



NEWS RELEASE

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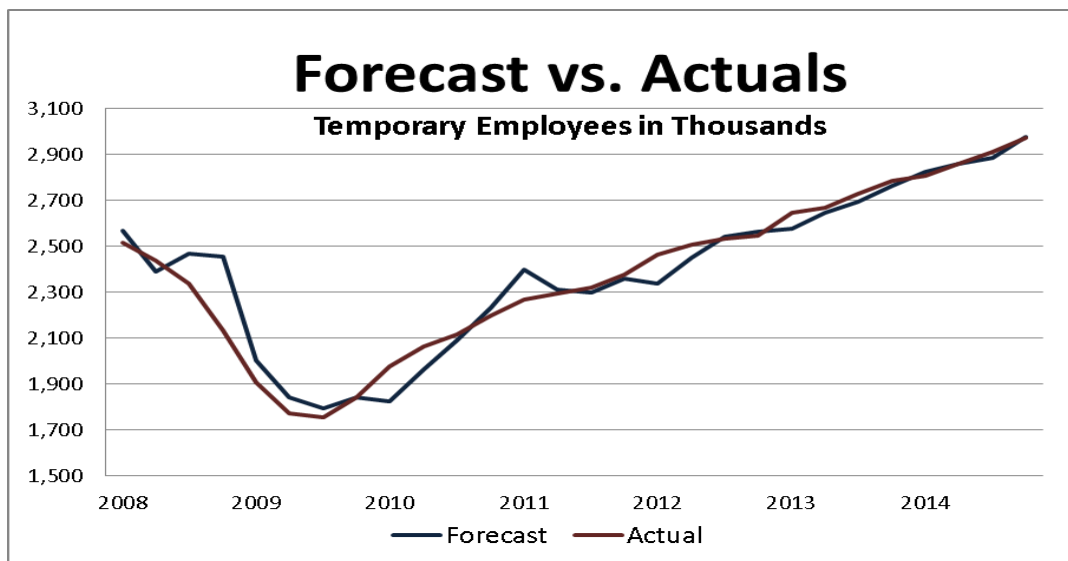
Labor Forecast Predicts 10.5% Increase in Demand for Temporary Workers in 2015 First Quarter

*-- Industry Consulting Firm G. Palmer & Associates' Quarterly Forecast
Assists in Previewing Near-Term Hiring Patterns --*

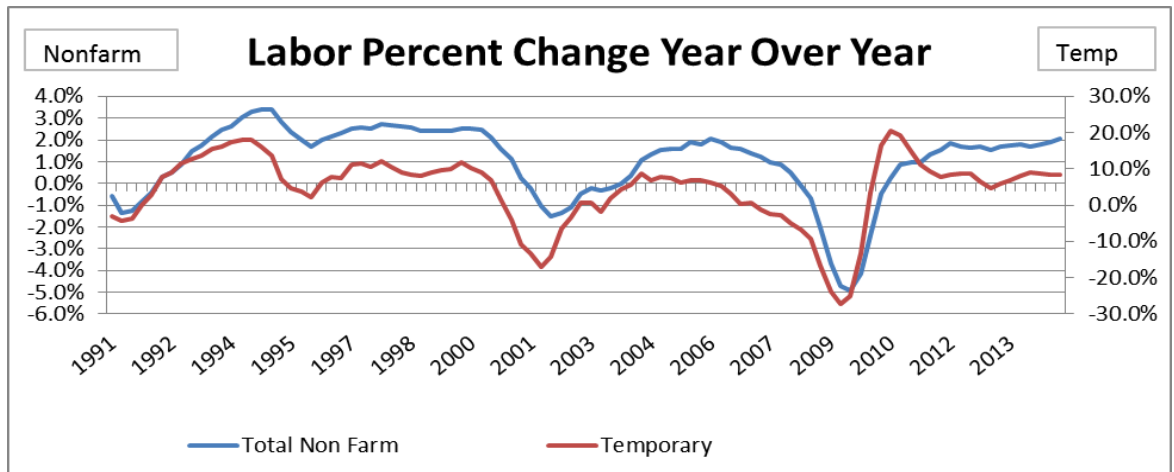
Newport Beach, California, January 20, 2015 — Demand for temporary workers in the United States is expected to increase 10.5% on a seasonally adjusted basis for the 2015 first quarter, when compared with the same period in 2014, according to the Palmer Forecast™, released today.

