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**FOOTE IT NEWS ANALYSIS – Technology employment trends in the
 August 2013 Bureau of Labor Statistics United States Employment Report**

**Whoops, not so fast: large gains in IT employment in June and July evaporate in August
 as only 6,700 new IT jobs added to U.S. payrolls. 63 percent fewer new jobs created
 compared to month earlier.**

A summer anomaly or a sign of a change in IT staffing?

Vero Beach, FL – Sunday, September 8, 2013. An analysis of Friday’s release of U.S. employment numbers for August 2013 by the Bureau of Labor Statistics reveals a **net gain of 6,700 jobs** across four industry job segments commonly associated with IT professionals. This is substantially less than the 18,400 jobs added in July and the 18,200 new jobs in June and less than half of the 14,200 average monthly job gains for the first seven months of 2013. (see Figure 1)

In contrast to recent monthly employment numbers, one job segment that has represented more than 40 percent of all new IT jobs created in the past twelve months according to BLS reports-- **Management and Technical Consulting Services**—produced only 1,700 jobs in August compared to 6,900 jobs in July and 8,400 jobs in June. The **Data Processing, Hosting and Related Services** job segment produced 5,400 new jobs in June and July but a loss of 100 jobs in August, and the **Computer Systems Design/Related Services** segment declined from 4,300 new jobs in July to 2,400 jobs in August.

A bright spot in IT hiring in the BLS data continues to be in **Telecommunications** jobs, a segment that lost nearly 18,000 total jobs in 2012 but has bounced back with gains of 16,300 jobs in 2013.

“Overall, the BLS reports that 106,100 IT jobs have been added to U.S. payrolls in the first eight months of 2013 [see Figure 3]. This compares with 85,900 in the same period in 2012 and a total of 113,300 new IT jobs for all of 2012,” notes David Foote, chief analyst at Foote Partners which has been tracking and reporting on IT labor trends since 1997. “So even though August was a slow month for IT hiring and national employment is miserable in general [see Figure 4] , our country has experienced robust IT job creation for more than a year and half, displaying surprising momentum. The pace of job creation in the national labor force appears stuck in the 7.3 percent to 7.6 percent range and new jobs are heavily in part-time positions and low wage full-time segments, but not IT jobs. They’ve been on a sustained growth upswing over four years and wages are holding steady overall and growing substantially for many specializations in areas such as mobile platforms, cloud computing, advanced analytics, and security.”

Overall U.S. Employment Report (see Figures 5, 6 and 7)

Total **nonfarm payroll employment** increased by 169,000 in August, about in line with the average monthly gain of 184,000 over the prior 12 months. The **unemployment rate** was little changed at 7.3 percent, the U.S. Bureau of Labor Statistics reported today. Employment rose in retail trade and health care but declined in information. (Figure 5)

In August, the number of **long-term unemployed** (those jobless for 27 weeks or more) was about unchanged at 4.3 million. These individuals accounted for 37.9 percent of the unemployed. Over the past 12 months, the number of long-term unemployed has declined by 733,000. (Figure 5)

The **civilian labor force participation rate** edged down to 63.2 percent in August. The **employment population ratio**, at 58.6 percent, was essentially unchanged. (Figure 5)

The number of persons employed **part time for economic reasons** (sometimes referred to as involuntary part-time workers) declined by 334,000 to 7.9 million in August. These individuals were working part time because their hours had been cut back or because they were unable to find a full-time job. (Figure 5)

In August, 2.3 million persons were **marginally attached to the labor force**, down by 219,000 from a year earlier. (The data are not seasonally adjusted.) These individuals were not in the labor force, wanted and were available for work, and had looked for a job sometime in the prior 12 months. They were not counted as unemployed because they had not searched for work in the 4 weeks preceding the survey.

Among the marginally attached, there were 866,000 **discouraged workers** in August, essentially unchanged from a year earlier. (The data are not seasonally adjusted.) Discouraged workers are persons not currently looking for work because they believe no jobs are available for them. The remaining 1.5 million persons marginally attached to the labor force in August had not searched for work for reasons such as school attendance or family responsibilities.

