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

**Big rise in IT employment in June with 18,200 new jobs, 8,400 more than May
 and largest increase since January**

Average monthly IT job growth in first half of 2013 is up 43% from calendar year 2012.

**195,000 jobs added nationally but unemployment rate remains at 7.6% as more
 Americans are actively accepting part time positions and low wage jobs**

Vero Beach, FL – Sunday, July 7, 2013. An analysis of Friday’s release of June 2013 U.S. employment numbers by the Bureau of Labor Statistics reveals a **net gain of 18,200 jobs** across four industry job segments commonly associated with IT professionals, an increase of 8,400 jobs compared to the previous month and the largest monthly gain since January 2013. (see Figures 1)

Once again most of the growth in IT jobs in June happened in two segments heavily represented by the IT services industries, which together added 15,700 new jobs to U.S. payrolls for the month. One of these segments, **Management and Technical Consulting**, grew by 8,400 jobs last month---up dramatically from 3,200 in May---contributing to a total of 39,400 new jobs in this segment the past 6 months. **Computer Systems Design/Related Services**, the other segment, gained 7,300 jobs last month, slightly more than the 6,000 growth in March, for a total of 30,900 new jobs added in this segment in the past 6 months. (see Figures 3 and 4)

Two segments in BLS' *Information* job group, *Telecommunications* and *Data Processing, Hosting and Related Services* segments, together gained a net 2,500 jobs in June, significantly more than the prior month(600) and nearly one thousand more than the 1,640 monthly average job gain for the first five months of 2013. Together these segments have added 11,100 jobs in the last year but have recorded an overall loss of 31,900 jobs in the past 24 months and 67,000 lost jobs in the past 36 months. Most of these losses are attributed to Telecommunications jobs that have been in sharp decline as wireless computing platforms continue to flourish. (see Figures 3 and 4)

DISCUSSION – IT Employment Trends

“What’s noteworthy is that IT employment in the first half of 2013 is averaging 13,500 new jobs per month. In the past 12 months the monthly average was just over 12,000 jobs and in the year 2012 average growth was only 9,442 per month. That’s a 43 percent increase so far this year compared to all of 2012 and that is exactly why it’s good to be an IT professional”, says 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. “While the pace of job creation in the national labor force appears stuck at 7.6 percent unemployment and new jobs are heavily in part-time positions and low wage full-time segments, IT jobs have been on a sustained growth upswing and wages are holding steady if not growing slightly.”

“The bottom line is there is optimism for IT workers based on positive momentum that started in October and has been running through the first six months of 2013. Momentum means everything when it comes to hiring trends,” insists 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. “We predicted this sustained growth in our December BLS report analysis and we’re sticking to this view.”

According to Foote, “Right now our firm is getting more calls than ever from CIOs and IT leaders who have been essentially ‘clean sheeting’ their IT organizations. They can’t just scrap what they have and start over. But what they *are* doing is substantially refocusing their strategic targets and redefining what is core versus noncore as far as their investments in technology and people. They are aggressively hiring new workers to fill new jobs as they jettison jobs and workers who don’t fit in with their strategies going forward. They’re struggling with this though because a lot of the combinations of hard and soft skills are difficult to find in a single individual. It’s the same thing we always see---an IT skills gap when so many people are unable to find jobs and yet they were gainfully employed for many years.

“When you make this big a change in IT’s role in the enterprise you end up redefining and then remodeling the IT organization based on the capabilities you need to develop. These efforts are being driven mainly by business urgencies communicated from senior executive management. They want advanced analytics and data management, mobile platform functionality in marketing and delivering products and services, easy and economical scalability in the cloud, and better information security because of high perceived threat levels in part created by the constant drumbeat of systems breaches in the press and a concern about security in their customer bases. Employers are going to great lengths to secure a wide variety of talent and this has stimulated the labor marketplace. And it is much bigger than these BLS numbers indicate since they only track about one-third of IT professionals in the United States,” notes Foote.

