

## Tech Industry Adds 30,200 Jobs in 1st Half of 2010

### Tech Manufacturing, Software Services, and Engineering & Tech Services All Add Jobs

#### Overview

- ❖ THE U.S. HIGH-TECH INDUSTRY EMPLOYED 5.78 MILLION PEOPLE AS OF JUNE 2010.
- ❖ THE TECH INDUSTRY ADDED 30,200 JOBS FROM JANUARY TO JUNE 2010, A 0.5 PERCENT INCREASE, COMPARED TO THE 143,000 TECH JOBS LOST IN THE SAME PERIOD IN 2009.
- ❖ FROM JUNE 2009 THROUGH JUNE 2010, TECH LOST 72,800 JOBS, A 1.2 PERCENT DECLINE; OVER THAT TIME THE U.S. PRIVATE SECTOR SHED 334,000 JOBS — 1.2 PERCENT.
- ❖ HIGH-TECH MANUFACTURING ADDED U.S. JOBS — 9,100 FROM JANUARY TO JUNE 2010.
- ❖ THE HIGH-TECH SERVICES SECTORS ADDED 21,100 U.S. JOBS FROM JANUARY TO JUNE 2010, A 0.5 PERCENT INCREASE.
- ❖ TWO OF THE THREE HIGH-TECH SERVICES SECTORS ADDED JOBS IN THE FIRST SIX MONTHS OF 2010: SOFTWARE SERVICES (+14,200) AND ENGINEERING AND TECH SERVICES (+29,700); COMMUNICATIONS SERVICES SHED 22,800 JOBS.

#### Analysis

A midyear analysis of employment data through June 2010 shows that the U.S. high-tech industry is slowly coming out of the global economic downturn by adding jobs.

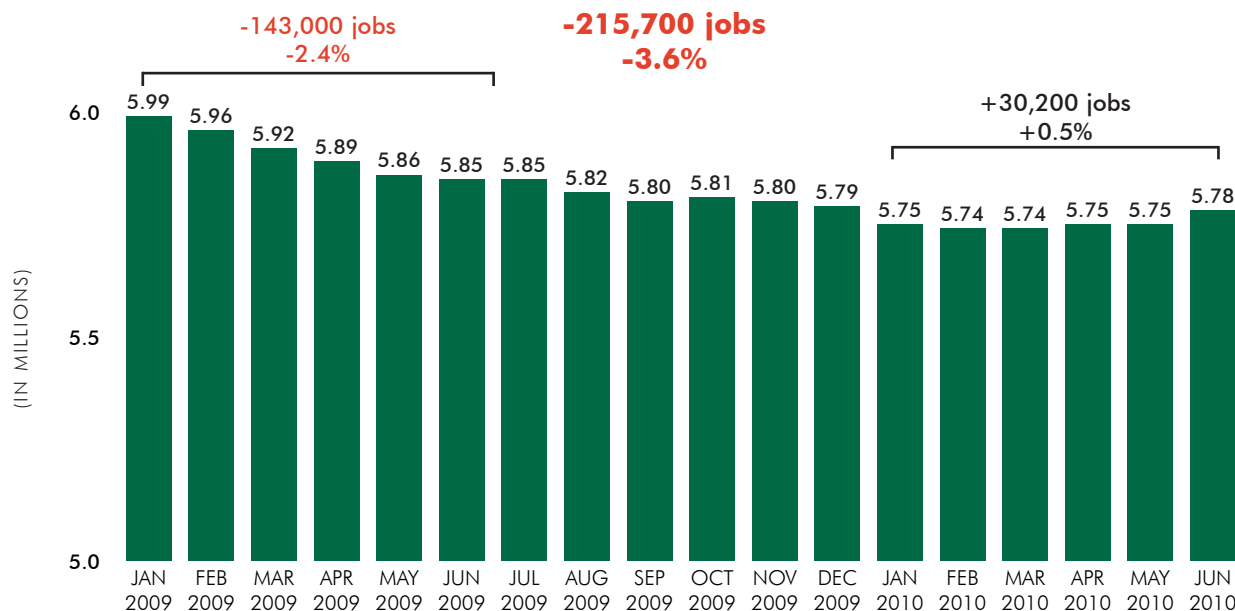
TechAmerica Foundation compiled data from the U.S. Bureau of Labor Statistics (BLS) to indicate that as of June 2010, the U.S. high-tech industry saw net job losses in the first three months of the year followed by net job gains in the next three months.

The industry added 30,200 net jobs between January and June of 2010, a 0.5 percent increase, for an industry total of 5.78 million jobs. During the same period of 2009 the industry shed 143,000 net jobs, or 2.4 percent.

