Daniel H. Pink, A Whole New Mind: Moving from the Information Age to the Conceptual Age (The Penquin Group, 2005)

People

Population

Data for the composite population table are from the California Department of Finance, 1998-2003 and aggregate Santa Clara and San Mateo Counties. Natural change is births minus deaths and net migration is the sum of domestic and international in- and out-migration.

Demographic data (on ethnicity and, race, educational attainment and age) are derived from the Current Population Survey, March Supplement. The CPS sample was determined to be generally representative of Santa Clara County by comparing variables of income, age, gender and race/ethnicity to data reported in the 2000 Census. Because of the small sample size, figures from any given year may be unstable. To stabilize the data and account for sampling error, we create a rolling average of three years (e.g. the 2004 data point is the average of data for 2003, 2004, and 2005). Data are more useful for tracking long-term trends than for noting specific year-to-year movements.

In Census data, ethnicity and race are self-designated categories. All respondents who self-reported "Hispanic" origin are counted as such in that category only. Respondents who self-identified more than one race were not counted in the data set; this group represents less than 2% of the population.

Foreign Immigration

Statistics on share of engineers and scientists that are foreign born come from Saxenian and Shin "Immigration and the Transformation of the Silicon Valley Economy: 1970-2000"

Immigration data was obtained from the U.S. Department of Homeland Security, Office of Immigration Statistics. County and California population statistics came from the California Department of Finance; all annual population statistics are as July 1 of the respective year.

Science and Engineering Education

Data are from the National Center for Education Statistics. Regional data includes the following post secondary institutions: Menlo College, Cogswell Polytechnical College, University of California at Berkeley, Davis, San Francisco and Santa Cruz, Stanford University, San Francisco State University, Santa Clara University, San Jose State University and University of San Francisco. The academic disciplines include: computer and information sciences, engineering, engineering-related technologies, biological sciences/life sciences, mathematics, physical sciences and science technologies. Data were analyzed based on race/ethnicity, citizenship, gender and level of degree (bachelors, masters or doctorate). Degrees per capita were calculated using Bay Area population figures from the California Department of Finance.

Economy

Value Added

Value added is the sum of compensation paid to labor within a sector and profits accrued by firms. Value added estimates are constructed using productivity estimates at higher geographic levels (state and national) and applying them to employment and wage/income data at the metropolitan level. Note: Value added in the 2006 Index reflects retroactive federal changes in metropolitan employment estimates. Value added for temporary employees is shared between personnel supply companies and the companies that utilize the labor services of contracted employees.

Patents per Capita

Patent data are provided by the U.S. Patent and Trademark Office and consist of utility patents granted by inventor. Utility patents are the most common patents, covering many types of inventions. Utility patents describe and claim the composition of an invention-how it works, or what the process is. Population figures are from Economy.com. Geographic designation is given by the location of the first inventor named on the patent application.

Venture Capital

Data are provided by PricewaterhouseCoopers/Thomson Venture Economics/National Venture Capital Association MoneyTree(tm) Survey. For the Index of Silicon Valley, only investments in firms located in Silicon Valley, based on Joint Venture's ZIP-code-defined region, were included. Total 2005 venture capital funding level is an estimate based on the first three quarters of data and historical growth patterns in the fourth quarter. Values are inflation-adjusted and reported in 2004 dollars, using the CPI for the San Francisco-Oakland-San Jose CMSA from the Bureau of Labor Statistics.

Gazelles

The data set for this indicator was provided by Standard & Poor's. Gazelles are companies with annual compound revenue of 20% or more for four consecutive years, beginning with revenues of $1 million. This indicator uses annual average revenue reported for publicly traded companies in Silicon Valley.

Industry Cluster Concentration and Compensation

The California Employment Development Department (EDD) and Joint Venture: Silicon Valley Network have constructed a unique data set to track employment and pay in the Silicon Valley region on the basis of unemployment insurance filings. This data set begins in 1992 and is updated quarterly. This data set does not include self-employment, agriculture workers or military personnel. Job data include both part-time and full-time employees, or all people on the payroll. Joint Venture's Silicon Valley data set provides the most up-to-date employment estimates for the entire region through the second quarter of 2005.

