



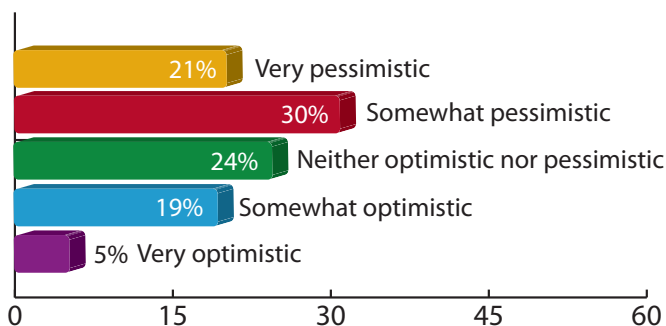
Semi annual Hamilton Hiring Survey shows Iowa businesses have quickly turned pessimistic

Summary:

- Optimism for 2013 hiring falls significantly; 52% of respondents now pessimistic
- New layoffs are expected
- Hiring Authorities are very cautious – Healthcare, red tape and fiscal cliff the culprits
- “Wait and see” attitude at unprecedented levels

The Hamilton Hiring Survey for the first half of 2013 indicates that Iowa employers’ overall outlook for hiring has retracted considerably since last summer.

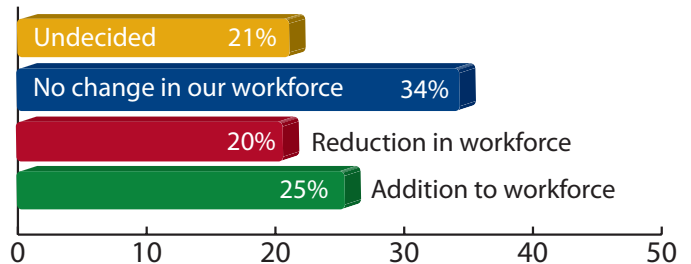
The company surveyed 5,000+ small and medium-sized employers about their sense of optimism for industry job growth in the first half of 2013. Results showed that only 24% of the respondents were either somewhat or very optimistic. This is down 30 percentage points from the 3rd quarter of 2012. “Business’s optimism for the first half of 2013 has fallen significantly,” Hamilton Group President and staffing expert Tom Hamilton said. “Over half of the respondents said they were somewhat or very pessimistic, the highest level in the past 3 years. Businesses have major concerns, and these concerns are not a good sign for job creation in 2013,” added Hamilton.



According to the Bureau of Labor Statistics, the national unemployment rate was at 7.9% in October. According to Iowa Workforce Development, Iowa’s unemployment rate was 5.1% in October, little changed from the summer. One year ago, Iowa’s unemployment rate stood at 5.8%.

Only 25% (down from 44% in the previous survey) of respondents said they expect to increase total employment over the next six months. Fewer business’s indicated plans to introduce new products/services and target new markets; “This is a troubling trend showing businesses are limiting growth plans and will not be creating new jobs,” said Hamilton.

How do you expect total employment for your organization to change in the next six months?



Of those who are planning to hire, 16% of the predicted new hires are expected to serve at a senior level. The majority of jobs that are expected to be added are mid-level and entry-level positions. However, in terms of number of companies adding any new employment, the survey showed a low number of companies expecting to hire in the first half of 2013.

Not everyone is ready to make a change, however. 24% (vs. 25% earlier in the year) of respondents fell into the “neither optimistic nor pessimistic about their business prospects” category, and 34% indicated there would be no change in their workforce or were essentially undecided about their future hiring. “We have clearly seen a significant change of respondent’s hiring plans from 44%

earlier last summer citing “no change”, to only 34% today. The majority of those who moved out of the undecided category are moving to reduce their workforce”. In other words, many of those who were sitting on the fence have decided to reduce hiring,” said Hamilton. This was driven by respondent’s top three concerns which included:

1. Costs and uncertainties surrounding healthcare
2. Business regulations and red tape in their industry
3. The approaching “fiscal cliff” on Jan 1, 2013: A combination of corporate and personal tax increases plus mandatory government spending reductions

Bill Tubbs, Publisher of the North Scott Press in Eldridge, IA, commented, “We are generally optimistic, but concerned about the divisions in the country. Our leaders can send a strong signal if they would set partisan differences aside and come together to solve problems.”

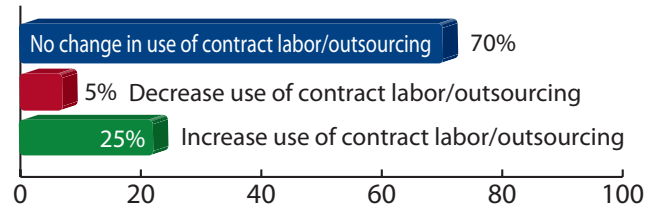
The percentage of Iowa companies who plan to reduce their workforce was 20%, up from only 1% last summer. “Employers indicated they were planning significant layoffs for the first time in the last year. There is also a growing trend showing respondents plan to purchase new technology in lieu of hiring more staff,” added Hamilton.

Rich Carlson, CEO of First National Bank in Cedar Falls, IA said, “The future for community banks like ours will be very challenging. We are faced with a dramatically higher level of new regulations, a low interest rate environment, and uncertainty over taxes and healthcare.”

A trend that has been prevalent in previous quarters was the use of contract labor. And it appears that the desire to add contract labor is increasing. “Many organizations feel the use of contract employees gives them flexibility during uncertain times. Their responses indicated they will be looking at contract labor to fill

positions that may have previously been full time employees,” said Hamilton.

Over the next six months, how would you predict your use of contract labor/outsourcing rather than adding permanent staff will change?



The survey concluded that employers have had a dramatic shift in optimism since the November elections. The sense of many businesses is that they are searching for the ideal staffing level until economic and political uncertainties become more clear. Although pessimism has moved into Iowa’s employers mindsets, if a pro-growth decision on taxes and the debt ceiling can be reached, it could be expected that Iowa’s unemployment rate will remain between 5.1% and 5.4% into mid 2013. However, at best it means slow job growth for Iowa’s small and medium sized businesses. If confidence in the economic future can improve, business leaders in the indecisive and pessimistic groups could become more optimistic and be more willing to add to their staff.

“I am hopeful that the legislature and the President can provide businesses with a pro-growth tax policy and a debt reduction strategy that will alleviate businesses concerns. I am optimistic that if Washington will pass pro-growth legislation with clarity for the future, then hiring optimism can return to Iowa’s employers,” said Hamilton.

The semi annual Hamilton Hiring Index for the first half of 2013 is now at 51*, a fourteen point decrease from the index of 65* in the 3rd quarter of 2012.



About the survey:

The Hamilton Hiring Survey looks at employer confidence and hiring intentions in the state of Iowa. The survey results in an index number representing the overall hiring confidence for the next 180 days.

Much of the employment data available today is trailing statistics. The Hamilton Hiring Survey is the only statewide staffing survey of small and medium-sized businesses predicting future hiring trends.

The semi annual Hamilton Hiring survey was completed in late November 2012 and reflects attitudes and intentions for January – June 2013.

**From the survey a hiring index is calculated to indicate the level of optimism and hiring plans for the upcoming six months. The Hamilton Hiring Index is based on a scale of 1-100. While 50 is considered neutral, a number above 50 indicates an expanding job market for small and medium-sized businesses in Iowa. A number below 50 indicates a retracting job market for small and medium sized businesses in Iowa.*