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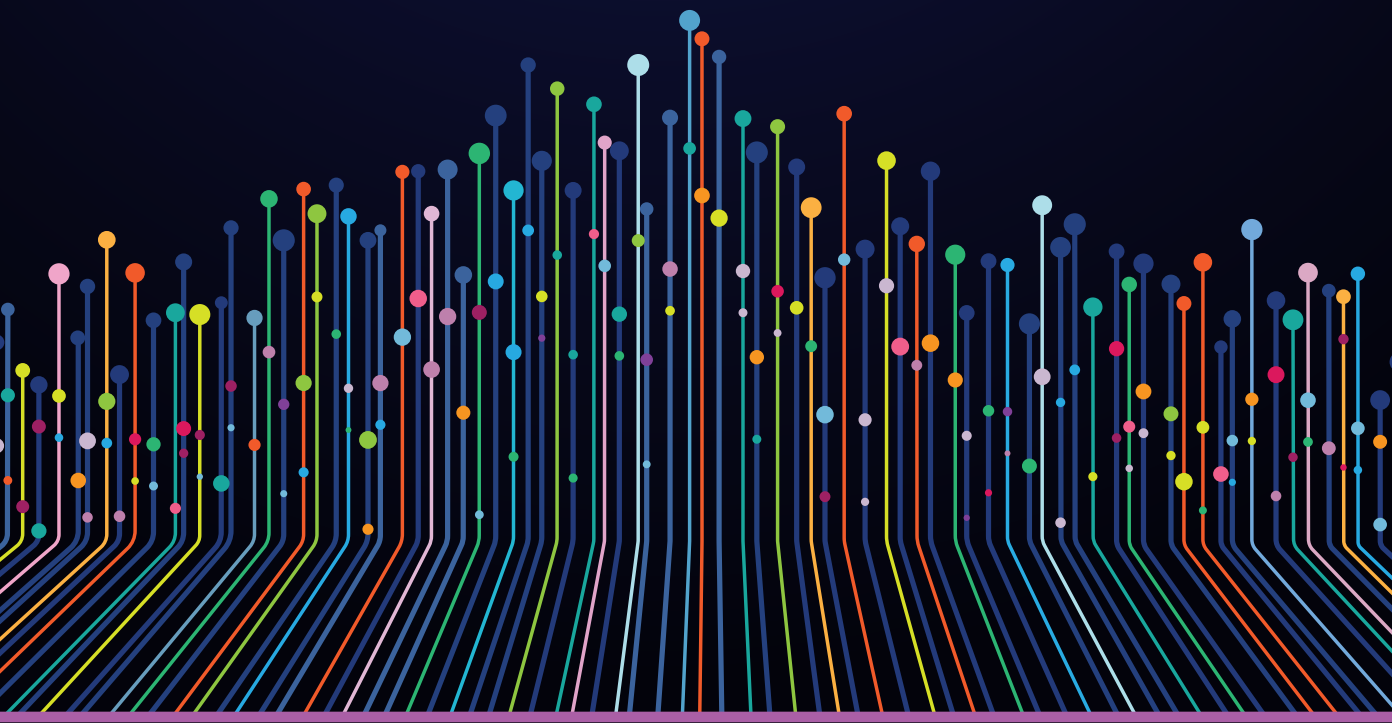
SPECIAL ISSUE | 2026
THE MAGAZINE OF THE AMERICAN STAFFING ASSOCIATION

2026 ASA Staffing Industry PLAYBOOK

New sector-focused data and analysis: This year's playbook includes business intel for five industry sectors—plus analysis about the U.S. economy, GDP, inflation, and much more.



DATA AND ANALYSIS TO GROW YOUR BUSINESS

The 2026 ASA Staffing Industry Playbook has a robust online presence, where staffing leaders can access graphics, slideshows, and an interactive data experience. Go to *americanstaffing.net/playbook*.

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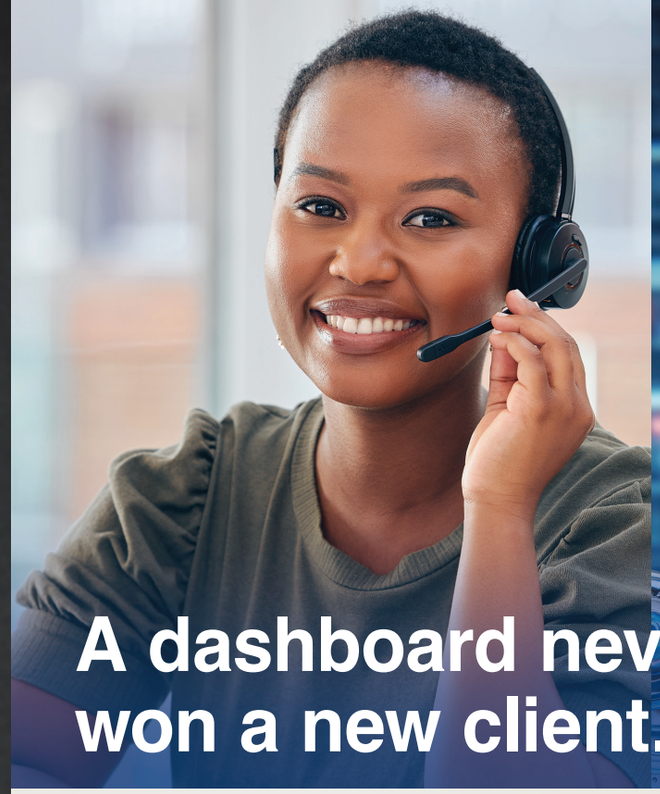

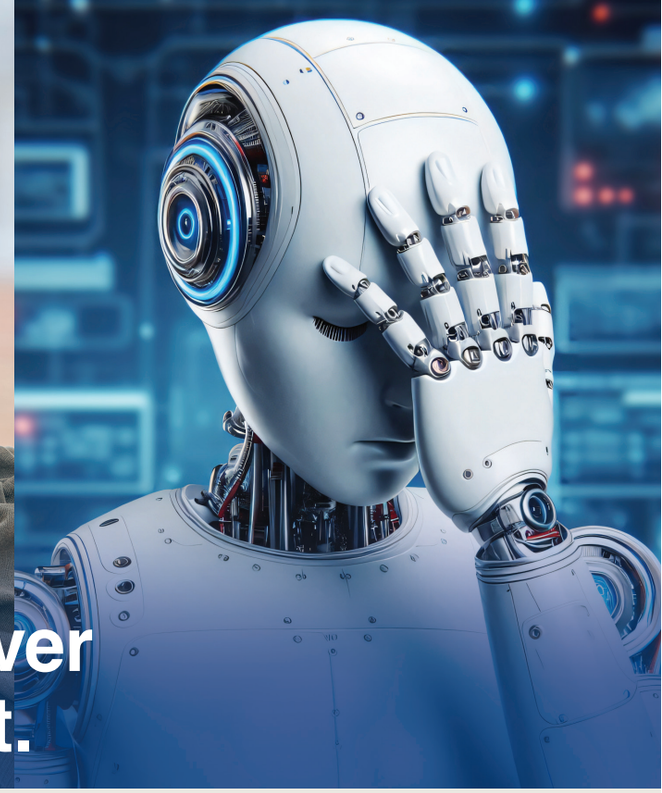

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ASA members have access to a robust resource: the ASA Weekly Economic & Business Outlook (WEBO). The ASA WEBO is authoritative, targeted data and analysis for staffing professionals—on the industry as well as economy at-large—that is updated every week, with highlights sent out via email to members. Powered by an online dashboard, it features analysis and insights designed to drive strategic business decisions amid changing economic conditions, including

- ✓ ASA Staffing Jobs Report
- ✓ Bureau of Labor Statistics Temporary Help Jobs Report
- ✓ ASA Staffing Index
- ✓ GDP Quarterly
- ✓ And More Staffing Research and Economic Outlook Indicators

Have questions or didn't receive the WEBO? Contact the ASA research department at research@americanstaffing.net.

American Staffing Association

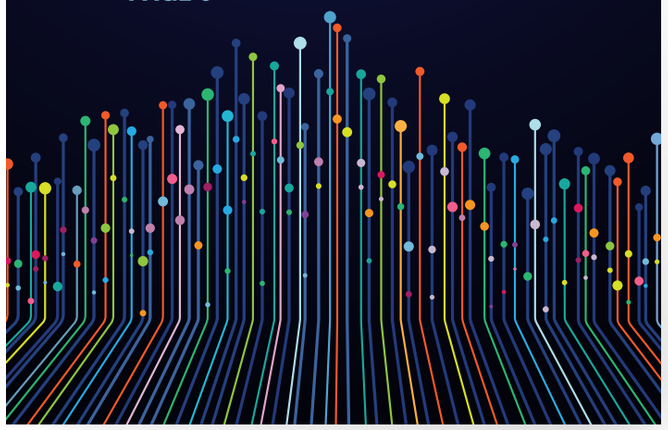
STAFFING success

PUBLISHED BY THE AMERICAN STAFFING ASSOCIATION

2026 ASA Staffing Industry PLAYBOOK

This playbook is designed to help staffing professionals, analysts, economists, and all those who track the industry understand the U.S. staffing landscape during the current economic cycle and evaluate where it's headed. There are dedicated spaces throughout this playbook for your own notes as well as a chart index, making it easy to find specific data points.

PAGE 6



PLAYBOOK AUTHORS

This 2026 Staffing Industry Playbook is based on surveys and analysis conducted by the ASA research team, which throughout the year manages more than 30 research projects, including the ASA Staffing Index, ASA Staffing Employment & Sales Survey, ASA AI Impact Index, and ASA Temporary Help Wage Tool. Learn more at *americanstaffing.net/research*.

Chief Economist Noah Yosif
Economic Analyst Maxwell Aldrich

DEPARTMENTS

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Here is a quick reference tool for finding specific charts and data points in this year's playbook.

Get important industry data and analysis, and stay ahead of fluctuations and trends—go to *americanstaffing.net/research.*

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2026 ASA Staffing Industry PLAYBOOK

GO TO *AMERICANSTAFFING.NET/PLAYBOOK* TO DOWNLOAD GRAPHICS AND BONUS CONTENT.



For 10 years, ASA has published its flagship Staffing Industry Playbook to provide a comprehensive overview of the staffing industry and broader economy. This year's playbook contains 73 trends which ASA researchers and analysts believe are essential to understanding the current state of the industry, with deep dives into some of its largest segments, including: engineering, information technology, and scientific services; health care; industrial, office–clerical/administrative services, and professional–managerial services. The views in this playbook on the current recovery afoot in the staffing industry are based on assessments of employment, sales, margin, productivity, M&A activity, as well as the labor market.

Overall, the industry is making gains, though gradual and discontinuous, and with some variation between different segments. In a steady-growth, high-cost economy, the majority of employers have the ability to add headcount, but are choosing to avoid doing so if they can help it. Some employers are willing to cope with higher costs to onboard headcount, like those facing persistent workforce shortages or elevated demand for their services, but these unicorns are few and far between. That is why roughly 80% of jobs created this have been concentrated in just a handful of sectors of the labor market.

Success for staffing companies depends upon recognizing these fundamentals, as well as the nuances of your specific business. Engineering, IT, and scientific services is currently in high demand with rapid deployment of artificial intelligence infrastructure, but placement volumes are low as employers are unsure about headcount needs as a result of this technology. Health care continues to experience moderating postpandemic growth, driven by an aging workforce and a shifting regulatory environment. The industrial sector is realizing increased placement volumes around the AI buildout, but limited margin growth due to the industry's sensitivities to both inflation and interest rates. Office–clerical/administrative services remains hampered by rising costs, technological change, and continued offshoring, while sales growth in professional–managerial services is highly dependent on the role as well as the demand dynamics around it.

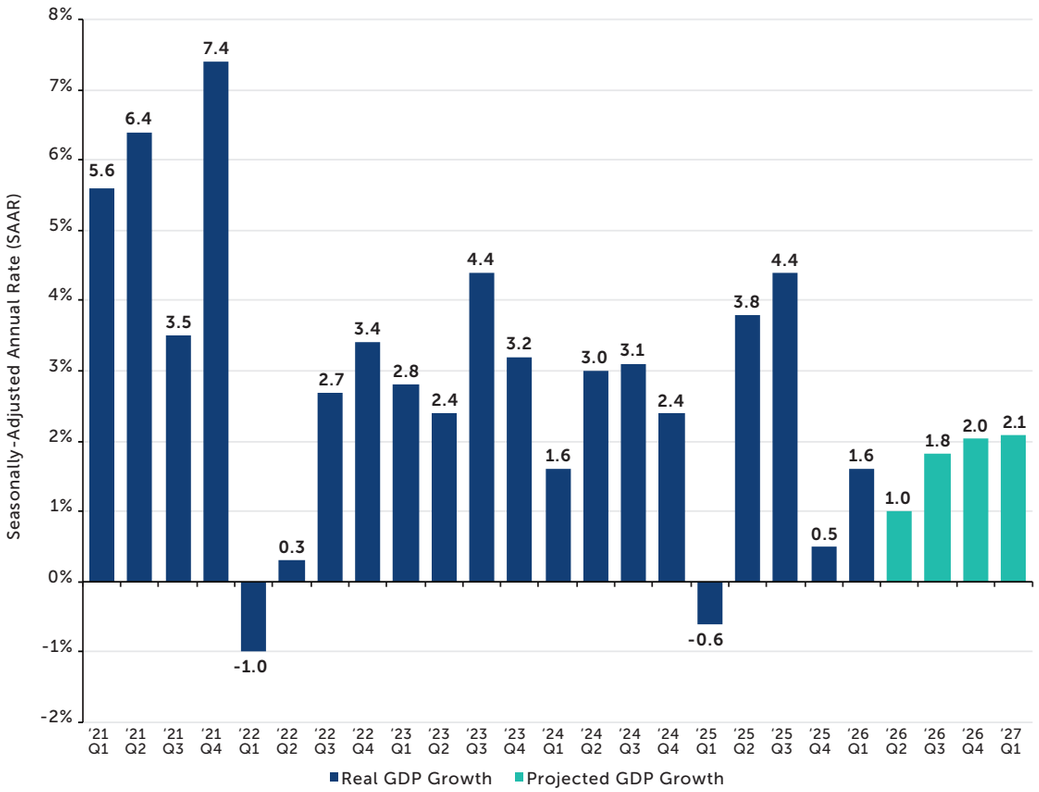
Despite the sector-specific nuances, the ASA research team believes that the staffing industry will continue on its recovery. In a high-cost environment, employers who need to add headcount are turning to contingent labor given the flexible nature of such arrangements. An incoming generation of workers consistently rates autonomy and work-life balance as important facets of their job—both strengths of the temporary work model. Furthermore, declines in long-term labor force participation is encouraging both employers and workers to seek out the expertise of seasoned consultants with the foresight to make sustainable connections in an incredibly uncertain economic environment. And while the industry does best when momentum in the labor market at-large is strong, preferences for the kind of flexible workforce solutions which the industry provides will allow for incremental growth in the coming year.

As the compendium of headwinds and tailwinds interact in new, unforeseen ways, it can be tricky to discern exactly how the staffing industry will eventually evolve. But with 73 unique economic and industry insights, the ASA Staffing Industry Playbook is here to help your company navigate a complicated and changing business environment, where growth opportunities certainly exist but are oftentimes obscured. Even during these uncertain times there's good reason to be cautiously optimistic about the industry's prospects. However, the question remains: Do you know where to look?

>>>

CHART 1:

Gross Domestic Product



Source: U.S. Bureau of Economic Analysis

- ECONOMIC GROWTH IN THE U.S. GENERALLY TRENDED ABOVE EXPECTATIONS SINCE 2023, AVERAGING 2.5% FROM THE SECOND QUARTER OF 2023 TO THE SECOND QUARTER OF 2026. PROFESSIONAL FORECASTS EXPECT IT WILL TICK DOWN TO 1.9% OVER THE NEXT FOUR QUARTERS.

- PRIOR TO THE SECOND HALF OF 2025, ECONOMIC GROWTH WAS SUSTAINED BY ROBUST LEVELS OF CONSUMPTION. HOWEVER, WITH THE RECENT CONFLICT IN IRAN AND ITS STRAIN ON OIL PRICES, ECONOMIC GROWTH IS NOW LED BY AN INCREASE IN BUSINESS ACTIVITY, ESPECIALLY SPENDING ON TECHNOLOGIES SUCH AS ARTIFICIAL INTELLIGENCE.

- ECONOMIC ACTIVITY IS ALSO SUPPORTED BY A HEALTHY, "LOW-FIRE" LABOR MARKET IN WHICH MOST PEOPLE HAVE ACCESS TO A PAYCHECK THAT ALLOWS THEM TO SPEND ON GOODS AND SERVICES. BUT FOR STAFFING FIRMS, THESE CONDITIONS ALONE ARE NOT ENOUGH TO BOLSTER DEMAND FOR THEIR STANDARD PLACEMENT MODEL.

CHART 2:

Inflation

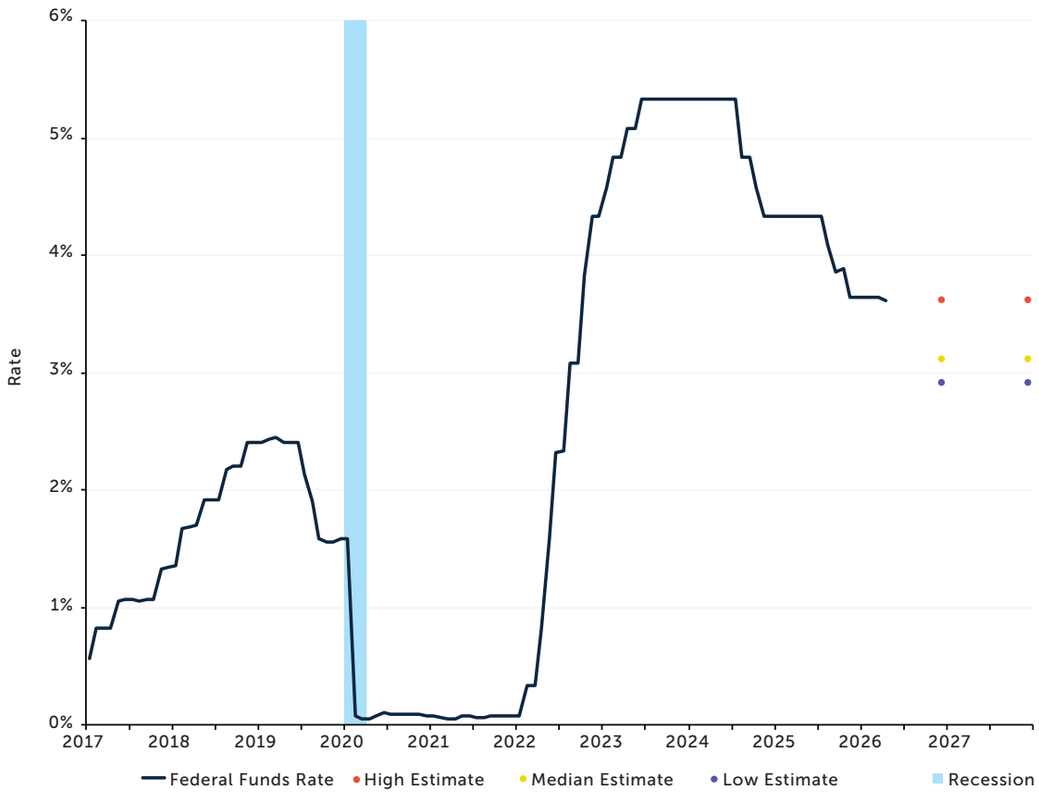


Source: U.S. Bureau of Labor Statistics

- INFLATION REMAINS ELEVATED RELATIVE TO PREPANDEMIC LEVELS. ON AVERAGE, THE TWO MOST POPULAR METRICS OF PRICE GROWTH—THE CONSUMER PRICE INDEX AND PERSONAL CONSUMPTION EXPENDITURES PRICE INDEX—HAVE ACCELERATED BY 3.5% OVER THE PAST THREE YEARS.
- PERSISTENT SUPPLY SHOCKS, INCLUDING POST-PANDEMIC CONSUMPTION, RUSSIA'S INVASION OF UKRAINE, TARIFFS, AND U.S. OPERATIONS IN IRAN, HAVE DRIVEN PRICE GAINS FOR MANY GOODS AND SERVICES.
- A LACK OF FURTHER DISINFLATION HAS RAISED OPERATING COSTS AND WAGES FOR EMPLOYERS, REDUCING JOB CREATION AS WELL AS HIRING. IT HAS ALSO REDUCED GROSS MARGINS ON BILL RATES FOR STAFFING COMPANIES SINCE MANY EMPLOYERS HAVE THE OPTION OF NOT INVESTING IN HEADCOUNT.
- INFLATION IS EXPECTED TO REMAIN ELEVATED IN THE NEAR TERM DUE TO A SPIKE IN ENERGY COSTS AS A RESULT OF U.S. OPERATIONS IN IRAN. HIGHER GAS PRICES ARE EXPECTED TO MOVE THROUGHOUT GLOBAL SUPPLY CHAINS, AFFECTING TRANSPORTATION AND OTHER ENERGY-DEPENDENT OPERATIONS.

CHART 3:

Monetary Policy

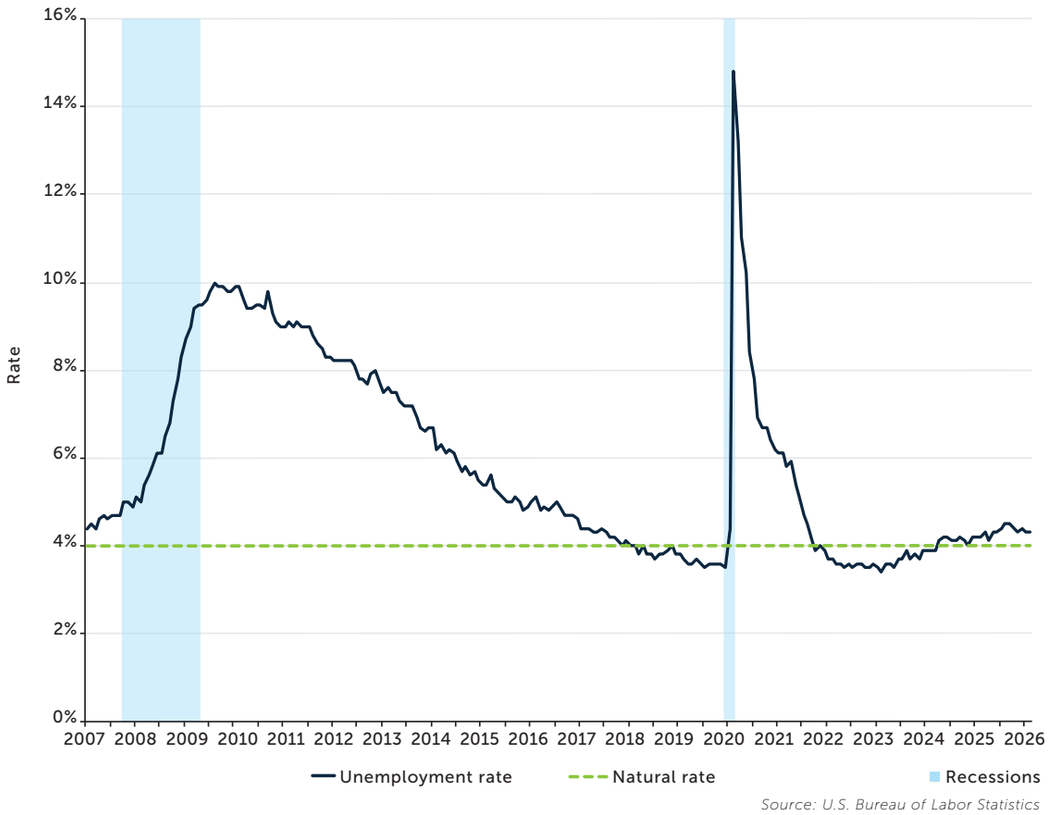


Source: Federal Reserve System

- AT THIS WRITING, INTEREST RATES ARE TRENDING AT THEIR HIGHEST LEVELS SINCE 2007—AROUND 3.6%. THE FEDERAL RESERVE BOARD HAS REPEATEDLY EMPHASIZED PROGRESS TOWARD ITS 2% INFLATION TARGET AS A PREREQUISITE FOR FURTHER ACCOMMODATION IN MONETARY POLICY.
- THE SPIKE IN ENERGY COSTS AS A RESULT OF U.S. OPERATIONS IN IRAN INCREASES THE POTENTIAL FOR ADDITIONAL TIGHTENING OF DOMESTIC MONETARY POLICY, BUT STATEMENTS FROM THE FED AND ITS POLICY-MAKING COMMITTEE SUGGEST INTEREST RATES ARE TRENDING AT LEVELS ADEQUATE TO SUSTAIN PRESSURE ON INFLATION.
- THE FED COULD BE INCLINED TO REDUCE INTEREST RATES SOONER, DESPITE HIGH INFLATION, IF THERE IS MEANINGFUL DETERIORATION IN THE LABOR MARKET. WITHOUT SUCH AN IMPETUS, EMPLOYERS' OPERATING COSTS WILL REMAIN ELEVATED AND DISCOURAGE FURTHER LABOR INVESTMENT.
- ELEVATED INTEREST RATES, IN CONJUNCTION WITH INFLATION, WILL CONTINUE TO PRESSURE GROSS MARGINS FOR STAFFING COMPANIES AND HAMPER FURTHER PROSPECTS FOR NEW ORDERS.

CHART 4:

Unemployment

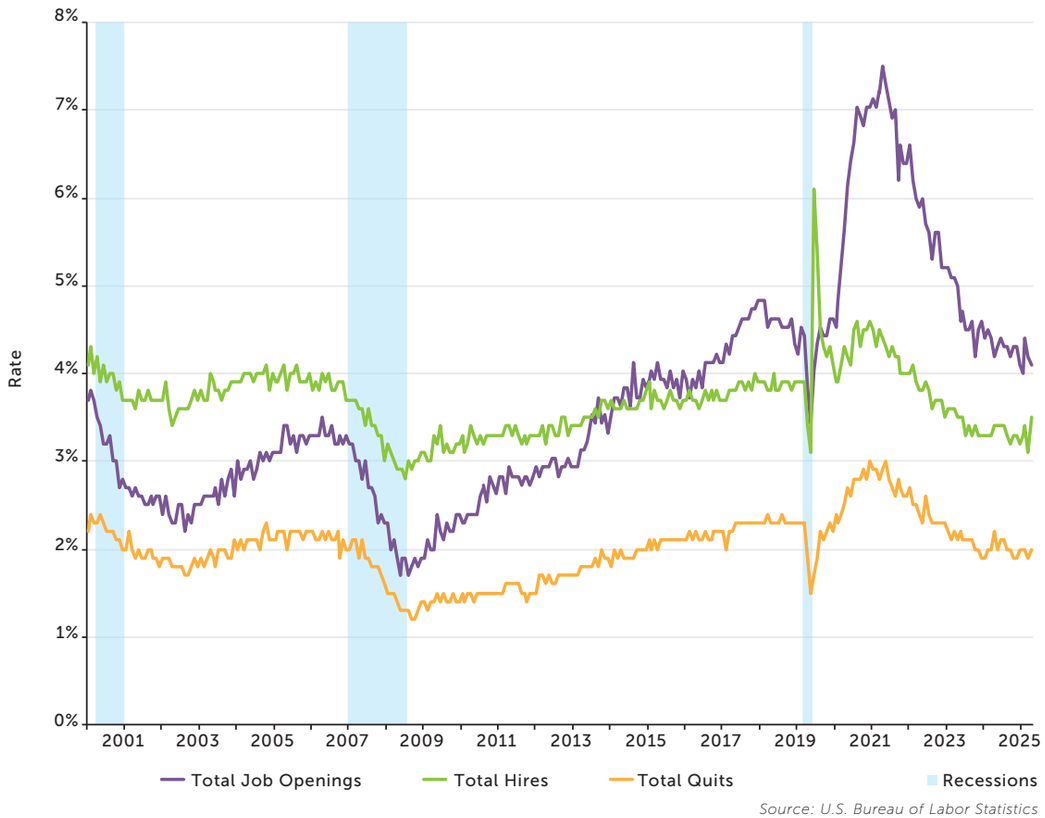


Source: U.S. Bureau of Labor Statistics

- DESPITE MULTIPLE ECONOMIC HEADWINDS SINCE 2025, THE UNEMPLOYMENT RATE HAS REMAINED HEALTHY. OVER THE PAST YEAR IT HAS AVERAGED 4.3%. ECONOMISTS GENERALLY AGREE ON A BENCHMARK OF 4.0% FOR A HEALTHY UNEMPLOYMENT RATE.
- HEALTHY LEVELS OF UNEMPLOYMENT ARE DUE TO LONG-TERM DECLINES IN LABOR SUPPLY, AS COMPANIES ARE FINDING THAT POOLS OF QUALIFIED CANDIDATES ARE SHRINKING. THIS IS DUE TO LOWER LEVELS OF IMMIGRATION, FALLING BIRTH RATES, AND AN INCREASE IN INDIVIDUALS NOT IN EMPLOYMENT, EDUCATION, OR TRAINING (CALLED NEETS).
- A LOW UNEMPLOYMENT RATE AFFIRMS A TIGHT LABOR MARKET WITH LOW CHURN. THIS PROVIDES OPPORTUNITIES FOR STAFFING COMPANIES TO BE A RESOURCE TO CLIENTS THAT ARE STILL LOOKING TO GROW HEADCOUNT—DUE TO NECESSITY, OR BECAUSE THEY CAN ABSORB HIGHER OPERATING COSTS.

CHART 5:

Job Openings, Hires, and Quits

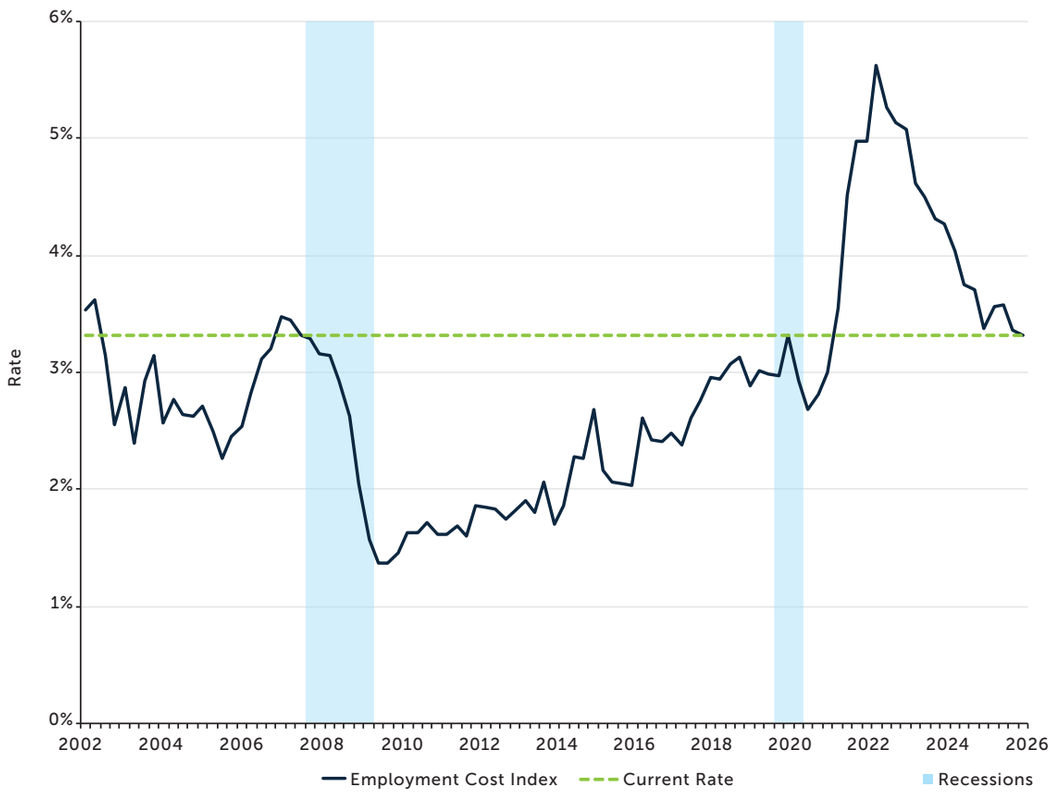


Source: U.S. Bureau of Labor Statistics

- LOW MOMENTUM REMAINS THE PRINCIPAL OBSTACLE TO FURTHER GROWTH IN THE LABOR MARKET AND TO A MORE PRONOUNCED RECOVERY FOR THE STAFFING INDUSTRY.
- AT THIS WRITING, JOB OPENINGS ARE TRENDING AT 4.1%, HIRES AT 3.5%, AND QUITS AT 2.0%, DOWN FROM FIVE-YEAR HIGHS OF 7.5% FOR JOB OPENINGS, 4.6% FOR HIRES, AND 3.0% FOR QUITS.
- ELEVATED COSTS, AND UNCERTAINTY ABOUT WHERE THEY MIGHT TREND IN THE FUTURE, ARE FORCING EMPLOYERS TO CUT BACK ON INVESTMENTS IN LABOR. INSTEAD, MANY ARE FOCUSED ON BOLSTERING PRODUCTIVITY THROUGH INVESTMENTS IN TECHNOLOGY OR THROUGHT REFINEMENT OF PRODUCTION PROCESSES.
- THESE FACTORS HAVE LIMITED THE AVAILABILITY OF CLIENTS AND OF CANDIDATES FOR STAFFING COMPANIES, REDUCING BACKFILL AND PLACEMENT OPPORTUNITIES FOR THE STAFFING INDUSTRY AT LARGE.

CHART 6:

Labor Costs



Source: U.S. Bureau of Labor Statistics

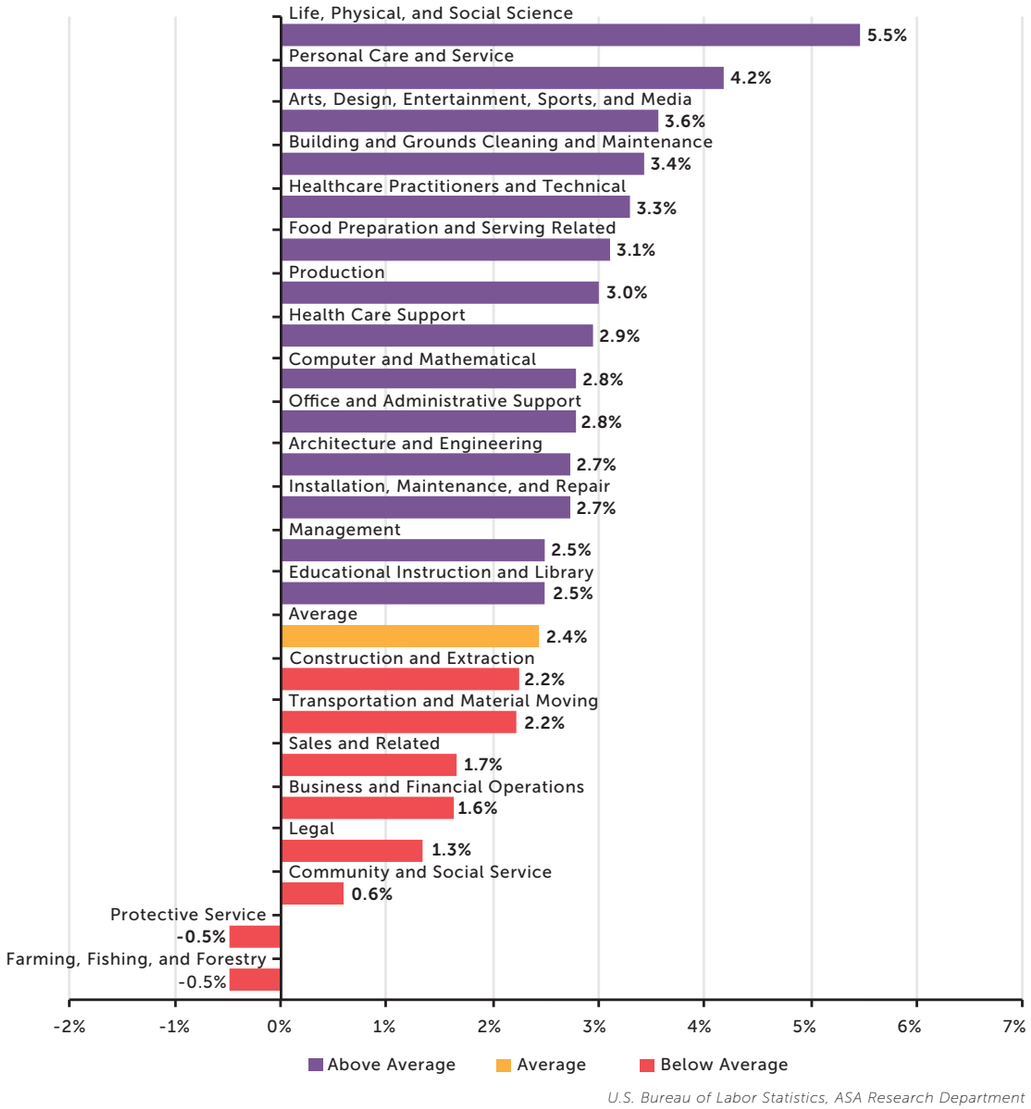
- ALTHOUGH LABOR COSTS HAVE DECELERATED CONSIDERABLY SINCE 2022, THEY ARE SLIGHTLY ELEVATED ABOVE PREPANDEMIC LEVELS. YEAR-TO-YEAR GROWTH IN THE EMPLOYMENT COST INDEX WAS 3.3% AS OF MID 2026, COMPARED WITH AN AVERAGE GROWTH RATE OF 2.1% DURING THE LAST EXPANSIONARY ECONOMIC CYCLE (FROM THE THIRD QUARTER OF 2009 TO THE THIRD QUARTER OF 2019).

- EMPLOYMENT COST PRESSURES ARE MOSTLY A RESULT OF EMPLOYEES' DESIRES FOR HIGHER WAGES TO PROTECT THEIR PURCHASING POWER AT A TIME OF RISING PRICES. BUT THEY ALSO ARE THE RESULT OF INCREASED COSTS FOR BENEFITS SUCH AS HEALTH CARE AND RETIREMENT, DRIVEN BY A HIGH INTEREST RATE ENVIRONMENT.

- LABOR COSTS ARE LIKELY TO RISE IN RESPONSE TO BOTH HIGHER INFLATION AND HIGHER INTEREST RATES. WAGE GROWTH, AND THE ABILITY TO MAINTAIN BILL RATES AT COMPETITIVE LEVELS, WILL BE IMPORTANT DETERMINANTS OF SUCCESS OR FAILURE FOR STAFFING COMPANIES IN A HIGH-COST ENVIRONMENT.

CHART 7:

Wage Growth by Occupation



U.S. Bureau of Labor Statistics, ASA Research Department

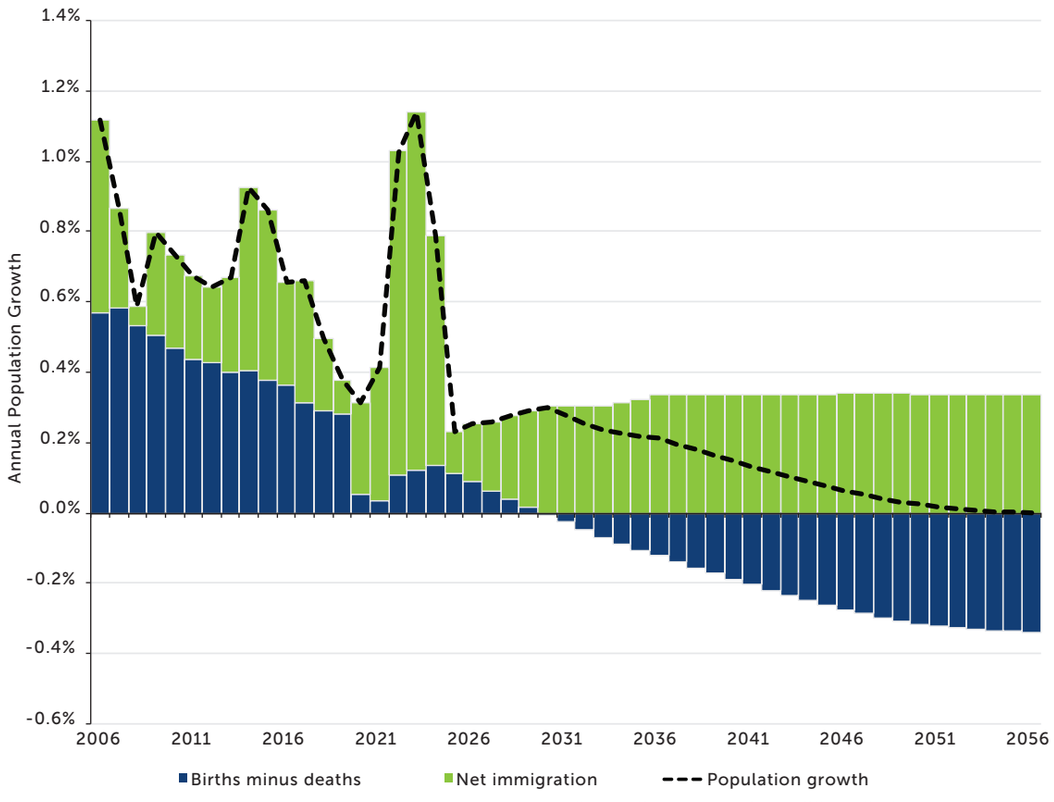
- MOST OCCUPATIONS SAW RISING WAGES AS A RESULT OF INFLATIONARY PRESSURES INDUCED BY TARIFFS AND U.S. OPERATIONS IN IRAN. ON AVERAGE, WAGE GROWTH ROSE BY 2.4% BETWEEN 2024 AND 2025 BUT WAS OUTPACED BY INFLATION, WHICH ROSE BY ROUGHLY 3% IN THIS SAME TIME FRAME.

