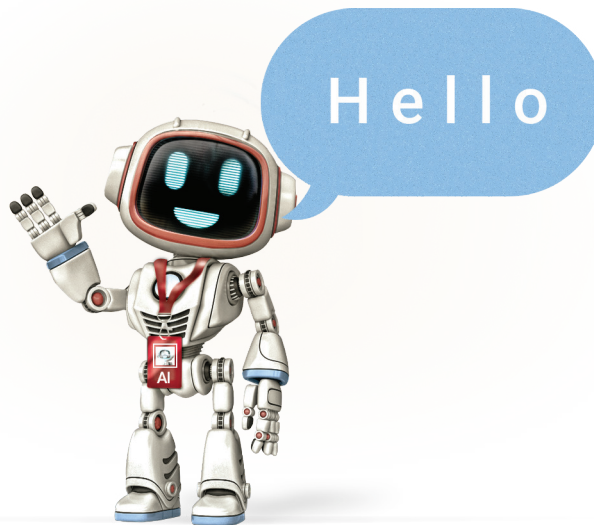


Today at Work

Meet the new hire.



It's young and inexperienced, but already it's changing the workplace—
and maybe workers, too.



And: Six ways AI is changing work

ALSO IN THIS ISSUE

The wage lifecycle: It's complicated

Work teams are getting smaller

Five things you didn't know about homebuilding

OUR MISSION

The ADP Research 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. Combined, these data sets provide a recurring, people-centered, and comprehensive view of the world of work.

CONTRIBUTORS



Nela Richardson, PH.D.
Chief economist
ESG officer
Head of ADP Research



Ben Hanowell
Director
People Analytics Research
ADP Research



Mary Hayes, PH.D.
Research director
People and Performance
ADP Research



Jeff Nezaj
Senior principal data scientist
ADP Research



Jared Northup
Research analyst
People and Performance
ADP Research



Issi Romem, PH.D.
Research fellow
ADP Research

IN THIS ISSUE

COVER STORY

Meet the new hire

Artificial intelligence is more than just a tool. It has the potential to function as a teammate, with implications for workers and employers.

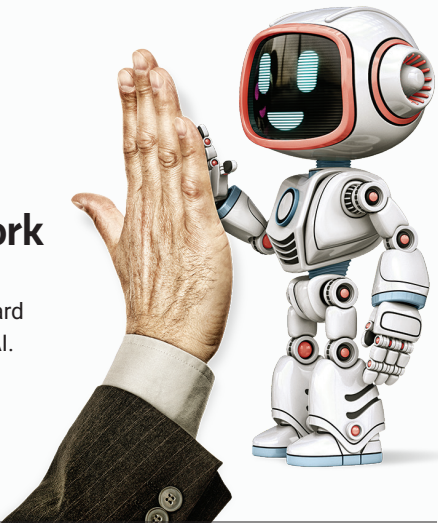
Page 6



Six ways AI is changing work

One particular group of job-seekers is being hit hard by the rise of workplace AI.

Page 10



ALSO IN THIS ISSUE



The wage lifecycle

Pay starts low in early adulthood, peaks in middle age, and tapers off in retirement. But in between, there's a lot of nuance.

Page 4



The shrinking work team

Big companies said they would reduce their managerial ranks. But teams didn't get bigger.

Page 12



Five things about homebuilding

Skilled laborers are getting younger and making more money.

Page 14

LETTER FROM NELA

THE JOURNEY IS THE THING

This summer, my family and I took a 17-hour, cross-country road trip. There was a lot of bonding between our departure and our destination.

It's easy to focus on the destination, but I've learned that the journey—how you get to a place, product, or strategy—is as important as your ultimate goal.

In this issue of *Today at Work*, we explore four different work journeys, starting with one of the most potentially revolutionary changes to the workplace in decades, generative artificial intelligence. AI innovation promises a productivity boom, but getting to that end state requires employers to actively navigate worker transitions.

In our cover story, Dr. Mary Hayes and Jared Northup share new survey data showing that the road from AI adoption to full AI integration in the workplace is paved with workers and their need for human connection.

When it comes to wages, Dr. Issi Romem shows us that the journey from early career to retirement has its own complicated road. The lifecycle of wages is shaped by unpredictable curves as workers settle into and advance their careers.

Ben Hanowell takes a different tack on this theme by looking at middle managers on tech teams. Technology employers have given us reason to believe that tech teams would get

larger as companies reduce their managerial ranks. Ben found the opposite: Small teams led by active managers have staying power in the tech world. They're not going anywhere.

And while for many of us, home is the destination we cherish most, Jeff Nezaj updates us on homebuilding

amid a shortage of skilled labor that has contributed to a shortage of new homes. He learned what residential construction companies are doing to draw workers.

In the workplace, just like in life, it's not just about the destination. It's about the journey.

Onward! □

DR. NELA RICHARDSON
Chief economist and ESG officer,
Head of ADP Research



THE WAGE LIFECYCLE

IT’S MORE COMPLEX THAN YOU THINK

By

Issi Romem, Ph.D.
Research fellow,
ADP Research

READ MORE

For more on this research, please see <https://www.adpresearch.com/the-wage-lifecycle-is-more-complex-than-you-think/>

One would expect people in their 40s to earn substantially more than people in their 20s. But how much more? We wondered how pay varied between different age cohorts, and whether the pay gap between low and high earners widens when people are farther along on their job paths. To get answers, we analyzed the payroll records of workers in more than 13 million jobs to measure wages and wage distribution across age groups. Some of our findings matched up with conventional wisdom. But there were surprises, too. Let’s take a tour through the wage lifecycle.