The Palmer Forecast™ indicated an 8.7% increase in temporary help for the just-ended 2014 fourth quarter. Actual results came in slightly less than anticipated, at an 8.5% increase.

“It is important to remember that temp help created approximately 10.0% of all new jobs reported since the economic recovery began, while representing only about 2.0% of the total labor market,” said Greg Palmer, founder and managing director of G. Palmer & Associates, an Orange County, California-based human capital advisory firm. “Reflected in our view is some continued uncertainty in the future of the economy and the impact on employers regarding implementation of the Affordable Care Act, along with business leaders’ understanding of the advantages and strategic benefits of temp labor, as many companies are still recovering from the Great Recession.



Source: GPalmer & Associates; Bureau of Labor Statistics



Source: Bureau of Labor Statistics

“Our forecast for the 2015 first quarter follows recent trends, demonstrating growth and indicating another increase in demand for temporary workers, marking the 20th consecutive quarter of year-over-year increases,” Palmer said. “The data also shows that with the advent of lower unemployment rates, labor is tightening, wages in certain categories are increasing, and temp help as a percentage of new job growth is beginning to taper off. This points to the likelihood of increases in pricing, margins, direct hire and conversion fees in the staffing industry.”

Temp help employment added 14,700 new jobs in December and averaged 18,100 per month in 2014. In 2013, the BLS reported an average of 16,900 temp jobs created per month and slightly more than 203,000 in total. Current trends point to high single-digit temp help growth for the first half of 2015, with year-over-year growth rates beginning to modestly decline. There were 174,000 temp jobs added in 2012 and 167,000 additional temp jobs added in 2011 over 2010, following an increase of 339,000 temp jobs in 2010 over 2009.

The Labor Department reported that a net of 252,000 seasonally adjusted non-farm jobs were added in December 2014, which was ahead of expectations. Of the jobs created, 173,000 were **service-related**, and 67,000 jobs were in the **goods-producing sectors**.

- **Government employment** added a total of 12,000 positions, of which 11,000 jobs were added in state and local government.
- **Health care** added 34,000 jobs, with 16,000 in ambulatory health care services, 11,000 in nursing and residential care facilities and 7,000 in hospitals. Employment growth in health care averaged 26,000 per month in 2014 and 17,000 per month in 2013.
- **Construction** added 48,000 jobs, well above the employment gains in recent months. Specialty trade contractors added 26,000 jobs), with the gain about equally split between residential and nonresidential contractors. Employment also increased in heavy and civil engineering construction by 12,000 and in nonresidential building by 10,000.
- **Manufacturing** employment increased by 17,000, with durable goods increasing 13,000 accounting for most of the gain. Manufacturing added an average of 16,000 jobs per month in 2014, compared with an average gain of 7,000 jobs per month in 2013.

“While these trends show improvement, it must be kept in perspective that between 2008 and 2009, 8.7 million jobs were shed from the economy, and roughly 11 to 12 million people are still either under-employed, have dropped out of the labor force totally, or are still looking for work today. These latest statistics all point to an improving labor market, but with an uneven distribution as it relates to new job growth,” Palmer said. “The persistently high unemployment rates in certain sectors, along with education levels and geographies, continue to have far-reaching effects across a broad spectrum of workers. Those at the lower end of the job market in

