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

Large gains in IT employment for the second consecutive month as 18,400 new IT jobs are added to U.S. payrolls.

Labor Department data reveals that IT related jobs comprised 10.5% of all new jobs created in June and July

Average monthly IT job growth in first seven months of 2013 up nearly 51% from calendar year 2012 monthly average.

Vero Beach, FL – Saturday, August 3, 2013. An analysis of Friday's release of July 2013 U.S. employment numbers by the Bureau of Labor Statistics reveals a **net gain of 18,400 jobs** across four industry job segments commonly associated with IT professionals, the second largest monthly gain in 2013 the third month this year in which more than 18,000 workers were added to U.S. payrolls. (see Figure 1)

According to BLS Employment Situation reports for June and July 2013, of the 350,000 gain in nonfarm jobs reported in these months, 36, 600 jobs were attributed to the aforementioned four IT industry segments---or 10.5 percent of all U.S. jobs created in the last two months.(see Figures 1)

In stark contrast to prior monthly employment numbers, two segments that have consistently been responsible for between 90 percent and 100 percent of monthly IT related job gains, ***Management and Technical Consulting*** and ***Computer Systems Design/Related Services***, gave ground to uncharacteristic gains in two other segments associated with IT professionals, ***Telecommunications*** and ***Data Processing, Hosting and Related Services***. The latter segments which have together posted net job losses in five of the past 12 months and have represented no higher than 13.7 percent of total new IT jobs in any of the past six months of BLS employment reports, in July added 7,200 jobs for slightly more than *39 percent* of all IT jobs added to U.S. payrolls for the month.

Still, ***Management and Technical Consulting*** and ***Computer Systems Design/Related Services*** segments performed very well in July, adding 11,200 new jobs. This is only 517 fewer than the combined average monthly job growth for these segments from January through June 2013. Over the past 24 months these same segments added 260,100 new jobs to payrolls. By comparison, the ***Data Processing, Hosting and Related Services*** and ***Telecommunications*** job segments recorded a combined net loss of 21,800 IT jobs in the same period. (Figure 3)

DISCUSSION – IT Employment Trends

"Our firm's monthly analyses of IT job trends in these BLS reports have been continually emphasizing momentum as the key finding regarding IT job growth trending right now", notes David Foote, chief analyst at Foote Partners which has been tracking and reporting on IT and business labor trends since 1997, including monthly analyses of the Department of Labor's employment reports. "But what exactly does that mean?"

"For example, just look at the moving average for monthly job growth beginning January 2013: in the first five months it was an average net gain of 12,560 IT jobs per month, rising to13,500 jobs in the first six months, and now through July an average gain of 14,200 IT jobs per month for the first seven months. If this continues through end of year we can project total job creation of nearly 189,000 IT jobs in 2013. Compare this to last year's 144,900 net IT job gain in the BLS reports, a 93,400 net job gain in 2011, and a 80,800 net gain in 2010. That's what we mean by momentum. While the pace of job creation in the national labor force appears stuck in the 7.4 percent to 7.6 percent range and new jobs are heavily in part-time positions and low wage full-time segments, IT jobs have 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."

"The bottom line is there is continued optimism for IT workers in the foreseeable future based on sustained momentum that appears to have a solid foundation and four year track record. We predicted this sustained growth in our December BLS report analysis and we have every reason to stick with this view."

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

Total **nonfarm payroll employment** increased by 162,000 in July, and the **unemployment rate** edged down to 7.4 percent. Both the number of **unemployed persons**, at 11.5 million, and the **unemployment rate** edged down in July. Over the year, these measures were down by 1.2 million and 0.8 percentage point, respectively. ((Figure 5)

In July, the number of **long-term unemployed** (those jobless for 27 weeks or more) was little changed at 4.2 million. These individuals accounted for 37.0 percent of the unemployed. The number of long-term unemployed has declined by 921,000 over the past year. (Figure 5)

The **civilian labor force participation rate** was 63.4 percent in July, little changed over the month. The **employment-population ratio** was unchanged at 58.7 percent. (Figure 5)

The number of persons employed **part time for economic reasons** (sometimes referred to as involuntary part-time workers) was essentially unchanged at 8.2 million in July. 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 July, 2.4 million persons were **marginally attached to the labor force**, little changed 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 988,000 **discouraged workers** in July, up by 136,000 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 1.4 million persons marginally attached to the labor force in July had not searched for work for reasons such as school attendance or family responsibilities.

