



NEWS RELEASE

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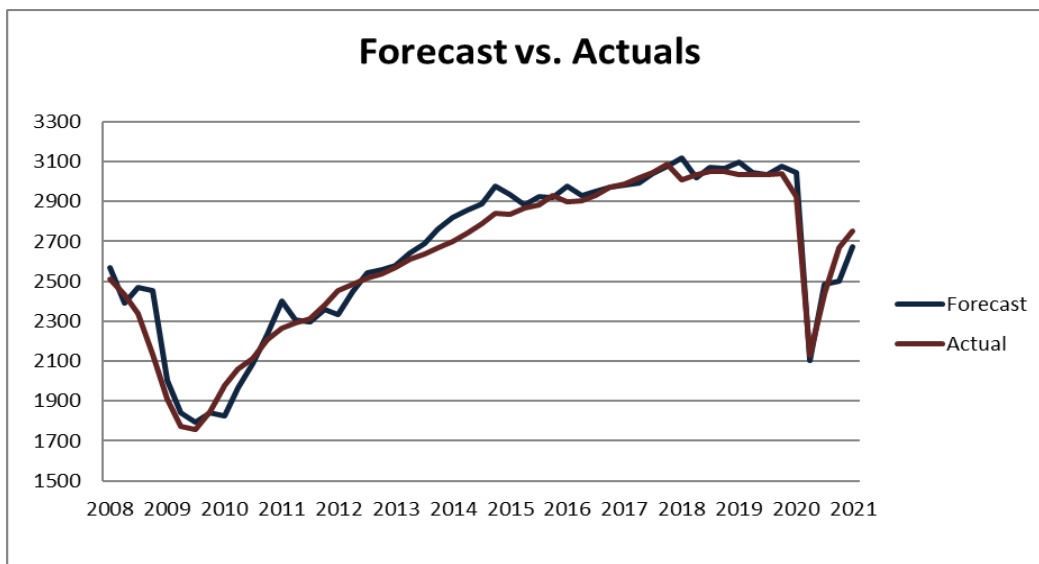
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**Labor Forecast Predicts 45% Increase in Demand for Temporary Workers  
for 2021 Second Quarter and Further Signs of Recovery Ahead**

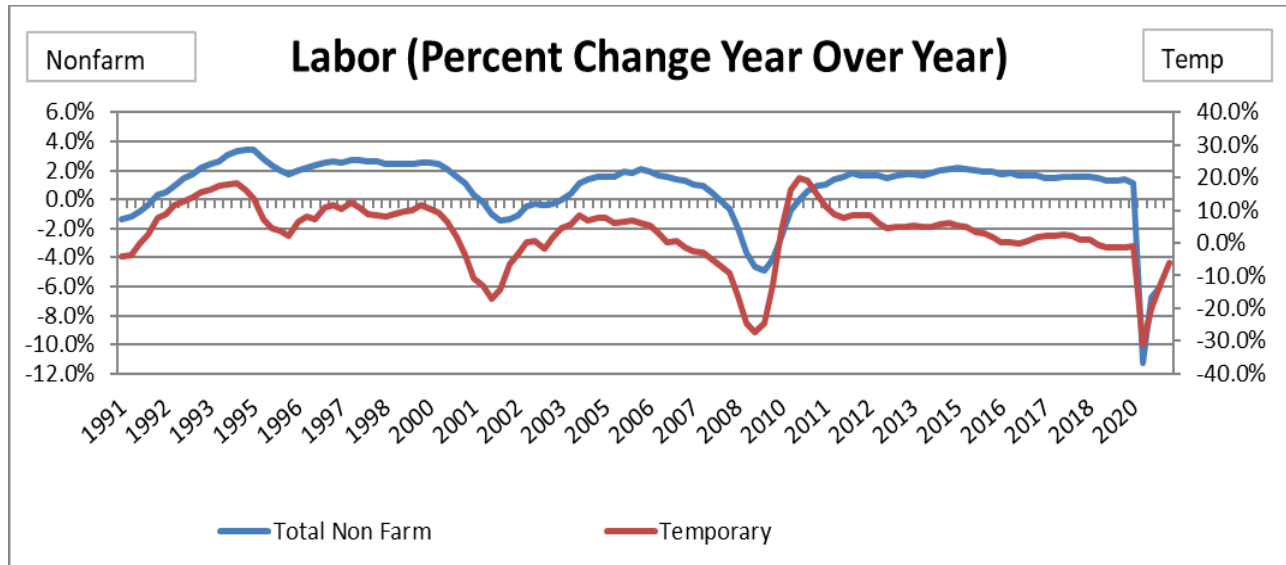
*-- Industry Consulting Firm G. Palmer & Associates' Quarterly Forecast  
Assists in Previewing Near-Term Hiring Patterns --*