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

Total **nonfarm payroll employment** increased by 195,000 in June, and the **unemployment rate** was unchanged at 7.6 percent. The number of **unemployed persons**, at 11.8 million, and the **unemployment rate**, at 7.6 percent, were unchanged in June. Both measures have shown little change since February. (Figure 5)

In June, the number of **long-term unemployed** (those jobless for 27 weeks or more) was essentially unchanged at 4.3 million. These individuals accounted for 36.7 percent of the unemployed. Over the past 12 months, the number of long-term unemployed has declined by 1.0 million. (Figure 5)

The **civilian labor force participation rate**, at 63.5 percent, and the **employment-population ratio**, at 58.7 percent, changed little in June. Over the year, the labor force participation rate is down by 0.3 percentage point. (Figure 5)

The number of persons employed **part time for economic reasons** (sometimes referred to as involuntary part-time workers) increased by 322,000 to 8.2 million in June. 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 June, 2.6 million persons were **marginally attached to the labor force**, essentially unchanged 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 1.0 million **discouraged workers** in June, an increase of 206,000 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 1.6 million

persons marginally attached to the labor force in June had not searched for work for reasons such as school attendance or family responsibilities.

Industry Highlights – June 2013

- Among specific industries, **Leisure and hospitality** added 75,000 jobs in June. Monthly job growth in this industry has averaged 55,000 thus far in 2013, almost twice the average gain of 30,000 per month in 2012. Within leisure and hospitality, employment in food services and drinking places continued to expand, increasing by 52,000 in June. Employment in the amusements, gambling, and recreation industry also continued to trend up in June (+19,000).
- Employment in **professional and business services** rose by 53,000 in June. Job gains occurred in management and technical consulting services (+8,000) and in computer systems design and related services (+7,000). Employment continued to trend up in temporary help services (+10,000). Over the past year, professional and business services has added 624,000 jobs.
- **Retail trade** employment increased by 37,000 in June. Within retail trade, employment increased by 9,000 in building material and garden supply stores and by 8,000 in motor vehicle and parts dealers. Employment in **wholesale trade** continued to trend up (+11,000).
- **Health care** continued to add jobs in June, with a gain of 20,000. Within the industry, employment continued to trend up in ambulatory health care services (+13,000). A gain of 5,000 jobs in hospitals followed a loss of 8,000 jobs in May.
- Employment in **financial activities** rose by 17,000 in June, with most of the increase occurring in credit intermediation (+6,000) and in insurance carriers and related activities (+6,000).
- **Federal government** employment continued to trend down in June (-5,000) and has declined by 65,000 over the past 12 months.
- Employment in most other major industries, including **mining and logging, construction, manufacturing, and transportation and warehousing**, showed little change in June.

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

MONTHLY JOB SITUATION TRENDS – IT Professional Job Segments

(Highlights for four bellwether IT jobs segments)

	2011												2012												2013					
	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
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	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	195,000	195,000
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%	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%
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	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
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	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
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	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
Information	-1,000	0	-4,000	2,000	-1,000	0	-1,000	-48,000	34,000	-5,000	-4,000	6,000	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
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	-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
Segment 5: Data Processing/Hosting/ Related Services	-1,900	-700	-500	-400	700	-300	-200	100	-600	400	-900	-200	-1,300	1,900	-600	-500	-300	0	2,100	1,100	-2,400	0	-600	200	1,100	-800	-500	-500	-400	1,800
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	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
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	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

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												2010											
	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)	-598,000	-651,000	-663,000	-539,000	-345,000	-467,000	-247,000	-466,000	-263,000	-558,000	-4,000	85,000	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	7.6%	8.1%	8.5%	8.9%	9.4%	9.5%	9.4%	9.7%	9.8%	10.2%	10.0%	10.0%	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	-28,600	-36,700	-31,300	-17,100	-18,800	-40,400	-7,300	-11,300	-6,000	-11,000	1,200	8,800	-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	11,000	-4,800	-6,100	1,600	700	-1,100	900	-100	400	7,300	5,600	3,500	-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	-3,500	-300	-3,900	-1,400	-2,800	-2,700	7,900	-3,400	-300	4,500	1,000	3,400	7,100	8,000	-5,800	7,300	-300	-300	5,800	4,000	-900	7,500	900	5,300
Information	-21,000	-15,000	-10,000	-17,000	-24,000	-21,000	-16,000	-10,000	0	-1,000	-17,000	-6,000	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	-3,800	-7,300	-3,900	-7,600	-1,500	-6,700	-5,200	-3,300	-1,300	300	-8,600	-3,500	-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	200	-2,000	-200	-900	-3,500	600	-400	1700	-900	-900	-900	700	400	600	-2300	300	-1300	-1500	300	-1300	-200	500	0	200
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	-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	7,500	-5,100	-10,000	200	-2,100	-3,800	8,800	-3,500	100	11,800	6,600	6,900	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 June 2013)