- WAGE GROWTH IS STRONGEST AMONG OCCUPATION GROUPS WITH LOWER BASE WAGES AND HIGHER DEMAND FOR WORKERS DUE TO PERSONNEL DEPENDENCIES, SKILL SCARCITIES, OR BOTH. CONVERSELY, WAGE GROWTH IS WEAKEST AMONG OCCUPATIONS WITH HIGH BASE WAGES OR LOWER LEVELS OF LABOR DEMAND.

- IF WAGES FAIL TO KEEP PACE WITH INFLATION, THEN A "LOW-FIRE" LABOR MARKET MAY NOT BE ENOUGH TO OFFSET LOSSES IN CONSUMPTION AND ECONOMIC ACTIVITY. ACCESS TO A PAYCHECK IS IMPORTANT FOR WORKERS, BUT THE ABILITY OF THAT PAYCHECK TO MAINTAIN A CONSISTENT STANDARD OF LIVING IS JUST AS VITAL TO A HEALTHY ECONOMY.

CHART 8:

Population Growth

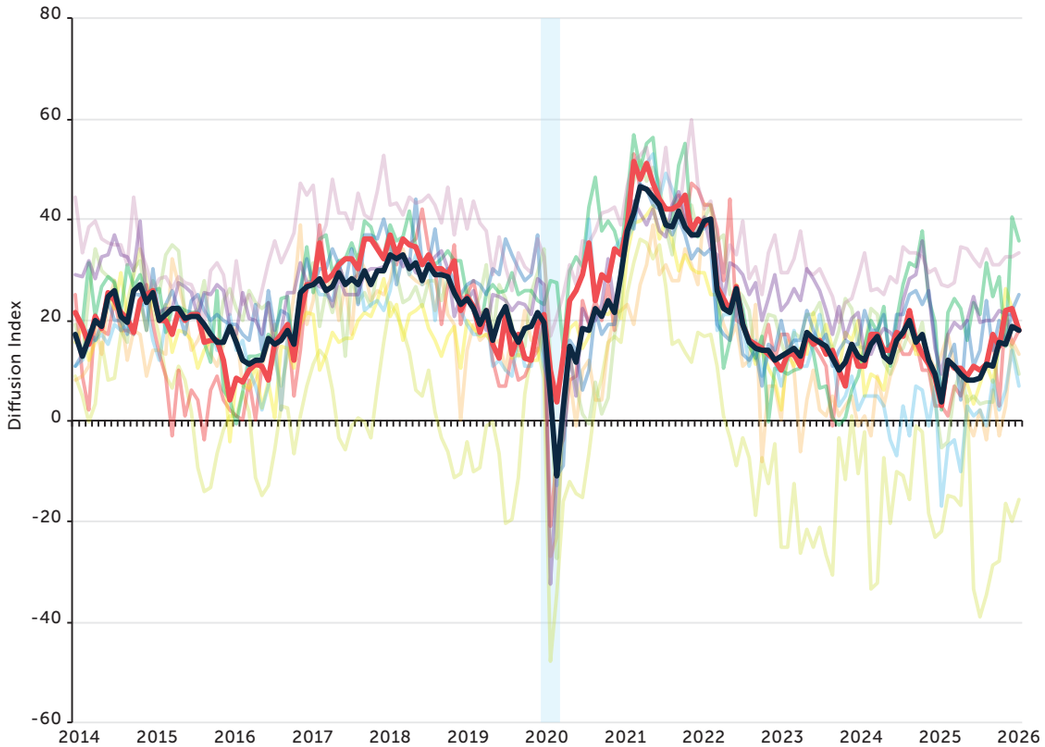


Source: Congressional Budget Office, ASA Research Department

- THE TWO MOST PROMINENT DRIVERS OF A LONG-TERM DECLINE IN LABOR SUPPLY ARE LOWER LEVELS OF IMMIGRATION AND LOWER BIRTH RATES. THESE TRENDS HAVE LIMITED NEW ENTRANTS INTO THE LABOR MARKET.
- ALTHOUGH THE U.S. REMAINS A TOP DESTINATION FOR IMMIGRANTS, UNCERTAINTIES IN IMMIGRATION POLICY AND COMPETITION FROM OTHER AREAS OF THE WORLD THREATEN TO REDUCE OVERALL LEVELS LONG TERM.
- BIRTH RATES HAVE FALLEN PRECIPITOUSLY SINCE THE START OF THE COVID-19 PANDEMIC AND ARE EXPECTED TO BE OUTPACED BY DEATHS WITHIN THE NEXT 10 YEARS.
- AS POPULATION GROWTH APPROACHES ZERO, THE SHARE OF THE OLDER OR RETIRED WORKERS WILL RISE RELATIVE TO YOUNGER WORKERS AVAILABLE TO STEP INTO THEIR ROLES. THIS CHANGE IN LABOR DEMOGRAPHICS PRESENTS OPPORTUNITIES AND CHALLENGES FOR THE STAFFING INDUSTRY.
- INDUSTRY SECTORS THAT SEE INCREASED DEMAND FROM AN AGING POPULATION, SUCH AS HEALTH CARE, WILL LIKELY DRIVE STAFFING INDUSTRY GROWTH. SIMILARLY, THOSE SEGMENTS THAT EXPERIENCE LOWER CHURN OR HIGHER DEMAND FOR WORKERS, SUCH AS INDUSTRIAL STAFFING, WILL LIKELY BE ABLE TO REALIZE HIGHER BILL RATES.

CHART 9:

Employment Expectations

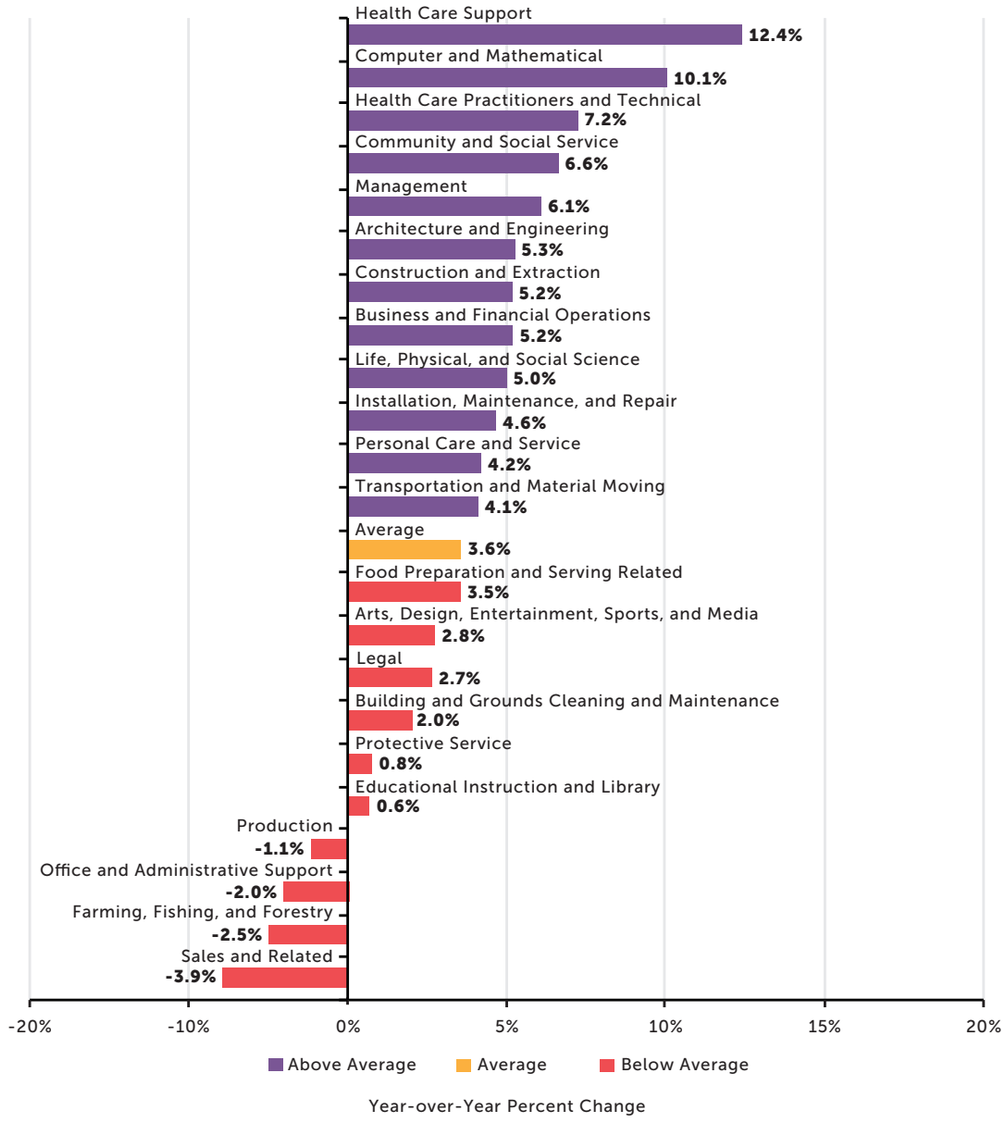


Source: Federal Reserve System, ASA Research Department

- SHORT-TERM EXPECTATIONS FOR EMPLOYMENT ARE RISING DESPITE INCREASED COST PRESSURES, SUGGESTING EMPLOYERS ARE STILL OPTIMISTIC ABOUT THEIR ABILITY TO EXPAND HEADCOUNT.
- FROM APRIL 2025 TO APRIL 2026, EMPLOYMENT EXPECTATIONS ROSE BY 3.8% AMONG ALL EMPLOYERS AND 5% AMONG EMPLOYERS IN THE MANUFACTURING SECTOR.
- EXPECTATIONS FOR HIRING REMAIN STRONGEST IN SECTORS WITH PERSISTENT PERSONNEL SHORTAGES, OR WITH EMPLOYERS THAT HAVE THE MEANS TO COPE WITH ELEVATED LABOR COSTS.
- THERE ARE STILL OPPORTUNITIES FOR STAFFING COMPANIES TO WIN BUSINESS AND ASSIST THEIR CLIENTS WITH EXPANDING HEADCOUNT, DESPITE ELEVATED COST PRESSURES AND ECONOMIC UNCERTAINTY, ESPECIALLY IN THOSE SECTORS.

CHART 10:

Employment Growth by Occupation (2024–34)



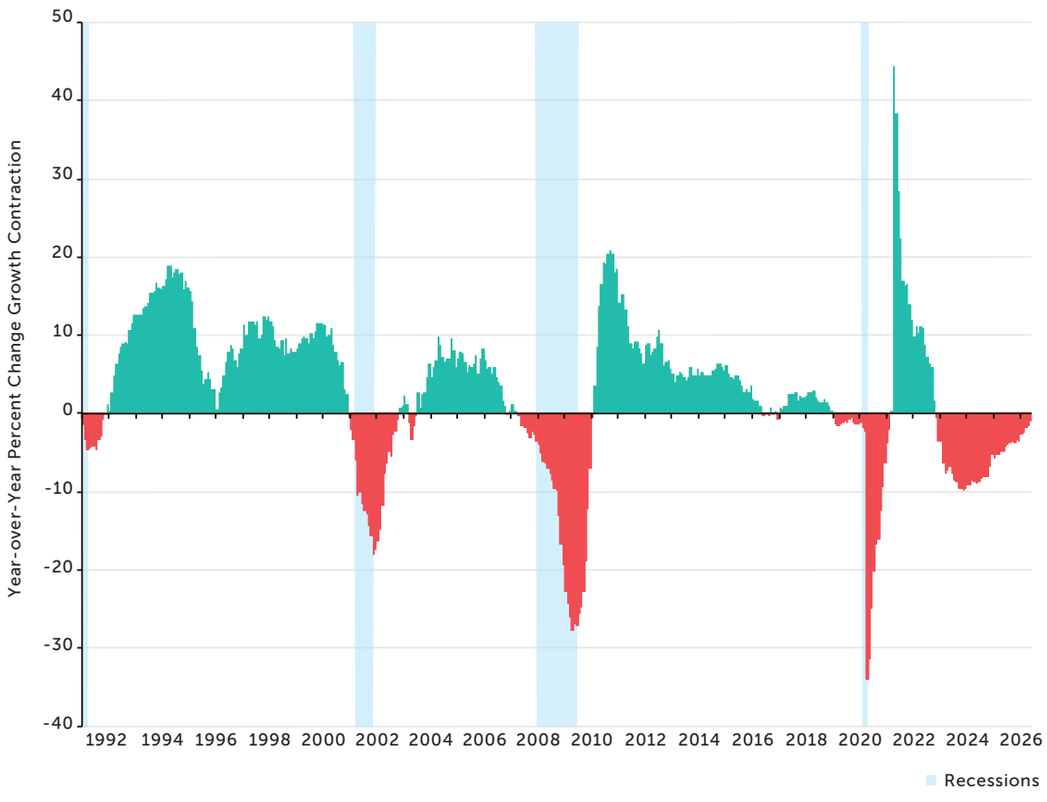
- ON AVERAGE, THE LABOR MARKET IS EXPECTED TO GROW BY 3.6% BY 2034. GROWTH WILL BE STRONGEST IN HIGH-SKILLED OCCUPATIONS, SUCH AS HEALTH CARE, AND WEAKEST WITHIN TECHNOLOGY-ADJACENT ROLES SUCH AS OFFICE AND ADMINISTRATIVE SUPPORT OCCUPATIONS.

- HIGH-GROWTH OCCUPATIONS TEND TO DEPEND ON CRITICAL THINKING AND ON GENERAL HUMAN OVERSIGHT OF TECHNOLOGY-BASED OUTPUTS SUCH AS THOSE PRODUCED USING ARTIFICIAL INTELLIGENCE—MEANING THE STANDARDS FOR EDUCATION AND EXPERIENCE WILL NEED TO BE HIGHER AMONG THE FUTURE WORKFORCE.

- BLUE COLLAR JOBS AND MANUAL LABOR EMPLOYMENT IS STILL EXPECTED TO GROW, BUT ITS GAINS WILL BE RELATIVELY SMALL DUE TO LOWER LEVELS OF LABOR SUPPLY. GAINS IN STAFFING DEMAND WILL COME FROM SECTORS WITH DEMAND FOR SPECIFIC SKILLS, AND SECTORS WITH DEMAND FOR MORE PERSONNEL TO REDUCE VACANCIES.

CHART 11:

Staffing Employment

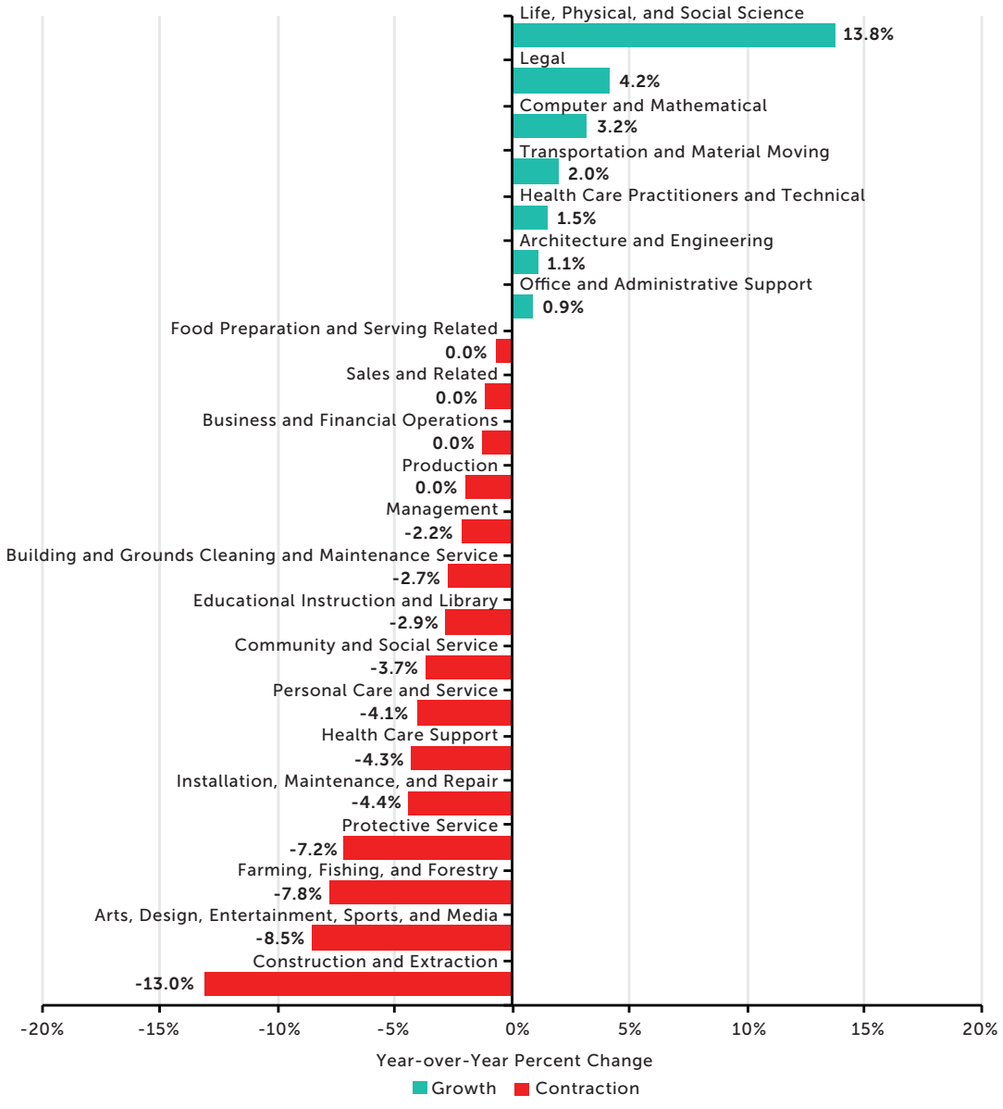


Source: U.S. Bureau of Labor Statistics

- TEMPORARY HELP SERVICES EMPLOYMENT IS CURRENTLY EXPERIENCING ITS LONGEST CONTRACTION ON RECORD, WITH NEGATIVE YEAR-TO-YEAR GROWTH FOR 43 CONSECUTIVE MONTHS.
- BUT LOSSES IN OVERALL EMPLOYMENT HAVE ALSO BEEN STEADILY CONTRACTING. OVER THE 24 MONTHS FROM JUNE 2024 TO MAY 2026, EMPLOYMENT DECLINED BY A SMALLER PERCENTAGE THAN THE PREVIOUS MONTH 80% OF THE TIME.
- NONFARM EMPLOYMENT HAS NOT MATERIALLY DECLINED, LIKE STAFFING EMPLOYMENT, BUT IT STAGNATED OR EXPERIENCED SOME CONTRACTION OVER THE 12 MONTHS FROM JUNE 2025 TO MAY 2026, SUGGESTING THAT TEMPORARY HELP SERVICES EMPLOYMENT IS STILL A RELIABLE SIGNAL OF OVERALL LABOR MARKET ACTIVITY.
- TEMPORARY HELP SERVICES ARE EXPECTED TO GROW AS LOWER (BUT STILL SUBOPTIMAL) LEVELS OF INFLATION ALLOW EMPLOYERS TO BEGIN HIRING FOR SELECT ROLES AND LIKELY PREFERRING TO UTILIZE THE KIND OF SHORT-TERM, FLEXIBLE CONTRACTS THAT ARE OFFERED BY STAFFING COMPANIES.

CHART 12:

Staffing Employment by Occupation

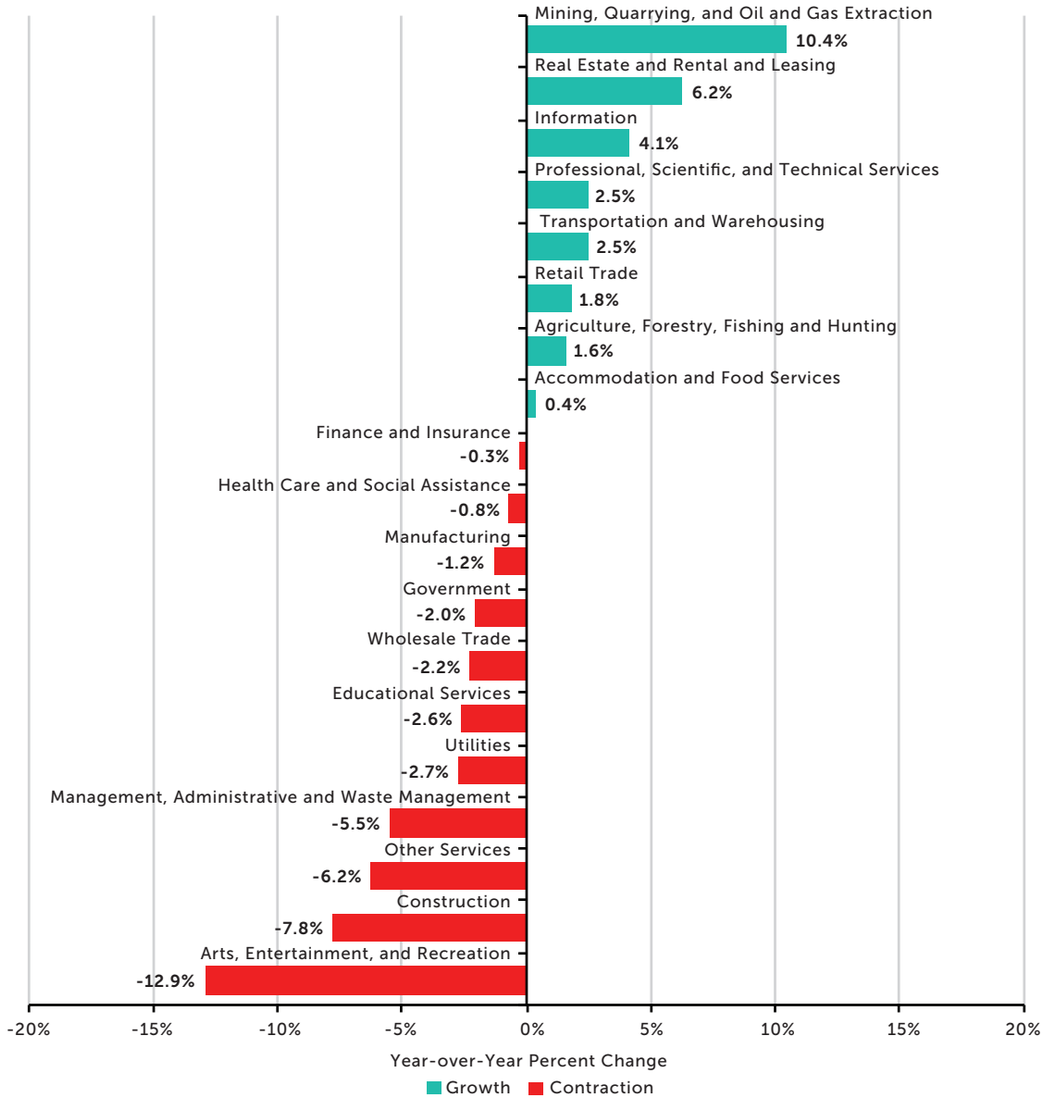


Source: U.S. Bureau of Labor Statistics, U.S. Census Bureau, ASA Research Department

- FROM JUNE 2025 TO MAY 2026, TWO-THIRDS OF OCCUPATIONS EXPERIENCED A CONTRACTION IN THE TOTAL NUMBER OF TEMPORARY HELP SERVICES WORKERS THEY EMPLOYED.
- THE ONE-THIRD OF OCCUPATIONS THAT EXPERIENCED GROWTH IN TEMPORARY HELP SERVICES EMPLOYMENT COVERED SEVERAL SECTORS OF THE STAFFING INDUSTRY—INCLUDING HEALTH CARE, INDUSTRIAL, AND OFFICE–ADMINISTRATIVE STAFFING.
- COLLECTIVELY, THOSE OCCUPATIONS THAT EXPERIENCED GROWTH OVER THAT TIME ACCOUNT FOR MORE THAN 45% OF TOTAL TEMPORARY HELP SERVICES EMPLOYMENT. THIS LIKELY ENABLED THE INDUSTRY TO WEATHER A SMALLER CONTRACTION IN GROWTH COMPARED WITH PREVIOUS YEARS.

CHART 13:

Staffing Employment by Industry

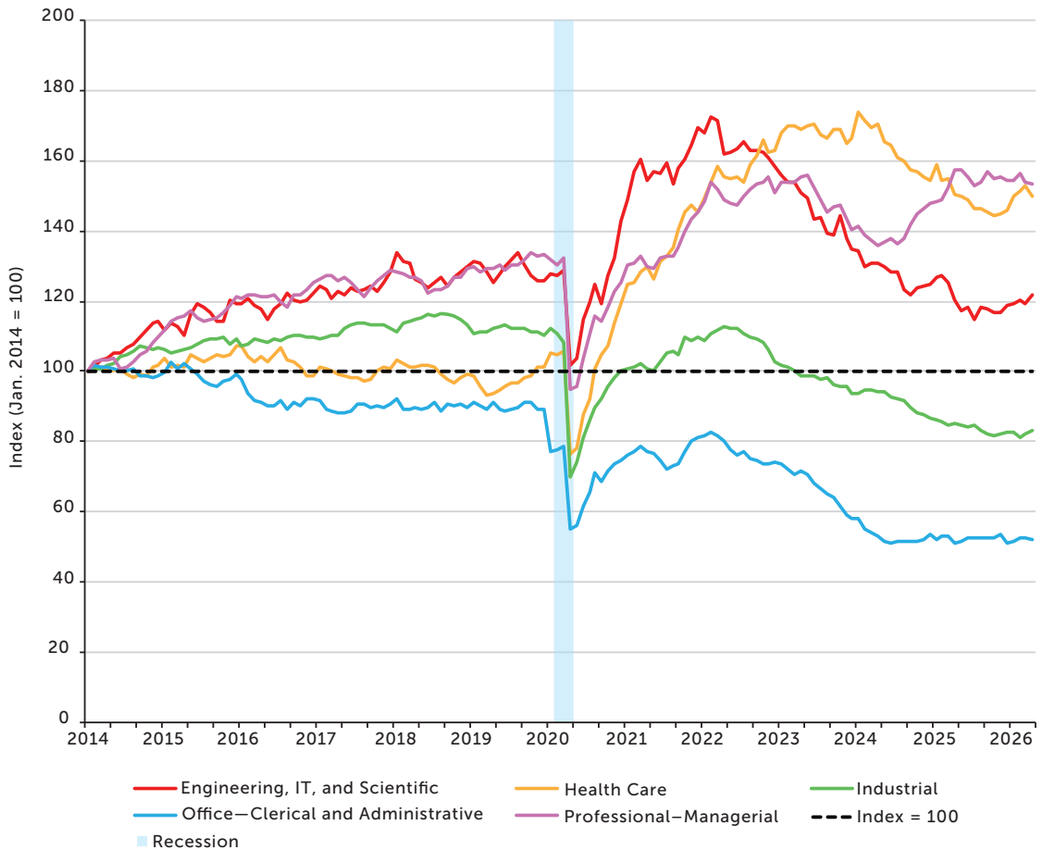


Source: U.S. Bureau of Labor Statistics, U.S. Census Bureau, ASA Research Department

- GROWTH IN UTILIZATION OF TEMPORARY HELP SERVICES WAS ALMOST ENTIRELY CONCENTRATED WITHIN SERVICE-PROVIDING INDUSTRIES BUT WAS STRONGEST IN MINING, QUARRYING, AND OIL AND GAS EXTRACTION.
- INDUSTRIES THAT EXPERIENCED GROWTH IN TEMPORARY HELP SERVICES EMPLOYMENT HAVE HISTORICALLY EXPERIENCED ELEVATED LEVELS OF TURNOVER, REQUIRING EMPLOYERS TO FILL OPEN ROLES.
- INDUSTRIES WITH A HIGH CONCENTRATION OF TEMPORARY HELP SERVICES WORKERS, INCLUDING THE HEALTH CARE AND SOCIAL ASSISTANCE AND THE MANUFACTURING INDUSTRIES, SAW DECLINES IN TEMPORARY HELP SERVICES EMPLOYMENT.
- ALTHOUGH THERE WAS A BALANCED MIX OF WHICH INDUSTRIES GREW AND WHICH INDUSTRIES LOST TEMPORARY WORKERS, THOSE THAT GREW BETWEEN MAY 2025 AND APRIL 2026 ACCOUNTED FOR JUST 37% OF TOTAL TEMPORARY HELP SERVICES EMPLOYMENT.

CHART 14:

Staffing Employment by ASA-Designated Sector

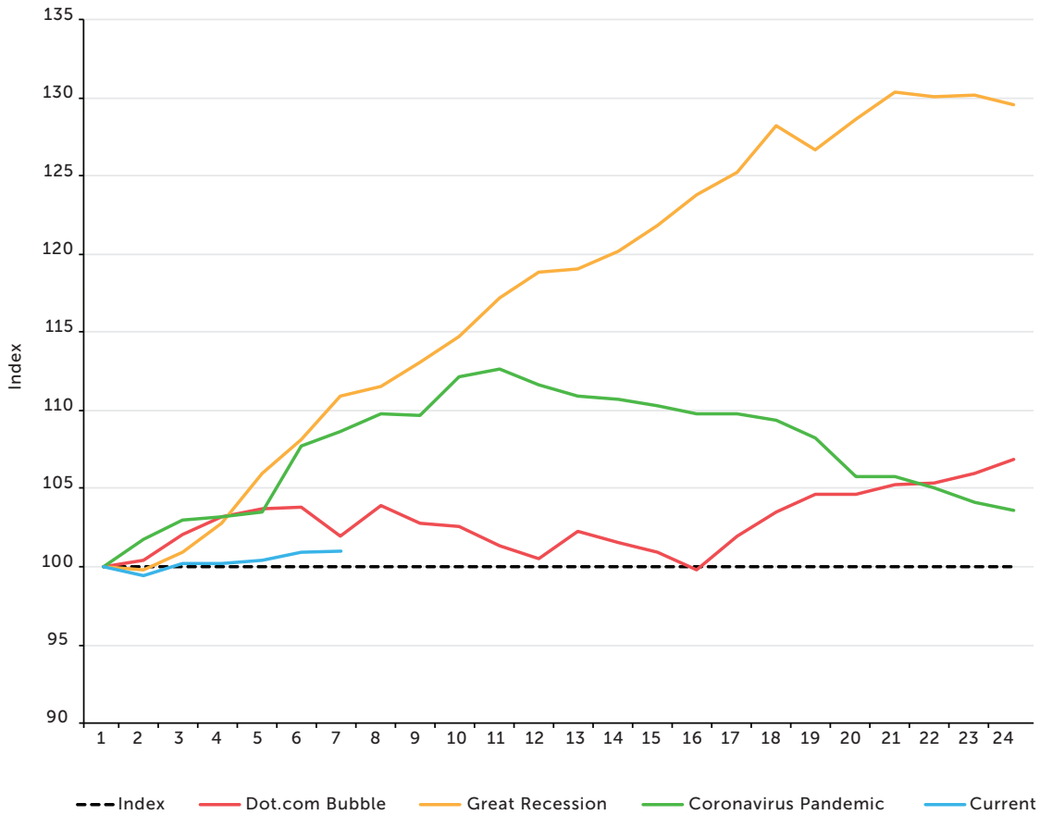


Source: U.S. Bureau of Labor Statistics, U.S. Census Bureau, ASA Research Department

- GROWTH IN TEMPORARY HELP SERVICES EMPLOYMENT HAS MOSTLY RELIED ON HEALTH CARE; ENGINEERING, IT, AND SCIENTIFIC SERVICES; AND PROFESSIONAL–MANAGERIAL SERVICES.
- THE INDUSTRIAL SECTOR STILL MAKES UP THE LARGEST SHARE OF TEMPORARY HELP SERVICES EMPLOYMENT, AND ITS SLACK HAS WEIGHED ON HEADLINE GROWTH FOR THE INDUSTRY AT LARGE.
- PROFESSIONAL–MANAGERIAL SERVICES EXPERIENCED A NOTICEABLE RECOVERY IN 2024 DUE TO DEMAND FOR HIGH-SKILLED PROFESSIONALS AND AN EMPHASIS ON TECHNOLOGY-ADJACENT POSITIONS.
- HEALTH CARE IS ALSO STARTING TO RECOVER FROM ITS PANDEMIC-RELATED SLUMP OWING TO PERSISTENT PERSONNEL SHORTAGES, AS WELL AS GROWING DEMAND IN ELDER AND LONG-TERM CARE SERVICES.
- THE DIVERGENCE BETWEEN DIFFERENT ASA-DESIGNATED SECTORS SUGGESTS LABOR MARKET CHURN REMAINS HIGHLY CONCENTRATED AMONG A HANDFUL OF OCCUPATIONS AND SECTORS, SO DEMAND FOR STAFFING SERVICES IS A REFLECTION OF EXPOSURE TO SEGMENTS THAT ARE GROWING.

CHART 15:

Staffing Employment Post-Recession



Source: U.S. Bureau of Labor Statistics, ASA Research Department

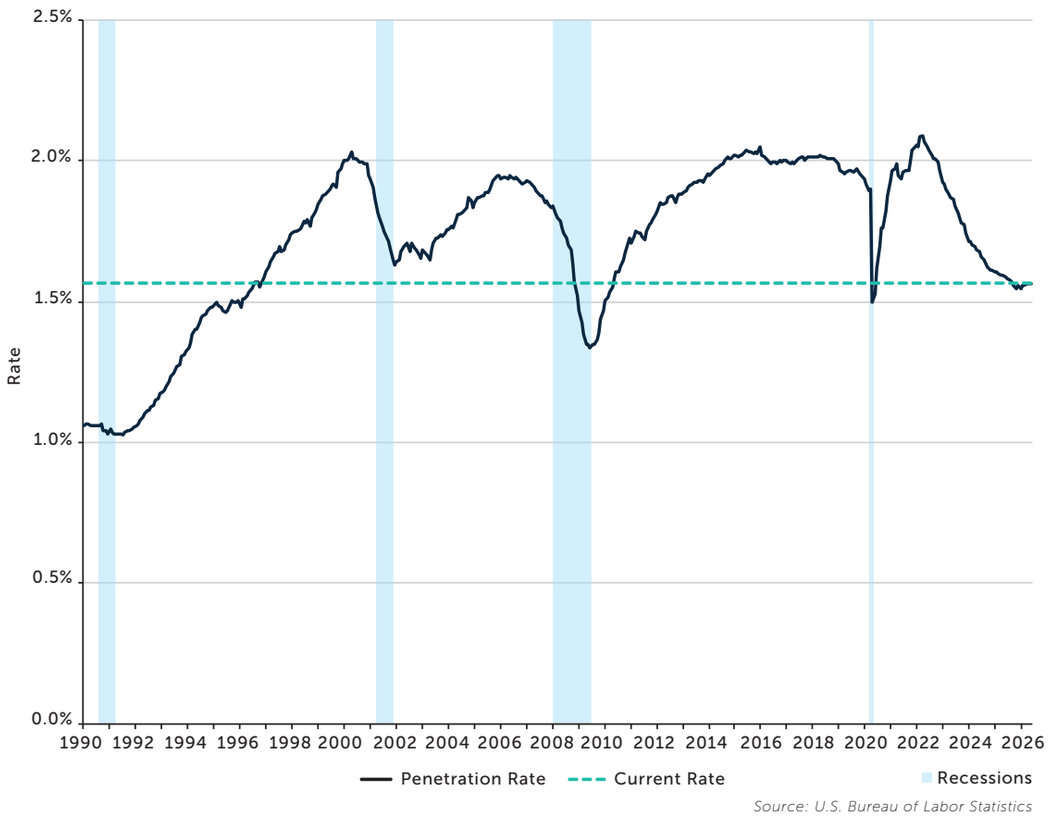
- THE CURRENT RECOVERY IN TEMPORARY HELP SERVICES EMPLOYMENT FOLLOWING AT LEAST SIX MONTHS OF A DECLINE IS PROCEEDING RELATIVELY SLOWER THAN THE RECOVERIES THAT FOLLOWED PREVIOUS DOWNTURNS—SUCH AS AFTER THE DOT-COM BUBBLE BURST IN 2000, THE WORLDWIDE FINANCIAL CRISIS OF 2008, AND THE GLOBAL ECONOMIC RECESSION IN 2020 CAUSED BY THE COVID-19 PANDEMIC.

- THE PRIMARY CULPRITS FOR THIS SLOWER RECOVERY ARE POLICY-INDUCED ACCELERATIONS AND SLOWDOWNS IN LABOR COSTS DAMPENING EMPLOYERS' APPETITES TO HIRE. EMPLOYERS HAVE GRADUALLY TRANSITIONED FROM NOT ADDING HEADCOUNT AT ALL TO PREFERRING SHORT-TERM, FLEXIBLE LABOR IF IT IS ABSOLUTELY NECESSARY.

- FOR A GENUINE RECOVERY, LABOR COSTS MUST RETREAT ENOUGH TO WHERE EMPLOYERS ARE WILLING TO ADD AN ECONOMICALLY-SIGNIFICANT NUMBER OF WORKERS TO THEIR PAYROLLS. UNTIL THEN, JOB CREATION AND HIRING WILL REMAIN WEAK, PROVIDING LIMITED OPPORTUNITIES FOR GROWTH IN TEMPORARY HELP SERVICES EMPLOYMENT.

CHART 16:

Penetration Rate

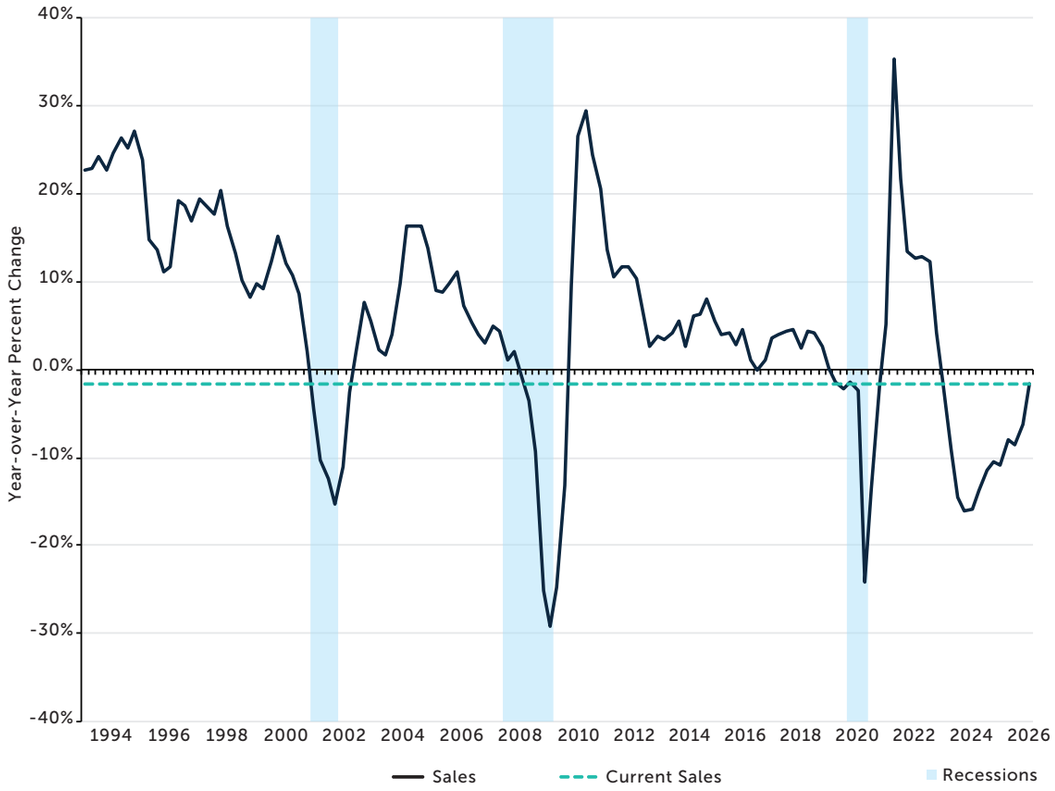


Source: U.S. Bureau of Labor Statistics

- THE PENETRATION RATE, OR RATIO OF TEMPORARY HELP SERVICES EMPLOYMENT TO OVERALL NONFARM EMPLOYMENT, HAS RECEDED FROM A RECORD HIGH OF 2.1% TO 1.6% OVER THE PAST FOUR YEARS.
- INITIALLY, THIS DECLINE WAS DRIVEN BY A TERMINATION OF CONTRACTS AND THE TERMINATION OF NEW OPPORTUNITIES AS EMPLOYERS ATTEMPTED TO RIGHT-SIZE THEIR WORKFORCES IN A HIGH-COST ENVIRONMENT.
- STABILIZATION OF THE PENETRATION RATE OCCURRING IN LATE 2024 AND 2025 WAS SUPPORTED BY LIMITED TEMPORARY-TO-HIRE CONVERSIONS AND A LOW RATE OF ATTRITION OF EXISTING HEADCOUNT.
- EMPLOYERS' PREFERENCES FOR SHORT-TERM, FLEXIBLE LABOR WILL LIKELY ALLOW FOR THE PENETRATION RATE TO GROW AT AN ELEVATED PACE BEFORE SLOWING DOWN SHOULD EMPLOYERS REGAIN THEIR APPETITES TO HIRE MORE FULL-TIME AND PART-TIME PERSONNEL AS WELL.