Industry Highlights – August 2013

- Among specific industries, **Retail trade** added 44,000 jobs in August and has added 393,000 jobs over the past 12 months. In August, job growth occurred in clothing stores (+14,000), food and beverage stores (+12,000), general merchandise stores (+9,000), and electronics and appliance stores (+4,000).
- Employment in **health care** increased by 33,000 in August. Within the industry, most of the job growth occurred in ambulatory care services (+27,000).
- In August, employment in **professional and business services** continued to trend up (+23,000). Over the past 12 months, this industry has added 614,000 jobs. Employment in temporary help services changed little in August.
- Within leisure and hospitality, employment in **food services and drinking places** continued to trend up in August (+21,000). Over the year, food services and drinking places has added 354,000 jobs.

- In August, **wholesale trade** employment continued to trend up (+8,000). This industry has added 83,000 jobs over the past 12 months.
- In Within **manufacturing**, employment in motor vehicles and parts rose by 19,000 in August, after declining by 10,000 in July. Auto manufacturers laid off more workers for model changeover in July than in recent years. The return of laid-off workers contributed to the increase in August. Over the past 12 months, auto manufacturers have added 34,000 jobs.
- Within **information**, the motion picture and sound recording industry lost 22,000 jobs in August, following a gain of 8,000 in July.
- Employment in other major industries, including **mining and logging, construction, transportation and warehousing, financial activities, and government**, showed little or no change in August.

FIGURE 1 – U.S. Department of Labor/Bureau of Labor Statistics – Job Situation Report (January 2012 to Aug 2013)

MONTHLY JOB SITUATION TRENDS – IT Professional Job Segments

(Highlights for four bellwether IT jobs segments)

	2012												2013							
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Nonfarm job loss/gain (month)	284,000	227,000	143,000	68,000	87,000	64,000	181,000	192,000	132,000	137,000	247,000	219,000	148,000	332,000	138,000	199,000	176,000	172,000	104,000	162,000
National unemployment rate	8.3%	8.3%	8.2%	8.1%	8.2%	8.2%	8.3%	8.1%	7.8%	7.8%	7.7%	7.8%	7.9%	7.7%	7.6%	7.5%	7.6%	7.6%	7.4%	7.3%
Professional/Technical Services	30,300	34,200	13,800	27,500	-4,000	18,200	17,900	26,800	4,900	15,500	15,300	16,900	14,800	26,800	24,600	22,800	18,200	9,800	21,100	10,900
Segment 5: Management/Technical Consulting Services	3,000	7,400	5,300	6,400	2,200	8,900	6,300	8,700	-1,800	4,500	0	5,800	11,500	4,400	6,200	5,700	3,200	8,400	6,900	1,700
Segment 4: Computer Systems Design/Related Services	1,700	10,200	3,900	7,400	5,300	6,600	7,000	10,600	2,900	6,600	7,100	5,600	4,600	5,800	3,900	3,300	6,000	7,300	4,300	2,400
Information	13,000	-1,000	-900	-2,000	-2,000	-8,000	11,000	3,000	3,000	1,000	12,000	-9,000	9,000	20,000	5,000	-9,000	3,000	-5,000	9,000	-18,000
Segment 4: Telecommunications	-300	-6,400	-3,600	-3,500	-2,000	-2,100	2,800	-2,300	-400	1,400	300	-1,800	4,900	400	1,800	1,200	1,000	700	3,600	2,700
Segment 5: Data Processing/Hosting/ Related Services	-1300	1900	-600	-500	-300	0	2,100	1,100	-2,400	0	-600	200	1,100	-800	-500	-500	-400	1,800	3,600	-100
Net gain/loss - ALL IT SEGMENTS	3,100	13,100	5,000	9,800	5,200	13,400	18,200	18,100	-1,700	12,500	6,800	9,800	22,100	9,800	11,400	9,700	9,800	18,200	18,400	6,700
Net gain/loss - ONLY IT SERVICES SEGMENTS	4,700	17,600	9,200	13,800	7,500	15,500	13,300	19,300	1,100	11,100	7,100	11,400	16,100	10,200	10,100	9,000	9,200	15,700	11,200	4,100

Key: **Job losses in red**
 Job gains in green

Source: US Department of Labor/Bureau of Labor Statistics.
Data chart and analysis by Foote Partners LLC