CUMULATIVE JOB SITUATION TRENDS – IT PROFESSIONALS

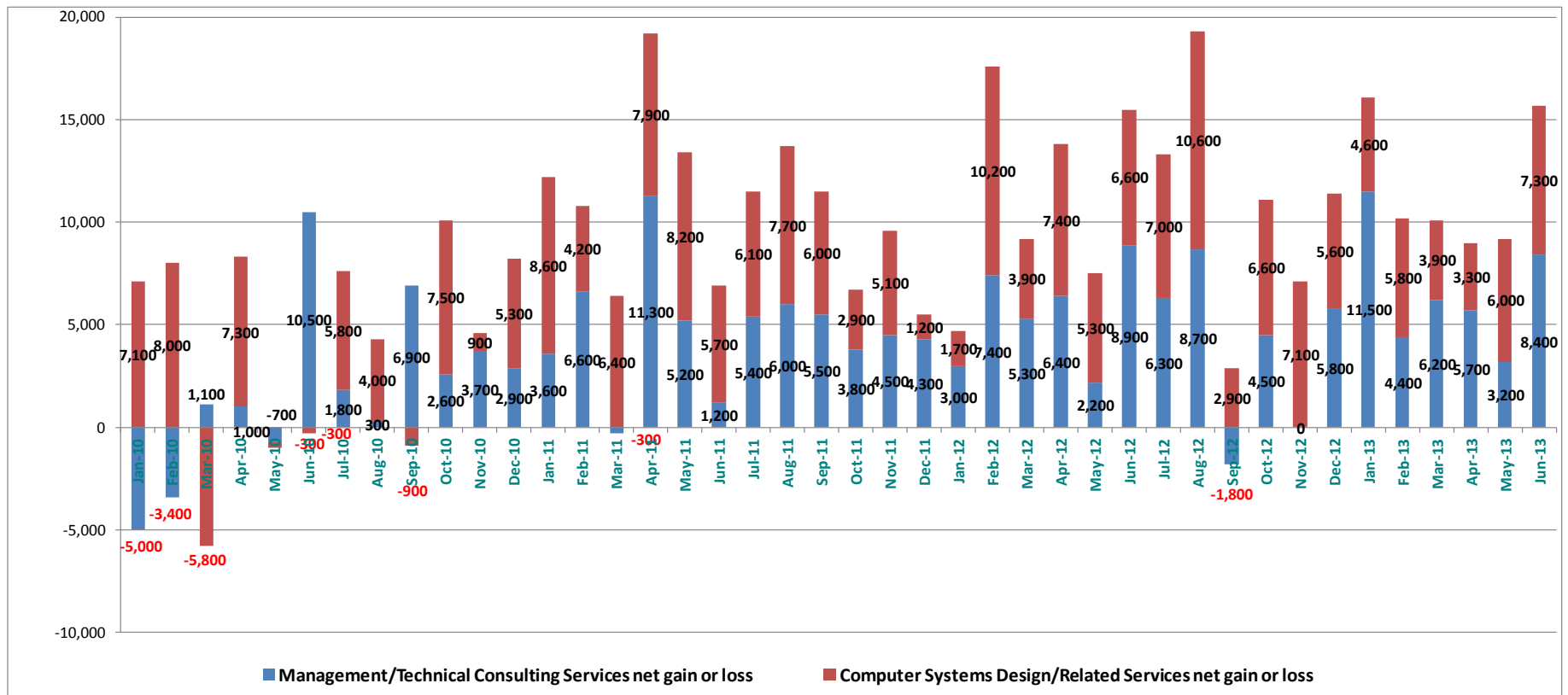
Highlights for four bellwether IT jobs segments)

U.S. LABOR DEPT CUMULATIVE NET JOB GAINS/DECLINES: thru June 2013									
JOBS SEGMENT	36 mos.	24 mos.	12 mos.	10 mos.	7 mos.	6 mos.	4 mos.	3 mos.	2 mos.
	Jul'10 - Jun'13	Jul'11 - Jun'13	Jul'12 - Jun'13	Sep'12 -Jun'13	Dec'12 - Jun'13	Jan'13 -Jun'13	Mar'13 -Jun'13	Apr'13 -Jun'13	May'13 - Jun'13
Professional and Technical Services	585,420	409,820	214,300	169,600	133,900	117,000	75,400	50,800	28,000
<i>Segment 5:</i> Management/Technical Consulting Services	171,400	125,600	62,900	47,900	45,200	39,400	23,500	17,300	11,600
<i>Segment 4:</i> Computer Systems Design/Related Services	198,400	134,800	70,700	53,100	36,500	30,900	20,500	16,600	13,300
Information	12,100	25,100	44,000	30,000	14,000	23,000	-6,000	-11,000	-2,000
<i>Segment 4:</i> Telecommunications	-62,300	-30,800	10,000	9,500	8,200	10,000	4,700	2,900	1,700
<i>Segment 5:</i> Data Processing/Hosting/Related Services	-4,700	-1,100	1,100	-2,100	900	700	400	900	1,400
TOTAL - ALL 4 IT SEGMENTS	302,800	228,500	144,700	108,400	90,800	81,000	49,100	56,800	28,000
Tech Services segments	369,800	260,400	133,600	101,000	81,700	70,300	44,000	33,900	24,900
Information segments	-67,000	-31,900	11,100	7,400	9,100	10,700	5,100	3,800	3,100

