

U.S. Wage Growth Remained at 3.2 Percent for Fourth Quarter 2019

Employment growth decelerated by a 0.5 percentage point since the beginning of the year

ROSELAND, N.J., Jan. 22, 2020 /PRNewswire/ -- Wages for U.S. workers grew 3.2 percent over the last year, increasing the average wage level by \$0.88 to \$28.93 an hour, according to the ADP Research Institute® [Workforce Vitality Report](#) (WVR) released today. The wage growth of 3.2 percent corresponds to the Bureau of Labor and Statistics (BLS) numbers of 2.9 percent which was published this month.

"The final quarter of 2019 was marked with a slight deceleration in job growth and wage growth was unchanged," said Ahu Yildirmaz, co-head of the ADP Research Institute. "Wage growth for holders and entrants decelerated, whereas switchers experienced acceleration."

Earlier this year, job holders, job switchers, and entrants saw wage growth of 5 percent or better; however, job holders are now seeing only 4.6 percent growth, entrants stand at 4.9 percent, and switchers came in at 5 percent.

Wage growth across industries had been tightly clustered between 3.5 percent and 4.5 percent; however, the differences are becoming clearer. Resources and mining continues to be the weakest performer, with wages falling year-over-year. Education and health services also experienced low wage growth at 1.8 percent, less than half the rate from one year ago. However, job holder wage growth in education and health services remains above 4 percent and employment growth is among the strongest of any industry, indicating that overall wage growth is likely being weighed down by changes in industry worker composition.

Table 1: Wage and Employment Growth by Industry - December 2019

Industry	Wages	YOY Wage Growth				Yearly Growth	
		All	Holders	Entrants	Switchers	Employment Growth	Switching Rate
-ALL-	\$28.93	3.2%	4.6%	4.9%	5.0%	1.6%	20.5%
Goods							
Construction	\$29.45	4.3%	5.0%	2.1%	7.9%	4.3%	15.9%
Manufacturing	\$30.33	4.0%	4.9%	3.8%	5.2%	0.2%	17.9%
Resources and Mining	\$34.82	-0.9%	4.1%	-2.3%	4.4%	-2.4%	10.0%
Services							
Information	\$41.97	2.2%	5.2%	-1.7%	11.0%	0.8%	18.9%
Finance and Real Estate	\$34.36	4.3%	4.7%	2.6%	6.0%	1.5%	18.7%
Professional and Business Services	\$36.70	3.3%	4.5%	3.1%	7.7%	2.0%	23.8%
Education and Health Services	\$27.54	1.8%	4.2%	4.8%	3.1%	2.5%	19.4%
Leisure and Hospitality	\$18.11	5.5%	5.5%	2.8%	-2.6%	2.2%	24.4%
Trade, Transportation, and Utilities	\$25.40	3.5%	4.6%	8.1%	3.4%	0.4%	20.9%

Workers in the Midwest outpaced other regions with 3.9 percent wage growth, although the hourly wage rate was the lowest at \$27. The Midwest also experienced the lowest employment growth at 0.8 percent. Job switchers fared best in the West experiencing a wage growth of 6.7 percent, while job entrants in the Northeast fared the best with wage growth of 6.2 percent. By firm size, workers at large firms had the highest wage growth rate at 3.4 percent, with employment growth at 3 percent.

Table 2: Wage and Employment Growth by Region and Firm Size - December 2019

Region	Wages	YOY Wage Growth				Yearly Growth	
		All	Holders	Entrants	Switchers	Employment Growth	Switching Rate
-USA-	\$28.93	3.2%	4.6%	4.9%	5.0%	1.6%	20.5%
MIDWEST	\$27.00	3.9%	4.5%	5.3%	4.7%	0.8%	19.4%
NORTHEAST	\$32.43	2.7%	4.6%	6.2%	5.4%	1.3%	21.8%
SOUTH	\$27.00	2.9%	4.4%	4.5%	4.0%	1.8%	20.4%

WEST Company Size	\$31.18	3.2%	5.1%	4.2%	6.7%	2.3%	20.8%
-ALL-	\$28.93	3.2%	4.6%	4.9%	5.0%	1.6%	20.5%
49 or less	\$26.74	2.7%	3.9%	4.7%	3.2%	0.3%	14.6%
50 to 499	\$29.07	3.1%	4.7%	2.5%	5.5%	0.3%	22.7%
500 to 999	\$30.04	2.9%	4.9%	5.0%	4.8%	3.0%	21.1%
1000 or more	\$30.00	3.4%	4.9%	6.5%	5.2%	3.0%	23.1%

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 the fourth quarter of 2019, including data broken down by region, firm size, industry, gender, and age visit <http://workforcereport.adp.com/>. The first quarter 2020 *ADP Workforce Vitality Report* will be released on Wednesday, April 22, 2020.

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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