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Today at Work

Labor market liftoff

We found five cities where pay increases, hiring, and new-hire wages are fueling high-flying job markets.

Also in this issue

ADP Research

OUR MISSION

Our mission is to make the future of work more productive through data-driven discovery. Companies, workers, and policymakers rely on our finely-tuned data and unique perspective to make informed decisions that impact workplaces around the world.

ABOUT TODAY AT WORK

Today at Work, released quarterly, is built on a foundation of ADP payroll data representing more than 25 million U.S. workers and nearly a decade of ongoing surveys that have reached more than 600,000 workers in 29 countries. Combined, these data sets provide a recurring, people-centered, and comprehensive view of the world of work.

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IN THIS ISSUE

LETTER FROM NELA

Looking beyond the topline data

It's become clear that hiring by U.S. employers has slowed over the last year. However, a close inspection of the numbers reveals interesting trends by location, worker demographics, and job type, information that can't be seen by looking at single, topline economic data points.

In this issue of *Today at Work*, we highlight the dynamic complexity of the U.S. labor market, something that can't be captured in a single data point.

For example: At a time when the overall labor market is softening, **Liv Wang** found five metro areas where hiring and pay are strong. After reading Liv's cover story, you can dive into hiring and pay trend data for 55 large metros on our website.

Also in this issue, we turn the spotlight on young adults and their preference (or lack thereof) for blue-collar work. **Ben Hanowell** and **Sam Adieze** dig deep into the so-called toolbelt generation to come away with some interesting findings and one big caveat: Given how jobs are evolving, it might be time to abandon the blue-collar and white-collar labels altogether.

Sticking with young workers, Ben analyzes the job market for recent college graduates, who have been more vulnerable than other workers to the recent hiring slowdown.

While there's been a lot of discussion about wages since the pandemic, there's been little analysis about wage garnishments. **Jeff Nezaj** closes this gap with data showing that garnishments have declined over the past four years despite big increases in student loan debt and credit card balances.

In our final article, **Dr. Mary Hayes** and **Jared Northup** ask a compelling question: Would you rather be unemployed or unhappy? The answer? Well, it depends. Read on for details.

Nela

Dr. Nela Richardson
Chief economist and ESG officer,
Head of the ADP Research Institute

Labor market liftoff!

We found five cities with a good balance of pay increases, hiring, and new-hire wages.

LIV WANG
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Pay gains for U.S. workers have been slowing steadily since the second half of 2022 as the economy works its way to a post-pandemic normal. But pay and hiring dynamics at the metro level can look quite different from the national data tracked by ADP's Pay Insights report.

For Main Street businesses, job-hunters, and others, localized data is valuable, so we dug deeper into our payroll data to rank U.S. employment hubs by pay growth, starting wages for new hires, and the hiring rate.

Focusing on 55 U.S. metros with populations of at least 1 million, we observed total gross pay for individual workers, including overtime, tips, bonuses, and commissions, in addition to salary and hourly wages. We calculated the year-over-year change in annual pay for each individual, yielding a sample of some 15 million workers in June 2024.

But tracking pay isn't enough. To stay competitive in the labor market, employers also need to keep up to date with wage-setting strategies for new hires.

We identified as many as 1.2 million new hires each month and tracked their starting base hourly wages from July 2023 to June 2024.

Finally, a person needs to be hired before they can get paid. To measure local demand for labor, we tracked hiring rates by calculating the number of new hires as a share of monthly total employment between July 2023 and June 2024.

HOW METROS STACK UP

Higher pay growth, higher starting wages for new hires, and higher hiring rates are associated with strong labor markets. Taking the three together, we calculated each metro's percentile rank on each of those data points, then ranked them using the geometric mean of the three metrics.

Five metros balance pay, wage growth, and hiring.

Using radar charts, we plotted percentile rankings on new-hire wages, annual pay growth, and the hiring rate. The further a point on the triangle is from the center, the better its ranking. Triangles that are more centered have more balanced performance.

DENVER-AURORA LAKEWOOD, CO

Median annual pay in Denver grew by 5.8 percent in the last 12 months. Median pay for new hires was $19 an hour, and the annual hiring rate was 4.5 percent. This market is strong in construction, professional and business services, and other service industries. In manufacturing, it ranks high in pay growth and hiring.

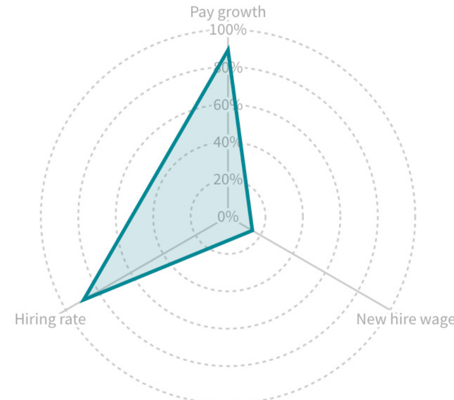
OKLAHOMA CITY, OK

Median annual pay in Oklahoma City grew by 5.6 percent in the last 12 months. Median pay for new hires was $15.70 an hour, and the annual hiring rate was 5.4 percent.

