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# Intuit Small Business Employment Index Marks Slow Growth in May

Small Business Growth Rate Holds at 0.2 Percent;
Hours Worked and Compensation Decline

MOUNTAIN VIEW, Calif.--(BUSINESS WIRE)-- Small business jobs rose slightly in May as employers added 45,000 jobs to their payrolls. Hours worked and compensation dipped slightly, showing declines of 0.13 percent and 0.14 percent respectively.

These are among the results of this month's update of the Intuit Inc. (Nasdaq:INTU) Small Business Employment Index, covering the period between April 24 and May 23. The monthly report found that small business employment grew by 0.2 percent in May, equating to an annual growth rate of nearly 2.6 percent. The Index is based on figures from small businesses with fewer than 20 employees that use Intuit Online Payroll.

"The rate of small business job growth is the same as April's," said Susan Woodward, the economist who worked with Intuit to create the Index. "But because compensation and hours dropped slightly, we can say the market for small business employment is a bit softer than last month. However, in light of recent tumult in Japan, Greece, and right here at home, it's a comfort that small business employment continues to improve at all."

Based on this latest data, the employment growth rate for April was revised slightly down to 0.2 percent, equating to 45,000 jobs added for the month. Since the hiring trend began in October 2009, small businesses have created 685,000 jobs.

Hours Worked, Compensation Dip

Small business hourly employees worked an average of 107.9 hours in May, making for a 24.9-hour workweek. This is a 0.13 percent decrease from the revised April figure of 108.1 hours.

"As small business employers react to economic pressures driven by such factors as rising gas prices and natural disasters, we see the job market soften," Woodward said. "Employers cut back on employee hours when they have less work for people to do."

Average monthly pay for all small business employees was $2,624 per month in May. This is a 0.14 percent decline compared to the April revised estimate of $2,628 per month. The equivalent annual wages would be about $31,500 per year, which is part-time work for many small business employees. Roughly 65 percent of small business employees are hourly, and only 27 percent of them worked more than 140 hours for the month in April.

"With small businesses assigning fewer hours to employees, average monthly pay declines too," said Woodward. "Again, we see small businesses absorbing the shock of major events like natural disasters."

Small Business Employment by Geography

The Intuit Index also breaks down employment by census divisions and states across the country.

"Job growth, although slow, continued in small businesses across most of the country in May," said Nora Denzel, senior vice president and general manager of Intuit's Employee Management Solutions division. "But the East South Central division, where severe flooding along the Mississippi River affected thousands of homes and businesses, showed job losses in May."

| U.S. Census Division | Percent Change in Employment |
|---|---|
| East North Central | 0.2% |
| West North Central | 0.4% |
| Middle Atlantic | 0.1% |
| Mountain | 0.9% |
| New England | 0.2% |
| Pacific | 0.1% |
| South Atlantic | 0.2% |
| East South Central | -0.1% |
| West South Central | 0.2% |

Small Business Employment by U.S. Census Division continues to grow in most parts of the country except the East South Central division. The data reflects employment from approximately 64,000 small business employers who use Intuit Online Payroll. The month-to-month changes are seasonally-adjusted and informative about the overall economy.

| State | Percent Change in Employment |
|---|---|
| Arizona | 0.6% |
| California | 0.1% |
| Florida | 0.4% |
| Georgia | 0.3% |
| Illinois | 0.3% |
| Maryland | -0.1% |
| Massachusetts | 0.2% |
| New Jersey | 0.2% |

| | |
|---|---|
| New York | 0.1% |
| North Carolina | 0.3% |
| Texas | 0.1% |
| Virginia | 0.2% |
| Washington | 0.0% |

Small Business Employment by State is up for all states in which Intuit Online Payroll has more than 1,000 small business firms represented. The month-to-month changes are seasonally adjusted and informative about the overall economy.

About the Index

The Intuit Small Business Employment Index is based on aggregate and anonymous online employment data from approximately 64,000 small business employers, each with fewer than 20 employees. These small businesses use Intuit Online Payroll from Intuit, the No. 1 payroll provider with more than 1 million customers. These smallest employers are important to the economy as they comprise 87 percent of the total U.S. private employer base and employ nearly 20 million people. More information is available at: www.intuitinc.com/payrollindex.

Intuit reports data for three categories: small business employment, compensation and hours worked. Intuit analyzes and publishes the data at the beginning of each month. The Index also includes employment data broken down by geography. As with the government data, there may be revisions to the Intuit Index numbers. These revisions are partly due to calculations using the latest month of new Intuit data. These calculations include recomputing seasonal factors and the moving average process used to obtain the curve, which can change the values for previously reported months. Changes to the data are also due to revisions to the government employment data, which is used to calculate the Intuit Index.

While the Intuit Small Business Employment Index offers macroeconomic insight about the economy generally, it does not indicate or represent changes in Intuit's business results for any period.

The Index data reflects monthly employment activity in small businesses, and is adjusted to account for changes in Intuit's Online Payroll customer base. The percent change is measured monthly using the change in employment for existing Intuit Online Payroll customers from one month to the next. The set of customers changes each month so the measurement is the change, for each pair of months, for customers who are present in both the earlier and the later month.

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Founded in 1983, Intuit had annual revenue of $3.5 billion in its fiscal year 2010. The company has approximately 7,700 employees with major offices in the United States, Canada, the United Kingdom, India and other locations. More information can be found at www.intuit.com.

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