Corresponding national-level employment data are provided by the U.S. Bureau of Labor Statistics, Quarterly Covered Employment and Wages (QCEW) series.

Silicon Valley Jobs by Industry Cluster and Other Industries
Silicon Valley employment data are provided by the California Employment Development Department and are from Joint Venture: Silicon Valley Network's unique data set.. See appendix B for cluster definitions.

Silicon Valley Employment
Data are civilian employment figures from the California Employment Development Department. Civilian Employment counts the number of working people by where they live. This includes business owners, the self-employed, unpaid family workers, private household workers, and wage and salary workers. A person with more than one job is only counted once. Unemployment measures the share of residents in the workforce actively looking for work.

Real Per Capita Income
Data are from Economy.com. Data for Santa Clara and San Mateo counties are inflation adjusted by Economy.com to 2004 dollars.

Distribution of Income
Data are from the March Supplement of the Census Bureau's CPS--see population for further explanation. All Santa Clara County incomes are adjusted for inflation using the San Francisco-Oakland-San Jose CPI, while national and California incomes are adjusted for the US City average CPI.

Household income includes both earned and unearned income for all persons living in the same household. Household income is adjusted for household size by doubling household income and dividing it by the square root of the number of household residents. For an in-depth analysis of income distribution of California, see The Distribution of Income in California (Reed, Haber, Mameesh, 1996) published by the Public Policy Institute of California (PPIC). Joint Venture followed this methodology to generate this indicator. Deborah Reed of the PPIC provided national and California household income statistics.

Bankruptcy
Data are from the U.S. Judiciary, including chapter 7, 11, and 13 filings (http://pacer.psc.uscourts.gov/). Population figures are from the California Department of Finance, Demographic Research Unit.

Average Pay Per Employee, by Industry Clusters and Other Industries
Average pay per employee for each cluster was derived from the EDD/Joint Venture: Silicon Valley Network data set and are based on the QCEW. Appendix B provides NAICS-based definitions for each of Silicon Valley's industry clusters. Average pay per employee in the clusters is calculated by summing quarterly payroll and dividing by average annual employment in the cluster in 2004. All wages have been adjusted into 2004 dollars using the annual average Consumer Price Index (CPI) of all urban consumers in the San Francisco-Oakland-San Jose region, published by the Bureau of Labor Statistics.

Pay includes bonuses, stock options, the cash value of meals and lodging, and tips and other gratuities. Pay per employee is calculated by dividing annual (quarter two to quarter two) payroll for each industry by annual average employment (quarter two to quarter two).

Society

Workforce Training
Eight Community Colleges in the Silicon Valley region provided data on the number of spaces in their nursing programs, and the number of applicants for those programs, for this indicator. Cabrillo College, Canada College, Chabot College, De Anza College, Evergreen College, Ohlone College, College of San Mateo and Mission College.

High School Graduation
Data for the 2004-05 school year were provided by Silicon Valley school districts and were compiled by Collaborative Economics. Figures for the most recent year are preliminary and will not be finalized until February of the following year.

A new methodology, the Cumulative Promotion Index (CPI), was employed this year to more accurately measure the drop-out rate (it does not include degree equivalent attainment, like the GED). This methodology was developed by the Education Policy Center of the Urban Institute. Essentially it calculates an approximate probability that a student will graduate on-time by looking at enrollment figures from one year to the next for grades 9 through 12 and then number of graduates in 12th grade.

Intermediate Algebra Enrollment
Data are from the California Department of Education for public schools in Silicon Valley. Figures represent the share of 10th and 11th grade students enrolled in Intermediate Algebra.