Construction is the city's highest-ranking industry. Leisure and hospitality, trade, transportation, and utilities, and natural resources and mining also have strong pay growth and hiring.

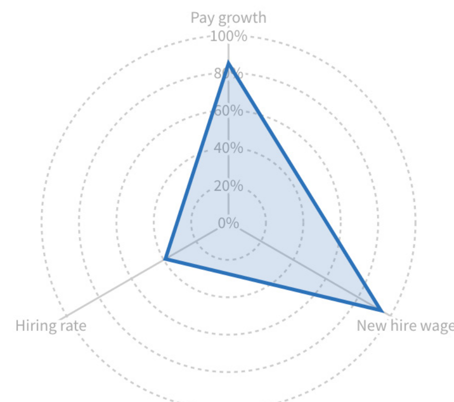
LAS VEGAS-HENDERSON-PARADISE, NV

Median annual pay in Las Vegas grew by 5.6 percent in the last 12 months. Median pay for new hires was $16 an hour, and the annual hiring rate was 5 percent. The region ranks highly in financial services, natural resources and mining, manufacturing, professional and business services, and trade, transportation, and utilities.



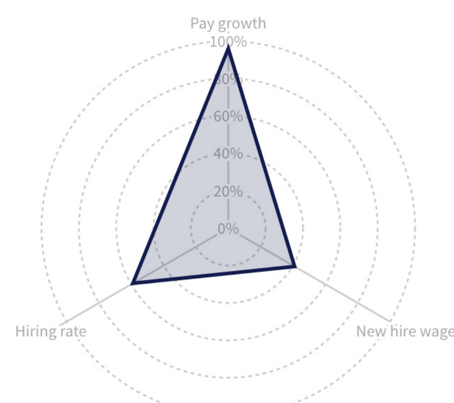
SEATTLE-TACOMA-BELLEVUE, WA

Median annual pay in Seattle grew by 5.4 percent in the last 12 months. Median pay for new hires was $20 an hour, and the annual hiring rate was 4 percent. The region Seattle ranks high across all three metrics for manufacturing and education and health services.



PORTLAND-VANCOUVER-HILLSBORO, OR-WA

Median annual pay in Portland grew by 5.8 percent in the last 12 months. Median pay for new hires was $17 an hour, and the annual hiring rate was 4.4 percent. Education and health, information, and other services rank highly.



The takeaway

The U.S. labor market isn't monolithic. By breaking down pay and hiring on a granular level, we found big differences between metros. For workers, comparing local labor markets can help guide career decisions. And employers can see where they stand in the sometimes-heated competition for talent.

For more, see *our report in Data Lab.*

Is the toolbelt generation real?

For a while, Gen Z's share of blue-collar work was growing quickly, but lately those gains have ebbed.

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A sizable share of the knowledge labor market is highly exposed to the newest forms of generative AI. At the same time, demand for young college graduates has fallen from a 2022 peak to below pre-pandemic levels.

It would be no surprise if these developments inspired a shift to blue-collar work among workers born between 1997 and 2012. Our research shows that half of these Gen Z adults believe that artificial intelligence will replace some or most of their job functions.

Falling college enrollment and rising vocational enrollment buttress the hypothesis that younger workers are becoming a toolbelt generation. Between 2019 and spring 2024, enrollment of bachelor's degree students fell by 3.6 percent and associate's degree enrollment fell by 15.9 percent. Vocational enrollment rose by 4.6 percent during the same time period.

To test the toolbelt generation claim, we turned to ADP payroll data to track the share of people in blue-collar, white-collar, and service jobs.

Between January 2019 and May 2024, the blue-collar share of employment rose faster for workers in their early 20s than for workers aged 25 to 39. But the blue-collar share for those younger workers has been relatively flat since 2022, signaling a potential plateau or reversal of the trend.

So the case of the toolbelt generation isn't closed just yet. But let's take a closer look.