Industry Highlights – July 2013

- Among specific industries, **Retail trade** added 47,000 jobs in July and has added 352,000 over the past 12 months. In July, job growth occurred in general merchandise stores (+9,000), motor vehicle and parts dealers (+6,000), building material and garden supply stores (+6,000), and health and personal care stores (+5,000).

- Within leisure and hospitality, employment in **food services and drinking places** increased by 38,000 in July and by 381,000 over the year.

- **Financial activities** employment increased by 15,000 in July, with a gain of 6,000 in securities,
- commodity contracts, and investments. Over the year, financial activities has added 120,000 jobs.

- Employment increased in **wholesale trade** (+14,000) in July. Over the past 12 months, this industry has added 83,000 jobs.

- Employment in **professional and business services** continued to trend up in July (+36,000). Within the industry, job growth continued in management of companies and enterprises (+7,000) and in management and technical consulting services (+7,000). Employment in temporary help services changed little over the month.

- **Manufacturing** employment was essentially unchanged in July and has changed little, on net, over the past 12 months. Within the industry, employment in motor vehicles and parts rose by 9,000 in July.

- Employment in **health care** was essentially unchanged over the month. Thus far in 2013, health care has added an average of 16,000 jobs per month, compared with an average monthly increase of 27,000 in 2012.

- Employment in other major industries, including **mining and logging**, **construction**, **transportation and warehousing**, and **government**, showed little change in July.

FIGURE 1 – U.S. Department of Labor/Bureau of Labor Statistics – Job Situation Report (January 2011 to July 2013)

MONTHLY JOB SITUATION TRENDS – IT Professional Job Segments

(Highlights for four bellwether IT jobs segments)

2011	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec
Nonfarm job loss/gain (month)	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	9.0%	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	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	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	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	-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	-3,600	-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	-1900	-700	-500	-400	700	-300	-200	100	-600	400	-900	-200
Net gain/loss - ALL IT SEGMENTS	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	12,200	10,800	6,100	19,200	13,400	6,900	11,500	13,700	11,500	6,700	9,600	5,500

2012	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
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
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%
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
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
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
Information	13,000	-1,000	-900	-2,000	-2,000	-8,000	11,000	3,000	3,000	1,000	12,000	-9,000
Segment 4: Telecommunications	-300	-6,400	-3,600	-3,500	-2,000	-2,100	2,800	-2,300	-400	1,400	300	-1,800
Segment 5: Data Processing/Hosting/ Related Services	-1300	1900	-600	-500	-300	0	2,100	1,100	-2,400	0	-600	200
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
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

2013	Jan	Feb	Mar	Apr	May	Jun	Jul
Nonfarm job loss/gain (month)	148,000	332,000	138,000	199,000	176,000	188,000	162,000
National unemployment rate	7.9%	7.7%	7.6%	7.5%	7.6%	7.6%	7.4%
Professional/Technical Services	14,800	26,800	24,600	22,800	18,200	9,800	21,100
Segment 5: Management/Technical Consulting Services	11,500	4,400	6,200	5,700	3,200	8,400	6,900
Segment 4: Computer Systems Design/Related Services	4,600	5,800	3,900	3,300	6,000	7,300	4,300
Information	9,000	20,000	5,000	-9,000	3,000	-5,000	9,000
Segment 4: Telecommunications	4,900	400	1,800	1,200	1,000	700	3,600
Segment 5: Data Processing/Hosting/ Related Services	1,100	-800	-500	-500	-400	1,800	3,600
Net gain/loss - ALL IT SEGMENTS	22,100	9,800	11,400	9,700	9,800	18,200	18,400
Net gain/loss - ONLY IT SERVICES SEGMENTS	16,100	10,200	10,100	9,000	9,200	15,700	11,200

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 2 – U.S. Department of Labor/Bureau of Labor Statistics – Job Situation Report (January 2009 to December 2010)

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

(Highlights for four bellwether IT jobs segments)