FIGURE 2 – U.S. Department of Labor/Bureau of Labor Statistics – Job Situation Report (January 2010 to December 2011)

(Continued) MONTHLY JOB SITUATION TRENDS – IT Professional Job Segments

(Highlights for four bellwether IT jobs segments)

	2010												2011											
	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec
Nonfarm job loss/gain (month)	20,000	36,000	162,000	290,000	41,000	125,000	131,000	54,000	95,000	180,000	80,000	103,000	36,000	192,000	216,000	244,000	54,000	18,000	127,000	57,000	103,000	100,000	120,000	223,000
National unemployment rate	9.7%	9.7%	9.7%	9.9%	9.7%	9.5%	9.5%	9.6%	9.6%	9.6%	9.8%	9.4%	9.0%	8.9%	8.8%	9.0%	9.1%	9.2%	9.1%	9.1%	9.1%	9.0%	8.6%	8.5%
Professional/Technical Services	-1,600	0	-12,500	80,000	-11,100	4,000	4,800	12,100	-6,900	6,700	7,400	1,400	7,900	10,000	34,700	33,000	40,300	24,200	17,700	16,100	24,100	320	8,800	8,500
Segment 5: Management/Technical Consulting Services	-5,000	-3,400	1,100	1,000	-700	10,500	1,800	300	6,900	2,600	3,700	2,900	3,600	6,600	-300	11,300	5,200	1,200	5,400	6,000	5,500	3,800	4,500	4,300
Segment 4: Computer Systems Design/Related Services	7,100	8,000	-5,800	7,300	-300	-300	5,800	4,000	-900	7,500	900	5,300	8,600	4,200	6,400	7,900	8,200	5,700	6,100	7,700	6,000	2,900	5,100	1,200
Information	0	-18,000	-12,000	-3,000	0	-8,000	1,000	-1,000	-5,000	-1,000	1,000	-4,000	-1,000	0	-4,000	2,000	-1,000	0	-1,000	-48,000	34,000	-5,000	-4,000	6,000
Segment 4: Telecommunications	-3,100	-3,800	-3,100	-6,700	-4,600	-2,300	-5,800	-3,600	-5,200	900	1,100	-4,500	-3,600	-2,200	-3,800	-1,000	-3,400	-400	-2,700	-47,300	37,600	-4,900	-2,600	-3,000
Segment 5: Data Processing/Hosting/ Related Services	400	600	-2300	300	-1300	-1500	300	-1300	-200	500	0	200	-1900	-700	-500	-400	700	-300	-200	100	-600	400	-900	-200
Net gain/loss - ALL IT SEGMENTS	-600	1,400	-10,100	1,900	-6,900	6,400	2,100	-600	600	11,500	5,700	3,900	6,700	7,900	1,800	17,800	10,700	6,200	8,600	-33,500	48,500	2,200	6,100	2,300
Net gain/loss - ONLY IT SERVICES SEGMENTS	2,100	4,600	-4,700	8,300	-1,000	10,200	7,600	4,300	6,000	10,100	4,600	8,200	12,200	10,800	6,100	19,200	13,400	6,900	11,500	13,700	11,500	6,700	9,600	5,500

Key: Job losses in red
Job gains in green

NOTE: A labor strike in the telecommunications industry caused the temporary loss of 47,300 *Telecommunications* jobs in August 2011 and recovery of 37,600 in September 2011.

Source: US Department of Labor/Bureau of Labor Statistics.
Data chart and analysis by Foote Partners LLC

FIGURE 3 – U.S. Department of Labor/Bureau of Labor Statistics – Job Situation Report (Through August 2013)

CUMULATIVE JOB SITUATION TRENDS – IT PROFESSIONALS

Highlights for four bellwether IT jobs segments)