2019-2024
Enrollment decrease

▼ **15.9%** Associate's degrees

▼ **3.6%** Bachelor's degrees

2019-2024
Enrollment increase

▲ **4.6%** Vocational school

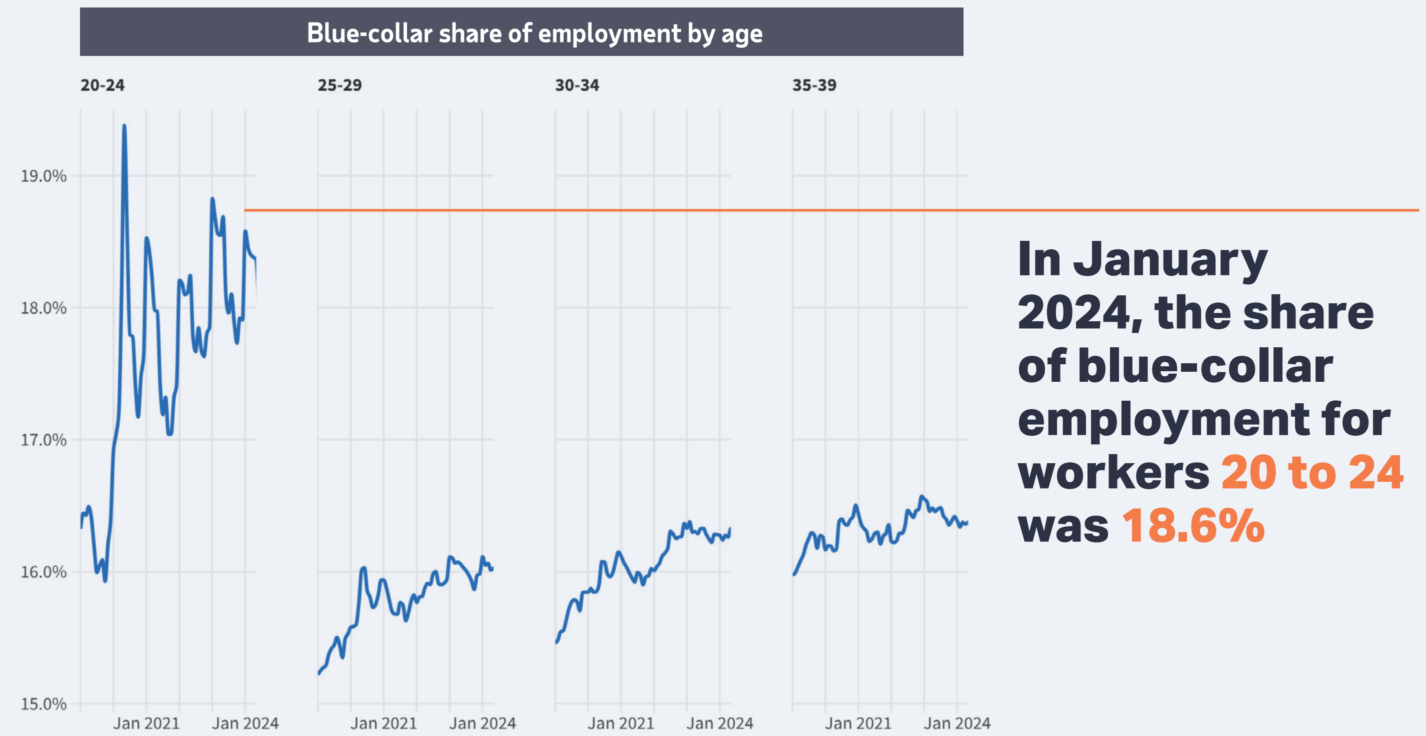
The rise of blue-collar work isn't clear cut

One clear sign of the toolbelt generation's arrival would be an increase in the blue-collar share of total employment for workers aged 20 to 24 between January 2019, when only the oldest members of Gen Z were in that age group, and now, when all of them are.

We would expect to see the strongest shift toward blue-collar work among 20- to 24-year-olds because they're just starting their careers and tuned to shifts in the labor market. Younger workers also are more responsive than older workers to changes in the actual or perceived benefits of post-secondary education versus vocational training.

Yet because demand for white-collar workers has cooled and demand for service workers is still recovering four years after the Covid-19 pandemic started, we also would expect to see a shift into blue-collar work across all but the oldest workers, who are less likely to be contemplating a career switch.

And that's exactly what we found. In January 2024, the blue-collar share of employment for workers 20 to 24 was 18.6 percent, 2.3 percentage points larger than that of the same age group in January 2019 and 2.5 percentage points larger than that of workers 25 to 39.



The takeaway

A toolbelt generation would be good news for U.S. employers and policymakers worried about shortages of skilled labor. But while payroll data shows signs of a blue-collar emergence, it's too soon to celebrate an entire generation of toolbelt workers.

And our analysis doesn't allow us to compare the uptake of blue-collar work among younger adults now to that of previous generations when they were the same age. So we can't say whether Gen Z prefers blue collar work any more than previous generations did back when.

Ultimately, the growing complexity of nearly all work in our advanced economy is a good reason to abandon the blue-collar and white-collar labels altogether. Just ask the engineer who spends part of her day at a desk and part of it on a construction site picking up a tool now and then. Or the arborist with an advanced science degree who wears steel-toed boots to his outdoor job. What color are their collars?

For more, see *our report in Data Lab.*

What is blue-collar work anyway?

While there's no hard-and-fast definition, blue-collar work involves the production of goods, while white-collar work occurs at a desk in an office. It sounds intuitive, but this delineation leaves lots of room for interpretation, especially in today's knowledge and service economy.

While acknowledging these limitations, for the purposes of examining the toolbelt generation, we identified blue- and white-collar workers using a Bureau of Labor Statistics system. For a time, BLS mapped major occupational groups to blue-collar, white-collar, and service work.

