



## **Comparing National, State, and MSA Employment and Wage Trends against the Lexington Labor Market**

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## Executive Summary

After the significant drop in employment during the initial phases of the COVID-19 Shutdown, the labor market recovered quickly at the national, state, and county levels and has remained strong. As of Q2 2023, 172,000 people are employed in Lexington. The most recently available data from the Bureau of Labor Statistics (BLS) indicates that Lexington had a 3.1 percent unemployment rate in October 2023.

To better understand Lexington's labor market, we compare it to the national and Kentucky labor markets and the other counties in the Lexington-Fayette Metropolitan Statistical Area (MSA).

Labor market statistics are often reported on the MSA level, which would include Lexington as well as its surrounding counties. To provide more insight into the specific dynamics of Lexington's labor market, we separate Fayette County (referred to as Lexington) from the other counties in the Lexington-Fayette MSA (Bourbon, Clark, Jessamine, Scott, and Woodford).

The Quarterly Census of Employment and Wages (QCEW) indicates that in Lexington, there are more jobs in most labor market sectors than in Q1 2020. On average, the number of jobs in all industries increased by 5.3 percent compared to 2020. Employment in sectors such as Construction, Information, Financial Activities, and Other Services grew by over 10 percent above their 2020 level. However, two sectors in Lexington support fewer jobs than in Q1 2020: the natural resources and mining sector (-1.9 %) and the trade, transportation, and utilities sector (-2.1%).

The annual change in employment was also measured. Some sectors have a lot of seasonality in the number of jobs they generate, so it is also useful to measure employment change annually. The 2019 average annual employment was used as the base year and changes in employment were compared to that value. The annual change can deviate relatively substantially from the Q1-2020 comparison, particularly for sectors that exhibit strong seasonal patterns or smaller sectors.

## Labor Force Data

Quarterly Census of Employment and Wages (QCEW): The QCEW is a comprehensive census that provides information about the jobs covered by the unemployment insurance system. Each quarter, all employers must report the number of workers they employed and their wages to the state unemployment offices. The Bureau of Labor Statistics (BLS) collects, aggregates, and prepares this data for publication. This process means the data is published about six months after being collected. The QCEW does not provide information about jobs not covered by unemployment insurance, so any jobs associated with the gig economy, self-employment, or farm labor are not represented.

The QCEW measures the number of jobs in a given area and not the number of individuals employed. Because some individuals have more than one job, the number of jobs reported by the QCEW tends to be greater than the number of people employed in that area.

Local Area Unemployment Statistics (LAUS): The LAUS provides monthly estimates of the number of people employed, unemployed, and in the labor force within a geographic area, as well as the unemployment rate. This data is collected and published by the BLS, and the totals reported reflect the labor force status of individuals - not the number of jobs in the area.

Current Employment Statistics (CES): The CES data provides timely labor force estimates, but only at the national, state, and MSA levels. This data compares growth of seasonally adjusted employment statewide and in each of the Kentucky MSAs.

## Study Limitations

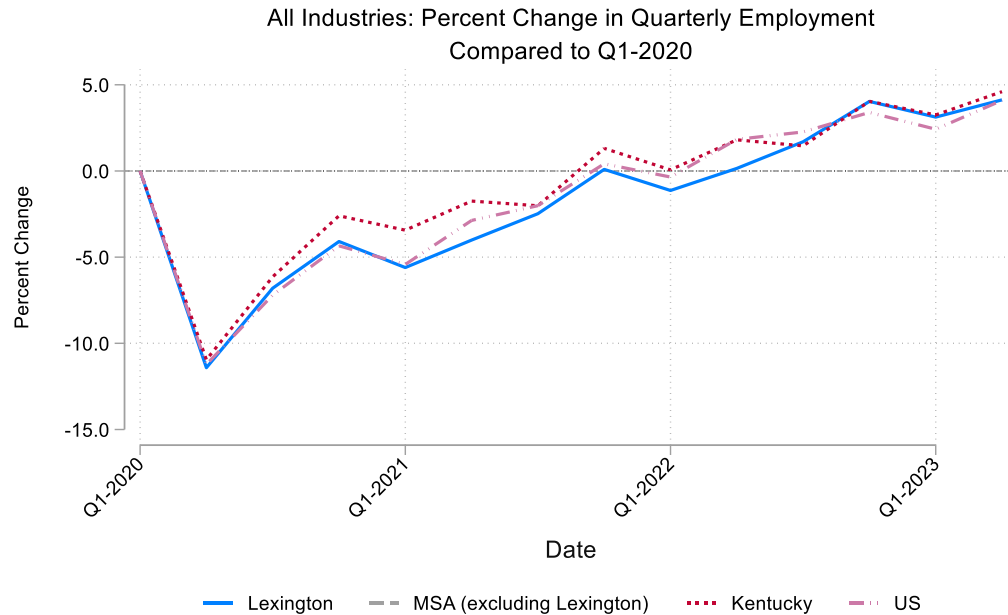
*Effects of Remote Work:* Because Lexington was separated from the rest of the Lexington-Fayette MSA, some of the job growth reported in the MSA category is likely attributable to the Lexington labor market and vice versa.

Additionally, because the QCEW classifies jobs by where the work occurs, there could be fluctuations due to remote or hybrid work arrangements. This will not significantly affect sectors where the work is mostly done in person, such as the Leisure and Hospitality or Manufacturing sectors. However, in sectors more conducive to remote work arrangements, such as Public Administration or Professional Services, some job growth or decline may be because work done in person as of Q1-2020 might now be done remotely from another location.

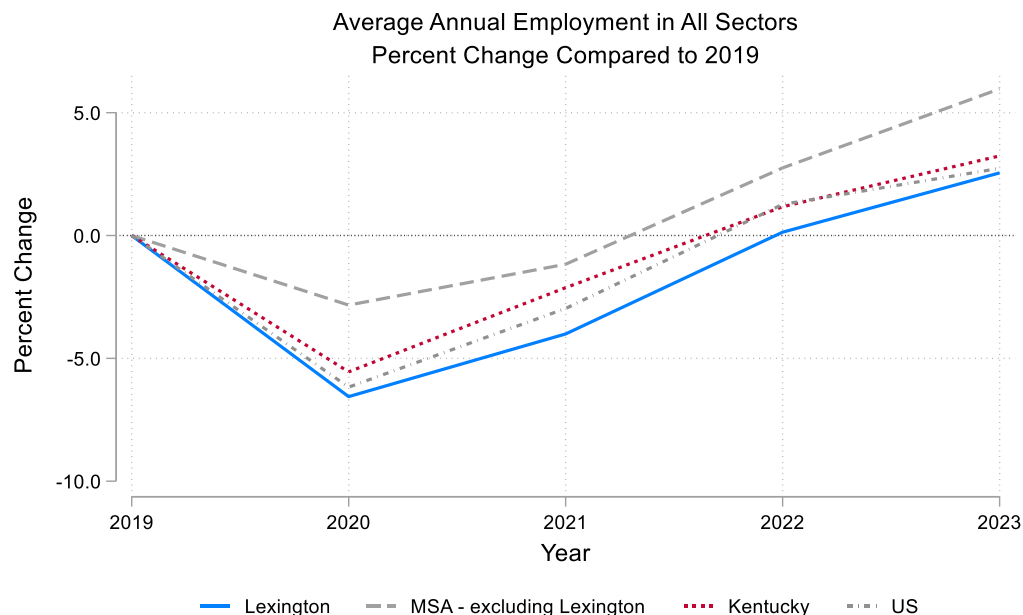
*Using 2023 QCEW Data:* At the time of this report, only Q1 and Q2 data were available for 2023. Because of this, the growth estimates for 2023 in this report may differ from the growth rate calculated once the annual data is available. This is particularly true for sectors affected by changing seasons, such as Construction. However, this missing data will likely not significantly differ from the true 2023 gvalue and will not affect the overall trends in employment and wages.

## All Industries: Employment

As of Q2-2023, there were approximately 200,000 jobs in Lexington. The number of Lexington jobs grew 4.1 percent from Q1-2020 to Q2-2023, similar to the Kentucky employment growth rate (4.6%) and the 4.6 percent growth in the other counties in the Lexington-Fayette MSA (Bourbon, Clark, Jessamine, Scott, and Woodford). Overall, the Lexington labor market grew faster than the US (4.1%) and faster than the other counties in the Lexington-Fayette MSA.



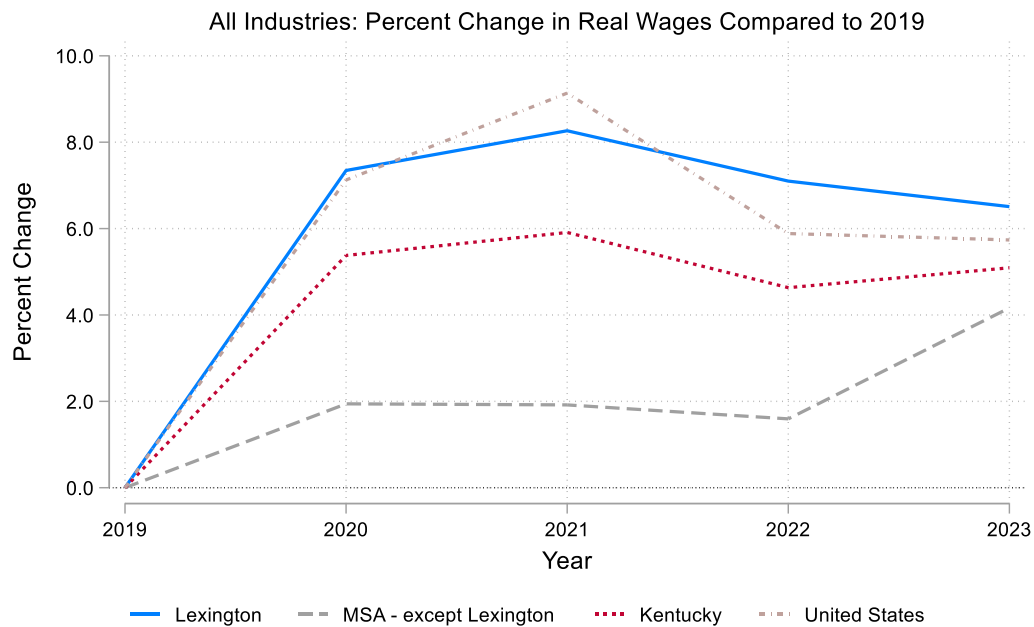
Source: Quarterly Census of Employment and Wages, Bureau of Labor Statistics (BLS), 2023



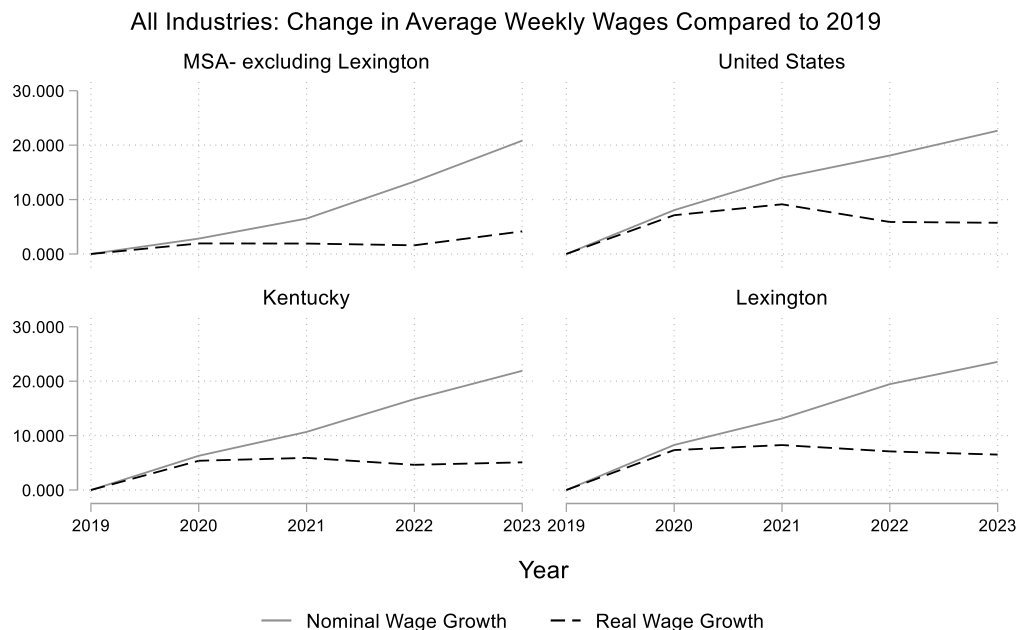
Source: Quarterly Census of Employment and Wages, Bureau of Labor Statistics (BLS), 2023

## All Industries: Wages

As of Q2-2023, the average weekly wage in Lexington was approximately \$1200, while nominal wage growth was high during this period, so were inflationary pressures. Once adjusted for inflation, real wage growth in Lexington was approximately 6.1 percent from 2019 to 2023. Real wages increased 3.7 percent in Kentucky overall and 3.3 percent nationally.