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

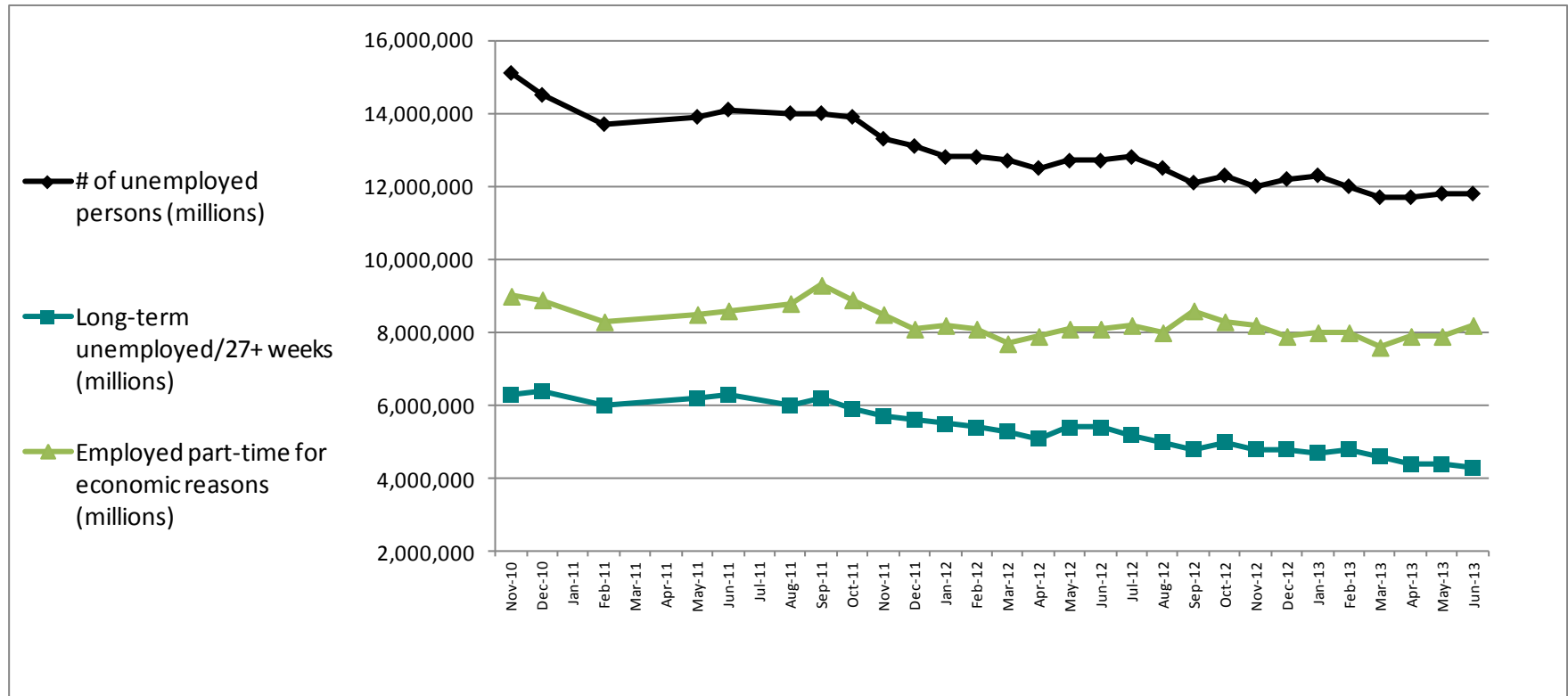
Source: US Department of Labor/Bureau of Labor Statistics.
Data chart and analysis by Foote Partners LLC

