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Work Picked Up in July per the Intuit Small Business Employment Index

Modest yet Steady Employment Growth Bolstered by Strong Uptick in Hours Worked, Compensation

MOUNTAIN VIEW, Calif.--(BUSINESS WIRE)-- Small businesses were busy in July. They grew employment by hiring 50,000 people and significantly increased both hours worked and compensation.

These are among the results of this month's update of the [Intuit Inc.](#) (Nasdaq: INTU) [Small Business Employment Index](#), covering the period between June 24 and July 23. The monthly report found that small business employment grew by 0.2 percent in July, equating to an annual growth rate of 2.9 percent.

This modest yet steady growth is strengthened by a solid increase in hours worked, which grew by 0.7 percent for the month or an 8.6 percent annual rate. Compensation also increased by 0.6 percent for the month, or a 7.6 percent annual rate.

Since the hiring trend began in October 2009, small businesses have created 715,000 jobs. The Index is based on figures from small businesses with fewer than 20 employees that use Intuit [Online Payroll](#).

Based on these latest numbers, Intuit revised upward the previously reported growth rate for June to 0.3 percent from 0.2 percent, equating to 50,000 jobs added for the month.

"July's small business data cheers me up," said [Susan Woodward](#), the economist who worked with Intuit to create the Index. "In addition to a steady hiring trend, there is now a solid increase in hours worked and compensation. This means that small business owners are busy, giving their existing employees more work and paying them slightly more."

At the same time, we see that the hiring rate is up and so is the fraction of hourly people working more than 140 hours per month. When we see the hiring rate go up with roughly the same growth in employment as in previous months, we can infer that people are leaving jobs in small business. This means that small businesses have to find new employees, which is a good sign for activity in the economy overall. The recovery is still slow, but these numbers, when viewed together, show that things are getting better, not worse."

Strong Uptick in Hours Worked, Compensation

Small business hourly employees worked an average of 110.2 hours in July, making for a 25.4-hour workweek. This is a 0.7 percent increase from the revised June figure of 109.5 hours.

"This increase in hours worked is very good news and shows that small businesses have

work to do,” Woodward said.

Average monthly pay for all small business employees was \$2,682 per month in July. This is a 0.6 percent increase compared to the June revised estimate of \$2,666 per month. The equivalent annual wages would be about \$32,200 per year, which is part-time work for many small business employees. Roughly 65 percent of small business employees are hourly, and 30.3 percent of them worked more than 140 hours for the month in July, up from 30.1 percent in June.

“Compensation per employee is up,” said Woodward. “Through many months of this tepid recovery we saw essentially no movement in either total compensation per employee or the hourly wage. This movement coupled with the rise in employment and the hiring rate means that there is finally competition for workers.”

Small Business Employment by Geography

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

“For the most part, small business job growth continues across most of the country,” said Ginny Lee, senior vice president and general manager of Intuit’s Employee Management Solutions division. “While Maryland and the East South Central division continue to show a slight decline in employment, these changes are within the range of random variation and not particularly worrisome. In our data, we also see that hours worked are up across all divisions, another sign that times are getting better for many small businesses nationwide.”

U.S. Census Division	Percent Change in Employment
East North Central	0.3%
West North Central	0.4%
Middle Atlantic	0.3%
Mountain	0.2%
New England	0.3%
Pacific	0.3%
South Atlantic	0.3%
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 68,000 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	0.2%
California	0.3%
Florida	0.4%

Georgia	0.5%
Illinois	0.2%
Maryland	-0.2%
Massachusetts	0.2%
New Jersey	0.4%
New York	0.1%
North Carolina	0.4%
Pennsylvania	0.5%
Texas	0.2%
Virginia	0.4%
Washington	0.6%

Small Business Employment by State is up for most 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 68,000 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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Intuit Inc.

Sharna Brockett, 650-944-3856

sharna_brockett@intuit.com

or

Access Communications

Anna Pignataro, 415-844-6216

apignataro@accesspr.com

Source: Intuit Inc.