CONCLUSION

Wages start low in early adulthood, peak in middle age, and taper off as people enter retirement. But the data also tells us something about the unique dynamics of each group of workers. We see the potential for economic mobility as younger workers establish themselves, the critical role of seniority in peak earning years, and the varied needs and choices that define older workers’ careers.

Methodology: We used a sample of more than 110 million active ADP payroll records from Jan. 1, 2024, to Dec. 31, 2024, corresponding to more than 13 million jobs, including data on contractors. Annual pay amounts correspond to 12 times the average monthly pay over the prior 12 months, or over the duration to date of the current employment spell if less than 12 months. Thus, an entry from January 2024 reflects pay over the 12-month period ending that month. Pay amounts reflect gross pay, which refers to pre-tax pay including bonuses, commissions, and equity-based pay such as stock grants and options, as well as employee deductions for benefits. Records were adjusted for pay periodicity. Partial months of employment were omitted. Observations were weighted to be nationally representative, using information on local employment by industry and employer size from the BLS Quarterly Census of Employment and Wages.

Note: Individuals on the payroll include contractors. Every point represents a constant fraction of the workforce (approximately 1/4000). For illustrative purposes, the wage distributions are only shown up to \$250,000 per year.

ANNUAL-EQUIVALENT PAY DISTRIBUTION
by age, in dollars. January - December 2024

JUST STARTING OUT

Share of the workforce: 9.3 percent • For workers younger than 25, wages are at the low end, with an annual median of around \$33,900. This reflects the prevalence of part-time and entry-level full-time jobs. The difference between the 10th and 90th percentile of earners is about \$50,300, or 1.48 times the median wage.

EARLY CAREER

Share of the workforce: 23 percent • For workers between 25 and 34, median wages rise to \$68,700. This is the biggest increase across age groups, as people transition into full-time positions or specialized careers. The pay spread shrinks to 1.15 times the median, reflecting more consistent earnings.

MID-CAREER

Share of the workforce: 22.8 percent • For workers 35 to 44, median pay rises to \$90,500 and wage variability increases as career paths diverge. The spread between the 10th and 90th percentile of earners widens to 1.36 times median pay as some people advance into senior roles while others take different paths.

PEAK EARNING

Share of the workforce: 20.1 percent • Peak earnings arrive for 45- to 54-year-olds, with a median wage of \$97,600. The pay spread widens to 1.54 times the median, marked by seasoned high earners and people in steady but less-lucrative roles.

AGING TOWARD RETIREMENT

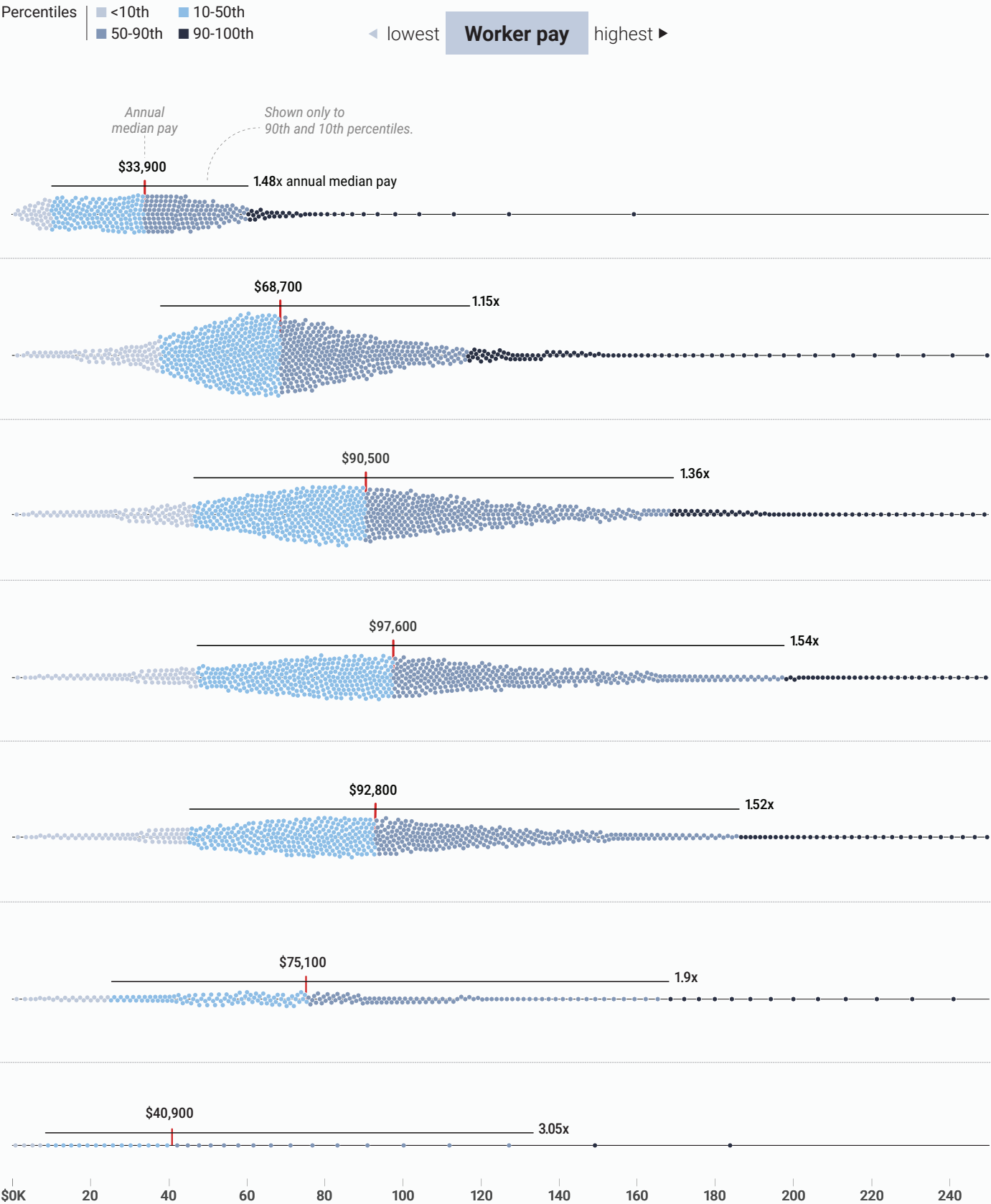
Share of the workforce: 17.4 percent • As we transition to the 55- to 64-year-old age group, the median wage dips to \$92,800. The wage spread remains stable at 1.52 times the median as people continue steady work in established positions or gradually reduce hours.

