

## U.S. STATISTICS MAY 09-JUL 09

LABOR FORCE *		
Jun 09	Jul 09	Differential
154.9M	154.5M	-0.3% ↓

UNEMPLOYMENT RATE *		
Jun 09	Jul 09	Differential
9.5%	9.4%	-1.1% ↓

TRUE UNEMPLOYMENT RATE		
Jun 09	Jul 09	Differential
16.5%	16.3%	-1.2% ↓

UNEMPLOYED *		
Jun 09	Jul 09	Differential
14.23M	14.46M	+1.6% ↑

MEDIAN HOME PRICE		
1 <sup>st</sup> Qtr 09	2 <sup>nd</sup> Qtr 09	Differential
\$167,000	\$174,000	+4.1% ↑

JOB OPENINGS *		
May 09	Jun 09	Differential
2.52M	2.56M	+1.4% ↑

TOTAL SEPARATIONS (LAYOFFS, QUILTS, OTHER) *		
May 09	Jun 09	Differential
4.36M	4.346M	-0.4% ↓

LAYOFFS OR A DISCHARGE *		
May 09	Jun 09	Differential
2.27M	2.15M	-5.4% ↓

TOTAL NEW HIRES (TOTAL) *		
May 09	Jun 09	Differential
3.94M	3.78M	-4.2% ↓

\* Seasonally Adjusted

Source: Bureau of Labor Statistics;  
National Association of Realtors


**CBRE's Labor Analytics Group** has more than fifteen years of experience providing site selection consulting expertise to our clients. Our team has worked with a full spectrum of corporate headquarter, contact center, back office, supply chain and manufacturing operations. This includes companies in the shared services, hospitality, telecommunications, insurance, financial services and healthcare industries. Our expertise lies in the sourcing of qualified labor pools targeted to each of our clients' specific needs. We have represented more than 35% of the Fortune 50, and 25% of the Fortune 500.


## U.S. and International Major Openings and Expansions, Month of July 2009

MAP	DATE	COMPANY	CITY, STATE	COUNTRY	TYPE	NEW JOBS
1	07/01/09	Ryla Teleservices	Saraland, AL	US	Opening	1,150
	07/02/09	Thompson Reuters	Taguig City	Philippines	Opening	500
	07/02/09	Facts International	London,	United Kingdom	Expansion	50
2	07/07/09	Thomas L. Cardella Assoc.	Grinnell, IA	US	Opening	100
3	07/09/09	Time Warner	Garfield Heights, OH	US	Opening	250
	07/10/09	Jalosos Long Distance Phone	Philippines	Philippines	Opening	500
4	07/13/09	British Midlands	Scottsdale, AZ	US	Opening	20
5	07/13/09	Sykes	Bardstown, KY	US	Opening	450
	07/14/09	NCO Group	Philippines	Philippines	Opening	650
6	07/15/09	Go Daddy Group	Scottsdale, AZ	US	Expansion	20
7	07/16/09	CVS Pharmacy	Woonsocket, RI	US	Expansion	125
8	07/16/09	Knology	Augusta, GA	US	Expansion	120
9	07/21/09	Financial Institution Services Corporation	Lewiston, ME	US	Expansion	350
10	07/22/09	Avon	Cincinnati, OH	US	Opening	300
11	07/22/09	Catalyst Marketing	Wichita, KS	US	Opening	15
	07/22/09	Pilipinas TeleServe	Philippines	Philippines	Opening	230
12	07/22/09	Affiliated Computer Services	Lewiston, ME	US	Expansion	130
	07/23/09	Collection Training Institute	New Delhi	India	Opening	50
13	07/24/09	Vangent	Sandy, UT	US	Opening	1,200
14	07/24/09	West Corp.	Niles, OH	US	Expansion	75
15	07/27/09	Linium	Gloversville, NY	US	Opening	100
16	07/27/09	Dollar Rent-A-Car Systems	Tulsa, OK	US	Expansion	19
17	07/27/09	Sitel	Port Arthur, TX	US	Expansion	35
18	07/29/09	Verizon Wireless	Wilmington, NC	US	Expansion	50
	07/30/09	EDS	Santiago (Metropolitan Region)	Chile	Expansion	1,200
	07/31/09	Collection Training Institute	Mumbai (formerly Bombay)	India	Opening	50
	07/31/09	Santander Bank	Queretaro	Mexico	Opening	6,000
	07/31/09	EPIXTAR (Dumaguete)	Dagupan City	Philippines	Expansion	500
<b>TOTAL</b>						<b>14,239</b>

