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**FOOTE IT NEWS ANALYSIS – Technology employment trends in the
 May 2016 Bureau of Labor Statistics – U.S. Employment Report**

14,600 IT professional services industry jobs added to U.S. payrolls in May.

**But a telecommunications labor strike temporarily removed 37,200 telecommunications jobs
 from the labor market**

**Bottom line: Following April’s highest monthly tech job growth in more than eight years,
 a net loss of 22,500 U.S. tech jobs in May**

Vero Beach, FL – June 5, 2016. An analysis of last Friday’s release of May 2016 U.S. employment numbers by the Bureau of Labor Statistics (BLS) reveals a **net decrease of 22,500 tech jobs** in large part due to a labor strike at Verizon (since settled) that resulted in temporary loss of 37,200 telecommunications jobs. Offsetting this was the more salient news of the addition last month of 14,600 new jobs to U.S. payrolls, split nearly evenly between two job segments related to tech professional services.

Because many if not all of the striking workers are now back to work (which will be reflected in next month’s employment report) we suggest another way to look at the new data more reasonably. Ignoring the strike’s effect in May and substituting instead the 1,275 job average monthly job losses in the same Telecommunications segment for the first four months of 2016, the result for May would have been a gain of 13,425 tech jobs across all four industry job segments commonly associated with technology professionals. Guess what? That would make May the second largest month of tech job gains so far this year, exceeding the five month average of 12,185 jobs by more than 1,240 jobs.

Interestingly, the job market volatility in May followed April's job bonanza of the most tech jobs added in a single month since before the Wall Street crash and subsequent economic recession.

Two IT segments have been responsible for most IT jobs added to US payrolls in the past twelve months: *Management and Technical Consulting Services* and *Computer Systems Design/Related Services*. These segments added 14,600 jobs for the month, down from 27,900 in April. Moreover these segments averaged 11,242 new jobs per month in 2015; so far in 2016 they are averaging 13,360/month due largely to the impressive April showing. [*see Figs. 1 and 3*].

The remaining job segment not discussed, *Data Processing, Hosting and Related Services*, gained 100 more jobs for the month after losing 600 in April, gaining 200 in March and 900 in February, and losing 100 in January. This segment has averaged a gain of only 100 jobs per month so far this year, a reversal of the 1,275 new jobs added per month in 2015.

“The situation in May reminds me of the last major telecommunications industry strike back in August 2011. More than 47,000 telecommunications jobs were lost that month; the next month job gains reported by the DOL in this segment totaled only 37,600. It would be a safe bet that not all of the 37,200 telecom jobs lost last month will be restored in June,” suggests Foote Partners' chief analyst David Foote

“Clearly, the relatively poor performance in tech job creation reflected in these Department of Labor reports beginning last November and carrying through to March unexpectedly reversed in April followed by only minimal improvement in May (if we discount the strike). As tech labor analysts we like to see a minimum of three solid months of consistent job gains before we start searching for additional evidence to support any sustained improvement in the tech employment market. Given the general volatility that has existed in the tech employment over that past several years, the large April job gain did not fuel any optimism among our analysts.

“The truth is that last year's BLS tech job numbers were very volatile with big swings from month to month. The problem now is that while volatility subsided somewhat in the first quarter of 2016, the level of IT jobs added to U.S. payrolls has more or less flatlined at a much lower level of growth. That fact should

be a concern to IT professionals. It appears that tech employment is under a certain amount of pressure this year even though economists have suggested that the American economy is holding up reasonably well despite a slowdown in China, growing risks in emerging markets and nervousness in the equity market. The financial markets are leery and the poor showing last month with only 38,000 jobs added to U.S. payrolls has caused a lot of hand wringing about whether this stall is temporary or a portent of things to come. Feeding the uncertainty is that the latest losses were deeper and more broad-based than expected, and that the average gains so far in 2016 have fallen shy of the nearly 240,000 monthly average over the last two years.”

The national jobs picture showed further weakening as revisions released on Friday to March and April’s figures cut 59,000 from the previous employment totals. Over the last three months, job creation has averaged only 116,000 a month. May’s gains marked the lowest figure since September 2010.

“The one caveat in our analysis is that BLS data only reports approximately 40% of the true IT labor market. They fail to adequately track and report hot job market segments in cloud computing, mobile computing, Big Data analytics, cybersecurity, certain areas of software development and engineering like the hot digital innovation space, and a large portion of hybrid IT-business positions that do not generally reside in the IT department but instead are distributed throughout companies in administrative areas, functional departments, and products groups for example”, say Foote. “Our observation has been that there continues to be aggressive hiring occurring in several of these highly specialized areas. And it appears from the latest DoL reports that the contingent workforce of consultants and contractors is where a lot of the hiring is focused right at this moment.

“The Department of Labor will never be able to accurately track technology jobs unless it overhauls its methodology and job definition and classification model and that’s not going to happen anytime soon if at all. They can’t afford to render decades of historical employment trend data obsolete. That’s a very practical concern for people in a research business. As a research director myself they certainly have my sympathies. But at the same time this dilemma represents a serious conundrum for anyone trying to understand the true state of the technology labor marketplace in the U.S.”

