TechAmerica Foundation's
Competitiveness Series
Timely research reports on keeping the United States competitive in a global economy
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Tech Industry Adds 115,000 Jobs in 1st Half of 2011

All Four Tech Sectors Show Job Growth, Led by Engineering and Tech Services

Overview

- The U.S. high-tech industry employed 5.89 million people as of June 2011.
- The tech industry added 115,000 jobs from January to June 2011, a 2.0 percent increase, compared to the 21,700 tech jobs added in the same period in 2010.
- From June 2010 through June 2011, tech added 111,900 jobs, a 1.9 percent increase.
- High-tech manufacturing added U.S. jobs – 14,100 from January to June 2011.
- The high-tech services sectors added 100,900 U.S. jobs from January to June 2011, a 2.2 percent increase.
- All three high-tech services sectors added jobs in the first six months of 2011: engineering and tech services (+56,800 jobs); software services (+40,700 jobs): and communications services (+3,400 jobs).

Analysis

A midyear analysis of employment data through June 2011 shows that the U.S. high-tech industry shows signs of slowly coming out of the global economic downturn by adding jobs.

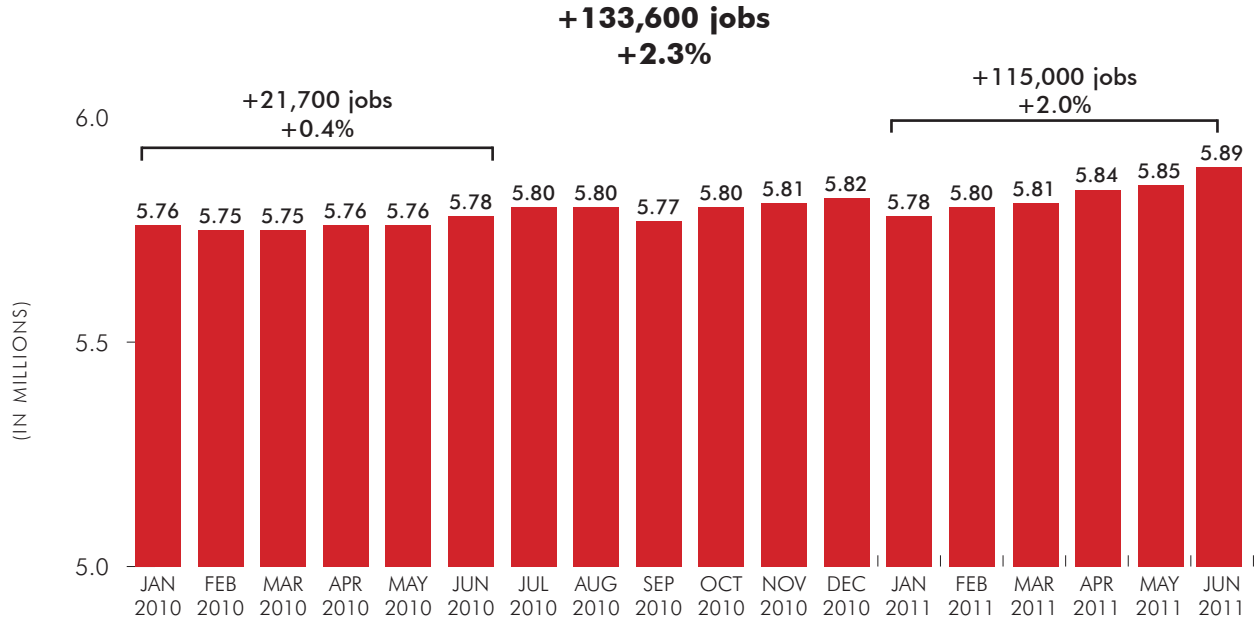
TechAmerica Foundation compiled data from the U.S. Bureau of Labor Statistics (BLS) to indicate that as of June 2011, the U.S. high-tech industry saw net job losses in January followed by net job gains in the next five months.

The industry added 115,000 net jobs between January and June of 2011, a 2.0 percent increase, for an industry total of 5.89 million jobs. During the same period of 2010 the industry added 21,700 net jobs, or 0.4 percent.

On a year-to-year basis, from June 2010 through June 2011, tech added 111,900 jobs, a 1.9 percent increase.

