A tech job still pays $120 an hour despite mass layoffs

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Mass layoffs across the U.S. technology industry have now claimed well over 300,000 jobs.

And yet, companies are still hiring in areas they see as mission-critical. Contract positions are still commanding $120-an-hour wages. The industry hasn't seen cuts this deep since the dot-com bubble burst, but

Linda Lutton, who has been recruiting for tech firms since 1987, says it doesn't feel like a bust. For one, she said, firms are still taking her calls.

"I'm in constant contact with my tech clients, and they keep telling us, 'We will come back,' " said Lutton, who recalls how clients suddenly stopped answering their phones during the dot-com crash of the early 2000s because they had folded overnight. "I haven't had a single message from a single client saying, 'We have to cut everything down.' "

Whatever happens to the tech industry in the coming months and years will ripple across the entire U.S. economy. The sector now claims the biggest share of market value in the S&P 500, accounting for about one-quarter of the index. That's up from 18% a decade ago. Tech accounts for about 6% of U.S. gross domestic product, and a similar share of jobs across the country. The average pay in tech is nearly twice that of the typical U.S. worker.

There is no doubt that the tech sector is under strain. In the past two weeks Meta Platforms Inc. announced it was cutting another 10,000 jobs and eliminating 5,000 open roles, Amazon.com Inc. laid off an additional 9,000 workers and job-hunting website Indeed slashed 2,200. This month's collapse of Silicon Valley Bank, which served roughly half of all startups in America, certainly won't help.

Lutton knows friends and colleagues who are struggling to find work in tech. And while her firm, Recruiter.com, has active tech clients, she herself hasn't recruited for the industry since last September, and has been picking up clients in the healthcare sector instead.

But this isn't an industry under siege, Lutton said. It's an industry hitting the pause button after a three-year, pandemic-fueled hiring binge that added more than 600,000 workers, bringing total employment to a record 9.16 million jobs in 2022, according to CompTIA, a trade group.

Even after accounting for the hundreds of thousands of workers affected by the wide-scale layoffs that began around the middle of last year, total tech jobs remain about 7% above pre-pandemic levels, according to CompTIA.

With a recession looming, big tech companies are downsizing in areas they no longer see as priorities. But they're also doubling down on resources seen as mission-critical such as artificial intelligence, engineering and software development. The recruiters that help firms fill their job openings say that the push into new frontiers, along with the need to maintain existing infrastructure, continues to fuel demand for key positions while hitting departments such as human resources and sales hard.

The somewhat nuanced picture might explain why the [unemployment rate](#) for the industry has remained relatively low, coming in at 2.2% in February, according to a CompTIA analysis. That's less than the 3.6% rate across the U.S. economy—which is itself close to the lowest since 1969.

Ciara Cornette, a product design recruiter at the New York-based firm Creative People, is still working to fill anywhere between six and eight roles at a time. That's down from the 15 to 20 jobs she was juggling in mid-2021. But the current pace of work, she said, proves there is still a healthy appetite for talent.

"We're still getting people jobs, we still have clients," Cornette said, noting that recruiting work at her firm has picked up this month compared with January. "For product designers in the startup space who have leadership experience, there's a big market for that type of candidate."

While companies are still hiring, some may not be willing to pay as

much.

"Microsoft was paying $90 an hour for contractors during the height, and now you're routinely seeing $45 an hour for someone with Ph.D. experience," said Hang Xu, a former user experience designer who runs tech talent agency Collective Supply in New York. Some weeks, he said, he's only been able to match one or two people with jobs. "That's not exactly what I was hoping for when I started this." A spokesperson for Microsoft declined to comment.

Steve Witmer, who recruits for software startup ServiceBell from San Diego, said he was "shocked" when a design manager who had just been laid off by Netflix Inc. approached him for a short-term contractor role paying $120 an hour. The candidate was making at least $350,000 a year previously, he said.

"Normally I wouldn't be able to speak to someone from Netflix," Witmer said. "No one knows who ServiceBell is."

Will McNeil, who co-founded the job board Black Tech Jobs in 2018 in Chicago to help bolster hiring of Black workers, said he expects some tightening in hiring and expansion plans from his clients at tech firms. But he still sees plenty of employment opportunities. "If you type 'software engineer' into LinkedIn, thousands of jobs still show up," he said. "We think tech will bounce back."

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