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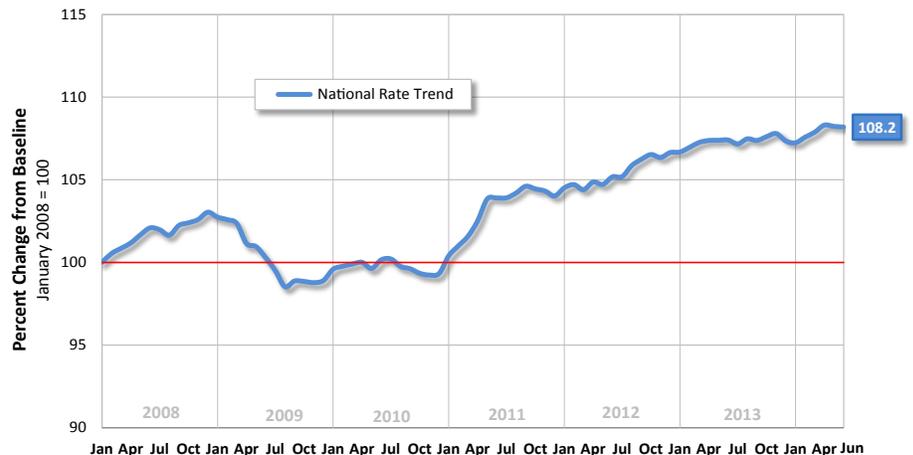
## IQNdex Overview

### Master US IQNdex – Consolidated View

The Master U.S. IQNdex illustrates the net direction of temporary labor bill rates by analyzing millions of data points and summarizing across the major job sectors and geographic regions in the U.S.

In the first half of 2014, the Master U.S. IQNdex showed minimal indications of upward pressure on bill rates, increasing less than 1%. This continues a trend of stable bill rates that has persisted for more than a year.

#### Master US IQNdex – Temporary Worker Rate Change



Temp Labor Bill Rates

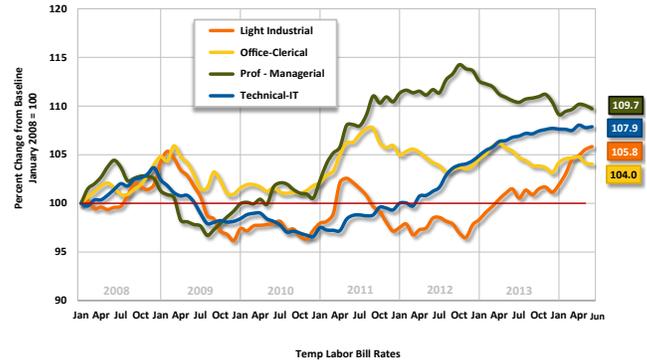
With agency temp employment setting new record highs each month, it may seem surprising that the vigorous demand has not translated into more pronounced upward pressure on bill rates. However, the supply of labor remains abundant. Only in May 2014 did total nonfarm U.S. employment exceed the pre-recession peak achieved in January 2008. During that same period, the working age population grew by 14 million. The unemployment rate has declined, but this is due more to the shrinking portion of the population participating in the workforce than to the pace of new job creation. Furthermore, as job prospects improve, workers are being drawn back into the labor force, somewhat offsetting the impact of new hiring on the supply of labor. The potential reservoir of workers remains quite large and that continues to dampen upward rate movement.

## Detailed IQNdex Findings for 1H 2014

### US IQNdex by Job Sector

- › The **Light Industrial** job sector showed the greatest upward rate pressure for both 1H14 and for the past 12 months. Up 4.7% so far in 2014, the Light Industrial sector rebounded quickly from a dip in bill rates in December. Among the job sectors, Light Industrial has the lowest hourly rates, so it takes less than a rise of \$0.25 to produce an increase of 1%.
- › After showing a decline in rates at the end of 2013, the **Office-Clerical** family of jobs moved upward slightly in 1H14, increasing 0.9%. Over the past 12 months, rates for the sector were down 1.3%, despite the recent rise.
- › For the first half of 2014, hourly billing rates for the **Professional-Managerial** job sector were down a scant 0.7%. The IQNdex values for this sector have fluctuated within a one-point range since November 2013, showing no clear direction.
- › After rising consistently for 18 months, **Technical-IT** bill rates are up only 1.1% for the most recent 12 months ending in June. IT bill rates appear to have lost even more upward momentum so far in 2014, rising only 0.3% from December 2013 levels.

