

Tech Industry Adds 78,300 Jobs from January to July 2008

Tech Industry Adding Jobs, but Pace Is Slowing Amidst Economic Downturn

Overview

- ❖ THE U.S. HIGH-TECH INDUSTRY EMPLOYED 5.9 MILLION PEOPLE AS OF JULY 2008, THE HIGHEST LEVEL SINCE 2002.
- ❖ THE TECH INDUSTRY ADDED 78,300 JOBS FROM JANUARY TO JULY 2008, LAGGING BEHIND PACE OF THE 111,400 JOBS ADDED IN THE SAME PERIOD IN 2007.
- ❖ JANUARY TO JULY 2008 TECH JOB GROWTH ALSO LAGGED THAT OF THE U.S. PRIVATE SECTOR — 1.3 PERCENT COMPARED TO 2.0 PERCENT.
- ❖ HIGH-TECH MANUFACTURING IS SHEDDING JOBS FOR THE SECOND CONSECUTIVE YEAR — 2,500 FROM JANUARY TO JULY 2008.
- ❖ THE HIGH-TECH SERVICES SECTORS ADDED 80,800 U.S. JOBS FROM JANUARY TO JULY 2008, A RISE OF 1.8 PERCENT.
- ❖ WITHIN THE HIGH-TECH SERVICES SECTORS, EMPLOYMENT GROWTH WAS LED BY ENGINEERING AND TECH SERVICES (+50,000) AND SOFTWARE SERVICES (+42,300).

Analysis

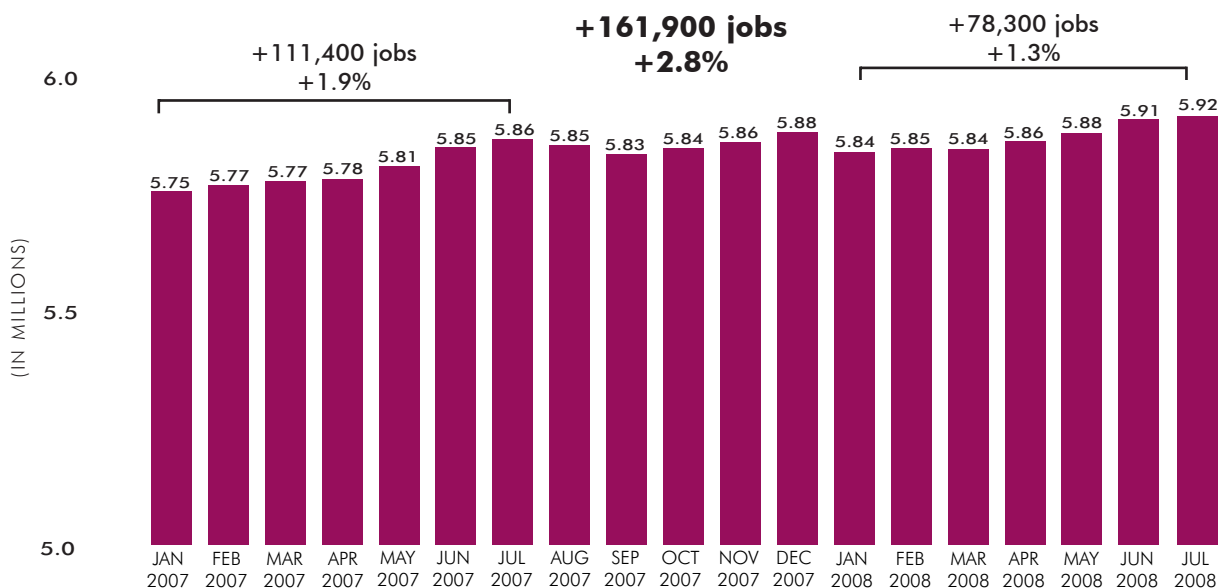
A midyear analysis of employment data through July 2008 shows a mixed story for the U.S. high-tech industry, adding jobs in some major sectors and shedding them in others. U.S. Bureau of Labor Statistics data compiled by AeA indicate that as of July 2008, the most recent data available, the tech industry has generated a net increase in jobs in the United States for four consecutive months and for 15 of the previous 19 months.

The U.S. high-tech industry added 78,300 net jobs between January and July of 2008, a 1.3 percent increase, for an industry total of 5.92 million jobs. This is less than the 111,400 tech jobs added during the same period of 2007.