This practice, which the BLS discontinued in 2007, had pitfalls. For example, the service category combined occupations as disparate as health care support—think nursing assistants, phlebotomists, and physical therapy aides—and personal care and service occupations, such as recreation workers, barbers, hairstylists, and cosmetologists.

Still, for the purposes of this analysis, the BLS system gives us definitions consistent with prior reporting

That diploma might not help as much as you think

It's getting more difficult to find a job, especially for people with bachelor's degrees.

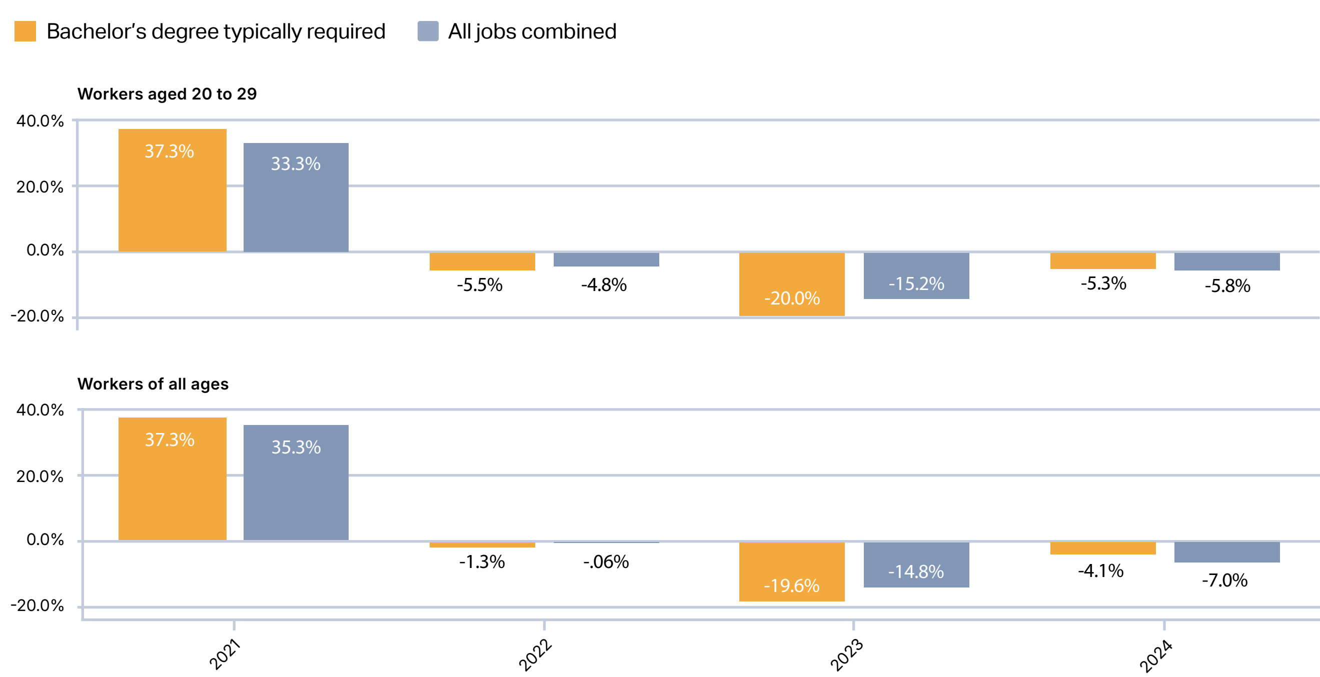
BEN HANOWELL
DIRECTOR OF PEOPLE ANALYTICS RESEARCH
ADP RESEARCH

The toolbelt generation might not be a thing yet, but hiring rates for workers 20 to 29 seeking jobs that require a bachelor's degree fell more than for workers in that age group as a whole. In other words, the labor market cooled substantially for all young workers in 2023, but it cooled even more for college graduates.

In fact, looking at data representing more than 16 million people at more than 31,000 U.S. employers from January 2019 through May 2024, we found that the overall labor market follows hiring trends similar to those we saw for young workers.

Annual percent change in hiring rate

As the labor market cooled in 2023, hiring rates for jobs that typically require a bachelor's degree shrank more than the broader job market. The year 2024 includes data up to May 2024.



Source: ADP data
Job requirement categories based on Occupational Information Network (O*NET) Job Zones that measure the education, experience, and training a job requires: Little to none, Some, Medium, Considerable, or Extensive, in increasing order.

A review of definitions

HOW WE MEASURE EDUCATION REQUIREMENTS

We map job titles to the Department of Labor's Occupational Information Network (O*NET) Job Zones to determine the education, experience, and training that jobs require.