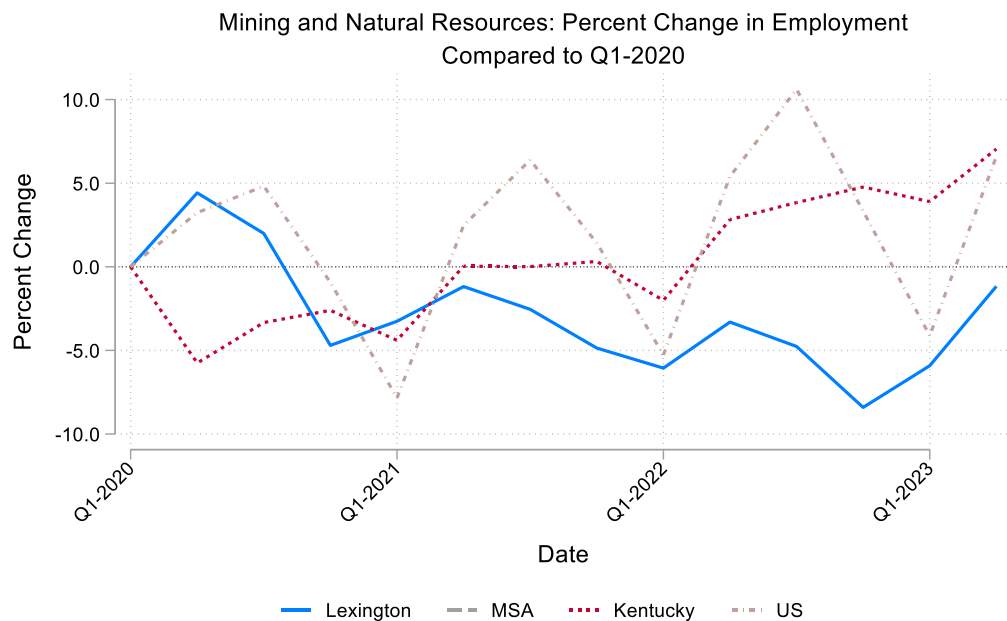
Source: Quarterly Census of Employment and Wages, Bureau of Labor Statistics (BLS), 2023



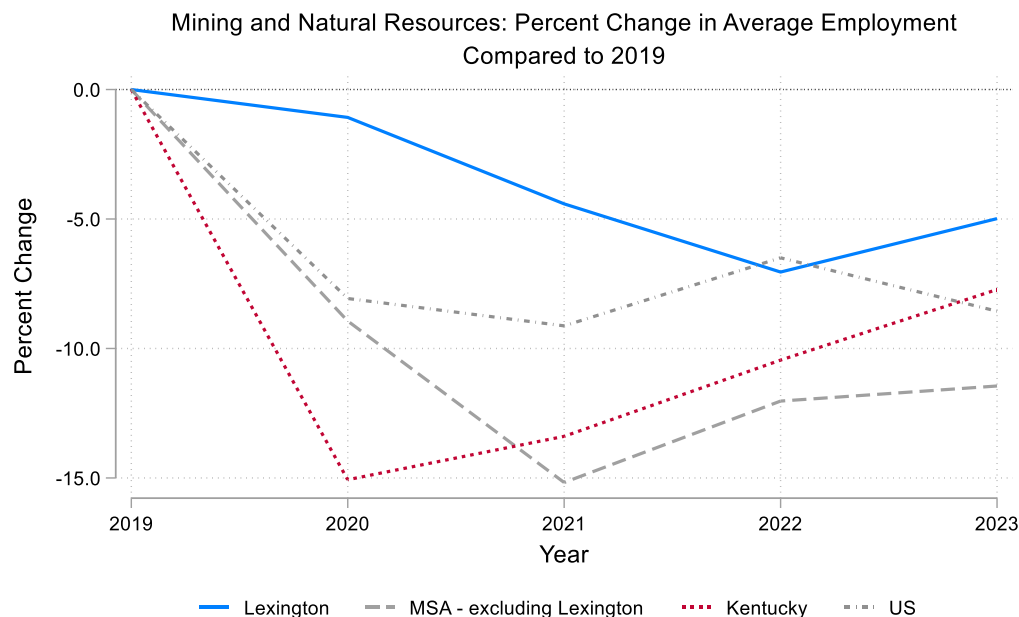
Source: Quarterly Census of Employment and Wages, Bureau of Labor Statistics (BLS), 2023

## Natural Resources and Mining Employment

In Lexington, the smallest employment sector is the natural resources and mining sector, with only 2,000 jobs. Employment in this sector has been shrinking over time. At the state level, employment in the natural resources and mining sector declined nearly 35 percent from 2000 to the present day. As of Q2-2023, Lexington's employment in this sector is two percent below its pre-pandemic levels.



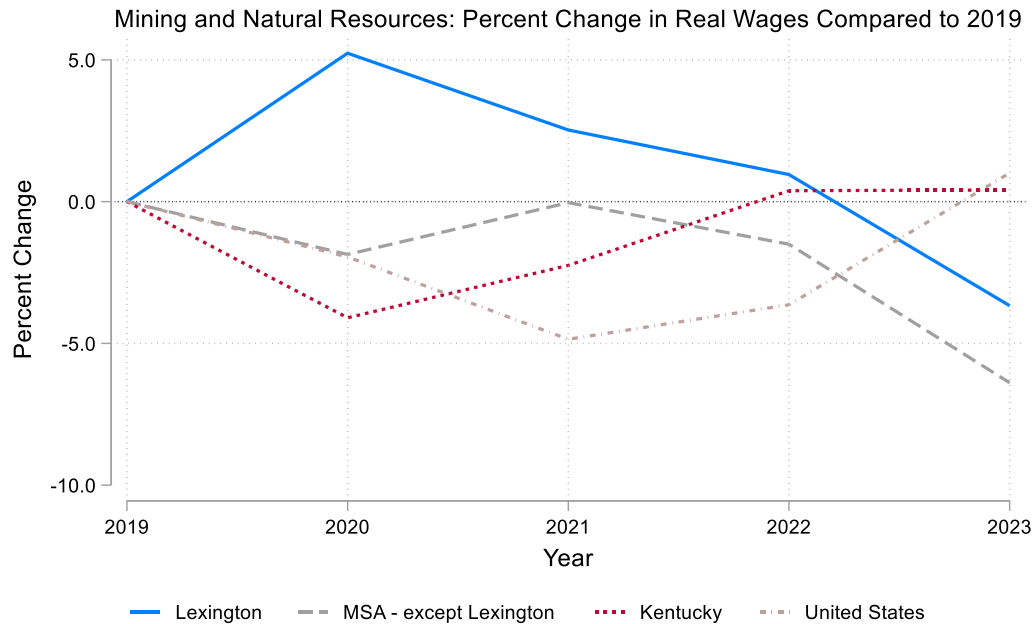
Source: Quarterly Census of Employment and Wages, Bureau of Labor Statistics (BLS), 2023



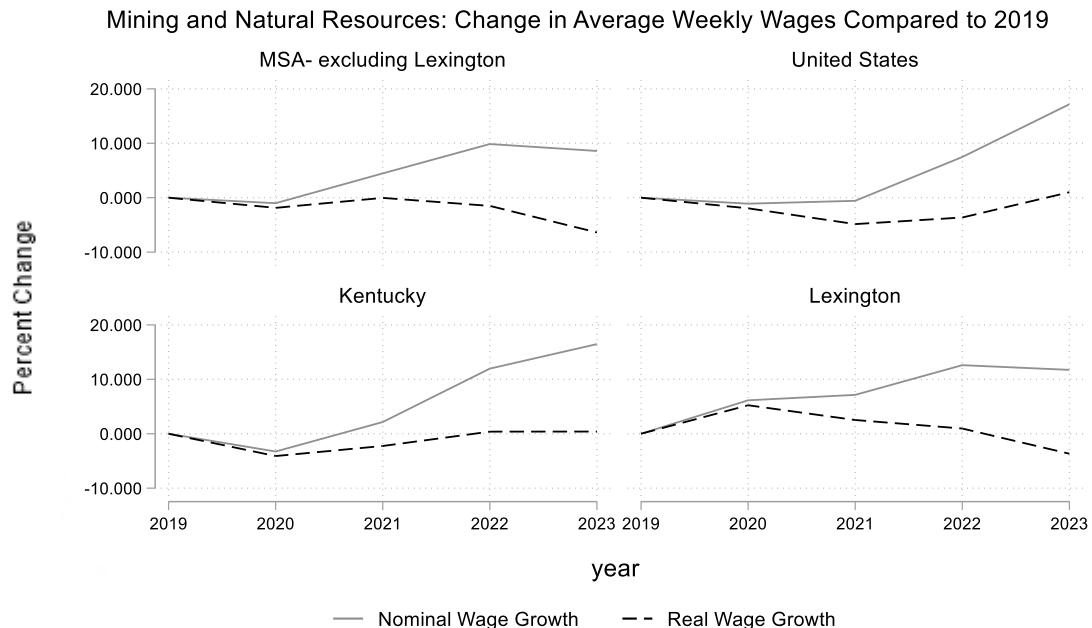
Source: Quarterly Census of Employment and Wages, Bureau of Labor Statistics (BLS), 2023

## Natural Resources and Mining Wages

In Lexington, the average wage earned in Mining and Natural Resources is \$1,080 weekly. While nominal wages increased by 11.7 percent in Lexington from 2019 to 2023, once accounting for inflation, real wages actually declined by 3.7 percent. Real wages also declined in the rest of the Lexington-Fayette MSA (-6.4%). Real wages increased by 0.4 percent in the rest of the Lexington-Fayette MSA (-6.4%). Real wages increased by 0.4 percent on the state level and 1 percent nationally.



Source: Quarterly Census of Employment and Wages, Bureau of Labor Statistics (BLS), 2023

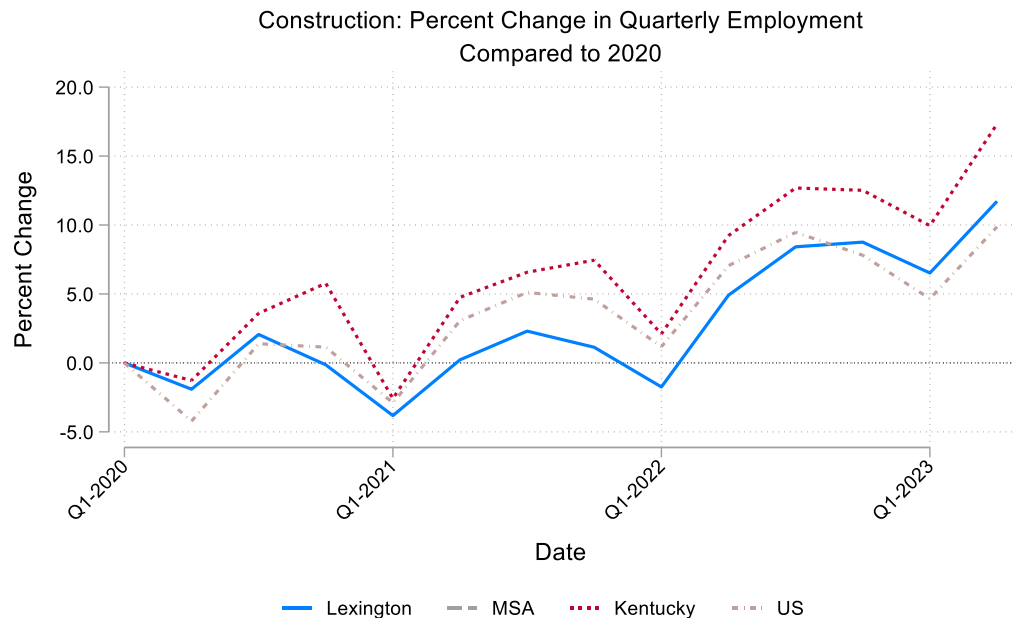


Source: Quarterly Census of Employment and Wages, Bureau of Labor Statistics (BLS), 2023

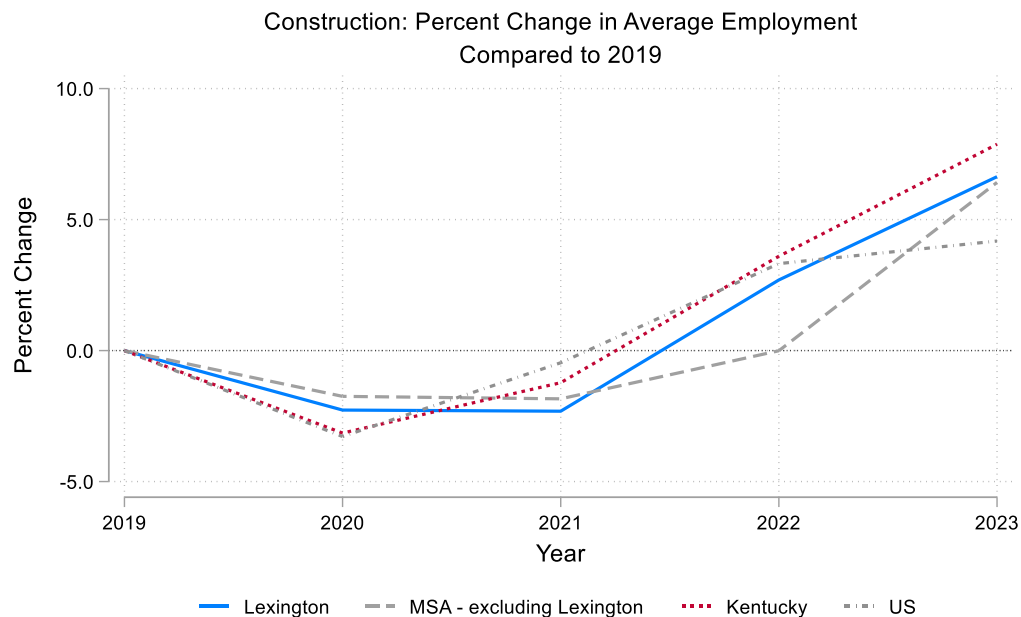


## Construction Employment

In Lexington, there are nearly 11,000 jobs in the construction sector. The weather greatly affects employment in this sector, with a sharp annual drop in employment during winter months. Kentucky has experienced significant employment growth – approximately 15.2 percent. This is more than construction employment growth than what occurred at the US (8.2%), MSA (11.7%), and Lexington (10.1%) levels.