Hiring Trend Charts – IT Employment Segments

May 2016 Employment Situation Summary Report

(U.S. Department of Labor/Bureau of Labor Statistics)

FIGURE 1 – U.S. Department of Labor/Bureau of Labor Statistics – Job Situation Report (January 2014 to May 2016)

MONTHLY JOB SITUATION TRENDS – IT Professional Job Segments

(Highlights for four bellwether IT jobs segments)

	2014												2015												2016			
	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Nonfarm job loss/gain (month)	144,000	222,000	203,000	304,000	229,000	267,000	243,000	203,000	256,000	261,000	423,000	329,000	201,000	266,000	119,000	221,000	254,000	245,000	223,000	153,000	145,000	307,000	280,000	271,000	168,000	233,000	208,000	160,000
National unemployment rate	6.6%	6.7%	6.7%	6.3%	6.3%	6.1%	6.2%	6.1%	5.9%	5.8%	5.8%	5.6%	5.7%	5.5%	5.5%	5.4%	5.5%	5.3%	5.3%	5.1%	5.1%	5.0%	5.0%	5.0%	4.9%	4.9%	5.0%	5.0%
Professional/Technical Services	20,400	35,400	10,400	25,100	24,700	31,000	24,900	16,800	21,100	20,000	37,500	12,600	32,500	31,800	23,700	20,700	18,800	23,900	26,600	14,500	17,700	26,900	28,400	11,100	25,300	17,600	13,500	31,100
Segment 5: Management/Technical Consulting Services	600	5,300	3,500	5,000	6,800	8,200	2,700	3,000	11,500	4,000	7,300	3,200	3,600	7,100	3,800	6,000	7,000	-1,200	3,300	6,100	900	7,000	5,000	4,200	2,200	3,400	6,800	20,600
Segment 4: Computer Systems Design/Related Services	4,700	5,000	6,100	8,900	6,600	6,900	3,900	1,500	4,900	6,800	6,500	9,000	8,000	5,200	3,900	9,100	10,300	4,400	8,700	7,000	7,000	9,900	4,800	3,800	3,400	4,400	4,100	7,300
Information	0	-16,000	2,000	-3,000	-5,000	9,000	2,000	-3,000	12,000	-4,000	4,000	2,000	6,000	7,000	2,000	3,000	-3,000	7,000	2,000	-7,000	12,000	-1,000	-12,000	16,000	1,000	12,000	1,000	0
Segment 4: Telecommunications	-10,200	800	2,200	2,900	3,200	200	800	-1,800	4,600	800	2,300	-300	-400	-100	1,400	-1,700	-100	400	1,600	-3,500	600	-400	500	-900	0	-2,200	-400	-2,500
Segment 5: Data Processing/Hosting/Related Services	1,800	-900	-900	100	-1,000	1,600	3,700	1,000	1,700	1,300	1,200	-3,000	3,300	1,500	1,500	100	2,700	2,200	1,300	1,600	1,300	-200	1,000	-1,000	-100	900	200	-600
Net gain/loss-ALL IT SEGMENTS	-3,100	10,200	10,900	16,900	15,600	16,900	11,100	3,700	22,700	12,900	17,300	8,900	14,500	13,700	10,600	13,500	19,900	5,800	14,900	11,200	9,800	16,300	11,300	6,100	5,500	6,500	10,700	24,800
Net gain/loss-ONLY IT SERVICES SEGMENTS	5,300	10,300	9,600	13,900	13,400	15,100	6,600	4,500	16,400	10,800	13,800	12,200	11,600	12,300	7,700	15,100	17,300	3,200	12,000	13,100	7,900	16,900	9,800	8,000	5,600	7,800	10,900	27,900
Net gain/loss-OTHER IT JOB SEGMENTS	-8,400	-100	1,300	3,000	2,200	1,800	4,500	-800	6,300	2,100	-3,500	-3,300	2,900	1,400	2,900	-1,600	2,600	2,600	2,900	-1,900	1,900	-600	1,500	-1,900	-100	-1,300	-200	-3,100

Key: Job gains in green
Job losses in red

Source: US Department of Labor/Bureau of Labor Statistics.
Data chart and analysis by Foote Partners LLC

FIGURE 2 – U.S. Department of Labor/Bureau of Labor Statistics – Job Situation Report (January 2012 to December 2013)

(Continued) MONTHLY JOB SITUATION TRENDS – IT Professional Job Segments

(Highlights for four bellwether IT jobs segments)