Occupations fall into one of five zones:

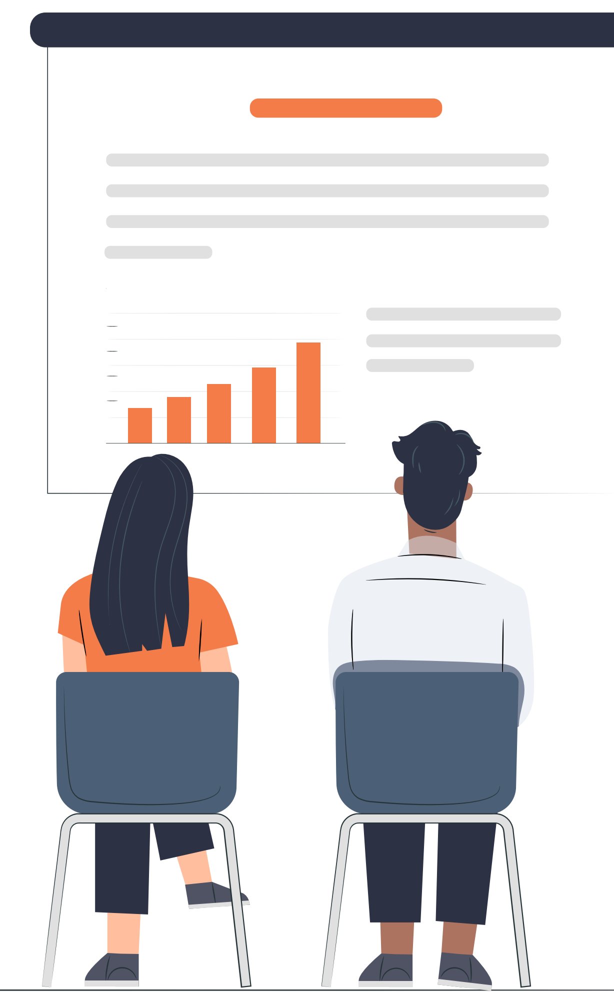
Job Zone	Job Zone name	Typical education requirement
1	**Little or no preparation**	Might require a high school diploma or GED
2	**Some preparation**	Usually require a high school diploma
3	**Medium preparation**	Require a vocational school or associate's degree
4	**Considerable preparation**	Most require a bachelor's degree
5	**Extensive preparation**	Most require graduate school

HOW WE MEASURE THE PACE OF HIRING

We counted the number of people hired into each Job Zone each month. We divided the number of these hires by employment in the same Job Zone and month. The result gives us the rate that employers grew their headcount in each zone. We present the result as a percentage.

HOW WE MEASURE EMPLOYMENT GROWTH

We measured the change in monthly employment growth each month by dividing the number of jobs within each Job Zone by their level in January 2019.



Wage garnishments were on the rise. Then the pandemic hit.

In 2020 the garnishment rate fell to two-thirds its pre-pandemic level.

Since then, it has continued to fall, but more slowly.

JEFF NEZAJ
SR PRINCIPAL DATA SCIENTIST
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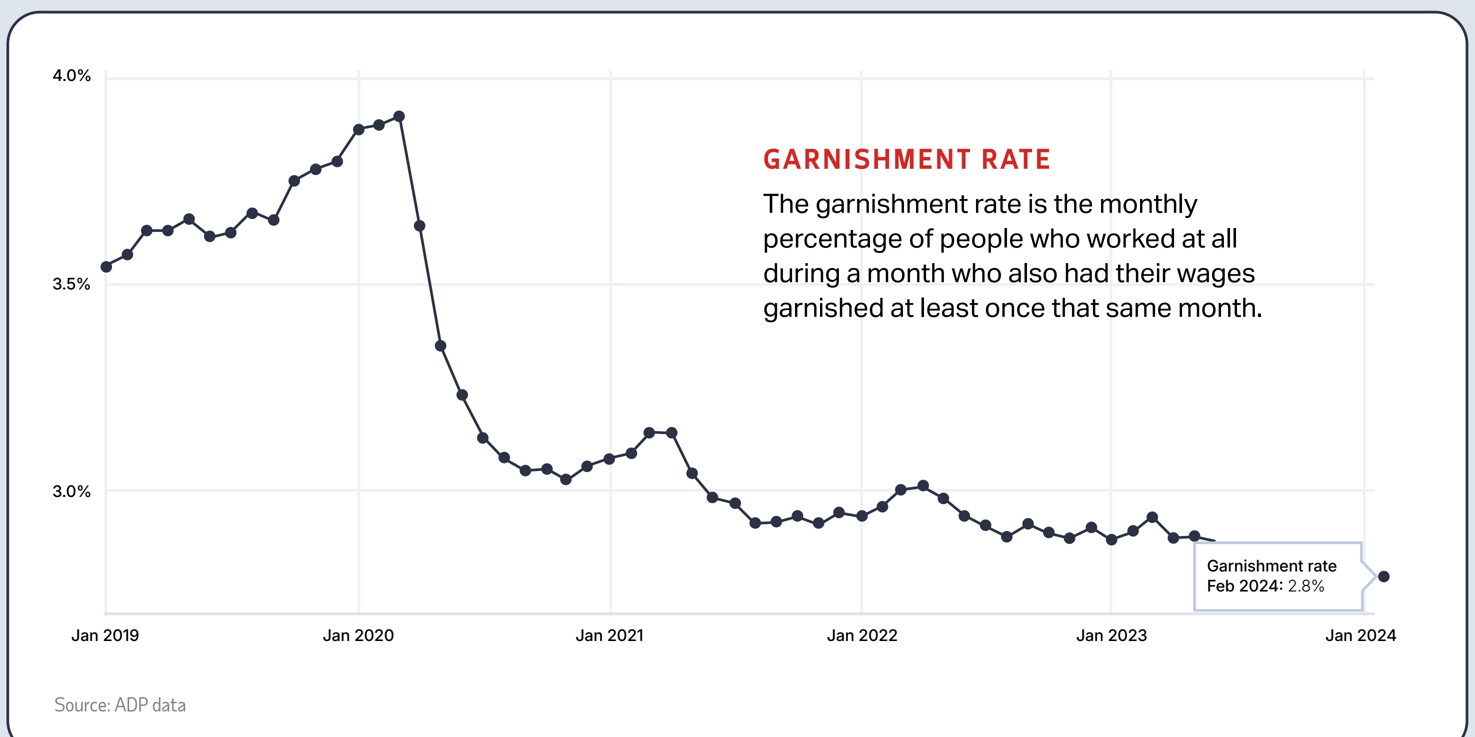
Household debt is on the rise, and the pain associated with that borrowing is starting to worsen. Personal bankruptcies are climbing, credit card delinquencies are inching up, and student loan debt has topped $1.6 trillion. In all, U.S. consumers hold nearly $17.7 trillion in debt, according to the Federal Reserve Bank of New York.