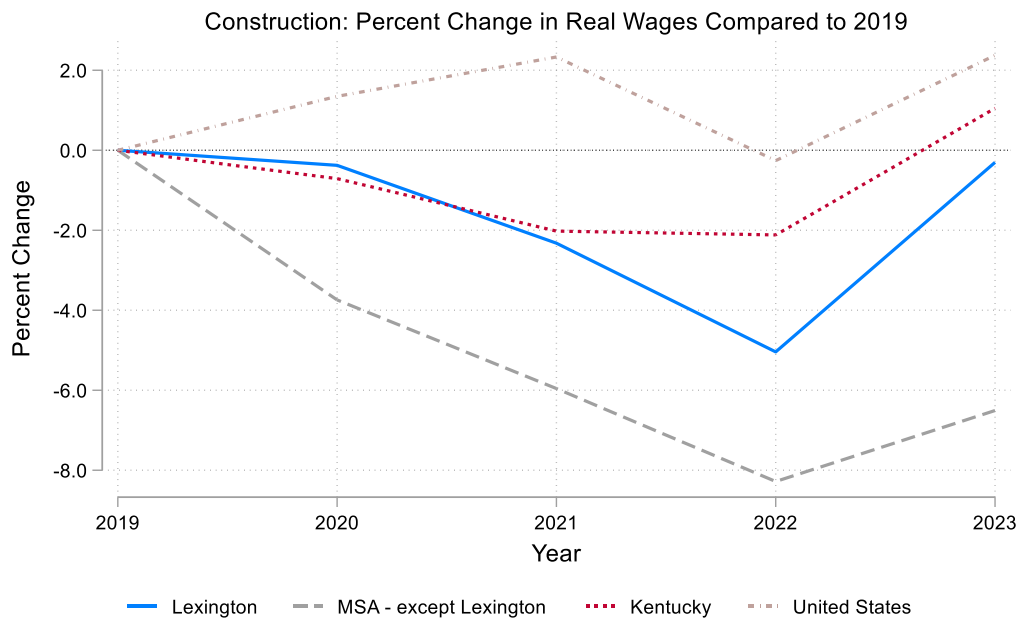
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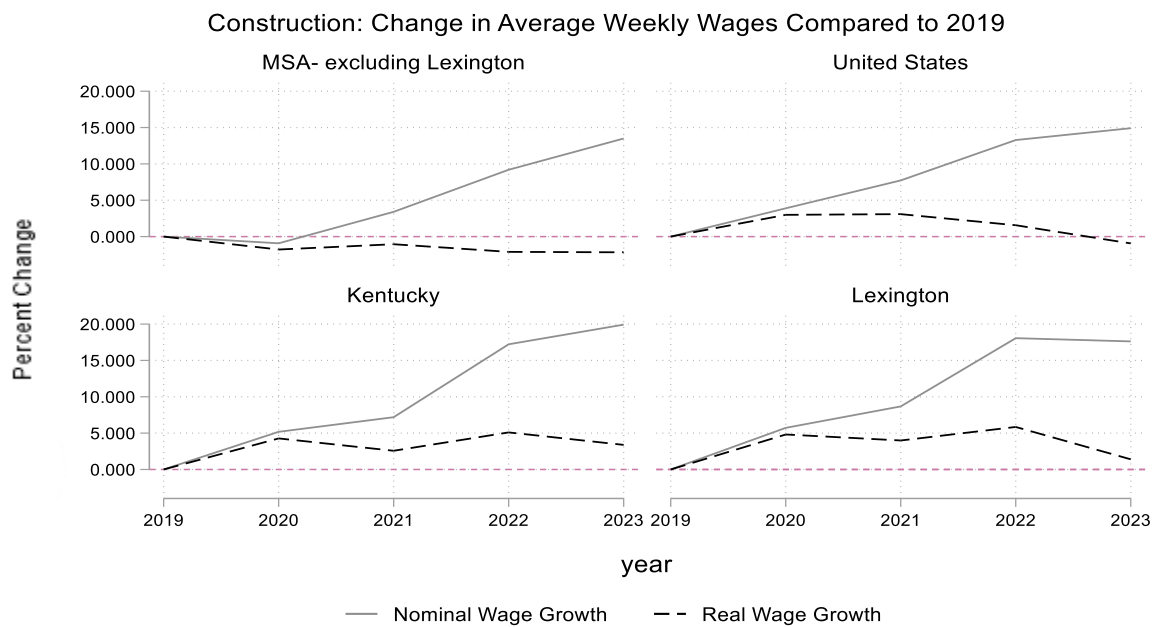
Source: Quarterly Census of Employment and Wages, Bureau of Labor Statistics (BLS), 2023

## Construction Wages

Average wages in the Lexington construction were approximately \$1,350 weekly. This is approximately an 11 percent nominal wage increase. However, after accounting for inflation, Lexington's average weekly wages declined 0.7 percent from 2020 to 2023. Real wages increased 1.6 percent in Kentucky and 2.3 percent in the rest of the Lexington-Fayette MSA



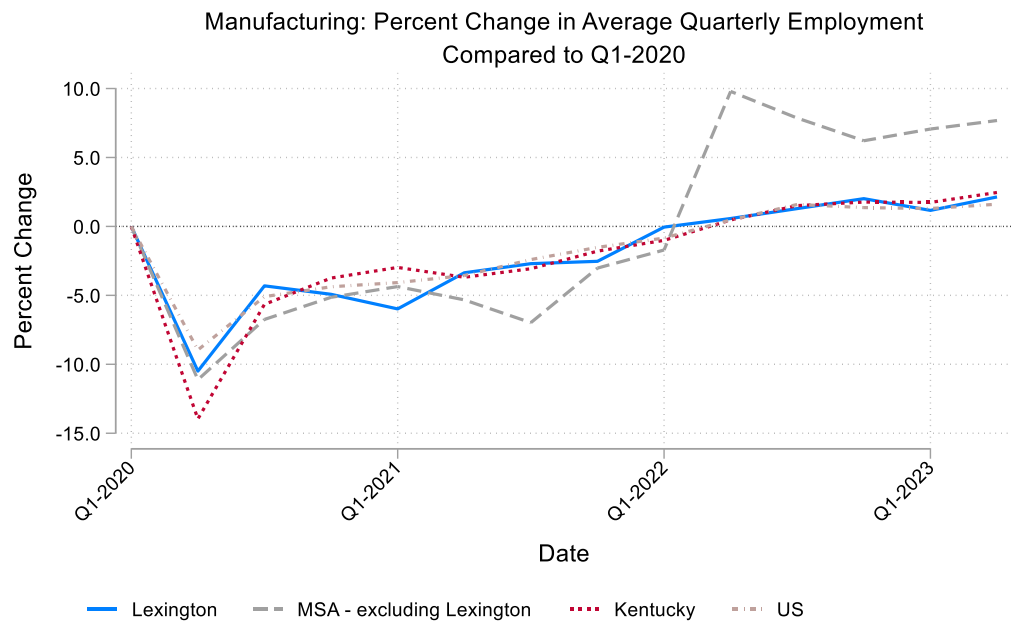
Source: Quarterly Census of Employment and Wages, Bureau of Labor Statistics (BLS), 2023



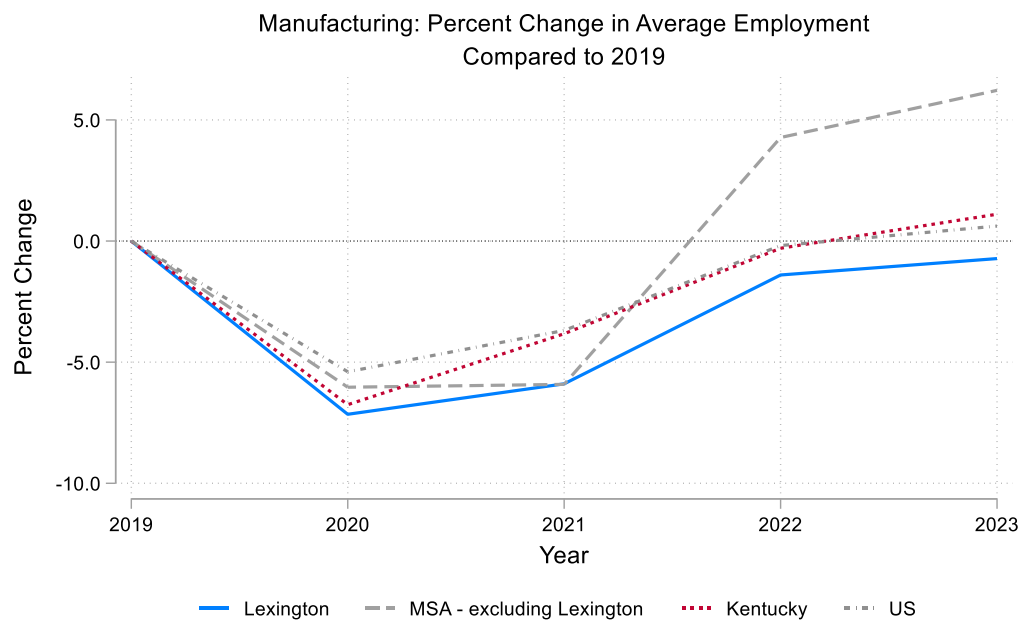
Source: Quarterly Census of Employment and Wages, Bureau of Labor Statistics (BLS), 2023

## Manufacturing Employment

There has been modest job growth in manufacturing since 2020. Growth in the other counties in the Lexington-Fayette MSA has been robust – approximately a seven percent increase in jobs since 2020. This manufacturing growth outstrips Lexington’s 1.8 percent, Kentucky’s 2.5 percent, and the US’s 0.8 percent growth in manufacturing employment.



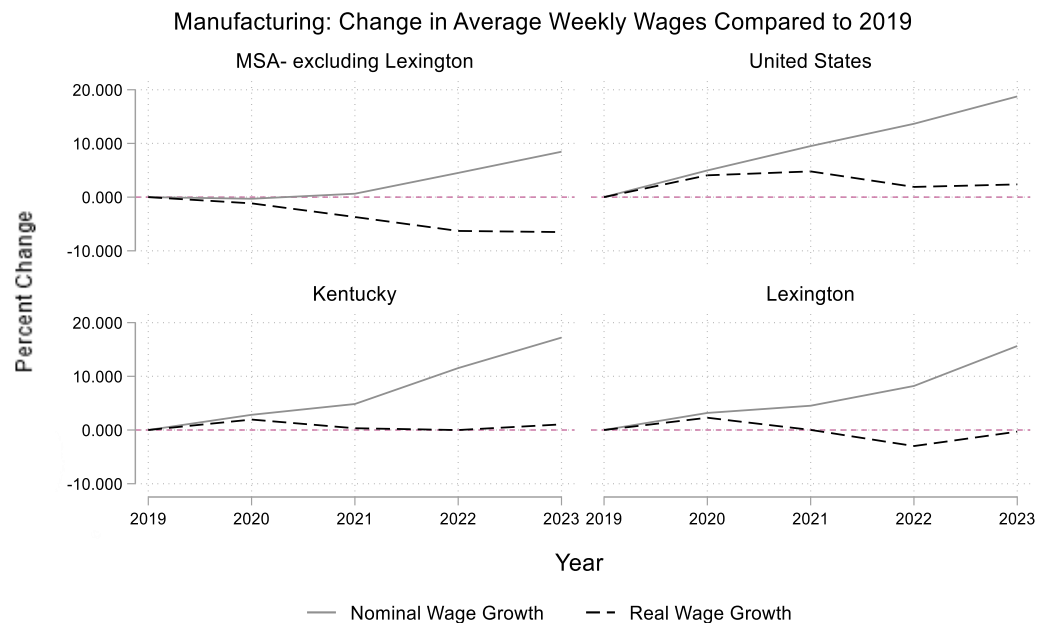
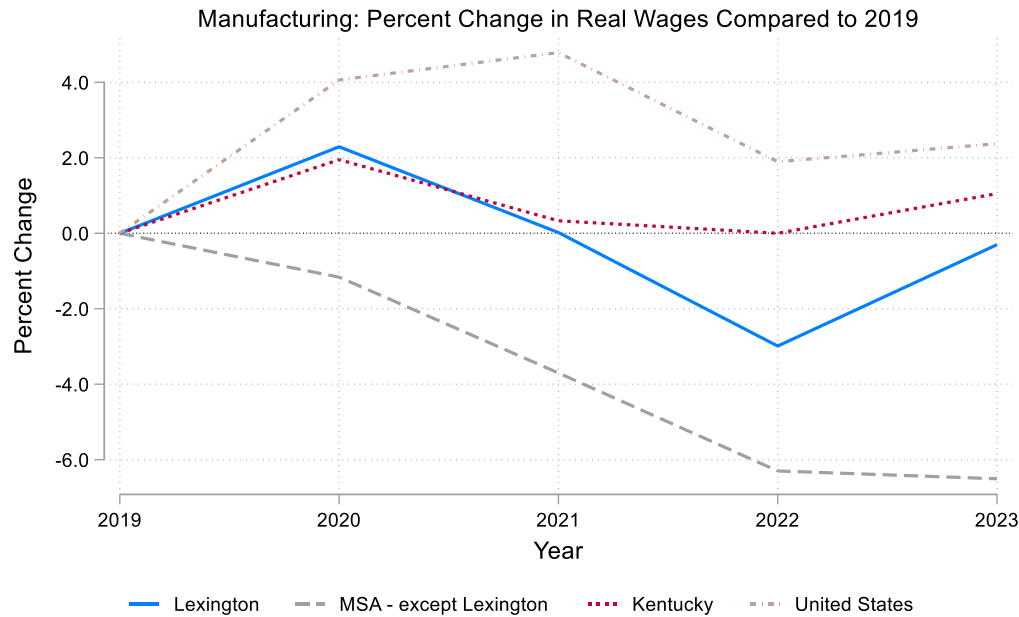
Source: Quarterly Census of Employment and Wages, Bureau of Labor Statistics (BLS), 2023



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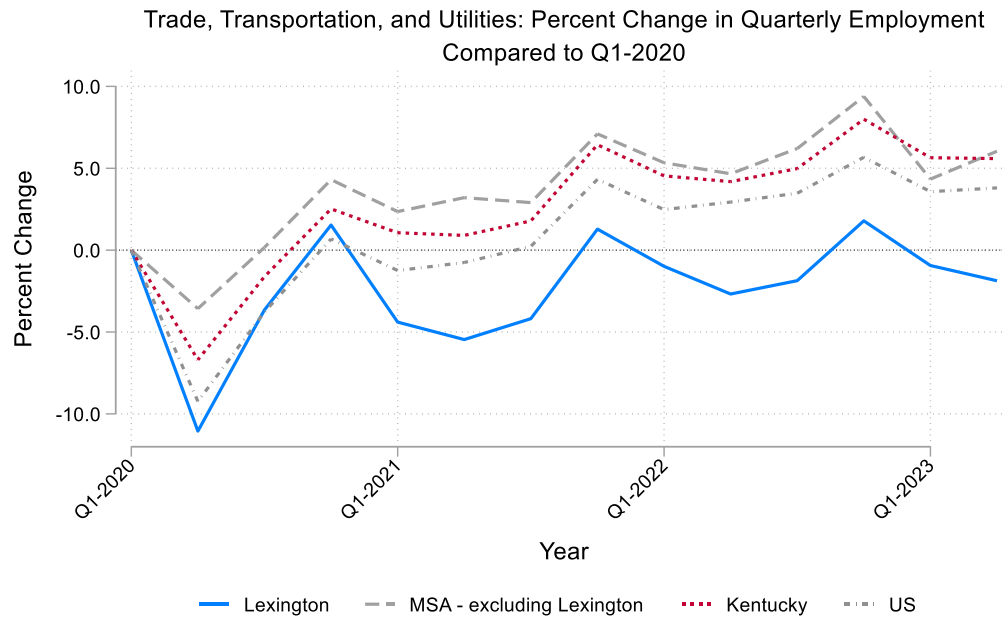
## Manufacturing Wages

In Lexington, the average manufacturing wage was \$1,550 weekly. Nominally, Lexington manufacturing wages grew 15.7 percent from 2019 to 2023. After accounting for inflation, Lexington's real manufacturing wages are not significantly different than in 2019. Statewide, real manufacturing wages increased in Kentucky (1.1%) and the US (2.3%). Real average weekly wages decreased by 6.5 percent in Lexington's surrounding counties.