HIGH-TECH EMPLOYMENT TRENDS*

(JANUARY 2010 - JUNE 2011)



*Not adjusted for seasonal variances

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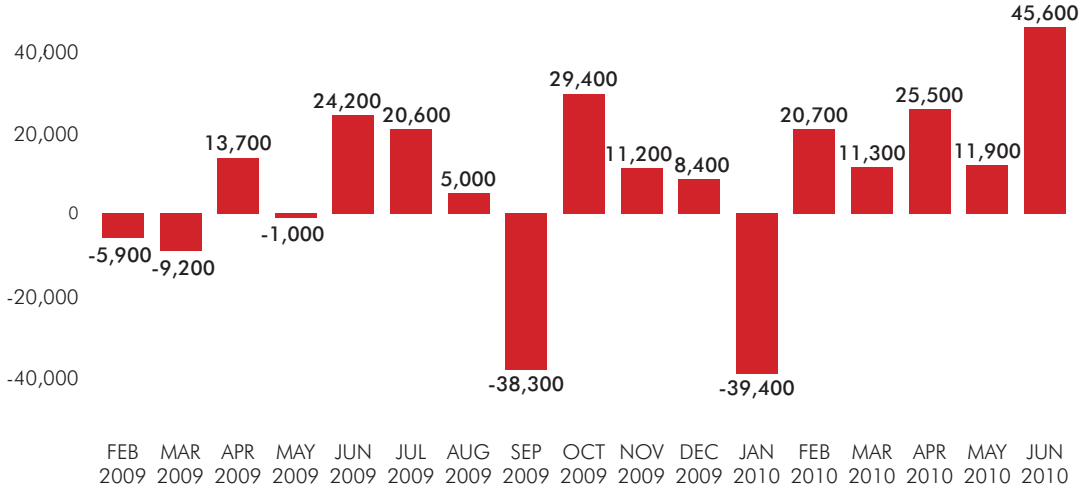
CHANGES IN HIGH-TECH EMPLOYMENT FROM PREVIOUS MONTH*

(JANUARY 2010 - JUNE 2011)



*Not adjusted for seasonal variances

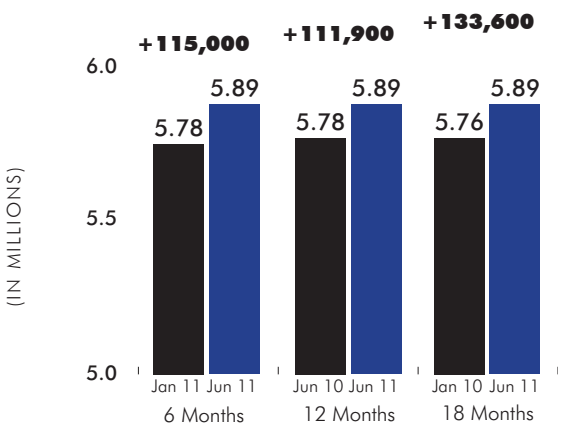
When viewed over the last 18 month time frame, the U.S. high-tech industry added jobs – 133,600, or 2.3 percent. The industry was among the last to feel the effects of the economic downturn of 2008 – 2010, and now shows signs – albeit prliminary – of recovery. Tech employment as of June 2011 stood at 5.89 million, compared to 5.76 million in January 2010.

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*

AT 6, 12, AND 18 MONTHS)



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High-Tech Manufacturing

High-tech manufacturing employment in the United States added jobs in the first six months of the year. Technology manufacturers added 14,100 net jobs in the first half of 2011, for a total of 1.27 million tech manufacturing jobs in June. This represented a 1.1 percent gain.

When looking at employment over the last year, between June 2010 and June 2011, U.S. tech manufacturing added 8,000 net job, an increase of 0.6 percent.

Over the 18 month period between January 2010 and June 2011, the job gain was 10,300, or 0.8 percent.

High-Tech Services

Total high-tech services employment in the United States was was up in the first six months of the year. Tech service providers added 100,900 net jobs in the United States from January to June of 2011, a 2.2 percent rise for a total of 4.62 million jobs.

Over the previous 12 and 18 month periods, technology services employment was also up, 2.3 percent and 2.7 percent, respectively, despite being in the midst of the economic downturn.

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

All three high-tech services sectors added jobs in the first six months of 2011: engineering and tech services (+56,800), software services (+40,700), and communications services (+3,400).

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 economic downturn, 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 applaud investments in advanced energy research and infrastructure projects to build a smart electrical grid to spur the creation of millions of new green tech jobs in the United States. Investments in broadband deployment and health information technology could provide an underlying foundation for our innovation economy.

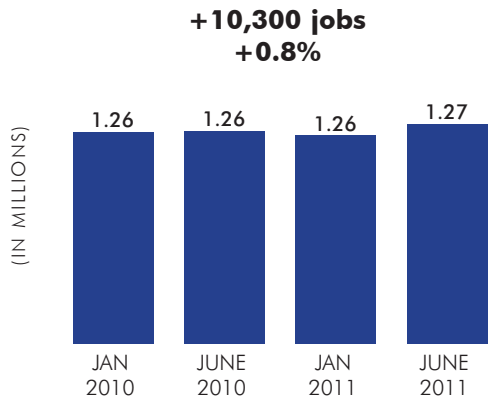
The tech industry encourages efforts to improve the U.S. education system by bringing technology into the classroom and by providing strong foundations in math and science that will enable students to pursue high-paying careers. A skilled workforce is crucial for the tech industry.