Yet wage garnishments—that last-ditch tool of debt collectors—have been falling. Court-ordered garnishments, which require employers to collect funds from an employee to fulfill financial obligations or pay debts, experienced a sharp decline in 2020 after the pandemic began. They've been falling since.

To calculate the garnishment rate, ADP Research analyzed payroll data representing more than 57 million people between November 2018 and February 2024. From there, we computed the garnishment rate, defined as the garnishment incidence per worker-month.

For a while, wage garnishment growth was outpacing job growth. It peaked in March 2020 at 3.9 percent, and a month later began to fall dramatically. By January 2024, the garnishment rate was 2.8 percent.



Source: ADP data

The student loan garnishment rate fell to near-zero with the pandemic.

And it's stayed that way ever since.

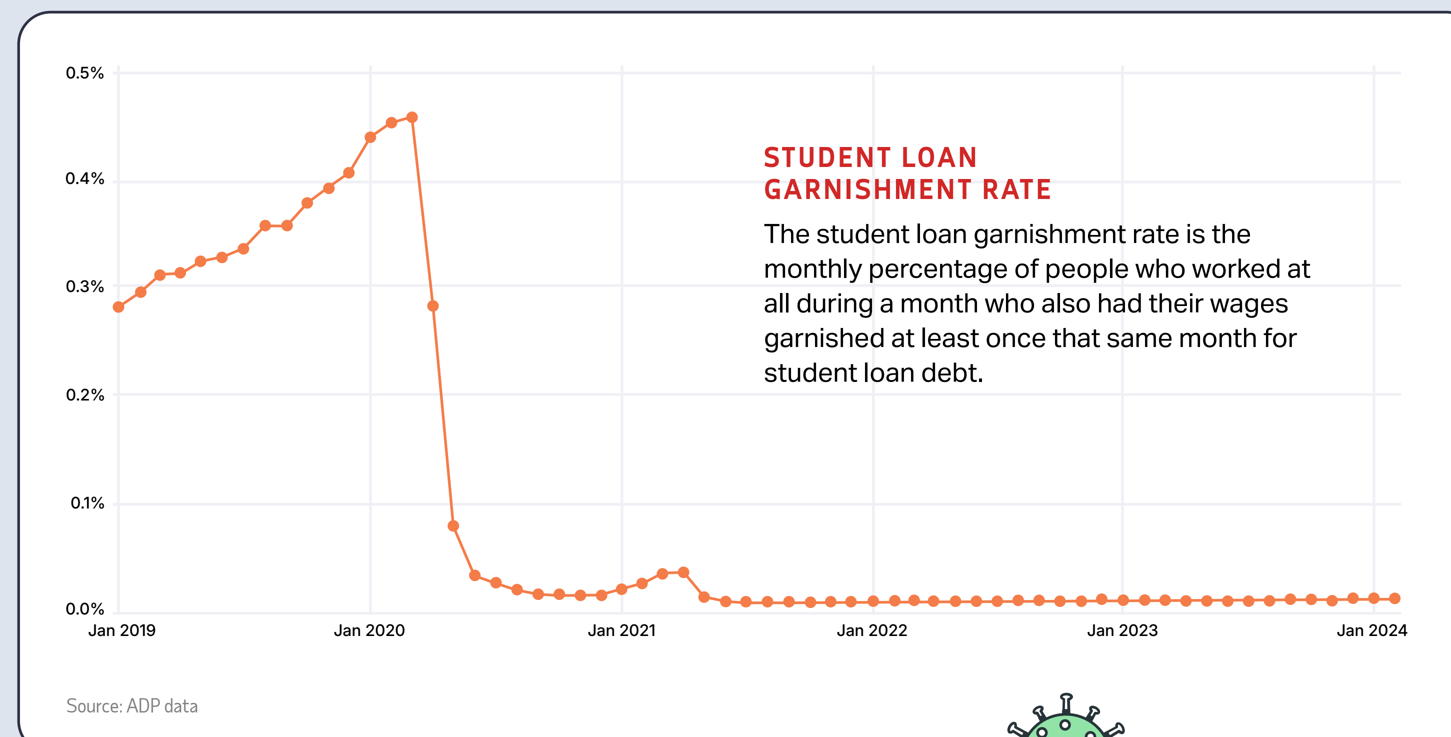
The big driver of this epic drop was student loans. Student loan garnishments began to fall in March 2020, pushing the rate from 0.45 percent to near zero. The U.S. Department of Education suspended student loan garnishments in April 2020 as part of the CARES Act.