	2012												2013											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Nonfarm job loss/gain (month)	284,000	227,000	143,000	68,000	87,000	64,000	181,000	192,000	132,000	137,000	247,000	219,000	148,000	332,000	138,000	199,000	176,000	172,000	89,000	193,000	175,000	200,000	274,000	84,000
National unemployment rate	8.3%	8.3%	8.2%	8.1%	8.2%	8.2%	8.3%	8.1%	7.8%	7.8%	7.7%	7.8%	7.9%	7.7%	7.6%	7.5%	7.6%	7.6%	7.4%	7.4%	7.2%	7.2%	7.0%	6.7%
Professional/Technical Services	30,300	34,200	13,800	27,500	-4,000	18,200	17,900	26,800	4,900	15,500	15,300	16,900	14,800	26,800	24,600	22,800	18,200	9,800	21,100	10,900	6,300	21,400	17,500	-11,700
Segment 5: Management/Technical Consulting Services	3,000	7,400	5,300	6,400	2,200	8,900	6,300	8,700	-1,800	4,500	0	5,800	11,500	4,400	6,200	5,700	3,200	8,400	6,900	1,700	1,500	7,700	600	3,900
Segment 4: Computer Systems Design/Related Services	1,700	10,200	3,900	7,400	5,300	6,600	7,000	10,600	2,900	6,600	7,100	5,600	4,600	5,800	3,900	3,300	6,000	7,300	4,300	2,400	4,500	3,200	2,700	1,400
Information	13,000	-1,000	-900	-2,000	-2,000	-8,000	11,000	3,000	3,000	1,000	12,000	-9,000	9,000	20,000	5,000	-9,000	3,000	-5,000	9,000	-18,000	4,000	5,000	-1,000	-12,000
Segment 4: Telecommunications	-300	-6,400	-3,600	-3,500	-2,000	-2,100	2,800	-2,300	-400	1,400	300	-1,800	4,900	400	1,800	1,200	1,000	700	3,600	2,700	-2,700	-300	-2,100	1,700
Segment 5: Data Processing/Hosting/Related Services	-1300	1900	-600	-500	-300	0	2,100	1,100	-2,400	0	-600	200	1,100	-800	-500	-500	-400	1,800	3,600	-100	200	-200	-200	500
Net gain/loss-ALL IT SEGMENTS	3,100	13,100	5,000	9,800	5,200	13,400	18,200	18,100	-1,700	12,500	6,800	9,800	22,100	9,800	11,400	9,700	9,800	18,200	18,400	6,700	3,500	10,400	1,000	7,500
Net gain/loss-ONLY IT SERVICES SEGMENTS	4,700	17,600	9,200	13,800	7,500	15,500	13,300	19,300	1,100	11,100	7,100	11,400	16,100	10,200	10,100	9,000	9,200	15,700	11,200	4,100	6,000	10,900	3,300	5,300
Net gain/loss-OTHER IT JOB SEGMENTS	-1,600	-4,500	-4,200	-4,000	-2,300	-2,100	4,900	-1,200	-2,800	1,400	-300	-1,600	6,000	-400	1,300	700	600	2,500	7,200	2,600	-2,500	-500	-2,300	2,200

Key: Job gains in green
Job losses in red

Source: US Department of Labor/Bureau of Labor Statistics.
Data chart and analysis by Foote Partners LLC

FIGURE 3 – U.S. Department of Labor/Bureau of Labor Statistics – Job Situation Report (Through May 2016)

CUMULATIVE JOB SITUATION TRENDS – IT PROFESSIONALS

Highlights for four bellwether IT jobs segments)

U.S. LABOR DEPT CUMULATIVE NET JOB GAINS/DECLINES: through May 2016								
JOBS SEGMENT	36 mos.	24 mos.	12 mos.	8 mos.	6 mos.	4 mos.	3 mos.	2 mos.
Professional and Technical Services	745,100	553,800	262,400	179,700	124,400	88,000	70,400	56,900
<i>Segment 5: Management/Technical Consulting Services</i>	184,800	132,900	65,500	56,400	44,400	38,000	34,600	27,800
<i>Segment 4: Computer Systems Design/Related Services</i>	205,300	148,200	72,200	45,100	30,400	23,200	18,800	14,700
Information	-6,000	34,000	-3,000	-17,000	-4,000	-21,000	-33,000	-34,000
<i>Segment 4: Telecommunications</i>	-35,800	-38,300	-44,000	-43,100	-43,200	-42,300	-40,100	-39,700
<i>Segment 5: Data Processing/Hosting/Related Services</i>	28,000	23,300	6,700	300	-500	600	-300	-500
TOTAL - ALL 4 IT SEGMENTS	382,300	266,100	100,400	58,700	31,100	19,500	56,800	2,300
IT Services segments	390,100	281,100	137,700	101,500	74,800	61,200	53,400	42,500
Tech Information segments	-7,800	-15,000	-37,300	-42,800	-43,700	-41,700	-40,400	-40,200

Key: Job gains in green
Job losses in red

Source: US Department of Labor/Bureau of Labor Statistics.
Data chart and analysis by Foote Partners LLC

FIGURE 4 – U.S. Department of Labor/Bureau of Labor Statistics – Job Situation Report (January 2013 to May 2016)

Only two years ago, the November unemployment rate was more than two percentage points higher. The fall has been faster than most economists expected, though part of the reason has been a drop in the labor force participation rate as people retire, go back to school or just give up.

