

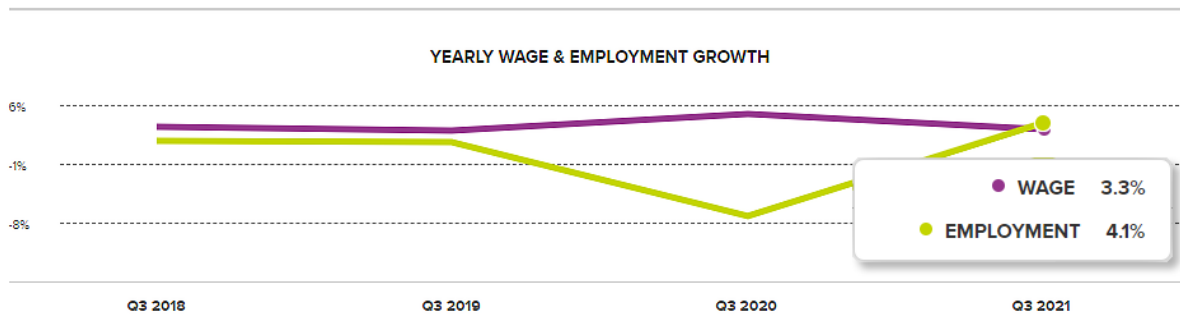


U.S. Wage Growth Increased by 3.3 Percent, Aligned with Pre-Pandemic Growth, While Wages for U.S. Job Switchers Increased 6.6 Percent Since September 2020 to Meet Demand for Workers

*Employment growth **increased** to 4.1 percent from second quarter 2021*

ROSELAND, N.J. – October 27, 2021 – Third quarter U.S. wage growth increased 3.3 percent, in line with growth in the months leading up to the pandemic; however, wage growth for job switchers increased 6.6 percent since September 2020 according to the ADP Research Institute® [Workforce Vitality Report](#) (WVR) released today. Employment growth increased by 4.1 percent in September 2021.

Chart 1: Yearly Wage & Employment Growth – September 2021



Yearly U.S. wage and employment growth according to the ADP Workforce Vitality Report by the ADP Research Institute.

“According to ADP data, U.S. wage growth has begun to align with pre-pandemic levels, reporting 3.3 percent increase for all employees. Though overall wage growth is normalizing back to pre-pandemic levels, the uptick in hiring demand is still boosting pay for job switchers, whose wages grew 6.6 percent from last year,” said Nela Richardson, chief economist, ADP. “As the economy continues to regain lost footing due to the pandemic, we are seeing pockets of unevenness in wage growth across the workforce as employers continue to offer competitive compensation, as well as in sectors such as leisure and hospitality which reported the greatest employment gains. Further, females switched jobs at a higher rate than men and outpaced their male counterparts in wage growth and job switching wage growth, though from a lower wage level.”

Employment growth year-over-year increased 4.1 percent. Wage growth was positive across almost all sectors with trade, professional services and construction leading the way; information reported no net change in employment. Leisure and hospitality experienced the biggest gain with 15 percent employment growth, as the sector slowly recovers from the hefty layoffs due to the pandemic.

Table 1: Wage and Employment Growth by Industry – September 2021

Industry	Wages	YOY Wage Growth				Yearly Growth	
		All	Holders	Entrants	Switchers	Employment Growth	Switching Rate
-ALL-	\$31.22	3.3%	4.8%	2.5%	6.6%	4.1%	21.5%
Goods							
Construction	\$31.24	5.0%	5.2%	4.7%	6.7%	2.9%	16.4%

Manufacturing	\$32.44	3.2%	4.9%	7.1%	7.5%	1.8%	17.9%
Resources and Mining	\$38.81	-3.5%	4.8%	0.0%	7.3%	7.6%	4.7%
Services							
Information	\$46.36	4.4%	5.3%	3.6%	10.5%	0.0%	20.7%
Finance and Real Estate	\$36.31	2.7%	4.8%	-0.3%	8.8%	1.0%	18.4%
Professional and Business Services	\$39.75	5.7%	5.8%	7.2%	10.6%	3.1%	24.8%
Education and Health Services	\$29.47	0.6%	3.0%	2.6%	4.4%	3.6%	19.4%
Leisure and Hospitality	\$19.20	1.0%	6.8%	2.7%	0.4%	15.0%	27.4%
Trade, Transportation, and Utilities	\$27.68	6.7%	5.5%	-1.4%	2.9%	2.4%	23.8%

Across the U.S., most regions experienced similar wage growth near the national average of 3.3 percent, with the exception of the Mid-west which came in below average at 1.7 percent. Job switchers saw improved wage growth at 6.6 percent from the previous quarter as firms compete for workers. By firm size, employees from mid to large size firms saw higher wage growth than those employed at small businesses.