The January to July 2008 tech job growth also lagged that of the U.S. private sector, which rose by 2.0 percent over that period. Though the year has shown growth, the pace of gains has slowed substantially from June to July, and preliminary data for August indicate a continuation of this the trend.

HIGH-TECH EMPLOYMENT TRENDS*

(JANUARY 2007 - JULY 2008)



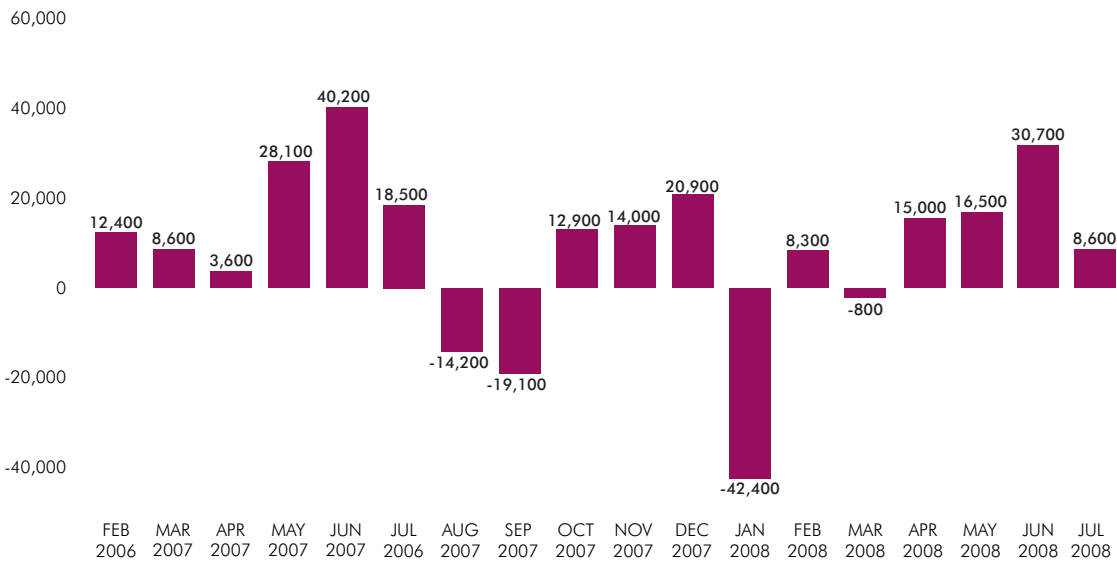
*Not adjusted for seasonal variances

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The AeA research team produces regular reports on the most timely and relevant issues to the high-tech industry and to U.S. competitiveness in a global economy. We combine rigorous data with careful analysis to provide industry leaders and policymakers the information they need to assess the issue.

CHANGES IN HIGH-TECH EMPLOYMENT FROM PREVIOUS MONTH*

(JANUARY 2007 - JULY 2008)



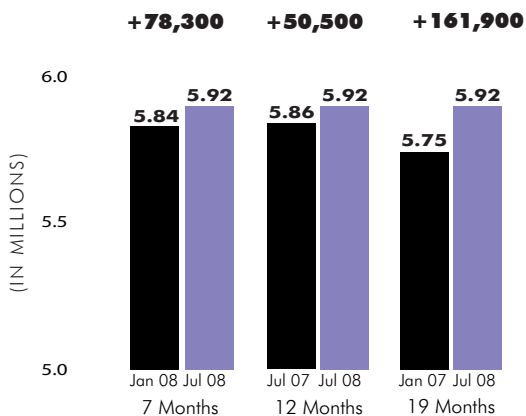
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The industry has also added jobs over the last 12 months. Tech employment as of July 2007 stood at 5.86 million, compared to 5.92 million in July 2008. This represents an increase of some 50,500 jobs. As of July 2008, U.S. high-tech employment was at its highest level in the past 19 months. This growth greatly benefits the economy, as tech industry jobs pay 87 percent more than the average private sector wage.

The unprecedented job growth of the 1990s in the U.S. high-tech industry ended abruptly with the bursting of the high-tech bubble in 2001. Since that time the industry has consolidated, weathered a recession, responded to the pressures of intensified global competition, and is now adding jobs to the U.S. economy for the third consecutive year. However, the economic downturn and current disruption in the financial markets pose ominous signs that future job growth will be – at best – uncertain.