3rd Grade Reading Ability
Data are from the California Department of Education, CAT/6 Research Files and are compiled specifically for the Silicon Valley region. In 2003, the California Achievement Test CAT/6 replaced the Stanford Achievement Test, ninth edition (SAT/9), as the national norm-referenced test for California public schools. CAT/6 is a norm-referenced test; student's scores are compared to national norms and do not reflect absolute achievement. English learners are students reporting a primary language other than English on the state-approved "Home Language Survey." They also do not meet the English language skills on the state-approved oral language assessment procedure (listening, comprehension, speaking, reading and writing) needed to succeed in the schools' regular instruction program.

Kindergarten Readiness
Applied Survey Research conducted kindergarten readiness studies for San Mateo and Santa Clara Counties. The two county organizations in charge of this study are: The Santa Clara County Partnership for School Readiness and the Peninsula Partnerships for Children, Youth and Families. Thanks to the many sponsors of these efforts for sharing their findings.

Scores for All Children are based on a representative samples of kindergarten children from San Mateo and Santa Clara counties. Scores for Children with Preschool Experience and Children w/out Preschool Experience have been adjusted for a number of factors, including English Language Learner status, special needs status, gender, maternal education level, English as the primary household language, household income, frequency of parental reading to children, children's ages, school API levels, and the number of days between the start of school and the observation date.

Arts & Culture
Data are from the results of a random telephone survey of 1,010 adult residents in Santa Clara County conducted by the Survey and Policy Research Institute (SPRI) in 2005 for Cultural Initiatives Silicon Valley. The results of this survey were reported in the 2005 Creative Community Index: Measuring Progress Toward a Vibrant Silicon Valley. Figures on arts program participation by Silicon Valley Schools were provided by Cultural Initiatives Silicon Valley.

Immunization of Children
Data on child immunizations are from the Centers for Disease Control. Children immunized with the 4:3:1 series immunizations between the ages of 19 and 35 months are included in the results. http://www.cdc.gov/nis/

Overweight Youth
The indicator measures the share of students who did not meet the criterion-referenced standard for the body composition component of the California Fitness Test. Data are for Santa Clara and San Mateo counties. The Physical Fitness Test is administered in grades five, seven and nine, and results are compiled by the California Department of Education. The test used for physical fitness testing is the FITNESSGRAM®, http://data1.cde.ca.gov/dataquest/

Health Insurance
All data on insurance coverage are drawn from the 2003 California Health Interview Survey, located at www.chis.ucla.edu. For health insurance coverage, the indicator measures the share of people who answered "yes," when asked by the interviewer whether or not they are covered by health insurance. Data are for Santa Clara and San Mateo counties. The indicator gives no indication of the quality or comprehensiveness of insurance coverage.

Child Abuse
Data are from the Child Welfare Services 2004 Quarter 4 Extract, downloaded from the Center for Social Services Research at the University of California at Berkley. Population data comes from the California Department of Finance.

Adult & Juvenile Violent Offenses
Violent crime data are from the FBI's Uniform Crime Reports, as reported by the California Department of justice in their annual "Criminal Justice Profiles" (http://caag.state.ca.us/cjsc/pubs.htm). Violent offenses include homicide, forcible rape, assault and kidnapping. Population data comes from the California Department of Finance.

Place

Protected Open Space
Data are from GreenInfo Network's Bay Area Protected Lands Database, and are for Santa Clara, San Mateo and Santa Cruz counties and for all of Alameda County excluding the cities of Alameda, Albany, Berkeley, Emeryville, Oakland and Piedmont. Santa Cruz data was last updated in 2001. Data include lands, owned by public agencies and non-profit organizations, that are protected primarily for open space uses. Parks and other open space holdings less than 5 acres are generally not included in this dataset.

Vehicle Fleet
Statistics are from the California Energy Commission, compiled using vehicle registration data from the California Department of Motor Vehicles. Alternative fuel-types include: biodiesel, electricity, ethanol, natural gas to diesel fuel convertible vehicles, hydrogen, liquefied petroleum gas, natural gas.