CHART 17:

Sales



Source: ASA Research Department

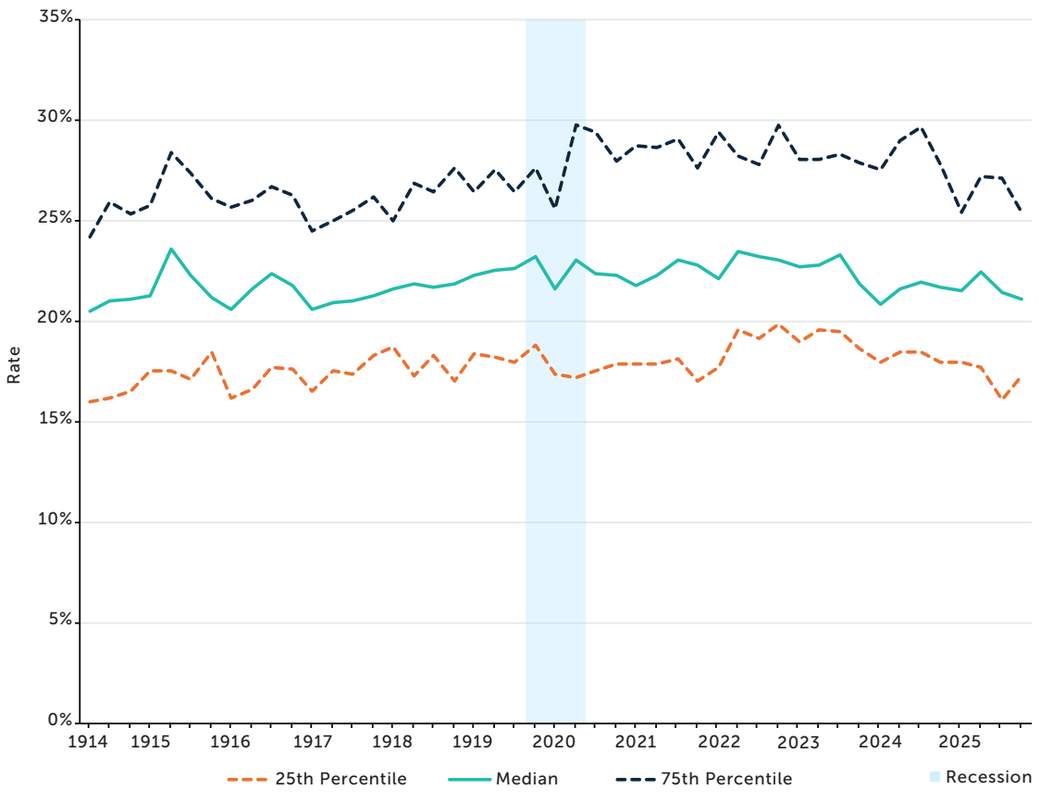
- DECLINES IN SALES HAVE MIRRORED LOSSES IN TEMPORARY HELP SERVICES EMPLOYMENT AS A RESULT OF THE STAFFING INDUSTRY'S OVERWHELMING RELIANCE ON A BUSINESS MODEL THAT DEPENDS ON A HIGH VOLUME OF PLACEMENTS. LIKE EMPLOYMENT, SALES HAVE EXPERIENCED A RECORD CONTRACTION OF 13 QUARTERS.

- IN A TEPID BUSINESS ENVIRONMENT, STAFFING COMPANIES ARE PIVOTING TOWARD STATEMENT-OF-WORK AND CONSULTING PROJECTS THAT LEVERAGE THEIR SPECIALIZED KNOWLEDGE OF WORKFORCE SOLUTIONS, WHICH HAS ENABLED THEM TO HOLD SALES TO SMALLER LEVELS OF ATTRITION.

- STAFFING COMPANIES SHOULD CONTINUE TO ANTICIPATE A CHALLENGING SALES ENVIRONMENT AS UNCERTAINTY OVER LABOR COSTS HINDERS EMPLOYERS FROM EXPANDING THEIR PAYROLLS IN AN ECONOMICALLY-SIGNIFICANT WAY. MANY FIRMS ARE LOOKING TO BOLSTER PRODUCTIVITY AND LIMIT OVERHEAD TO MAINTAIN GROWTH AT THIS TIME.

CHART 18:

Gross Margins

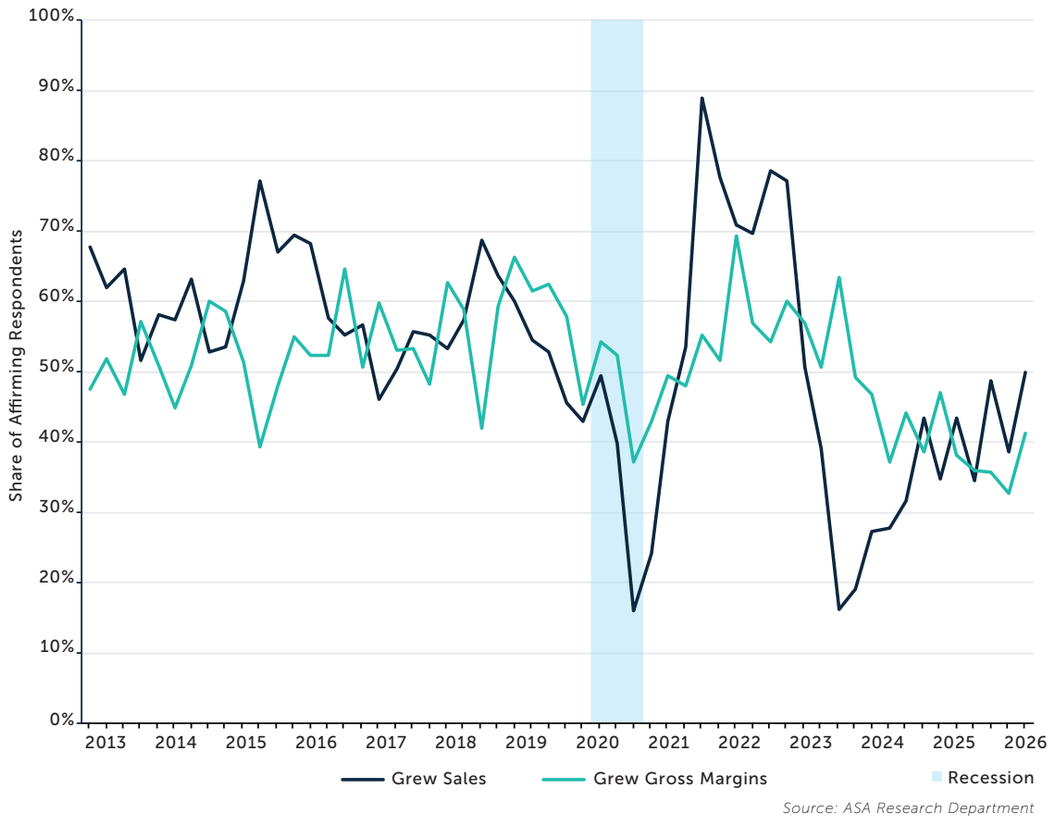


Source: ASA Research Department

- AT 17.25%, STAFFING FIRMS' AVERAGE GROSS MARGINS ARE AT THEIR LOWEST LEVELS SINCE THE SECOND QUARTER OF 2020, WHEN THE LABOR MARKET WAS IN THE THROES OF THE COVID-19 PANDEMIC.
- SUCCESSIVE PRICE PRESSURES, INCLUDING POST-PANDEMIC CONSUMPTION, RUSSIA'S INVASION OF UKRAINE, TARIFFS, AND U.S. OPERATIONS IN IRAN, HAVE RAISED LABOR COSTS WHILE SIMULTANEOUSLY EXERTING PRESSURE ON BILL RATES.
- WITH WAGES CONTINUING TO TRAIL INFLATION, AVERAGE GROSS MARGINS ARE EXPECTED TO REMAIN STAGNANT, WHICH WILL BE A LONG-TERM PRESSURE AGAINST INDUSTRY SALES.
- GROSS MARGINS ARE HIGHLY DEPENDENT ON SECTOR-SPECIFIC ECONOMIC CONDITIONS, LIKE LABOR CHURN, AS WELL AS OTHER BUSINESS COSTS, SUGGESTING HIGH LEVELS OF VARIANCE ACROSS THE STAFFING INDUSTRY.

CHART 19:

Growth in Sales vs. Gross Margins



Source: ASA Research Department

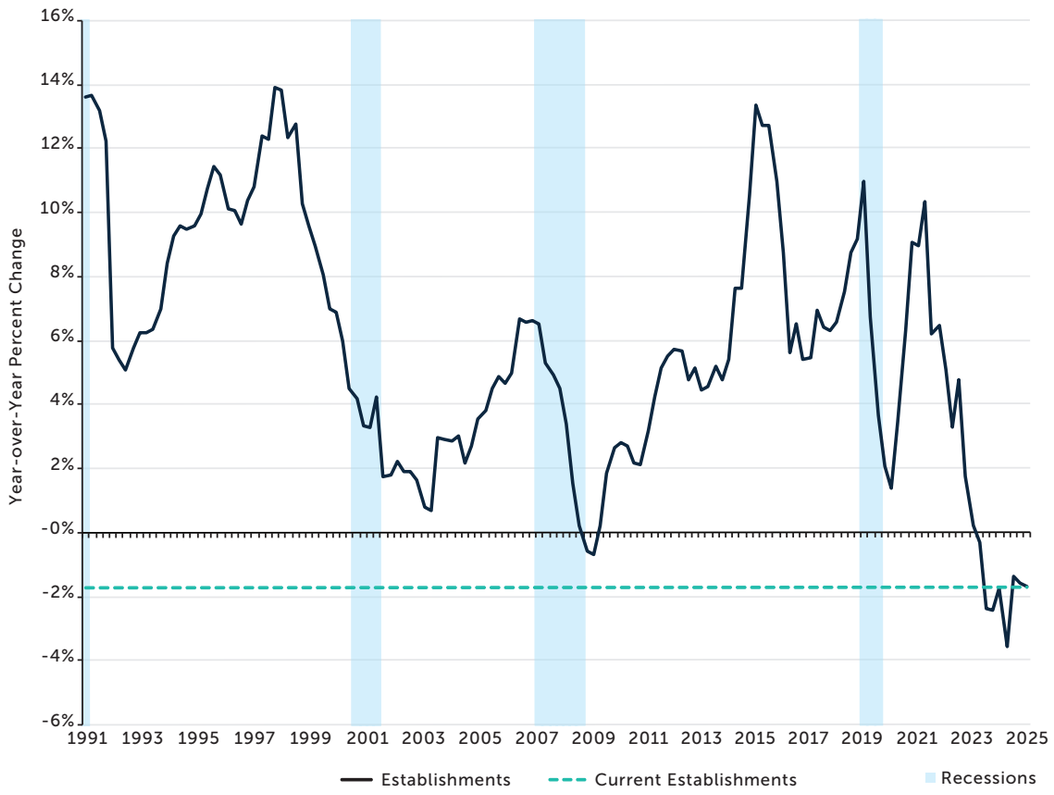
- HALF (50%) OF STAFFING COMPANIES REPORTED GROWTH IN THEIR SALES DURING THE FIRST QUARTER OF 2026, WHICH MARKS FOUR CONSECUTIVE QUARTERS OF GROWTH IN THE METRIC. DESPITE CHALLENGING ECONOMIC CONDITIONS, STAFFING COMPANIES ARE TWEAKING THEIR OPERATIONS AND PRODUCTIVITY TO MAINTAIN PROFITABILITY, WHICH HAS OFFSET LOWER VOLUMES OF PLACEMENTS.

- TWO-FIFTHS (41.2%) OF STAFFING COMPANIES REPORTED GROWTH IN THEIR GROSS MARGINS DURING THE FIRST QUARTER OF 2026, WHICH MARKS THREE CONSECUTIVE QUARTERS OF GROWTH IN THE METRIC. ADVERSE ECONOMIC CONDITIONS, INCLUDING ELEVATED COST PRESSURES, HAVE WEIGHED ON BILL RATES, WHICH HAS FORCED STAFFING COMPANIES TO MAKE UP FOR DECLINING REVENUES ELSEWHERE.

- STAFFING COMPANIES WITH A CLOSER PROXIMITY TO HIGH-GROWTH OCCUPATIONS AND SECTORS WILL NATURALLY HAVE AN EASIER TIME GROWING SALES AND MARGINS. GROWTH IS STILL POSSIBLE FOR STAFFING COMPANIES WITHOUT THESE ADVANTAGES, BUT REQUIRES IMPROVEMENTS TO PRODUCTIVITY OR EXPANSION OF SERVICES.

CHART 20:

Establishments

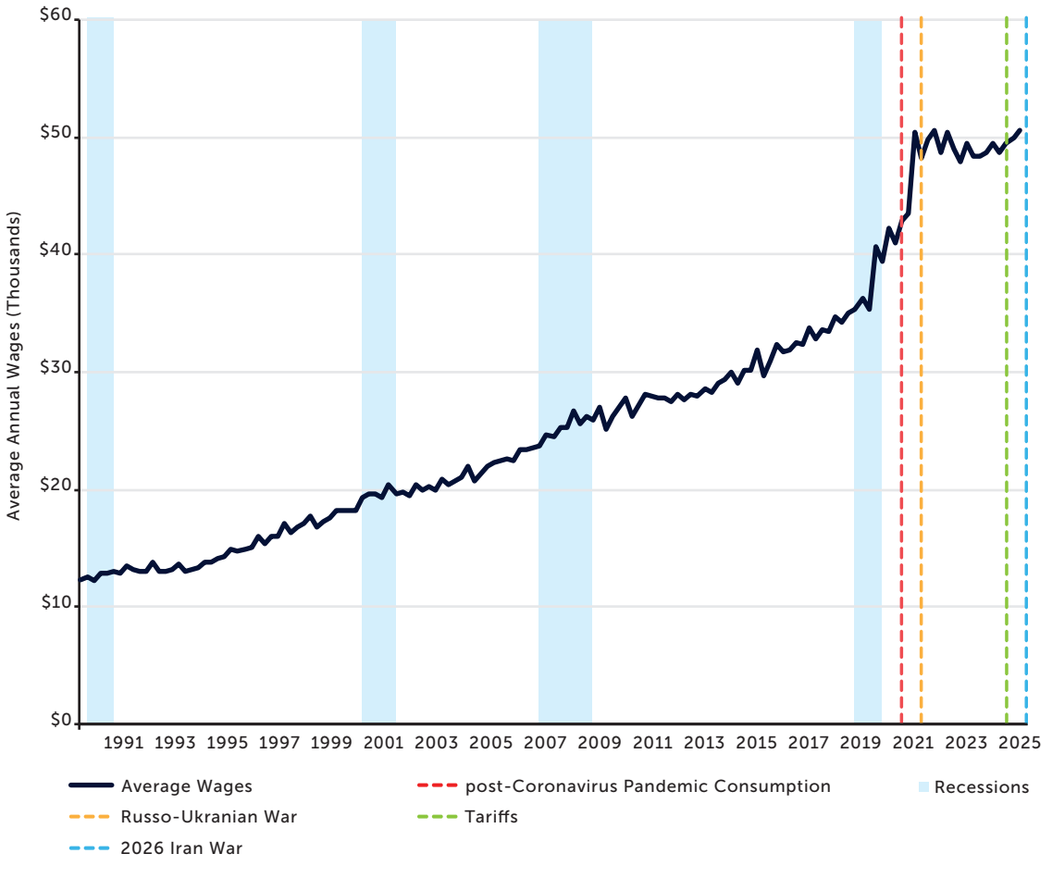


Source: U.S. Bureau of Labor Statistics

- THE NUMBER OF TEMPORARY HELP SERVICES ESTABLISHMENTS HAS REALIZED EIGHT QUARTERS OF CONSECUTIVE CONTRACTION, COMPRISING ITS LONGEST DOWNTURN ON RECORD—MUCH LIKE THE PROLONGED CONTRACTIONS IN INDUSTRY EMPLOYMENT AND SALES.
- THE BOOM IN DEMAND FOR PLACEMENTS DURING THE GREAT RESIGNATION—THE PERIOD FROM 2021 TO 2023 WHEN RECORD NUMBERS OF WORKERS QUIT THEIR JOBS—ENABLED THE STAFFING INDUSTRY TO EXPERIENCE HIGH LEVELS OF BUSINESS FORMATION DUE TO THE PREVALENCE OF NEW OPPORTUNITIES.
- BUT IN A HIGH-COST ENVIRONMENT, MANY NEWER FIRMS DID NOT HAVE THE CAPITAL OR CREDIBILITY TO SECURE NEW ORDERS AND MAINTAIN MARGINS, WHICH LED TO A DROP IN THE OVERALL NUMBER OF ESTABLISHMENTS.
- WHILE THE TOTAL NUMBER TEMPORARY HELP SERVICES ESTABLISHMENTS IS STILL TRENDING NEAR RECORD HIGHS, ATTRITION IS A RESULT OF SMALLER FIRMS EXITING THE INDUSTRY AND A LACK OF NEW BUSINESS FORMATION.

CHART 21:

Wages

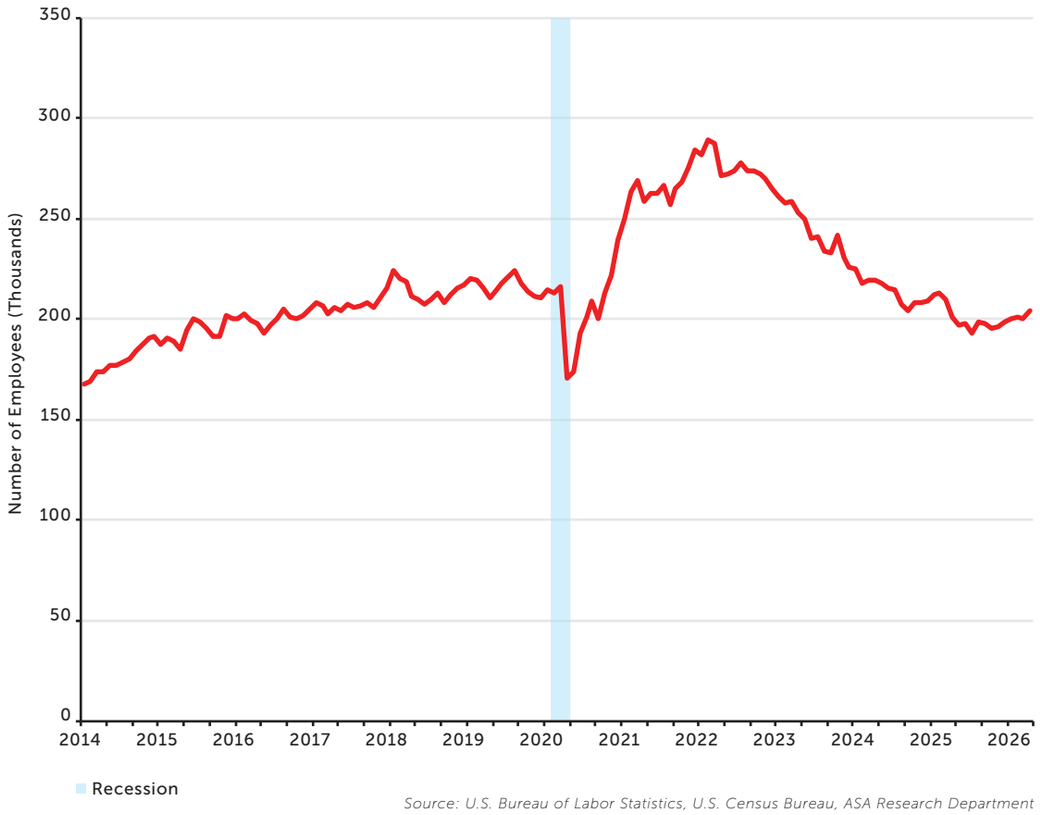


Source: ASA Research Department

- AVERAGE WAGES WITHIN TEMPORARY HELP SERVICES ARE STILL TRENDING NEAR RECORD HIGHS AS THE INDUSTRY INCLUDES MORE HIGH-SKILLED WORKERS IN GROWING SEGMENTS INCLUDING ENGINEERING, IT, AND SCIENTIFIC SERVICES; HEALTH CARE; AND PROFESSIONAL–MANAGERIAL SERVICES.
- BUT DESPITE THESE GAINS, AVERAGE WAGES HAVE STAGNATED COMPARED WITH INFLATION INDUCED BY COST PRESSURES ARISING FROM TARIFFS AND U.S. OPERATIONS IN IRAN. THIS SUGGESTS TEMPORARY WORKERS FACE LOWER PURCHASING POWER RELATIVE TO THEIR RISING STANDARDS OF LIVING.
- IF SUSTAINED, REDUCED WAGE GROWTH COULD BE A DETRIMENT TO STAFFING COMPANIES SEEKING TO INCREASE THEIR TALENT BENCHES. STAFFING COMPANIES NEED TO PAY CLOSE ATTENTION TO THEIR BILL RATES IN ORDER TO MAINTAIN A DELICATE BALANCE BETWEEN THE NEEDS OF THEIR WORKERS AND THE NEEDS OF THEIR CLIENTS.

CHART 22:

Employment

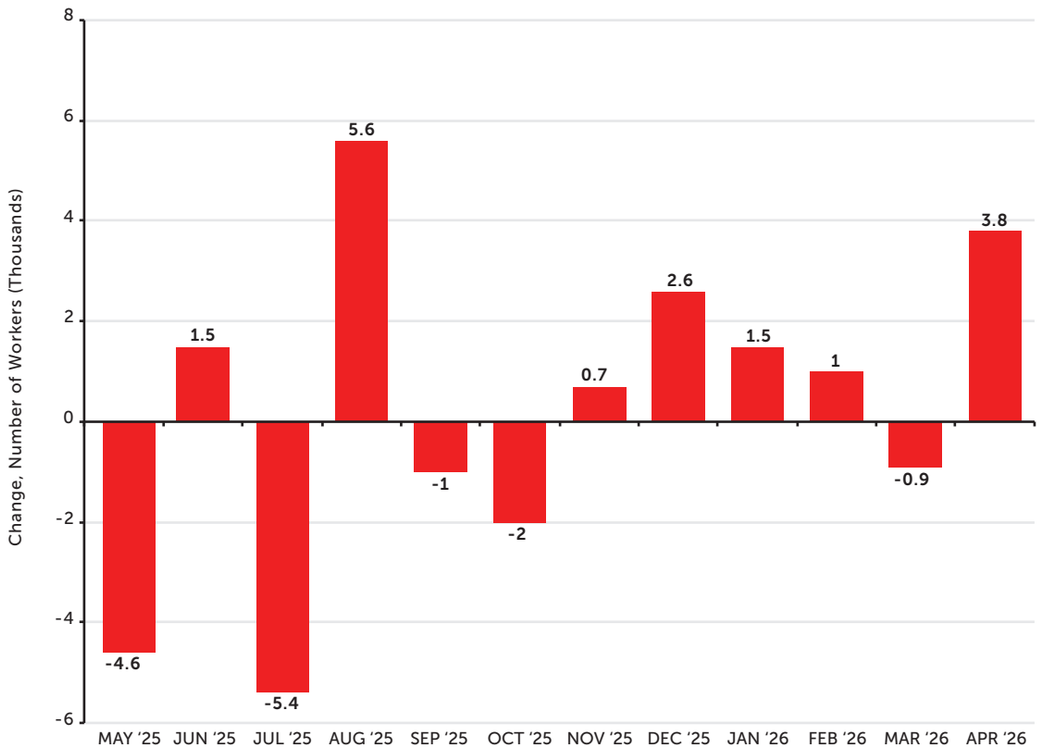


Source: U.S. Bureau of Labor Statistics, U.S. Census Bureau, ASA Research Department

- EMPLOYMENT WITHIN THE ENGINEERING, IT, AND SCIENTIFIC SERVICES STAFFING SECTOR HAS CONSIDERABLY RECEDED SINCE REACHING A PEAK DURING THE GREAT RESIGNATION.
- HOWEVER, IT IS BEGINNING TO EXHIBIT SIGNS OF IMPROVEMENT SINCE PLATEAUING IN MID 2025 AS SUCH SPECIALTIES CONTINUE TO ATTRACT DEMAND FROM EMPLOYERS DESPITE ELEVATED LABOR COSTS.
- ON THE ENGINEERING SIDE, INCREASED INVESTMENT IN DATA CENTERS AND PUBLIC INFRASTRUCTURE PROJECTS WILL CREATE ADDITIONAL OPPORTUNITIES FOR TEMPORARY AND CONTRACT LABOR.
- ON THE IT SIDE, GROWING DEPLOYMENT OF ARTIFICIAL INTELLIGENCE TECHNOLOGIES, AS WELL AS CONCERNS OVER CYBERSECURITY, WILL CREATE FURTHER MOMENTUM IN LABOR MARKET SEGMENTS IN THISSECTOR.
- ON THE SCIENCE SIDE, CONTINUED RESHORING OF PHARMACEUTICAL OPERATIONS AND SHORTAGES IN SELECT OCCUPATIONS WILL CREATE POCKETS OF OPPORTUNITY FOR GROWTH DESPITE SOME CLIENT CAUTION OVER COSTS.

CHART 23:

Change in Employment

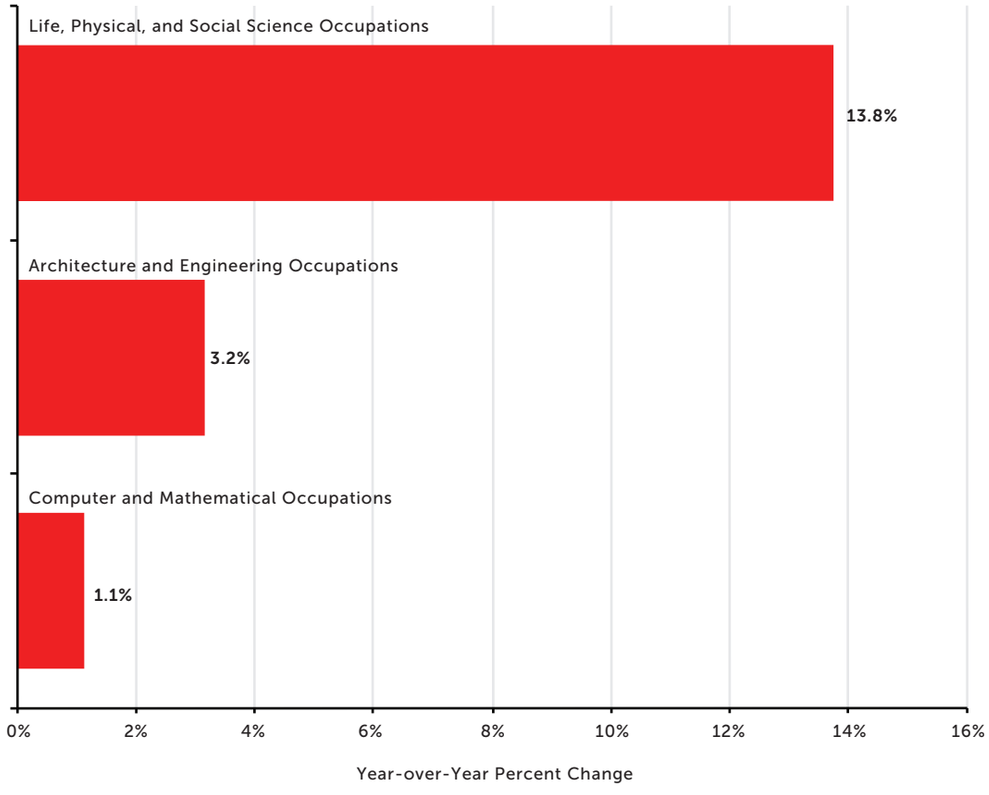


Source: U.S. Bureau of Labor Statistics, U.S. Census Bureau, ASA Research Department

- ON A MONTH-TO-MONTH BASIS, EMPLOYMENT GAINS WITHIN THE ENGINEERING, IT, AND SCIENTIFIC SERVICES STAFFING SECTOR HAVE BEEN MIXED, AMOUNTING TO MARGINAL GAINS BETWEEN MAY 2025 AND APRIL 2026.
- ON THE ENGINEERING SIDE, INCREASED DEFENSE SPENDING HAS AUGMENTED DEMAND FOR PERSONNEL IN THE FIELDS OF COMMERCIAL AEROSPACE AND NATIONAL SECURITY. CONVERSELY, ENERGY HAS REALIZED LOSSES IN DEMAND DUE TO INCREASED GEOPOLITICAL UNCERTAINTY WEIGHING ON PRICES AND OUTPUT.
- ON THE IT SIDE, INCREASED DEMAND FOR ROLES ADJACENT TO ARTIFICIAL INTELLIGENCE WAS COUNTERACTED BY DECREASED DEMAND FOR ROLES WHERE SUCH TECHNOLOGIES COULD DIRECTLY PERFORM SOME OR MOST TASKS. THESE DYNAMICS COINCIDE WITH A BROADER CORRECTION IN HIRING THAT HAS AFFECTED CLIENTS IN FINANCIAL SERVICES AND TECHNOLOGY.
- ON THE SCIENCE SIDE, THE STRATEGIC RESHORING OF SUPPLY CHAINS—PARTICULARLY WITHIN THE HEALTH CARE FIELD—HAS GENERATED INCREASED DEMAND FOR SKILLED WORKERS. INCREASED DIGITIZATION OF MEDICAL SERVICES HAS ALSO CREATED NEW OPPORTUNITIES FOR REMOTE AND HYBRID CONTRACT WORK ARRANGEMENTS.

CHART 24:

Employment by Occupation

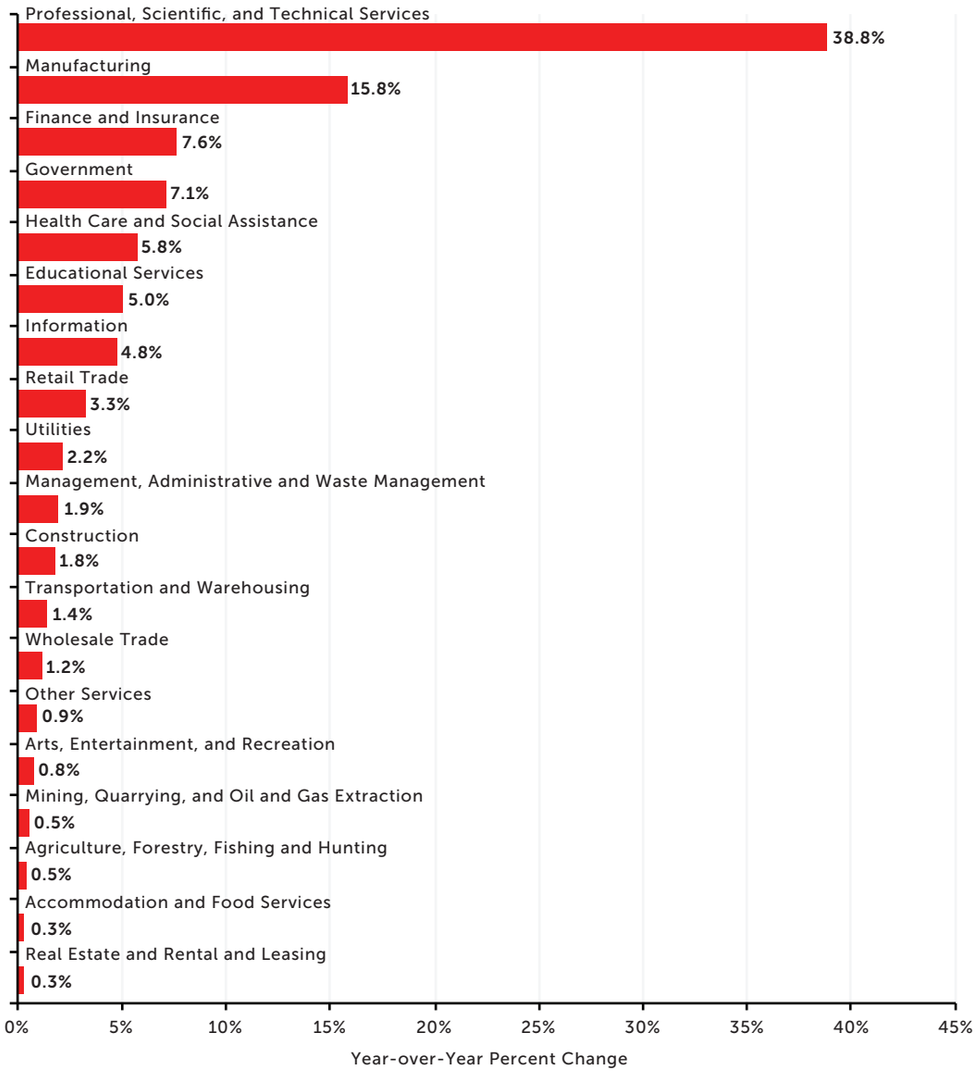


Source: U.S. Bureau of Labor Statistics, U.S. Census Bureau, ASA Research Department

- LIFE, PHYSICAL, AND SOCIAL SCIENCE OCCUPATIONS EXPERIENCED THE MOST GROWTH IN TEMPORARY HELP SERVICES EMPLOYMENT OF ANY OCCUPATIONAL CATEGORY BETWEEN MAY 2025 AND APRIL 2026.
- ARCHITECTURE AND ENGINEERING OCCUPATIONS REALIZED LOWER GROWTH DUE TO A MIX OF SECTOR-SPECIFIC HEADWINDS AND TAILWINDS TO LABOR DEMAND.
- COMPUTER AND MATHEMATICAL OCCUPATIONS EXPERIENCED MUTED GAINS BETWEEN MAY 2025 AND APRIL 2026 AS A RESULT OF FIRMS DEPLOYING ARTIFICIAL INTELLIGENCE AND LOOKING TO BETTER UNDERSTAND THEIR FUTURE LABOR NEEDS.
- SECTOR-SPECIFIC DYNAMICS AND OVERLAP WITH ARTIFICIAL INTELLIGENCE ARE VITAL DETERMINANTS OF DEMAND FOR OCCUPATIONS WITHIN THE ENGINEERING, IT, AND SCIENTIFIC SERVICES STAFFING SECTOR.
- THE ENGINEERING, IT, AND SCIENTIFIC SERVICES STAFFING SECTOR CONTINUES TO BENEFIT FROM CURRENT HIRING PREFERENCES AS EMPLOYERS ARE LOOKING FOR SPECIALIZED, HIGH-SKILLED TALENT.

CHART 25:

Share of Employment by Industry



Source: U.S. Bureau of Labor Statistics, U.S. Census Bureau, ASA Research Department

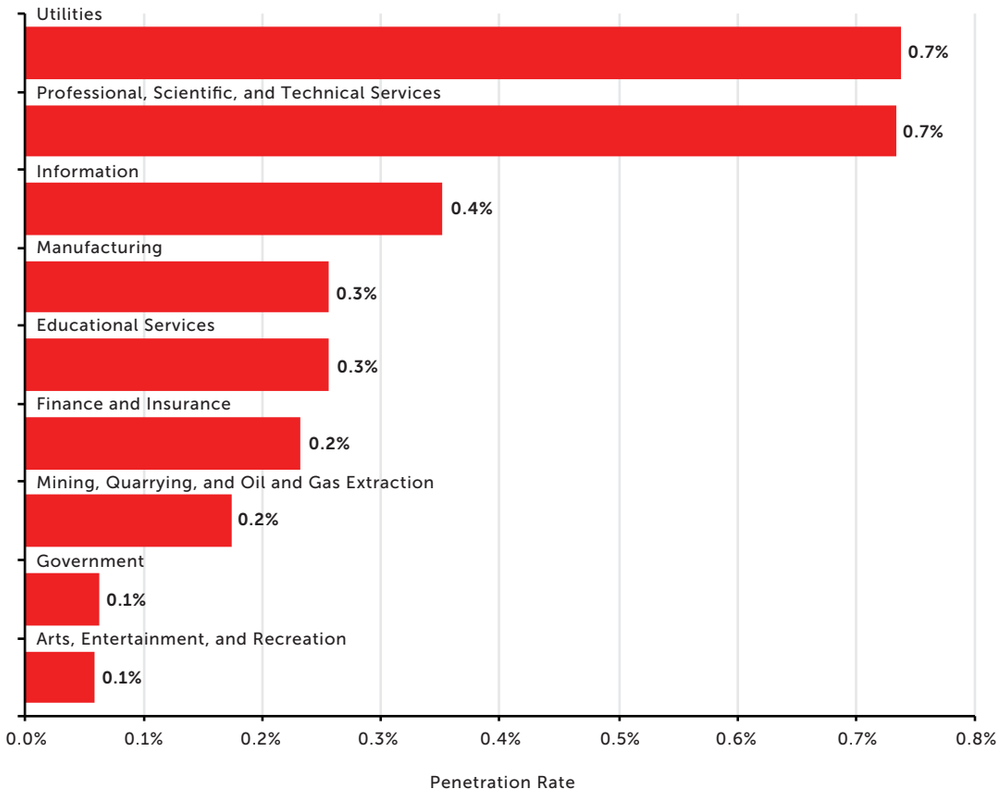
- THE ENGINEERING, IT, AND SCIENTIFIC SERVICES STAFFING SECTOR PREDOMINANTLY SERVES THE PROFESSIONAL, SCIENTIFIC AND TECHNICAL SERVICESINDUSTRY, REFLECTING A CONTINUED SHIFT IN THE U.S. ECONOMY TOWARD KNOWLEDGE-BASED WORK—WHERE PROJECT DEMAND, SPECIALIZED EXPERTISE, AND RAPID INNOVATION MAKE WORKFORCE FLEXIBILITY A COMPETITIVE ADVANTAGE.

- IMPROVEMENTS TO PRODUCTION CYCLES, SUPPLY CHAIN VOLATILITY, AND RESHORING EFFORTS, AS WELL AS ONGOING SHORTAGES OF QUALIFIED TALENT, ARE BOLSTERING DEMAND FOR CONTINGENT LABOR WITHIN THE MANUFACTURING INDUSTRY. DIGITAL TRANSFORMATION, REGULATORY COMPLEXITIES, AND INVESTMENTS IN TECHNOLOGY ARE CREATING PROJECT-BASED HIRING NEEDS FOR TEMPORARY AND CONTRACT LABOR IN THE FINANCIAL SERVICES, HEALTH CARE, EDUCATION, AND INFORMATION INDUSTRIES.

- CONTINUED INVESTMENTS IN ARTIFICIAL INTELLIGENCE, CLOUD INFRASTRUCTURE, AND SEMICONDUCTOR MANUFACTURING, AS WELL AS DOMESTIC INDUSTRIAL EXPANSION, ARE LIKELY TO REINFORCE DEMAND FOR SPECIALIZED WORKFORCE SOLUTIONS PARTNERS CAPABLE OF SUPPLYING SCARCE TALENT RATHER THAN BROADBASED LABOR.