FIGURE 4 – JOB GROWTH/DECLINE - Management/Technical Consulting jobs vs. Computer Systems Design/Related services jobs
 - Net job gains/losses from January 2010 through June 2013



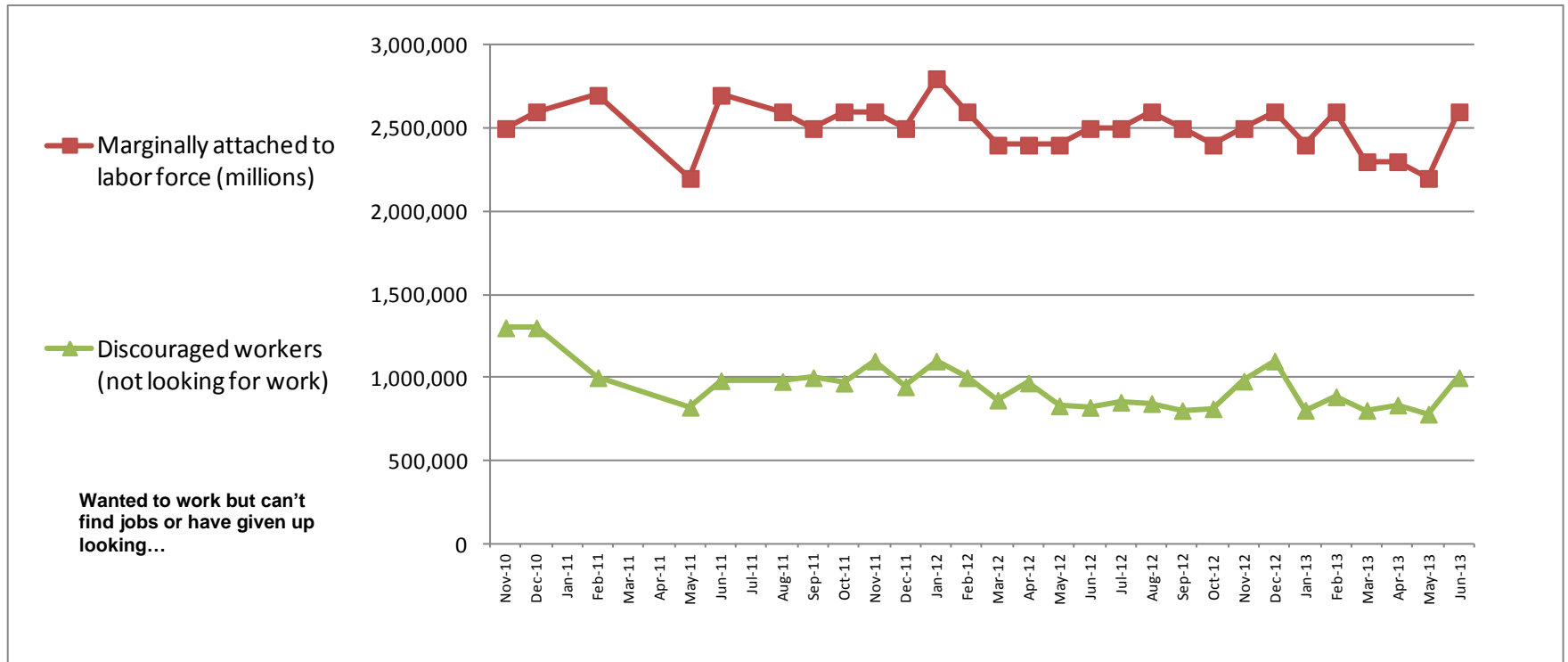
Source: US Department of Labor/Bureau of Labor Statistics. Data chart and analysis by Foote Partners LLC

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 June 2013)

KEY EMPLOYMENT STATISTICS – Last 37 Months

	Jun-10 (37 mos. ago)	Feb-11 (28mos. ago)	Aug-11 (22 mos. ago)	Feb-12 (16 mo. ago)	Aug-12 (10 mo. ago)	Dec-12 (6 mo. ago)	Jan-13 (5 mo. ago)	Feb-13 (4 mo. ago)	Mar-13 (3 mo. ago)	Apr-13 (2 mo. ago)	May-13 (1 mo. ago)	Jun-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%
# 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
Long-term unemployed--27+ weeks (% of total unemployed persons)	6.8 million 45.5%	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%
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%
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%
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
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
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

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 that is deeply grounded in specialized proprietary benchmark research, surveys, and empirical intelligence collected from 2,485 North American employers representing 150,000 IT professionals with whom the firm has forged long term research partnerships.

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