SAN JOSE -- The Silicon Valley economy is red hot and the growth is intensifying, according to the latest Joint Venture Silicon Valley Index released Tuesday, but the surge has been accompanied by a yawning income and gender gap.

"The hot economy is getting hotter," said Russell Hancock, president of Joint Venture Silicon Valley. "It is really extraordinary. We are blowing through every economic record."

Silicon Valley, defined as Santa Clara County, San Mateo County and Fremont, added about 58,000 jobs in 2014, a 4.1 percent annual jump measured over a 12-month period that ended in June. The job gains last year were greater than in 2013, when Silicon Valley added 44,000 jobs, according to the index, the primary annual study of the region.

Unlike previous growth periods, such as the dot-com boom, that were driven by a speculative enthusiasm without real revenue, the current economic surge has more heft with more mature companies, Hancock said.

"In 2000, if you were a teenager and had a business plan on the back of a napkin, you would get financing," Hancock said. "Back then, the venture capitalists were tripping over themselves to finance startups."

This time around, Hancock said, the job gains, particularly in technology, are sustained; established firms such as Google and Apple have shown consistent growth; and digital companies capitalizing on "the Internet of Things" have plenty of new territory to explore for growth opportunities. In addition, venture capitalists are being more careful with their investments.

Yet all of this growth has caused some difficulties. The study determined that the income gap between upper income people in Silicon Valley and lower income residents is at $92,000.

"The middle class is disappearing," Hancock said.

Workers in the region holding high-skill jobs have a median income of $118,700 compared with $27,000 for workers holding low-skill jobs, said Rachel Massaro, vice president with Joint Venture Silicon Valley.

"The income gap is growing, but it's mainly because people at the upper levels are doing so much better, and people at the bottom, adjusted for inflation, are seeing their incomes falling," said Stephen Levy, director of the Palo Alto-based Center for Continuing Study of the California Economy.

Rolando Dela Pena, a Gilroy resident, said that earning just $370 a week in a warehouse, it's difficult to find an affordable place to live. Even renting a single room costs at least $700 to $1,000 in his part of the South Bay.

"It's tough to make ends meet," Dela Pena said.

Experts offered some solutions to the income gap, but acknowledged that there are no magic bullets to zap the problem.
"One of the short-term solutions, one of the easiest to do, which we have done in California, is to increase the minimum wage," said Sylvia Allegretto, a research economist and co-chair of the Center on Wage and Employment Dynamics at UC Berkeley. "We have to bring those up at the bottom."

The study also discovered a stark difference in income levels based on gender, even for those of the opposite sex with similar educational achievements.

For those with a bachelor’s degree, male workers in Silicon Valley have a median yearly income of $90,000 and female workers are at $56,000 -- meaning male wages are 61 percent higher. For those with a graduate degree, male workers were at the $125,000 median income level, and female workers were at $83,000 -- a 51 percent difference.

"Maybe more women are working part time. Maybe for cultural reasons, women are not asking for pay raises to the extent that men are," Hancock said.

It may be necessary to provide more child care services for working women as a potential solution, Allegretto said.

"If we have some of our brightest and best women opting out of some of these high-paying occupations, that’s not very efficient for the economy," Allegretto said.

Housing prices continue to rise, the report found, and the already crowded highways are headed for more congestion.

Contact George Avalos at 408-859-5167. Follow him at Twitter.com/georgeavalos.