On a year-to-year basis, from June 2009 through June 2010, tech lost 72,800 jobs, a 1.2 percent decline. Over the same time period the U.S. private sector shed 334,000, a 0.3 percent decline.

### HIGH-TECH EMPLOYMENT TRENDS\*

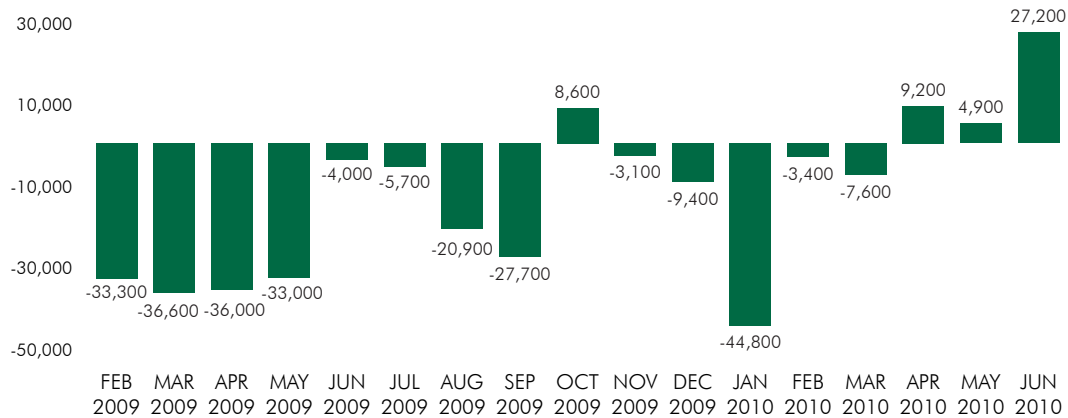
(JANUARY 2009 - JUNE 2010)



\*Not adjusted for seasonal variances

## CHANGES IN HIGH-TECH EMPLOYMENT FROM PREVIOUS MONTH\*

(JANUARY 2009 - JUNE 2010)



\*Not adjusted for seasonal variances

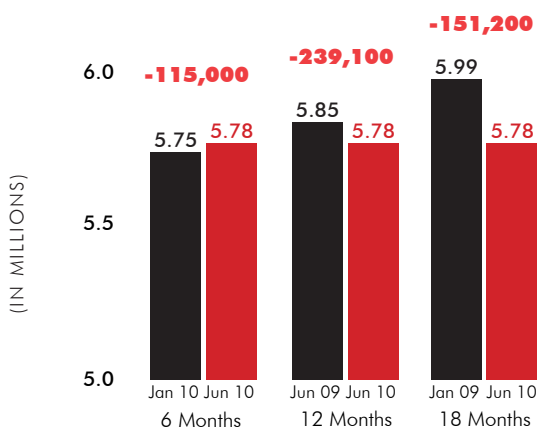
When viewed over the last 18 month time frame, the U.S. high-tech industry lost jobs – 215,700, or 3.6 percent. Though the industry was among the last to feel the effects of the economic downturn of 2008 – 2009, it was not immune to job loss and is only slowly showing signs of climbing out of it. Tech employment as of June 2010 stood at 5.78 million, compared to 5.99 million in January 2009.

These BLS figures are not seasonally adjusted and include fluctuations that are only seen at certain times of the year. Seasonally adjusted data are not available for high tech.

In general, January provides an unusually low starting point for the comparison as many part-time and temporary jobs related to increased economic activity leading up to the holidays come to an end. Similarly, June provides an unusually high end point for the comparison as temporary increases in employment typically occur when schools close and there is an influx of youth and other part-time and temporary workers into the workforce.

### HIGH-TECH EMPLOYMENT GROWTH/LOSS\*

AT 6, 12, AND 18 MONTHS)



\*Not adjusted for seasonal variances

### High-Tech Manufacturing

High-tech manufacturing employment in the United States added jobs in the first six months of the year, reversing a long term downward trend. Technology manufacturers added 9,100 net jobs in the first half of 2010, for a total of 1.24 million tech manufacturing jobs in June. This represented a 0.7 percent gain.

When looking at employment over the last year, between June 2009 and June 2010, 35,000 U.S. tech manufacturing jobs were shed, a decline of 2.8 percent.

Over the 18 month period between January 2009 and June 2010, the job loss was 110,500, or 8.2 percent. The acceleration of tech manufacturing job loss did not begin until the second half of 2008 when the global economic downturn began to hit hard.