	2009											
	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec
Nonfarm job loss/gain (month)	-598,000	-651,000	-663,000	-539,000	-345,000	-467,000	-247,000	-466,000	-263,000	-558,000	-4,000	85,000
National unemployment rate	7.6%	8.1%	8.5%	8.9%	9.4%	9.5%	9.4%	9.7%	9.8%	10.2%	10.0%	10.0%
Professional/Technical Services	-28,600	-36,700	-31,300	-17,100	-18,800	-40,400	-7,300	-11,300	-6,000	-11,000	1,200	8,800
Segment 5: Management/Technical Consulting Services	11,000	-4,800	-6,100	1,600	700	-1,100	900	-100	400	7,300	5,600	3,500
Segment 4: Computer Systems Design/Related Services	-3,500	-300	-3,900	-1,400	-2,800	-2,700	7,900	-3,400	-300	4,500	1,000	3,400
Information	-21,000	-15,000	-10,000	-17,000	-24,000	-21,000	-16,000	-10,000	0	-1,000	-17,000	-6,000
Segment 4: Telecommunications	-3,800	-7,300	-3,900	-7,600	-1,500	-6,700	-5,200	-3,300	-1,300	300	-8,600	-3,500
Segment 5: Data Processing/Hosting/ Related Services	200	-2,000	-200	-900	-3,500	600	-400	1700	-900	-900	-900	700
Net gain/loss - ALL IT SEGMENTS	3,900	-14,400	-14,100	-8,300	-7,100	-9,900	3,200	-5,100	-2,100	11,200	-2,900	4,100
Net gain/loss - ONLY IT SERVICES SEGMENTS	7,500	-5,100	-10,000	200	-2,100	-3,800	8,800	-3,500	100	11,800	6,600	6,900

	2010											
	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
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%
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
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
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
Information	0	-18,000	-12,000	-3,000	0	-8,000	1,000	-1,000	-5,000	-1,000	1,000	-4,000
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
Segment 5: Data Processing/Hosting/ Related Services	400	600	-2300	300	-1300	-1500	300	-1300	-200	500	0	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
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

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

CUMULATIVE JOB SITUATION TRENDS – IT PROFESSIONALS

Highlights for four bellwether IT jobs segments)