U.S. LABOR DEPT CUMULATIVE NET JOB GAINS/DECLINES: thru August 2013								
JOBS SEGMENT	36 mos.	24 mos.	12 mos.	8 mos.	6 mos.	4 mos.	3 mos.	2 mos.
	Sept'10 - Aug'13	Sep'11 - Aug'13	Sep'12 - Aug'13	Feb'12 - Aug'13	Mar'13 -Aug'13	May'13 -Aug'13	Jun'13 -Aug'13	Jul'13 - Aug'13
Professional and Technical Services	600,520	408,020	201,600	149,000	107,400	60,000	41,800	32,000
<i>Segment 5:</i> Management/Technical Consulting Services	177,900	122,800	56,500	48,000	32,100	20,200	17,000	8,600
<i>Segment 4:</i> Computer Systems Design/Related Services	195,300	127,700	59,800	37,600	27,200	20,000	14,000	6,700
Information	3,100	65,100	21,000	14,000	-15,000	-11,000	-14,000	-9,000
<i>Segment 4:</i> Telecommunications	-46,600	25,500	15,800	16,300	11,000	8,000	7,000	6,300
<i>Segment 5:</i> Data Processing/Hosting/Related Services	-200	2,500	1,400	4,200	3,900	4,900	5,300	3,500
TOTAL - ALL 4 IT SEGMENTS	326,400	278,500	133,500	106,100	74,200	53,100	56,800	25,100
IT Services segments	373,200	250,500	116,300	85,600	59,300	40,200	31,000	15,300
Tech Information segments	-46,800	28,000	17,200	20,500	14,900	12,900	12,300	9,800

Key: **Net job declines in red**
 Net job gains in green

Source: US Department of Labor/Bureau of Labor Statistics.
Data chart and analysis by Foote Partners LLC

FIGURE 4 – UNEMPLOYMENT RATE vs. MONTHLY JOB GROWTH – U.S, Bureau of Labor Statistics