*** The labor force participation rate measures the number of people who are working or looking for a job.**

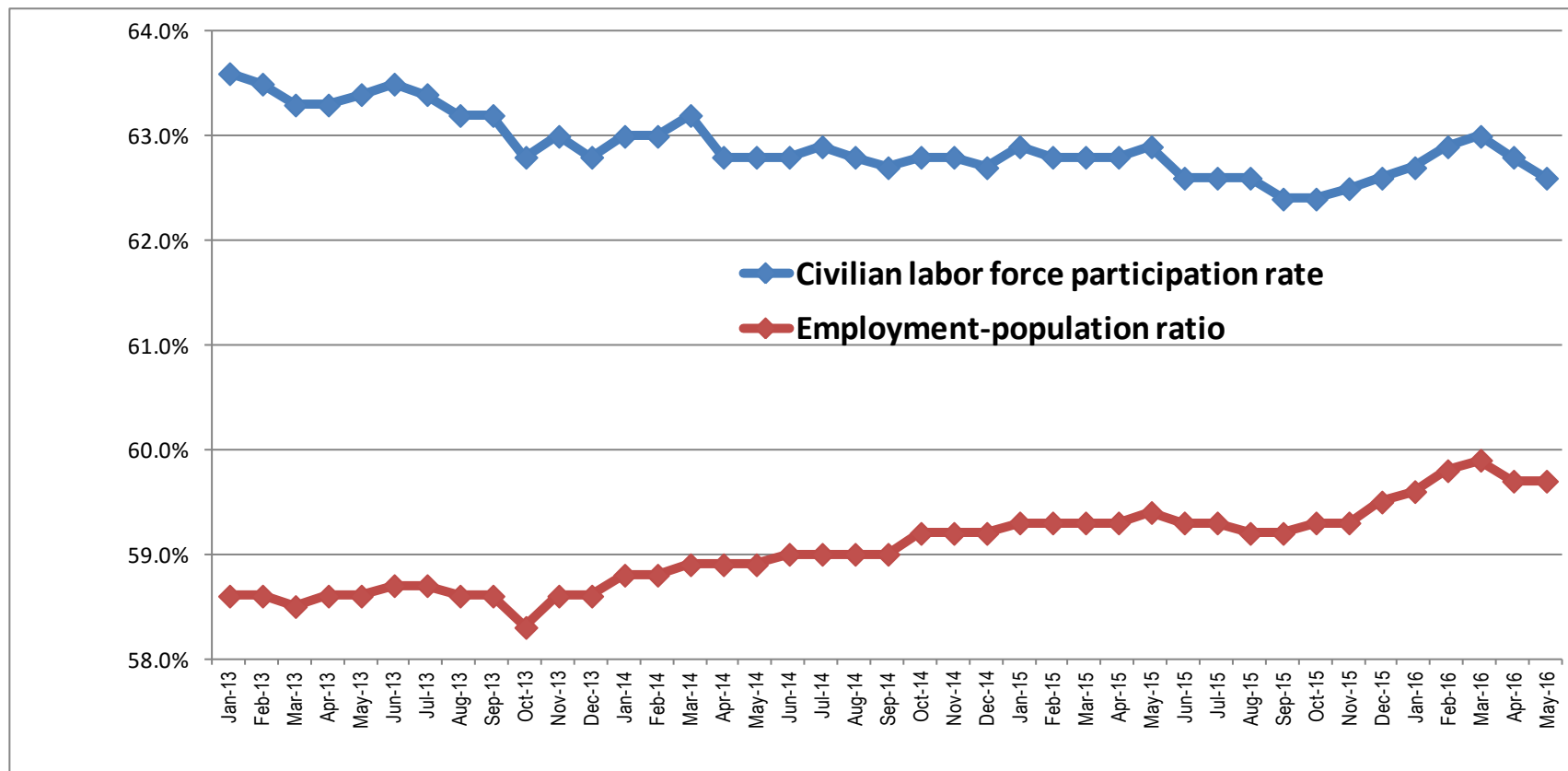
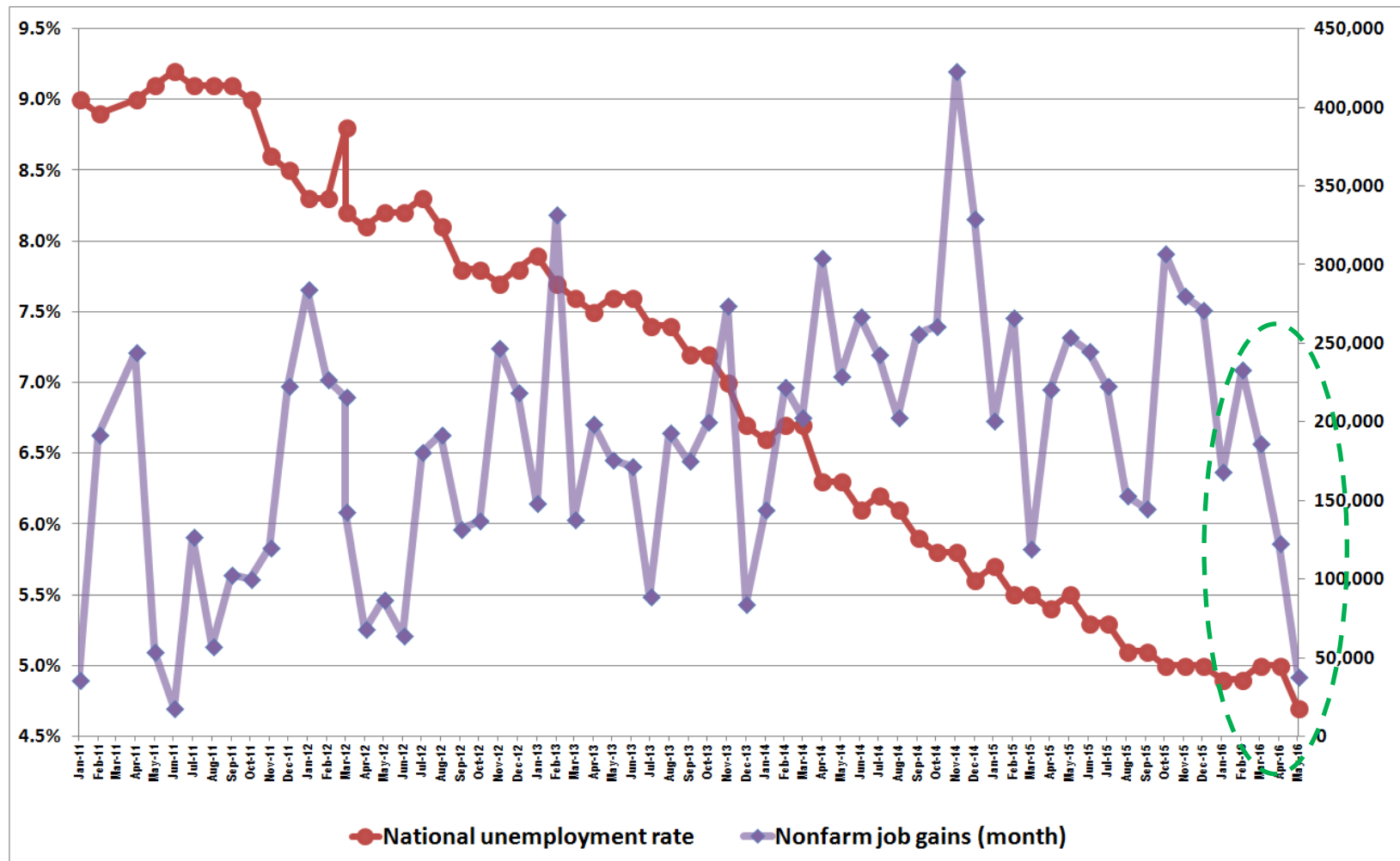
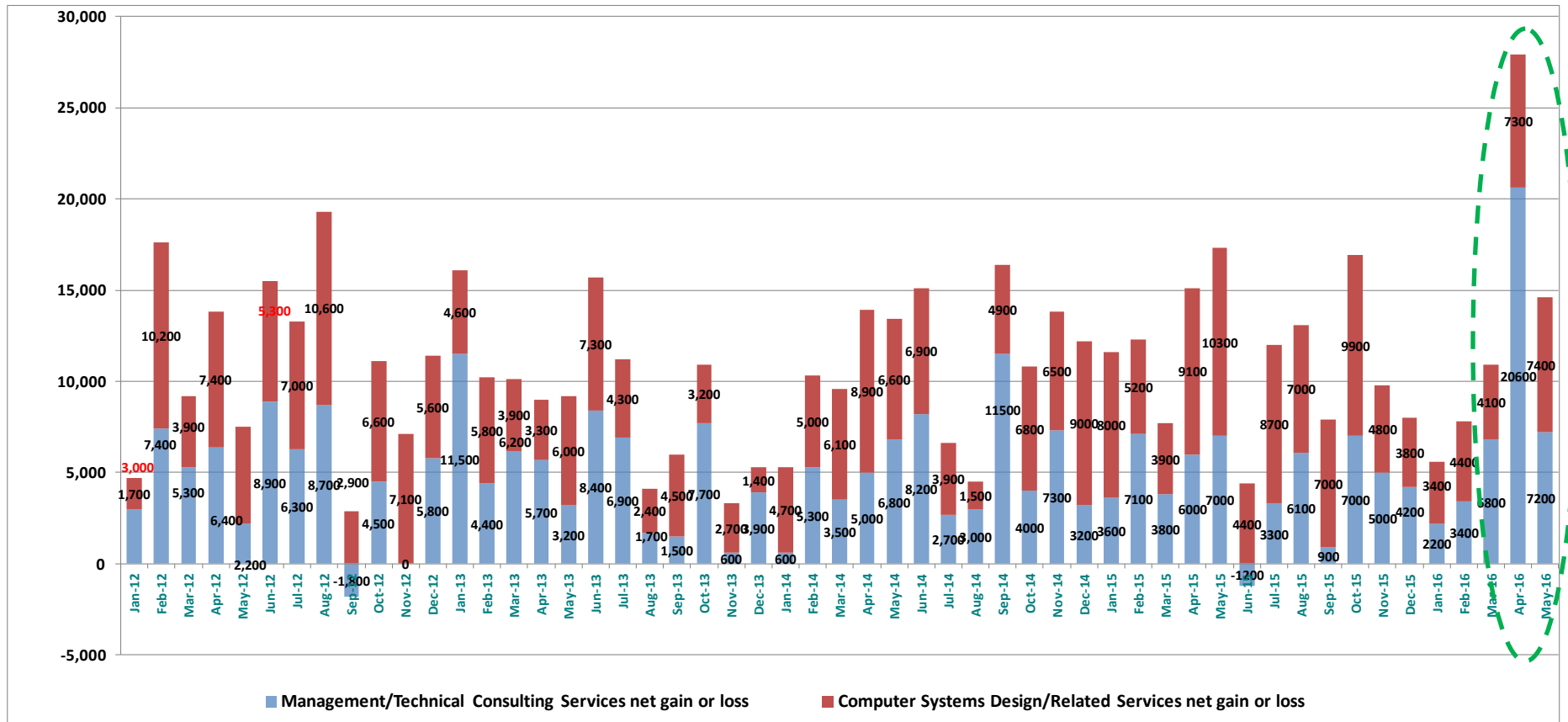