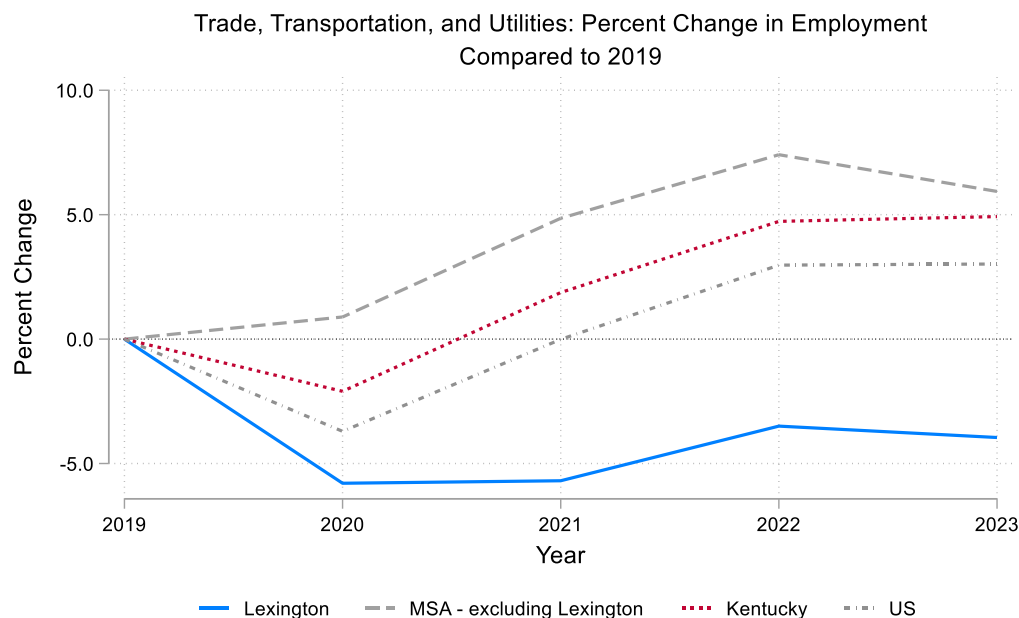


## Trade, Transportation, and Utilities Employment

Since 2020, employment in the Trade, Transportation, and Utilities sector grew approximately five percent in Kentucky (5.5%) and the MSA (5.3%). However, Lexington's employment in the Trade, Transportation, and Utilities sector has declined 2.1 percent since Q1-2020.



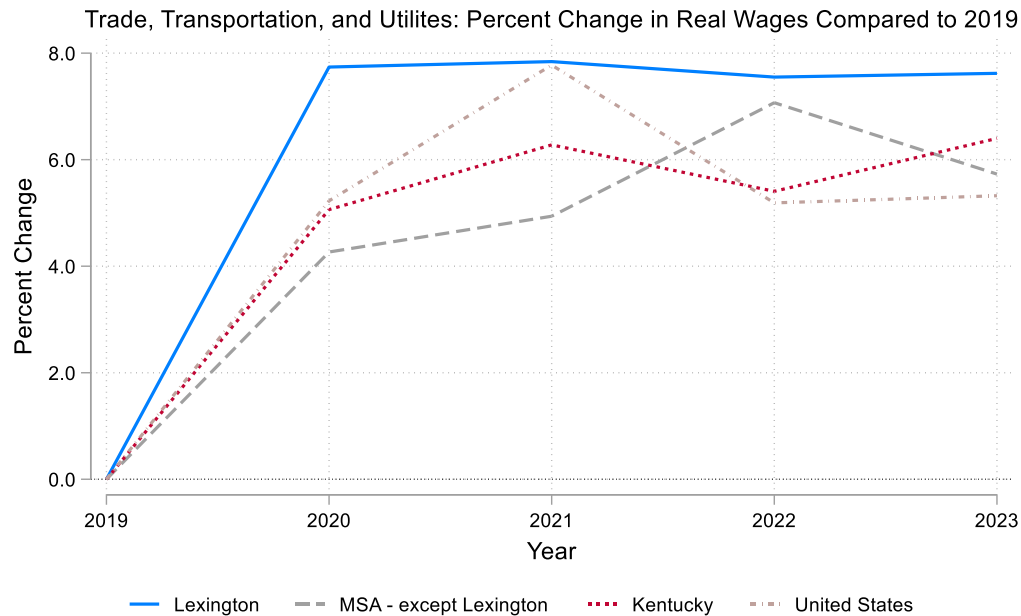
Source: Quarterly Census of Employment and Wages, Bureau of Labor Statistics (BLS), 2023



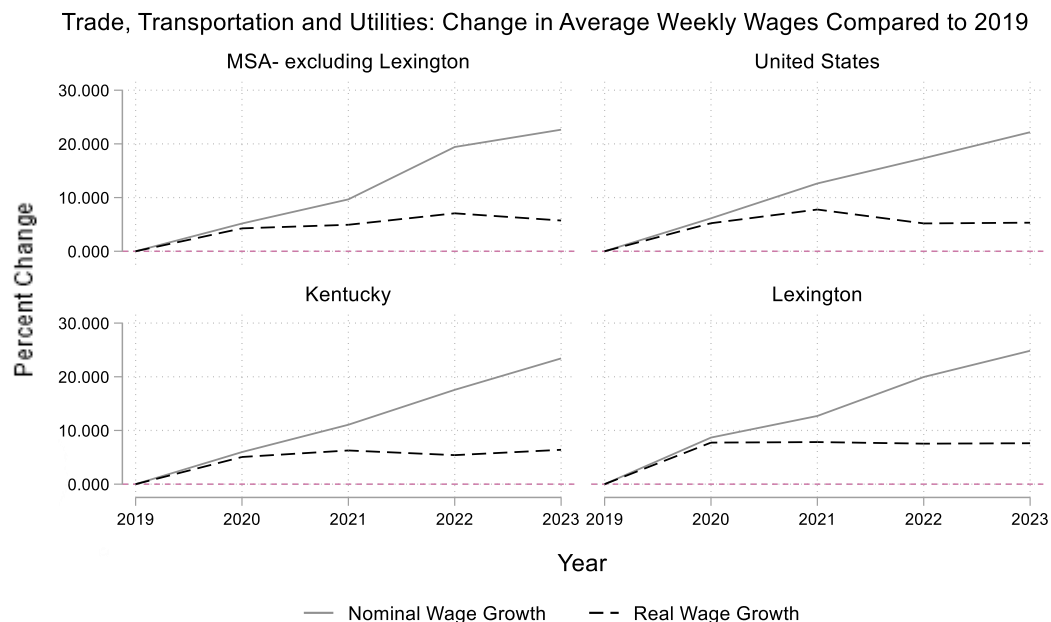
Source: Quarterly Census of Employment and Wages, Bureau of Labor Statistics (BLS), 2023

## Trade, Transportation, and Utilities Wages

In Lexington, employees in this sector earn an average wage of \$932 a week. Nominally, wages in this sector grew approximately 25 percent in Lexington from 2019 to 2023, similar to nominal growth in Kentucky (17.5%) and the surrounding Lexington-Fayette MSA (16.6%). After accounting for inflation, real average weekly wages increased 7.6 percent in Lexington, 6.4 percent in Kentucky, and 5.7 percent in the MSA.



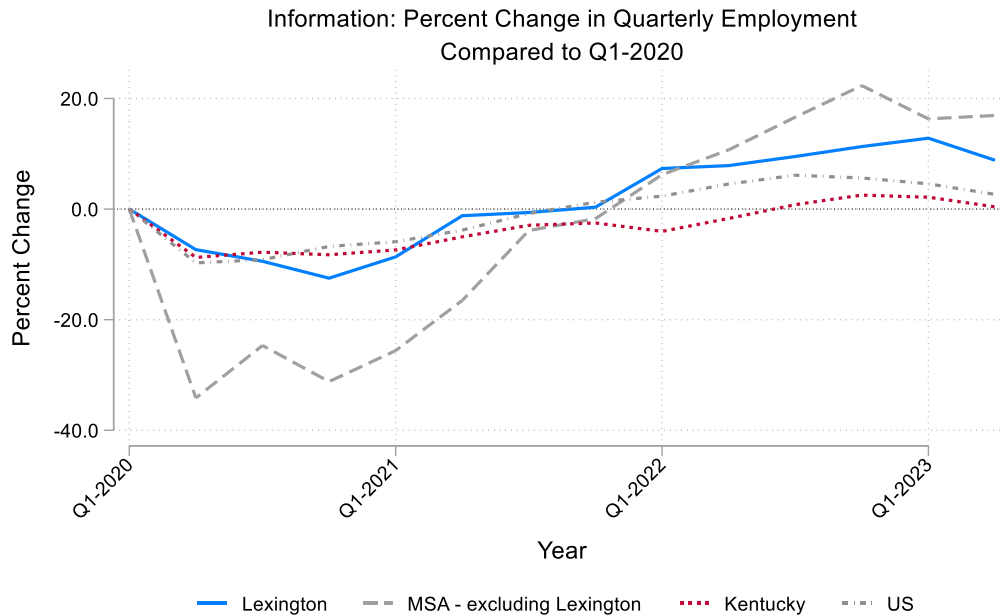
Source: Quarterly Census of Employment and Wages, Bureau of Labor Statistics (BLS), 2023



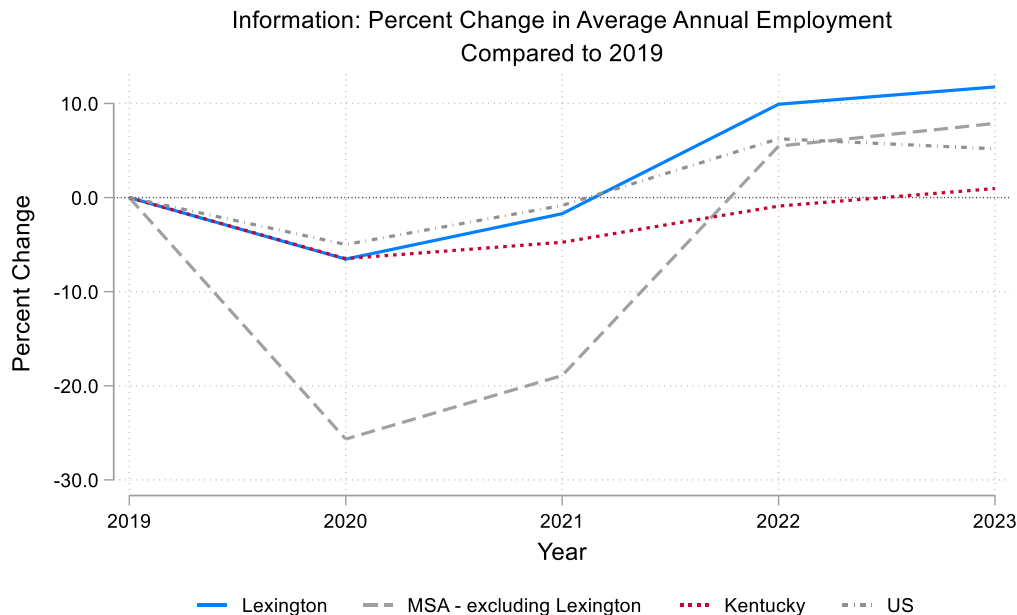
Source: Quarterly Census of Employment and Wages, Bureau of Labor Statistics (BLS), 2023

## Information Employment

There are only 2,500 jobs in the Information sector in Lexington. Jobs in this sector include businesses broadcasting information and offering other data and telecommunication services. Since Q1-2020, employment in the Information sector has increased by nearly 12 percent in Lexington and 13.5 percent in its surrounding counties.