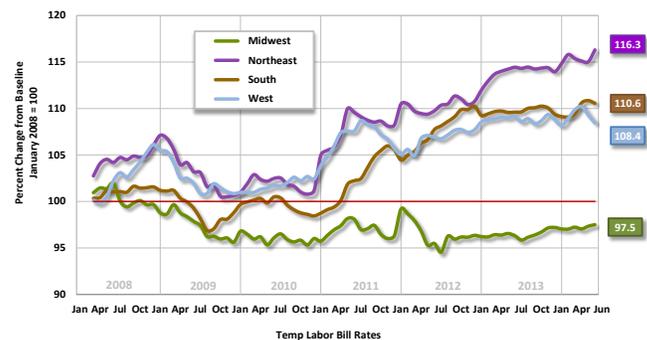
US Temporary Worker Bill Rate Change by Job Sector



### US IQNdex by Geographic Region

- › The first half geographic view of U.S. IQNdex shows a range of outcomes across the four regions. The **Northeast** stands at 116.3, by far the greatest increase from the January 2008 baseline. The next closest is the South, which stands at 110.6. Upward rate pressure continues in the Northeast, having risen another 2.4% in 2014 through June.
- › The **South** continued to show moderate upward rate pressure, rising 1.2% in the first half of 2014. Bill rate increases in the South were primarily seen in the Light Industrial and IT sectors, while softness in rates for Clerical and Professional roles restrained the overall rise for the region.
- › Bill rates in the **Midwest** have been flat so far in 2014, rising only 0.3% through June. This region overall remains below the 2008 index baseline. Only the Light Industrial sector shows upward movement on bill rates.
- › The **West** region rate index was also flat, falling a slight 0.3% in the first half of 2014. Increasing Light Industrial rates in the region were offset by declining bill rates for Professional-Managerial assignments.

US Temporary Worker Bill Rate Change by Geographic Region



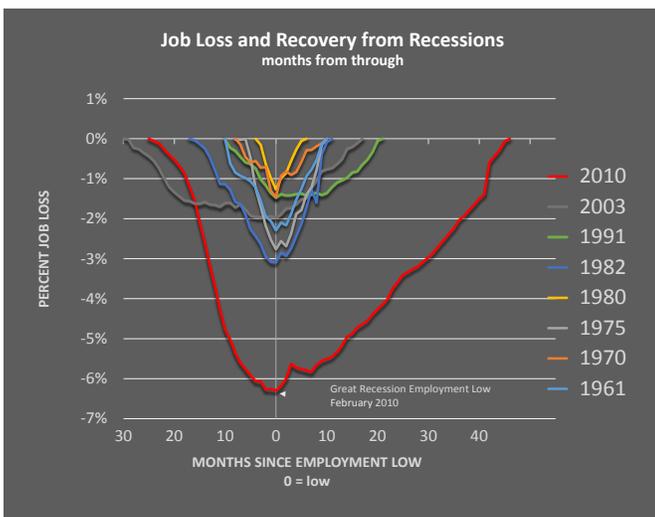
# IQNtrospectives

As the contingent labor market evolves, IQNavigator analyzes the data from IQNdex and compares the findings on temporary worker bill rates to current market conditions and economic indicators.

## IQNtrospective 1H14.1 – US Job Recovery: A Long Strange Trip

### US Employment Finally Returns to Pre-Recession Levels

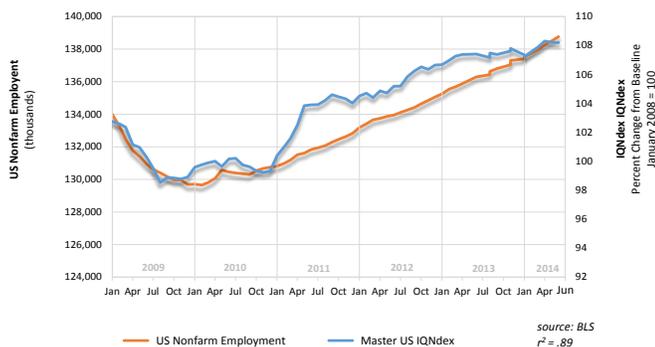
The recession that began in December 2007 was extraordinary in many ways, including in its depth and duration. The period of economic contraction lasted only through June 2009, but the impact on the job market has lingered into 2014. A milestone of sorts was passed in May 2014, when nonfarm employment finally reached 138.5 million, squeezing past the previous record set in January 2008. But the emerging labor market landscape remains distinctly different. During the intervening years, 500,000 jobs were lost in the public sector while the working age population grew by 15 million. Unemployment remains over 6%, and more than 7 million people are working part-time but would like full-time jobs.



Comparing the impact of the Great Recession on the labor market to the other recessions in the past 50 years clearly illustrates the exceptional magnitude of the downturn. The seven other job market contractions since 1960 have averaged a maximum loss of 2% of employment and with a mean duration of about 24 months. The Great Recession bottomed out at a 6.3% loss of employment, with 8.7 million fewer jobs compared to the January 2008 peak. It took 77 months from the start of the recession, more than six years, for the number of jobs to return to the pre-recession total.

