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PAYROLL

Jobs Report Shows Pay Increased by 6.5% Over Last Year

Gains in private employment were fragmented last month, with leisure and hospitality, natural resources, and construction taking the lead.

Isaac M. O'Bannon • Jun. 01, 2023



Private sector employment increased by 278,000 jobs in May and annual pay was up 6.5 percent year-over-year, according to the May *ADP National Employment Report* produced by the ADP Research Institute in collaboration with the Stanford Digital Economy Lab (“Stanford Lab”).

The jobs report and pay insights use ADP’s fine-grained anonymized and aggregated payroll data of over 25 million U.S. employees to provide a representative picture of the labor market. The report details the current month’s total private employment change, and weekly job data from the previous month. ADP’s pay measure uniquely captures the earnings of a cohort of almost 10 million employees over a 12-month period.

“This is the second month we’ve seen a full percentage point decline in pay growth for job changers,” said Nela Richardson, chief economist, ADP. “Pay growth is slowing substantially, and wage-driven inflation may be less of a concern for the economy despite robust hiring.”

May 2023 Report Highlights*

View the *ADP National Employment Report* and interactive charts at www.adpemploymentreport.com.

JOBS REPORT

Private employers added 278,000 jobs in May

Job growth is strong while pay growth continues to slow. But gains in private employment were fragmented last month, with leisure and hospitality, natural resources, and construction taking the lead. Manufacturing and finance lost jobs.

Change in U.S. Private Employment: 278,000

Change by Industry Sector

– Goods-producing: 110,000

- Natural resources/mining 94,000
- Construction 64,000
- Manufacturing -48,000

– Service-providing: 168,000

- Trade/transportation/utilities 32,000

- Information -15,000
- Financial activities -35,000
- Professional/business services -5,000
- Education/health services -29,000
- Leisure/hospitality 208,000
- Other services 12,000

Change by U.S. Regions

– Northeast: 197,000

- New England 76,000
- Middle Atlantic 121,000

– Midwest: 139,000

- East North Central 75,000
- West North Central 64,000

– South: -204,000

- South Atlantic -77,000
- East South Central -33,000
- West South Central -94,000

– West: 134,000

- Mountain -36,000
- Pacific 170,000

Change by Establishment Size

– Small establishments: 235,000

- 1-19 employees 116,000
- 20-49 employees 119,000

– Medium establishments: 140,000

- 50-249 employees 112,000
- 250-499 employees 28,000

– **Large establishments: -106,000**

- 500+ employees -106,000

PAY INSIGHTS

Pay gains slowed again in May

Last month brought a broad-based slowdown in pay increases. Job changers saw a gain of 12.1 percent, down a full percentage point from April. For job stayers, the increase was 6.5 percent in May, down from 6.7 percent.

Median Change in Annual Pay (ADP matched person sample).

– **Job-Stayers 6.5%**

– **Job-Changers 12.1%**

Median Change in Annual Pay for Job-Stayers by Industry Sector

– Goods-producing:

- Natural resources/mining 6.6%
- Construction 6.7%
- Manufacturing 5.9%

– Service-providing:

- Trade/transportation/utilities 6.4%
- Information 5.8%
- Financial activities 6.7%
- Professional/business services 6.2%
- Education/health services 7.0%
- Leisure/hospitality 8.4%
- Other services 6.4%

Median Change in Annual Pay for Job-Stayers by Firm Size

– Small firms:

- 1-19 employees 5.4%
- 20-49 employees 6.5%

– Medium firms:

- 50-249 employees 6.8%
- 250-499 employees 6.6%

– **Large firms:**

- 500+ employees 6.6%

To see Pay Insights by U.S. State, Gender, and Age for Job-Stayers, visit [here](#):

* Sum of components may not equal total, due to rounding.

The April total of jobs added was revised from 296,000 to 291,000. The historical data file, and weekly data for the previous month, is available at

<https://adpemploymentreport.com/>.

Payroll

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