CHART 26:

Penetration Rate by Industry

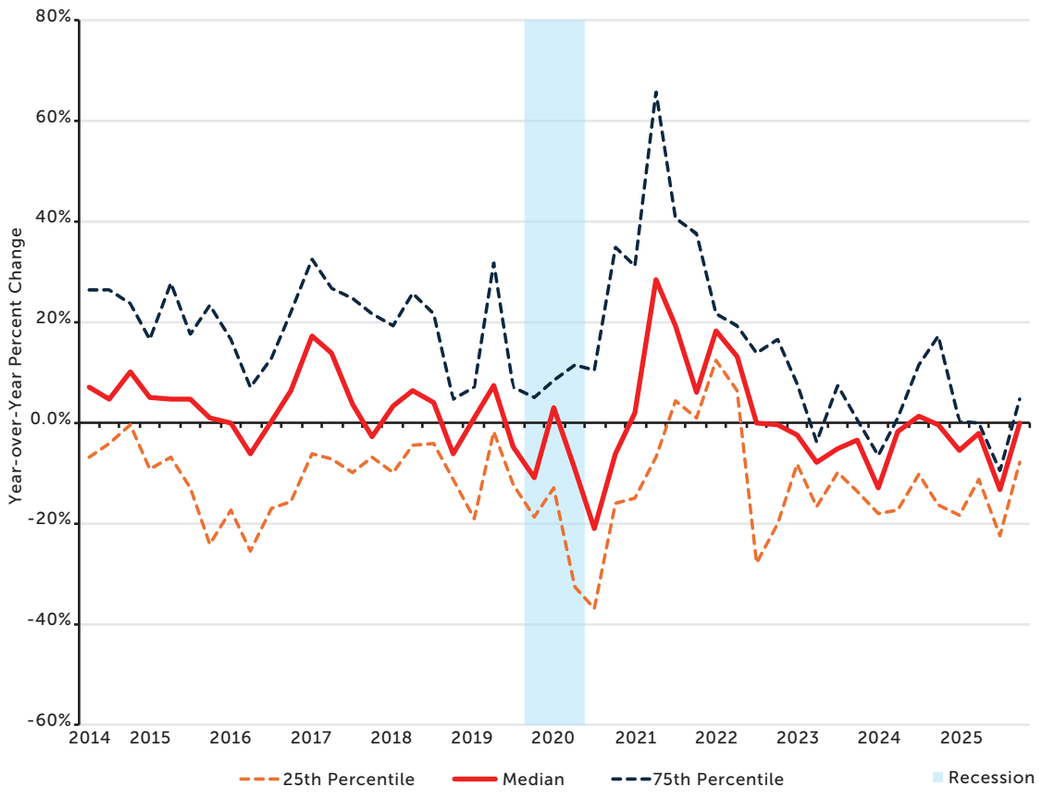


Source: U.S. Bureau of Labor Statistics, U.S. Census Bureau, ASA Research Department

- HEIGHTENED PENETRATION OF TEMPORARY AND CONTRACT LABOR IN PROFESSIONAL, SCIENTIFIC, AND TECHNICAL SERVICES AND IN UTILITIES SUGGESTS CONTINGENT WORKERS ARE VIEWED AS A STRATEGIC TOOL TO EXECUTE CAPITAL PROJECTS, MODERNIZATION INITIATIVES, AND SPECIALIZED TECHNICAL WORK.
- ELEVATED PENETRATION IN INFORMATION AND MANUFACTURING SUGGESTS TEMPORARY AND CONTRACT LABOR REMAINS PREFERABLE FOR EMPLOYERS SEEKING TO NAVIGATE RISING COSTS FOR LABOR AND BUSINESS WHILE ALSO RETHINKING THEIR LONG-TERM WORKFORCE NEEDS DUE TO ARTIFICIAL INTELLIGENCE.
- AMID ELEVATED ECONOMIC UNCERTAINTY, CLIENTS ARE PRIORITIZING WORKFORCE AGILITY TO LIMIT SPENDING ON LABOR COSTS, ALLOWING FOR TEMPORARY AND CONTRACT LABOR TO ABSORB FLUCTUATIONS IN PROJECT DEMAND.

CHART 27:

Sales



Source: ASA Research Department

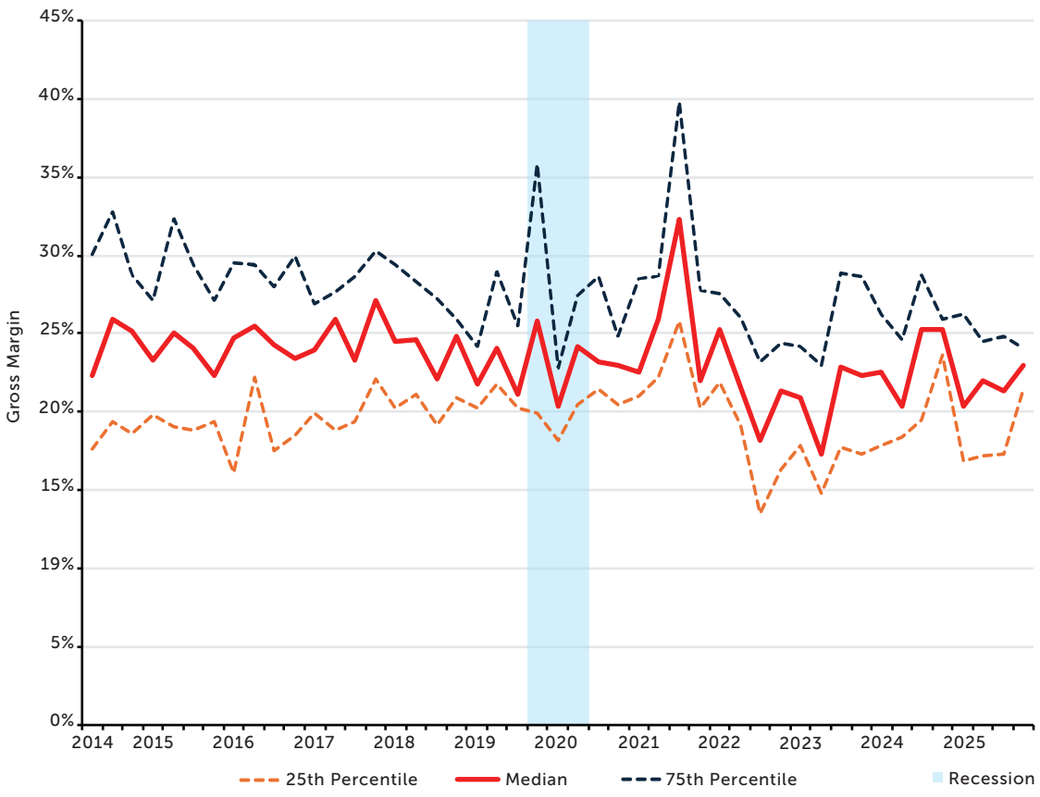
- YEAR-TO-YEAR SALES WITHIN THE ENGINEERING, IT, AND SCIENTIFIC SERVICES STAFFING SECTOR ARE ALIGNED WITH RECENT FLUCTUATIONS IN BUSINESS CONFIDENCE. COMPANIES HAVE SUFFICIENT FINANCES TO SPEND ON LABOR BUT ARE NOT READY TO MAKE LONG-TERM INVESTMENTS WITHOUT MORE CERTAINTY ABOUT THE TRAJECTORY OF THE ECONOMY AND ABOUT BUSINESS CONDITIONS.

- A DECLINING GAP BETWEEN HIGH-PERFORMING AND LOW-PERFORMING STAFFING COMPANIES SUGGESTS SALES FOR COMPANIES IN ENGINEERING, IT, AND SCIENTIFIC STAFFING ARE DEPENDENT ON THE SAME DRIVERS—SPECIALIZATION OF TALENT BENCHES, SECTORAL EXPOSURE, AND CLIENT DIVERSIFICATION.

- SALES FOR ENGINEERING, IT, AND SCIENTIFIC STAFFING FIRMS ARE POISED TO CONTINUE GROWING REGARDLESS OF A MEANINGFUL IMPROVEMENT IN OVERARCHING ECONOMIC CONDITIONS. INCREASED COSTS ARE MAKING TEMPORARY AND CONTRACT WORKERS A MORE PREFERABLE FORM OF LABOR, WHILE THE HIGH DEGREE OF SPECIALIZATION FOR PERSONNEL IN ENGINEERING, IT, AND SCIENTIFIC SERVICES MAKES THEM MORE RESILIENT TO FLUCTUATIONS IN LABOR DEMAND.

CHART 28:

Gross Margins



Source: ASA Research Department

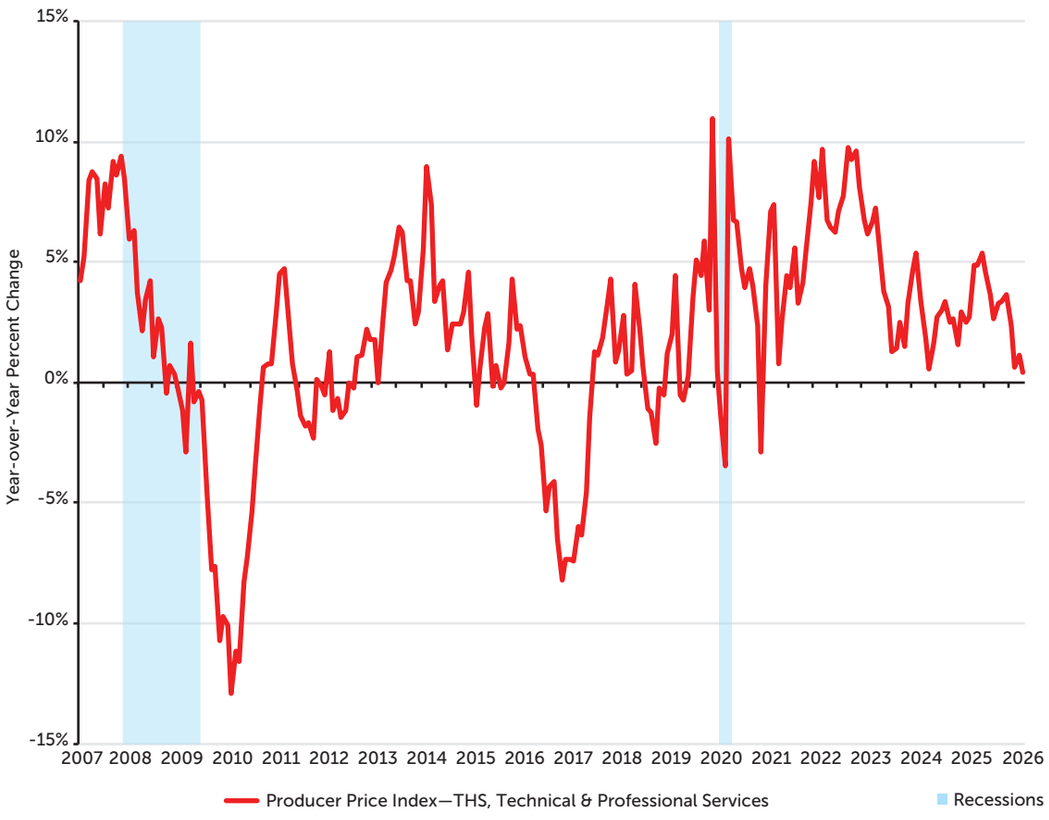
- GROSS MARGINS WITHIN THE ENGINEERING, IT, AND SCIENTIFIC SERVICES STAFFING SECTOR HAVE REMAINED RELATIVELY RESILIENT DESPITE YEARS OF UNEVEN HIRING DEMAND, SUGGESTING STAFFING COMPANIES WITHIN THIS SPACE HAVE GENERALLY MAINTAINED PRICING DISCIPLINE RATHER THAN COMPETING AGGRESSIVELY TO PRESERVE VOLUMES.

- AS LABOR MARKET CONDITIONS NORMALIZED, MARGINS MODERATED TOWARD HISTORICAL LEVELS, INDICATING THAT THE ENGINEERING, IT, AND SCIENTIFIC SERVICES STAFFING SECTOR HAS WORKED THROUGH ITS POST-PANDEMIC ADJUSTMENT AND NOW IS REALIZING STEADY LEVELS OF SUPPLY AND DEMAND. THIS SUGGESTS THAT MOST STAFFING COMPANIES IN THIS SPACE ARE FACING SIMILAR CHALLENGES.

- CONTINUED MARGIN EXPANSION WITHIN THE ENGINEERING, IT, AND SCIENTIFIC SERVICES STAFFING SECTOR WILL BE DRIVEN LESS BY CYCLICAL HIRING REBOUNDS AND MORE BY A SHIFT TOWARD HIGH-VALUE SERVICES AND TOWARD SPECIALIZED TALENT. FIRMS WITH EXPOSURE TO ENGINEERING, CYBERSECURITY, AND OTHER TECHNICAL DISCIPLINES WILL BE BETTER POSITIONED TO SUSTAIN STRONGER GROSS MARGINS.

CHART 29:

Producer Prices

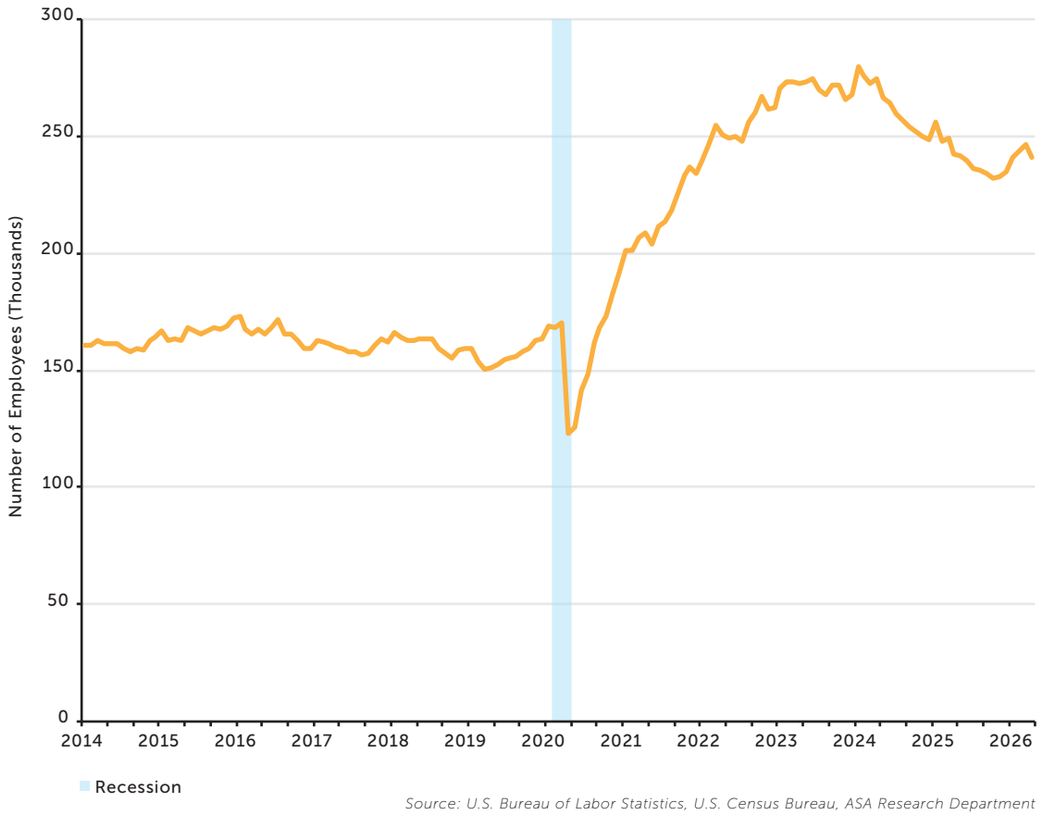


Source: U.S. Bureau of Labor Statistics

- BILL RATES COOLED SUBSTANTIALLY BETWEEN MAY 2025 AND APRIL 2026, AN INDICATION THAT CLIENTS ARE BECOMING MORE PRICE-SENSITIVE AMID SELECTIVE HIRING AND CLOSE SCRUTINIZATION OF NEW PROJECTS.
- DESPITE MODERATING PRICE GROWTH, BILL RATES FOR STAFFING FIRMS IN THE ENGINEERING, IT, AND SCIENTIFIC SERVICES SECTOR REMAIN POSITIVE, SUGGESTING DEMAND FOR SPECIALIZED TECHNICAL TALENT CONTINUES TO OUTWEIGH INCREASED PRESSURES FROM SOFTENING MARKET CONDITIONS.
- DECLINING BILL RATES WILL LIMIT NEW ENTRANTS TO THE SECTOR, COOLING INTERINDUSTRY COMPETITION. BUT STAFFING COMPANIES WITHIN THE ENGINEERING, IT, AND SCIENTIFIC SERVICES STAFFING SECTOR STILL FACE STIFF COMPETITION FROM INDEPENDENT CONTRACTOR JOB PLATFORMS AND OTHER EMERGING TECHNOLOGIES.
- INCREASED INVESTMENT IN ARTIFICIAL INTELLIGENCE, ADVANCED MANUFACTURING, DATA CENTERS, AND POWER GRIDS WILL CONTINUE TO BOLSTER DEMAND WITHIN THE SECTOR, ALLOWING STAFFING FIRMS TO DICTATE HIGHER BILL RATES.

CHART 30:

Employment

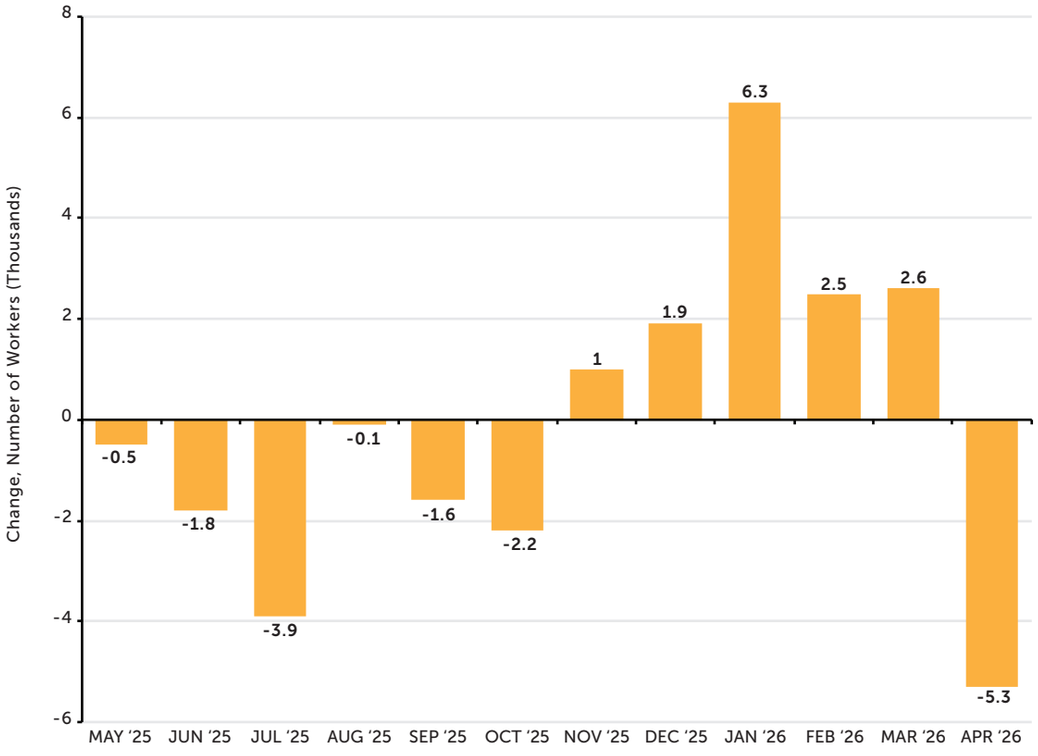


Source: U.S. Bureau of Labor Statistics, U.S. Census Bureau, ASA Research Department

- THE HEALTH CARE STAFFING SECTOR HAS EASED SINCE REACHING HISTORIC PEAKS DURING THE EARLY MONTHS OF THE COVID-19 PANDEMIC. HOWEVER, HOSPITALS AND HEALTH CARE FACILITIES CONTINUE TO FACE SHORTAGES OF QUALIFIED PERSONNEL, DRIVING ELEVATED LEVELS OF LABOR DEMAND.
- ALTHOUGH RISING COST PRESSURES FORCED CLIENTS TO REDUCE HEADCOUNT OVERALL, THE GRADUAL EASING OF COST-RELATED HEADWINDS BETWEEN MAY 2025 AND APRIL 2026 HAS SUPPORTED THEIR PREFERENCES FOR TEMPORARY LABOR DUE TO THE SHORT-TERM, FLEXIBLE NATURE OF THE WORK.
- THE HEALTH CARE STAFFING SECTOR IS ONE OF THE ONLY SECTORS THAT HAVE RECORDED A HIGHER LEVEL OF INDUSTRY EMPLOYMENT RELATIVE TO THE PREPANDEMIC BASELINE. BARRIERS TO EARNING SALES PERSIST, BUT AN AGING POPULATION AND GEOGRAPHIC INEQUALITIES IN HEALTH CARE SERVICES WILL CONTINUE TO DRIVE LONG-TERM DEMAND FOR TEMPORARY LABOR.

CHART 31:

Change in Employment

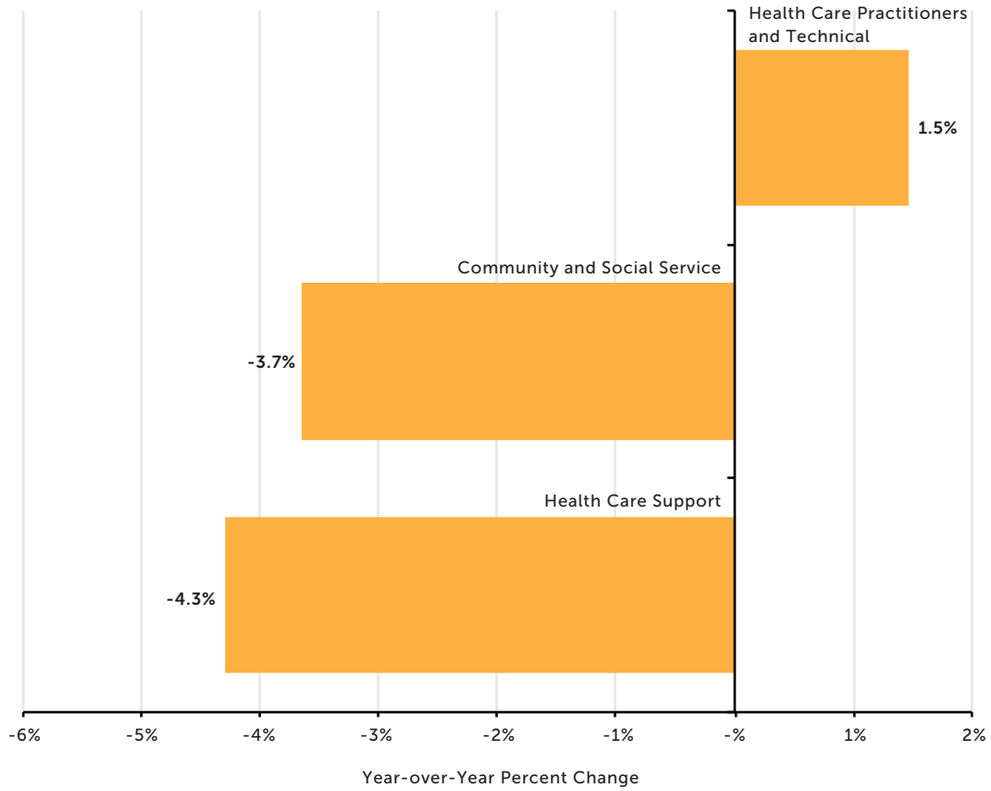


Source: U.S. Bureau of Labor Statistics, U.S. Census Bureau, ASA Research Department

- EMPLOYMENT IN HEALTH CARE STAFFING SAW TYPICAL GROWTH DURING LU SEASON AND THEN EXPERIENCED A MODEST DECLINE AS A RESULT OF CONCENTRATED STRIKES AMONG MAJOR HEALTH CARE SERVICES FIRMS IN THE WEST COAST, INCLUDING KAISER PERMANENTE.
- EMPLOYERS IN THE HEALTH CARE SECTOR ARE EXPERIENCING MACROECONOMIC COST PRESSURES AS THE RESULT OF INCREASED INFLATION AS WELL AS HIGHER INTEREST RATES. IN SOME STATES, INCREASED REGULATORY SCRUTINY IS ALSO WEIGHING ON EMPLOYERS' AMBITIONS FOR HIRING.
- SHORT-TERM TAILWINDS, INCLUDING CLINICIAN SHORTAGES AND GREATER CERTAINTIES AROUND HEALTH CARE POLICY, ARE EXPECTED TO ENABLE FURTHER GROWTH IN HEALTH CARE STAFFING FOR 2026.

CHART 32:

Employment by Occupation

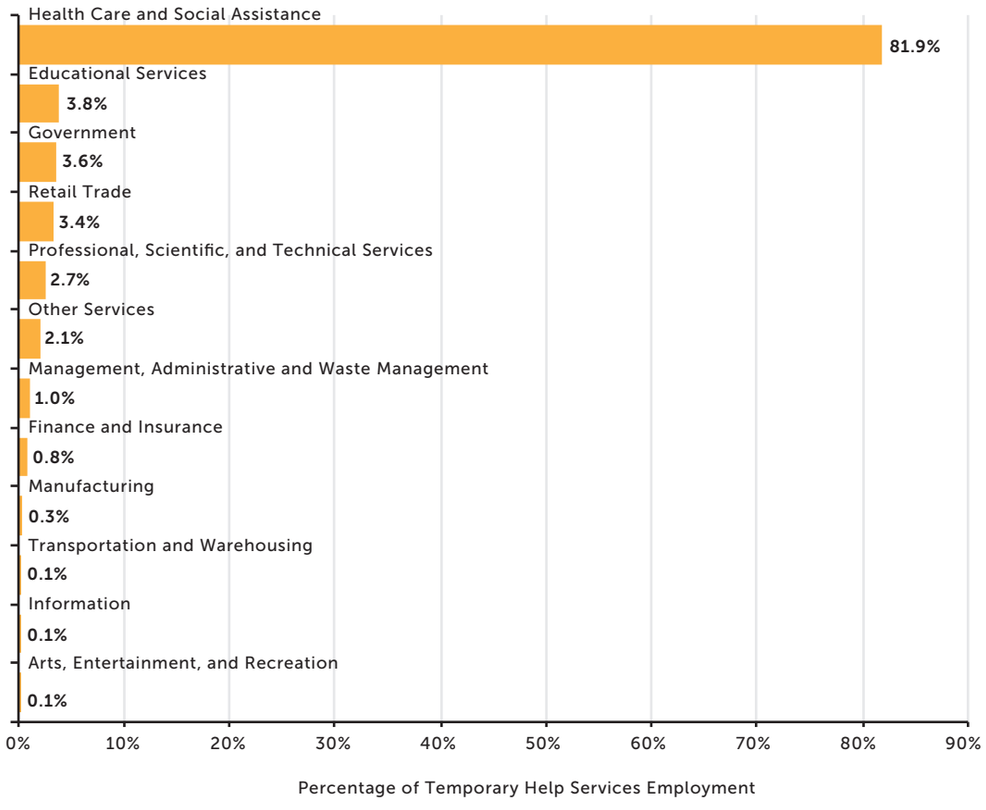


Source: U.S. Bureau of Labor Statistics, U.S. Census Bureau, ASA Research Department

- GAINS IN HEALTH CARE STAFFING EMPLOYMENT ARE MOSTLY CONCENTRATED WITHIN HIGH-SKILLED PRACTITIONER OCCUPATIONS SUCH AS REGISTERED NURSES AND LOCUM TENENS ROLES.
- OTHER OCCUPATIONS WITH A SUPPORT FUNCTION OR AN ADMINISTRATIVE FOCUS HAVE SEEN YEAR-TO-YEAR LOSSES AS COST-CONSCIOUS EMPLOYERS FOCUS ON HIRING FOR SPECIALIZED POSITIONS DELIVERING THE MOST VALUE RELATIVE TO EXISTING ROLES.
- HEALTH CARE SUPPORT OCCUPATIONS WILL CONTINUE TO EXPERIENCE COMPETITION FROM INDEPENDENT CONTRACTOR HIRING MODELS EVEN AS THE HEALTH CARE STAFFING SECTOR GAINS FROM LONG-TERM DEMAND FOR SUCH SERVICES.
- CHANGES IN STATE AND LOCAL POLICY MEANT TO INCENTIVIZE INVESTMENTS IN COMMUNITY-BASED HEALTH CARE SERVICES WILL DRIVE DEMAND FOR COMMUNITY AND SOCIAL SERVICE OCCUPATIONS IN THE NEAR TERM.

CHART 33:

Share of Employment by Industry

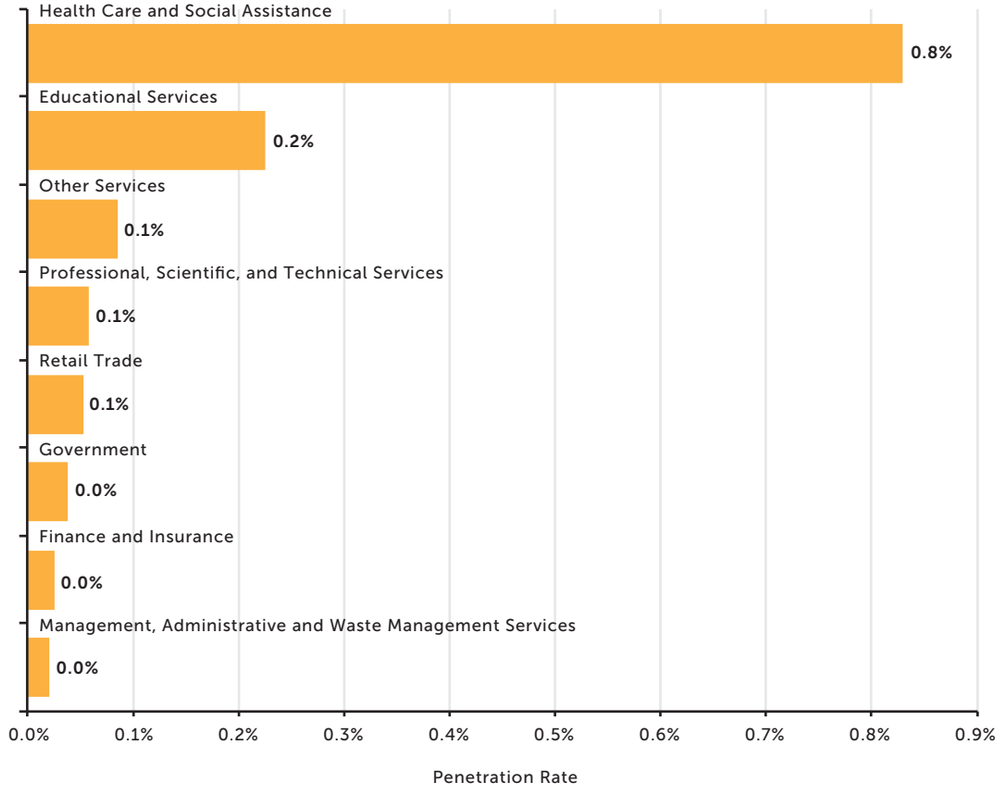


Source: U.S. Bureau of Labor Statistics, U.S. Census Bureau, ASA Research Department

- UNSURPRISINGLY, HEALTH CARE STAFFING IS CONCENTRATED IN THE HEALTH CARE AND SOCIAL ASSISTANCE INDUSTRY AND HAS BENEFITTED FROM ABOVE-AVERAGE MOMENTUM WITHIN THIS SPACE.
- BUT THE SECTOR IS ALSO GROWING THROUGH INCREASED PLACEMENTS IN SCHOOLS AND UNIVERSITIES IN THE EDUCATIONAL SERVICES INDUSTRY, AS WELL AS PUBLIC-SECTOR CONTRACTS IN GOVERNMENT.
- MUTED LEVELS OF LABOR DEMAND IN OTHER SECTORS RELATIVE TO HEALTH CARE AND SOCIAL ASSISTANCE HAVE ENABLED EMPLOYMENT IN THE SECTOR TO NORMALIZE RELATIVE TO LEVELS SEEN SINCE THE START OF THE COVID-19 PANDEMIC.
- RISING DEMAND FOR TRAVEL NURSES, BOTH DOMESTICALLY AND ABROAD, WILL LIKELY CONCENTRATE EMPLOYMENT ACTIVITY FOR HEALTH CARE STAFFING IN THE HEALTH CARE AND SOCIAL ASSISTANCE INDUSTRY.

CHART 34:

Penetration Rate by Industry



Source: U.S. Bureau of Labor Statistics, U.S. Census Bureau, ASA Research Department

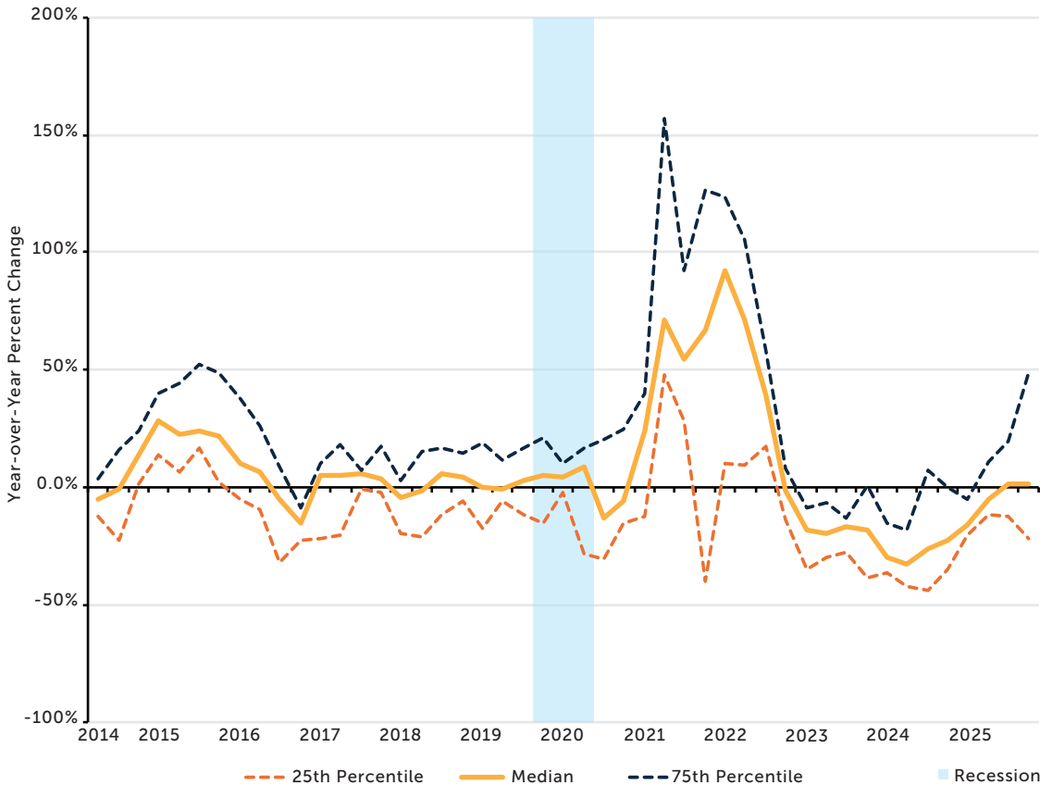
- SYSTEMATIC BURNOUT; DECLINING ENROLLMENT IN MEDICAL TRAINING PROGRAMS; AND THE RISE OF MORE LUCRATIVE, COMPETITIVE WORKFORCE MODELS HAS INCREASED THE VOLUME OF ROLES THAT HEALTH CARE EMPLOYERS NEED TO FILL. IN CONJUNCTION WITH ELEVATED COST PRESSURES, THE PENETRATION RATE OF TEMPORARY EMPLOYMENT IN HEALTH CARE AND SOCIAL ASSISTANCE ROSE BETWEEN MAY 2025 AND APRIL 2026.

- THE HEALTH CARE AND SOCIAL ASSISTANCE INDUSTRY ALSO HAS MORE OPPORTUNITIES FOR FULL-TIME OR PART-TIME EMPLOYEES TO PURSUE CONTRACT WORK THAT UTILIZE THEIR EXPERIENCE, SUCH AS TRAVEL NURSING, PER DIEM NURSING, AND EDUCATION AND PROFESSIONAL INSTRUCTION.

- HEALTH CARE IS LESS SUSCEPTIBLE TO LARGE-SCALE WORKFORCE DISPLACEMENT FROM ARTIFICIAL INTELLIGENCE DUE TO PATIENT PREFERENCES (AND REGULATIONS) REQUIRING HUMAN OVERSIGHT OF ITS OUTPUTS. THESE DYNAMICS WILL LIMIT DOWNWARD RISKS OF CONTRACTION IN THE PENETRATION RATE WHILE ALSO ENABLING THE HEALTH CARE STAFFING SECTOR TO BE A PILLAR OF STRENGTH FOR THE INDUSTRY.

CHART 35:

Sales



Source: ASA Research Department

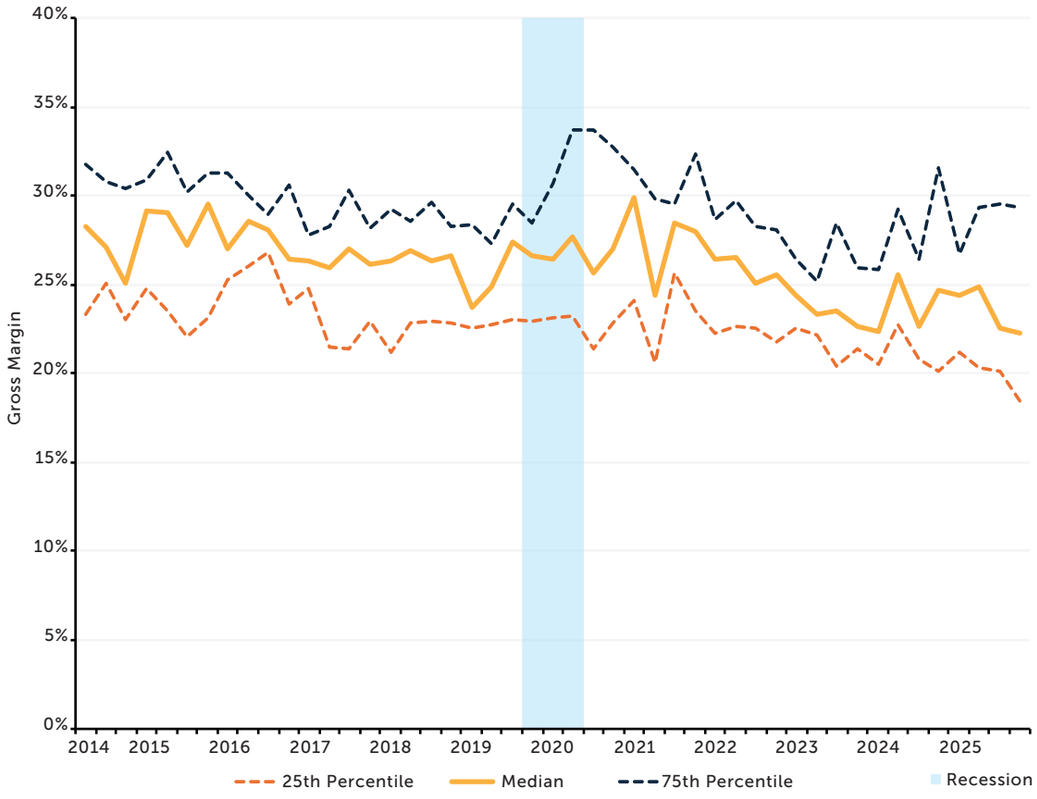
- MEDIAN HEALTH CARE STAFFING SALES FINALLY NORMALIZED DURING THE LATTER HALF OF 2025. PREVIOUSLY, EVEN HIGH-PERFORMING HEALTH CARE STAFFING FIRMS EXPERIENCED FALLING SALES YEAR-TO-YEAR AS HOSPITALS AND HEALTH CARE SERVICES PROVIDERS NORMALIZED PERSONNEL LEVELS IN THE AFTERMATH OF THE COVID-19 PANDEMIC.

- DESPITE NORMALIZATION WITHIN THE INDUSTRY AT LARGE, THERE IS A GROWING DIVERGENCE AMONG INDIVIDUAL HEALTH CARE STAFFING FIRMS, WITH LOW PERFORMERS EXPERIENCING CONTINUED DECLINES IN SALES WHILE HIGH PERFORMERS ARE EXPERIENCING CONTINUED GAINS IN SALES. EXPOSURE TO SPECIFIC BUSINESS LINES SUCH AS LOCUM TENENS, WHICH CONTINUES TO EXPERIENCE ROBUST GROWTH, IS RESPONSIBLE FOR THE DIVERGING PERFORMANCE OF INDIVIDUAL COMPANIES IN THE HEALTH CARE STAFFING SECTOR.