Since 2010, new jobs have been created at the average rate of 191,000 per month. For the same period, the working-age population has grown at 213,000 per month, yet the unemployment rate has fallen from 9.7% to 6.1%. These seemingly contradictory facts are reconciled by the declining labor force participation rate. Since the start of the recession, the number of working-age Americans who are neither employed nor actively seeking work has increased by 13.5 million.

Master US IQNdex vs US Nonfarm Employment



Understanding the supply of potential workers is important to anticipating future labor costs. During the period of job recovery, there has been a strong correlation between the pace of hiring and the slope of bill rate increase (see left: Master US IQNdex vs. US Nonfarm Employment). Over the past four years the pace of bill rate increase has been subdued, less than 2% per year. It is reasonable to attribute this restraint to an abundant supply of available labor.

There is evidence from the BLS Current Population Survey that improving job prospects are drawing people who have been on the sidelines back into the workforce, so a relative abundance of job seekers will probably continue for the near term. This scenario translates into a slow pace of rate increases well into 2014. Over the longer term however, it seems likely that an eventual labor supply tightening, in conjunction with external factors such as the ACA and hike in minimum wage, will combine to increase upward pressure on bill rates going into 2015.



## Detailed IQNdex Data Grid: June 2013 - June 2014

		Master IQNdex	Job Sectors				Regions			
		National Rate Trend	Light Industrial	Office Clerical	Professional Managerial	Technical IT	Midwest	Northeast	South	West
2014	Jun	108.2	105.8	104.0	109.7	107.9	97.5	116.3	110.6	108.4
	May	108.2	105.5	104.1	110.1	107.8	97.3	115.0	110.9	109.3
	Apr	108.3	104.9	104.8	110.2	108.0	97.0	115.1	110.6	110.2
	Mar	107.9	104.5	104.7	109.7	107.5	97.2	115.4	109.4	109.9
	Feb	107.6	103.0	104.6	109.5	107.6	97.0	115.8	109.1	108.9
	Jan	107.2	101.9	104.2	109.1	107.6	97.0	114.8	109.1	108.2
2013	Dec	107.4	101.1	103.2	110.4	107.6	97.2	113.0	109.4	108.8
	Nov	107.8	101.7	103.7	111.2	107.7	97.2	114.4	110.1	109.4
	Oct	107.6	101.5	103.9	110.0	107.4	96.7	114.4	110.3	108.7
	Sep	107.4	100.9	103.9	110.8	107.1	96.4	114.3	110.1	108.4
	Aug	107.5	101.4	104.4	110.7	107.2	96.2	114.5	110.0	108.9
	Jul	107.2	100.5	104.7	110.4	106.9	95.8	114.3	109.6	108.6
	Jun	107.4	101.5	105.4	110.6	106.8	96.3	114.4	109.6	109.1

# Appendix

## Methodology

The result of years of development, IQNdex is shaped by the contingent labor market it serves. At its core, IQNdex is a summary of bill rates - the hourly amount paid by companies to staffing firms. The rates for over 130 job titles are calculated each month and summarized into 4 broad job sectors with consistent job title weightings:

- › Light Industrial
- › Office-Clerical
- › Professional-Managerial
- › Technical-IT

Rates are also categorized according to where the work is performed and geographic views of the market are available. IQNdex uses the U.S. Census region definitions to enable comparison to other labor market statistics. Currently, IQNdex covers U.S. regions quarterly and U.K. office trends bi-annually.

The baseline month for the U.S. IQNdex is January 2008. The rates for that month equal 100 on the IQNdex. The rates for subsequent months are compared to the baseline. This approach facilitates comparison of the rate and direction of change across job sectors and geographic regions.

IQNdex is unique in a number of ways. In contrast to the many external sources concerned with wage trends, IQNdex is focused exclusively on bill rates for contingent and project labor. This makes it immediately relevant to a company's bottom line. Unlike estimates of the labor market derived from surveys or job postings, IQNdex is based on actual market-clearing transactions. The insight into market levels is direct and not dependent on inference. IQNdex is also very timely. A flow of new assignments provides continuously updated information about market rates. Only IQNdex provides the powerful combination of market focus, directly applicable transactions and visibility to the most recent transactions across a range of industries.

### *Frequently Asked Questions:*

#### ***What are Temporary Labor Bill Rates?***

Temporary labor bill rates are the actual current rates that Forbes Global 2000 companies (the buyers) are paying to their suppliers (the staffing firms) for temporary workers with specific skill sets in given locations. It is important to note that bill rates are NOT the same as "wage rates" or "pay rates." Bill rates include the costs of administration, benefits, payroll and markup in addition to wages paid to the temporary worker.

