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ADP® Workforce Vitality Report Q1 2017 Shows Steady Growth in Wages

ROSELAND, N.J. – APRIL 19, 2017 – According to the [ADP Workforce Vitality Report](#), overall wage growth increased by 2.3 percent year over year across all industries in the first quarter of 2017 and is somewhat lower than the 2.8 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 than overall wage growth. This 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.

Job holders' wages grew by 4.3 percent and job switchers' wages grew slightly less by 3.6 percent year over year in the first quarter. On average, job holders' hourly wage levels were \$10 more than that of job switchers'. Tracking full-time workers alone, job switchers increased their wages by an average of 5.2 percent when compared to job holders, who saw their wages rise by 4.3 percent.

TABLE 1: Annual Wage Growth Q1 2017

Quarter	Wage Level		YOY Wage Growth	
	Holders	Switchers	Holders	Switchers
Q2 2016	\$28.98	\$19.98	4.3%	3.7%
Q3 2016	\$29.07	\$19.59	4.3%	3.6%
Q4 2016	\$29.16	\$19.32	4.3%	3.7%
Q1 2017	\$29.57	\$19.33	4.3%	3.6%

Considering wages across industries, the service sector proved to be more attractive for job switchers than the goods sector. Across most service industries, job switchers' wage growth exceeded that of job holders. The Information industry continued to offer the highest hourly wages, where job holders earned \$45 per hour on average and job switchers earned \$47 per hour on average. Meanwhile, full-time workers who switched jobs to the leisure and hospitality industry gained the most with an 8.5 percent increase in wages.

Employment growth was strongest in construction, whereas manufacturing is stagnant, and resources and mining industries suffered job losses. Within the service sector, information suffered negative growth in employment.

“The information industry showed negative job growth in the first quarter,” said Ahu Yildirmaz, Co-Head of the ADP Research Institute®. “As a result, job holders and job switchers in this industry are experiencing high wage growth, as employers seek to retain and attract top talent in this limited pool of workers.”

TABLE 2: Q1 2017 Annual Wage Growth by Industry

Industry	Wage Level Full-Time		YOY Wage Growth Full-Time		Yearly Employment Growth
	Holders	Switchers	Holders	Switchers	
ALL	\$33.82	\$36.22	4.3%	5.2%	1.8%
Manufacturing	\$33.75	\$40.91	4.0%	3.4%	0.4%
Construction	\$32.01	\$29.07	4.8%	5.6%	4.1%
Resources and Mining	\$40.98	\$37.11	3.0%	-6.5%	-5.3%
Finance and Real Estate	\$36.91	\$35.33	4.6%	4.9%	2.0%
Information	\$44.65	\$47.42	5.1%	6.5%	-0.8%
Professional and Business Services	\$40.25	\$39.59	4.5%	6.2%	2.7%
Leisure and Hospitality	\$25.92	\$22.92	5.0%	8.5%	2.9%
Education and Health Services	\$31.11	\$29.29	4.0%	6.5%	2.2%
Trade, Transportation, and Utilities	\$31.01	\$30.49	4.1%	4.3%	1.0%

There is variability in labor market dynamics across regions. The average wage level for job holders in the Midwest is the lowest of all four regions with a rate of \$27 per hour. This could be due to the weak goods-sector and relative cost of living in this area. The West, however, continues to be the strongest region for both employment and job growth.

TABLE 3: Q1 2017 Annual Growth by Region

Region	Annual Employment Growth	Wage Level, Holders	Wage Growth, Holders
West	2.2%	\$32.05	4.8%
South	2.1%	\$28.19	4.1%
Northeast	1.5%	\$32.24	4.2%
Midwest	1.3%	\$27.00	4.3%

To summarize the trends across a variety of dimensions; the strongest wage growth can be found in the West, the leisure & hospitality industry, among women and younger workers, workers with little job tenure and those employed in large companies.

TABLE 4: Who Fared the Best in First Quarter: Annual Wage Growth for Job Holders

Age	24 and younger	8.7%
Tenure	Less than 3 years	5.4%
Industry	Leisure & Hospitality	5.0%
Region	West	4.8%
Gender	Female	4.6%
Size	500-999	4.5%

The 2nd Quarter 2017 *ADP Workforce Vitality Report* will be released on Wednesday, July 19, 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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