- HEALTH CARE ALSO NATURALLY LENDS ITSELF TO THE STATEMENT-OF-WORK SPACE, CONSIDERING HOSPITALS AND OTHER HEALTH CARE SERVICES PROVIDERS SEEK TO BUILD STABLE WORKFORCES IN AN ERA OF FALLING LABOR SUPPLY. AS CONSULTANTS AND PROJECT MANAGERS, STAFFING COMPANIES ARE RELYING ON THEIR SPECIALIZED KNOWLEDGE OF HUMAN RESOURCE DYNAMICS IN THE HEALTH CARE INDUSTRY TO ASSIST CLIENTS.

CHART 36:

Gross Margins

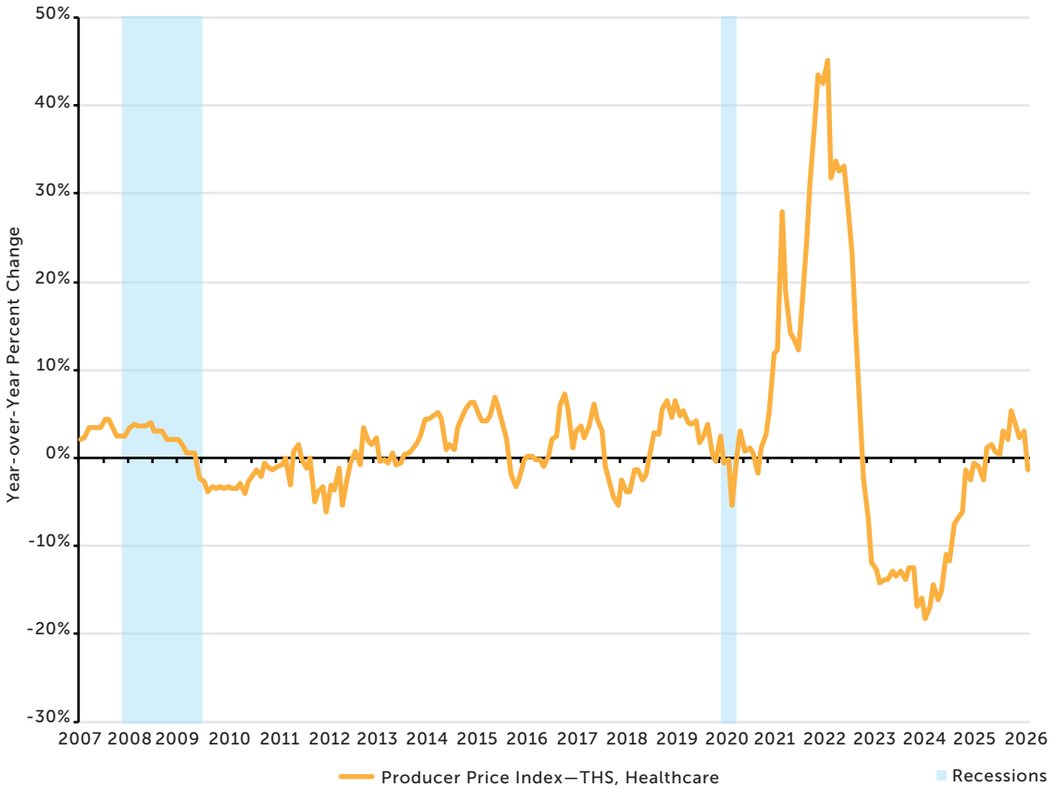


Source: ASA Research Department

- MEDIAN GROSS MARGINS IN THE HEALTH CARE STAFFING SECTOR HAVE GRADUALLY EDGED DOWN SINCE THE PANDEMIC—A REFLECTION OF ELEVATED LABOR COSTS FOR WORKERS IN THIS FIELD AS WELL AS BUSINESS EXPENSES FACING CLIENTS.
- LOW-PERFORMING FIRMS HAVE CONTINUED TO EXPERIENCE AN EASING OF GROSS MARGINS, WHEREAS HIGH-PERFORMING FIRMS HAVE CONTINUED TO EXPERIENCE A REBOUND—FURTHER EVIDENCE OF A DIVERGENCE BETWEEN INDIVIDUAL FIRMS WITHIN THE HEALTH CARE STAFFING SECTOR.
- INCREASED SALES, AS WELL AS MARGIN DISCIPLINE, CAN HELP HEALTH CARE STAFFING COMPANIES MAINTAIN PROFITABILITY DESPITE INCREASED COST PRESSURES.

CHART 37:

Producer Prices

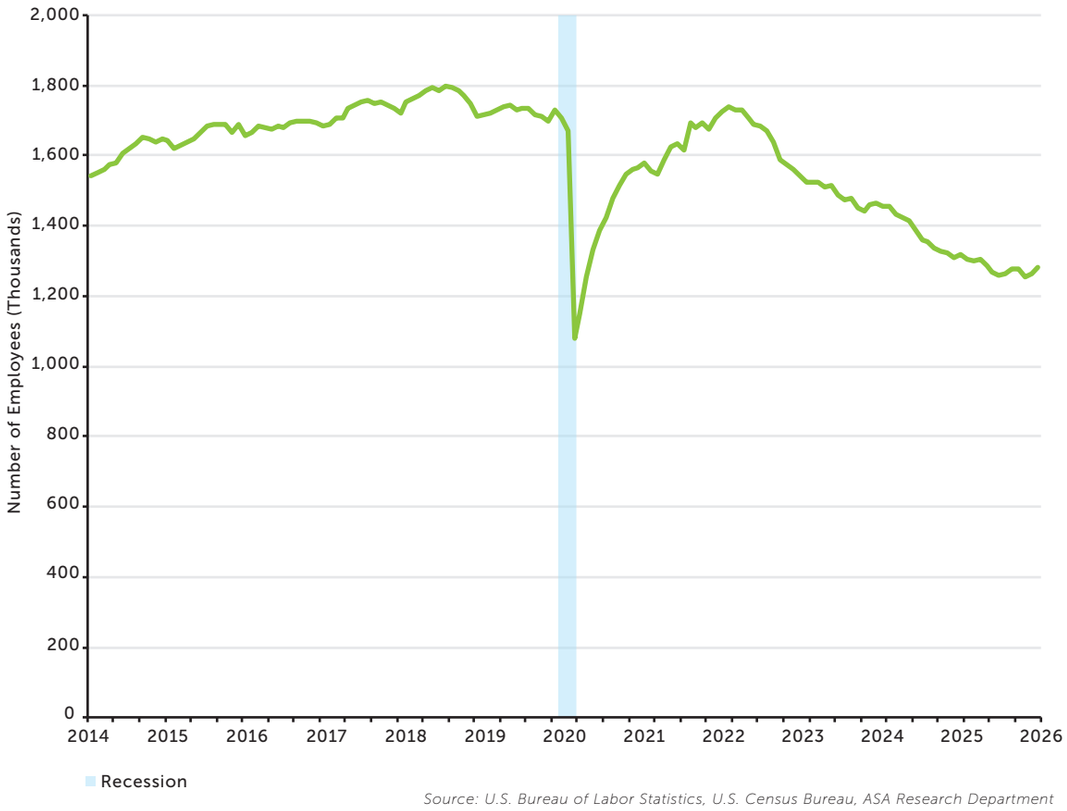


Source: U.S. Bureau of Labor Statistics

- BILL RATES FOR THE HEALTH CARE STAFFING SECTOR SOARED DURING THE PANDEMIC BEFORE FALLING BY DOUBLE DIGITS YEAR-TO-YEAR AROUND 2023–24.
- RISING MOMENTUM, PRIMARILY WITHIN THE HEALTH CARE AND SOCIAL SERVICES INDUSTRIES, IS ALLOWING FOR BILL RATES TO NORMALIZE RELATIVE TO OTHER SEGMENTS OF THE LABOR MARKET.
- FIRMS FACE STIFF COMPETITION FOR SALES—FROM OTHER STAFFING COMPANIES, COMPETITORS UTILIZING OTHER BUSINESS MODELS, AND ARTIFICIAL INTELLIGENCE (FOR SELECT TASKS AND PROJECTS).
- DESPITE VOLATILITY FROM THE RENEGOTIATION OR EXTENSION OF HOSPITAL CONTRACTS, BILL RATES ARE EXPECTED TO CONTINUE RISING AS A RESULT OF ELEVATED LABOR DEMAND.

CHART 38:

Employment

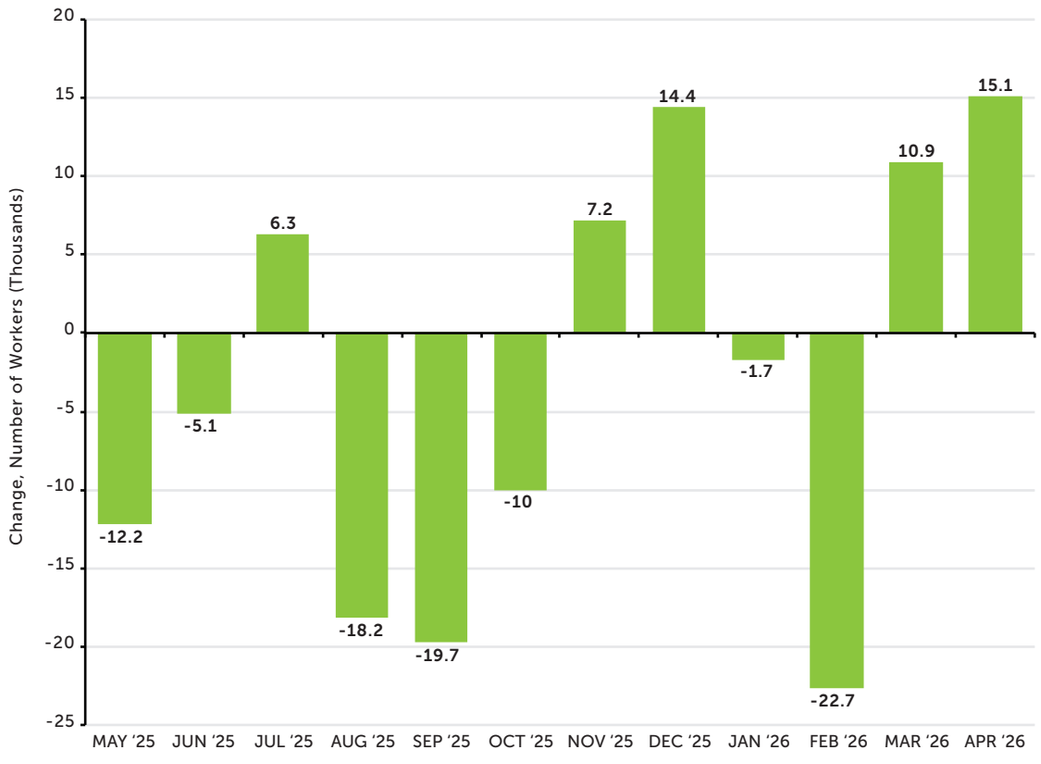


Source: U.S. Bureau of Labor Statistics, U.S. Census Bureau, ASA Research Department

- EMPLOYMENT IN THE INDUSTRIAL STAFFING SECTOR IS BEGINNING TO NORMALIZE AFTER YEARS OF DECLINE DUE TO A CHALLENGING ECONOMIC LANDSCAPE FOLLOWING THE POSTPANDEMIC ECONOMIC RECOVERY IN 2022.
- RISING LABOR COSTS, AS WELL AS GEOPOLITICAL UNCERTAINTIES, HAVE FORCED EMPLOYERS TO LIMIT EXPENSES AND HEADCOUNT, LEAVING FEWER OPPORTUNITIES FOR TEMPORARY AND CONTRACT EMPLOYMENT.
- THE INDUSTRIAL STAFFING SECTOR IS EXPECTED TO SEE LIMITED EMPLOYMENT DISPLACEMENT THROUGH ARTIFICIAL INTELLIGENCE. INSTEAD, SUCH TECHNOLOGIES ARE LIKELY TO CHANGE THE COMPOSITION OF SKILLSETS AND EXPERIENCE POSSESSED BY INCOMING PERSONNEL.
- LOWER LEVELS OF IMMIGRATION, AS WELL AS INCREASED RESHORING AND NEARSHORING, WILL LIKELY INCREASE OPPORTUNITIES FOR TEMPORARY AND CONTRACT WORK, BUT THEY WILL TAKE TIME TO REALIZE.

CHART 39:

Change in Employment

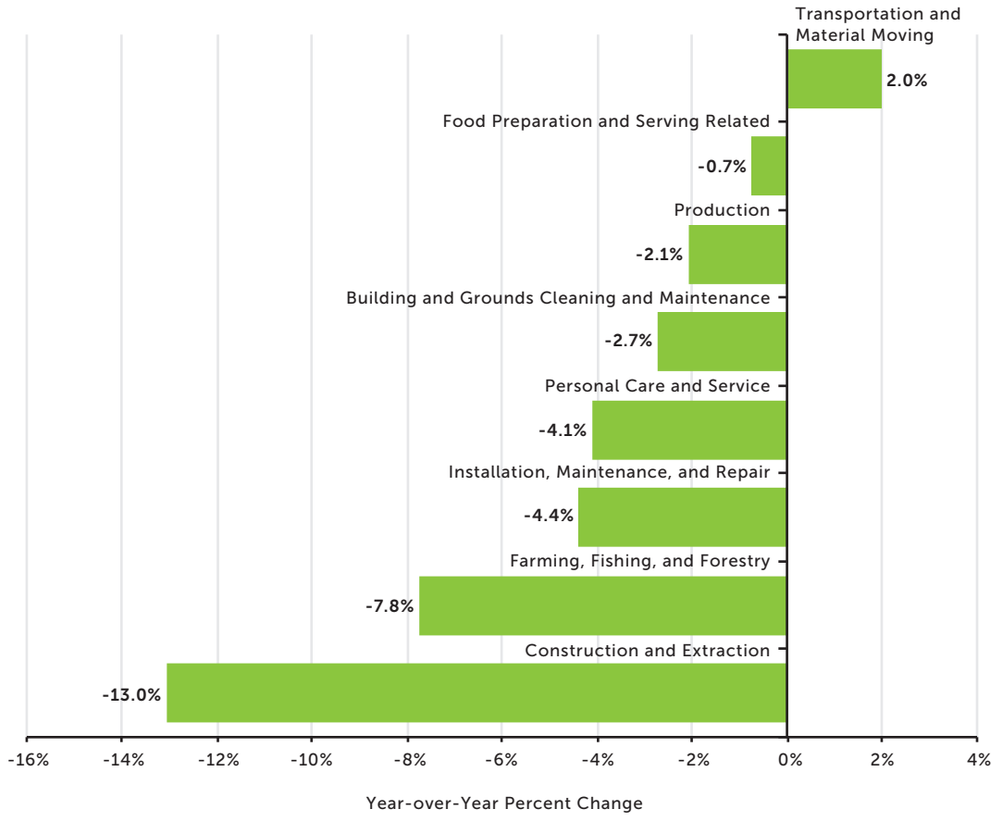


Source: U.S. Bureau of Labor Statistics, U.S. Census Bureau, ASA Research Department

- ON A MONTHLY BASIS, LOSSES WITHIN INDUSTRIAL STAFFING EMPLOYMENT HAVE LARGELY OUTWEIGHED THE GAINS DUE TO CHANGES IN ECONOMIC CONDITIONS AND GOVERNMENT POLICY.
- THE MANUFACTURING AND TRANSPORTATION AND WAREHOUSING INDUSTRIES ARE ESPECIALLY EXPOSED TO SUPPLY SHOCKS INDUCED BY POLICY CHANGES LIKE TARIFFS AND THE ENERGY CRISIS CAUSED BY U.S. OPERATIONS IN IRAN, WHICH HAS FORCED EMPLOYERS TO SCALE BACK JOB CREATION AND HIRING.
- GAINS IN INDUSTRIAL EMPLOYMENT MOSTLY STEM FROM HIGH-SKILLED TECHNICAL OCCUPATIONS REQUIRING SPECIALIZED EDUCATION OR TRAINING, SUCH AS MACHINISTS AND PROGRAMMERS.

CHART 40:

Employment by Occupation

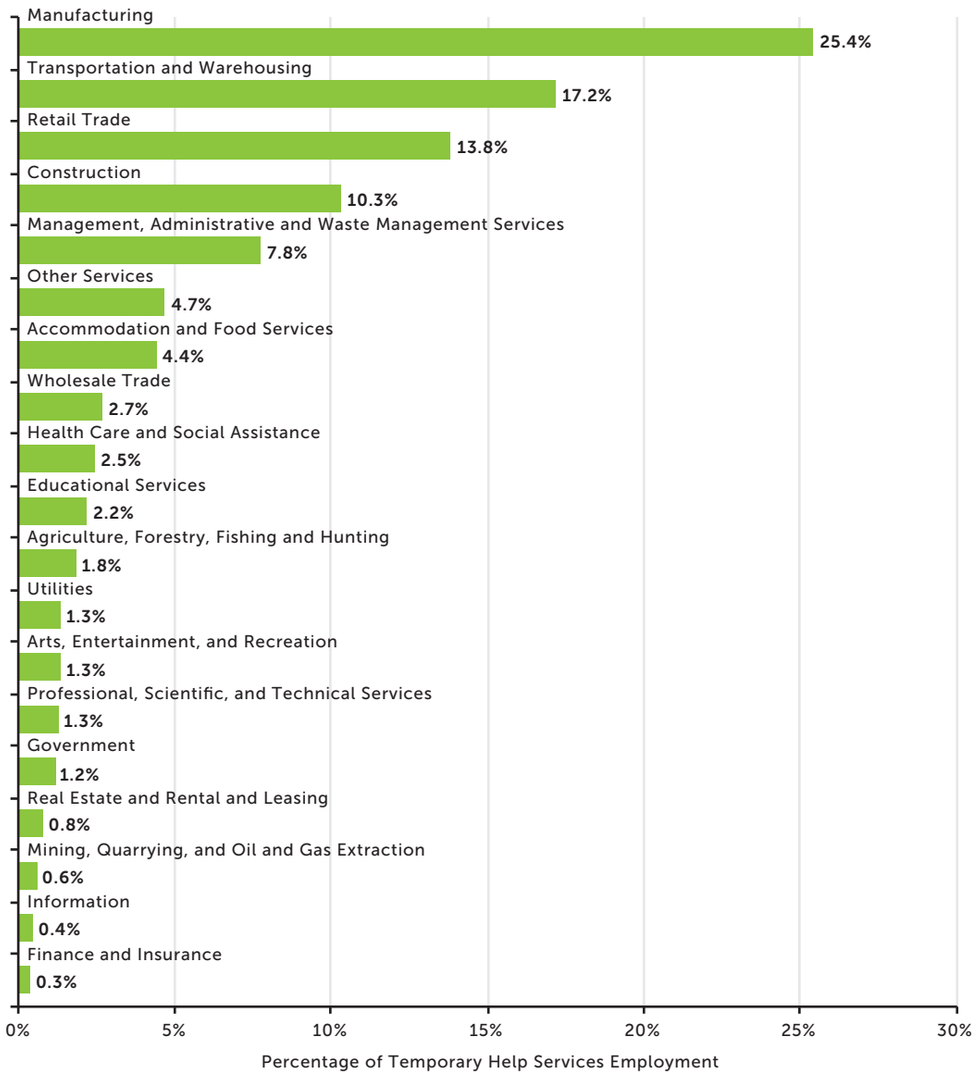


Source: U.S. Bureau of Labor Statistics, U.S. Census Bureau, ASA Research Department

- WHILE TURNOVER REMAINS A SIGNIFICANT CHALLENGE IN THE INDUSTRIAL STAFFING SECTOR, IT IS NOT AT A LEVEL THAT NECESSITATES AN ECONOMICALLY SIGNIFICANT VOLUME OF HIRING FOR TEMPORARY AND CONTRACT WORKERS.
- PERSONNEL DEPENDENCIES HAVE EASED OVERALL DECLINES IN CERTAIN SEGMENTS OF THE INDUSTRIAL STAFFING SECTOR, SUCH AS FOOD PREPARATION AND SERVING-RELATED OCCUPATIONS AND BUILDING AND GROUNDS CLEARING AND MAINTENANCE OCCUPATIONS.
- AN AGING WORKFORCE, TIGHTENING CAPACITY, AND INCREASED ECOMMERCE HAVE SUPPORTED GREATER DEMAND FOR TEMPORARY AND CONTRACT WORKERS IN TRANSPORTATION AND MATERIAL MOVING OCCUPATIONS.
- TEMPORARY AND CONTRACT EMPLOYMENT IN CONSTRUCTION AND EXTRACTION OCCUPATIONS HAS DECLINED THE MOST, AS HIGHER PRICES FOR MATERIALS AND AN UNCERTAIN INVESTMENT ENVIRONMENT HAVE DISINCENTIVIZED NEW PROJECTS AND DECREASED LABOR DEMAND.

CHART 41:

Share of Employment by Industry

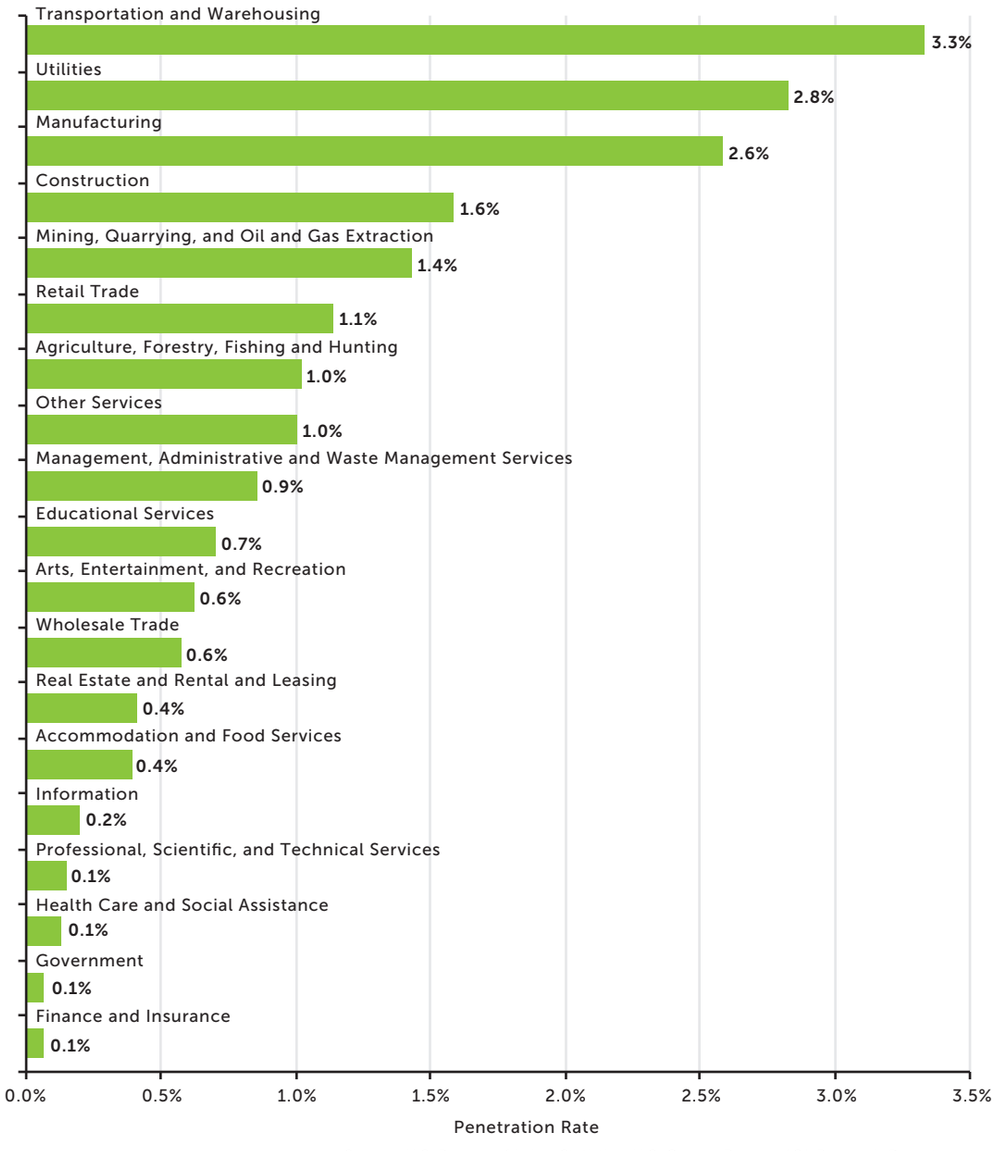


Source: U.S. Bureau of Labor Statistics, U.S. Census Bureau, ASA Research Department

- THE DIVERSIFICATION OF INDUSTRIAL STAFFING EMPLOYMENT ACROSS MANY SEGMENTS OF THE LABOR MARKET INSULATES IT FROM SECTOR-SPECIFIC DEMAND SHOCKS.
- IMPROVED JOB CREATION AND HIRING WITHIN SERVICE-PROVIDING INDUSTRIES, SUCH AS RETAIL RRADE, AS WELL AS ACCOMMODATION AND FOOD SERVICES, HAVE OFFSET LOSSES DRIVEN BY MANUFACTURING.
- SERVICE-PROVIDING INDUSTRIES WILL REMAIN A SOURCE OF SUPPORT FOR INDUSTRIAL STAFFING EMPLOYMENT SINCE THEY ARE INDIRECTLY AFFECTED BY GEOPOLITICAL HEADWINDS SUCH AS TARIFFS.
- INCREASED IMMIGRATION ENFORCEMENT HAS ENGENDERED SECTOR-SPECIFIC POCKETS OF OPPORTUNITY FOR THE INDUSTRIAL STAFFING SECTOR, INCLUDING MANUFACTURING; CONSTRUCTION; AND AGRICULTURE, FISHING, FORESTRY, AND HUNTING.
- AGING WORKFORCE DYNAMICS BROADLY APPLY TO ALL INDUSTRIES SERVED BY INDUSTRIAL STAFFING. EMPLOYMENT GROWTH WILL DEPEND ON THE SPECIFIC RATIOS OF NEW ENTRANTS TO RETIREES AND JOB LEAVERS.

CHART 42:

Penetration Rate by Industry



Source: U.S. Bureau of Labor Statistics, U.S. Census Bureau, ASA Research Department

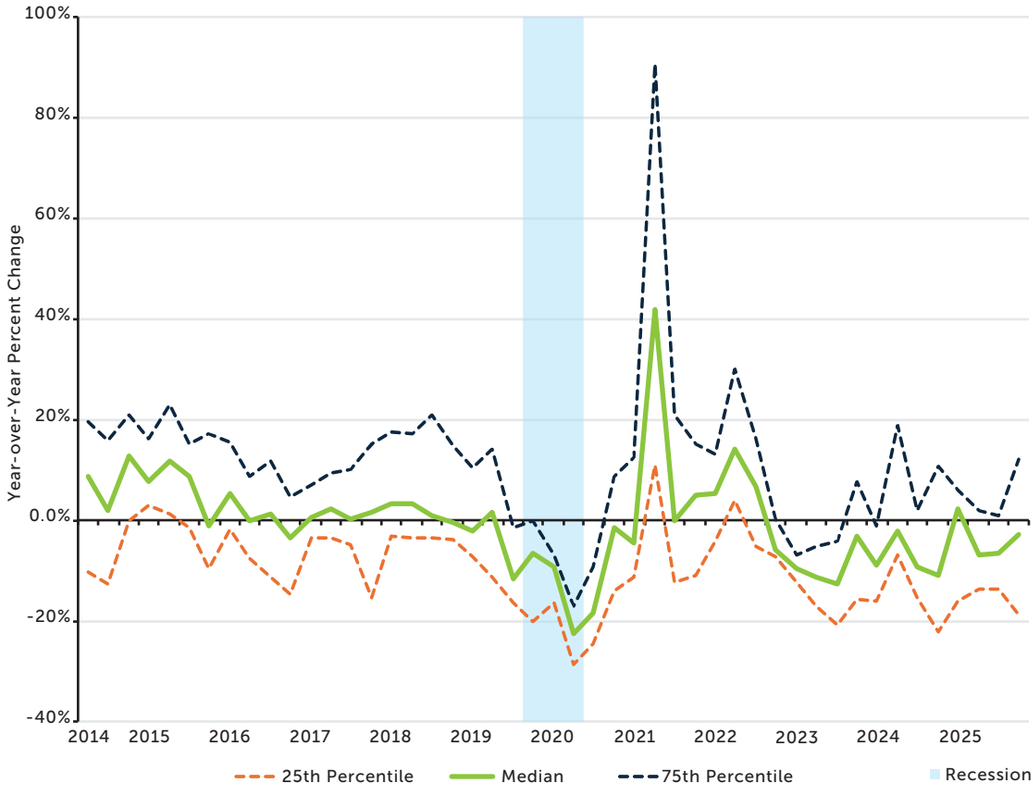
- THE INDUSTRIAL STAFFING SECTOR EXPERIENCES ONE OF THE HIGHEST PENETRATION RATES IN THE INDUSTRY. MORE THAN 1% OF TOTAL EMPLOYMENT WITHIN TRANSPORTATION AND WAREHOUSING; UTILITIES; MANUFACTURING; CONSTRUCTION; MINING, QUARRYING, AND OIL AND GAS EXTRACTION; AND RETAIL TRADE IS TEMPORARY AND CONTRACT WORKERS.

- WITH STAFFING INDUSTRY EMPLOYMENT OVERWEIGHTED IN THE INDUSTRIAL STAFFING SECTOR, STAFFING EMPLOYMENT IS HIGHLY SUSCEPTIBLE TO ECONOMIC POLICY PRESSURES SUCH AS IMMIGRATION, TARIFFS, AND OIL PRICES.

- FURTHER RELIEF FROM INFLATION AND INTEREST RATES COULD INCREASE THE PENETRATION RATE OF TEMPORARY AND CONTRACT WORKERS IN INDUSTRIAL ROLES RELATIVE TO THEIR FULL-TIME AND PART-TIME COUNTERPARTS. IN A HIGH-COST ENVIRONMENT, EMPLOYERS WOULD BE MORE LIKELY TO PREFER TEMPORARY AND CONTRACT WORKERS SINCE THEY REQUIRE LOWER LEVELS OF INVESTMENT AND WORKFORCE PLANNING.

CHART 43:

Sales

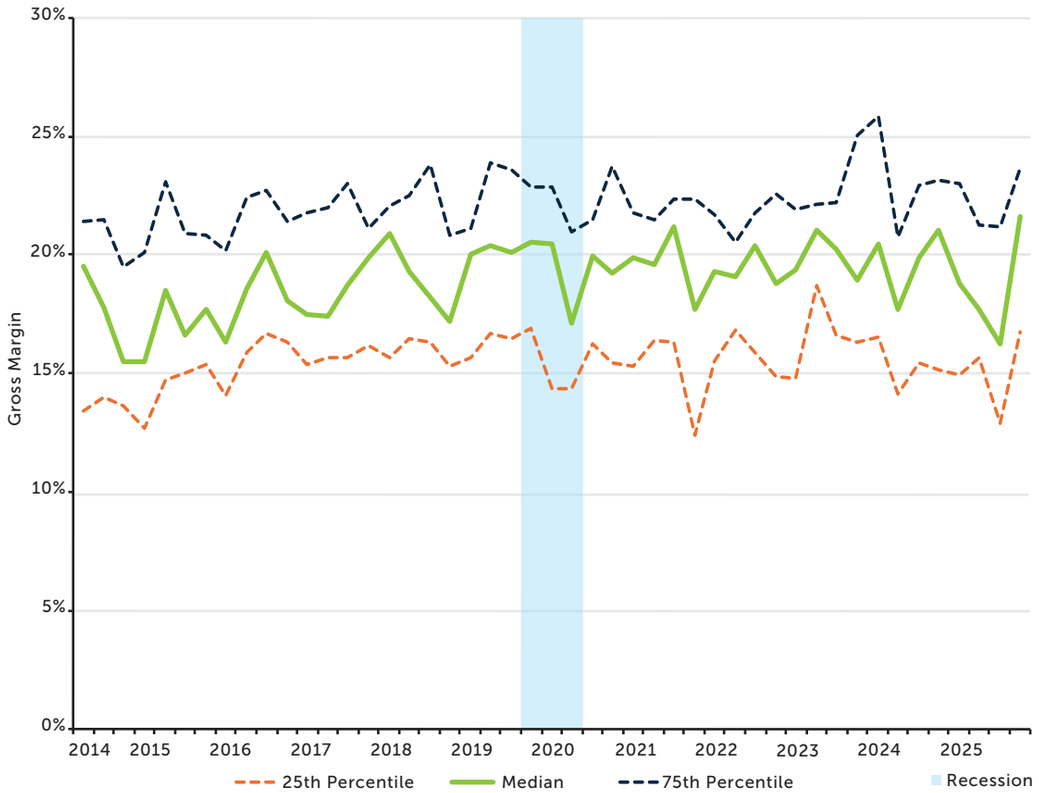


Source: ASA Research Department

- MOST FIRMS IN THE INDUSTRIAL STAFFING SECTOR CONTINUE TO EXPERIENCE A CONTRACTION IN SALES DUE TO LOWER VOLUME OF PLACEMENTS AS WELL AS INCREASED OPERATING COSTS.
- HIGH-PERFORMING FIRMS HAVE RECORDED CONSISTENT LEVELS OF REVENUE GROWTH, DRIVEN BY SPECIALIZATION IN A PARTICULAR NICHE OR EXPOSURE TO SEGMENTS OF THE LABOR MARKET THAT ARE SEEING ELEVATED LABOR DEMAND.
- SALES ARE LIKELY TO BE CONCENTRATED AMONG STATE AND LOCAL PROJECTS, WHICH ARE INSULATED FROM THE VOLATILITIES OF SHIFTING POLITICS AND POLICY.
- FEDERAL SUPPORT FOR INDUSTRIAL POLICY INITIATIVES, INCLUDING SEMICONDUCTOR MANUFACTURING AND QUANTUM COMPUTING, COULD ALSO BOLSTER OPPORTUNITIES FOR TEMPORARY AND CONTRACT WORK WITHIN THE INDUSTRIAL STAFFING SECTOR.

CHART 44:

Gross Margins



Source: ASA Research Department

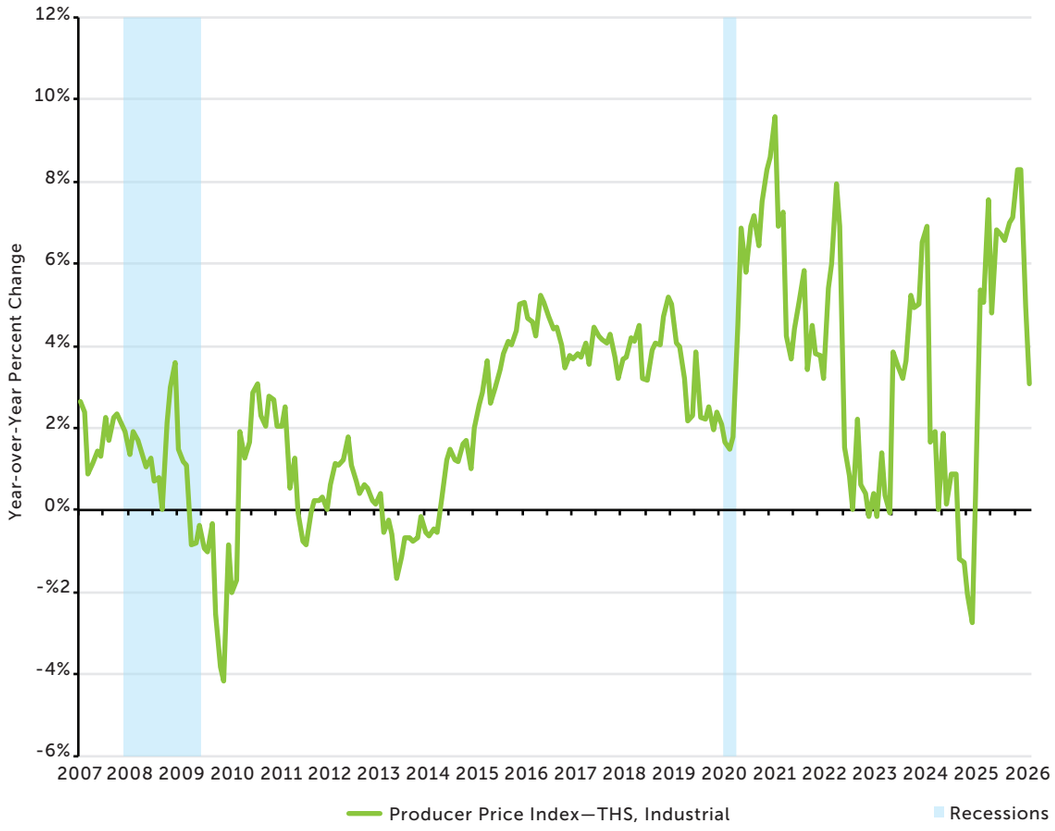
- DESPITE SOME YEAR-TO-YEAR MARGIN COMPRESSION IN 2025, MEDIAN GROSS MARGINS WITHIN THE INDUSTRIAL STAFFING SECTOR HAVE BEEN CONSISTENT. CLIENTS REMAIN CAUTIOUS ABOUT MAKING BROADBASED INVESTMENTS IN LABOR DUE TO HEIGHTENED UNCERTAINTY ABOUT OVERALL ECONOMIC CONDITIONS.

- PAY RATES CONTINUE TO EXCEED BILL RATES BECAUSE OF THE COMPETITIVE ADVANTAGES OF TEMPORARY AND CONTRACT LABOR IN A HIGH-COST ENVIRONMENT, BUT MARGINS REMAIN SLIM. THESE GAINS HAVE BEEN, MOSTLY, ABSORBED BY WORKERS ATTEMPTING TO MAINTAIN THEIR STANDARD OF LIVING AMID HIGHER INFLATION AND INTEREST RATES.

- MAINTAINING DISCIPLINE ON GROSS MARGINS WILL BE ESSENTIAL FOR INDUSTRIAL STAFFING COMPANIES TO MAINTAIN DEMAND. POLITICAL AND ECONOMIC DEVELOPMENTS ARE RAPIDLY SHIFTING THE TIMING AS WELL AS THE VOLUME OF DEMAND FOR TEMPORARY CONTRACT WORKERS.

CHART 45:

Producer Prices

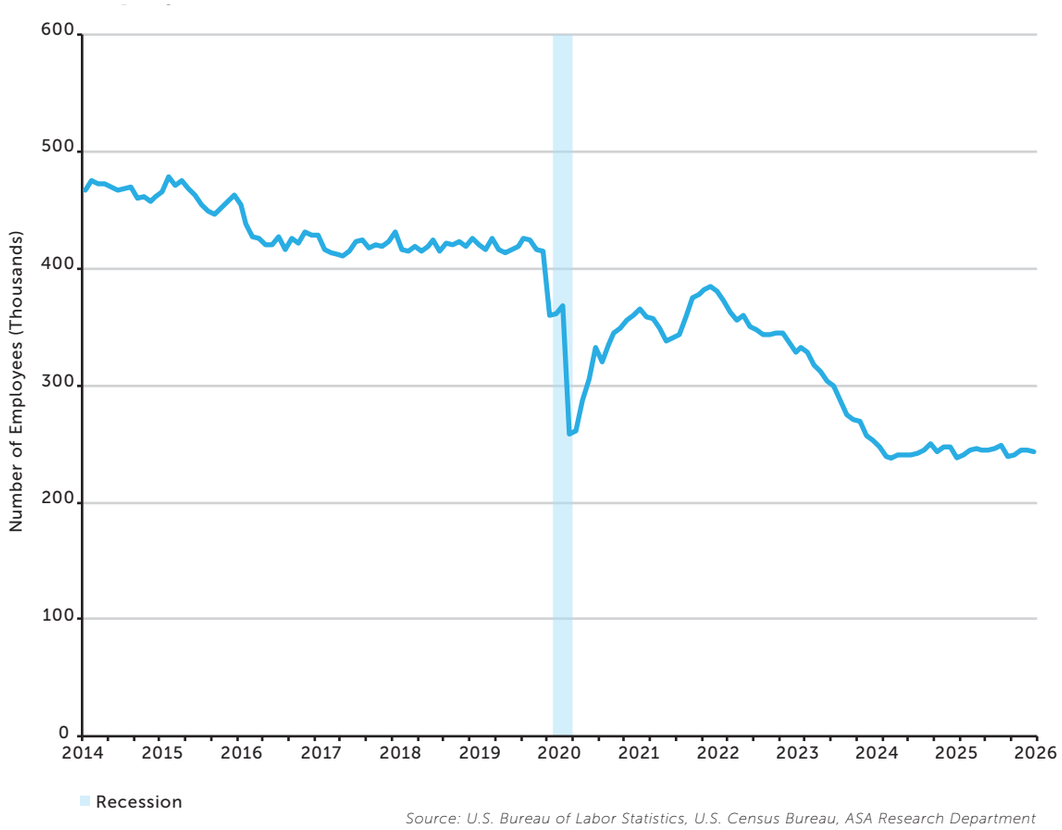


Source: U.S. Bureau of Labor Statistics

- BILL RATES IN THE INDUSTRIAL STAFFING SECTOR HAVE PROVEN TO BE HIGHLY VOLATILE SINCE THE PANDEMIC BEGAN DUE TO CHANGES IN POLICY DIRECTLY AFFECTING HIRING PREFERENCES IN ITS LARGEST SECTORS.
- GAINS MIRRORED SUPPLY SHOCKS INDUCED BY THE RUSSIAN INVASION OF UKRAINE, TARIFFS, AND U.S. OPERATIONS IN IRAN, WHICH RAISED INPUT COSTS FOR GOODS-PRODUCING FIRMS.
- THIS UNCERTAINTY CAN MAKE TEMPORARY EMPLOYMENT SOLUTIONS MORE ATTRACTIVE RELATIVE TO FULL-TIME AND PART-TIME COUNTERPARTS, BUT CLIENTS STILL HAVE THE OPTION OF NOT HIRING WORKERS AT ALL, WHICH REQUIRES STAFFING FIRMS' ATTENTION TOWARD CHANGES IN BILL RATES.
- REDUCING EXTRANEOUS OVERHEAD COSTS THROUGH RESPONSIBLE INTEGRATION OF TECHNOLOGY, IN ADDITION TO IMPROVEMENT OF HIRING PROCESSES, CAN HELP INDUSTRIAL STAFFING COMPANIES ATTAIN NEW BUSINESS THROUGH COMPETITIVE PRICING WITHOUT SACRIFICING ON THEIR REVENUE.