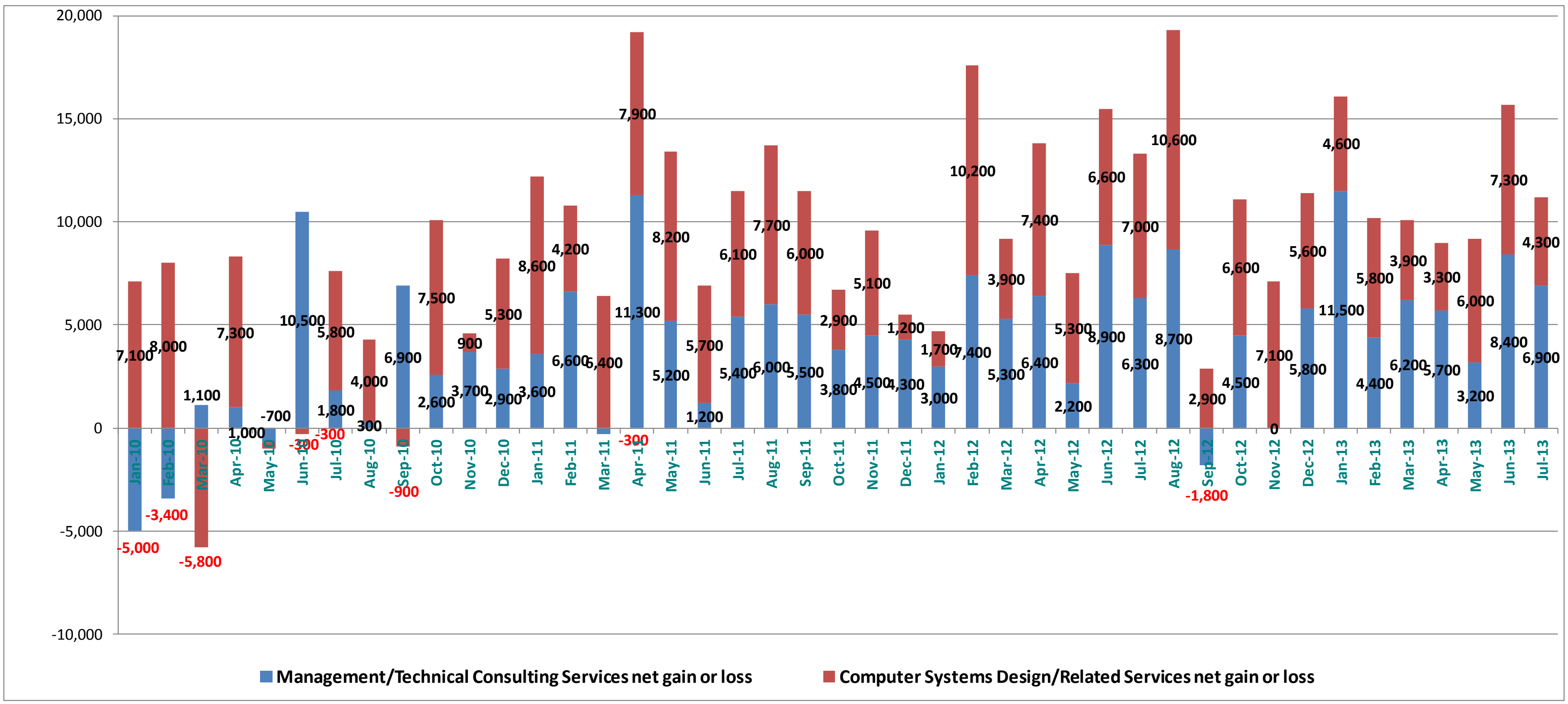
U.S. LABOR DEPT CUMULATIVE NET JOB GAINS/DECLINES: thru July 2013									
JOBS SEGMENT	36 mos.	24 mos.	12 mos.	10 mos.	7 mos.	6 mos.	4 mos.	3 mos.	2 mos.
	Aug'10 - Jun'13	Aug'11 - Jun'13	Aug'12 - Jun'13	Oct'12 -Jun'13	Jan'12 - Jun'13	Feb'13 -Jun'13	Apr'13 -Jun'13	May'13 -Jun'13	Jun'13 - Jul'13
Professional and Technical Services	601,720	413,220	217,500	185,800	138,100	123,300	71,900	49,100	30,900
Segment 5: Management/Technical Consulting Services	176,500	127,100	63,500	56,600	46,300	34,800	24,200	18,500	15,300
Segment 4: Computer Systems Design/Related Services	196,900	133,000	68,000	54,500	35,200	30,600	20,900	17,600	11,600
Information	20,100	35,100	42,000	36,000	32,000	23,000	-2,000	7,000	4,000
Segment 4: Telecommunications	-52,900	-24,500	10,800	13,500	13,600	8,700	6,500	5,300	4,300
Segment 5: Data Processing/Hosting/ Related Services	-1,400	2,700	2,600	3,900	4,300	3,200	4,500	5,000	5,400
TOTAL - ALL 4 IT SEGMENTS	319,100	238,300	144,900	128,500	99,400	77,300	56,100	56,800	36,600
IT Services segments	373,400	260,100	131,500	111,100	81,500	65,400	45,100	36,100	26,900
Tech Information segments	-54,300	-21,800	13,400	17,400	17,900	11,900	11,000	10,300	9,700