Source: Labor Analytics Group Research Department, Associated Press Newswires, LexisNexis

## SUMMARY OF DOMESTIC VS. INTERNATIONAL ACTIVITY

U.S. Activity for ...		JUN 09	JUL 09
		NO JOBS	NO JOBS
	U.S. Openings	10,305	3,585
	U.S. Expansions	4,120	924
	U.S. Closures and Layoffs	1,192	3,219
<b>U.S. NET JOBS</b>		<b>13,233</b>	<b>1,290</b>

International Activity for ...		JUN 09	JUL 09
		NO JOBS	NO JOBS
	International Openings	5,470	7,980
	International Expansions	510	1,750
	International Closures and Layoffs	1,407	3,200
<b>U.S. NET JOBS</b>		<b>4,573</b>	<b>6,530</b>

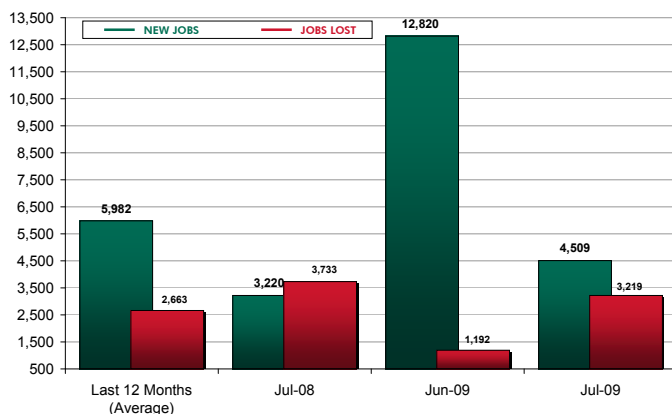
### U.S. CALL CENTER ACTIVITY REPORT - OPENINGS vs. CLOSURES

- » U.S. call center net job growth was significantly smaller than the month prior; gaining just over 10% the number of new jobs in June.
- » Internationally, call centers grew at a faster rate. Almost 2,000 more jobs were gained than the previous month.
- » Call center growth was positive, whereas the U.S. call center market lost jobs in July 2008.
- » During the first seven months of 2009, call center jobs grew almost twice the pace seen during the same time span in 2008.
- » Although the outsourcing industry added the most jobs (1,455), it also lost the most (936) from closure and downsizing activity.
- » The U.S. government made up 93% of all U.S. net call center growth. Internationally, the financial services sector and outsourcers were the only 2 sectors to see any significant net growth.
- » The U.S. captured 32% of all new worldwide call center jobs. This is significantly down from 71%, a month ago.