Table 2: Wage and Employment Growth by Region and Firm Size – September 2021

Region	Wages	YOY Wage Growth				Yearly Growth	
		All	Holders	Entrants	Switchers	Employment Growth	Switching Rate
-USA-	\$31.22	3.3%	4.8%	2.5%	6.6%	4.1%	21.5%
MIDWEST	\$28.93	1.7%	3.9%	3.8%	4.3%	2.4%	20.3%
NORTHEAST	\$35.23	3.2%	4.9%	2.5%	8.8%	4.7%	22.0%
SOUTH	\$28.98	3.8%	4.9%	1.5%	5.9%	3.3%	21.8%
WEST	\$33.86	3.7%	5.2%	3.2%	8.0%	6.4%	21.7%
Company Size							
-ALL-	\$31.22	3.3%	4.8%	2.5%	6.6%	4.1%	21.5%
49 or less	\$28.05	2.4%	4.6%	3.5%	5.1%	3.8%	17.1%
50 to 499	\$31.34	3.8%	5.2%	4.6%	7.0%	2.9%	22.9%
500 to 999	\$32.11	3.8%	5.1%	4.1%	4.3%	4.8%	21.3%

1000 or more	\$32.83	3.3%	4.5%	0.9%	7.5%	4.8%	23.6%
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Job switching increased from the previous quarter from 5.8 percent to 6.6 percent. Among the genders, females switched at a higher rate than males at 22.4 percent compared to 20.6 percent, respectively and also saw slightly higher wage growth. Although female job switchers are realizing larger gains than their male counterparts, some of this gap is due to the differing industry composition of jobs recovered for men and women.

Table 3: Wage and Switching Rate by Industry and Gender – September 2021

Industry	Gender	Share	Switching Rate	Switching Wage	Switchers' Wage Growth
ALL	Female	49%	22.4%	\$28.17	7.0%
	Male	51%	20.6%	\$33.46	6.4%
Construction	Female	21%	16.8%	\$25.60	5.6%
	Male	79%	16.3%	\$28.70	7.0%
Manufacturing	Female	35%	19.6%	\$37.35	8.6%
	Male	65%	17.1%	\$35.37	7.0%
Finance & Real Estate	Female	55%	18.3%	\$31.26	8.1%
	Male	45%	18.5%	\$45.36	9.8%
Information	Female	40%	21.2%	\$47.16	10.8%
	Male	60%	20.4%	\$59.70	10.7%
Professional & Business Serv	Female	49%	26.5%	\$38.18	10.7%
	Male	51%	23.4%	\$45.84	10.9%
Education & Health	Female	76%	20.1%	\$24.58	3.9%
	Male	24%	17.4%	\$31.53	6.3%
Leisure & Hospitality	Female	52%	27.6%	\$16.31	-1.5%
	Male	48%	27.2%	\$16.80	1.9%
Trade, Transportation & Utilities	Female	44%	25.7%	\$24.47	6.4%
	Male	56%	22.5%	\$26.96	1.3%

Across all age groups, employment growth was the most significant for employees age 24 or less and workers over the age of 55, possibly reflecting those rejoining the workforce post-pandemic. Female wage growth has surged to 4.5 percent, in part because they are coming from a lower wage, while the increase for men has been much more tepid, only at 2.4 percent in September 2021.

Table 3: Wages by Gender and Age – September 2021

		24 or less	25 to 34	35 to 54	55 or more	-ALL-
Employment Growth	-ALL-	7.7%	2.0%	3.1%	6.0%	4.1%
	Female	9.3%	1.3%	2.8%	5.8%	4.0%

	Male	6.0%	2.6%	3.4%	6.2%	4.1%
Wage Growth	-ALL-	2.0%	3.8%	3.5%	2.4%	3.3%
	Female	5.0%	5.7%	4.5%	3.0%	4.5%
	Male	-0.5%	2.3%	2.8%	2.0%	2.4%
Wage Level	-ALL-	\$16.53	\$26.84	\$35.32	\$35.30	\$31.22
	Female	\$15.67	\$25.58	\$31.32	\$29.39	\$27.66
	Male	\$17.35	\$27.91	\$38.52	\$39.87	\$34.13
Males Earning More		11%	9%	23%	36%	23%

About the ADP Workforce Vitality Report

The *ADP Workforce Vitality Report (WVR)* was developed by the ADP Research Institute. It is an unprecedented, in-depth monthly analysis (published quarterly) 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 switching, 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. Established in October 2014, the report methodology was updated in April 2018 utilizing monthly data to include additional data points and deeper insights. For more information about the report, please visit <http://workforcereport.adp.com/>.

Type of Workforce

Holders: Workers who were employed by the same company for the past 12 months. The wage growth is the rate of change in wages in that time period.

Switchers: Workers who changed employers between consecutive months. The wage growth is calculated from the 12 month moving average of wage growth.

Entrants: First time workers who are less than 25 years old. The wage growth is calculated from the 12-month moving average of wages.

To see detailed results from the *ADP Workforce Vitality Report* for June 2021, including data broken down by region, firm size, industry, gender, and age visit <http://workforcereport.adp.com/>. The third quarter 2021 *ADP Workforce Vitality Report* will be released on Wednesday, October 27, 2021.

About the ADP Research Institute

The mission of the ADP Research Institute is to generate data-driven discoveries about the world of work, and to derive reliable economic indicators from these insights. We offer these findings to the world at large as our unique contribution to making the world of work better and more productive, and to bring greater awareness to the economy at large.

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