Today, garnishments are below historic levels largely because of this freeze in student loan payments and garnishments. These federal relief programs made 2020 a paradigm-shifting year for garnishments.

The federal reset period for student loans is scheduled to end in September, and delinquencies on other debt, such as credit cards, are rising. Both might suggest a return to higher garnishment rates in the coming months.

For more, see our report in Data Lab.

For more on the practice of wage garnishments, see the ADP FAQ.



Source: ADP data

A job, or joy?

Many young workers would rather be unemployed than unhappy

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Beginning at the start of 2024, we presented U.S workers this choice, asking them to rate their reaction to this question: I would rather be unemployed than unhappy. We focused on respondents who chose the extreme ends of the five-point scale, classifying those who strongly agreed with the statement as "rather be unemployed" and those who strongly disagreed as "rather be unhappy".

Our monthly survey of 2,500 workers found that the older the worker, the more likely they are to value employment over happiness.

Among the youngest workers, 46 percent said they'd rather be without a job than be unhappy, compared to 28 percent of 40- to 58-year-olds.

But happiness is a notoriously mutable state, and we found a variety of other factors that might be at play.

PAY EQUITY

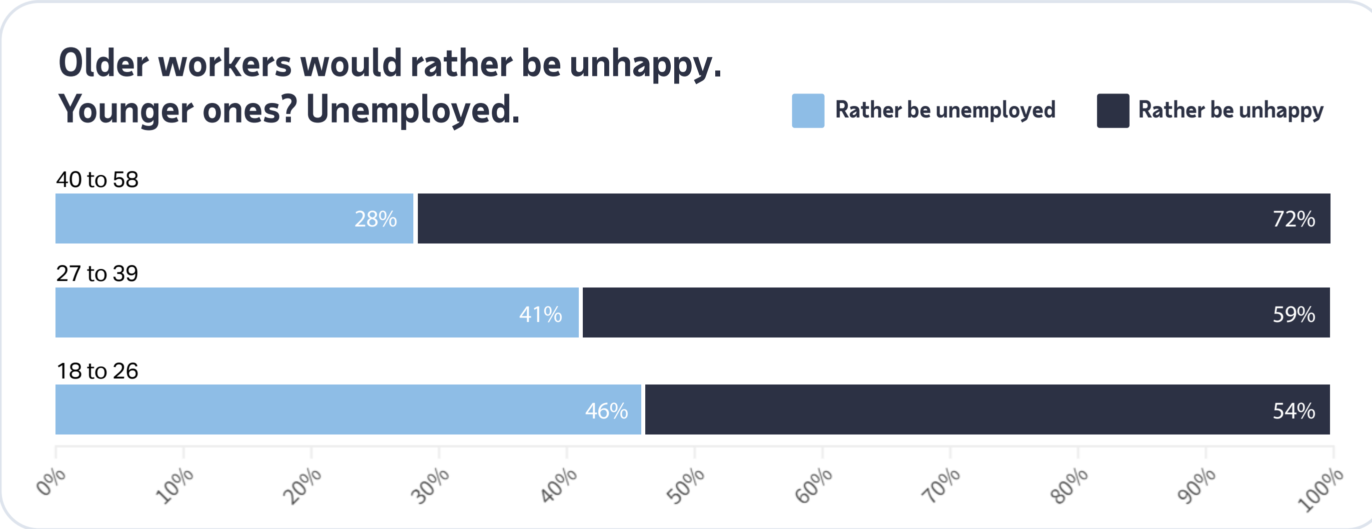
We started by asking if the unhappiness question was related to money. The short answer is no.

Employees who prioritize their happiness are less likely to say they are paid unfairly.

DISCRIMINATION

Our survey also asks respondents the following yes or no question: Are you currently experiencing discrimination in the workplace?