HIGH-TECH EMPLOYMENT GROWTH*

(AT 7, 12, AND 19 MONTHS)



*Not adjusted for seasonal variances



The employment data in this report are the most current available. However, they are preliminary and subject to change. The data in this report cannot be compared with previous data published in AeA's annual *Cyberstates* report, as each represents data for different time periods using different datasets.

High-Tech Manufacturing

High-tech manufacturing employment in the United States fell over the last seven months, continuing a downward trend for the last 19 months. Technology manufacturers shed 2,500 net jobs in the United States from January to July of 2008, for a total of 1.28 million jobs. This represents a slim 0.2 percent decrease.

Within the tech manufacturing industry, four sectors added jobs, three sectors shed jobs, and one sector remained unchanged from January to July 2008. The largest gains occurred in the measuring and control instruments sector, which added 2,900 jobs, a 1.4 percent rise. Other sectors that experienced job growth were, electromedical equipment (+1,700), communications equipment (+1,600), and computer and peripheral equipment (+1,000). The sector that shed the most jobs over this time period was semiconductor manufacturing (-5,400), offsetting most of the gains made in growing sectors.

High-Tech Services

High-tech services employment in the United States was up over the last 7, 12, and 19 month periods. Technology service providers added 80,800 net jobs in the United States from January to July of 2008 for a total of 4.64 million jobs. This represents a 1.8 percent rise.

The high-tech services industry is separated into three sectors: communications services, software services, and engineering and tech services.

The most significant growth in high-tech services over the last seven months occurred in the engineering and tech services sector, which added 50,000 jobs, a 3.1 percent rise. Software services added 42,300 jobs over that time span, a 2.6 percent rise. After two years of growth, the communications services sector shed 11,500 jobs, or -0.9 percent, from January to July of 2008.

The Link to U.S. Competitiveness

The tech boom of the 1990s was built from a blueprint developed in the 1950s and 1960s that invested in future innovation. The United States made strong commitments to math and science education, invested heavily in public and private technology research and development, and welcomed the brightest minds in the world to our shores. Countries around the world are now making similar investments to try to out-compete us.

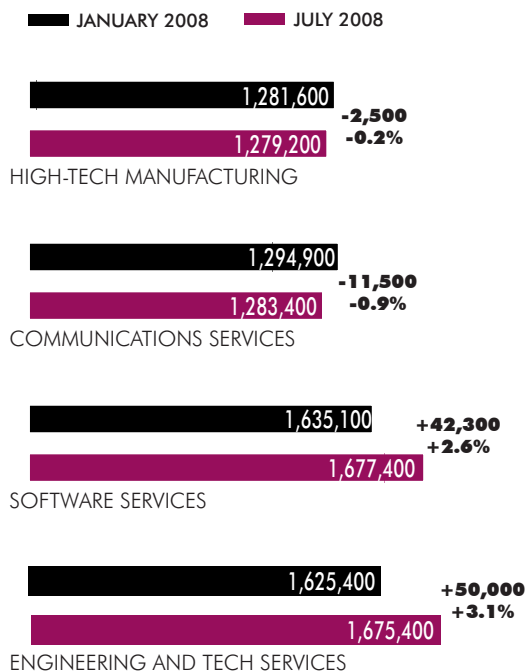
It is time for the United States to reinvest in these commitments. If we want to foster job growth in the tech industry, we need policy solutions that acknowledges the challenges of an increasingly competitive global economy.

First, the U.S. education system needs to improve dramatically in order to provide foundations in math and science that will enable students to pursue high-paying careers as scientists and engineers. A skilled workforce is crucial for the tech industry.

Additionally U.S. federal R&D funding needs to be revitalized. Federal research has played a vital role in the success of the technology industry, allowing it grow and create jobs. It is also important to strengthen the R&D tax credit and make it permanent, encouraging U.S. companies to invest in

EMPLOYMENT BY HIGH-TECH SECTOR

(JANUARY 2008 - JULY 2008)



*Not adjusted for seasonal variances

future innovation. This enables companies to keep jobs from moving abroad to countries like China, where the tax codes are more attractive.

Congress and the President acknowledged these challenges by passing the America Competes Act in August 2007. AeA was proud to have been instrumental in promoting this landmark legislation which authorizes doubling of the basic research budgets of the country's key science and technology agencies including the National Science Foundation, the National Institute of Standards and Technology, and the Department of Energy's Office of Science.