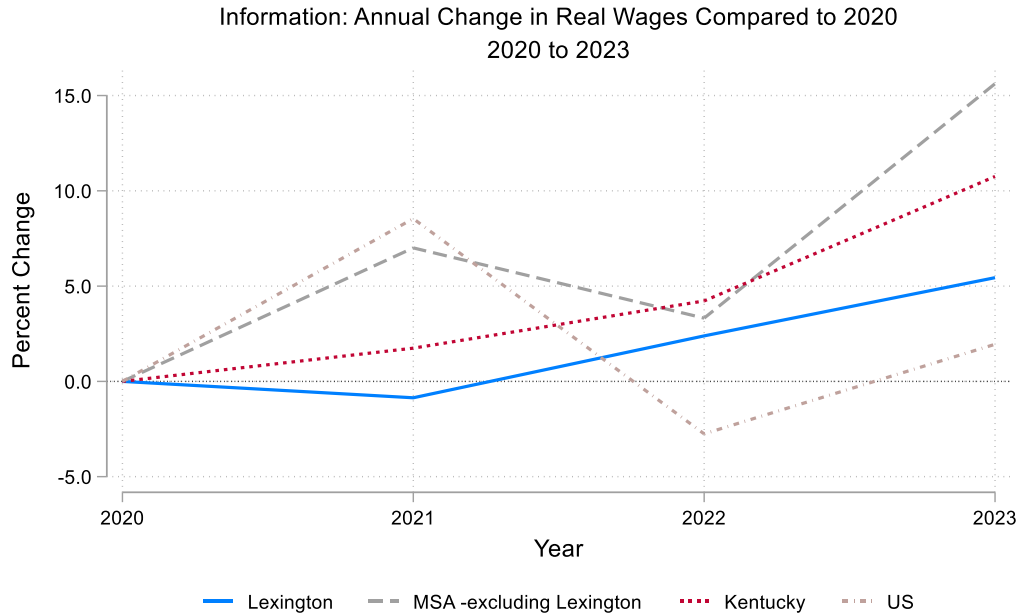
Source: Quarterly Census of Employment and Wages, Bureau of Labor Statistics (BLS), 2023



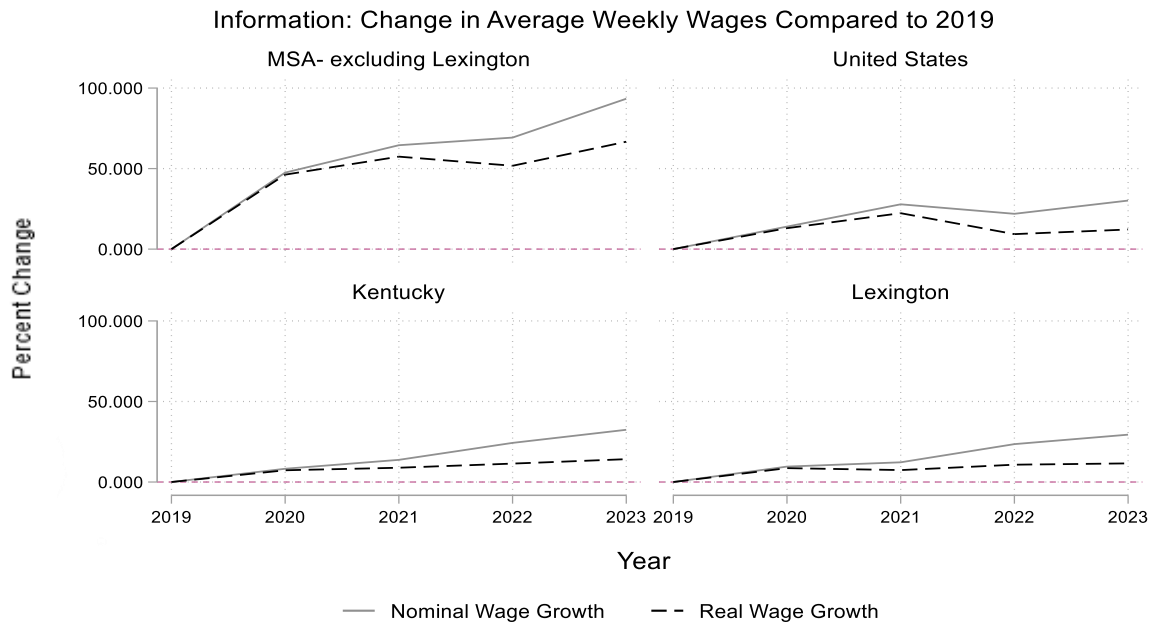
Source: Quarterly Census of Employment and Wages, Bureau of Labor Statistics (BLS), 2023

## Information Wages

In Q2-2023, the average weekly wage in the Information sector was \$1,533 in Lexington. Nominal wages increased 29 percent in Lexington. After accounting for inflation, real wages increased 5.4 percent in Lexington and 2 percent nationally from 2020-2023.



Source: Quarterly Census of Employment and Wages, Bureau of Labor Statistics (BLS), 2023

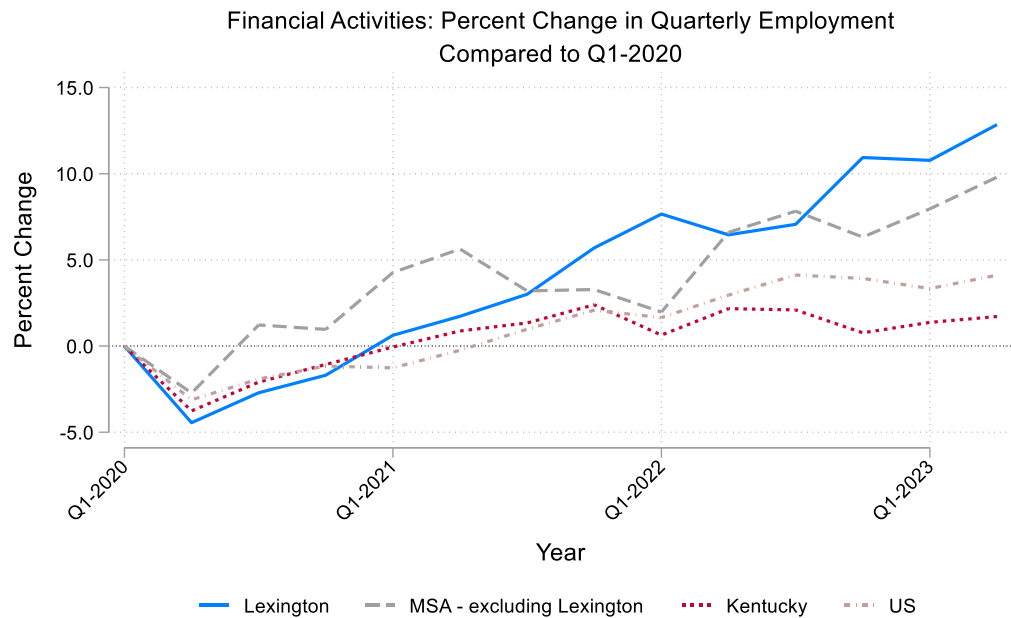


Source: Quarterly Census of Employment and Wages, Bureau of Labor Statistics (BLS), 2023

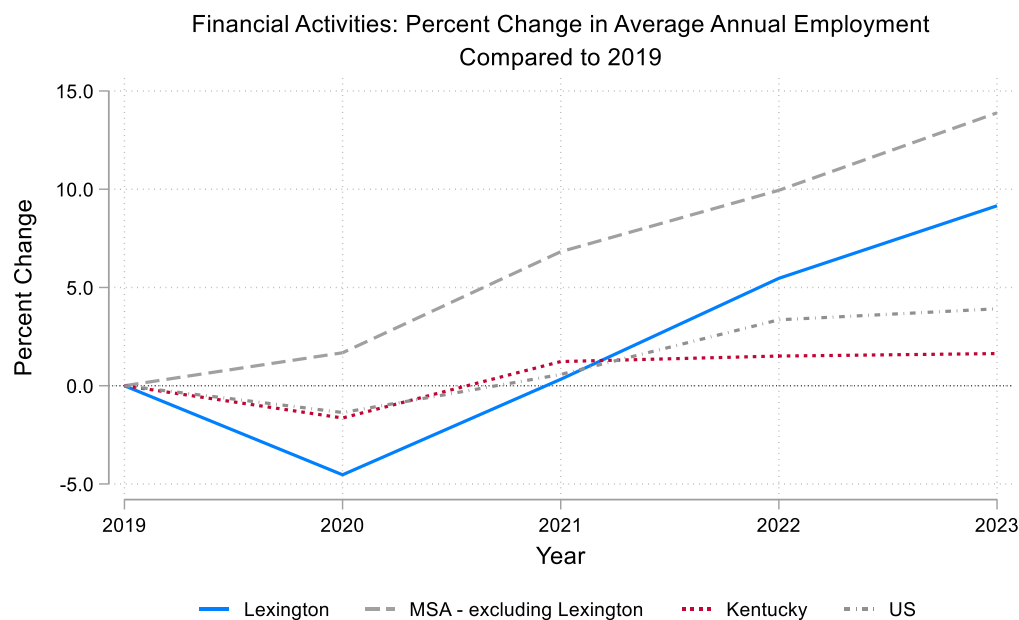


## Financial Activities Employment

Examples of professions in this industry include financial advisors, property managers, insurance agents, and mortgage brokers. Since 2020, this sector has grown approximately 13 percent in Lexington and 9 percent in the rest of the Lexington-Fayette MSA.



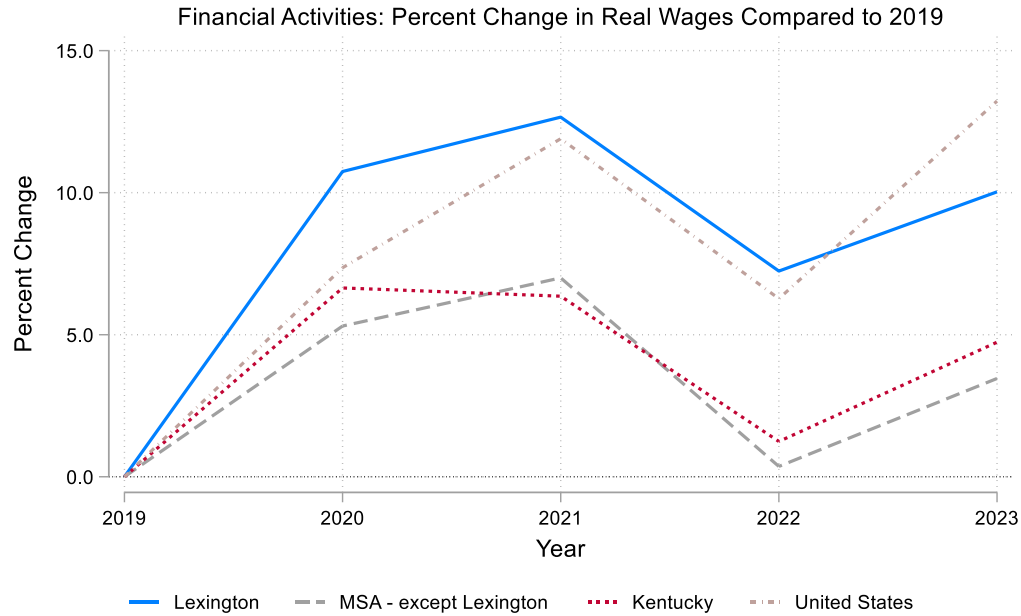
Source: Quarterly Census of Employment and Wages, Bureau of Labor Statistics (BLS), 2023



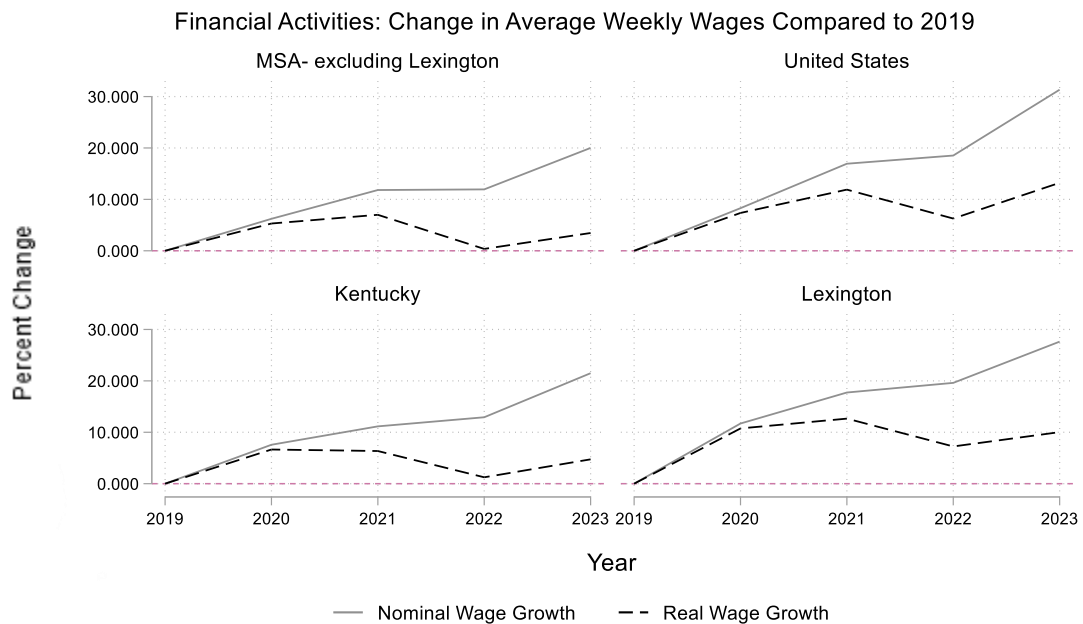
Source: Quarterly Census of Employment and Wages, Bureau of Labor Statistics (BLS), 2023

## Financial Activities Wages

In Lexington, employees in this sector earn an average wage of \$1500 a week. After accounting for historically high inflation that occurred from 2019 to 2023, real wages grew at all geographic levels: Lexington (10.0%), MSA (3.4%), Kentucky (4.7%), and the US (13.2%).