- January 2010 through August 2013

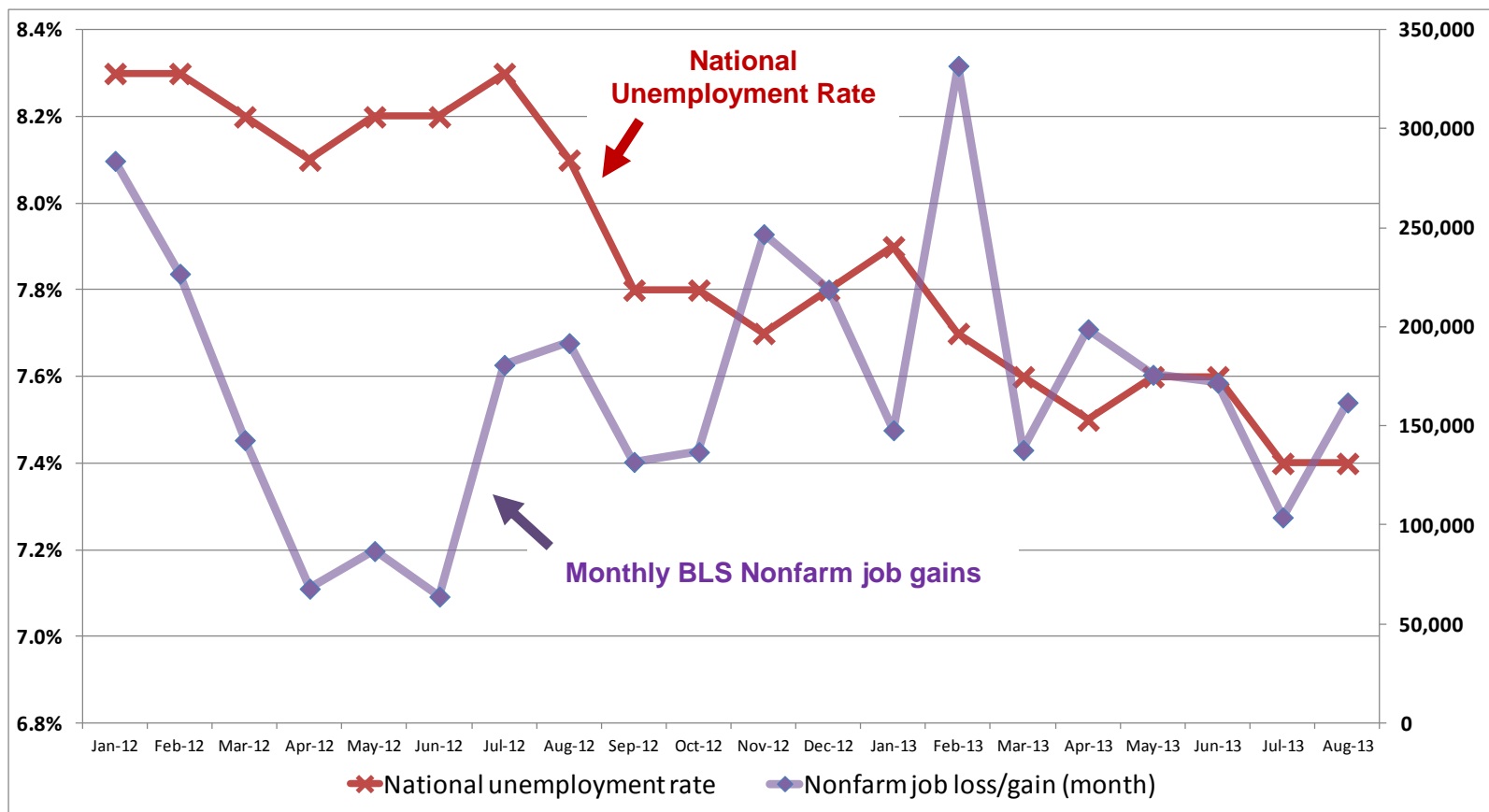
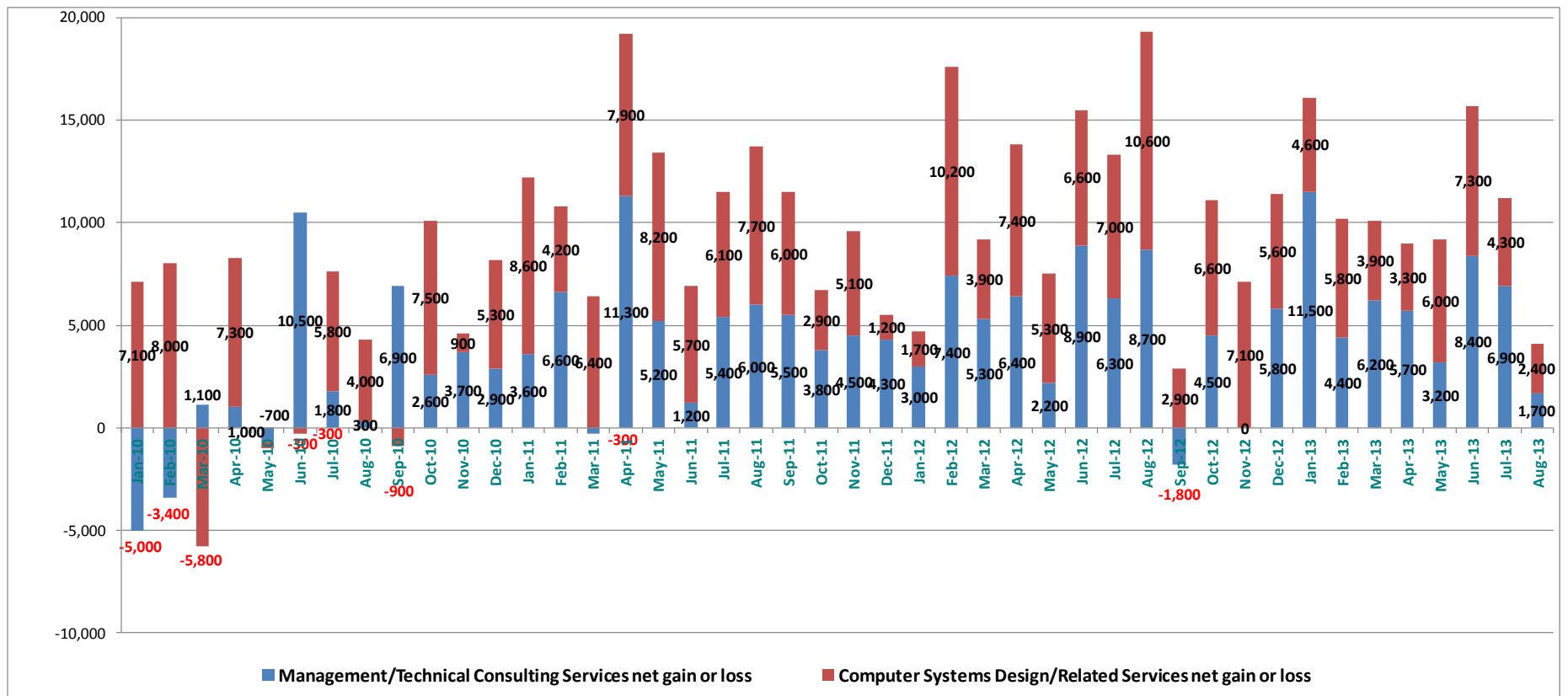