RETIREMENT – FOR SOME

Share of the workforce: 5.8 percent • Differences are more pronounced in the 65- to 74-year-old range. The median wage falls to \$75,100 and the wage spread broadens to 1.9 times the median. At this point, some high earners are continuing in their roles, while others trade in their well-paying jobs for something else.

THE OLDEST WORKERS

Share of the workforce: 0.9 percent • The median wage for people 75 and older is just \$40,900, yet the wage spread is the broadest of any cohort, at 3.05 times the median. Some retirement-age workers still maintain their higher earnings, but for most, wages likely come from part-time or occasional work. □



Source: ADP payroll data

AI IS CHANGING WORK.

Frequent use of the technology is correlated with differences in how people think and feel about their jobs.

IS IT CHANGING WORKERS?

By
Mary Hayes, Ph.D.
Research director
Jared Northup
Research analyst
ADP Research
People and Performance

Artificial intelligence is changing how many people work. In the process, it also might be affecting how they think and feel about their jobs, their colleagues, and their employers. Unlike calculators, the typewriter, and software, AI is less a workplace tool and more a workplace teammate. People don't need inputs to make AI function; they simply have conversations with it. AI is moving workers from Boolean logic to chats, from task checklists to creative thinking. Since October 2024, ADP Research has asked workers

each month about their on-the-job use of generative AI. Forty-three percent of our survey respondents said they use AI frequently while on the job; 42 percent said they used it rarely or not at all. Frequent users were most likely to be men, and they were most likely to work in technology or information services. Workplace AI use matters because it has the potential to affect how people think and feel about their jobs. Data from more than 30,000 U.S. respondents to our survey reveals that people who use AI on a daily or near-daily basis report the highest levels of engagement, motivation, and commitment to their work. These same people, however, also describe weaker connections to their colleagues, report

Continued on page 8

WHO USES AI?

	Work types		
	Knowledge	Skilled	Repetitive
Nearly every day	36%	12%	7%
Multiple times a week	27	26	11
Multiple times a month	13	18	11
Not regularly	14	25	29
Never	10	20	43

Note: Due to rounding, numbers may not add exactly to 100 percent.
Source: ADP Research Worker Sentiment Survey

Defining the types of workers
Our survey gave workers three options for describing the work type that best fit their role:

- > **Knowledge worker**
I have a level of freedom to use my expertise to create something new.
- > **Skilled task worker**
I use a level of expertise to solve similar problems each day.
- > **Repetitive task workers**
I do similar repetitive tasks each day.