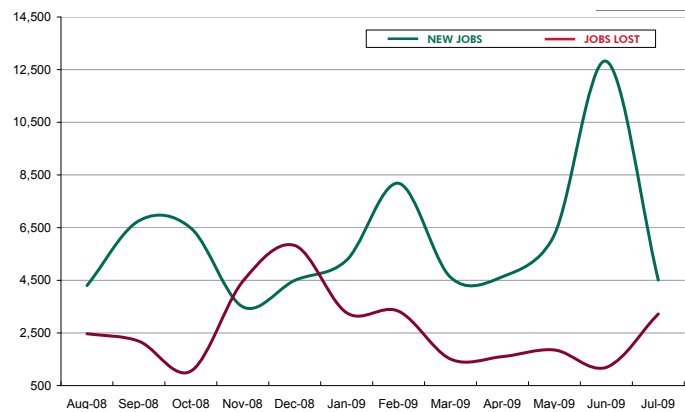
### NET GROWTH

INDUSTRY	U.S.		INTERNATIONAL		WORLDWIDE	
	JOBS	% OF TOTAL	JOBS	% OF TOTAL	JOBS	% OF TOTAL
Outsourcing	(100)	(7.8%)	6,000	91.9%	5,900	75.4%
Government	519	40.2%	2,268	34.7%	2,787	35.6%
Telecommunications	1,200	93.0%	0	0.0%	1,200	15.3%
Financial Services	125	9.7%	0	0.0%	125	1.6%
Healthcare	19	1.5%	0	0.0%	19	0.2%
Services	0	0.0%	0	0.0%	0	0.0%
Insurance	0	0.0%	0	0.0%	0	0.0%
Education	0	0.0%	0	0.0%	0	0.0%
Travel	(565)	(43.8%)	50	0.0%	(515)	(6.6%)
Technology	(673)	(52.2%)	0	0.0%	(673)	(8.6%)
Retail	765	59.3%	(1,788)	(27.4%)	(1,023)	(13.1%)
<b>TOTAL</b>	<b>1,290</b>	<b>100%</b>	<b>6,530</b>	<b>100%</b>	<b>7,820</b>	<b>100%</b>

### U.S. CALL CENTER NEW JOBS VS. JOBS LOST



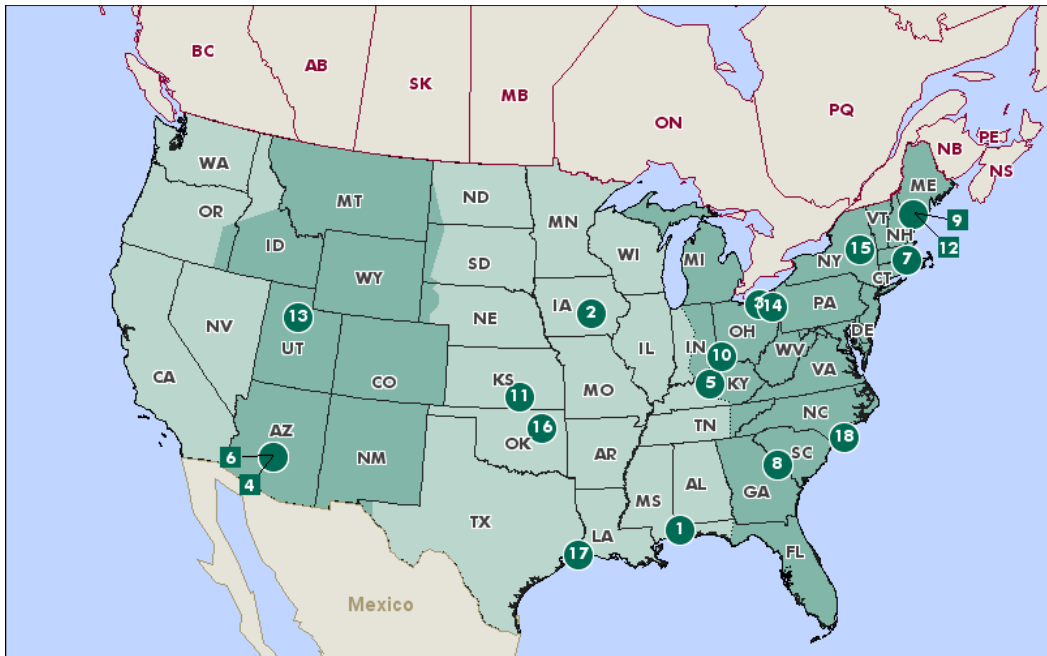
### U.S. CALL CENTER JOBS GAINED/LOST 12-Month Time Span (August 2008 to July 2009)



## Did You Know...

Labor is typically 70% or more of a back office operation's total operating expenses. Therefore, labor should be a primary driver when conducting a site selection exercise.