FIGURE 5 – JOB GROWTH/DECLINE - Management/Technical Consulting jobs vs. Computer Systems Design/Related services jobs
- Net job gains/losses from January 2011 to May 2016



Source: US Department of Labor/Bureau of Labor Statistics. Data chart and analysis by Foote Partners LLC

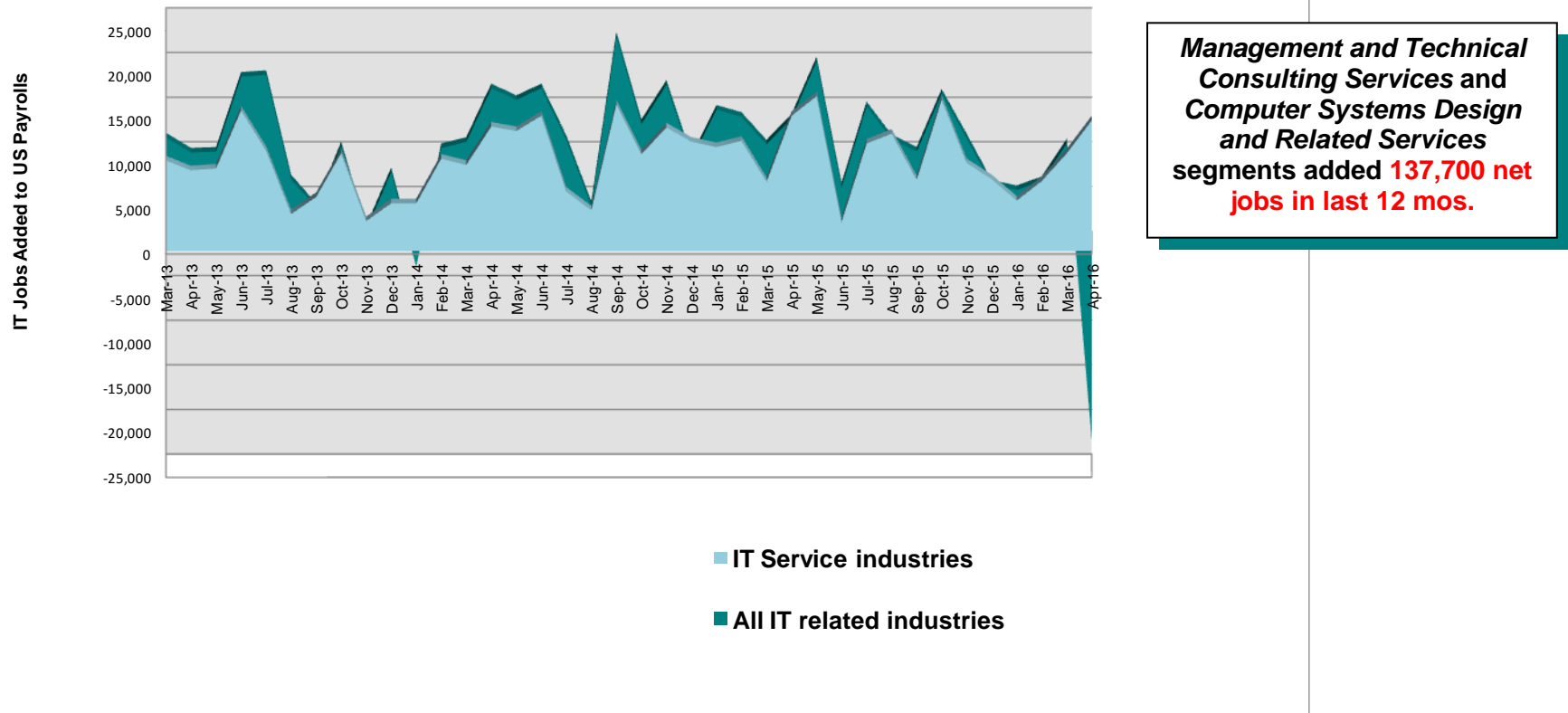
FIGURE 6



Source: US Department of Labor/Bureau of Labor Statistics. Data chart and analysis by Foote Partners LLC

