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Small Business Employment Continues Slow Growth

Construction to Play a Central Role in Recovery

MOUNTAIN VIEW, Calif.--(BUSINESS WIRE)-- U.S. small business employment increased slightly in February, with employees earning more money and working more hours. Small business revenues continue to drop, with the retail industry seeing the largest decline.

Those are among the findings of the monthly Intuit Inc. (Nasdaq: INTU) Small Business Employment and Revenue Indexes. The report found that:

- Employment increased by 0.07 percent in February, adding 15,000 new jobs at an annualized growth rate of 0.8 percent.
- Average monthly compensation grew by 0.4 percent in February on a seasonally adjusted basis, or $12, compared to the $6 decrease reported in January.
- Average monthly hours worked increased by 0.17 percent, or 12 minutes, compared to the decrease of almost one hour reported in January.

The employment index is based on data from Intuit Online Payroll and QuickBooks Online Payroll, covering the period from Jan. 24 through Feb. 23.

“Small business employment has risen by 75,000 jobs from this same time last year,” said Susan Woodward, the economist who worked with Intuit to create the indexes. “However, if small business employment were growing at its usual proportionate rate of 15 percent of national employment, that number would be 300,000 –a 400 percent difference.

“The housing bust that was at the center of the economic collapse hurt small business much more than it did big business. In non-recession times, construction industry jobs make up about five percent of all employment, but it comprises nearly 20 percent of jobs in the small business and self-employed segment. Single-family home construction, which was at 2 million houses per year in 2006, is now below 900,000 per year. Until construction truly recovers, we will not see robust recovery in small business employment.”

Increase in Hours Worked, Compensation

Small business hourly employees worked an average of 109.4 hours in February, up slightly from the revised figure of 109.2 hours in January, making for a 25.3-hour workweek.

Average monthly pay for small business employees increased to $2,745 in January, up 0.4 percent from the January revised figure of $2,733 per month. The equivalent annual wages would be about $32,900 per year, which is part-time work for almost half of small business employees.

Small Business Employment by Geography

A state-by-state breakdown of employment growth showed mixed results in February. Among the 34 states tracked by Intuit's Small Business Employment Index, employment increased in 13, remained flat in three and declined in 18. Continuing a trend seen in January's findings, Utah and Nevada saw the largest increases. Alabama, Indiana and Kentucky showed the greatest declines.

State	Change in Employment (%)
Alabama	-0.13
Arizona	0.06
Arkansas	-0.05
California	-0.07
Colorado	0.09
Connecticut	-0.05
Florida	0
Georgia	0.03
Illinois	-0.03
Indiana	-0.13
Iowa	-0.07
Kansas	-0.02
Kentucky	-0.13
Louisiana	0.04
Maryland	0
Massachusetts	-0.05
Michigan	-0.09
Minnesota	-0.05
Missouri	0.04
Nevada	0.18
New Jersey	0.04
New York	-0.03
North Carolina	0.1
Ohio	-0.06
Oklahoma	0
Oregon	-0.02
Pennsylvania	-0.07
South Carolina	0.08
Tennessee	0.04
Texas	0.02
Utah	0.17
Virginia	-0.06
Washington	0.02

Wisconsin	-0.09

Small Business Employment results were mixed for the states in which Intuit Online Payroll and QuickBooks Online Payroll has more than 1,000 small business firms. The month-to-month changes are seasonally adjusted and informative about the overall economy.

January Small Business Revenue Decline

The January Small Business Revenue Index showed a 0.6 percent overall revenue decline on a per business basis.

“Small business revenues recovered through early 2012, but have since begun to decline, with the health care and the accommodation and food services industries being the first to go,” said Woodward. “The sectors with the smallest declines – almost a recovery by comparison – are construction and real estate services, down less than 1 percent each. This is encouraging for small business employment, for which construction plays a central role.”

The small business retail industry saw the greatest revenue decline, at 1.3 percent in January and has seen a 5.3 percent decline since its peak in February 2012. Health care revenues declined 0.5 percent in January, and 3.7 percent since its peak in March 2012. The accommodation and food services sector was down 0.3 percent in January, a 2.2 percent decrease since its peak in March 2012. This index is based on data from QuickBooks Online.

Sector	January Change in Revenue (%)
All	**-0.6**
Retail trade	-1.3
Professional, scientific, and technical services	-0.9
Health care and social assistance	-0.5
Real estate and rental and leasing	-0.5
Accommodation, food services, and drinking places	-0.3
Construction	-0.2
Other sectors	-0.12

About The Intuit Small Business Indexes

The Intuit Small Business Indexes provide unique, near real-time information each month on the activity of the smallest businesses in the U.S. in terms of revenue, hiring and compensation trends. The Employment Index is based on anonymized, non-identifiable aggregated data from 170,000 small business employers, a subset of users that use Intuit Online Payroll and QuickBooks Online Payroll. The Revenue Index is based on anonymized, non-identifiable aggregated data from approximately 100,000 small businesses, a subset of users that use Intuit’s QuickBooks Online financial management offering and are matched in Dun & Bradstreet’s small business industry classifications. Together, the indexes provide a more complete picture of the economic health of the nation’s small businesses. More

information on the Intuit Small Business Indexes is available at index.intuit.com.

About Intuit Inc.

Intuit Inc. is a leading provider of business and financial management solutions for small and mid-sized businesses; financial institutions, including banks and credit unions; consumers and accounting professionals. Its flagship products and services, including QuickBooks®, Quicken® and TurboTax®, simplify small business management and payroll processing, personal finance, and tax preparation and filing. ProSeries® and Lacerte® are Intuit's leading tax preparation offerings for professional accountants. Intuit Financial Services helps banks and credit unions grow by providing on-demand solutions and services that make it easier for consumers and businesses to manage their money.

Founded in 1983, Intuit had annual revenue of $4.15 billion in its fiscal year 2012. The company has approximately 8,500 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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