Water Quality
Data for this indicator were provided by the San Francisco Estuary Institute's Regional Monitoring Program (RMP). The RMP analyzes Bay water and sediment as well as bird and fish tissue for contaminant concentrations. www.sfei.org

Residential Density
Land-use data for cities in Silicon Valley were provided by city planning and housing departments as well as city managers. Data were compiled and analyzed by Joint Venture and Collaborative Economics. Participating cities include: Belmont, Campbell, Cupertino, Foster City, Fremont, Gilroy, Hillsborough, Los Altos, Lost Altos Hills, Milpitas, Monte Sereno, Morgan Hill, Mountain View, Newark, Palo Alto, Redwood City, San Carlos, San Jose, San Mateo, Santa Clara, Scotts Valley, Sunnyvale, and Union City. Unincorporated Santa Clara County and San Mateo County are also included. Data are for fiscal year 2005 (July '04-June '05).

Average units per acre for existing residential development was calculated by dividing the total housing units by the total acres of residential development.

Development Near Transit
Joint Venture conducted a land-use survey of all cities within Silicon Valley. Collaborative Economics completed survey compilation and analysis. See previous indicator. The number of new housing units and the square feet of commercial development within one-quarter mile of transit are reported directly for each of the cities participating in the survey. Places within one-quarter mile of transit are considered "walkable" (i.e. within a 5- to10-minute walk, for the average person).

Transit Use and Availability
Data are the sum of annual ridership on the light rail and bus systems in Santa Clara and San Mateo counties and rides on Caltrain. Data are provided by Sam Trans, Valley Transportation Authority, Altamont Commuter Express and Caltrain. Population estimates were obtained from economy.com.

Monthly estimates were made for July through December 2005 using a rolling average of the past three years from the January-June share of ridership. Revenue hours are the amount of time that a bus or train is in service.

Building Affordable Housing
Joint Venture conducted a land-use survey of all cities within Silicon Valley. Collaborative Economics completed survey compilation and analysis. Affordable units are those units that are affordable for a four-person family earning up to 80% of the median income for a county. Cities use the U.S. Department of Housing and Urban Development's (HUD) estimates of median income to calculate the number of units affordable to low-income households in their jurisdiction.

Rental Affordability
Apartment data are from RealFacts survey of all apartment complexes in Santa Clara County of 40 or more units. Rates are the prices charged to new residents when apartments turn over and are adjusted for inflation.

Home Affordability
Data on housing affordability are from the California Association of Realtors (CAR). Thy are based on the median price of existing single family homes sold from CAR's monthly existing home sales survey, the national average effective mortgage interest rate as reported by the Federal Housing Finance Board, and the median household income as reported by Claritas/NPDC. The 2005 estimate is based on August figures.

Commercial Space
Newmark Knight Frank calculates the vacancy rate, rate of absorption, and rental rates for Santa Clara County. Vacancy rate measures the total vacancy rate, calculated by dividing the sum of the direct vacant and sublease vacant space by the building base. Net Absorption measures the net change in occupied space from one period to the next.

Lease rate data for industrial, warehouse and flex are provided "triple net" (NNN), which is a base lease rate that excludes the costs of utilities, janitorials, taxes, maintenance and insurance. Office rates are provided as "full service".

Governance

Voter Participation
Data are from the California Secretary of State, Elections and Voter Information Division and the California State Archives Division. The eligible population is determined by the Secretary of State using Census population data provided by the California Department of Finance.

Support for Alternative Funding
Bond measures data are from SmartVoter.org, a non-partisan website from the League of Women Voters of California, Santa Clara County Office of the Registrar of Voters, and San Mateo County Registration and Elections Division. Bond measure data is for measures presented in Santa Clara County and San Mateo County local elections that propose to raise revenue for local government entities including cities, counties, and school districts.

Property Tax Revenues
Data on California property tax levies and the share allocated to Santa Clara and San Mateo counties is provided by the California State Board of Equalization. Other recipients of property tax levies are cities, schools and special districts.