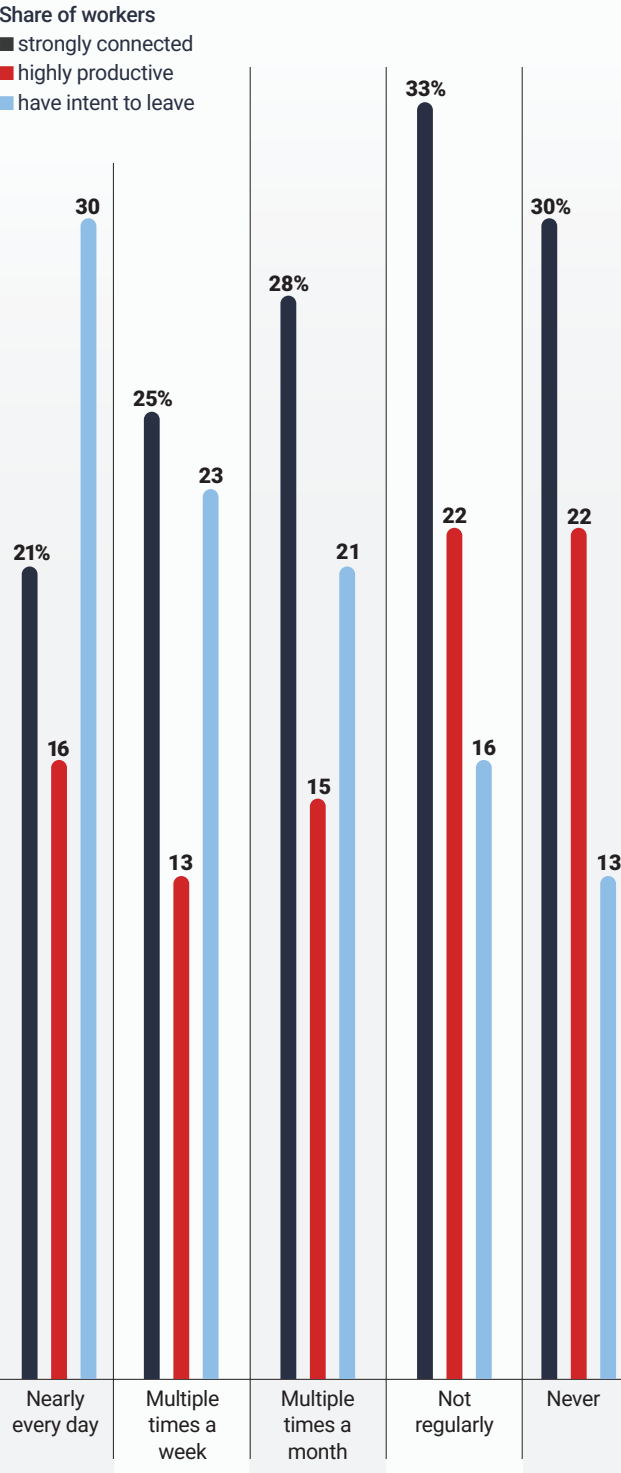
READ MORE

For more on this research, please see <https://www.adpresearch.com/ai-isnt-just-changing-work-it-might-be-changing-workers/>



AI: CONNECTION, PRODUCTIVITY AND THE INTENT TO LEAVE, *in percent*

Frequent workplace users of AI are less likely to feel connected to their colleagues. They report lower productivity, and they're more likely to be looking for a new job.



Source: ADP Research Worker Sentiment Survey

Continued from page 7

lower productivity, and are more at risk of quitting their jobs.¹

When taken together, the implications of these two findings seem counterintuitive. How can AI usage have the potential to increase engagement and decrease productivity? Let’s look at how the numbers break down.

MOTIVATION AND COMMITMENT

Frequent users of AI technology were nearly 3 times more likely to be fully engaged at work, and 3.4 times more likely than less-frequent users to be motivated and committed to their work. Daily users were 5.4 times more likely to say they believe AI will positively impact their job in the next year.

It could be that these heavy users enjoy incorporating the technology into their workday and are accomplishing things they couldn’t do without it. This group also just might be excited about AI’s possibilities.

CONNECTION

While frequent users of AI were more likely to feel fully engaged and committed to their jobs, they were the least likely of any group of users to say they feel strongly connected to their employers and colleagues. Feelings of connection rise significantly among workers who use AI less frequently.

ADP Research defines connection as feeling seen, heard, and valued by others in the workplace.²

PRODUCTIVITY

We expected heavy users of AI to report that the technology enhanced their productivity. We found the opposite. The share of workers who consider themselves highly productive was much smaller among those who use AI on a regular basis compared to those who rarely or never use it.

Given AI’s nascency, some workers might still be experimenting with how to integrate it into their workflow. And as AI takes on repetitive work, they might find their checklist of tasks growing shorter. With no boxes to check, workers might have difficulty quantifying their productivity.

A lack of formal AI training also might be forcing some users to take a self-guided approach to acquiring needed skills.

Finally, it’s possible that frequent users have less confidence in their own productivity based on attributes tied to occupation. By working with AI, these people might feel less ownership of their work or have less certainty in its outcomes.

INTENT TO LEAVE

Thirty percent of workers who use AI daily said they are actively looking or interviewing for a new job. This share drops steadily as the frequency of AI use decreases, falling to 13 percent among workers who have never tried the technology.

Because heavy adopters are concentrated in the technology and information sectors, intent to leave might be driven by sector dynamics rather than AI usage. But our data did show that even within these sectors, higher AI usage correlated with a higher intent to leave.

A lack of connection and the desire to find a job with more human interaction might be driving some responses. And frequent AI users who might have helped establish the use of the technology at their organization could be looking for new opportunities to deploy their skill sets.

There’s also a possibility that frequent AI users have a heightened fear of losing their job. Thirty-one percent of workers who use AI daily strongly agree with the statement, “I am scared that my job will be replaced by AI.” □

THE GREATEST USE OF GENERATIVE AI

by sector and usage

Sector	Daily	Weekly	Monthly	Rarely	Never
Technology services	47%	29%	9%	8%	7%
Information	41	28	14	11	7
Agriculture, forestry, fishing and hunting	39	24	12	11	15
Mining, quarrying, and oil and gas extraction	31	37	16	10	6
Finance and insurance	28	24	14	17	16
Utilities	22	39	18	12	8
Construction and related trades	20	29	17	18	16
Professional, scientific, and technical services	19	25	16	23	17
Manufacturing	19	24	15	21	22
Real estate	17	27	18	20	18
Other personal services	17	18	15	24	26
Transportation & warehousing	15	17	13	26	29
Retail/wholesale trade	15	21	15	23	27
Administrative/support services and waste management/remediation	13	21	14	24	28
Arts, entertainment, and recreation	13	20	15	29	23
Health care and social assistance	11	16	13	27	32
Educational services	11	19	19	28	24
Accommodation and food services	10	15	13	30	33
Public administration/service	9	13	14	27	37

Source: ADP Research Worker Sentiment Survey



At a glance

Sectors with the AI highest usage.

Daily
Tech services

47%

Weekly
Utilities

39%

Monthly
Educational services

19%

Rarely
Accommodation and food services

30%

Never
Public administration/ service

37%

THE TAKEAWAY

As artificial intelligence becomes more integral to the workplace, it is bringing an interesting combination of enhancements and drawbacks for the people who use it the most.