CHART 46:

Employment

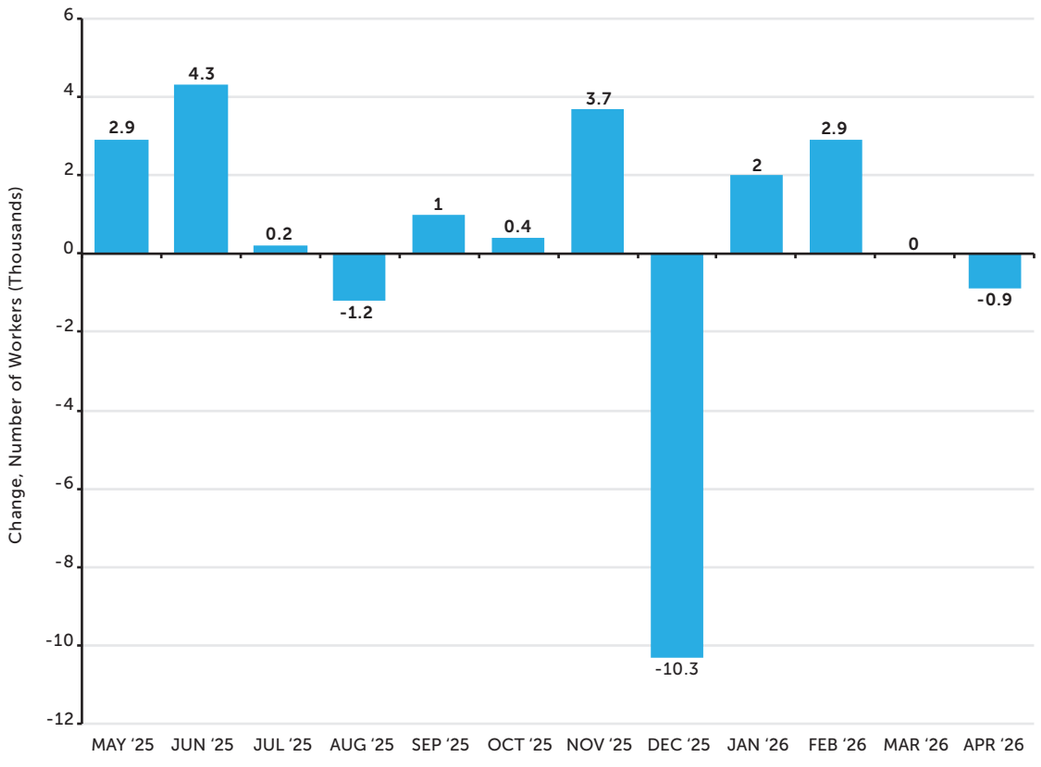


Source: U.S. Bureau of Labor Statistics, U.S. Census Bureau, ASA Research Department

- EMPLOYMENT IN THE OFFICEADMINISTRATIVE STAFFING SECTOR HAS BEEN DECLINING SINCE 2014. AFTER FALLING PRECIPITOUSLY DURING THE FIRST FEW MONTHS OF THE COVID-19 PANDEMIC IT RECOVERED BRIEFLY DURING THE GREAT RESIGNATION BUT THEN REACHED NEW LOWS IN MID 2024, WHERE IT CONTINUES TO TREND TODAY.
- ADVANCEMENTS IN TECHNOLOGY, INCLUDING AUTOMATION, HAVE DISCOURAGED CLIENTS FROM AUGMENTING HEADCOUNT WITHIN THIS SPACE AMID RISING LABOR AND BUSINESS COSTS.
- EMPLOYER DEMAND FOR WORKERS IN THESE ROLES IS EXPECTED TO DECLINE FURTHER OVER THE NEXT DECADE, THOUGH THE U.S. BUREAU OF LABOR STATISTICS PROJECTS THERE WILL REMAIN ABOUT TWO MILLION OPENINGS PER YEAR. THESE ROLES WILL LIKELY BE AFFECTED BY CHANGING EDUCATION AND SKILL REQUIREMENTS DUE TO CHANGES IN TECHNOLOGY.

CHART 47:

Change in Employment

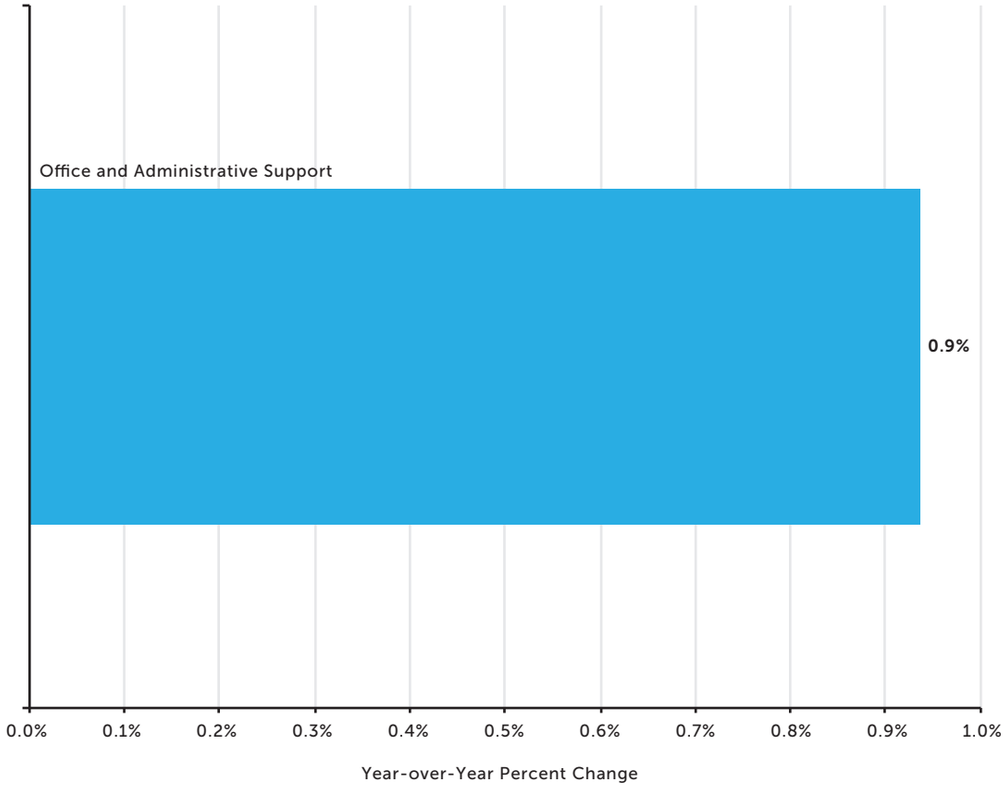


Source: U.S. Bureau of Labor Statistics, U.S. Census Bureau, ASA Research Department

- THE OFFICE–ADMINISTRATIVE STAFFING SECTOR RECORDED SEVERAL MONTHS OF STEADY GROWTH IN EMPLOYMENT BETWEEN MAY 2025 AND APRIL 2026, BUT MUCH OF THAT WAS NEGATED BY A STEEP DECLINE IN DECEMBER 2025.
- HIRING IN THE OFFICE–ADMINISTRATIVE STAFFING SECTOR OFTEN CONSISTS OF SHORTER CONTRACTS THAT ARE SUSCEPTIBLE TO SEASONAL TRENDS LIKE ABSENCES AT THE PEAK OF FLU SEASON.
- SHIFTS IN THE NATURE OF WORK WITHIN THIS SECTOR INCLUDE SPECIALIZATION WITHIN EXECUTIVE ASSISTANCE, TRANSCRIPTION, AND PROJECT MANAGEMENT.
- IN THE LONG TERM, GAINS IN STAFFING EMPLOYMENT WILL LIKELY BE DRIVEN BY TURNOVER. HOWEVER, STAFFING COMPANIES SHOULD HAVE LOWER EXPECTATIONS FOR GAINS WITHIN THIS PARTICULAR SEGMENT.

CHART 48:

Employment by Occupation

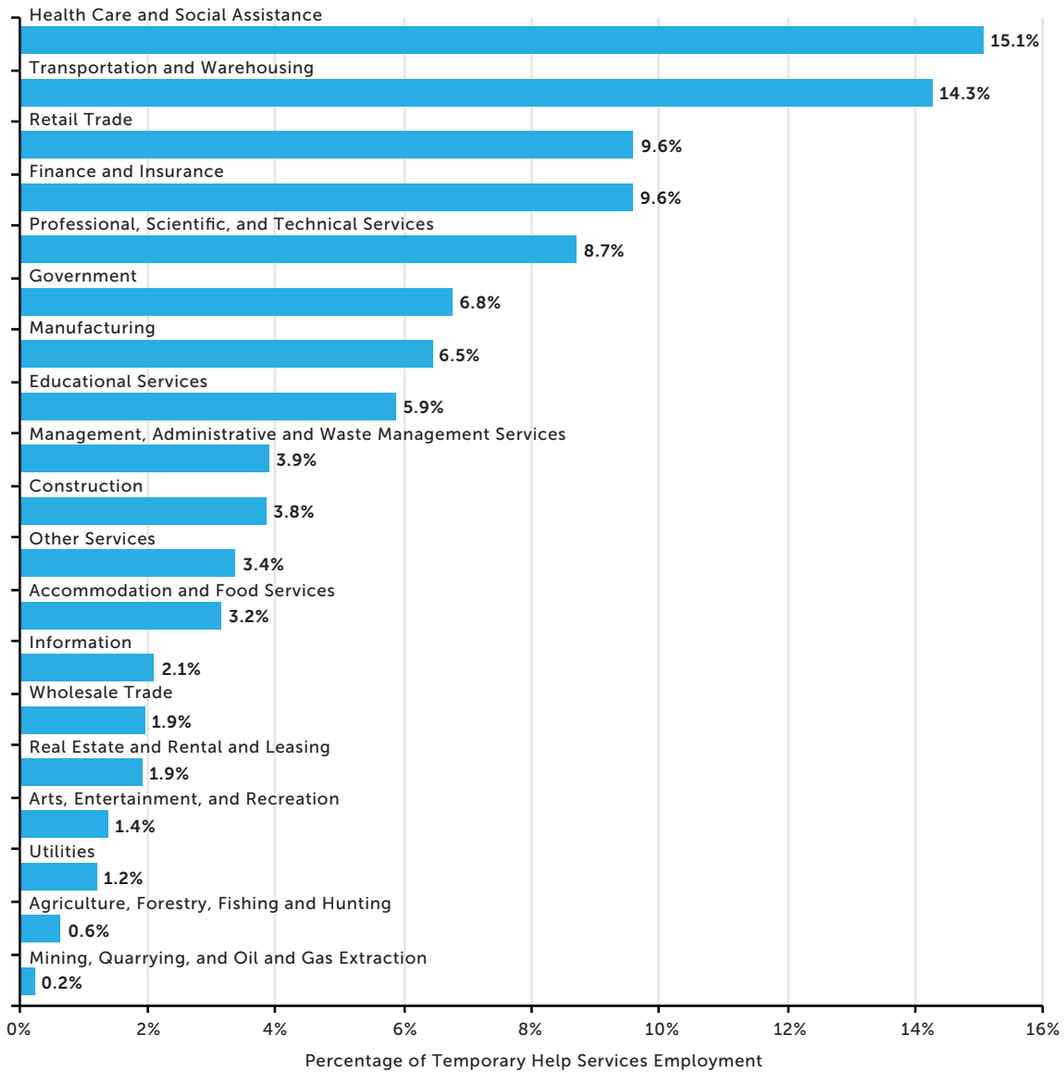


Source: U.S. Bureau of Labor Statistics, U.S. Census Bureau, ASA Research Department

- BETWEEN MAY 2025 AND APRIL 2026, EMPLOYMENT IN OFFICE AND ADMINISTRATIVE SUPPORT OCCUPATIONS ROSE BY JUST 0.9%, ONE OF THE SLOWEST-GROWING SECTORS WITHIN THE ENTIRE STAFFING INDUSTRY.
- THIS GAIN, WHILE MINUTE, ENDS YEARS OF LOSSES IN DEMAND FOR THESE KINDS OF ROLES RESULTING FROM A HIGH-COST ECONOMIC ENVIRONMENT COUPLED WITH UNCERTAINTIES ABOUT ITS FUTURE.

CHART 49:

Share of Employment by Industry

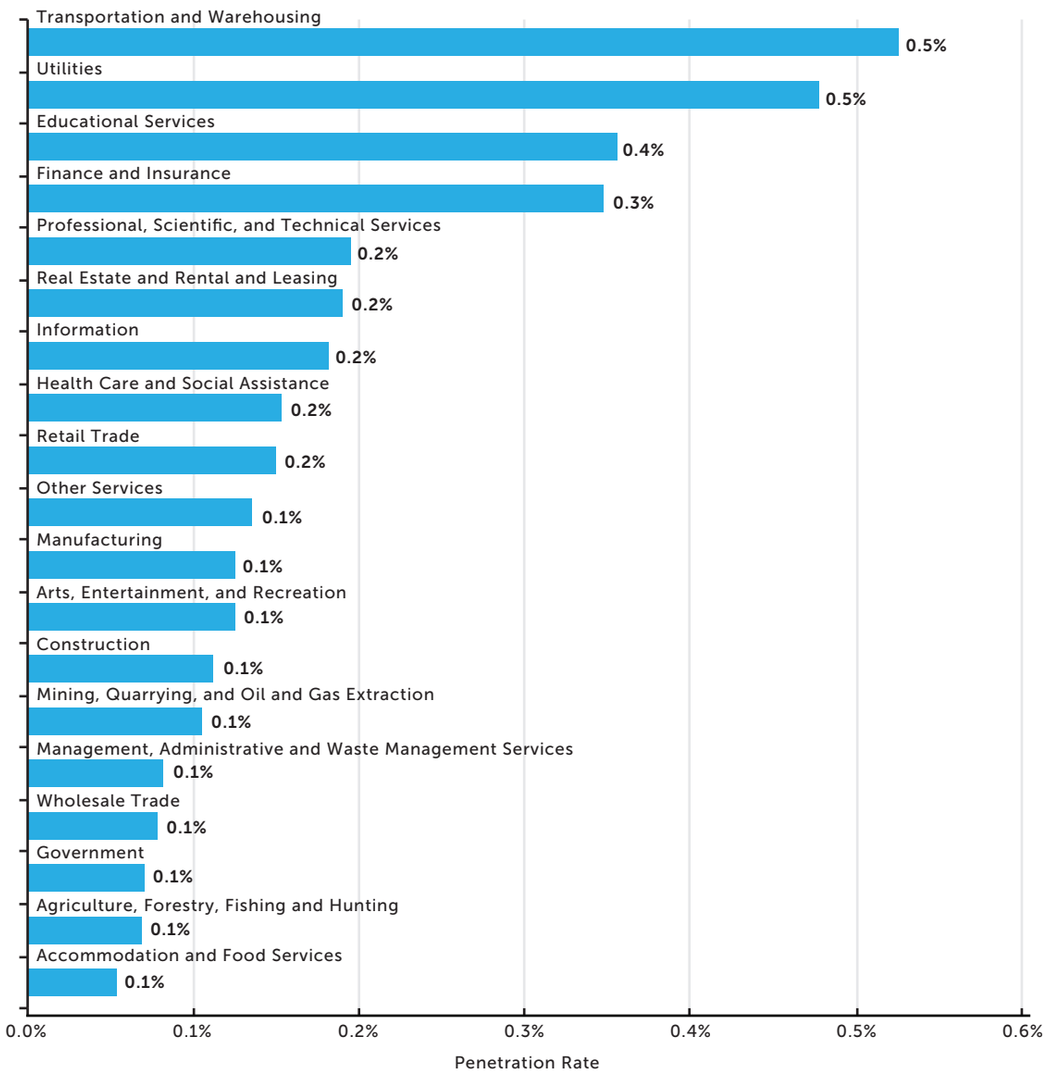


Source: U.S. Bureau of Labor Statistics, U.S. Census Bureau, ASA Research Department

- LIKE HEALTH CARE, THE OFFICE–ADMINISTRATIVE STAFFING SECTOR IS EXPOSED TO A VARIETY OF INDUSTRIES WITHIN THE LABOR MARKET, WHICH INSULATES EMPLOYMENT FROM SECTOR-SPECIFIC DEMAND SHOCKS.
- ITS SIZEABLE EXPOSURE TO HEALTH CARE AND SOCIAL ASSISTANCE, ONE OF THE FASTEST-GROWING INDUSTRIES OF THE LABOR MARKET, COULD PRESENT OPPORTUNITIES FOR GROWTH IN AN OTHERWISE STAGNANT SECTOR.
- CHANGES TO THE FEDERAL WORKFORCE AND THE GOVERNMENT CONTRACTING PROCESS, DESPITE AN UPTICK IN HIRING AT THE STATE AND LOCAL LEVELS, HAVE LIMITED GAINS FROM GOVERNMENT EMPLOYMENT TO THE SECTOR AS WELL.
- CALL CENTERS AND ONLINE SUPPORT REPRESENT A GROWING BUSINESS SEGMENT FOR EMPLOYMENT WITHIN THE OFFICE–ADMINISTRATIVE STAFFING SECTOR DUE TO HEALTHY LEVELS OF CONSUMER ACTIVITY.

CHART 50:

Penetration Rate by Industry

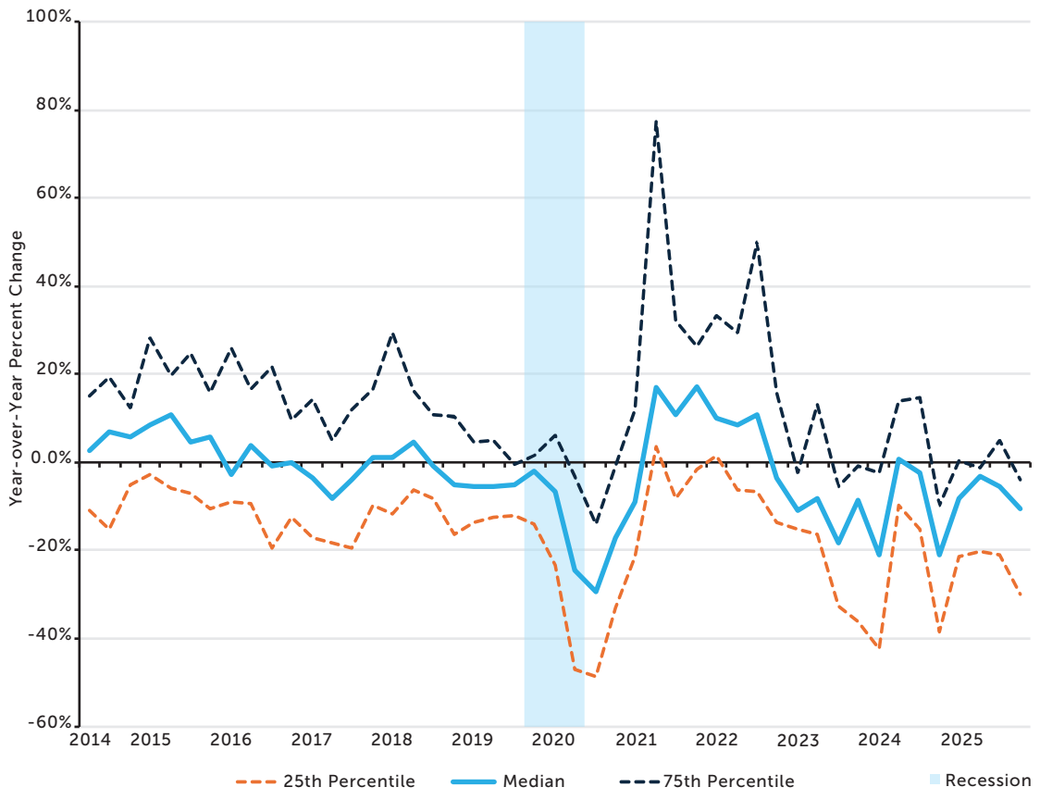


Source: U.S. Bureau of Labor Statistics, U.S. Census Bureau, ASA Research Department

- DESPITE EXPOSURE TO A BROAD SWATH OF SECTORS, THE PENETRATION RATE OF THE OFFICE–ADMINISTRATIVE STAFFING SECTOR IS RELATIVELY LOW.
- LOW PENETRATION IS A CONSEQUENCE OF DECLINING DEMAND FROM CLIENTS, DUE TO EXPANDED POSSIBILITIES FROM TECHNOLOGY, AS WELL AS THE SHORT-TERM NATURE OF WORK WITHIN THIS SPACE.
- EMPLOYMENT IS LOW IN THE TRANSPORTATION AND WAREHOUSING, UTILITIES, EDUCATIONAL SERVICES, AND FINANCE AND INSURANCE INDUSTRIES, LIMITING PROSPECTS FOR GROWTH IN THIS SECTOR.
- THE OFFICE–ADMINISTRATIVE STAFFING SECTOR WILL CONTINUE TO OCCUPY A VITAL NICHE FOR THE STAFFING INDUSTRY, BUT ITS IMPACT ON OVERALL EMPLOYMENT DYNAMICS IS DIMINISHING.

CHART 51:

Sales

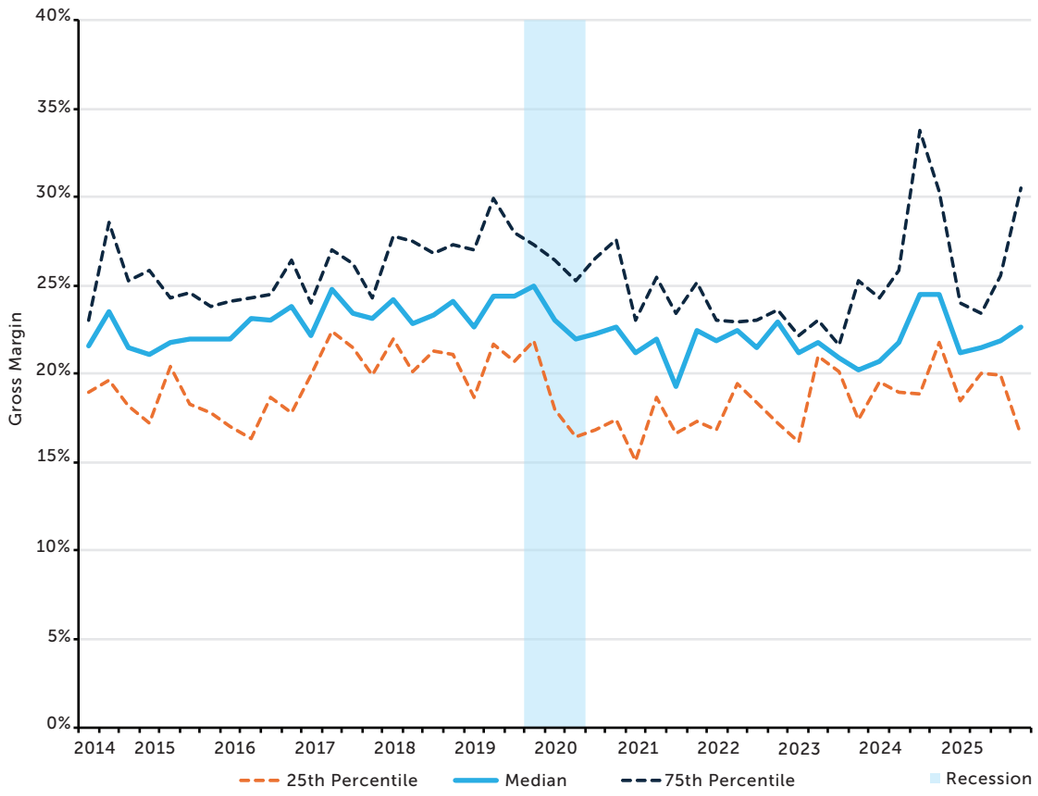


Source: ASA Research Department

- MEDIAN YEAR-TO-YEAR SALES GROWTH IN THE OFFICE–ADMINISTRATIVE STAFFING SECTOR HAS BEEN NEGATIVE SINCE 2023, REFLECTING A CHALLENGING SALES ENVIRONMENT—DRIVEN BY ECONOMY-WIDE COST PRESSURES AS WELL AS STRUCTURAL DECLINES IN DEMAND FOR SUCH OCCUPATIONS.
- STAFFING COMPANIES IN THIS SECTOR THAT CONTINUE TO EXPERIENCE GROWTH ARE HIGHLY SPECIALIZED (FULFILLING TASKS SUCH AS INFORMATION TECHNOLOGY SUPPORT OR COMPLIANCE ADMINISTRATION) OR HAVE LONGSTANDING CONTRACTS WITH THEIR CLIENTS.
- GROWTH IN THIS SECTOR ALSO REQUIRES SUBSTANTIAL RESKILLING AND UPSKILLING OF TALENT BENCHES TO DIFFERENTIATE CANDIDATES' CAPABILITIES FROM THE AUTOMATION CAPACITY OF TECHNOLOGICAL ADVANCEMENT, AS WELL AS COMPETITION FROM OTHER SERVICERS WITHIN THE OFFICE–ADMINISTRATIVE SUPPORT SPACE.

CHART 52:

Gross Margins

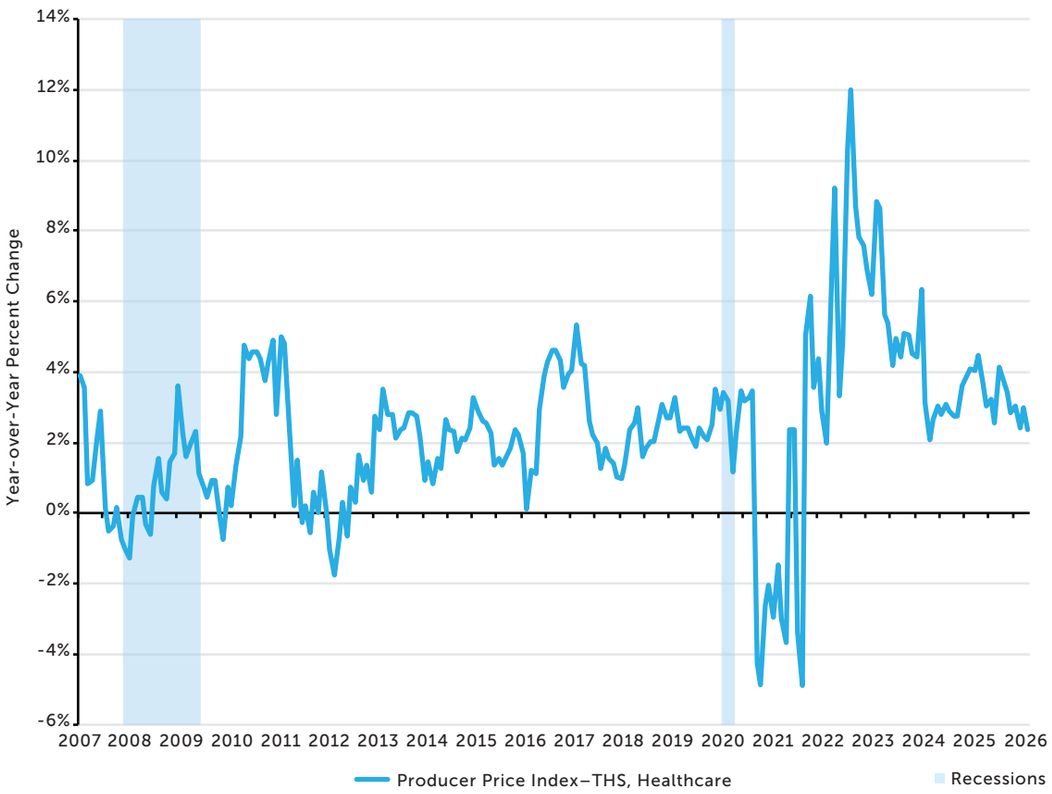


Source: ASA Research Department

- MEDIAN GROSS MARGINS HAVE BEEN STABLE SINCE THE SECOND QUARTER OF 2025, SUGGESTING STAFFING COMPANIES IN THE OFFICE–ADMINISTRATIVE STAFFING SECTOR HAVE LITTLE WIGGLE ROOM FOR ADJUSTING PRICES AMID VOLATILE COST PRESSURES BUT ARE MANAGING TO DO SO SUCCESSFULLY.
- HIGH-PERFORMING STAFFING COMPANIES ARE REALIZING HIGHER GROSS MARGINS WHILE THEIR LOW-PERFORMING COUNTERPARTS HAVE CONTRACTED, WHICH HIGHLIGHTS RISING BARRIERS TO ENTRY FOR NEW FIRMS IN THE OFFICE–ADMINISTRATIVE STAFFING SECTOR.
- MARGIN GROWTH REQUIRES INCREASING THE VALUE PROPOSITION OF TALENT BENCHES IN ORDER TO BALANCE AN INCREASE IN LABOR COSTS AND LABOR SPEND LIMITS AMONG CLIENTS.

CHART 53:

Producer Prices

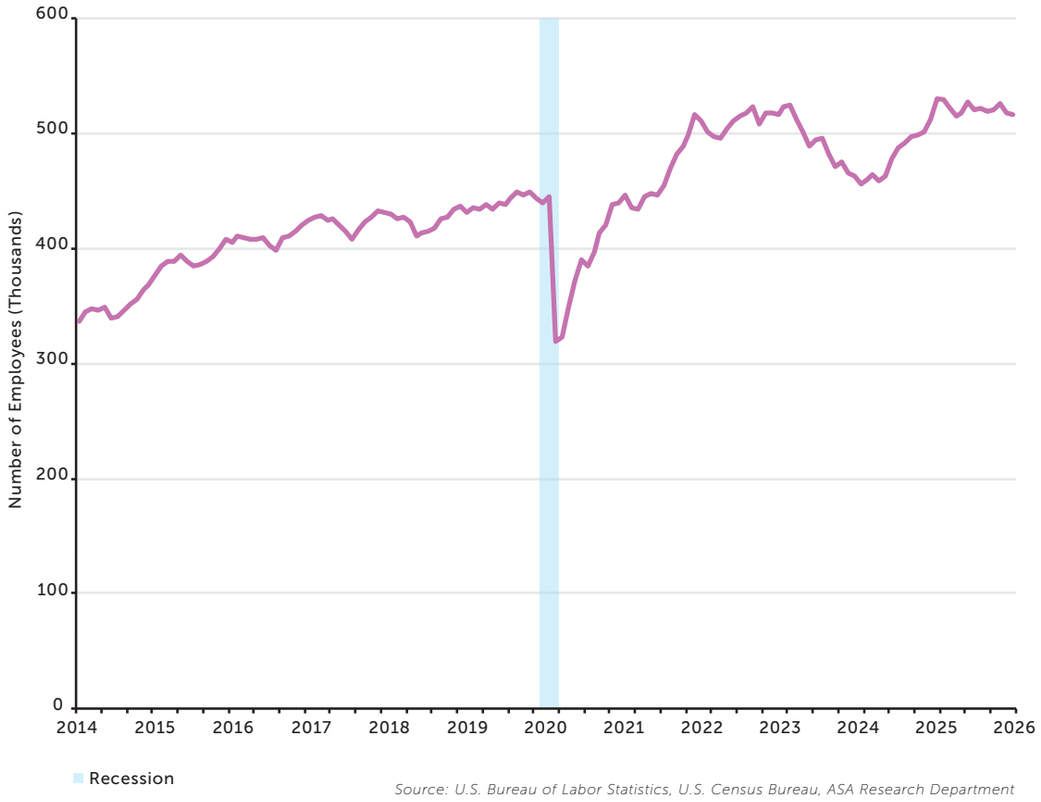


Source: U.S. Bureau of Labor Statistics

- BILL RATES IN THE OFFICE–ADMINISTRATIVE STAFFING SECTOR ARE GROWING AT A HEALTHY MARGIN, RELATIVE TO OTHER INDUSTRY SEGMENTS, BUT ARE UNDER PRESSURE IN A HIGH-COST ENVIRONMENT.
- IN THE LONG TERM, SUPPLY LABOR SHORTAGES COULD CONTINUE TO KEEP BILL RATES GROWING AT HEALTHY LEVELS AS CLIENTS ATTRACT FEWER CANDIDATES TO FULFILL HUMAN OFFICE AND ADMINISTRATIVE SUPPORT SERVICES ROLES.
- BUT A COMBINATION OF HIGH LABOR COSTS AND REDUCED SPENDING ON STAFFING SERVICES WILL CONTINUE TO DEPRESS GROWTH WITHIN THE OFFICE–ADMINISTRATIVE STAFFING SECTOR FOR MOST COMPANIES.
- THE OFFICE–ADMINISTRATIVE STAFFING SECTOR WILL ALSO HAVE MUCH ROOM FOR COMPANIES TO INNOVATE WAYS TO CHANGE OPERATIONS AND OFFERINGS IN ORDER TO MAINTAIN THEIR PROFITABILITY.

CHART 54:

Employment



Source: U.S. Bureau of Labor Statistics, U.S. Census Bureau, ASA Research Department

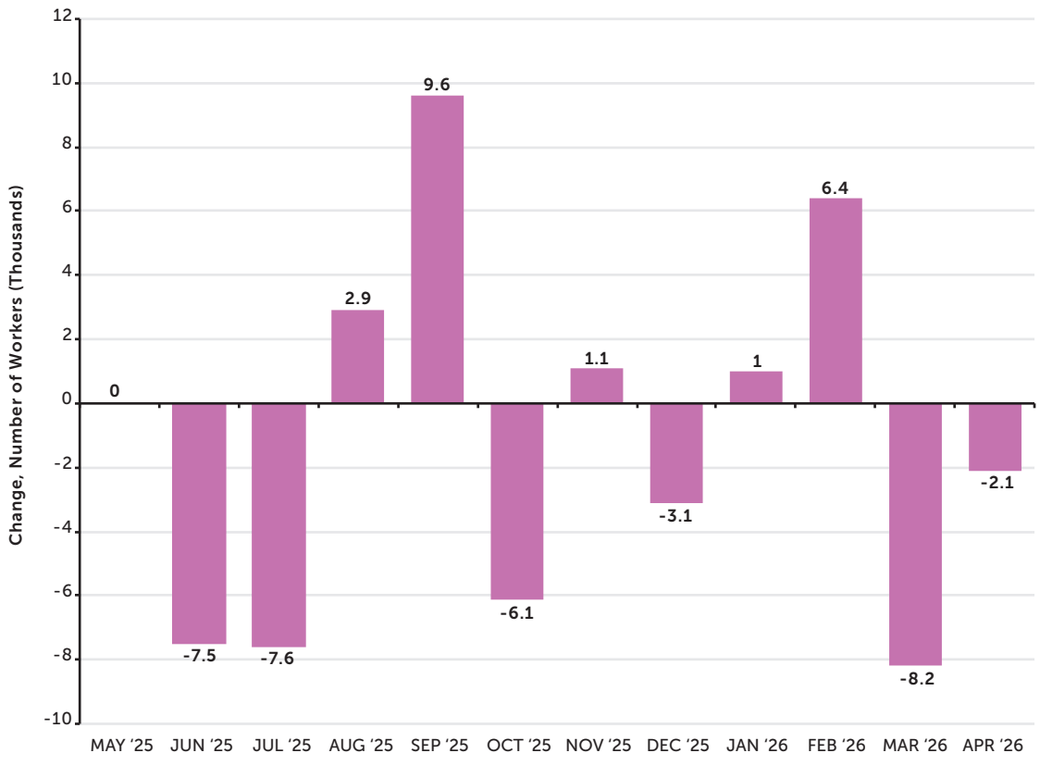
- EMPLOYMENT IN PROFESSIONAL–MANAGERIAL STAFFING EXPERIENCED A MODEST CONTRACTION BETWEEN 2023 AND 2024 DUE TO OVERARCHING ECONOMIC CONDITIONS BUT, AS OF 2025, HAD RETURNED TO LEVELS LAST SEEN DURING THE GREAT RESIGNATION. THESE LEVELS ALSO CONSTITUTE HISTORIC HIGHS FOR TEMPORARY AND CONTRACT EMPLOYMENT WITHIN THIS SECTOR.

- CANDIDATES WITHIN THE PROFESSIONAL–MANAGERIAL STAFFING SECTOR OFTEN HAVE SPECIALIZED SKILLSETS, TRAINING, AND OTHER CREDENTIALS, WHICH ENABLES THEM TO REMAIN COMPETITIVE DESPITE ELEVATED COST PRESSURES AND POTENTIAL SAVINGS AFFORDED BY ARTIFICIAL INTELLIGENCE.

- DEMAND IN THE PROFESSIONAL–MANAGERIAL STAFFING SECTOR WILL CONTINUE TO PRIORITIZE SPECIALIZATION OF SKILLSETS AS A COMPLEMENT TO NEW TECHNOLOGIES AND PROCESSES. AS CLIENTS LOOK TO BUILD SUSTAINABLE TALENT PIPELINES, SUPERVISORY POSITIONS WILL LIKELY SHIFT TO FULL-TIME AND PART-TIME ROLES SHOULD COSTS RECEDE AND COMPANIES RESUME MAKING LONG-TERM INVESTMENTS IN HEADCOUNT.

CHART 55:

Change in Employment

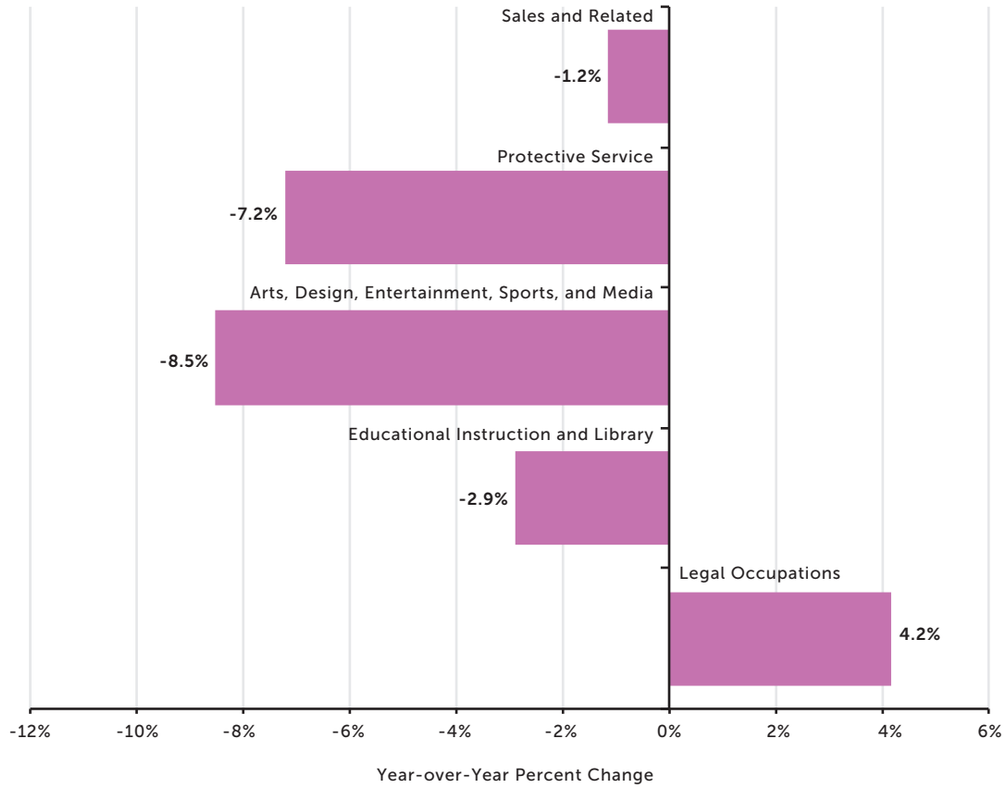


Source: U.S. Bureau of Labor Statistics, U.S. Census Bureau, ASA Research Department

- DESPITE A STRONG VALUE PROPOSITION FROM CANDIDATES, CLIENTS WITHIN THE PROFESSIONAL–MANAGERIAL STAFFING SECTOR REMAINED HESITANT TO HIRE IN LATE 2025 AND THE FIRST SEVERAL MONTHS OF 2026, LEADING TO SUBSTANTIAL VOLATILITY IN OVERALL TEMPORARY AND CONTRACT EMPLOYMENT LEVELS.
- THE PROFESSIONAL–MANAGERIAL STAFFING SECTOR HAS ALSO BEEN AFFECTED BY HIGH-PROFILE LAYOFFS AND WORKFORCE REDUCTIONS AMONG ENTERPRISE CLIENTS, PRIMARILY WITHIN THE TECHNOLOGY AND INFORMATION SERVICES SECTORS, ADDING TO OVERALL LEVELS OF VOLATILITY.
- AN INCREASED PREVALENCE OF TEMPORARY-TO-HIRE EMPLOYMENT CONTRACTS HAS ALSO CONTRIBUTED TO SOME LOSSES IN TOTAL TEMPORARY AND CONTRACT WORKERS IN THE PROFESSIONAL–MANAGERIAL STAFFING SECTOR.