#### ***Why is this information important?***

Companies across the U.S. are utilizing their contingent (including temporary) workforce as a critical lever in addressing frequent and unpredictable changes in the economic and business climates. Estimates indicate as much as 20% to 25% of the U.S. workforce is made up of contingent workers, enabling firms that rely on temporary workers to quickly adjust their labor force and cost structure in response to changing business conditions. Understanding market trends in temporary labor rates can help guide future fulfillment and growth decisions.

#### ***How is this information derived?***

IQNavigator's software platform (often referred to as a Vendor Management System or VMS) facilitates more than \$19.8 billion in annual spending by corporations on services, including their contingent and temporary workforce. Upwards of a million assignments per year provide IQNavigator with real-time, transaction-based bill rates. Over 88% of the assignments are generated from clients who are found on the Forbes Global 2000 and represent a broad range of industries including Financial Services, Retail, Utilities, Telecommunications, Media and Technology, and more. The information is normalized to a common set of job titles and is anonymized and aggregated to ensure client data confidentiality.

*Frequently Asked Questions (cont.)*

***Who else has this type of information?***

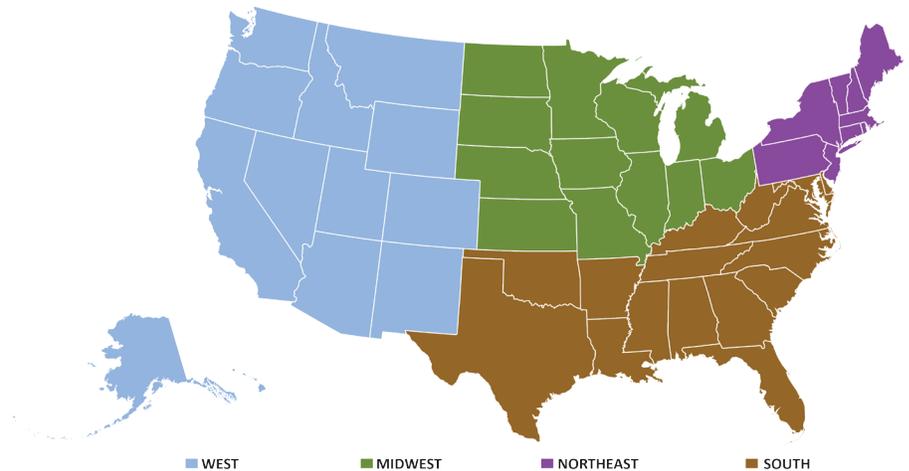
The BLS also tracks price changes for temporary help and professional employer services. The baseline year for these BLS Producer Price Indices (PPIs) is 1994. The data used to update the PPI comes from surveys of producers who are selected as being representative of a portion of the industry as a whole. Participation in the survey by providers is strictly voluntary. The IQNdex differs from the BLS PPI in several important ways. The data used to update IQNdex comes directly from reports of market-clearing transactions, not a voluntary survey. Most importantly, the IQNdex is tied to actual bill rates; the BLS as a matter of policy does not reveal reported prices. The IQNdex is far more immediately applicable to budget planning and performance benchmarking.

***Where can I get more detail on regions and job titles?***

IQNavigator provides global customers easily accessible, up-to-date temporary bill rate information. RateIQ from IQNavigator is an online tool that provides instant access to current contingent labor bill rates matched to talent experience and searchable by region.

## US Regions Defined

The regions in IQNdex are the U.S. Census regions, which are also used by the Bureau of Labor Statistics for employment data.



## About IQNavigator

IQNavigator software and managed services provide companies with comprehensive visibility into and control over the way they source services and utilize their extensive non-employee workforce. For more than a decade, IQNavigator has been the leader in providing technology solutions for managing companies' contingent labor and other services around the globe, including project-based consultants, contractors and other temporary workers. Clients use IQNavigator's VMS software to more intelligently manage billions of dollars in extended workforce spend every year, resulting in dramatically lower costs, mitigation of legal and financial risks, and more strategic use of non-employee labor to achieve key business objectives. For more information about IQNavigator and how its industry-leading offerings such as IQNtelligence are helping many of the world's most respected companies, visit [IQNavigator.com](http://IQNavigator.com).

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U.S. Bureau of Labor Statistics. Current Employment Statistics. July 2014. <http://www.bls.gov/ces/>

- Current Population Statistics. July 2014. <http://www.bls.gov/cps/>
- Quarterly Census of Employment and Wages. April 2014. <http://www.bls.gov/cew/datatoc.htm>
- Employment Situation Release. June 2014. <http://www.bls.gov/>

In addition, clients and partners can access detailed benchmarking rate reports (RateIQ) that provide temporary labor bill rate data by location and skill level of over 130 job titles.

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