



ADP® Workforce Vitality Report Q3 2016 Shows Continued Growth in Wages

ROSELAND, N.J. – OCTOBER 19, 2016 – According to the *ADP Workforce Vitality Report*, overall wage growth increased by 2 percent year over year across all industries in the third quarter and is in line with the 1.9 percent growth in wages reported by the U.S. Bureau of Labor Statistics (BLS). The *ADP Workforce Vitality Report* tracks the same set of workers over time, which provides a more insightful picture of wage growth among those who are consistently employed. This same set of workers includes job holders, who stayed in their same job for at least one year, and those who changed jobs, referred to as job switchers.

When this report looks deeper into segments of the labor force, overall job holders' wages grew by 4.3 percent and job switchers' grew slightly less by 3.6 percent year over year for the third quarter. Wage growth rate slowed slightly for job switchers, whereas job holders' growth rate remained steady. On average, job holders' hourly wage levels are \$10 more than that of job switchers.

TABLE 1: Wages

Quarter	Wage Level		Wage Growth (yoy)	
	Holders	Switchers	Holders	Switchers
Q4 2015	\$28.76	\$19.02	4.2%	3.8%
Q1 2016	\$29.07	\$19.71	4.3%	3.7%
Q2 2016	\$28.98	\$19.98	4.3%	3.7%
Q3 2016	\$29.07	\$19.59	4.3%	3.6%

Looking at wage growth among full-time workers, job switchers increased wages by an average of 5 percent when compared to job holders at 4.2 percent. Considering wages across industries, the goods sector proved to be less attractive for job switchers compared to the service sector. Across the board in the industries in the service sector, job switchers' wage growth exceeded that of job holders. The information industry continues to lead the way in terms of wage growth at 5.2% and is the highest paid overall at \$41.37 per hour. This industry is made up of many highly paid, well-educated workers who are valued and in short supply. Among full-time job switchers, workers switching from leisure/hospitality jobs gained the most when making a move. This is not surprising, as there are more low paying jobs in these industries, and even a little increase in wages would translate to a considerable growth because of their lower wage base.

"Employees in the information industry are experiencing some of the highest growth in wages, while overall employment growth in this area is relatively slow," said Ahu Yildirmaz, vice president and head of the ADP Research Institute®. "I believe this is fueled by a war for talent among information industry employers who are increasing wages to attract and retain top talent."

Employment growth was strongest in construction, whereas manufacturing, and resources and mining industries suffered job losses. Among the service sector, information was the slowest growing industry.

TABLE 2: Q3 2016 Wages and Employment by Industry

Industry	Wage Level Full-Time		Wage Growth (yoy) Full-Time		Employment Growth (yoy)
	Holders	Switchers	Holders	Switchers	
ALL	\$32.10	\$31.36	4.2%	5.0%	1.9%
Manufacturing	\$32.15	\$34.14	4.0%	2.7%	-0.1%
Construction	\$29.52	\$26.01	4.7%	4.4%	4.4%
Resources and Mining	\$40.78	\$29.04	-0.1%	-9.6%	-18.1%
Finance and Real Estate	\$34.45	\$30.84	4.6%	5.0%	2.2%
Information	\$40.56	\$41.37	5.2%	6.8%	0.5%
Professional and Business Services	\$38.02	\$34.91	4.6%	6.4%	2.8%
Leisure and Hospitality	\$24.11	\$16.63	5.2%	7.5%	2.8%
Education and Health Services	\$30.05	\$27.36	3.8%	6.6%	2.6%
Trade, Transportation, and Utilities	\$29.50	\$28.52	4.1%	4.4%	1.6%

Workforce dynamics vary considerably across all regions as well. The region that remains the strongest for wage level and growth is the West, which despite exposure to commodities and the high dollar, benefits from strong demographics, booming tech, tourism and international trade, and a recovering housing market. While the South shows average employment growth, it is the lowest in terms of wage growth among all reported regions.

TABLE 3: Q3 2016 Wages and Employment by Region

Region	Wage Level Holders	Wage Growth (yoy) Holders	Employment Growth (yoy)
West	\$31.48	4.8%	2.4%
South	\$27.84	4.0%	2.3%
Northeast	\$31.43	4.3%	1.4%
Midwest	\$26.53	4.3%	1.3%

To summarize wage trends across all reported areas, the best wage growth is in the West, in the leisure & hospitality industry, among women, younger workers, those with little job tenure and those employed at large-sized companies.

TABLE 4: Who fared the Best by Third Quarter: Year over year Wage Growth for Job Holders

Age	24 and younger	8.7%
Tenure	Less than 3 years	5.4%
Industry	Leisure & Hospitality	5.3%
Region	West	4.8%
Gender	Female	4.6%
Size	1000+	4.5%

The 4th Quarter 2016 *ADP Workforce Vitality Report* will be released on Wednesday, January 18, 2017.

About the ADP Workforce Vitality Report

The *ADP Workforce Vitality Report* was developed by the ADP Research Institute in collaboration with Moody's Analytics. It is an unprecedented, in-depth quarterly analysis of the vitality of the U.S. labor market based on actual data that identifies labor market trends and dynamics across multiple dimensions. These dimensions include employment growth, job turnover, wage growth and hours worked. In addition to the macro data presented in the report, there are also segment-specific findings by industry, state, gender, age, experience, and pay level. For more information about the report, please visit <http://workforcereport.adp.com/>.

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ADP - Media**Media Contact:**

Michael Schneider

ADP

(973) 974-5678

michael.schneider@adp.com