Considering that the most frequent users of AI, including young men working in tech sectors, are the most likely to say they’re looking to leave their current jobs, employers who rely on these skill sets could benefit from giving extra attention to retention.

Balancing AI users’ engagement and motivation with their tendency to work independently would help employers reap the benefits of AI adoption while mitigating potential costs.

Managers and team leaders could talk with employees about how to improve their connection to co-workers. They should be alert to the need for training and open to opportunities to use AI. And they could seek to alleviate any unfounded fears people might have about their jobs being at risk.

As in any workplace, employers benefit when their employees know they’re valued and appreciated.

¹The ADP Research monthly Worker Sentiment Survey collects data from a stratified, random panel sample of 2,500 workers in the United States. Since October 2024, ADP Research has been collecting monthly data on how frequently people use generative AI to get their work done, to investigate how the frequency of use relates to experiences in the workplace. Data from more than 30,000 respondents was used in this study.

²The ADP Research Connection XPerience Score measures a person’s feelings of being seen, heard, and valued in the workplace based on a study of more than 12,000 survey respondents in the United States. Our methodology and definition for connection can be found at <https://www.adpresearch.com/research/dei-study/>.

ENGAGEMENT AND CONNECTION

RECONCILING THE CONTRADICTIONS

When it comes to workplace AI use, the disconnect between employee engagement and connection could have myriad sources, including industry differences, occupational roles, and even gender.

People in industries with a high concentration of AI users, such as

technology and information, do their jobs differently than people in industries where usage is less common. Workers in customer-facing, team-based roles such as health care or hospitality, for example, might use AI less frequently, but because of the

nature of their work they might report stronger connections with colleagues.

In contrast, knowledge workers who are likely to do their jobs independently and out of sight of end users might tend to feel less connected to their colleagues. They also have little visibility into their work outcomes, which can lead to feeling less productive.

Gender, too, might factor into our survey results. Men of all ages tend to be less connected to their peers than women regardless of AI usage.

And when it comes to productivity, we don’t yet know whether or how it’s been affected by AI; all we know is that as roles are changed by the technology, its heaviest users say they feel less productive.

HOW WOULD YOU CHARACTERIZE YOUR PERSONAL USE OF GENERATIVE AI?

	Nearly every day	Multiple times a week	Multiple times a month	Not regularly	Never
Men under 40	29%	29%	16%	15%	10%
Women under 40	20	26	16	21	18
Men 40+	23	22	13	20	21
Women 40+	11	16	14	26	33

Note: Due to rounding, numbers may not add exactly to 100 percent. Source: ADP Research Worker Sentiment Survey

SIX WAYS AI IS CHANGING WORK

By

Nela Richardson, Ph.D.
Chief economist
ESG officer, Head of ADP Research

The proliferation of generative AI has prompted utopian predictions of enhanced productivity, dystopian fears of widespread job displacement, and skepticism that AI will have meaningful effects on employment or productivity. To see AI’s effect on the workplace, Erik Brynjolfsson, Bharat Chandar, and Ruyu Chen, a team of researchers at the Stanford Digital Economy Lab, analyzed ADP anonymized and aggregated payroll data to observe the occupations, tasks, and employment of millions of workers at thousands of private companies between January 2021 and July 2025. They found six ways that AI is changing work.

IT’S GETTING MORE DIFFICULT FOR YOUNG ADULTS TO FIND WORK IN AI-EXPOSED OCCUPATIONS

In occupations exposed to AI, such as software development and customer service, early-career workers saw a substantial drop in employment while employment for other age groups continued to grow. And the level of exposure to AI mattered. Employment for young software developers fell by nearly 20 percent between late 2022 and July 2025, for example, while it grew for home health aides, whose jobs have little exposure to AI.

EMPLOYMENT GROWTH FOR YOUNG WORKERS IS STAGNANT

Though employment

continues to grow overall, job growth for young workers has been stagnant since late 2022. In contrast, workers aged 22 to 25 in AI-exposed occupations have experienced a 6 percent decline in employment, compared to a 6 percent to 9 percent increase for workers 30 and older.

NOT ALL AI USE IS THE SAME

Not every use of AI is associated with a drop in employment. Entry-level employment has fallen where AI has automated work, such as in the field of software development, but not where AI has augmented it, for example in fields such as nursing or maintenance and

repair. Automated uses of AI might substitute for labor, but augmentative uses don’t.

SPECIFIC EMPLOYERS AREN’T THE PROBLEM

The employment trends Stanford found can’t be attributed to shocks to individual employers or sectors that employ a disproportionate share of AI-exposed young workers. For example, companies that are highly sensitive to interest rates, or companies that did too much hiring after the Covid-19 pandemic aren’t the cause of the employment slowdown.

AI IS AFFECTING HIRING, WAGES LESS SO

AI-related labor-market adjustments are visible in employment more than compensation. Stanford found little difference in annual salary trends by age or AI exposure.

IT REALLY IS ABOUT AI Stanford’s findings can’t be attributed to a slowdown in technology hiring, the prevalence of remote work, pre- and post-pandemic hiring trends, or education level. □

HEADCOUNT OVER TIME

Overall employment increased after the release of AI tools but fell for early career software developers and customer-service workers. Employment for young home health aides, whose jobs have little exposure to the technology, didn’t suffer.