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

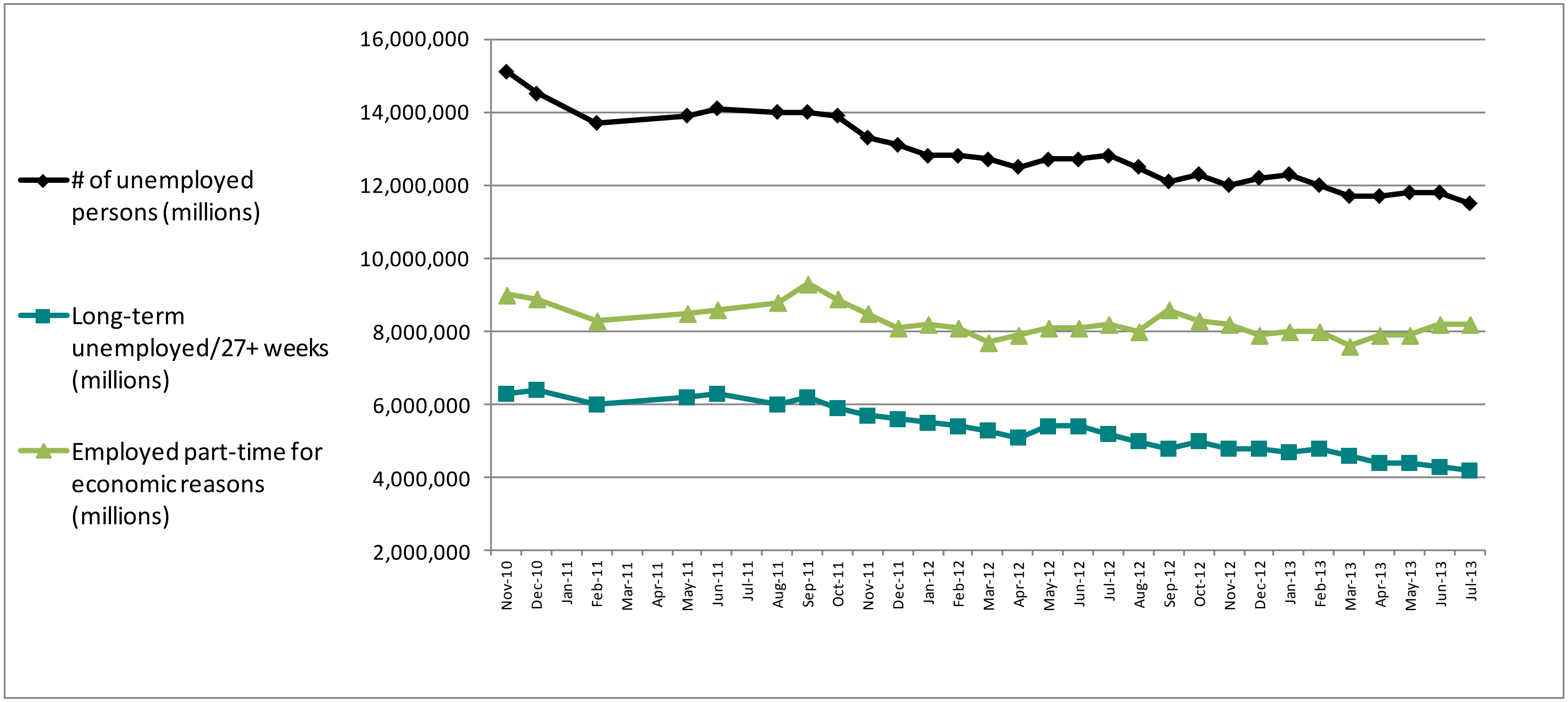
FIGURE 4 – JOB GROWTH/DECLINE - Management/Technical Consulting jobs vs. Computer Systems Design/Related services jobs