### High-Tech Services

Total high-tech services employment in the United States was up in the first six months of the year. Tech service providers added 21,100 net jobs in the United States from January to June of 2010, a 0.5 percent rise for a total of 4.54 million jobs. Over the previous 12 and 18 month periods, however, tech services employment was down, 0.8 percent and 2.3 percent, respectively, reflecting the effects of the economic downturn.

The high-tech services industry is separated into three sectors: communications services, software services, and engineering and tech services.

Two of the three high-tech services sectors added jobs in the first six months of 2010: software services (+14,200) and engineering and tech services (+29,700). Communications services shed 22,800 jobs from January to June.

## The Link to U.S. Competitiveness

The tech boom of the 1990s was built from a blueprint developed in the 1950s and 1960s that invested in future innovation. The United States made strong commitments to math and science education, invested heavily in public and private technology research and development (R&D), and welcomed the brightest minds in the world to our shores.

Even in the midst of a global recession, countries around the world are now making similar investments to try to out-compete us and attract advanced industries to their shores. Fortunately, in many cases, so is the United States.

Technology companies applauded the substantial technology investments in the 2009 American Recovery and Reinvestment Act. Public investments in advanced energy research and infrastructure projects to build a smart electrical grid spur the private sector to create potentially millions of new green tech jobs in the United States. Investments in broadband deployment and health information technology could produce similar results.

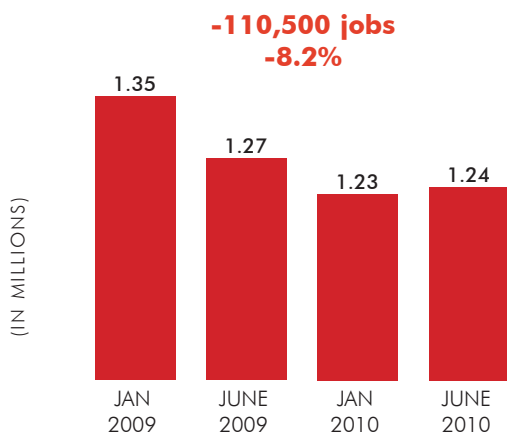
The tech industry was also encouraged by efforts to improve the U.S. education system by bringing technology into the classroom and by providing strong foundations in math and science that will enable students to pursue high-paying careers. A skilled workforce is crucial for the tech industry.

The industry would also like to see a continued revitalization of federally funded research, which has played such a vital role in the success of the technology industry in growing and creating jobs and innovation.

Also under consideration is the idea to simplify, strengthen, and make permanent the R&D tax credit – the majority of which goes to pay wages and salaries. This enables companies to keep jobs from moving abroad to countries like China, where the tax codes are more attractive.

### HIGH-TECH MANUFACTURING EMPLOYMENT\*

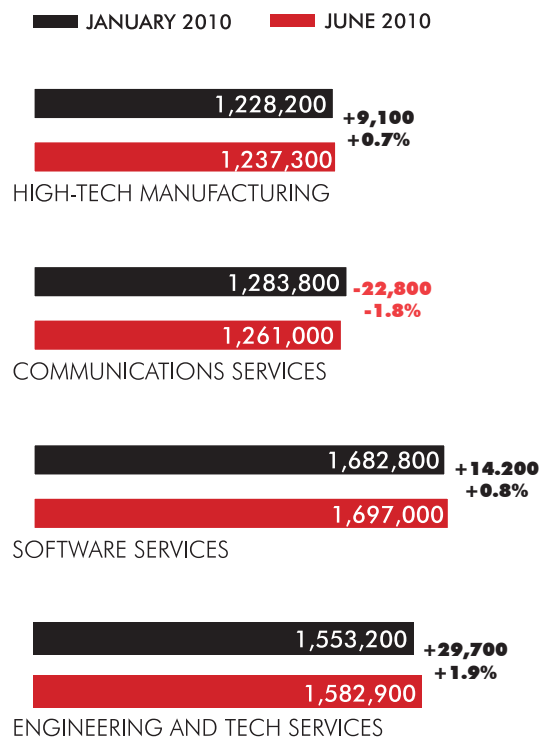
(JANUARY 2009 - JUNE 2010)



\*Not adjusted for seasonal variances

### EMPLOYMENT BY HIGH-TECH SECTOR

(JANUARY 2010 - JUNE 2010)



\*Not adjusted for seasonal variances

In that regard, the issue of tax deferral is also crucial to the viability of the U.S. tech industry. Recent proposals seeking to limit tax deferral and increase the tax burden on U.S. foreign subsidiaries in the name of encouraging domestic job creation risk doing exactly the opposite.