### CALL CENTER HIRING ACTIVITY WITHIN NORTH AMERICA, JULY 2009



See table on Page 1 for map key

### U.S. LABOR FORCE ACTIVITY REPORT

- » The latest edition of the BLS Employment Situation Report revealed that the U.S. National Unemployment Rate declined for the first time in over a year. It dropped slightly by one-tenth of a percentage point to 9.4%. However, this bit of good news is offset by the fact that BLS reported the U.S. job market lost 247,000 jobs. So how does the unemployment rate decrease when the number of jobless individual increases by over a quarter million? The answer is many people are no longer seeking work, and are dropping out of the job market. This is evidenced by the U.S. labor force participation rate, which decreased by 0.2% in July.
- » Despite the drop in active job seekers, perhaps the best news is the pace of job loss continues to slow. From December 2008 through March 2009, the BLS reported the U.S. job market lost close to 700,000 non-farm payroll jobs each month. May, June and July 2009 have seen significantly lower losses (322,000, 443,000 and 247,000 jobs, respectively), indicating the U.S. job market may be beginning to bottom out. If this continues, the coming months could be a telltale sign of good things to come.
- » The true unemployment rate, which includes marginally attached workers and those who work part-time due to economic reasons, dropped by two tenths of a percentage point to 16.3%. This is the first time, since February 2008, that the true unemployment rate did not increase. (BLS)
- » Notable facts/figures from the BLS, Employment Situation Summary Report, July 2009
  - "In July, the number of unemployed persons was 14.5 million. The unemployment rate was 9.4 percent, little changed for the second consecutive month."
  - "Nonfarm payroll employment continued to decline in July (-247,000)". This is up a 44% improvement from June's reported loss.
  - "From May to July, job losses averaged 331,000 per month, compared with losses averaging 645,000 per month from November to April."
  - "Financial activities employment continued to trend down in July (-13,000)."
  - "Health care employment increased by 20,000 in July"
- » The ADP National Employment Report estimates nonfarm private employment decreased 371,000 from June to July 2009. This is a significant improvement from the ADP's last two reports that announced significantly larger monthly declines of 463,000 and 532,000 jobs.

## Did You Know...

Companies, labor unions and activist organizations spend billions each year on Congressional lobbying efforts in addition to their campaign contributions. Special interest groups retain lobbying firms or host them in-house. Totally lobbying spending on labor issues was \$1.4 billion in 1998 and was \$3.3 billion in 2008. Total registered labor lobbyists were 10,661 in 1998 and there were 14,838 in 2008.

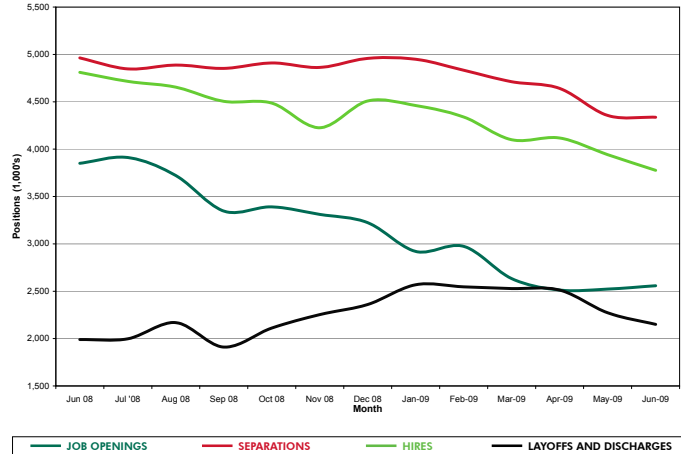
- Source: Center for Responsive Politics

» Notable facts/figures from the latest JOLTS report (June 2009), published by the BLS:

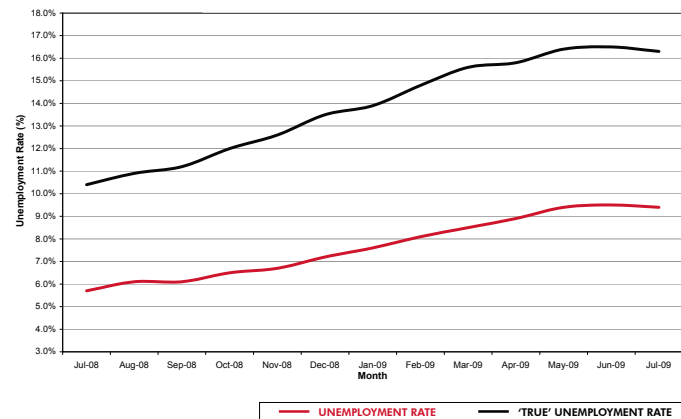
- "The job openings rate (considered an indicator of demand for workers by employers) was unchanged in June; the rate has held at 1.9 percent since March 2009."
- "The hires rate at 2.9 percent in June was at the lowest point since the series began in December 2000."
- Total separations remained at it's lowest level since the JOLTS series began. This is primarily driven by the extremely low level of quits, which is an indication that people are holding onto their jobs tighter than ever.
- "The quits rate can serve as a measure of workers' willingness or ability to change jobs. The rate was unchanged in June and remained low at 1.4 percent. The quits level was 1.8 million in June, which is 43 percent lower than the recent peak in December 2006."
- The northeast region of the U.S. was the only area to see an increase in hiring activity. The west and south regions of the U.S. saw the most significant declines.
- The West region also saw the biggest increase in separations; driven mostly by an increase in quits.
- Healthcare and education were the only industries to show a net growth in employment. However, they also saw the greatest increase in separation activity.
- Trade, transportation and utilities showed the greatest improvement, driven by a significant drop in separation activity.

» May JOLTS report indicates healthcare, education, and government continue to be the only industries to show a net growth in employment. All other industries, with the exception of manufacturing, showed a lower loss than was reported in the April JOLTS report. Construction and professional business services showed the greatest improvement. (BLS)

### JOB OPENINGS AND LABOR TURNOVER (SEASONALLY ADJUSTED)



### U.S. UNEMPLOYMENT RATE (SEASONALLY ADJUSTED)



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## JUST WHAT THE DOCTOR, LOBBYISTS, PROTESTERS AND POLITICIANS ORDERED: THE HEALTH CARE REFORM DEBATE

By Thomas Galvin  
Business Intelligence Analyst, Phoenix, Arizona

Employers around the country are closely examining the confounding yet fascinating debate over health care reform being played out in Washington DC. The high costs of the health care and the uniquely American system of employer-provided coverage have formed the perfect storm involving government intervention and private enterprise in which the lives of millions hang in the balance. Some advocates argue for a single player system, others prefer a public option, and some even prefer the status quo. Yet, there are other critics of the current system who see a need for co-ops and others who believe that health savings accounts are the way to go. This article serves as a guide through the minefield that is the health care reform debate for companies wondering what is to come.

### THE WAY THINGS ARE

The crux of the health care discussion comes down to competition; is there enough of it or should the government enter the marketplace to ease and better control costs? The competitiveness of the private market varies by state. According to the American Medical Association, the larger more densely populated states have the most choices of health insurance coverage. The leading insurance providers cover 24 percent of California, 26 percent of New York and 30 percent of Florida. However, in nine states a single insurer covers 70 percent of the aggregate population. In Alabama, one insurer covers 83 percent and in Hawaii, 78 percent are covered. And in 17 other states, one insurer covers over half of the population.

Robert Zirkelbach, America's Health Insurance Plans (AHIP) spokesman, said there is plenty of competition because "in the top 40 metropolitan areas, there are eight or more health plans in every one of them. Both the Federal Trade Commission and the Department of Justice have reviewed this and found that health insurance plans operate in a

"The only way to keep your health is to eat what you don't want, drink what you don't like and do what you'd rather not"

--Mark Twain

highly competitive market. Physicians' offices contract on average with a dozen health plans."

Employers face limitations in choices. Brad Herring, health economist for Johns Hopkins Bloomberg School of Public Health, told the NYTimes "a large employer can self-insure" by

collecting premiums, paying out for medical claims and generally using a commercial insurer to administer the program which supplies a network of doctors and hospitals without financially underwriting the coverage. Herring said this includes half of all Americans with private insurance.

However, small businesses purchase coverage through insurers who are regulated by each state. They are unable to shop across state lines. Congress has not yet indicated that it is willing to alter the law to allow insurance companies to roll out interstate operations.

According to the American Medical Association, there have been 400 corporate mergers among insurance companies over the last twelve years. One insurance company covers 34.2 million people while another covers 29.5 million according to second-quarter statements. Wendell Potter, CIGNA's director of communications said "the largest seven insurers cover more than 100 million people, a third of the market." Zirkelbach of AHIP countered that "hospital consolidation has driven up prices... in the last 20 years, benefit costs have risen 8.7 percent" correlating with the rise of premiums. However, Zirkelbach does caution that, "A new government-run plan would significantly disrupt the coverage that people currently rely on."