Here, we found a strong relationship. People experiencing discrimination at work are 2.5 times more likely to say they would rather be unemployed than people who aren't. About 70 percent of people who report experiencing discrimination say they would rather be unemployed.



Source: ADP Research Institute Employee Sentiment Survey.

CONNECTION

About 28 percent of our survey respondents feel strongly connected to their organization. But among those who would rather be unemployed than unhappy, connection drops 10 points, to 18 percent.

These individuals come in lower on all three points of connection we measure—being seen, being heard, and being valued. Younger workers who don't feel connected at work are the most likely to say they would rather be unemployed.

STRESS

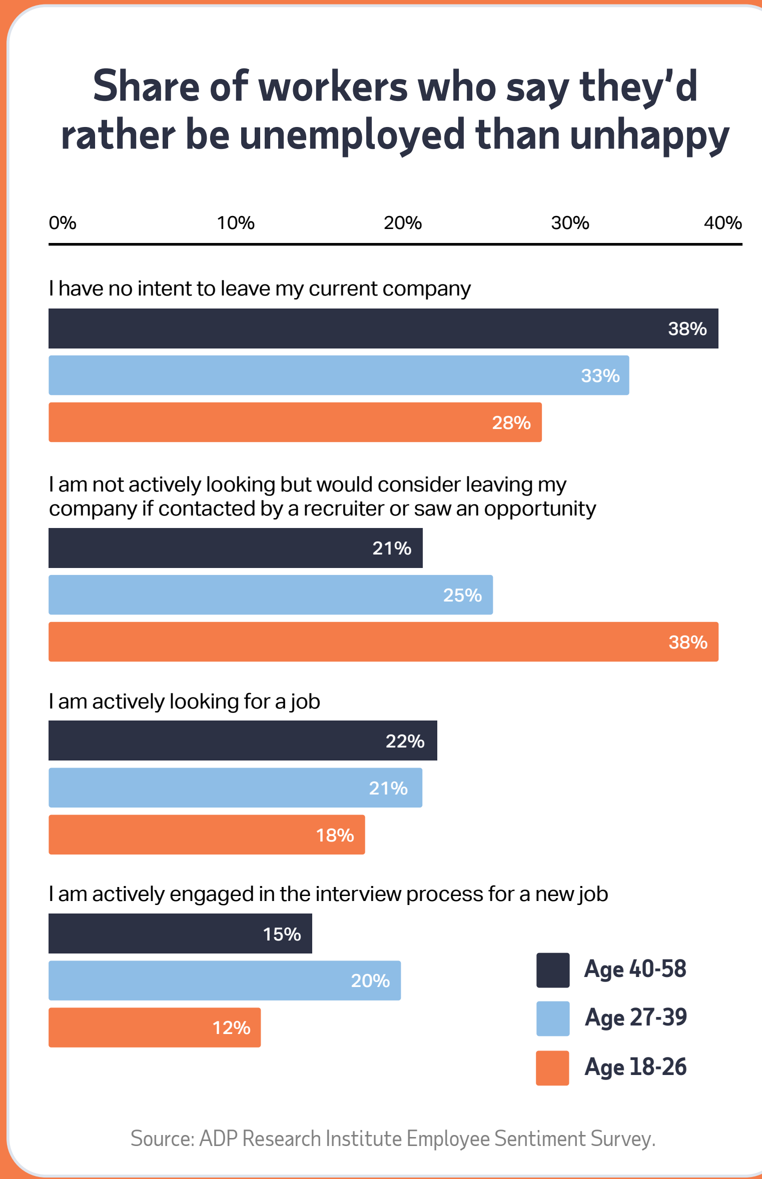
As our earlier research has shown, some people experience work pressure as positive stress (eustress) while others experience it as negative stress (distress).

Using these reactions, we can categorize workers as thriving, rattled, or overloaded. Only 19 percent of workers who prioritize happiness over employment are thriving, compared to 45 percent of workers who would rather be unhappy at work than quit.

Nearly half of Gen Z workers who report feeling overloaded say they would rather be unemployed than unhappy.

INTENT TO LEAVE

When we ask workers about their intent to stay with their current employer, about 18 percent say they're actively looking or interviewing for a new position. And people who say they would rather be without a job than be unhappy in fact do have a greater likelihood of following through with leaving. Thirty-seven percent of them are actively looking for work outside their current employer, compared to 11 percent of people who would rather be unhappy and employed.



Source: ADP Research Institute Employee Sentiment Survey.

Of all age groups, Gen Z workers who say they'd rather be unemployed than unhappy report the highest levels of discrimination and stress and the lowest levels of connection. Still, they are the least likely to follow through with leaving their job. This suggests that Gen Z workers might remain in environments where they experience discrimination, lack connection, and suffer from stress.

The takeaway

We can't say for certain that discrimination leads to lower connection, or to difficulty balancing good and bad stress, but we can see that, overall, these workers are more likely to head for the exits.

For more, *see our report in Data Lab.*

Today at Work

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