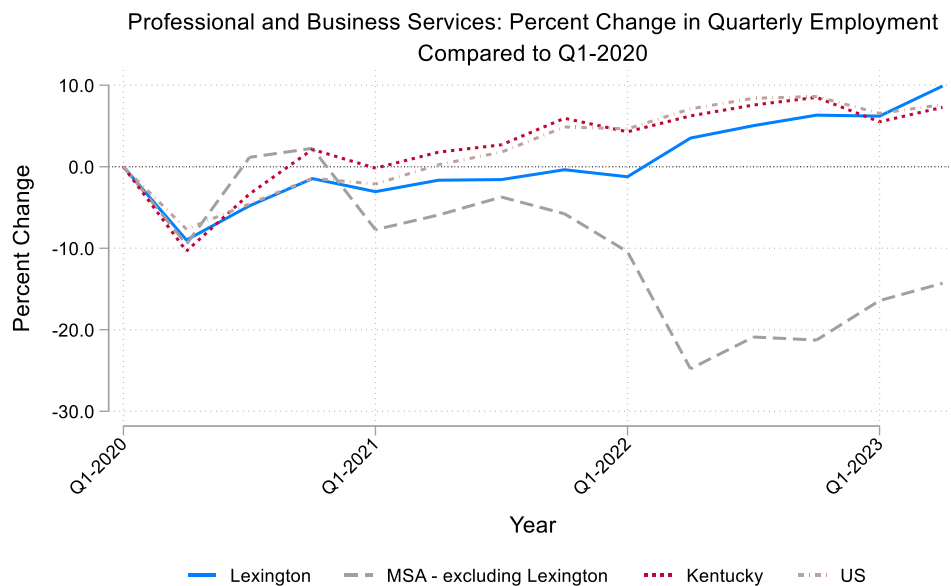
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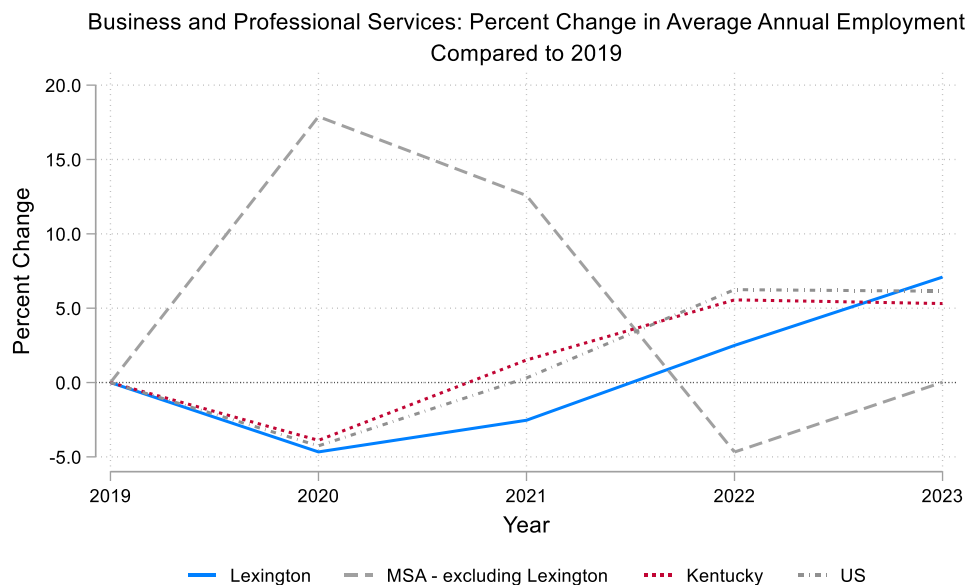
Source: Quarterly Census of Employment and Wages, Bureau of Labor Statistics (BLS), 2023

## Professional and Business Services Employment

Lexington has approximately 30,000 jobs in the Professional and Business Services sector. Businesses in this sector offer administrative, legal, veterinary, laboratory, management, or waste remediation services. From Q1-2020 to Q2-2023, employment in this sector increased by 9.1 percent in Lexington, 7.1 percent in Kentucky, and 7.6 percent nationally. Employment in the other counties in the Lexington-Fayette MSA declined nearly 15.2 percent. Most of this employment “loss” was in the temporary help services industry. This is likely because businesses hired these workers for permanent positions, meaning these employees would now be classified as employed in other industries.



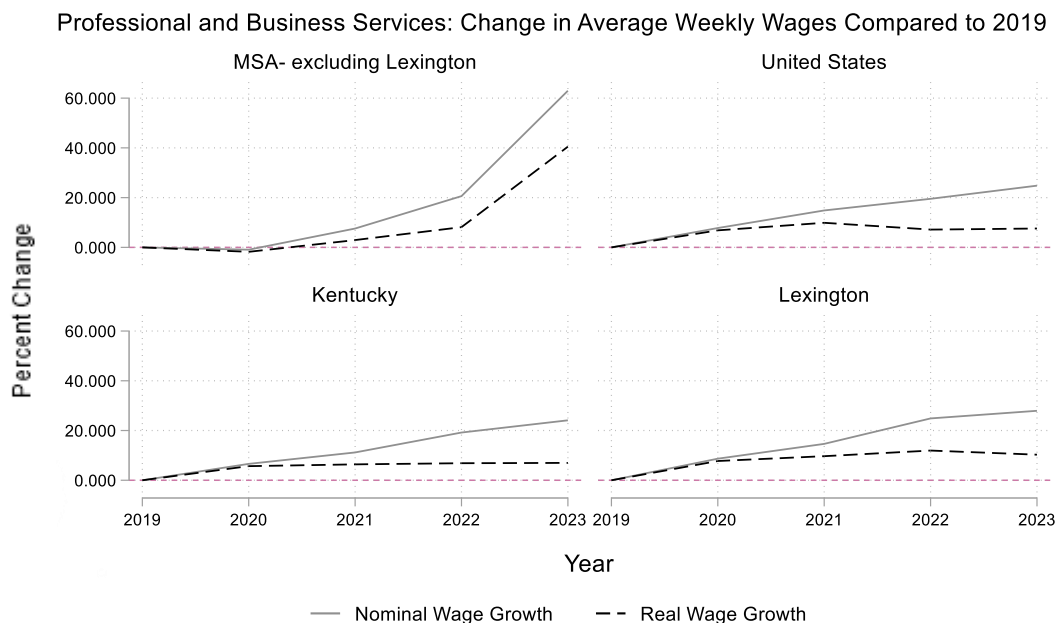
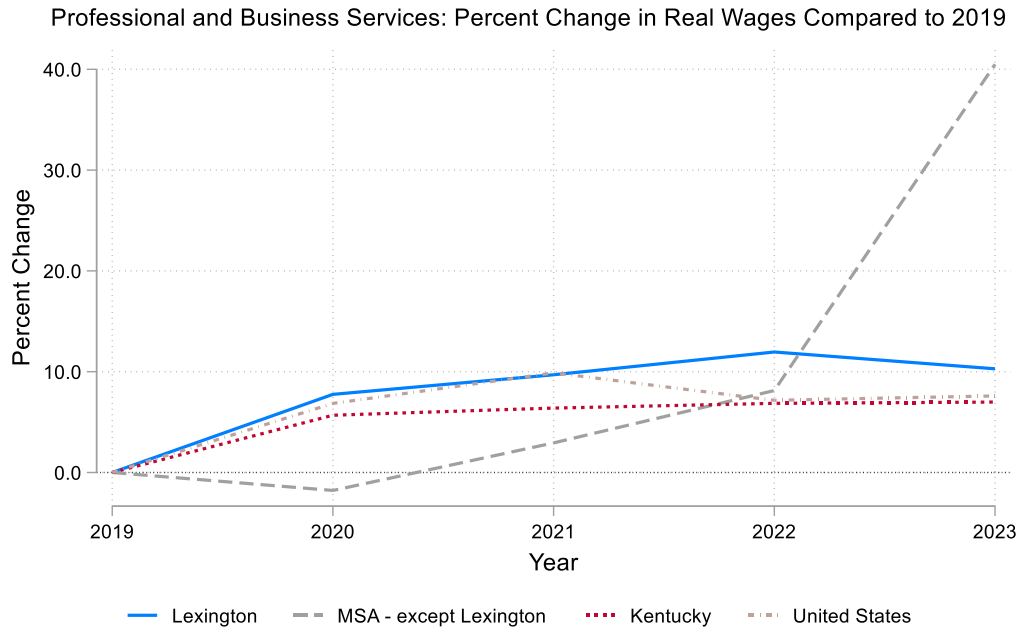
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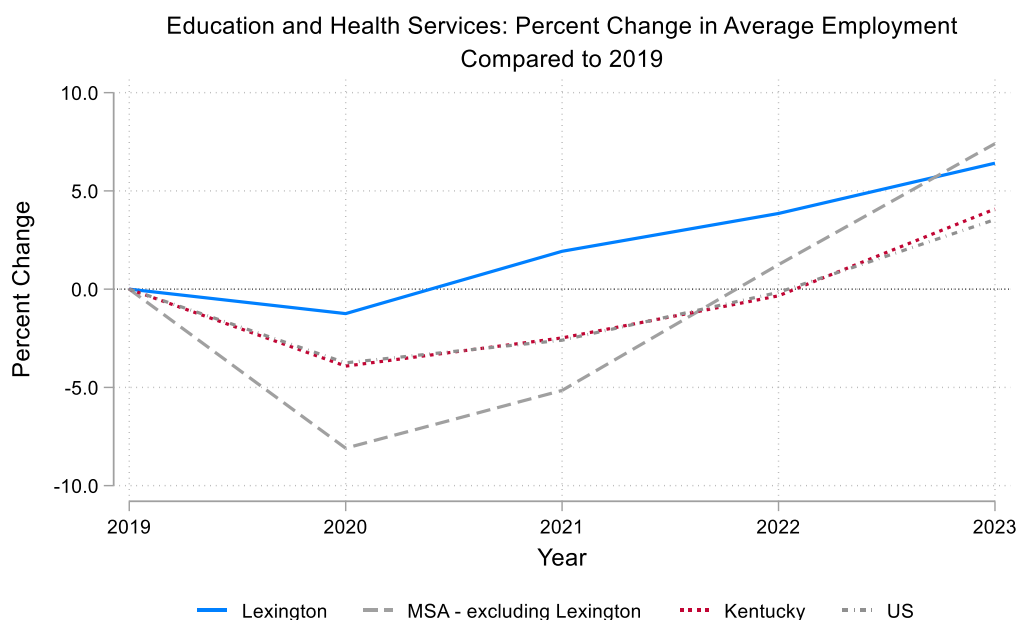
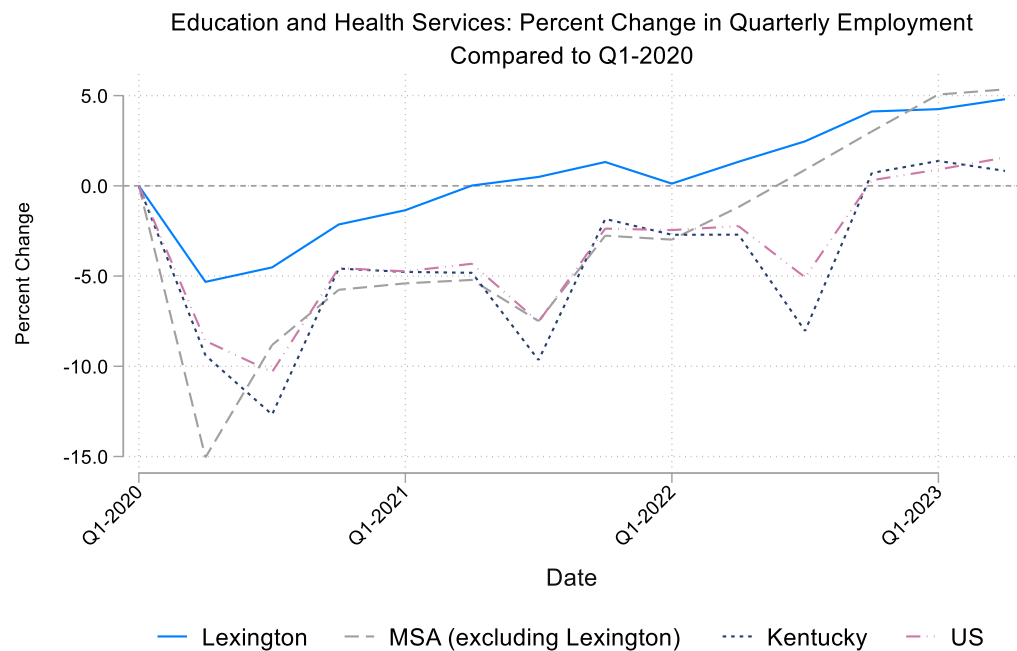
## Professional and Business Services Wages

In Lexington, employees in this industry earn a \$1,290 weekly average wage as of Q2-2023. From 2019 to 2023, nominal wages grew 28 percent in Lexington. After accounting for inflation, real average weekly wages in the Professional and Business Services sector grew in Lexington (10%), the rest of the MSA (40.5%), Kentucky (4.7%), and the US (7.6%) compared to 2019. The substantial wage increase in the MSA category is likely attributable to the reclassification of temporary workers who are often paid less than other workers in the professional and business sector.



## Education and Health Services Employment

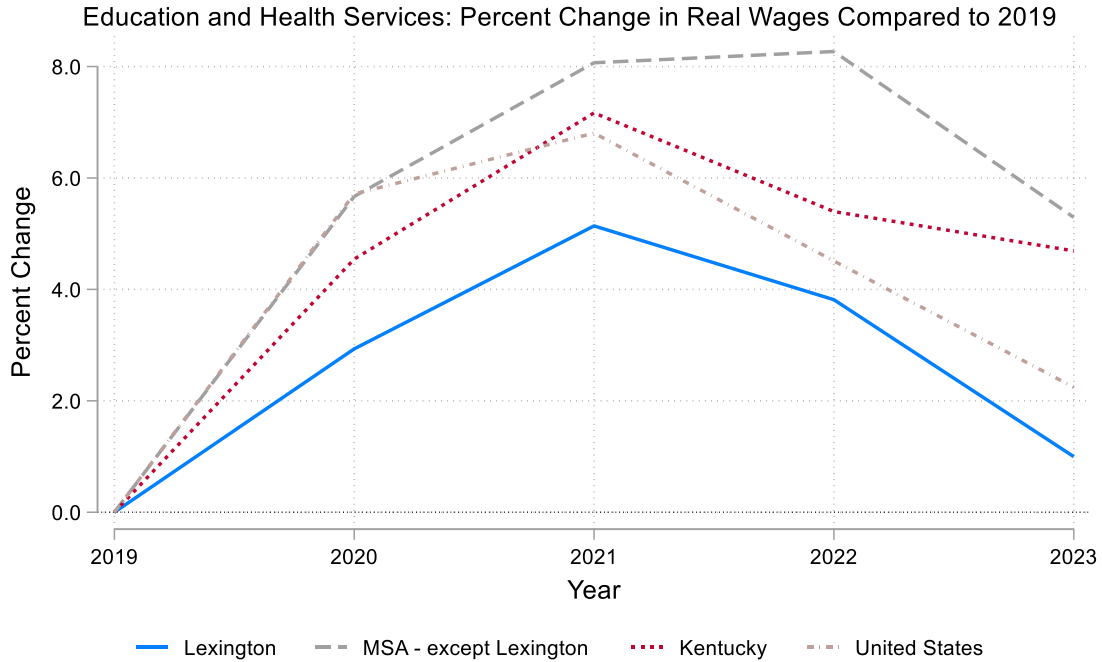
Lexington has approximately 54,000 jobs in the Education and Health Services sector (28,000 in the private sector and 26,000 in the public sector). Since 2020, employment in this industry has grown nearly 4.8 percent. Employment in the Lexington Education and Health Service sector does not exhibit the annual dip in employment seen at the other geographic levels. This is likely because there is a higher concentration of health service workers in Lexington compared to the other geographic areas because of the hospitals and medical clinics located in Lexington.