City Revenue
Data for city revenue are from the State of California Cities Annual Report, Fiscal Years 1989-90 to 2002-2003. Data include all cities and towns and dependent special districts and do not include redevelopment agencies and independent special districts. Data include all revenue sources to cities except for utility-based services (which are self-supporting from fees and the sales of bonds), voter-approved indebtedness property tax and sales of bonds and notes. The "other taxes" and "other revenue" include revenue sources such as transportation taxes, transient lodging taxes, business license fees, other non-property taxes and intergovernmental transfers.

County Revenue
County revenue data is from Santa Clara and San Mateo counties. The "other revenue" includes revenue from use of money and other financing sources, licenses, permits and franchises, fines, forfeitures and penalties; and charges for services. The "taxes other than current property" include sales tax, aircraft tax and other taxes as applicable. The "property taxes" include revenue from both the secured and the unsecured tax roll. The "aid from government agencies" includes revenue from state, federal and other government agencies.

Special Analysis

Core design, engineering, scientific and business management talent definitions were constructed using Standard Occupational Classification (SOC) codes. The group designated as "Creative Occupations" is primarily made up of designers (e.g. industrial and graphic designers), computer scientists (e.g. computer software engineers, electrical engineers), physical scientists (e.g. industrial engineers, materials engineers), life scientists (e.g. biochemists, microbiologists), social scientists (e.g. anthropologists, market research analysts), business strategists (e.g. chief executives, management analysts), visual artists (e.g. multi-media artists, public relations specialists), and writers.

APPENDIX B:

Definitions

Industry Clusters

Computer and Communications Hardware Manufacturing

334111*	Electronic Computer Manufacturing
334112	Computer Storage Device Manufacturing
334113	Computer Terminal Manufacturing
334119	Other Computer Peripheral Equipment Manufacturing
334210	Telephone Apparatus Manufacturing
334220	Radio and Television Broadcasting and Wireless Communications Equipment Manufacturing
334290	Other Communications Equipment Manufacturing
334511	Search, Detection, Navigation, Guidance, Aeronautical and Nautical System and Instrument Manufacturing
334613	Magnetic and Optical Recording Media Manufacturing

Semiconductor and Semiconductor Equipment Manufacturing

333295	Semiconductor Machinery Manufacturing
333314	Optical Instruments and Lens Manufacturing
334413	Semiconductor and Related Device Manufacturing
334513	Instruments and Related Products Manufacturing for Measuring, Displaying, and Controlling Industrial Process Variables
334515	Instrument Manufacturing for Measuring and Testing Electricity and Electrical Signals
334519	Other Measuring and Controlling Device Manufacturing

Electronic Component Manufacturing

334411	Electron Tube Manufacturing
334412	Bare Printed Circuit Board Manufacturing
334415	Electronic Resistor Manufacturing
334416	Electronic Coil, Transformer and Other Inductor Manufacturing
334417	Electronic Connector Manufacturing
334418	Printed Circuit Assembly (Electronic Assembly) Manufacturing
334419	Other Electronic Component Manufacturing
3359	Other Electrical Equipment and Component Manufacturing

Software

334611	Software Reproducing
511210	Software Publishers
518	Internet Service Providers, Websearch Portals and Data Processing Services
541511	Custom Computer Programming Services
541512	Computer Systems Design Services
541519	Other Computer-Related Services

Biomedical

325411	Medicinal and Botanical Manufacturing
325412	Pharmaceutical Preparation Manufacturing
325413	In-Vitro Diagnostic Substance Manufacturing
325414	Biological Product (except Diagnostic) Manufacturing
334510	Electromedical and Electrotherapeutic Apparatus Manufacturing
334516	Analytical Laboratory Instrument Manufacturing
334517	Irradiation Apparatus Manufacturing
339111	Laboratory Apparatus and Furniture Manufacturing
339112	Surgical and Medical Instrument Manufacturing
339113	Surgical Appliance and Supplies Manufacturing
339114	Dental Equipment and Supplies Manufacturing
541710	Research and Development in the Physical, Engineering and Life Sciences (50%)
62151	Medical and Diagnostic Laboratories