The America Competes Act also expands programs to attract undergraduates to pursue degrees in science, technology, engineering, and math (STEM) and introduces creative programs to enhance the capabilities of K-12 math and science teachers.

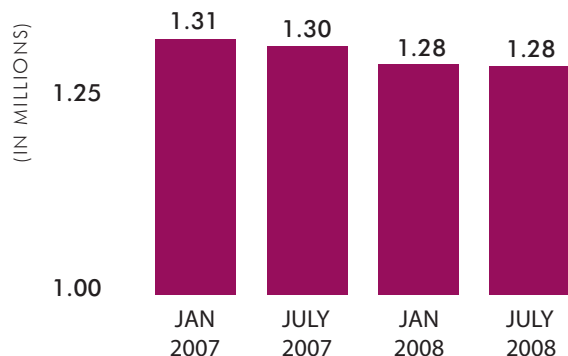
There is just one catch – the bill *authorized* these measures but no funding has been provided for this bipartisan legislation. We call on Congress and the new Administration in 2009 to make it a priority to invest in the future of the country by fully funding the America Competes Act.

The high-tech industry recognizes that budget shortfalls, exacerbated by the current financial crisis and rescue package, will require the federal government to make difficult funding choices. But investments in scientific research and education cannot be scaled back or postponed without inflicting long-term damage to American competitiveness.

HIGH-TECH MANUFACTURING EMPLOYMENT

(JANUARY 2007 - JULY 2008)

-34,300 jobs
-2.6%



U.S. EMPLOYMENT IN THE HIGH-TECH INDUSTRY, JANUARY 2007 - JULY 2008

(IN THOUSANDS)

	Jan 2007	Feb 2007	Mar 2007	Apr 2007	May 2007	Jun 2007	Jul 2007	Aug 2007	Sep 2007	Oct 2007	Nov 2007	Dec 2007	Jan 2008	Feb 2008	Mar 2008	Apr 2008	May 2008	Jun 2008	Jul 2008	Percent Change Jan 2007-Jul 2008	Numeric Change Jan 2007-Jul 2008
HIGH-TECH MANUFACTURING	1,313	1,311	1,302	1,298	1,299	1,304	1,302	1,295	1,286	1,281	1,283	1,288	1,282	1,277	1,280	1,279	1,277	1,280	1,279	-2.6%	-34.3
COMMUNICATIONS SERVICES	1,298	1,303	1,300	1,300	1,302	1,300	1,300	1,294	1,291	1,294	1,300	1,303	1,295	1,297	1,293	1,291	1,294	1,294	1,283	-1.1%	-14.3
SOFTWARE SERVICES	1,564	1,575	1,587	1,591	1,602	1,615	1,625	1,628	1,626	1,637	1,641	1,651	1,635	1,639	1,636	1,650	1,658	1,667	1,677	7.3%	113.6
ENGINEERING AND TECH SERVICES	1,579	1,577	1,585	1,589	1,603	1,628	1,639	1,633	1,629	1,633	1,634	1,637	1,625	1,633	1,636	1,640	1,646	1,666	1,675	6.1%	96.9
TOTAL HIGH-TECH INDUSTRY	5,754	5,766	5,774	5,778	5,806	5,846	5,865	5,851	5,832	5,845	5,859	5,879	5,837	5,845	5,845	5,860	5,876	5,907	5,915	2.8%	161.9
Monthly Employment Change from Previous Month		0.2%	0.1%	0.1%	0.5%	0.7%	0.3%	-0.2%	-0.3%	0.2%	0.2%	0.4%	-0.7%	0.1%	0.0%	0.3%	0.3%	0.5%	0.1%		
		12.4	8.6	3.6	28.1	40.2	18.5	-14.2	-19.1	12.9	14.0	20.9	-42.4	8.3	-0.8	15.0	16.5	30.7	8.6		

Definition

High-tech employment statistics in this report correspond to AeA's high-tech NAICS code definition. NAICS is the North American Industrial Classification System. Please visit our website for a detailed list of NAICS codes used in AeA's definition: www.aeanet.org/naics

Methodology

Employment data in this report are generated from the U.S. Bureau of Labor Statistics's Current Employment Survey, which surveys 160,000 businesses and government agencies. The data lag by three months and are preliminary and subject to revision. Employment figures are not adjusted for seasonal variances. The data in this report are not comparable to AeA's *Cyberstates* report. All data are rounded.

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