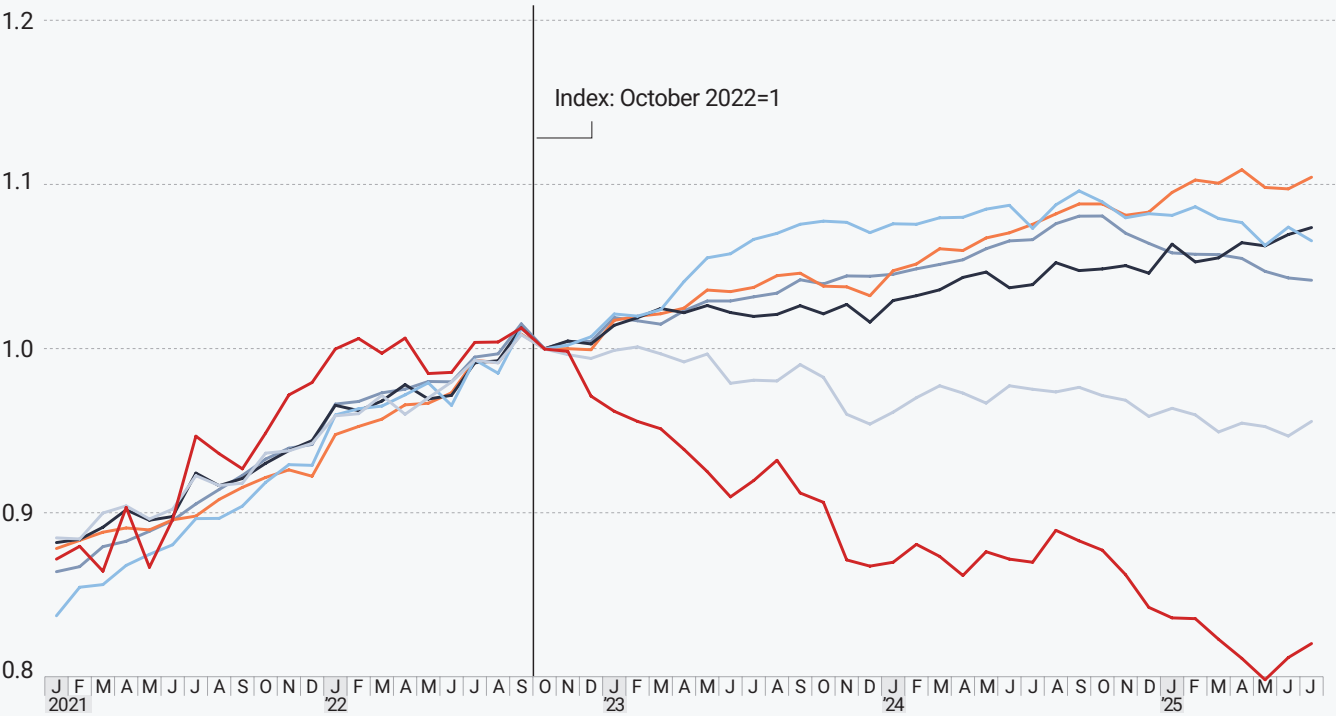
- Early career 1
age: 22-25
- Early career 2
26-30
- Developing
31-34
- Mid-career 1
35-40
- Mid-career 2
41-49
- Senior
50+

READ MORE

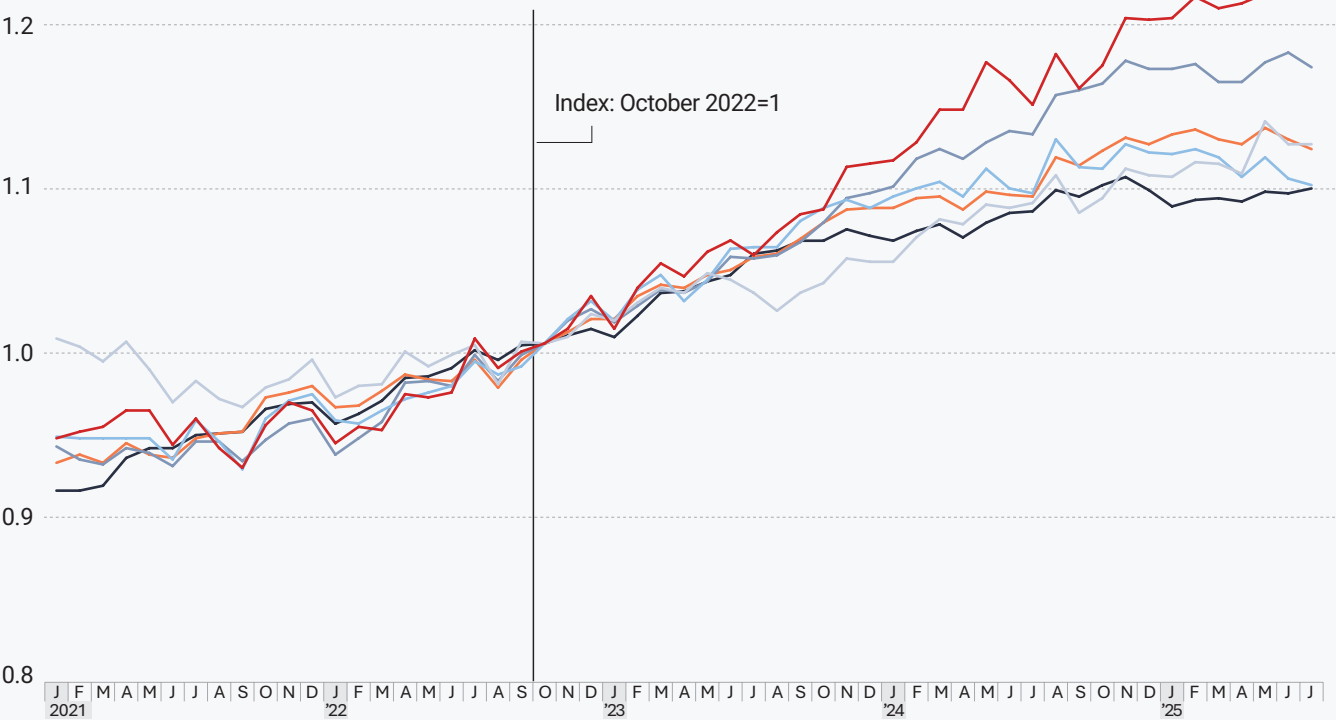
To learn more, and to see the Stanford Digital Economy Lab’s full paper, go to:

[Canaries in the Coal Mine? Six Facts about the Recent Employment Effects of Artificial Intelligence](#)
<https://digitaleconomy.stanford.edu/publications/canaries-in-the-coal-mine/>

Software developers, (normalized), January 2021 - July 2025



Health aides, (normalized), April 2021-'25



Source: ADP payroll data, Stanford Digital Economy Lab

THE SHRINKING WORK TEAM

Big employers say they’re cutting managers, but teams are getting smaller. How can that be?

By

Ben Hanowell
Director
People Analytics
Research
ADP Research

In late 2024, dozens of employers, including some of the world’s largest tech companies, announced plans to reduce managerial staffing. But even as managerial staffing shrinks, work teams are shrinking, too. A year after those planned layoffs, teams at tech companies and teams that produce software at employers outside of the tech industry both have gotten smaller.

We examined the ADP payroll data of more than 300,000 workers at employers with at least 250 employees between January 2019 and May 2025. Here’s what we found.

TEAMS AT TECH COMPANIES, AND TECH TEAMS OUTSIDE OF TECH COMPANIES, HAVE BEEN SHRINKING

In January 2019, the average tech industry team was made up of 6.6 people, smaller than the average team size of 7.5 people in all other industries. By May 2025, the average tech-industry team had shrunk to 5.3 people while teams in all other industries remained close to their pre-pandemic size.



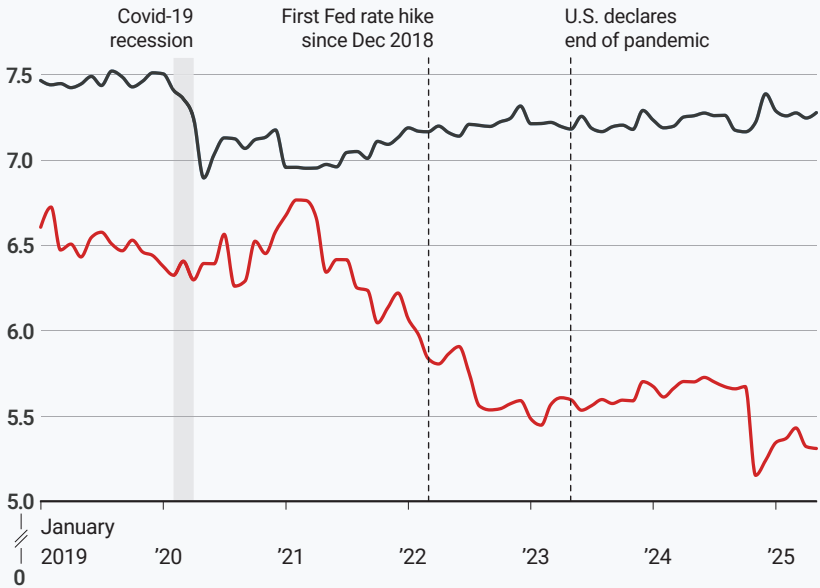
As the saying goes, every company is a tech company now. So we also looked at trends in the size of software-producing teams at employers outside the tech industry. Like tech industry teams, tech teams outside the industry also are shrinking. □

AVERAGE TEAM SIZE

Team comparison by industry, Jan. 2019 - May '25

■ All other industries teams ■ Tech industry teams

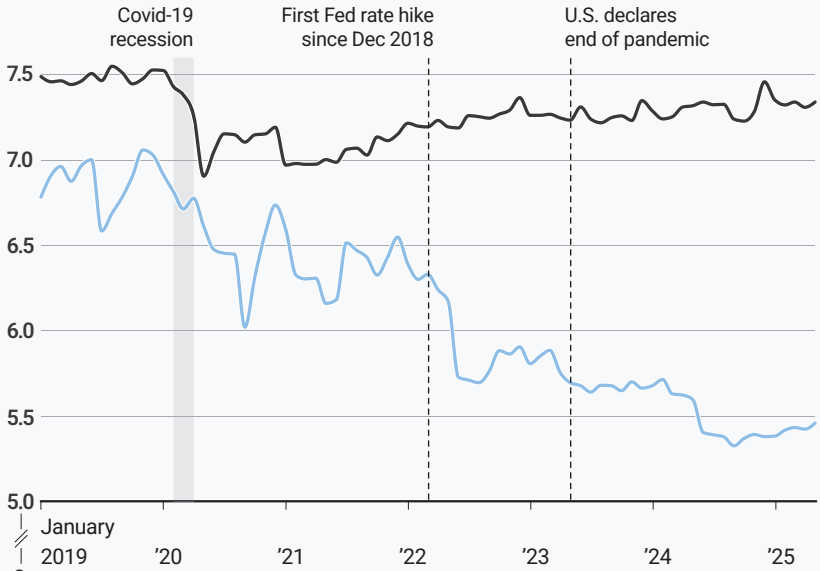
Before the pandemic, tech-industry teams were smaller than the average for all other industries combined. That’s even truer now.