### WHAT'S AT STAKE

According to the US Census, 85 percent of the country had some form of health insurance in 2007. More than two thirds of those had coverage through an employer. Medicare and Medicaid cover the elderly, disabled, veterans, as well

as children and low-income people. 45 million people lacked health insurance at a specific time during the year but were not necessarily uninsured for the entire year. 9 million of the uninsured were not American citizens but the bureau's "Current Population Survey" does not collect information on the legal status of noncitizens. 12 million low-income uninsured people – mostly children and parents – were not enrolled in public programs for which they qualified, according to the National Institute for Health Care Management Foundation. One third of uninsured were moderate or high income individuals who are deterred by high premiums. Many others are shut out because of pre-existing conditions. Young adults, 19 to 29 years old, were 29 percent of the uninsured and had the highest uninsured rate of any group.

### THE PUBLIC OPTION

The public option is the most controversial facet of the health care reform debate. Many oppose it, some favor it and want it phased in, others want reform without the option and there are those who want it immediately introduced to the market. Those who favor a public option need to mollify moderates while at the same time making sure it is not vitiated by a health cooperative. While the two party political parties have definitely gone their separate ways over this issue, the party in power has split between a public option and a health care cooperative. Nancy Pelosi, speaker of the House, said "We agree with the president that a public option will keep insurance companies honest and increase competition."

However, some congressional officials believe that the public option could "fade if any legislation ultimately provides universal health coverage." House Democrats favor the public option but may be convinced to back a comprehensive bill that does not include it if there's a "victory" in achieving health care reform. Critics of the public option believe that it represents a federal takeover of the health care industry while supporters maintain it will foster competition with and among private companies.

An insurance "co-op" would provide coverage and be controlled by its members. Administrative costs should be minimized because the co-ops would be nonprofit. They would compete with private insurers but would need enough members to have power to negotiate prices with doctors and hospitals. According to Farhana Hossain and Robert Pear of the New York Times, co-ops will need 25,000 members to be viable and 500,000 members to negotiate effectively.

The public option is in trouble because the "Gang of Six" does not favor it. The "gang" comprises six senators on the Senate Finance Committee who are writing the most pivotal pieces of the health care bill. Senators Max Baucus, Democrat of Montana, is the committee chairman and Charles Grassley, Republican of Iowa, is the ranking member and they have worked closely together in crafting the proposed legislation.

### OTHER REFORM IDEAS

President Obama wants to slow the growth of health care spending and expand health insurance coverage. The goal is to find billions of dollars of savings in Medicare by reducing payments to hospitals. Moving Medicare away from fee-for-service methods towards quality of care includes greater use of technology, better management of chronic diseases and more attention to preventive care for long-term savings. Including the expansion of Medicaid, the overhaul is expected to cost \$1 trillion over the next 10 years.

The proposals would trim Medicare payments provided for most services in order to "incentivize" hospitals to be more efficient. More than \$150 billion over 10 years would be cut from federal payments to private health plans that cover 10 million Medicare beneficiaries which the current administration considers to be unwarranted subsidies. According to the New York Times, the president hopes to make up for the costs by limiting itemized deductions like charitable deductions and mortgage interest for the wealthy but has met resistance from Congress.

### THE SWISS MODEL

Liberal columnist and Nobel Prize winning economist, Paul Krugman has highlighted Switzerland's health system as an admirable model to follow in his essay, "The Swiss Menace." According to Krugman, in the UK, the government runs the hospitals and employs the doctors through its National Health Service (NHS). In Canada and France, the delivery of care is "in private hands" but government pays most of the bills. Finally, the third way involves using private insurance companies to achieve universal coverage by utilizing regulation and subsidies. That is how Switzerland does it; "everyone is required to buy insurance, insurers can't discriminate for pre-existing conditions and lower-income citizens get government help." Krugman does advocate the public option above and beyond this route because he believes the government would make the system cheaper.