CHART 56:

Employment by Occupation

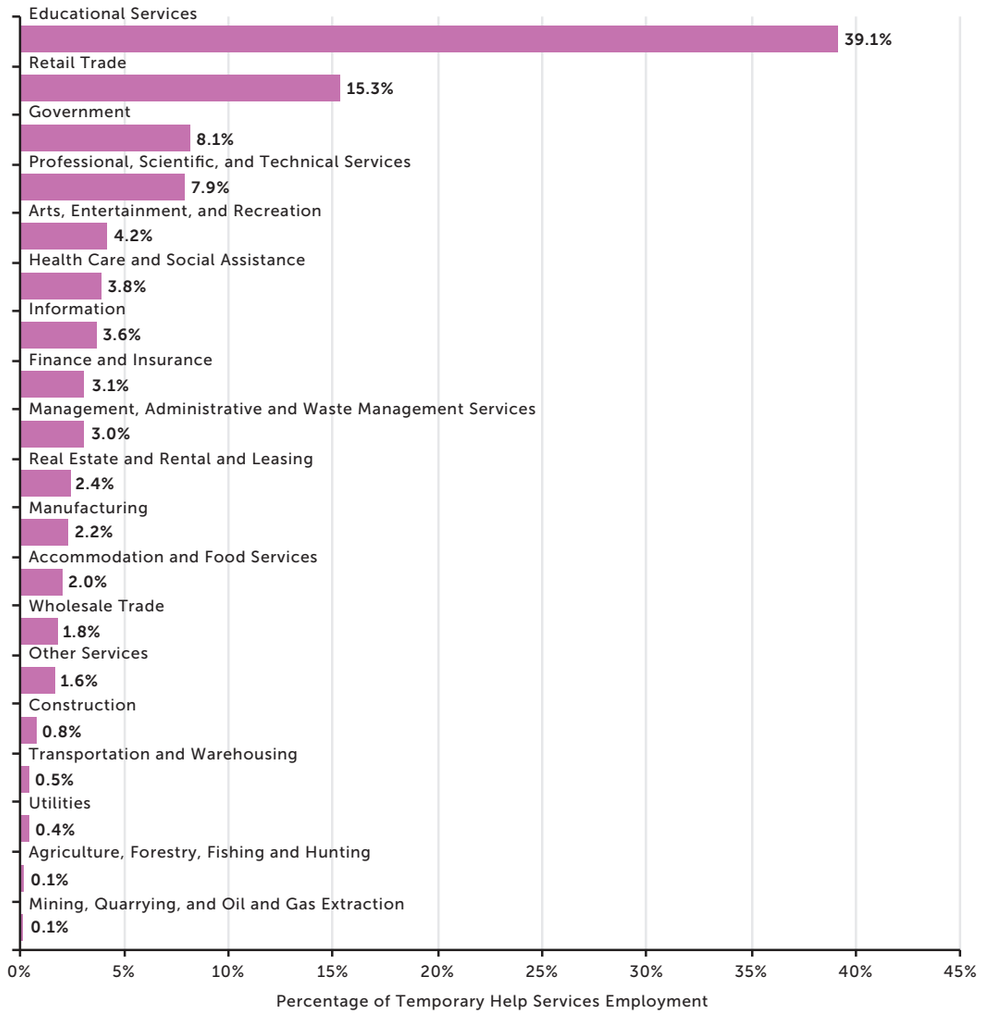


Source: U.S. Bureau of Labor Statistics, U.S. Census Bureau, ASA Research Department

- LEGAL OCCUPATIONS HAVE REALIZED ROBUST GROWTH IN DEMAND FOR TEMPORARY AND CONTRACT WORKERS DUE TO FREQUENT CHANGES IN REGULATION AND PUBLIC POLICY.
- SEGMENTS REQUIRING SOME SPECIALIZED SKILLS, SUCH AS SALES AND RELATED OCCUPATIONS AND EDUCATIONAL INSTRUCTION AND LIBRARY OCCUPATIONS, ONLY REALIZED MODEST CONTRACTIONS IN TEMPORARY AND CONTRACT EMPLOYMENT.
- CONVERSELY, LESS-SPECIALIZED SEGMENTS, INCLUDING ARTS, CESIGN, ENTERTAINMENT, SPORTS, AND MEDIA OCCUPATIONS AND PROTECTIVE SERVICE OCCUPATIONS, REALIZED SUBSTANTIAL DECLINES IN TEMPORARY AND CONTRACT EMPLOYMENT.
- ALL OF THESE OCCUPATIONS FACE HIGHER LEVELS OF TASK DISPLACEMENT FROM ARTIFICIAL INTELLIGENCE, WHICH WILL LIMIT OPPORTUNITIES FOR TEMPORARY AND CONTRACT LABOR IN A HIGH-COST ECONOMIC ENVIRONMENT.

CHART 57:

Share of Employment by Industry

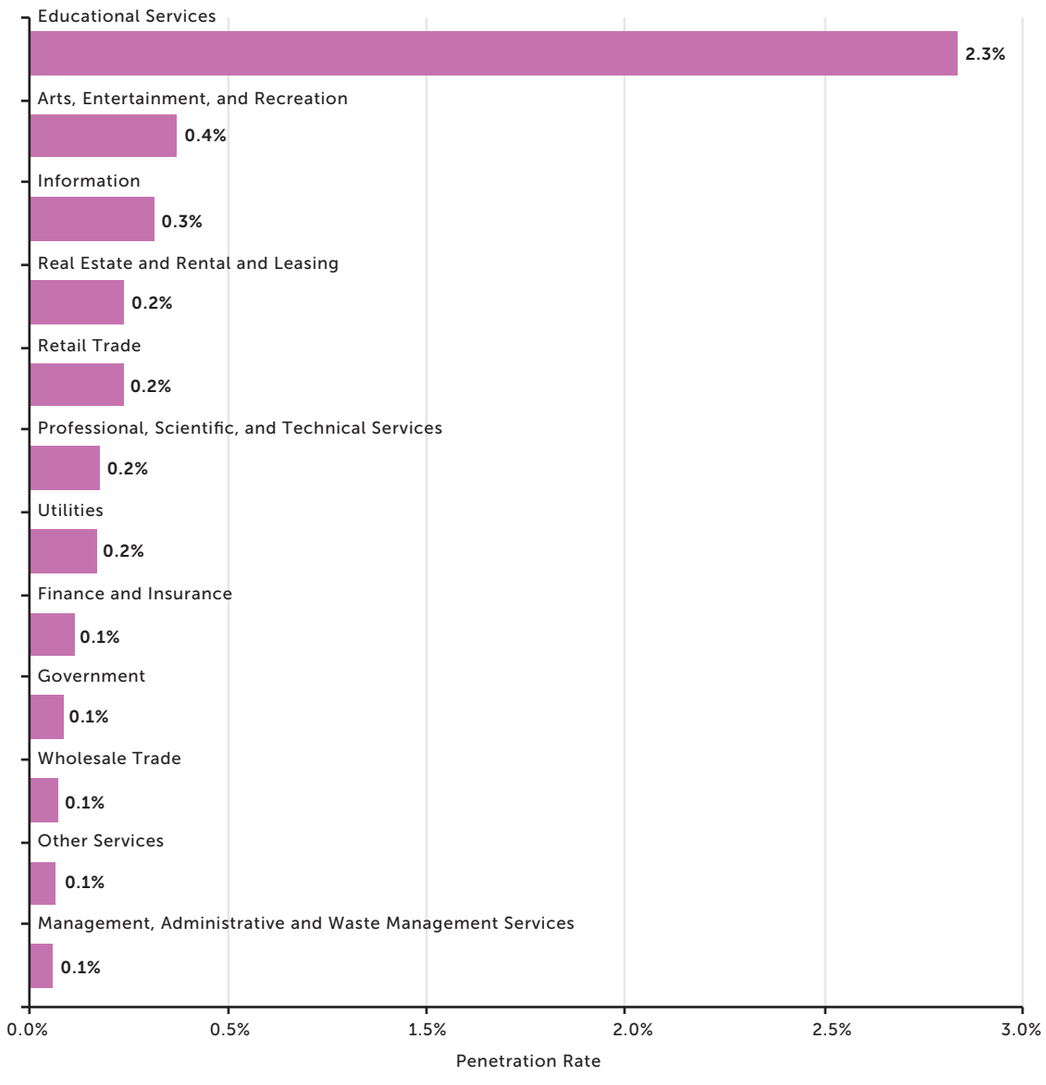


Source: U.S. Bureau of Labor Statistics, U.S. Census Bureau, ASA Research Department

- EMPLOYMENT IN THE PROFESSIONAL–MANAGERIAL STAFFING SECTOR IS CONCENTRATED WITHIN EDUCATIONAL SERVICES, WHICH HAS EXHIBITED ABOVE-AVERAGE LEVELS OF LABOR MARKET MOMENTUM.
- HIGHER TURNOVER AMONG INSTRUCTIONAL SUPPORT AND ADMINISTRATIVE POSITIONS HAS YIELDED INCREASED OPPORTUNITIES FOR TEMPORARY AND CONTRACT EMPLOYMENT OF CREDENTIALED APPLICANTS.
- WORKFORCE REDUCTIONS IN GOVERNMENT AND IN PROFESSIONAL, SCIENTIFIC, AND TECHNICAL SERVICES HAVE STUNTED FURTHER GROWTH WITHIN PROFESSIONAL–MANAGERIAL STAFFING.
- THE VERSATILITY OF PROFESSIONAL AND MANAGERIAL ROLES WILL ENABLE THE SECTOR TO GROW ITS SHARE OF TOTAL INDUSTRY EMPLOYMENT AS SPECIALIZED SEGMENTS SUCH AS HEALTH CARE AND INDUSTRIAL STAFFING NAVIGATE SECTOR-SPECIFIC CHALLENGES TO LABOR MARKET MOMENTUM.

CHART 58:

Penetration Rate by Industry



Source: U.S. Bureau of Labor Statistics, U.S. Census Bureau, ASA Research Department

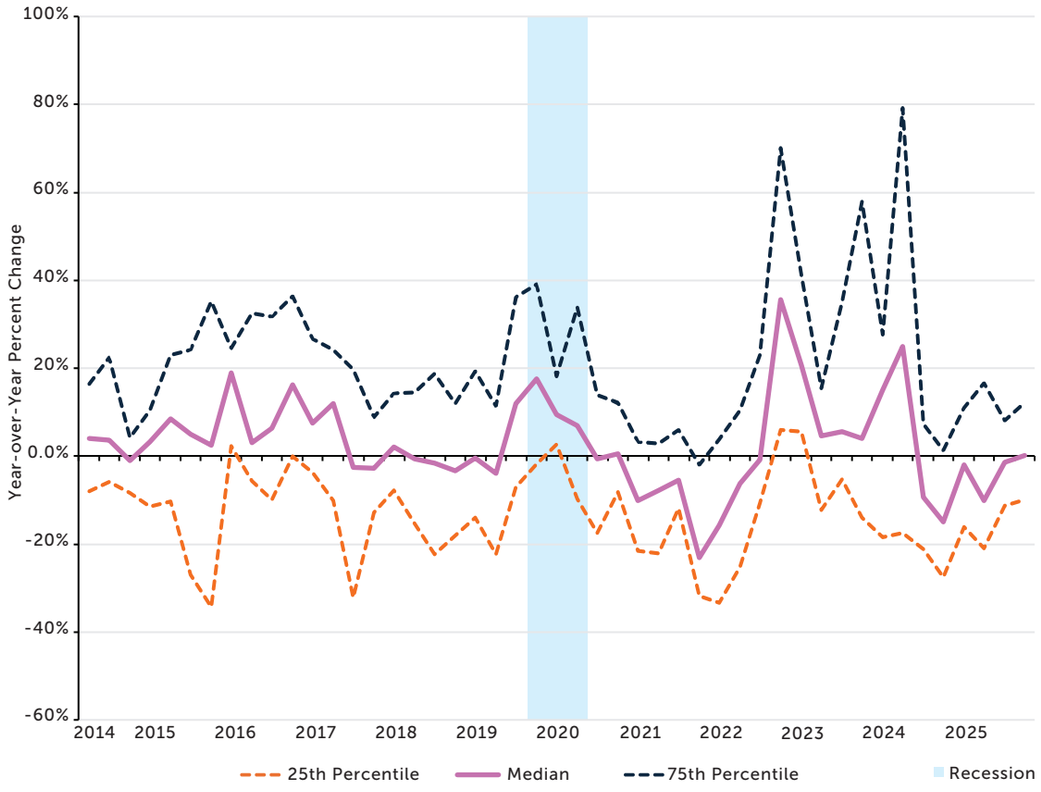
- ALTHOUGH THE OVERALL INDUSTRY PENETRATION RATE IS DOWN TO 1.6%, 2.3% OF EMPLOYEES IN THE EDUCATION SERVICES SECTOR ARE TEMPORARY AND CONTRACT WORKERS IN THE PROFESSIONAL–MANAGERIAL STAFFING SECTOR, CONSTITUTING ONE OF THE HIGHEST PENETRATION RATES FOR ANY STAFFING SECTOR WITHIN ANYINDUSTRY.

- GROWTH IN DIGITAL EDUCATION SERVICES, INCREASED FUNDING FOR STATE AND LOCAL EDUCATION, AND GROWING TEACHER SHORTAGES ARE ALL EXPECTED TO CREATE OPPORTUNITIES FOR TEMPORARY AND CONTRACT WORK, ENABLING FURTHER GROWTH FOR THE PROFESSIONAL–MANAGERIAL STAFFING SECTOR.

- DECLINING SHARES OF LABOR IN INDUSTRIES SUCH AS PROFESSIONAL, SCIENTIFIC, AND TECHNICAL SERVICES; FINANCE AND INSURANCE; AND INFORMATION SUGGEST THAT OPPORTUNITIES FOR SKILLED GENERALISTS OR CERTAIN ENTRY-LEVEL OPENINGS IN THE PROFESSIONAL–MANAGERIAL STAFFING SECTOR WILL BE LIMITED.

CHART 59:

Sales

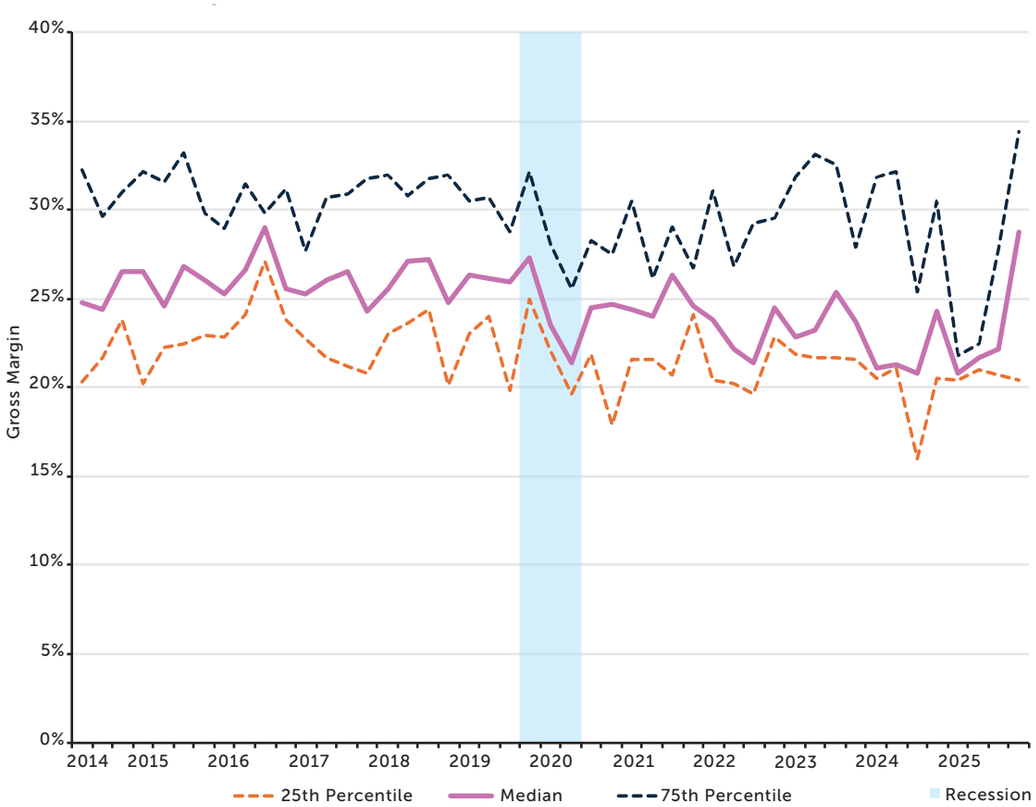


Source: ASA Research Department

- YEAR-TO-YEAR SALES REMAIN FLAT, AS A RESULT OF HIGHER WAGES COMMANDED BY MANY OCCUPATIONS IN THE PROFESSIONAL–MANAGERIAL STAFFING SECTOR AND INCREASED COST PRESSURES ON CLIENTS AS A RESULT OF HIGHER INFLATION, ELEVATED INTEREST RATES, AND MATERIAL SHORTAGES.
- A TINY GAP BETWEEN THE SALES OF HIGH-PERFORMING AND LOW-PERFORMING STAFFING COMPANIES SUGGESTS THAT ATTAINING NEW SALES IS DIFFICULT BUT NOT IMPOSSIBLE, DEPENDING ON THE QUALITY OF TALENT BENCHES, RELATIONSHIPS WITH CLIENTS, AND SECTOR- AND OCCUPATION-SPECIFIC DYNAMICS.
- DIRECT HIRE AND RETAINED SEARCHES FOR CANDIDATES MAKE UP A LARGER SHARE OF BUSINESS FOR FIRMS IN THE PROFESSIONAL–MANAGERIAL STAFFING SECTOR AS CLIENTS LOOK TO FILL SPECIFIC POSITIONS, SPECIFYING PARTICULAR REQUIREMENTS FOR PROSPECTIVE APPLICANTS.

CHART 60:

Gross Margins

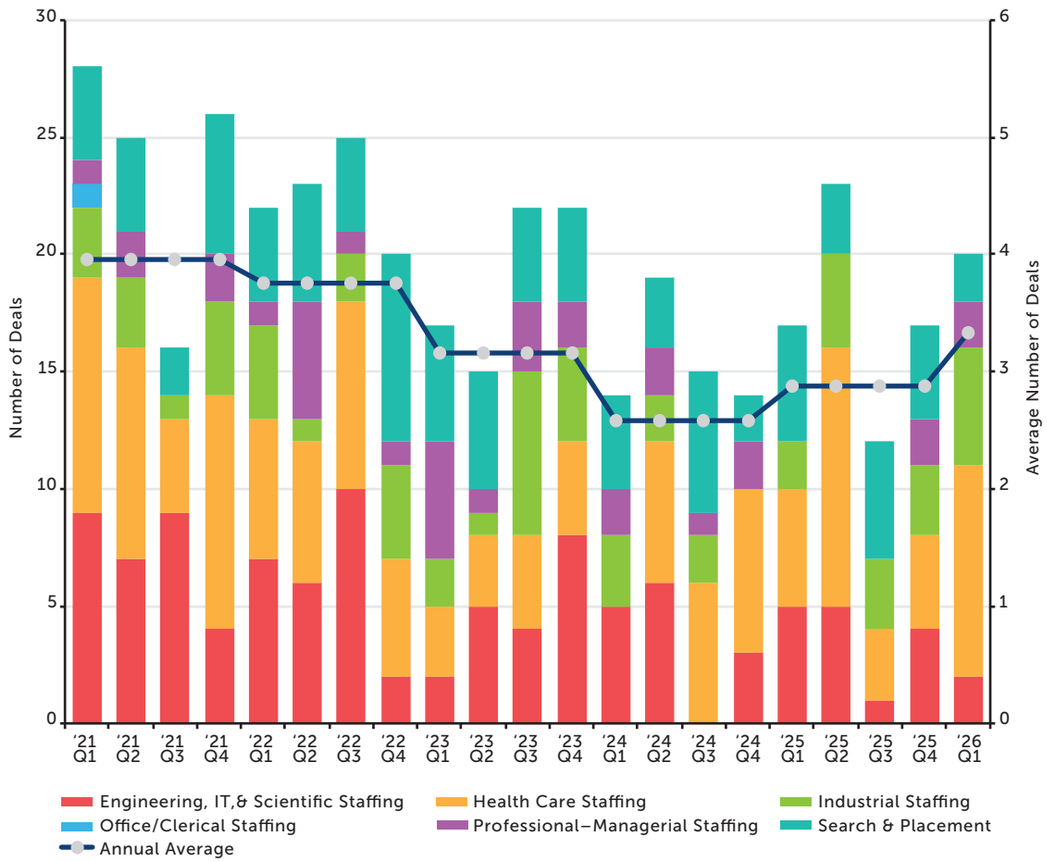


Source: ASA Research Department

- THE SUSTAINED DECREASE IN YEAR-TO-YEAR MEDIAN GROSS MARGINS SUGGESTS THAT THE PROFESSIONAL–MANAGERIAL STAFFING SECTOR HAS BEEN SIGNIFICANTLY IMPACTED BY PRICE PRESSURES FACING WORKERS AS WELL AS CLIENTS SINCE 2022.
- LOW-PERFORMING STAFFING COMPANIES HAVE EXPERIENCED SOME IMPROVEMENT IN GROSS MARGINS SINCE HITTING RECORD LOWS IN 2022, SUGGESTIVE OF INCREASED OPPORTUNITIES FOR MOST FIRMS IN THIS SPACE.
- GIVEN LOW-COST AND HIGH-SCALE DYNAMICS WHEN DEPLOYING ARTIFICIAL INTELLIGENCE IN WHITE-COLLAR JOBS, STAFFING COMPANIES WITHIN THE PROFESSIONAL–MANAGERIAL STAFFING SECTOR COULD FACE ADDITIONAL GROSS MARGIN PRESSURE AS CLIENTS OPT FOR LOWER VOLUMES OR PULL BACK ON NEW OPPORTUNITIES ALTOGETHER.

CHART 61:

Mergers and Acquisitions by ASA-Designated Industry Sector

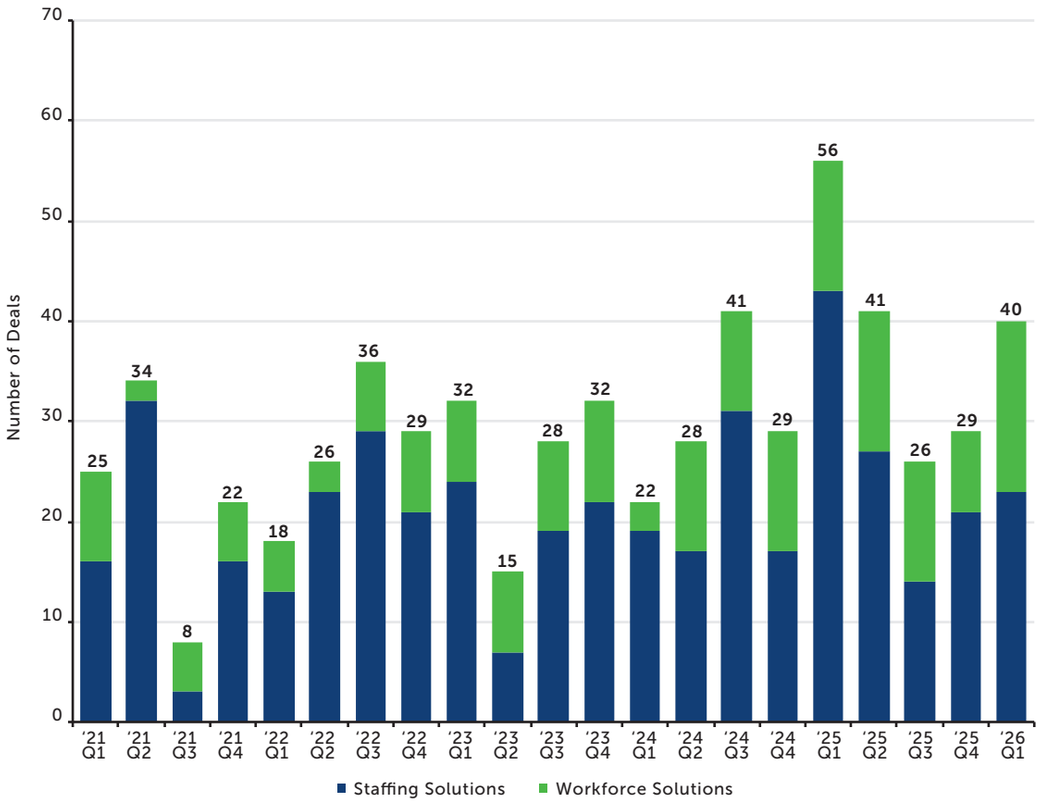


Source: Staffing Industry Analysts, ASA Research Department

- MERGERS AND ACQUISITION ACTIVITY IN THE STAFFING INDUSTRY IS JUST BEGINNING TO RECOVER AS THE INDUSTRY EXPERIENCES GROWING DEMAND FOR ITS SERVICES AND STRUGGLING FIRMS TAKE AN OPPORTUNITY TO PLACE THEMSELVES ON THE MARKET.
- THE MAJORITY OF M&A ACTIVITY IS CONCENTRATED IN ENGINEERING, IT, AND SCIENTIFIC SERVICES AND HEALTH CARE, WHICH ARE ALSO HOT SPOTS FOR TEMPORARY AND CONTRACT LABOR DEMAND.
- SHOULD THE RECOVERY IN STAFFING DEMAND BE REALIZED AMONG MORE SEGMENTS OF THE INDUSTRY, MORE FIRMS WILL HAVE OPPORTUNITIES TO PROVE THEIR WORTH AND COME ONTO THE MARKET.
- INCREASED CONSOLIDATION AMONG FIRMS WILL ACCELERATE THE DECLINE IN THE TOTAL NUMBER OF INDUSTRY ESTABLISHMENTS THAT HAS ALREADY TAKEN HOLD DUE TO LOWER SALES AND HIGHER OPERATING COSTS.
- A RECOVERY IN M&A ACTIVITY WOULD ENABLE THE STAFFING INDUSTRY TO REDUCE COMPETITION BETWEEN FIRMS AT A TIME WHEN EMPLOYERS HAVE MORE ALTERNATIVES TO MANAGE THEIR WORKFORCE NEEDS.

CHART 62:

M&A by Solution

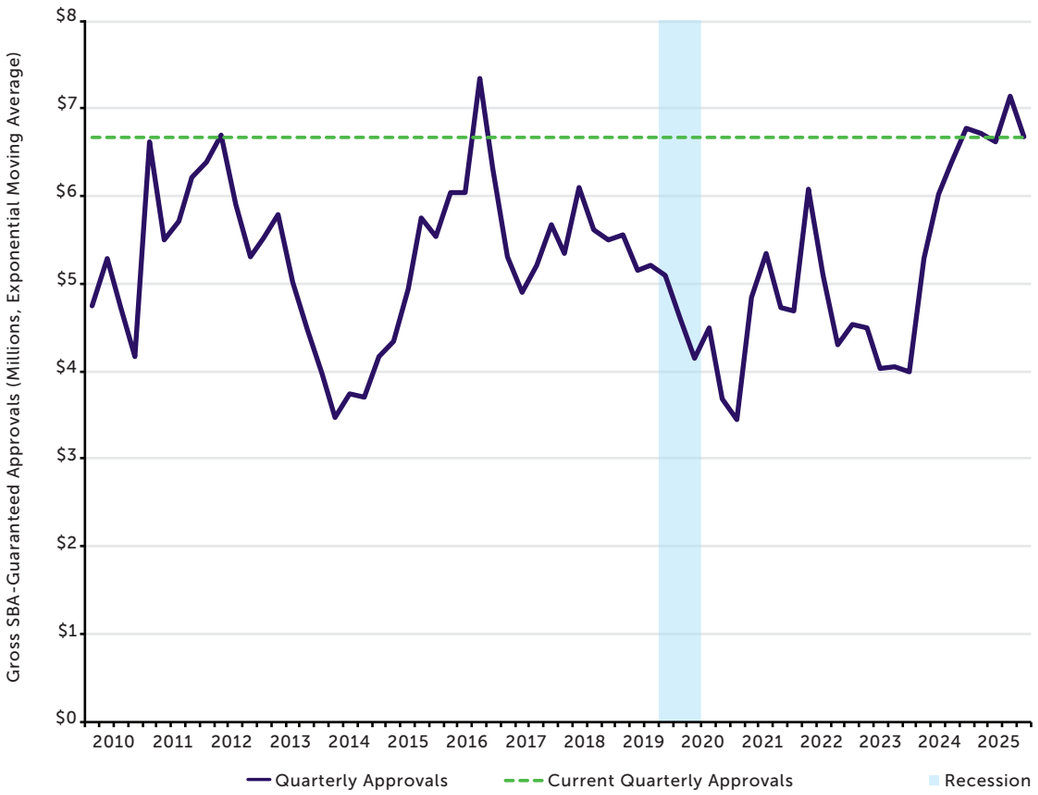


Source: Staffing Industry Analysts, ASA Research Department

- WORKFORCE SOLUTIONS ARE MAKING UP A LARGER SHARE OF M&A ACTIVITY IN THE OVERALL INDUSTRY, WHICH REFLECTS A LARGER PIVOT IN STAFFING SERVICES TO STATEMENT-OF-WORK OFFERINGS.
- THIS TREND IS A RESULT OF REDUCED HIRING MOMENTUM IN THE LABOR MARKET AND A GROWING NEED FOR STAFFING COMPANIES TO MAINTAIN PROFITABILITY DESPITE LOWER PLACEMENT VOLUMES.
- THE TRADITIONAL STAFFING SERVICES MODEL REPRESENTS A DECLINING SHARE OF OVERALL INDUSTRY REVENUES AS COMPANIES COMMERCIALIZE THEIR SPECIALIZED KNOWLEDGE OF WORKFORCE MANAGEMENT SOLUTIONS.
- WORKFORCE SOLUTIONS WILL CONTINUE TO OCCUPY A GROWING SHARE OF INDUSTRY ACTIVITY IN THE MIDST OF A SHRINKING LABOR SUPPLY DUE TO ECONOMIC UNCERTAINTY AND LIMITED DEMAND FOR NEW HIRES.
- THE GROWTH OF WORKFORCE SOLUTIONS WILL FOSTER INCREASED COMPETITION BETWEEN THE STAFFING INDUSTRY AND MANAGEMENT CONSULTING AS CLIENTS SEEK INTEGRATED TALENT, TECHNOLOGY, AND STRATEGIC ADVISORY SERVICES FROM A SINGLE SUPPLIER.

CHART 63:

SBA Loans to the Staffing Industry

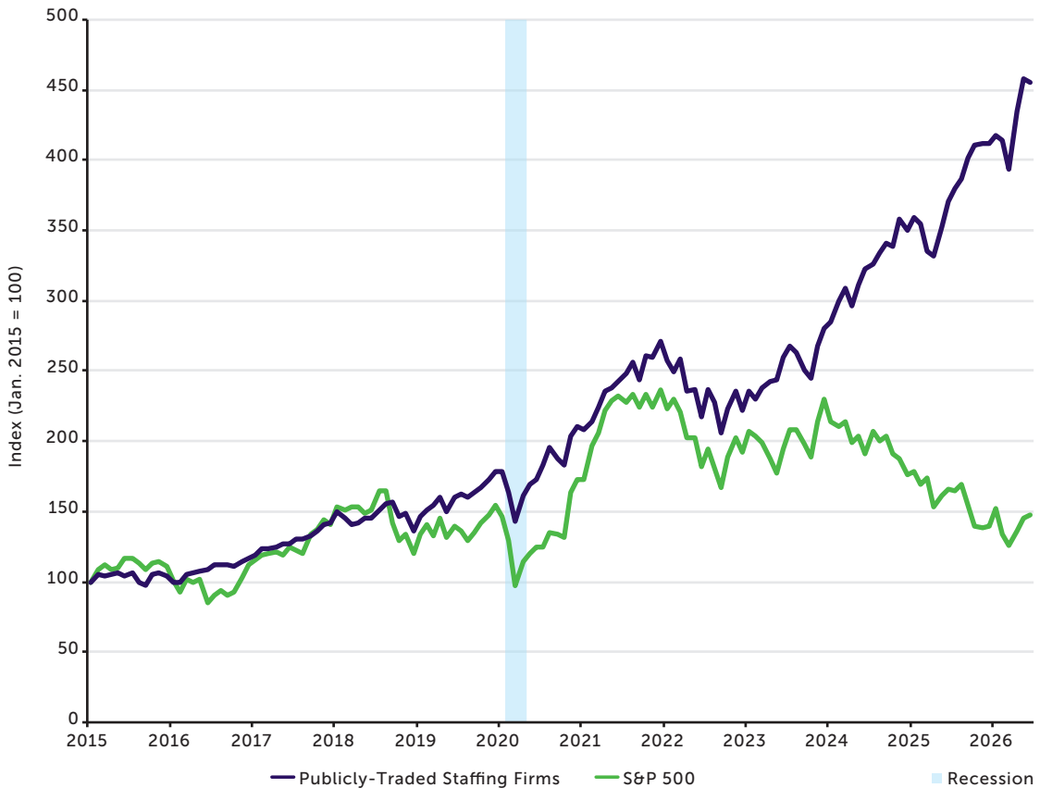


Source: U.S. Small Business Administration, ASA Research Department

- GOVERNMENT-GUARANTEED LENDING TO STAFFING COMPANIES FROM THE U.S. SMALL BUSINESS ADMINISTRATION PLATEAUED AROUND HISTORIC HIGHS AS OF 2025 AS A RESULT OF GROWING DEMAND FOR TEMPORARY AND CONTRACT EMPLOYMENT SERVICES.
- CREDIT REMAINS AVAILABLE FOR WELL-MANAGED STAFFING COMPANIES, ESPECIALLY THOSE WITH ROBUST CASH FLOWS, DIVERSIFIED CUSTOMER BASES, AND DISCIPLINED WORKING CAPITAL MANAGEMENT, BUT UNDERWRITING STANDARDS REMAIN SELECTIVE.
- DEMAND FOR FINANCING IS LIKELY TO REMAIN HEALTHY AS STAFFING FIRMS INVEST IN GROWTH, ACQUISITIONS, TECHNOLOGY, AND ADDITIONAL WORKING CAPITAL TO SUPPORT EXPANDING PAYROLLS AND CLIENT DEMAND.
- LENDERS ARE LIKELY TO CONTINUE EMPHASIZING CREDIT QUALITY WITH A PARTICULAR FOCUS ON RECEIVABLES PERFORMANCE, CUSTOMER CONCENTRATION, LEVERAGE, AND PROFITABILITY AMID ONGOING UNCERTAINTY ABOUT THE STAFFING INDUSTRY AND BROADER LABOR MARKET.
- LENDING ACTIVITY IS EXPECTED TO REMAIN STABLE, SUPPORTED BY RESILIENT LABOR DEMAND AND IMPROVING CONFIDENCE, THOUGH THE PACE OF GROWTH WILL DEPEND ON ECONOMIC CONDITIONS AND HIRING MOMENTUM ACROSS KEY SECTORS SUPPORTED BY THE STAFFING INDUSTRY.

CHART 64:

Publicly Traded Staffing Companies—Stock Prices

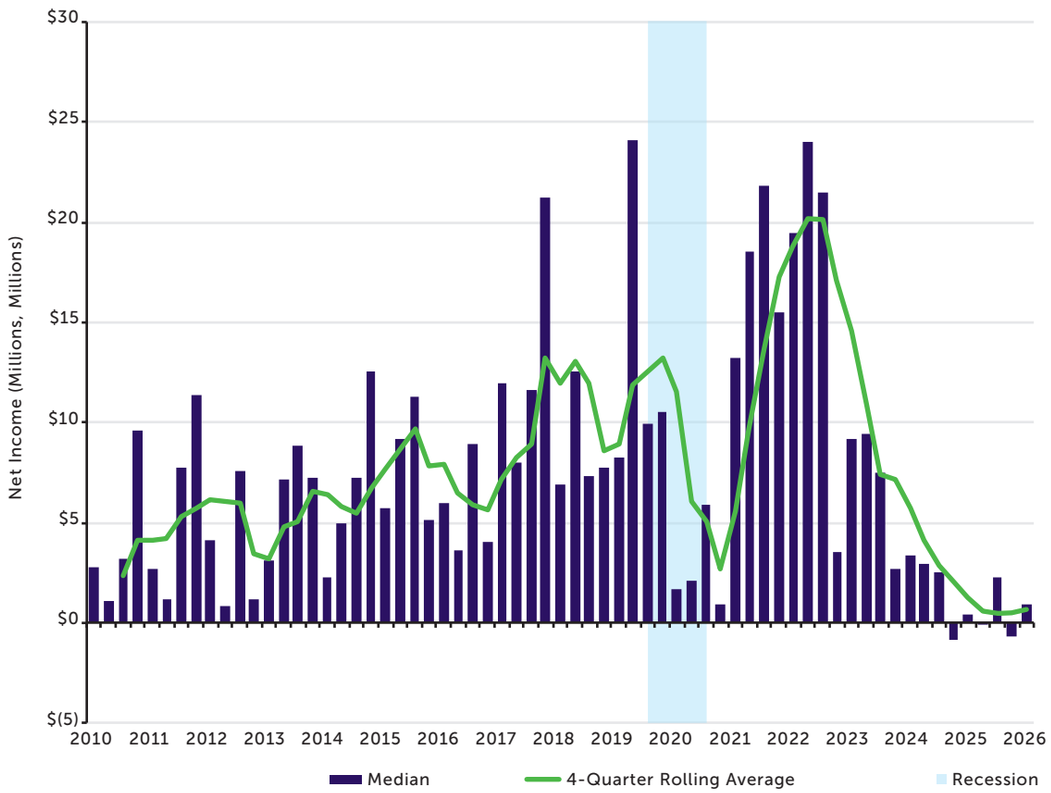


Source: U.S. Securities and Exchange Commission, ASA Research Department

- PUBLICLY TRADED STAFFING FIRMS CONTINUE TO UNDERPERFORM THE BROADER MARKET. SINCE 2024, INDUSTRY STOCKS HAVE DIVERGED FROM THE S&P 500, REFLECTING INVESTOR CONCERNS ABOUT SLOW HIRING ACTIVITY AS WELL AS CYCLICAL DEMAND.
- MARKETS ARE ANTICIPATING A GRADUAL RECOVERY FOR THE INDUSTRY RATHER THAN A RAPID REBOUND. STAFFING COMPANY STOCK PRICES STABILIZED BY IN 2026 AFTER A PROLONGED DOWNTURN, BUT INVESTORS ARE AWAITING MORE EVIDENCE OF SUSTAINED JOB GROWTH BEFORE ADJUSTING THEIR OUTLOOK FOR THE INDUSTRY.
- PERFORMANCE IS EXPECTED TO REMAIN UNEVEN ACROSS STAFFING SEGMENTS—THOSE THAT ARE FOCUSED ON ENGINEERING, IT, AND SCIENTIFIC SERVICES; HEALTH CARE; AND PROFESSIONAL–MANAGERIAL SERVICES ARE GENERALLY BETTER POSITIONED THAN THOSE CONCENTRATED IN CYCLICAL COMMERCIAL OR INDUSTRIAL SECTORS.
- HIRING PREFERENCES FOR TEMPORARY AND CONTRACT LABOR WILL BE SHORT-TERM TAILWINDS FOR THE INDUSTRY, BUT ITS LONG-TERM PERFORMANCE WILL DEPEND ON COMPANIES' UTILIZATION OF ARTIFICIAL INTELLIGENCE-ENABLED RECRUITING TOOLS, ADAPTATION TO SKILLS-BASED HIRING, AND INCORPORATION OF STATEMENT-OF-WORK MODELS.
- IN THE NEAR TERM, STAFFING STOCKS HAVE UPSIDE POTENTIAL IF HIRING ACCELERATES, BUT THAT WILL DEPEND ON LOWER LEVELS OF INFLATION, INCREASED HIRING ACTIVITY, AND AN IMPROVEMENT IN THE OVERALL OUTLOOK FOR BUSINESS CONDITIONS.