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



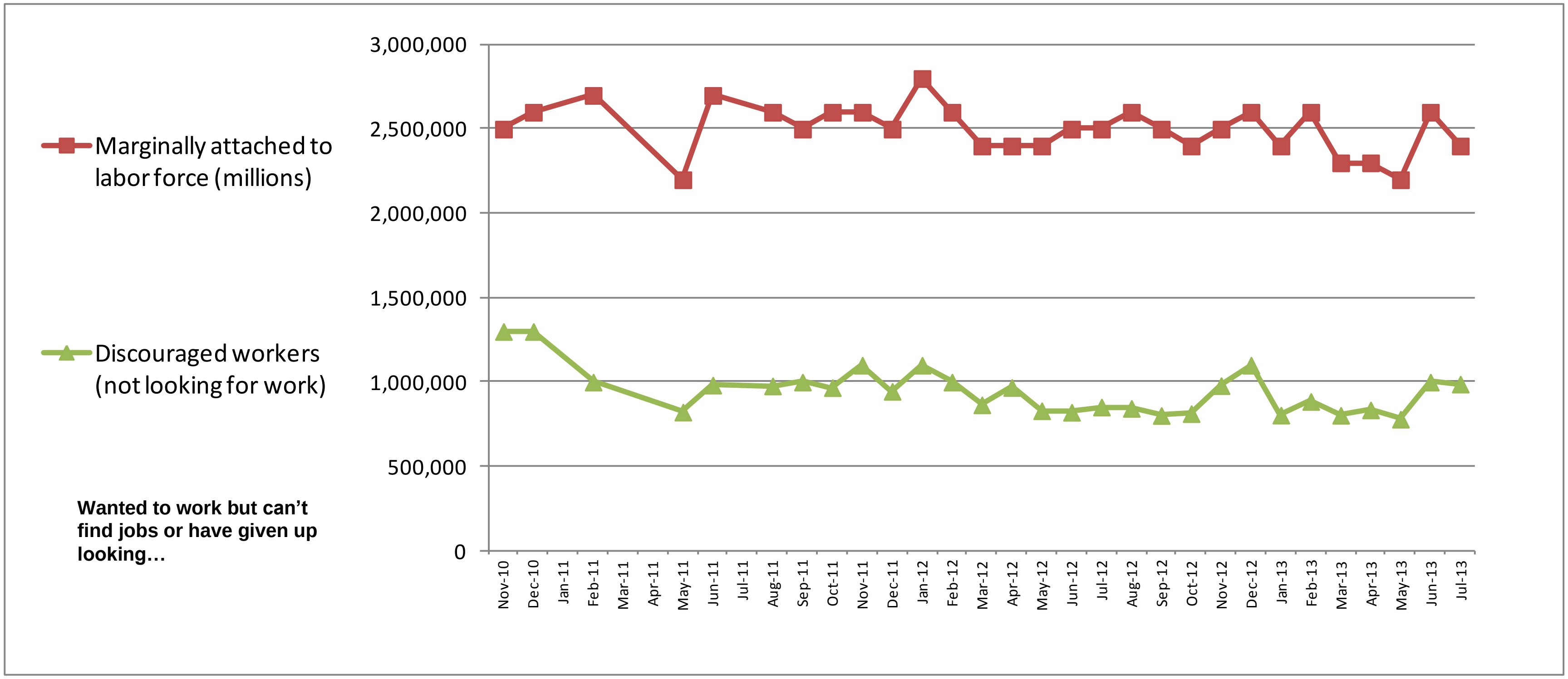
Source: US Department of Labor/Bureau of Labor Statistics. Data chart and analysis by Foote Partners LLC

FIGURE 5 – **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 Foote Partners LLC

FIGURE 6 – **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 7 - U.S. Department of Labor/Bureau of Labor Statistics – Job Situation Report (Through July 2013)

KEY EMPLOYMENT STATISTICS – Last 38 Months

	Jun-10 (38 mos. ago)	Feb-11 (29mos. ago)	Aug-11 (23 mos. ago)	Feb-12 (17 mo. ago)	Aug-12 (11 mo. ago)	Dec-12 (7 mo. ago)	Jan-13 (6 mo. ago)	Feb-13 (5 mo. ago)	Mar-13 (4 mo. ago)	Apr-13 (3 mo. ago)	May-13 (2 mo. ago)	Jun-13 (1 mo. ago)	Jul-13 (Now)
Unemployment rate	**9.5%**	**8.9%**	**9.1%**	**8.3%**	**8.1%**	**7.8%**	**7.9%**	**7.7%**	**7.6%**	**7.5%**	**7.6%**	**7.6%**	**7.4%**
# of unemployed persons	**14.6 million**	**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**
Long-term unemployed--27+ weeks	6.8 million	6.0 million	6.0 million	5.4 million	5.0 million	4.8 million	4.7 million	4.8 million	4.6 million	4.4 million	4.4 million	4.3 million	4.2 million
(% of total unemployed persons)	45.5%	43.9%	42.9%	42.6%	40.0%	39.1%	38.1%	40.2%	39.6%	37.4%	37.3%	36.7%	37.0%
Civilian labor force participation rate	64.7%	64.2%	64.0%	63.9%	63.5%	63.6%	63.6%	63.5%	63.3%	63.3%	63.4%	63.5%	63.4%
Employment-population ratio	58.5%	58.4%	58.2%	58.6%	58.3%	58.6%	58.6%	58.6%	58.5%	58.6%	58.6%	58.7%	58.7%
Employed part-time for economic reasons	8.6 million	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
Marginally attached to labor force	2.6 million	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
Discouraged workers (not looking for work)	1,200,000	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

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 as 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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