Tech team comparison, Jan. 2019 - May '25

■ All other tech teams* ■ Tech teams

In terms of average team size, the comparison between tech teams and all other teams mirrors that of the tech industry to all other industries.



*Software-producing teams outside the tech industry

Source: ADP payroll data

THE TAKEAWAY

It’s hard to know exactly why tech teams are shrinking a year after industry leaders announced plans to cut managerial staffing, but two possibilities stand out:

1. Cutting managers might not be easy.

A large company with competing priorities might find it difficult to determine who to let go. Middle managers, for example, are often decision-makers.

2. Not every employer will adopt the big tech strategy.

To improve efficiency, some employers might choose to shed non-managerial jobs or turn to smaller teams and managers as player-coaches. Both approaches could lead to larger managerial staffing ratios and higher promotion and hiring rates.

READ MORE

To learn more about this research, including its methodology, and a possible exception to the mystery of shrinking tech team sizes, please go to <https://www.adpresearch.com/are-teams-getting-bigger/>.

FIVE THINGS YOU DIDN'T KNOW ABOUT HOMEBUILDING

By **Jeff Nezaj**
Senior principal
data scientist
ADP Research

A shortage of skilled labor has contributed to a shortage of new homes in the United States, which has brought prices to new records in 2025. When ADP Research examined five-year trends in demand, employment growth, pay, and demographics for the skilled building trades, we came away with five important findings.

READ MORE

For more on this research, please go to <https://www.adpresearch.com/the-building-trades-five-new-facts/>

EMPLOYMENT IS GROWING

Construction employment has grown by 13 percent since January 2020, more than twice as fast as U.S. job growth, at 6 percent. This gap in job creation has widened markedly since 2024.

BUT DEMAND FOR WORKERS HAS SLOWED

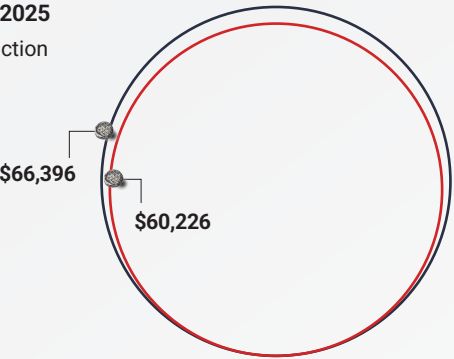
This strong run for construction workers might be slowing as elevated mortgage rates and high prices take a toll on homebuyer demand. Job openings in construction dipped in July and have since trailed overall U.S. openings.

WAGES ARE HIGH

Median wages for residential construction workers are about 10 percent higher than all other industries combined. Median annual pay for construction workers was about \$58,000 in January 2020 and nearly \$66,400 in June 2025, an increase of almost 15 percent. During the same time period, median pay for workers in all other industries combined increased by 16 percent, from a median of \$52,000 to about \$60,200.

Annual wage • June 2025

- Residential construction
- Other industries



Source: ADP payroll data

BONUSES HIT A RECORD

Construction workers continue to benefit from bonuses. For the rest of the labor force, these occasional or one-time perquisites grew larger during the labor shortages of the coronavirus pandemic but have been shrinking since. Construction has been a big exception. In December 2024, the median construction bonus hit a record high of \$1,232, more than 2.5 times the typical bonus awarded to other workers.

Annual bonus • June 2025

\$761

Residential construction

\$462

Other industries

WORKERS ARE GETTING YOUNGER

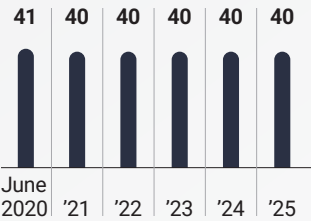
Homebuilders have struggled to recruit young adults into the business, which for some time has been carried by older workers. But since January 2020, the median age of electricians, plumbers, carpenters, and HVAC professionals has fallen by as much as five years as the age of U.S. workers has remained relatively steady, falling by only one year. This finding supports the hypothesis that older workers are leaving the profession, putting more strain on the industry.

WORKER AGE, June 2020-'25

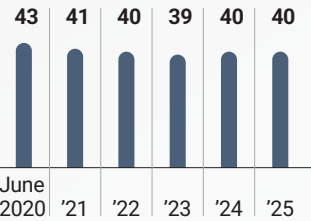
As a group, residential construction workers have been growing younger as older workers retire.

Source: ADP payroll data

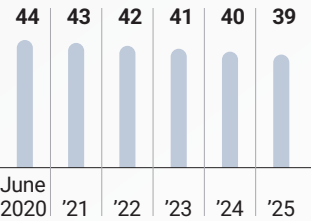
All U.S. workers



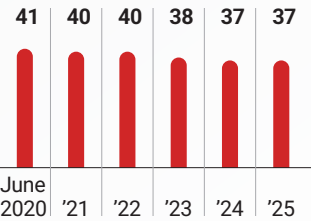
Carpenters



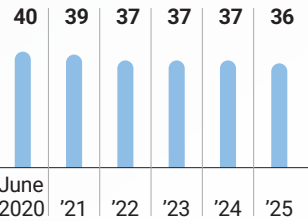
Electricians



HVAC professionals



Plumbers



Today at Work



adpresearch.com/today-at-work

The ADP Logo, ADP, and ADP Research are trademarks of ADP, Inc.
All other trademarks and service marks are the property of their
respective owners. Copyright © 2025 ADP, Inc. All rights reserved.

ADP Research