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Intuit Small Business Employment Index Shows Healthiest Growth Rate in Two Years

Encouraging Increase in Compensation, Hours Worked; New York Employment Growth Trending Up

MOUNTAIN VIEW, Calif.--(BUSINESS WIRE)-- Small businesses employment increased by 0.3 percent in March, the highest single-month growth rate in more than two years. This growth was accompanied by encouraging increases in monthly compensation and in the number of hours worked.

These are among the results for the Intuit Inc. (Nasdaq:INTU) Small Business Employment Index for March, covering the period between Feb. 24 and March 23. Based on the March increase, the latest report estimates that small business employment grew at an annual growth rate of 3.8 percent. Average monthly hours worked increased by 0.5 percent, or 36 minutes. Average monthly compensation increased by 0.7 percent, or $18 per worker.

The employment growth for March equates to approximately 65,000 new jobs in March, though Intuit plans to recalibrate its Employment Index in the coming months and expects these numbers to be lower. This is a common statistical practice and the recalibration will be based on new data provided by the Bureau of Labor Statistics, which are used as inputs into the Index.

The Index is based on figures from small businesses with fewer than 20 employees that use Intuit Online Payroll. More information on the Index is available atindex.intuit.com.

“This is the strongest small business employment report we have had in a long time,” said Susan Woodward, the economist who worked with Intuit to create the Index. “Yet at the same time, the hiring rate has remained flat at just above five percent since May 2009. This indicates that small firm employees are staying with their current employers, rather than leaving for bigger firms. In normal times, the turnover at small firms, which typically pay less than their larger counterparts, is high. Currently, the turnover rate is still low compared to normal.

“However, we are not out of the woods yet. While the various indicators of this market are the strongest we’ve seen in a while, the rate of increase will not get us back to full employment anytime soon.”

Based on February’s numbers and revised national employment data from the Bureau of Labor Statistics, Intuit revised upward the previously reported February growth rate to 0.4 percent. This equates to 75,000 jobs added in February, up from a previously reported 55,000 jobs, though these numbers are expected to be lower once the Index is recalibrated.

Strong Increase in Hours Worked, Compensation

Small business hourly employees worked an average of 111.9 hours in March, an increase of 0.5 percent from the revised figure of 111.3 hours in February, making for a 25.8-hour workweek. Average monthly pay for all small business employees increased to $2,785 in March, an increase of 0.7 percent from the February revised figure of $2,767 per month. The equivalent annual wages would be about $33,400 per year, which is part-time work for many small business employees.

Small Business Employment by Geography

The Intuit Index shows overall employment growth in all census divisions for March, while a state breakdown shows slight decreases in three states.

“The decreases in the employment growth rates for Oregon, Pennsylvania and Illinois are so statistically close to zero they are not cause for concern,” said Woodward. “By contrast, things are beginning to look encouraging for New York, which is showing a positive change in small business employment growth after several months of decreases. The state may be doing better because a meltdown in Europe now looks less likely.”

U.S. Census Division	Percent Change in Employment
East North Central	0.10%
West North Central	0.15%
Middle Atlantic	0.2%
Mountain	0.6%
New England	0.3%
Pacific	0.4%
South Atlantic	0.3%
East South Central	0.5%
West South Central	0.5%

Small Business Employment by U.S. Census Division continues to grow in all parts of the country. The data reflects employment from over 77,000 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	1.2%
California	0.5%
Florida	0.5%
Georgia	0.4%
Illinois	-0.08%

Maryland	0.05%
Massachusetts	0.5%
New Jersey	0.3%
New York	0.3%
North Carolina	0.5%
Oregon	-0.2%
Pennsylvania	-0.2%
Texas	0.5%
Virginia	0.9%
Washington	0.7%

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 more than 77,000 small business employers, each with fewer than 20 employees. These small business employers use Intuit Online Payroll and represent a subset of the total Intuit Online Payroll user base. 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: index.intuit.com.

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 re-computing 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 also arise from revisions to the government employment data that are used as inputs to 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.

Quick Links

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About Intuit Payroll

Intuit is the No. 1 payroll provider with more than 1 million customers. The company provides a range of fast, easy and accurate payroll solutions to meet a variety of small business needs. These include do-it-yourself payroll solutions such as Intuit Online Payroll as well as do-it-for-me solutions such as Intuit Full Service Payroll. Intuit also offers easy-to-understand and affordable small business employee benefits and insurance including employee healthcare, 401(k) retirement plans and worker's compensation insurance.

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 $3.9 billion in its fiscal year 2011. The company has approximately 8,000 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
Vanessa Piccinini, 415-844-6296
vpiccinini@accesspr.com

Source: Intuit Inc.