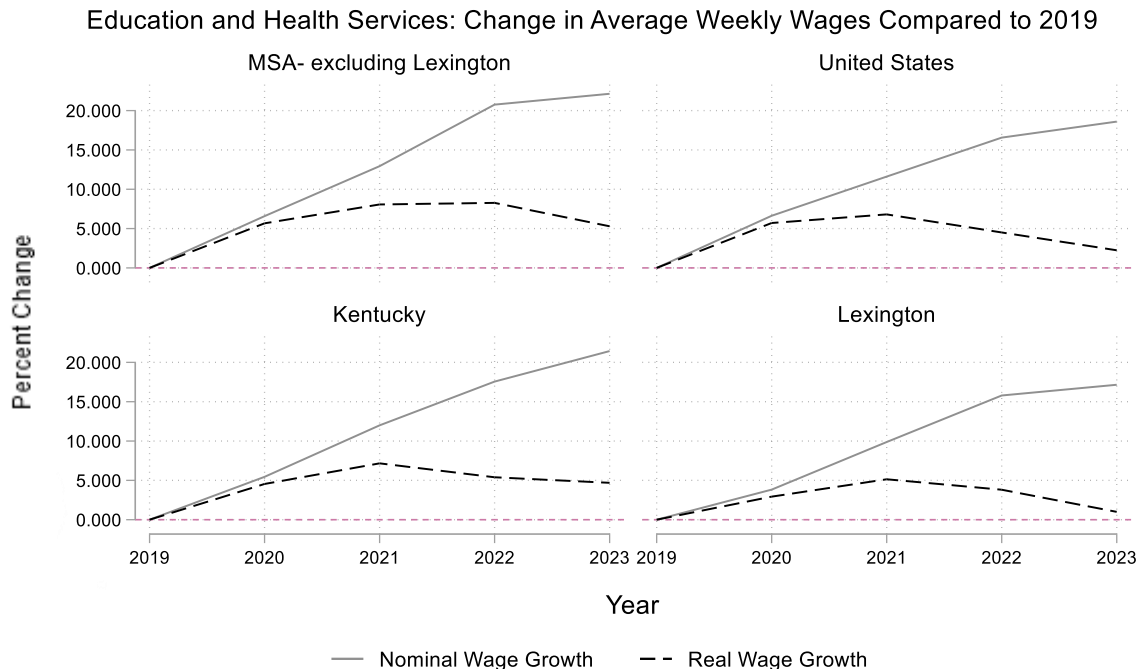
Source: Quarterly Census of Employment and Wages, Bureau of Labor Statistics (BLS), 2023

## Education and Health Services Wages

In Lexington, the average weekly wage in the private sector is approximately 1,150 dollars in Q2-2023. After accounting for inflation, wages grew 1 percent in Lexington and approximately 4.7 percent in Kentucky and 5.3 in the MSA from 2019 to 2023. Nationally, wages increased 2.2 percent.



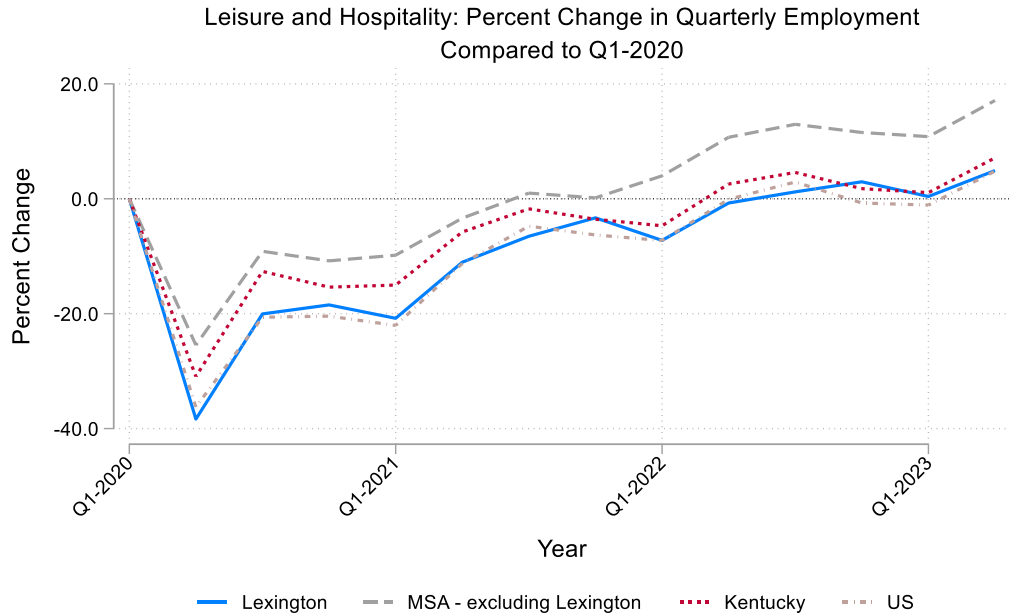
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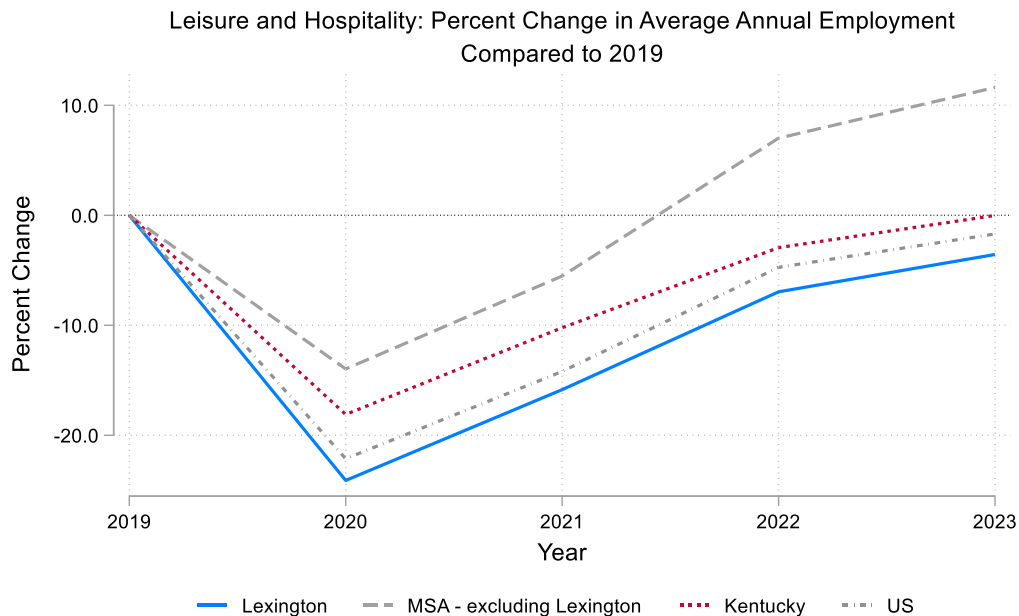
Source: Quarterly Census of Employment and Wages, Bureau of Labor Statistics (BLS), 2023

## Leisure and Hospitality Employment

There are approximately 24,000 jobs in the Leisure and Hospitality Sector. As of Q2-2023, Lexington's leisure and hospitality employment is nearly 8 percent higher than before the COVID-19 shutdowns, higher than growth at the state (5.2%) and national levels (2.5%).



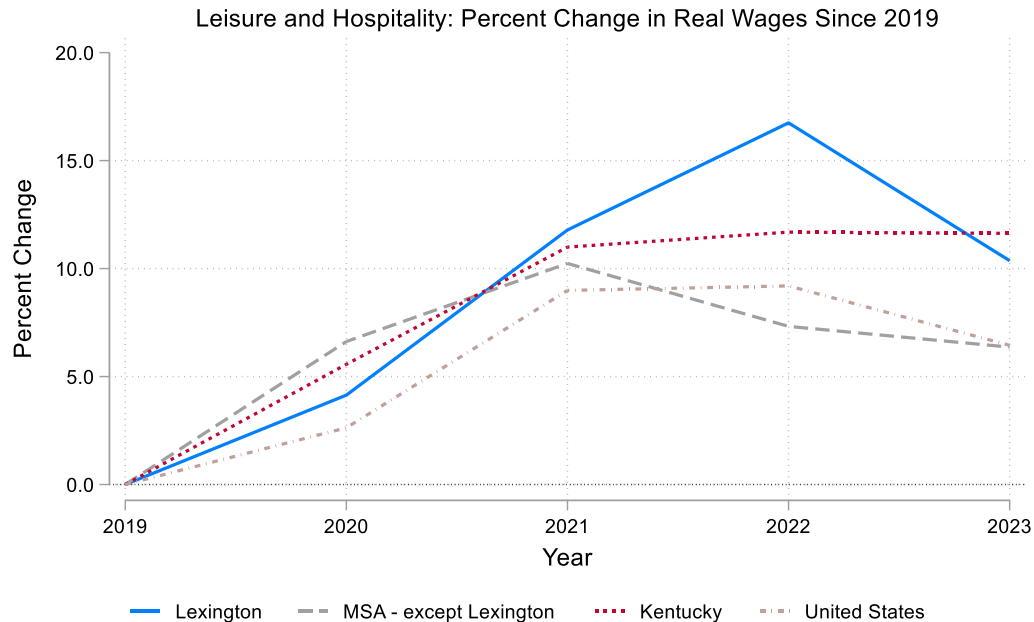
Source: Quarterly Census of Employment and Wages, Bureau of Labor Statistics (BLS), 2023



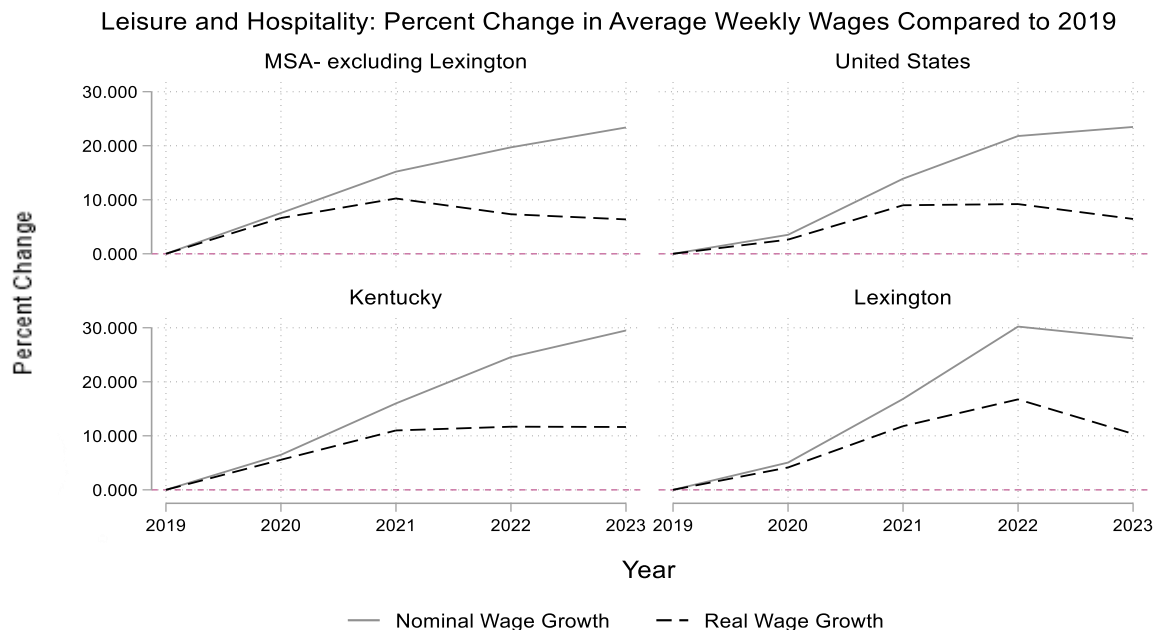
Source: Quarterly Census of Employment and Wages, Bureau of Labor Statistics (BLS), 2023

## Leisure and Hospitality Wages

Nominally, Leisure and Hospitality wages increased by approximately 28 percent in Lexington and Kentucky. Wages in the MSA grew only 14.7 percent. After accounting for inflation, Lexington's real wages are 10.4 percent higher than before the COVID Shutdown.