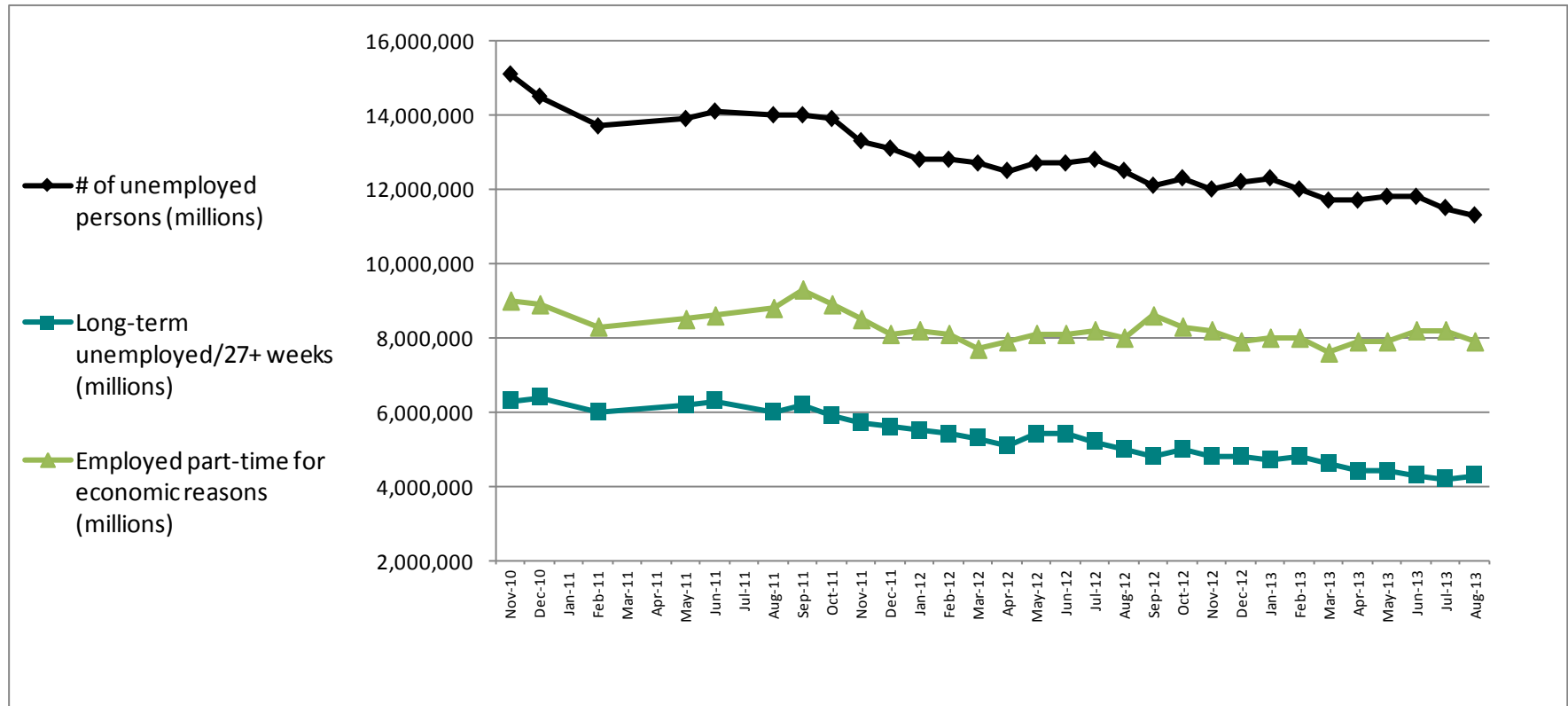
FIGURE 5 – JOB GROWTH/DECLINE - Management/Technical Consulting jobs vs. Computer Systems Design/Related services jobs