Newport Beach, California, April 13, 2021, — Demand for temporary workers in the United States is expected to increase 45.0% on a seasonally adjusted basis for the 2021 second quarter, when compared with the same period in 2020, according to the Palmer Forecast™, released today. The significant increase in demand principally reflects economic recovery from the pandemic-related business lockdowns a year ago.

The Palmer Forecast™ indicated an 8.6% decrease in temporary help for the 2021 first quarter. Actual results as reported by the Bureau of Labor Statistics (BLS) came in better than anticipated, with a decline of just 6.0%, largely reflecting lower unemployment rates and faster jobs growth, led by hospitality and leisure, but also supported across the board in business services, education, healthcare, warehousing, retail, construction and manufacturing sectors. Although temp help declined by 800 jobs in March vs. February, and was down 4.3% from a year ago, it is rapidly improving as compared with a decline of 7.8% in February versus the previous year.



Source: G. Palmer & Associates; Bureau of Labor Statistics (BLS)



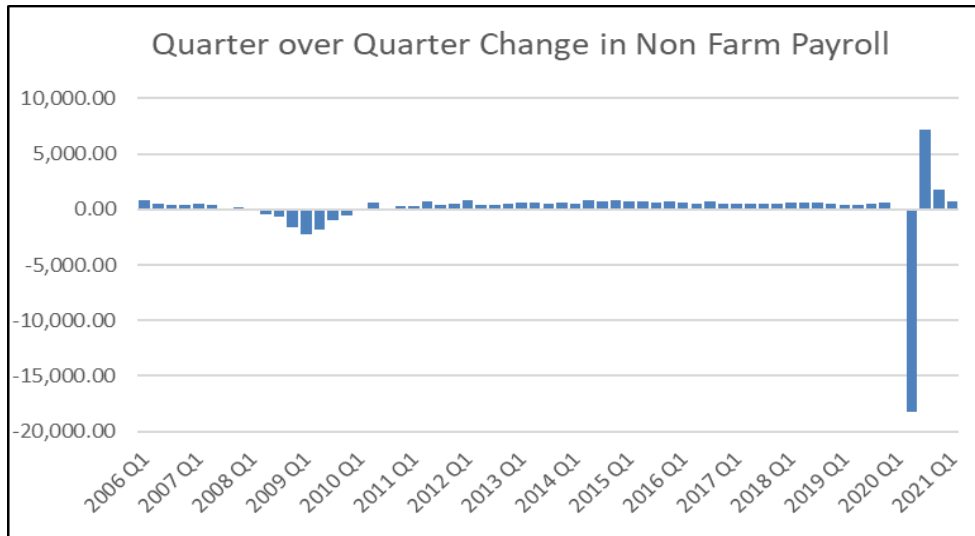
Source: Bureau of Labor Statistics (BLS)

There has been a strong rebound in the 2021 first quarter, with 149,000 temp help jobs added, or 49,700 on average per month. According to the BLS, 332,000 temp jobs were lost in 2020, the second straight year of declines, or an average job loss of 27,750 per month. The BLS also reported that 42,000 temp help jobs were lost in 2019, an average of 3,500 fewer jobs per month. In 2018, more than 99,000 temp help jobs were added versus 2017, an average of 8,200 per month. Additionally, 96,000 temp jobs were added in 2017 over 2016, an average of 8,000 per month, compared with 32,000 temp jobs added in 2016, or an average of 2,600 per month. In 2015, approximately 97,000 temporary jobs were added, compared with 162,000 new temp jobs in 2014.

The Labor Department reported nonfarm payroll employment increased by 916,000 jobs in March 2021, significantly better than consensus estimate increase of 618,000 jobs. For the first quarter 2021, non-farm jobs average increased to 539,000, but remained 4.46 % below a year ago. For 2020, nonfarm employment was down 6.17%, or 9,372,000 jobs, compared with 2019. To put this in perspective, there were 176,000 jobs added on average per month in 2019 and 2.1 million total jobs added for the year, which was less than the 220,000 added per month in 2018, and 2.6 million for that year. For 2017, a total of 2.1 million new jobs were created, versus 2.2 million new jobs in 2016.