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 2010 - JUNE 2011)



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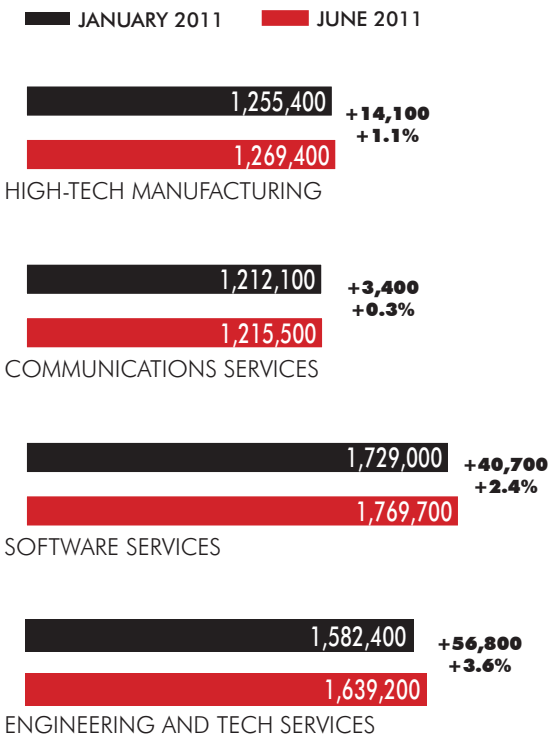
EMPLOYMENT BY HIGH-TECH SECTOR

(JANUARY 2011 - JUNE 2011)



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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 2010 - JUNE 2011

(IN THOUSANDS)

	Jan 2010	Feb 2010	Mar 2010	Apr 2010	May 2010	Jun 2010	Jul 2010	Aug 2010	Sep 2010	Oct 2010	Nov 2010	Dec 2010	Jan 2011	Feb 2011	Mar 2011	Apr 2011	May 2011	Jun 2011	Percent Change Jan 2010-Jun 2011	Numeric Change Jan 2010-Jun 2011
HIGH-TECH MANUFACTURING	1,259	1,256	1,258	1,257	1,258	1,261	1,264	1,263	1,256	1,255	1,257	1,259	1,255	1,256	1,259	1,260	1,261	1,269	+1.1%	+14,100
COMMUNICATIONS SERVICES	1,257	1,252	1,244	1,236	1,232	1,232	1,226	1,225	1,219	1,221	1,226	1,227	1,212	1,215	1,212	1,213	1,213	1,216	+0.3%	+3,400
SOFTWARE SERVICES	1,677	1,680	1,674	1,689	1,687	1,690	1,706	1,713	1,705	1,727	1,733	1,735	1,729	1,736	1,741	1,754	1,759	1,770	+2.4%	+40,700
ENGINEERING AND TECH SERVICES	1,567	1,566	1,569	1,576	1,582	1,599	1,607	1,607	1,589	1,595	1,594	1,597	1,582	1,593	1,599	1,609	1,616	1,639	+3.6%	+56,800
TOTAL HIGH-TECH INDUSTRY	5,760	5,754	5,745	5,759	5,758	5,782	5,802	5,808	5,769	5,799	5,810	5,818	5,779	5,799	5,811	5,836	5,848	5,894	+2.0%	+115,000
Change from Previous Month		-0.1% -5.9	-0.2% -9.2	+0.2% +13.7	-0.0% -1.0	+0.4% +24.2	+0.4% +20.6	+0.1% +5.0	-0.7% -38.3	+0.5% +29.4	+0.2% +11.2	+0.1% +8.4	-0.7% -39.4	+0.4% +20.7	+0.2% +11.3	+0.4% +25.5	+0.2% +11.9	+0.8% +45.6		

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

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.

The TechAmerica Competitiveness Series

TechAmerica Foundation's *Competitiveness Series* covers the most timely and relevant issues to the technology industry and to U.S. competitiveness in a global economy. We combine rigorous data with careful analysis to provide industry leaders and policymakers the information needed to assess the issue.

Previous reports include:

- *Free Trade with Colombia and Panama* – Feb 2011
- *The U.S.-South Korea Free Trade Agreement* – Feb 2011
- *The U.S.-China Economic Relationship* – Nov 2010
- *2010 Midyear Tech Employment Update* – Oct 2010
- *Tax Deferral Is Crucial to the U.S. Tech Industry* – June 2009
- *Green Tech 101: Enhancing Energy Efficiency* – Apr 2009
- *U.S. 4th & 8th Graders Need To Go Back to School* – Aug 2008
- *eHealth 301: Electronic Prescriptions* – July 2008
- *The Information Technology Agreement* – June 2008
- *Telework in the Information Age* – Apr 2008

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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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