## THE DEFICIT DILEMMA

On the other hand, health care reformers on the other side of the political spectrum from Krugman express caution. John Mackey, CEO of Whole Foods, contributed his thoughts and concerns to the Wall Street Journal. In his piece, "The Whole Foods Alternative to ObamaCare", Mackey warned against entitlements that would balloon the nation's budget deficit. His argument is that the country should move "toward less government control and more individual empowerment." He followed with eight reforms.

- 1) *Encourage creation of high-deductible health insurance plans and health savings accounts (HSAs)* – Whole Foods pays 100% of premiums for workers on the high-deductible health plan and also provides up to \$1800 per year in deposits to Personal Wellness Accounts for workers to spend as they choose. Money not spent can be rolled over each year and grow over time.
- 2) *Equalize tax laws* – Employer benefits are fully tax deductible but individual health plans are not and Mackey asserts this is unfair.
- 3) *Repeal state laws prohibiting insurance companies from crossing state lines* – Health insurance should be portable and would foster competition and lower prices.
- 4) *Repeal government mandates on what companies should cover* – The mandates have increased insurance costs by billions.
- 5) *Enact tort reform to end ruinous lawsuits* – Doctors are forced to pay high insurance costs which are passed on to the rest of us.
- 6) *Make costs transparent* – People buy other goods and services and know the costs breakdown, why not for medical care?
- 7) *Medicare reform is necessary* – Mackey asserts that Medicare is headed towards bankruptcy and that reforms are needed for patient empowerment, choice and responsibility.
- 8) *Revise tax forms to encourage voluntary donations for those who need care* – Tax deductible donations would help millions who aren't covered by Medicare or Medicaid.

## CONCLUSION

The problems are massive, the proposals are voluminous, but the answer is elusive. No one has the magic bullet to fix the health care system but there are plenty of opinions on what should not be enacted. Just

as deciding which doctor is best for your family, the prescription for the medical industry as a whole is a personal decision too. Lobbyists, politicians, doctors and patients are working together to forge compromises and consensus. Hopefully, the correct decisions lie somewhere in the countless debates that have echoed around the country. In the meantime, the best way to decide what is best for health care reform is to be as well informed about the issues as possible.

## HEALTH CARE: GLOSSARY

(By Jeff Zeleny and Carl Hulse)

Here are useful terms to know

**Capitation** – A system of paying doctors and health providers a set amount per patient per year regardless of how much health care that person uses. In theory, this creates incentives to keep people healthy and avoid using expensive services.

**Cherry-picking** – A process where an insurer tries to cover only the healthiest people with the lowest risk of using health services.

**Community rating** – This rule would require insurance companies to set premium rates based only on geography and not health status. Sometimes gender and age are also considered in rate setting.

**Employer mandate** – A requirement that businesses offer their employees health insurance. Massachusetts, for example, requires businesses with 10 or more employees to provide coverage or to pay a set amount on their behalf to purchase coverage.

**Health insurance cooperative** – A nonprofit health plan owned and operated by a collection of small businesses or individuals that group together to purchase health insurance so they have greater negotiating power.

**Pay-for-performance** – A system that would pay doctors, hospitals and health care providers based on how well they take care of patients and not just how much care they provide to patients.

**Purchasing pool** – Health insurers lump the premiums people pay together to pay for health care services. In this pool, people who use few health services subsidize the costs of people who use many. This ability to "spread risk" gives large employers an advantage over small employers when buying health insurance.

**Underinsured** – A term describing people who have insurance but are still considered financially vulnerable.

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Thomas Galvin is an Analyst for the Labor Analytics Group (LAG) and studies labor markets across the nation. His responsibilities include acquiring essential information and working with the group in providing clients with site selection advisory services. Thomas interacts with employers, economic development councils and staffing agencies in support of the group's market evaluation efforts.

Prior to joining CBRE, Thomas was an associate with the redeveloper RockWater Partners. Thomas worked directly with the president, analyzed potential transactions and played a key role in business development. Prior to RockWater, Thomas was development manager for Foursite Development. His responsibilities involved the construction management of a state-of-the-art storage facility, C3 Modern Storage.

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