The key categories of jobs created are as follows:

- **Total Non-farm jobs: +916,000**
- **Hospitality and leisure: +280,000**
- **Government sector: +136,000**
- **Retail: +121,000**
- **Construction: +110,000**
- **Education and Health Services: +101,000**
- **Professional and business services: +66,000**
- **Manufacturing: +53,000**
- **Temp Help: -800**

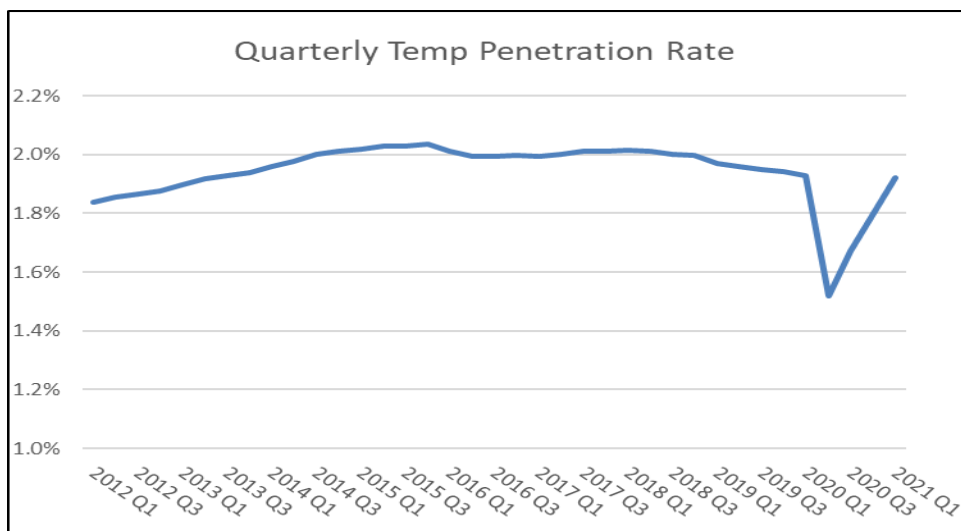


Source: Bureau of Labor Statistics (BLS)

In March 2021, the labor participation rate increased slightly to 61.4% from 61.2 % in February. The U3, commonly referred to as the unemployment rate, also improved slightly to 6.0% in March from 6.2% in February.

As reported by the BLS, the rate of unemployment for workers with college degrees ticked down 10 bps in March versus February, to 3.7%, and the unemployment rate for workers with less than a high school education decreased 190 bps to 8.2%. 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, was down 40 bps to 10.7% in March versus February. The U6 rate is considered the rate that most broadly depicts those most affected by the last economic downturn and measures the rate of discouraged workers.

“We have to keep prior year comparisons in mind, when the rapid decline in jobs occurred, so as welcomed as the increase is, it needs to be kept in perspective,” said Greg Palmer, founder and managing director of G. Palmer & Associates, an Orange County, California-based human capital advisory firm that specializes in workforce solutions. “One of the most revealing indicators to watch is the temp help penetration rate, because it measures temp help as a percentage of total employment. In March 2021, the temp penetration rate decreased 10 bps from February, to 1.92% of the total labor market, versus 1.57% pre-pandemic. The penetration rate cycle peak at 2.05% in December 2019 and a low of 1.3% in June 2009.



Source: Bureau of Labor Statistics (BLS)

“The temp help employment market improved substantially in March, and the trend most likely will continue as businesses reopen further,” Palmer added. “The uncertainty of both the third round of stimulus checks and unemployment benefits, as well as additional bail-out for businesses impacted by COVID-19 make the flexibility to hire temp help more attractive during uncertain times. The largest issue is the number of workers willing to work versus collect unemployment benefits. Staffing companies are reporting extreme difficulty in filling the many current open jobs they have. The American Staffing Association Staffing Index is also rebounding from an index low of 59.9 on May 10, 2020 to a strong close of 94 on March 27, 2021, an 11.3% increase year over year (average the last four previous weeks). This all adds up to further signs of recovery in temp help as we move further into 2021.”

#### **About the Palmer Forecast™**

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](http://www.GPalmerandAssociates.com).

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