- Net job gains/losses from January 2010 through August 2013



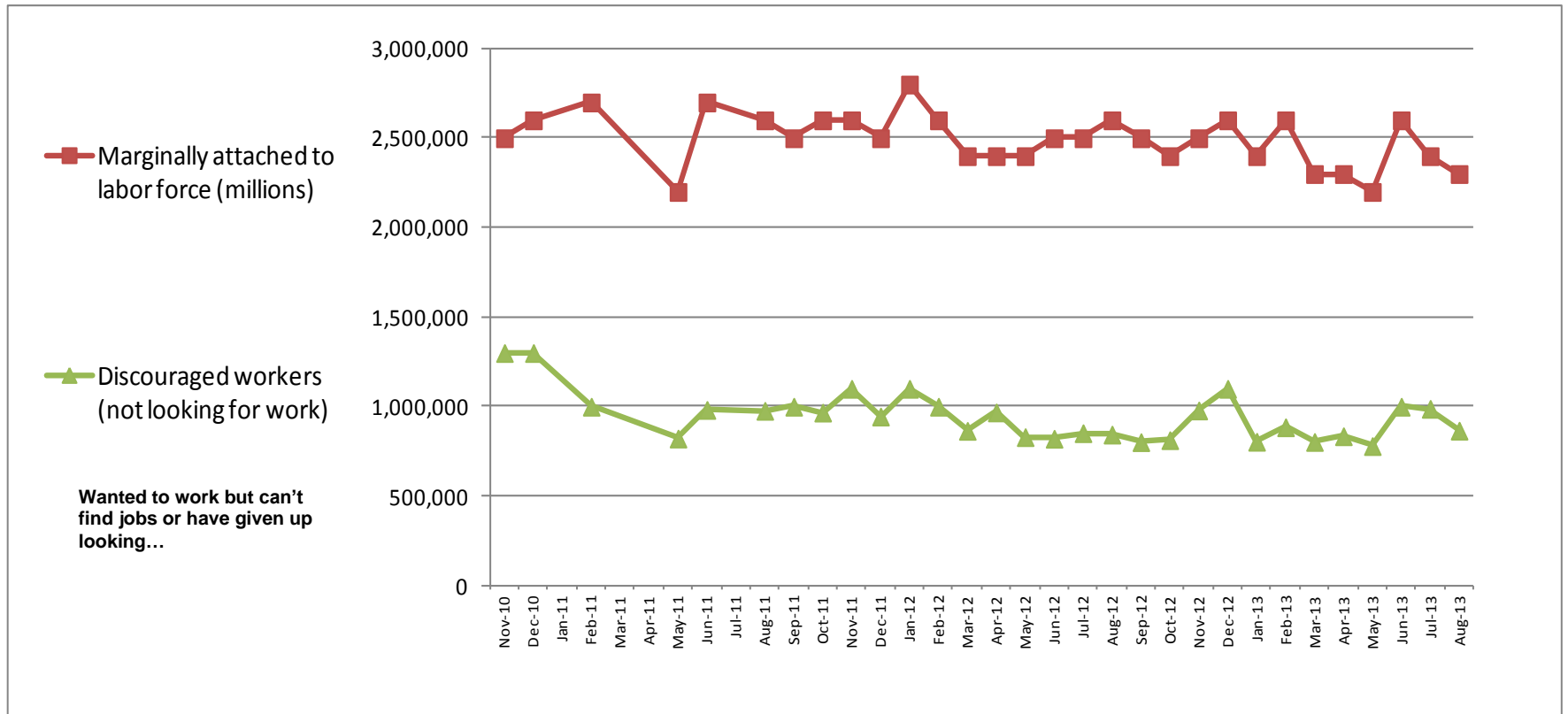
Source: US Department of Labor/Bureau of Labor Statistics. Data chart and analysis by Foote Partners LLC