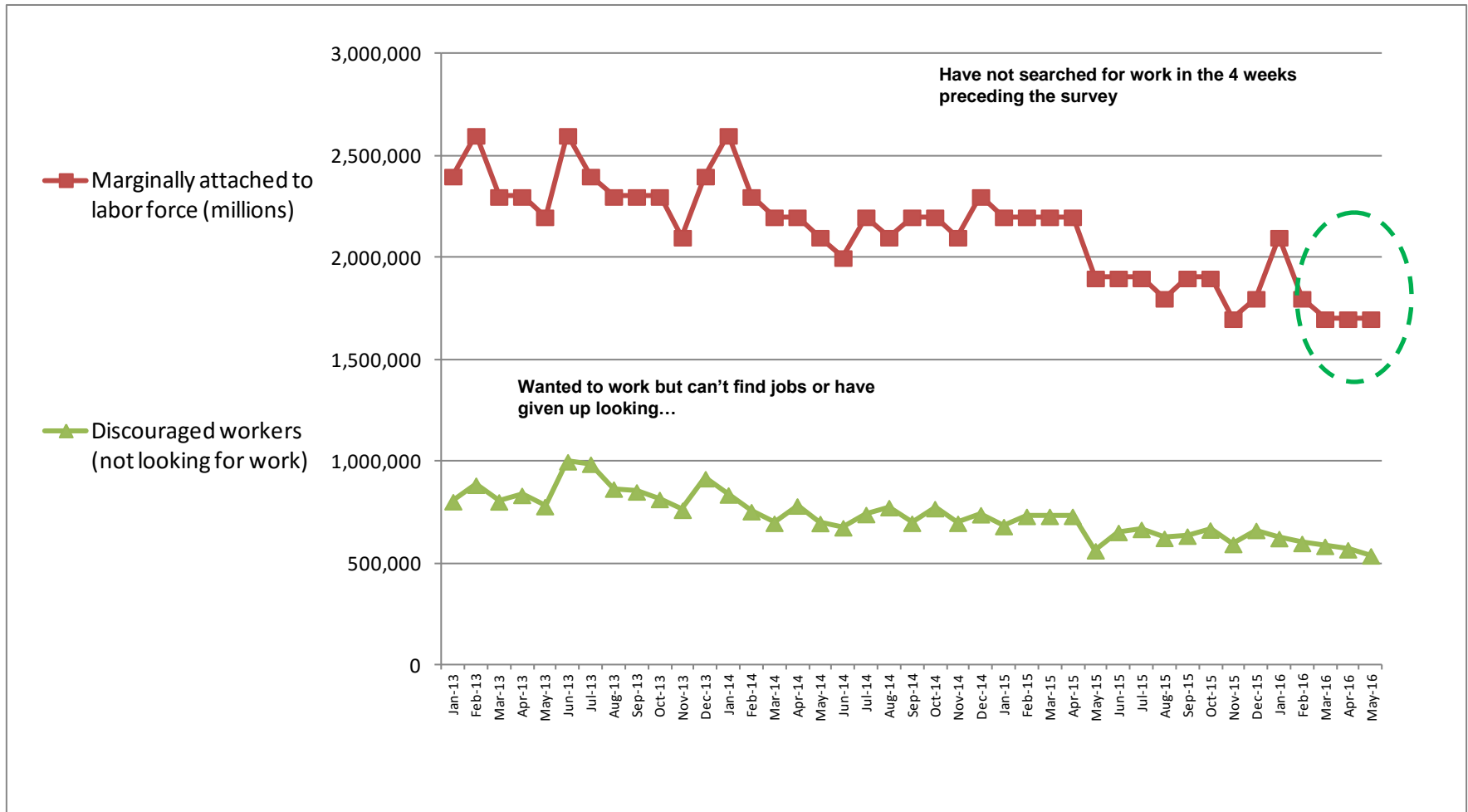
FIGURE 7

More than 98% of IT Job Creation in last 12 months has been in IT Services Industries



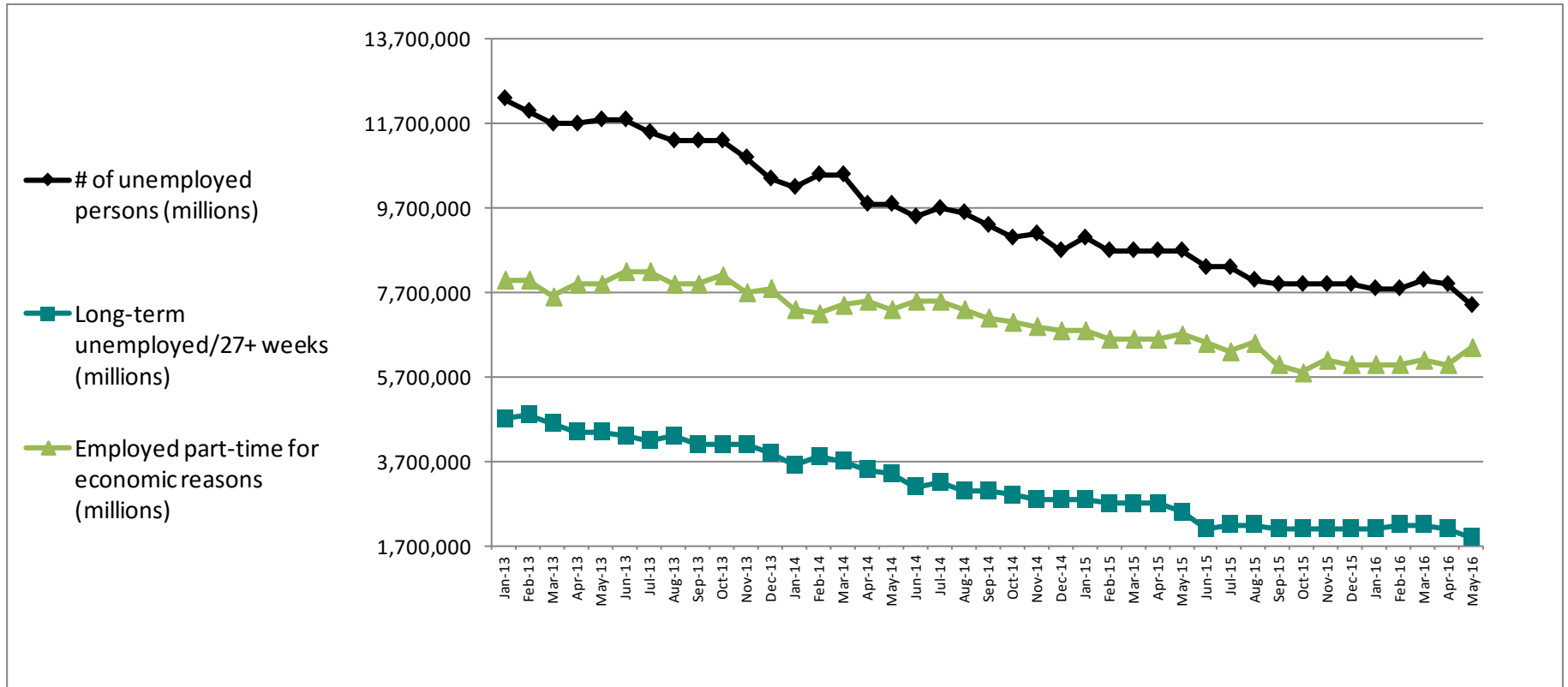
Source: US Department of Labor/Bureau of Labor Statistics. Data chart and analysis by Foote Partners LLC