For American companies to create jobs domestically, they need to be able to compete globally. The U.S. tax code should help put American companies on equal footing with their foreign competitors.

The United States is among the minority of the 30 most industrialized nations in the world that tax the worldwide earnings of its companies and affiliates abroad. The majority of countries choose to tax only income generated within the territory of their country, that is, they exempt foreign earnings from taxation, leaving U.S.-headquartered companies at a competitive disadvantage.

The high-tech industry supports long-term investments and globally competitive tax treatments that encourage technology companies to form and flourish in the United States and add new American jobs.

## U.S. EMPLOYMENT IN THE HIGH-TECH INDUSTRY, JANUARY 2009 - JUNE 2010

(IN THOUSANDS)

	Jan 2009	Feb 2009	Mar 2009	Apr 2009	May 2009	Jun 2009	Jul 2009	Aug 2009	Sep 2009	Oct 2009	Nov 2009	Dec 2009	Jan 2010	Feb 2010	Mar 2010	Apr 2010	May 2010	Jun 2010	Percent Change Jan 2009-Jun 2010	Numeric Change Jan 2009-Jun 2010
<b>HIGH-TECH MANUFACTURING</b>	1,348	1,328	1,317	1,298	1,281	1,267	1,267	1,256	1,247	1,238	1,237	1,235	1,228	1,225	1,227	1,225	1,230	1,237	-8.2%	-110,500
<b>COMMUNICATIONS SERVICES</b>	1,327	1,327	1,323	1,313	1,311	1,307	1,300	1,298	1,295	1,297	1,295	1,295	1,284	1,281	1,276	1,266	1,261	1,255	-5.0%	-66,400
<b>SOFTWARE SERVICES</b>	1,693	1,688	1,676	1,679	1,669	1,672	1,685	1,681	1,676	1,691	1,693	1,688	1,683	1,687	1,681	1,695	1,694	1,697	0.2%	3,800
<b>ENGINEERING AND TECH SERVICES</b>	1,626	1,618	1,607	1,598	1,594	1,600	1,594	1,589	1,579	1,579	1,576	1,575	1,553	1,551	1,553	1,560	1,566	1,583	-2.6%	-42,600
<b>TOTAL HIGH-TECH INDUSTRY</b>	<b>5,994</b>	<b>5,961</b>	<b>5,924</b>	<b>5,888</b>	<b>5,855</b>	<b>5,851</b>	<b>5,845</b>	<b>5,824</b>	<b>5,797</b>	<b>5,805</b>	<b>5,802</b>	<b>5,793</b>	<b>5,748</b>	<b>5,745</b>	<b>5,737</b>	<b>5,746</b>	<b>5,751</b>	<b>5,778</b>	<b>-3.6%</b>	<b>215,700</b>
Monthly Employment Change from Previous Month		-0.6%	-0.6%	-0.6%	-0.6%	-0.1%	-0.1%	-0.4%	-0.5%	-0.1%	-0.1%	-0.2%	-0.8%	-0.1%	-0.1%	-0.2%	-0.1%	-0.5%		
		-33.2	-36.6	-36.0	-33.0	4.0	5.7	-20.9	-27.7	8.6	-3.1	-9.4	-44.8	-3.4	-7.6	9.2	4.9	27.2		

### Definition

Employment statistics in this report correspond to TechAmerica Foundation's high-tech NAICS code definition. NAICS is the North American Industrial Classification System. Visit our website for a list of NAICS codes used in TechAmerica Foundation's definition: [www.techamericafoundation.org/naics](http://www.techamericafoundation.org/naics)

### Methodology

Employment data in this report are generated from the U.S. Bureau of Labor Statistics's Current Employment Survey, which surveys 160,000 businesses and government agencies. The data lag by three months and are preliminary and subject to revision. Employment figures are not adjusted for seasonal variances. Data in this report are not comparable to TechAmerica Foundation's *Cyberstates* report. All data are rounded.

### TechAmerica Foundation's Competitiveness Series

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### About TechAmerica Foundation

TechAmerica Foundation educates industry executives, policy makers and opinion leaders on the promise of technological innovation to advance prosperity, security, and the general welfare.

Launched in 1981, the Foundation is a 501(c)(3) non-profit, non-partisan affiliate of TechAmerica, the leading voice and resource for the U.S. technology industry.

TechAmerica Foundation disseminates award-winning industry, policy, and market research covering topics such as U.S. competitiveness in a global economy, innovation in government, and other areas of national interest. The Foundation also organizes conferences and seminars to explore pertinent issues with government and industry representatives and to share the Foundation's findings.

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