FIGURE 6 – UNEMPLOYED AND UNDEREMPLOYED PERSONS: Total vs. Long-Term vs. Part-timers - 2010 to 2013



Source: US Department of Labor/Bureau of Labor Statistics. Data chart and analysis by Footo Partners LLC

FIGURE 7 – LABOR FORCE COMPOSITION: Marginally attached vs. Discouraged - 2010 to 2013



Source: US Department of Labor/Bureau of Labor Statistics. Data chart and analysis by Foote Partners LLC

FIGURE 8 - U.S. Department of Labor/Bureau of Labor Statistics – Job Situation Report (Through August 2013)

KEY EMPLOYMENT STATISTICS – Last 30 Months

	Feb-11 (30 mos. ago)	Aug-11 (24 mos. ago)	Feb-12 (18 mo. ago)	Aug-12 (12 mo. ago)	Dec-12 (8 mo. ago)	Jan-13 (7 mo. ago)	Feb-13 (6 mo. ago)	Mar-13 (5 mo. ago)	Apr-13 (4 mo. ago)	May-13 (3 mo. ago)	Jun-13 (2 mo. ago)	Jul-13 (1 mo. ago)	Aug-13 (Now)
Unemployment rate	8.9%	9.1%	8.3%	8.1%	7.8%	7.9%	7.7%	7.6%	7.5%	7.6%	7.6%	7.4%	7.3%
# of unemployed persons	13.7 million	14.0 million	12.8 million	12.5 million	12.2 million	12.3 million	12.0 million	11.7 million	11.7 million	11.8 million	11.8 million	11.5 million	11.3 million
Long-term unemployed--27+ weeks (% of total unemployed persons)	6.0 million 43.9%	6.0 million 42.9%	5.4 million 42.6%	5.0 million 40.0%	4.8 million 39.1%	4.7 million 38.1%	4.8 million 40.2%	4.6 million 39.6%	4.4 million 37.4%	4.4 million 37.3%	4.3 million 36.7%	4.2 million 37.0%	4.3 million 37.9%
Civilian labor force participation rate	64.2%	64.0%	63.9%	63.5%	63.6%	63.6%	63.5%	63.3%	63.3%	63.4%	63.5%	63.4%	63.2%
Employment-population ratio	58.4%	58.2%	58.6%	58.3%	58.6%	58.6%	58.6%	58.5%	58.6%	58.6%	58.7%	58.7%	58.6%
Employed part-time for economic reasons	8.3 million	8.8 million	8.1 million	8.0 million	7.9 million	8.0 million	8.0 million	7.6 million	7.9 million	7.9 million	8.2 million	8.2 million	7.9 million
Marginally attached to labor force	2.7 million	2.6 million	2.6 million	2.6 million	2.6 million	2.4 million	2.6 million	2.3 million	2.3 million	2.2 million	2.6 million	2.4 million	2.3 million
Discouraged workers (not looking for work)	1,000,000	977,000	1,000,000	844,000	1,100,000	804,000	885,000	803,000	835,000	780,000	1,000,000	988,000	866,000

Source: US Department of Labor/Bureau of Labor Statistics. Data chart and analysis by Foote Partners LLC

ABOUT FOOTE PARTNERS

Foote Partners LLC is a Vero Beach, FL based IT analyst firm and independent benchmark research organization focusing on the human capital aspects and execution (i.e. ‘user’ versus ‘vendor’) side of managing technology and IT value creation. A thought leader and trusted advisor to more than 2,300 employers on six continents, the firm provides pragmatic and forward-thinking benchmark research and analysis about managing the modern business/IT hybrid professional workforce. Our research is deeply grounded in specialized proprietary benchmark research, surveys, and empirical intelligence collected from 2,496 North American employers representing 152,000 IT professionals with whom the firm has forged long term research partnerships.

Founded in 1997 and comprised of former Gartner and META Group industry analysts, McKinsey & Company, Towers Watson, and Mercer senior consultants, and former corporate HR, IT, and business executives, the firm’s research division publishes more than 130 quarterly-updated IT decision support benchmark research products that help employers benchmark their IT professional compensation, solve difficult information technology management and workforce problems, and strengthen their ability to execute complex solutions to increasing revenues, improving profitability, and building customer satisfaction.

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