CHART 65:

Publicly Traded Staffing Companies—Net Income



Source: U.S. Securities and Exchange Commission, ASA Research Department

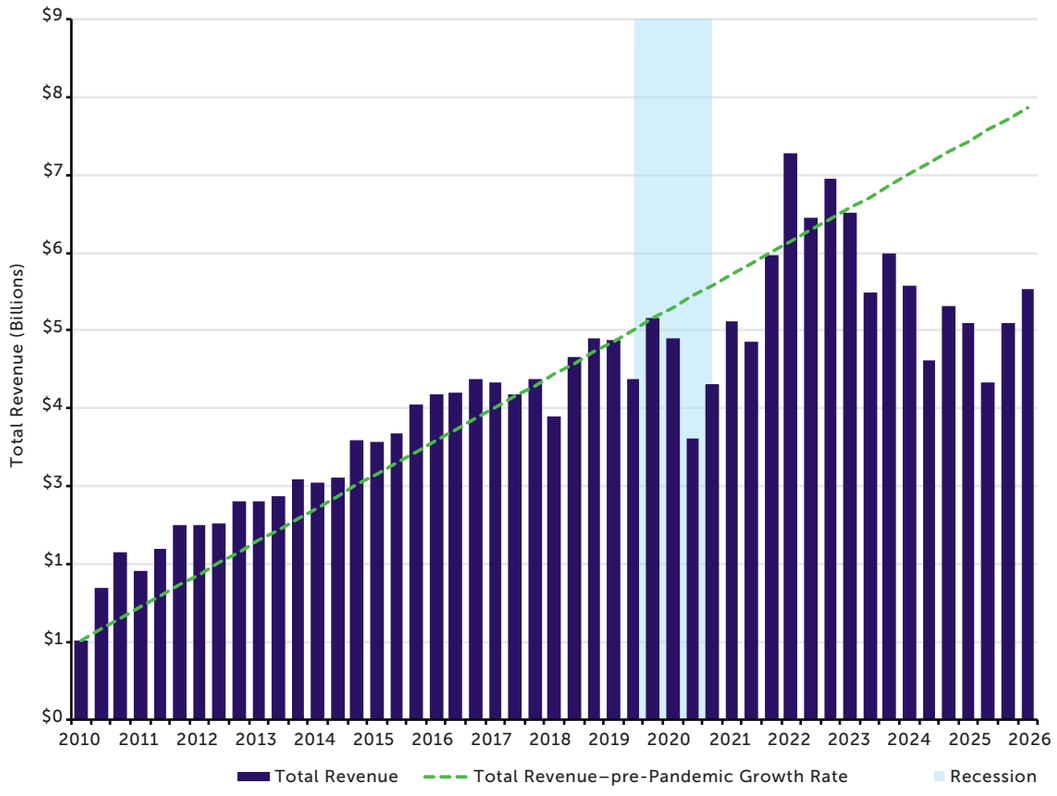
- PROFITABILITY AMONG PUBLICLY TRADED STAFFING COMPANIES HAD DECLINED TO MULTIYEAR LOWS AS OF THE FIRST QUARTER OF 2025, WITH THE MEDIAN FIRM EARNING JUST $0.9 MILLION IN THE FIRST QUARTER OF 2026. SIMILARLY, THE TRAILING FOUR-QUARTER AVERAGE WAS ONLY $0.6 MILLION. THESE TRENDS ARE A DRAMATIC DECLINE FROM RECORD EARNINGS EXPERIENCED DURING THE GREAT RESIGNATION AND ALSO ARE WELL BELOW PREPANDEMIC NORMS.

- PUBLICLY TRADED STAFFING COMPANIES REMAIN PROFITABLE, BUT THEIR MARGINS ARE VERY THIN. THIS IMPLIES THAT THE INDUSTRY HAS LARGELY ADJUSTED TO WEAKER DEMAND—ENABLING COMPANIES TO BE COMPETITIVE WHEN ATTRACTING NEW BUSINESS, BUT LEAVING THEM WITH A SMALLER CUSHION AGAINST FURTHER SOFTNESS WITHIN THE LABOR MARKET.

- NEAR-TERM EARNINGS FOR PUBLICLY TRADED STAFFING COMPANIES ARE LIKELY TO REMAIN SUBDUED AS A RESULT OF HIGHER LABOR AND BUSINESS COSTS REDUCING MARGINS FOR STAFFING COMPANIES. UNLESS HIRING ACTIVITY MEANINGFULLY ACCELERATES, THE INDUSTRY WILL CONTINUE TO OPERATE IN A LOW-MARGIN ENVIRONMENT, WITH QUARTERLY EARNINGS FLUCTUATING AROUND BREAKEVEN LEVELS AS EMPLOYERS REMAIN CAUTIOUS ABOUT ADDING HEADCOUNT.

CHART 66:

Publicly Traded Staffing Companies—Total Revenue



Source: U.S. Securities and Exchange Commission, ASA Research Department

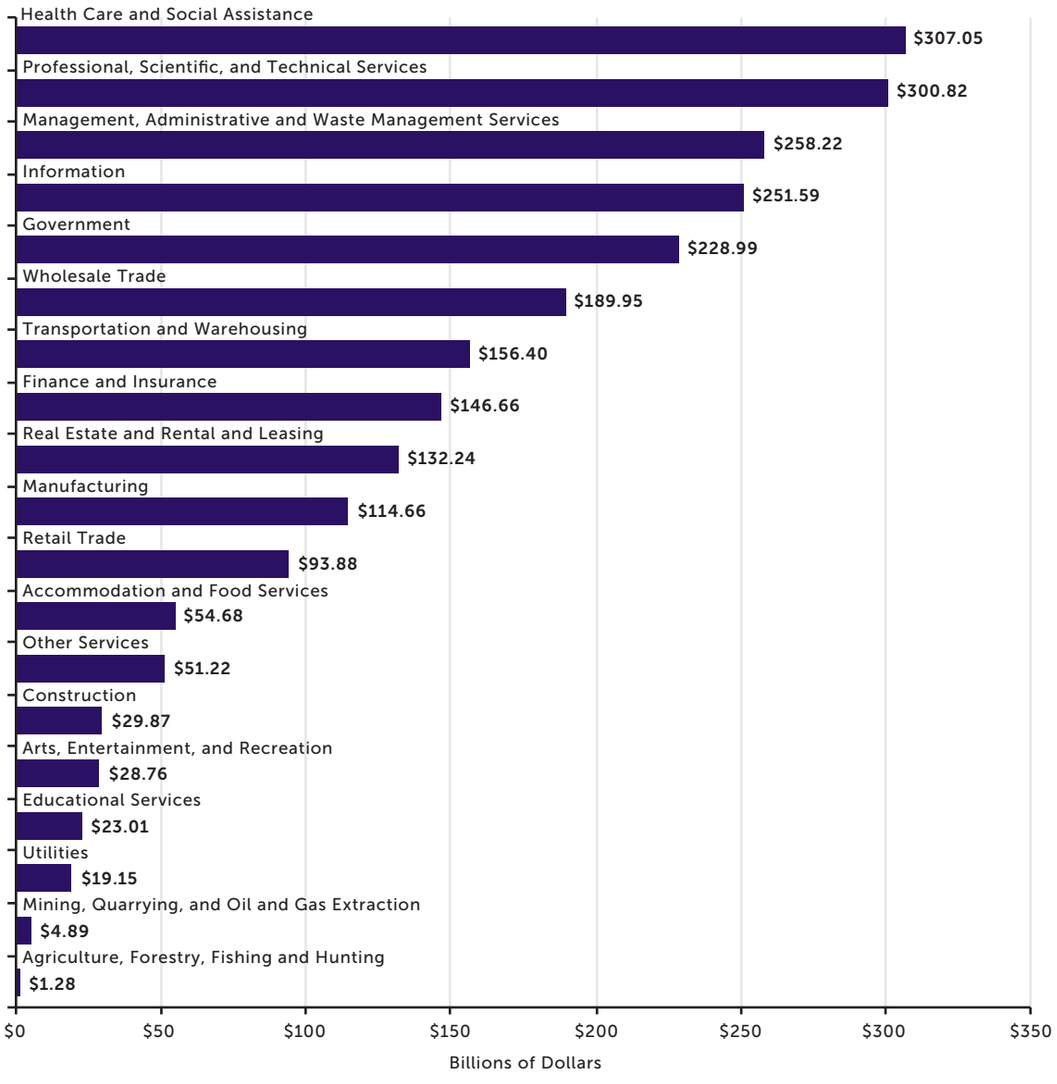
- REVENUE AMONG PUBLICLY TRADED STAFFING COMPANIES HAS REMAINED RESILIENT DESPITE A DOWNTURN IN EARNINGS. TOTAL REVENUE STABILIZED AROUND APPROXIMATELY $5.5 BILLION IN THE FIRST QUARTER OF 2026, WHICH IS WELL ABOVE PREPANDEMIC LEVELS—INDICATING DEMAND FOR STAFFING SERVICES REMAINS HEALTHY EVEN THOUGH PROFITABILITY HAS WEAKENED.

- INITIAL DECLINES IN REVENUE WERE DRIVEN BY DECLINING CLIENT DEMAND AS COMPANIES RIGHT-SIZED THEIR WORKFORCES IN A HIGH-COST ENVIRONMENT. BUT THE SHIFT IN REVENUE FROM DECLINE TO STAGNATION IS A RESULT OF MARGIN PRESSURE DESPITE GROWTH IN CLIENT DEMAND. COMPANIES CONTINUE TO GENERATE SALES, BUT HIGH LABOR COSTS, PRICING PRESSURE, AND OPERATING EXPENSES HAVE REDUCED THEIR INCOME.

- THE COMPARATIVE RESILIENCE OF TOTAL REVENUE COMPARED WITH NET INCOME SUGGESTS THAT A MEANINGFUL IMPROVEMENT IN EARNINGS WILL PRIMARILY DEPEND ON MARGIN EXPANSION, DRIVEN BY ELEVATED LEVELS OF HIRING, EASING COST PRESSURES, AND IMPROVED PRICING POWER—IN ADDITION TO RISING CLIENT DEMAND.

CHART 67:

Spending on Staffing Services by Industry

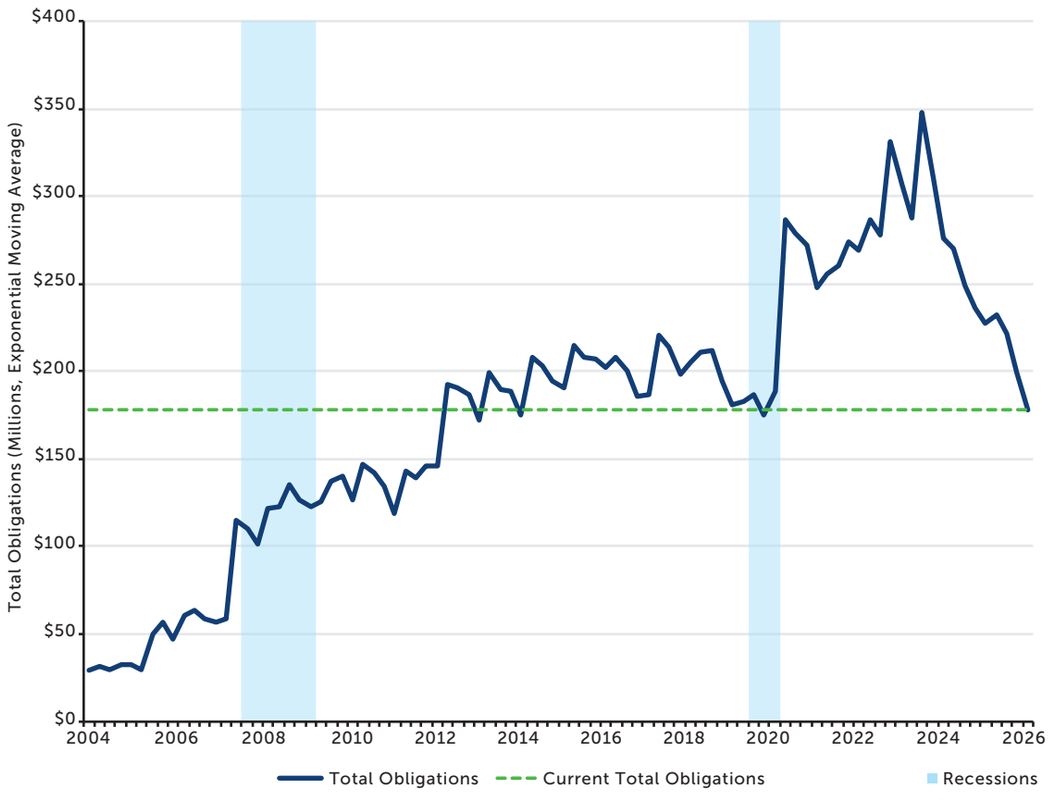


Source: U.S. Bureau of Economic Analysis, ASA Research Department

- SPENDING ON TEMPORARY AND CONTRACT LABOR IS DRIVEN BY HIGH-SKILLED SERVICES, INCLUDING HEALTH CARE AND SOCIAL ASSISTANCE; PROFESSIONAL, SCIENTIFIC, AND TECHNICAL SERVICES; AND INFORMATION.
- ALTHOUGH THESE INDUSTRIES HAVE NOT SEEN SUBSTANTIAL GROWTH IN OVERALL EMPLOYMENT, EMPLOYERS IN THESE SEGMENTS ARE MORE LIKELY TO ONBOARD TEMPORARY AND CONTRACT WORKERS IF ALIGNED WITH THEIR LONG-TERM NEEDS.
- INDUSTRIES WITH A LARGE SHARE OF ROLES IN THE SKILLED TRADES, SUCH AS MANUFACTURING, OR TRANSPORTATION AND WAREHOUSING, HAVE SPENT LESS ON TEMPORARY AND CONTRACT LABOR.
- SPENDING ON STAFFING SERVICES IS, PRINCIPALLY, A FUNCTION OF WAGES—WHICH IS WHY EMPLOYERS IN INDUSTRIES REQUIRING MORE HIGH-SKILLED ROLES TEND TO EXPEND MORE CAPITAL ON TEMPORARY AND CONTRACT LABOR.
- SPENDING IS LIKELY TO DECLINE AS COST PRESSURES EASE. EMPLOYERS WILL PRIMARILY LOWER SPENDING ON WAGES, WHICH INDIRECTLY WILL AFFECT ANCILLARY EXPENSES SUCH AS TAXES, BENEFITS, AND OTHER RECRUITMENT COSTS.

CHART 68:

Government Spending on Staffing Services

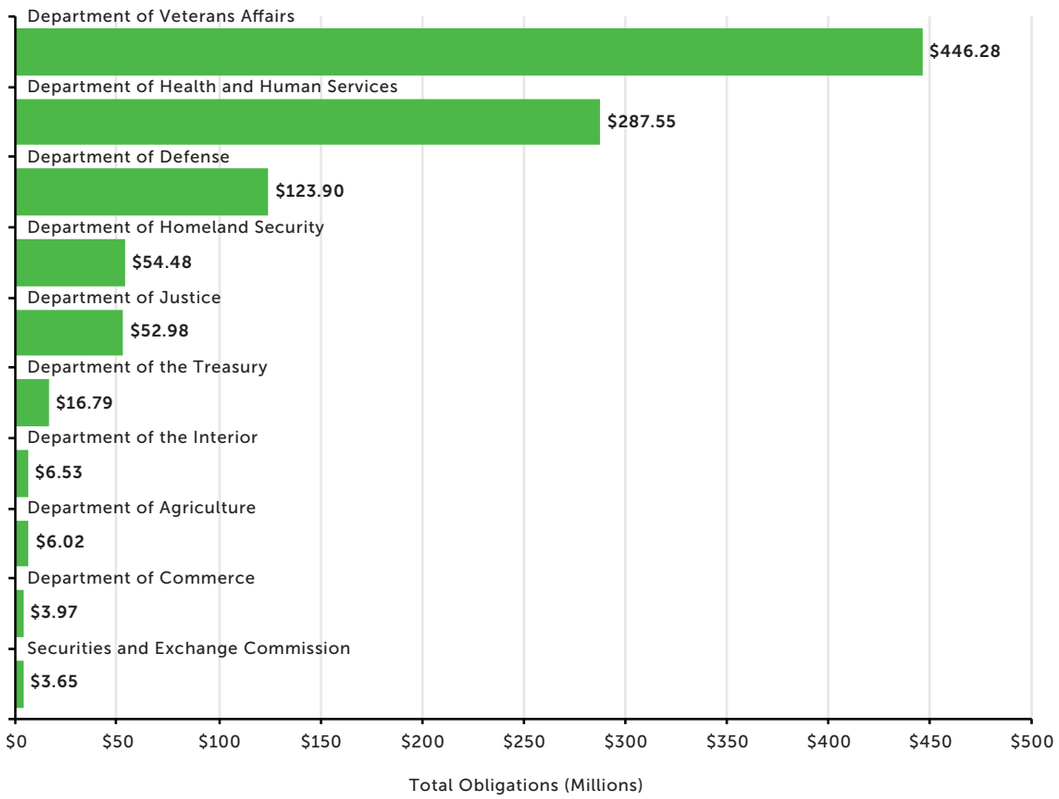


Source: U.S. Department of the Treasury, ASA Research Department

- AFTER PEAKING IN THE FOURTH QUARTER OF 2023, GOVERNMENT SPENDING ON TEMPORARY HELP SERVICES HAD CONTRACTED BY 48% AS OF THE SECOND QUARTER OF 2026 TO LEVELS LAST CONSISTENTLY SEEN IN 2014.
- CHANGES IN GOVERNMENT SPENDING ARE PARTIALLY RESPONSIBLE FOR THIS DECLINE. RENEWED SCRUTINY ON EXTRANEOUS EXPENDITURES HAS CAUSED THE GOVERNMENT TO REDUCE FUNDING TO CERTAIN PROGRAMS AND PROJECTS AND CUT BACK ON PERSONNEL.
- STAFFING COMPANIES SERVING GOVERNMENT CLIENTS WILL LIKELY HAVE TO PIVOT FROM RELYING ON VOLUME OF PLACEMENTS TO RELYING ON THE VALUE OF THEIR SERVICES. A GOVERNMENT FOCUS ON IMPROVING PRODUCTIVITY, COUPLED WITH ONGOING WORKFORCE SHORTAGES, CREATES A UNIQUE OPPORTUNITY FOR STAFFING COMPANIES TO PROVIDE THEIR EXPERTISE ON SUCH ISSUES.

CHART 69:

Government Spending on Staffing Services by Department



Source: U.S. Department of the Treasury, ASA Research Department

- NEARLY THREE-QUARTERS (73%) OF TOTAL GOVERNMENT SPENDING ON TEMPORARY HELP SERVICES IS BROADLY CONCENTRATED IN THE HEALTH CARE FIELD, SUGGESTING THAT GAINS OR LOSSES IN GOVERNMENT SPENDING ARE LIKELY TO BE CONCENTRATED WITHIN THE HEALTH CARE STAFFING SECTOR.

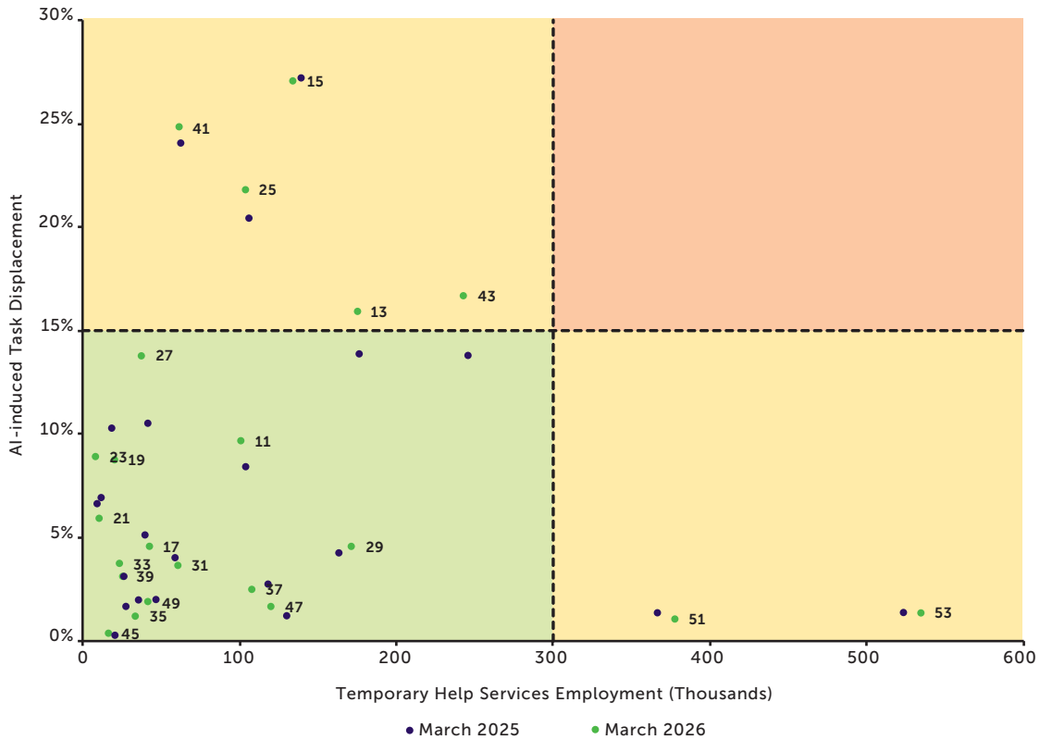
- ADITIONALLY, 63% OF TOTAL GOVERNMENT SPENDING ON TEMPORARY HELP SERVICES IS BROADLY CONCENTRATED IN THE NATIONAL SECURITY FIELD, AFFIRMING A RECENT SHIFT IN SUCH EXPENDITURES TOWARD DEFENSE-RELATED PRIORITIES.

- STAFFING COMPANIES SEEKING TO WIN GOVERNMENT CONTRACTS WILL HAVE MORE OPPORTUNITIES TO DO SO IF THEIR TALENT BENCHES ARE TAILORED TOWARD POSITIONS IN THE HEALTH CARE OR NATIONAL SECURITY FIELDS. GOVERNMENT EMPLOYERS IN THESE SEGMENTS ARE LIKELY SEEKING SPECIALIZED TALENT WITH PARTICULAR EXPERIENCE AND SKILLSETS.

- HOWEVER, TIGHTENING FEDERAL BUDGETS WILL NONETHELESS REDUCE THE IMPACT OF GOVERNMENTSPENDING ON OVERALL TEMPORARY HELP SERVICE EMPLOYMENT. THE DEPENDENCE OF LABOR DEMAND ON POLITICS WILL MAKE THIS SEGMENT PARTICULARLY VOLATILE FOR NEW ENTRANTS FROM THE STAFFING INDUSTRY.

CHART 70:

Impact of Artificial Intelligence on Staffing Employment



Source: Anthropic, U.S. Bureau of Labor Statistics, U.S. Census Bureau, ASA Research Department

- THERE ARE NO OCCUPATION GROUPS THAT EMPLOY A SIGNIFICANT NUMBER OF TEMPORARY AND CONTRACT WORKERS AND ARE ALSO PREDISPOSED TO HIGH LEVELS OF TASK DISPLACEMENT FROM ARTIFICIAL INTELLIGENCE.

- PRODUCTION OCCUPATIONS, AS WELL AS TRANSPORTATION AND MATERIAL MOVING OCCUPATIONS, EMPLOY A LARGE NUMBER OF TEMPORARY AND CONTRACT WORKERS BUT ARE LIKELY TO REALIZE RELATIVELY LOW LEVELS OF TASK DISPLACEMENT AND CONSEQUENT REDUCTIONS IN LABOR DEMAND FROM ARTIFICIAL INTELLIGENCE.

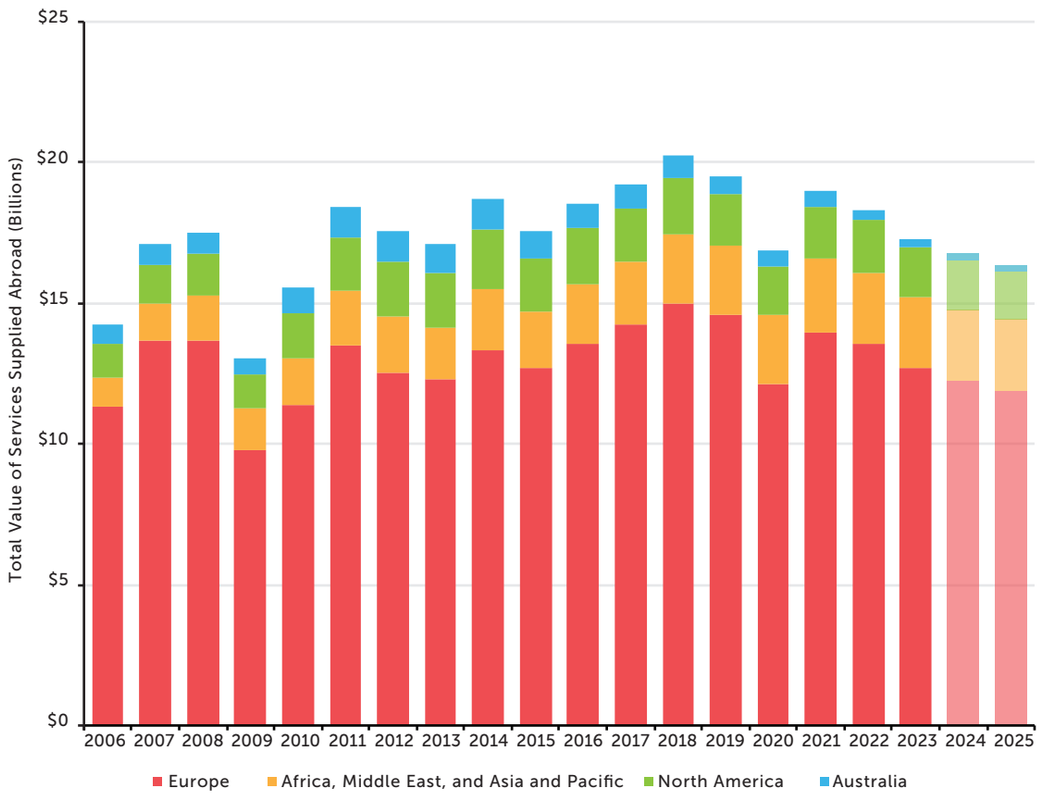
- COMPUTER AND MATHEMATICAL OCCUPATIONS, EDUCATIONAL INSTRUCTION AND LIBRARY OCCUPATIONS, SALES AND RELATED OCCUPATIONS, AND OTHERS EMPLOY FEWER TEMPORARY AND CONTRACT WORKERS BUT FACE HIGH LEVELS OF TASK DISPLACEMENT AND CONSEQUENT REDUCTIONS IN LABOR DEMAND FROM ARTIFICIAL INTELLIGENCE.

- SINCE 2025, BUSINESS AND FINANCIAL OCCUPATIONS, AS WELL AS OFFICE AND ADMINISTRATIVE SUPPORT OCCUPATIONS, BEGAN TO EXPERIENCE HIGHER LEVELS OF TASK DISPLACEMENT FROM ARTIFICIAL INTELLIGENCE DESPITE LIMITED CHANGE IN THE EMPLOYMENT OF TEMPORARY AND CONTRACT WORKERS.

- ARTIFICIAL INTELLIGENCE WILL CONTINUE TO DRIVE A WEDGE IN LABOR DEMAND BETWEEN SKILLED LABOR, WHICH IS SUSCEPTIBLE TO TASK DISPLACEMENT, AND MANUAL LABOR, WHICH IS NOT PREDISPOSED TO SIGNIFICANT TASK DISPLACEMENT. STAFFING COMPANIES NEED TO CONSIDER THE EFFECTS OF ARTIFICIAL INTELLIGENCE ON THE WORK REQUIRED BY THEIR TALENT BENCHES AND PURSUE OPPORTUNITIES TO UPSKILL OR RESKILL ACCORDINGLY.

CHART 71:

Exports of Staffing Services From the U.S.

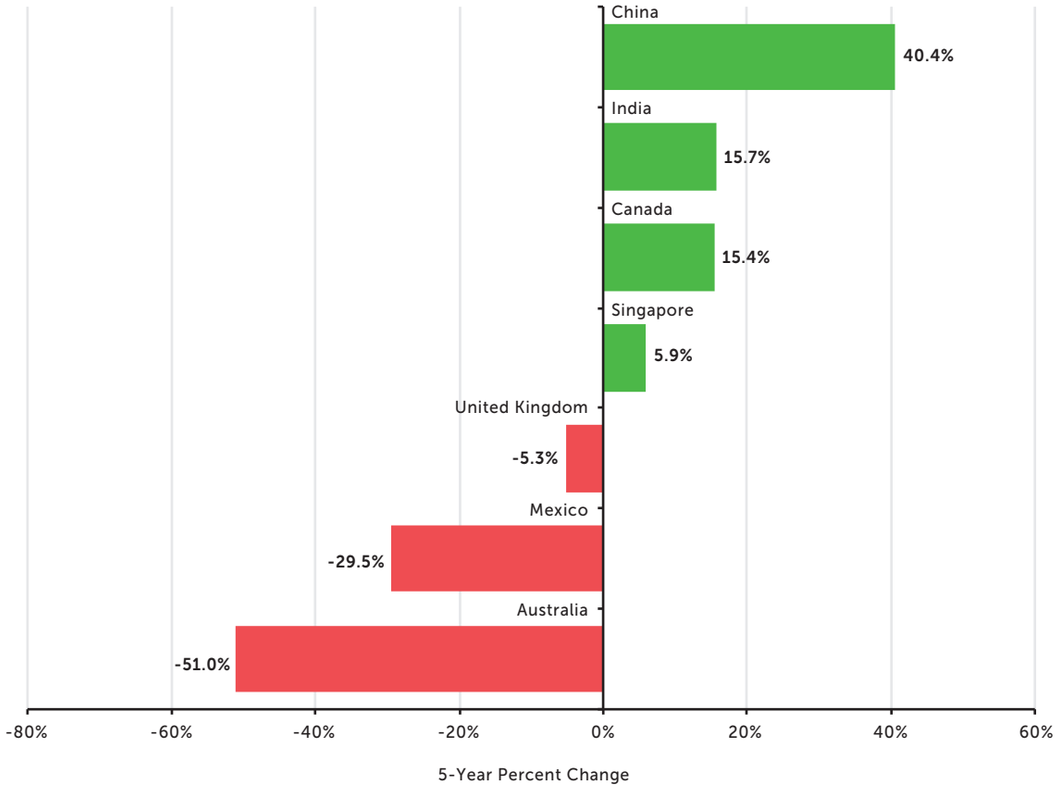


Source: U.S. Bureau of Economic Analysis, ASA Research Department

- EXPORTS OF TEMPORARY HELP SERVICES FROM THE U.S. ABROAD ARE LIKELY TO CONTINUE FALLING AFTER REACHING A NEAR-HISTORIC PEAK IN 2021.
- EUROPE STILL REPRESENTS THE BULK OF INTERNATIONAL STAFFING ASSIGNMENTS, FOLLOWED BY THE GLOBAL SOUTH (EXCLUDING AUSTRALIA) AND NORTH AMERICA.
- EMPLOYERS IN MANY OF THESE REGIONS FACE SIMILAR COST PRESSURES, INDUCED BY TRADE UNCERTAINTY AND THE ENERGY CRISIS SPARKED BY U.S. OPERATIONS IN IRAN, REDUCING LABOR DEMAND.
- STAFFING COMPANIES NEED TO CONSIDER THE EFFECTS OF INCREASED REGULATION OVER IMMIGRATION AS WELL AS EMPLOYMENT OPPORTUNITIES ABROAD WHEN PLANNING INTERNATIONAL OPERATIONS.
- DESPITE INCREASED FRAGMENTATION OF GLOBAL SUPPLY CHAINS, STAFFING COMPANIES MIGHT STILL FIND NEW OPPORTUNITIES TO OFFSHORE SPECIFIC INTERNAL FUNCTIONS LIKE SALES OR RECRUITMENT.

CHART 72:

Exports of Staffing Services by Destination Country



Source: U.S. Bureau of Economic Analysis, ASA Research Department

- GAINS IN EXPORTS OF TEMPORARY HELP SERVICES HAVE BEEN CONCENTRATED IN ASIA, INCLUDING CHINA, INDIA, AND SINGAPORE.
- EXPORTS OF TEMPORARY HELP SERVICES IN NORTH AMERICA WERE MIXED, LIKELY THE RESULT OF ELEVATED GEOPOLITICAL TENSIONS AND TRADE POLICY UNCERTAINTIES.
- IN A HIGHLY FRACTURED GEOPOLITICAL CLIMATE, INTRAGOVERNMENTAL RELATIONSHIPS WITH THE U.S. WILL PROVE CRITICAL FOR DETERMINING NEW OPPORTUNITIES FOR STAFFING COMPANIES.
- CONTINUED ADOPTION OF REMOTE WORK AND EMPLOYER OF RECORD SERVICES WILL ALLOW FOR THE U.S. AND STAFFING COMPANIES TO BE A GLOBAL LEADER IN WORKFORCE SOLUTIONS.

Methodology of ASA ECONOMIC SURVEYS

ASA STAFFING EMPLOYMENT AND SALES SURVEY

The American Staffing Association provides the only survey-based quarterly estimate of U.S. temporary and contract staffing sales. The quarterly ASA Staffing Employment and Sales Survey—which covers approximately 10,000 establishments (about a third of the industry)—also tracks employment and payroll, with results that parallel the establishment surveys of the U.S. Bureau of Labor Statistics. The survey is used to estimate total industry employment, sales, and payroll, based on a model developed for ASA by Standard & Poor's DRI / McGraw–Hill in 1992. DRI conducted a census of ASA members and a survey of selected nonmember firms. Using this and related government data, DRI prepared annual estimates for 1990 and 1991 and a stratified-panel, survey-based estimation model to be used quarterly from 1992 forward.

To preserve the confidentiality of individual company responses, a market research firm collects and tabulates the data and reports only aggregate results to ASA. Survey participants include more than 100 small, medium, and large staffing companies that together provide services in virtually all sectors of the industry. The participants enter data for employment, sales, and payroll for the most recent quarter and, to ensure validity and continuity, the relevant previous quarters. Responses are stratified by company size and used to derive growth rates for each stratum. Strata for each metric are weighted based on the proportionate market share of similarly sized companies. These growth rates are applied quarter by quarter to aggregate benchmark estimates for temporary and contract staffing employment, sales, and payroll.

ASA STAFFING INDEX

The ASA Staffing Index tracks temporary and contract employment trends. The index survey methodology essentially mirrors that of the quarterly ASA Staffing Employment and Sales Survey. ASA Staffing Index values, based on survey results, are typically posted nine days after the close of a given workweek, providing a near real-time gauge of staffing industry employment and overall economic activity. Participants include a stratified panel of small, medium, and large staffing companies that together provide services in virtually all sectors of the industry. Similar to the quarterly ASA Staffing Employment and Sales Survey, percentage changes in employment are derived by weighting responses according to company size categories.

Three metrics are published each week. The first is the index value itself, which depicts staffing employment trends over time. The second and third are the weekly and year-to-year percentage changes in staffing employment. All three numbers are posted throughout the ASA website, americanstaffing.net. The index is calculated by applying the weekly percentage change in employment to a reference value set at 100 for the week of June 12, 2006. The index reflects the percentage change in employment since that reference week—so when the index reaches 200, it would indicate that staffing employment had doubled since June 2006. The index does not estimate total industry employment; the quarterly ASA Staffing Employment and Sales Survey provides that data. ASA developed the index with the expertise of the Lewin Group, an economic research firm.

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BENCHMARKS

Both the quarterly ASA Staffing Employment and Sales Survey and the weekly ASA Staffing Index rely on periodic benchmarks from the U.S. Census Bureau. When developing the quarterly survey methodology in 1992, DRI used the 1987 Economic Census of service industries as well as several other sources in estimating industry size and market share weights—long before the introduction of the North American Industry Classification System. Data from the 1997 census, the first to use NAICS, delineated "temporary help services" more clearly than the Standard Industrial Classification it replaced. Using the 1997 NAICS-based census also provided better comparability and continuity of data for the 1990 to 2002 period than the original DRI estimates, particularly given that the principal interest in the results of the quarterly survey has been changes over time rather than absolute levels of employment, sales, and payroll.

Data from the 2002 census were used as benchmarks for the quarterly survey results from 2002 through 2006, while the 2007 census data were used to benchmark quarterly survey results from 2007 through 2011. The 2007 census data were also used as benchmarks for the index back to 2006; 2006 and 2007 were peak—and similar—years for the staffing industry, and the index covered only the last six and a half months of 2006, which were much more like 2007 than 2002, the previous census year (and hence the next available benchmark). In 2011, given newly released benchmark data from the 2007 Economic Census, ASA revised historical figures for staffing employment, sales, and payroll back to 1990 and ASA Staffing Index values to the index's inception in 2006. The 2012 Economic Census Core Business Statistics Series, released in March 2016, was used to revise quarterly survey results from 2012 through 2015, and the index values were revised from its inception in 2006 through 2015.

COMPARISON WITH BLS

ASA and BLS have similar—but different—survey methodologies. The ASA quarterly survey and weekly index generally track with BLS monthly employment trends. However, because ASA benchmarks to the U.S. Economic Census and BLS uses its own benchmarks, each organization draws different conclusions on total staffing employment. Moreover, BLS seasonally adjusts its data—and makes numerous revisions—while ASA does not seasonally adjust and makes revisions only every five years, when benchmark census data become available.

Further complicating comparison, BLS counts corporate employees of staffing firms along with temporary employees, and it is unclear if or where contract employees are captured. ASA counts only temporary and contract staffing employees.

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The quarterly ASA Staffing Employment and Sales Survey and the weekly ASA Staffing Index are administered by ASA corporate partner ClearlyRated.

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Partners in Your Success

In 2007, the American Staffing Association introduced a comprehensive corporate partnership program. ASA now has multiyear corporate partnerships with eight companies: Advance Partners, Benefits in a Card, Bullhorn, ClearlyRated, Prodoscore, VensureHR, and World Wide Specialty.

The ASA corporate partnerships go beyond traditional sponsorships. They involve mutual commitments to long-term working relationships focused on benefiting both ASA and the partners as organizations dedicated to advancing the interests and meeting the needs of ASA members and the staffing industry.

For the partnerships to truly succeed, however, members must do their part: Please join the ASA board of directors and staff in thanking these corporate partners for their support of the association, its members, and the staffing industry.

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Advance Partners, a Paychex company, is a leading provider of working capital and back-office solutions exclusively for staffing firms. Founded in 1998, Advance Partners helps staffing agencies of all sizes unlock growth by offering payroll funding, invoicing, tax administration, and strategic support tailored to the unique cash flow challenges of the staffing industry.

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ClearlyRated is a leading provider of satisfaction surveys and service quality benchmarking for staffing and recruiting firms, and has been an ASA corporate partner since 2007. ClearlyRated helps staffing firms measure the experiences of their clients, candidates, and internal employees to reduce attrition, differentiate on service quality, and build online reputation. ClearlyRated also administers and validates the winners of the annual Best of Staffing awards, recognizing the industry's top performers for client, candidate, and internal employee satisfaction.

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Prodoscore™
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Prodoscore is an artificial intelligence-powered workforce analytics and productivity monitoring solution that helps staffing leaders gain visibility into employee engagement to drive results. It enables sales and recruiting teams to identify opportunities that increase activity and placements and promotes autonomy and flexibility across the organization. The data help to highlight training gaps and tool adoption, boost productivity, and improve retention. A 2024 study showed an 11% increase in productivity for staffing firm customers within four months of implementing the solution.

VensureHR
Staffing Alliance

Vensure Staffing Alliance is a staffing-focused program here to help companies like yours grow. VSA provides flexible services including payroll, workers' compensation, human resource consulting and compliance, employee benefits administration, recruitment process outsourcing, and back-office solutions. You won't find VSA's customized approach, staffing-specific consultants, and groundbreaking products or services anywhere else.

For more information on VensureHR Staffing Alliance, visit *vensurestaffingalliance.com*.

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