FIGURE 8– LABOR FORCE COMPOSITION: Marginally attached vs. Discouraged - 2012 to 2016



Source: US Department of Labor/Bureau of Labor Statistics. Data chart and analysis by Footo Partners LLC

FIGURE 9 – UNEMPLOYED AND UNDEREMPLOYED PERSONS: Total vs. Long-Term vs. Part-timers - 2013 to 2016



Source: US Department of Labor/Bureau of Labor Statistics. Data chart and analysis by Foote Partners LLC

FIGURE 10 - U.S. Department of Labor/Bureau of Labor Statistics – Job Situation Report (Through June 2016)

KEY EMPLOYMENT STATISTICS – Last 25 Months

	Mar-14 (26 mo. ago)	Oct-14 (19 mo. ago)	Feb-15 (15 mo. ago)	Mar-15 (14 mo. ago)	Apr-15 (13 mo. ago)	May-15 (12 mo. ago)	Jun-15 (11 mo. ago)	Jul-15 (10 mo. ago)	Aug-15 (9 mo. ago)	Sep-15 (8 mo. ago)	Oct-15 (7 mo. ago)	Nov-15 (6 mo. ago)	Dec-15 (5 mo. ago)	Jan-16 (4 mo. ago)	Feb-16 (3 mo. ago)	Mar-16 (2 mo. ago)	Apr-16 (1 mo. ago)	May-16 (Now)
Unemployment rate	6.7%	5.8%	5.5%	5.5%	5.5%	5.5%	5.3%	5.3%	5.1%	5.1%	5.0%	5.0%	5.0%	4.9%	4.9%	5.0%	5.0%	4.7%
# of unemployed persons	10.5 million	9.0 million	8.7 million	8.7 million	8.7 million	8.7 million	8.3 million	8.3 million	8.0 million	7.9 million	7.9 million	7.9 million	7.9 million	7.8 million	7.8 million	8.0 million	7.9 million	7.4 million
Long-term unemployed--27+ weeks (% of total unemployed persons)	3.7 million 35.8%	2.90 million 32.0%	2.70 million 31.1%	2.70 million 31.1%	2.70 million 31.1%	2.5 million 28.6%	2.1 million 25.8%	2.2 million 26.9%	2.2 million 27.7%	2.1 million 26.6%	2.1 million 26.8%	2.1 million 25.7%	2.1 million 26.3%	2.1 million 26.9%	2.2 million 27.7%	2.2 million 27.6%	2.1 million 25.7%	1.9 million 25.1%
Civilian labor force participation rate	63.2%	62.8%	62.8%	62.8%	62.8%	62.9%	62.6%	62.6%	62.6%	62.4%	62.4%	62.5%	62.6%	62.7%	62.9%	63.0%	62.8%	62.6%
Employment-population ratio	58.9%	59.2%	59.3%	59.3%	59.3%	59.4%	59.3%	59.3%	59.2%	59.2%	59.3%	59.3%	59.5%	59.6%	59.8%	59.9%	59.7%	59.7%
Employed part-time for economic reasons	7.4 million	7.0 million	6.6 million	6.6 million	6.6 million	6.7 million	6.5 million	6.3 million	6.5 million	6.0 million	5.8 million	6.1 million	6.0 million	6.0 million	6.0 million	6.1 million	6.0 million	6.4 million
Marginally attached to labor force	2.2 million	2.2 million	2.2 million	2.2 million	2.2 million	1.9 million	1.9 million	1.9 million	1.8 million	1.9 million	1.9 million	1.7 million	1.8 million	2.1 million	1.8 million	1.7 million	1.7 million	1.7 million
Discouraged workers (not looking for work)	698,000	770,000	732,000	732,000	732,000	563,000	653,000	668,000	624,000	635,000	665,000	594,000	663,000	623,000	599,000	585,000	568,000	538,000

Source: US Department of Labor/Bureau of Labor Statistics. Data chart and analysis by Foote Partners LLC

ABOUT FOOTE PARTNERS

[Foote Partners LLC](#) is a Vero Beach, FL based IT analyst firm and independent benchmark research organization focusing on the human capital aspects and execution (i.e. ‘user’ versus ‘vendor’) side of managing technology and IT value creation. A thought leader and trusted advisor to more than 4,000 employers on six continents, the firm provides pragmatic and forward-thinking benchmark research and analysis about managing the modern business/IT hybrid professional workforce. Our research is deeply grounded in specialized proprietary benchmark research, surveys, and empirical intelligence collected from 2,845 U.S. and Canadian employers representing 220,000 IT professionals with whom the firm has forged long term research partnerships.

Founded in 1997 and comprised of former Gartner and META Group industry analysts, McKinsey & Company, Towers Watson, and Mercer senior consultants, and former corporate HR, IT, and business executives, the firm’s research division publishes more than 130 quarterly-updated IT decision support benchmark research products that help employers benchmark their IT professional compensation, solve difficult information technology management and workforce problems, and strengthen their ability to execute complex solutions to increasing revenues, improving profitability, and building customer satisfaction.

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- *IT Professional Salary Survey*
- *IT Skills and Certifications Pay Index™*
- *IT Salary+Skills Pay Survey Reports™*
- *IT Professional Job Descriptions*
- *IT Insider Workforce Trends Series™* reports
- *IT Skills Demand and Pay Trends Report™*
- *IT Skills and Certifications HOT LIST Forecast*
- *IT Skills & Certifications Volatility Index*

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