Creative+Innovation Services

523910	Miscellaneous Intermediation
5411	Legal Services
5412	Accounting, Tax Preparation, Bookkeeping and Payroll Services
54131	Architectural Services
54132	Landscape Architecture Services
54133	Engineering Services
54134	Drafting Services
541370	Surveying and Mapping (except Geophysical)
541380	Testing Laboratories
541410	Interior Design Services
541420	Industrial Design Services
541430	Graphic Design Services
541490	Other Specialized Design Services
541611	Administrative Management and General Management Consulting Services
541612	Human Resources and Executive Search Consulting Services
541613	Marketing Consulting Services
541614	Process, Physical Distribution and Logistics Consulting Services
541620	Environmental Consulting Services
541690	Other Scientific and Technical Consulting Services
541710	Research and Development in the Physical, Engineering and Life Sciences (50%)
5418	Advertising and Related Services
54191	Marketing Research and Public Opinion Polling
54192	Photographic Services
7111	Performing Arts Companies
711510	Independent Artists, Writers and Performers

Corporate Offices

551114	Corporate, Subsidiary and Regional Managing Offices

*The numbers correspond to North American Industry Classification System (NAICS) codes.

Index of Charts

Chart	Page
Algebra Enrollment by Ethnicity	27
Alternate Fuel Vehicles	37
Arts Environment	31
Arts in Education	30
Arts Participation	31
Average Pay	25
Bankruptcy	23
Building Affordable Housing	40
Child Abuse	34
City Revenue	47
Commercial Rents	43
Commercial Space	42
Commercial Vacancy	43
County Revenue	47
Development Near Transit	39
Educating Foreign Talent	13
Foreign Immigration	12
Gazelles	17
Health Insurance	33
High School Graduation	26
Home Affordability	41
Housing Near Transit	38
Immunization of Children	32
Income Distribution	23
Industry Cluster Compensation	19
Industry Cluster Concentration	18
Industry Cluster Employment	21
Industry Cluster Pay	24
Kindergarten Readiness by Preschool	28
Kindergarten Readiness, Overall	28
Naturalized Citizens	12
Other Industry Employment	21
Other Industry Pay	25
Overall Algebra Enrollment	27
Overweight Youth	32
Patents Per Capita	15
Population Diversity	10
Population Change	11
Property Tax Revenue	46
Protected Open Space	36
Real Per Capita Income	22
Rental Affordability	41
Residential Density	38
Science and Engineering Education	13
Share of Patents	15
Share of US Venture Capital	16
Silicon Valley Employment	20
Silicon Valley Jobs	20
Support for Alternative Funding	45
Third Grade Reading Ability	29
Transit Use and Availability	39
Value Added	14
Venture Capital by Industry	17
Venture Capital Dollars	16
Violent Offenses, Adult	35
Violent Offenses, Juvenile	35
Voter Participation	44
Water Quality	37
Workforce Training	26

ACKNOWLEDGMENTS

Special thanks to the following organizations that contributed data and expertise:

Adobe Systems

Altamont Commuter Express

American Leadership Forum Silicon Valley

Applied Survey Research

California Association of Realtors

California Department of Education

California Department of Finance

California Department of Health Services

California Department of Justice

California Employment Development Department

California Energy Commission

California Secretary of State

California State Board of Equalization

California State Controller

Centers for Disease Control

Child Welfare Research Center

Child Welfare Services

City Managers of Silicon Valley

City Planning and Housing Departments of Silicon Valley

Cultural Initiatives Silicon Valley

Economy.com

Federal Bureau of Investigation

Frog Design

Gordon and Betty Moore Foundation

GreenInfo Network

John S. and James L. Knight Foundation

MoneyTree Survey

National Center for Education Studies

National Center for Health Statistics

National Venture Capital Association

Newmark Knight Frank

Peninsula Community Foundation

PricewaterHouseCoopers

Public Policy Institute of California

RealFacts

SamTrans

San Francisco Estuary Institute

San Mateo County

San Mateo County Registrar of Voters

Santa Clara County

Santa Clara County Office of Education

Santa Clara County Registrar of Voters

Santa Clara County Partnership for School Readiness

Silicon Valley Community Colleges

Silicon Valley School Districts

Smartvoter.org

Standard & Poor's

The David and Lucile Packard Foundation

The James Irvine Foundation

The William and Flora Hewlett Foundation

Thomson Venture Economics

U.S. Bureau of Labor Statistics

U.S. Census Bureau

U.S. Department of Homeland Security

U.S. Judiciary

U.S. Patent and Trademark Office

UCLA Center for Health Policy Research

United Way Silicon Valley

Valley Transportation Authority

Walls & Associates

JOINT VENTURE: SILICON VALLEY NETWORK

Established in 1993, Joint Venture: Silicon Valley Network provides analysis and action on issues affecting our region's 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.

2006 INDEX SPONSORS

ABD Financial Services
Adobe Systems
AeA
Agilent Technologies
AMD
Applied Materials
AT&T
Bay Area SMACNA Chapter
BRE Properties
Cadence Design Systems
Cassat Corporation
Cisco Systems
CNF
Cogswell Polytechnical College
Comerica Bank
Community Foundation Silicon Valley
Diocese of San Jose
Equity Office Properties
Ernst & Young
Foothill - De Anza Community College District
Greater Bay Bancorp
Heritage Bank of Commerce
Intel
Kaiser Permanente
KPMG
Lucile Packard Children's Hospital at Stanford
McKinsey & Company
Office of Supervisor Rose Jacobs Gibson
Palo Alto Medical Foundation
Robert Half International
Rosendin Electric
Safeway
San Jose Convention & Visitors Bureau
San Jose State University
San Jose Water Company
Santa Clara & San Benito Counties Building & Construction Trades Council
Santa Clara Valley Association of Realtors
Santa Clara Valley National Electrical Contractors Association/IBEW Local 332
Santa Clara Valley Water District
Silicon Valley Bank
Sobrato Development Companies
South Bay Piping Industry Labor Management Trust
Stanford Hospital & Clinics
Stanford University
Synopsys
University of California, Santa Cruz
United Way Silicon Valley
Valley Medical Center Foundation
Varian Medical Systems
Wilmer Cutler Pickering Hale & Doerr
Wilson Sonsini Goodrich & Rosati

MULTI YEAR INVESTORS

PRIVATE SECTOR

AMD
Agilent Technologies
Applied Materials
Benhamou Global Ventures
Calpine
Cogswell Polytechnical College
Comerica Bank
CNF
Cypress Semiconductor
Deloitte & Touche
DLA Piper Rudnick Gray Cary
El Camino Hospital Foundation
Ernst & Young
Heidrick & Struggles
Kaiser Permanente
KPMG
Lucile Packard Children's Hospital at Stanford
McKinsey & Company
Silicon Valley Bank
Silicon Valley/San Jose Business Journal
Sobrato Development Companies
Wilmer Cutler Pickering Hale & Doerr
Wilson Sonsini Goodrich & Rosati

FOUNDATIONS

Community Foundation Silicon Valley
Packard Foundation
The Skoll Foundation

PUBLIC SECTOR

City of Campbell
City of East Palo Alto
City of Fremont
City of Gilroy
City of Los Altos Hills
City of Menlo Park
City of Milpitas
City of Monte Sereno
City of Morgan Hill
City of Mountain View
City of Newark
City of Palo Alto
City of Redwood City
City of San Jose
City of San Mateo
City of Santa Clara
City of Santa Cruz
City of Sunnyvale
County of San Mateo
County of Santa Clara
Town of Los Gatos

JOINT VENTURE: SILICON VALLEY NETWORK

84 West Santa Clara Street, Suite 440
San Jose, California 95113-1820
t: 408 271-7213 **f:** 408 271-7214
email: info@jointventure.org
www.jointventure.org

Copyright ©2006 Joint Venture: Silicon Valley Network, Inc. All rights reserved Printed in the U.S.A. on recycled paper

design: 3x3 | palo alto