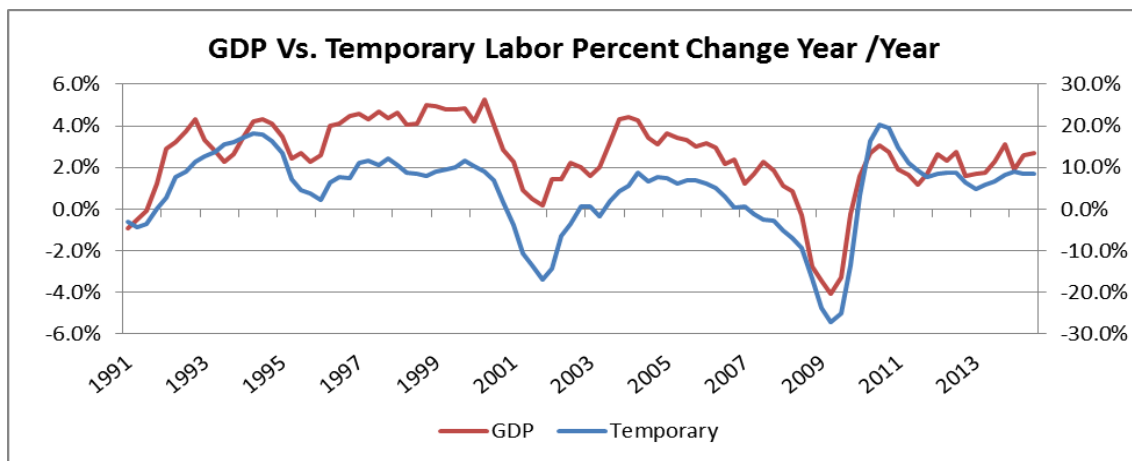
terms of skills and education are experiencing the greatest challenges. Unemployment rates have trended down, but discouraged workers opting out of the ranks of seeking jobs continue to be one of the leading reasons for improvement.”

This is evidenced by near all-time lows in the labor participation rate in December 2014, at 62.7%. The commonly referred to unemployment rate, U3, ticked down to 5.6% in December 2014 from 5.8% in November 2014. As reported by the BLS, for the same period, the rate of unemployment for workers with college degrees remain unchanged at 2.9%. The unemployment rate for workers with less than a high school degree also was flat at 8.6%. The U6 unemployment rate, which tracks those who are unemployed, as well as those who are underemployed and are working part-time for economic reasons, ticked down slightly to 11.2%. The U6 rate is considered the rate that most broadly depicts those most affected by the downturn and measures the rate of discouraged workers.

The next few quarters...

“We still expect unemployment rates, specifically U6, to remain stubbornly high for the foreseeable future,” Palmer said. “One of the key aspects of the high rates continues to be the much talked about skills gap found in available workers, namely, the lack of required skills or education needed for today’s increasing technical and skills-based positions. As of December 2014, more than four million jobs remained open. The key skill areas most severely impacted are those in Health Care, Information Technology, Skilled Trades and those positions that require high degrees of math and science.

“One of the most revealing indicators to watch during this uneven recovery relative to Temp Help growth is the Temp Help penetration rate, which is significant because it measures Temp Help as a percentage of total employment. In December, the penetration rate remained at an all-time high of 2.10% of the total labor market from a low of 1.34% in June 2009,” Palmer added.



Source: Bureau of Labor Statistics

The Palmer Forecast™ is based, in part, on BLS and other key indicators. The model was initially developed by the A. Gary Anderson Center for Economic Research at Chapman University and serves as an indicator of economic activity. Companies that employ temporary staff use the forecast as a guide to navigate through fluctuating economic conditions in managing their workforce to meet business demands.

About G. Palmer & Associates

G. Palmer & Associates, founded in 2006, provides advisory services in the human capital sector. Founder Greg Palmer has served on the board of the American Staffing Association and was president and chief executive officer of RemedyTemp, Inc., one of the nation’s largest temporary staffing companies, prior to its sale in June 2006. For more information, visit www.GPalmerandAssociates.com.