Source: Quarterly Census of Employment and Wages, Bureau of Labor Statistics (BLS), 2023

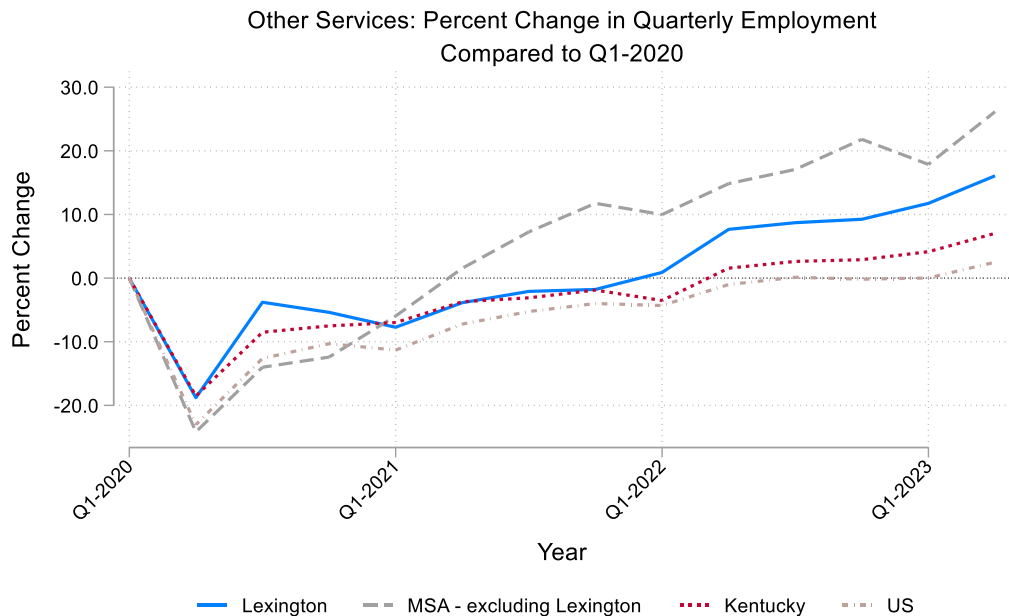


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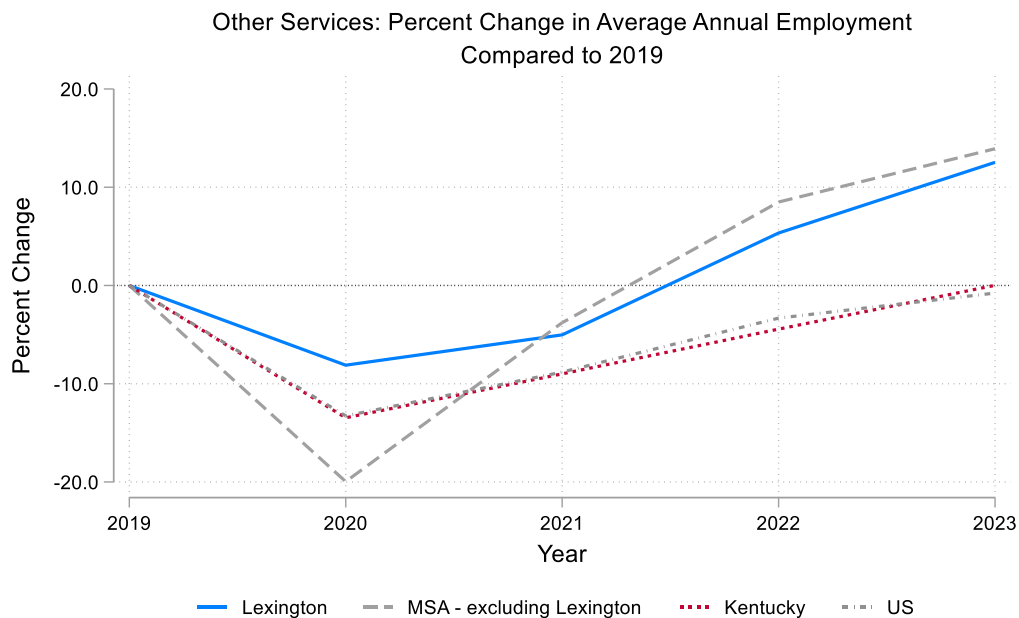


## Other Services Employment

Businesses in the Other Services Sector provide repair, personal care, drycleaning, parking, and grantmaking services. Lexington had approximately 6,200 “Other Services” jobs as of Q2-2023. In Lexington, Other Services employment grew 14.0 percent since Q1-2020 and 22 percent in the other counties in the Lexington-Fayette MSA. Nationally, employment grew 1.5 percent nationally and 6.0 percent in Kentucky overall.



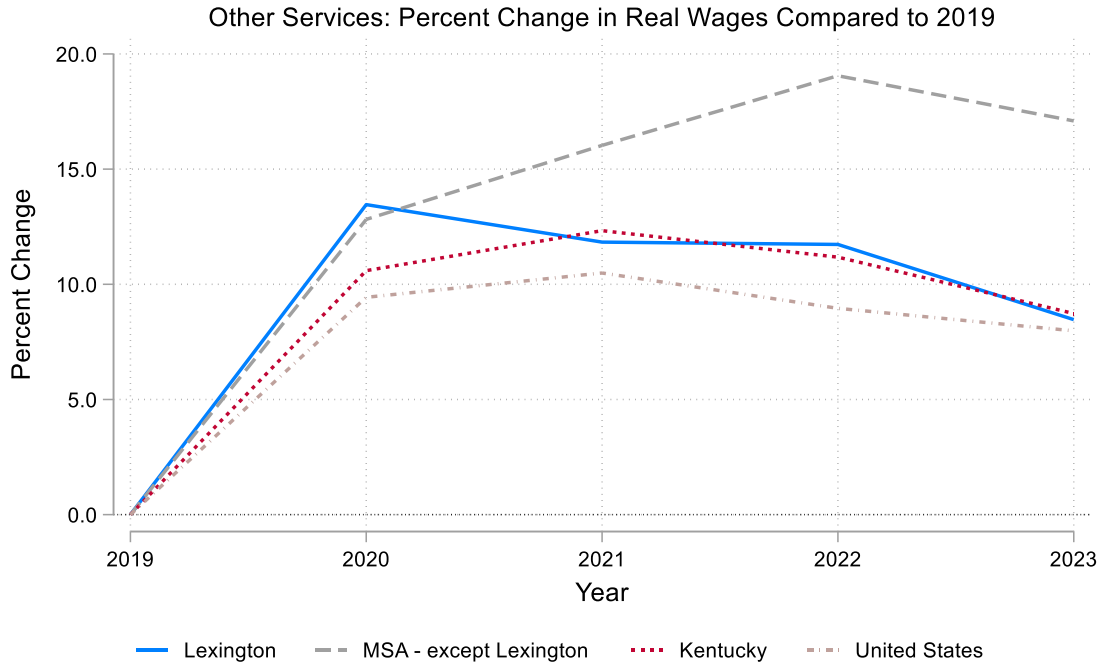
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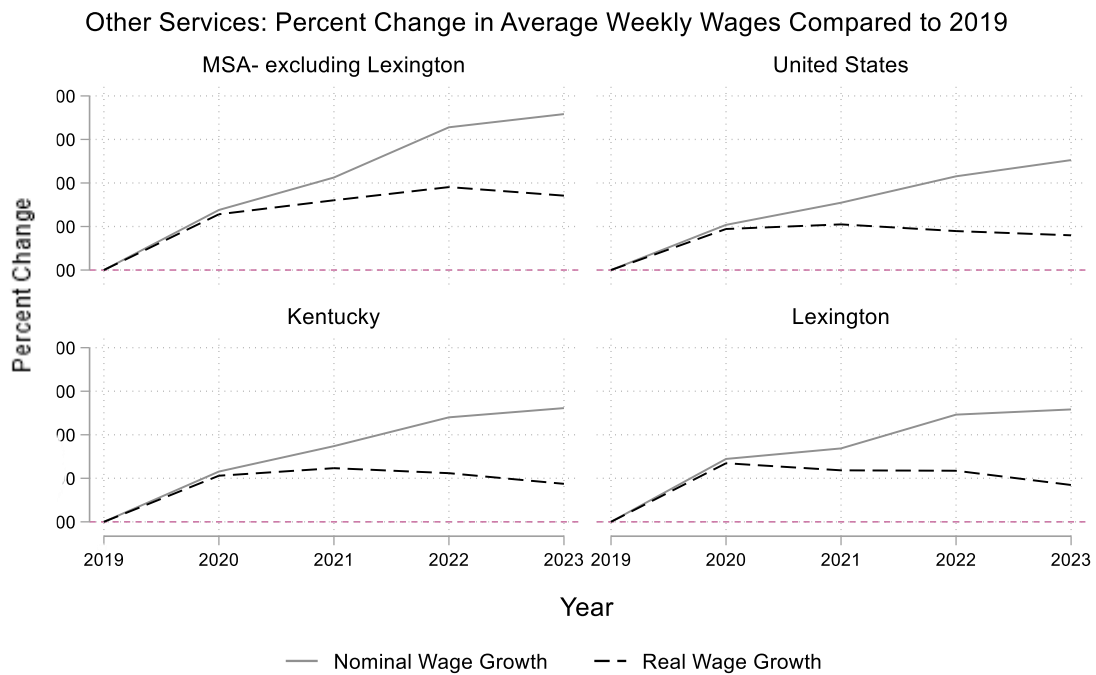
Source: Quarterly Census of Employment and Wages, Bureau of Labor Statistics (BLS), 2023

## Other Services Wages

In Lexington, nominal average weekly wages increased by approximately 25.8 percent from 2019 to 2023. After adjusting for inflation, Lexington's real average wages increased 8.5 percent while wages grew 17 percent in the MSA.



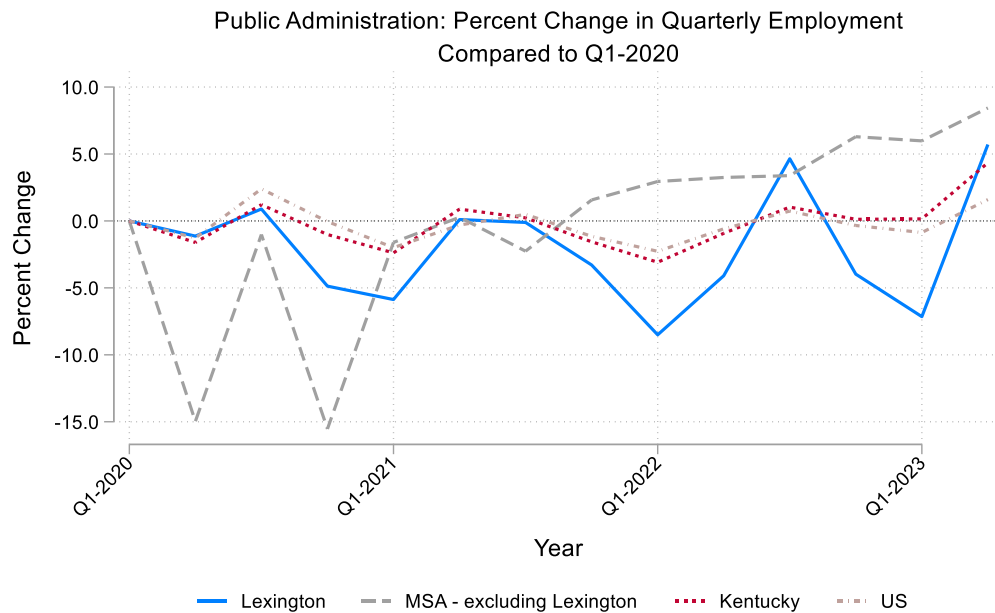
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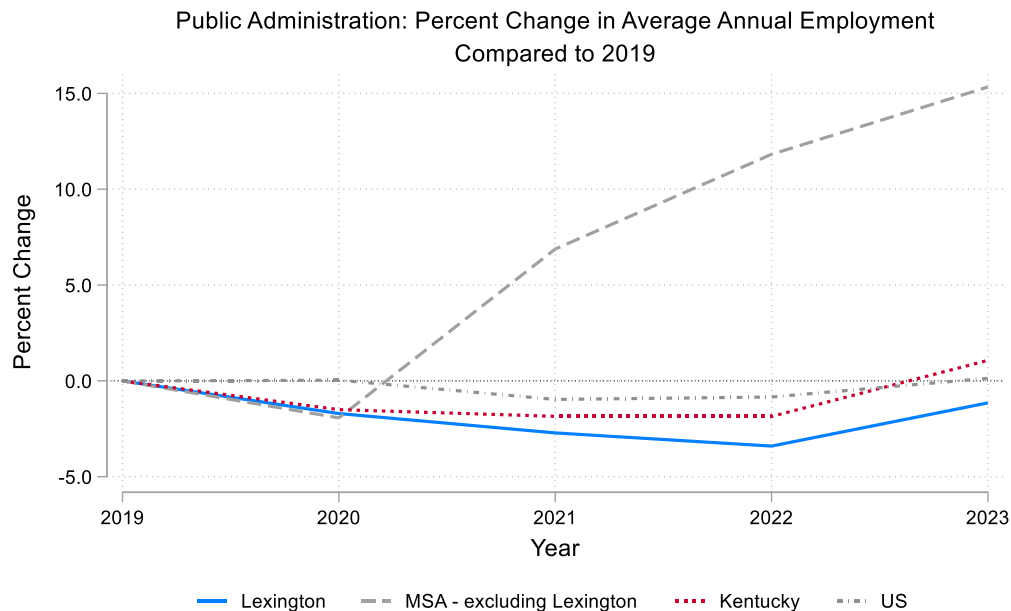
Source: Quarterly Census of Employment and Wages, Bureau of Labor Statistics (BLS), 2023

## Public Administration Employment

There are nearly 7,000 public administration jobs in Lexington as of Q2-2023. Many government jobs are classified as “Public Administration,” such as regulatory agencies or individuals with legislative or judicial authority. While an Education Cabinet job would be in this category, public school teachers are in the Educational Services sector. There was large annual employment growth in the MSA between 2020 – 2023 not seen in the quarterly chart. Telework policy changes may be responsible for growth in MSA employment. Many public sector employees began to work remotely during Q1-2020, and many agencies still have telework/hybrid policies in place.



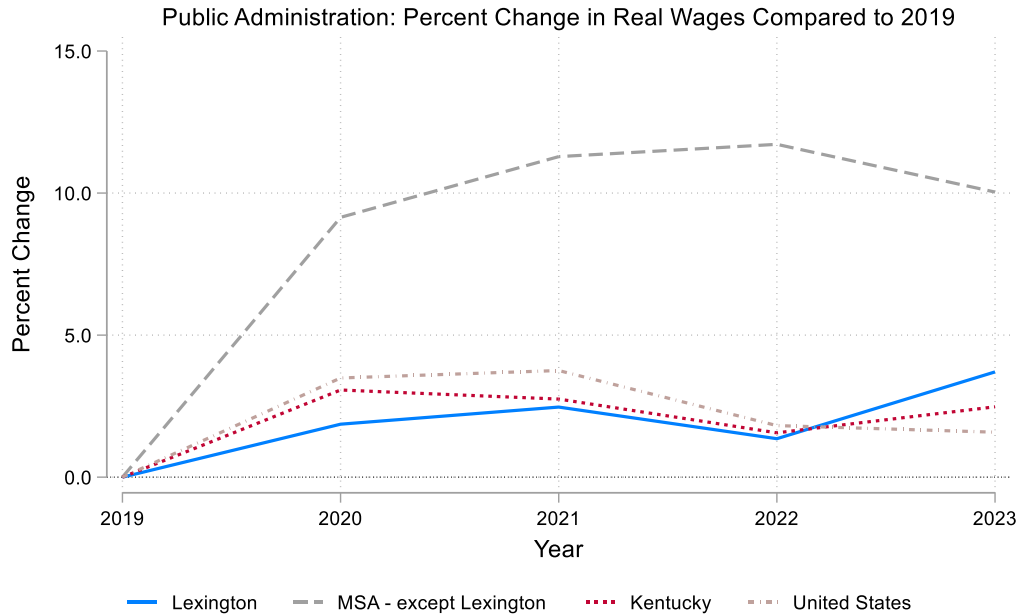
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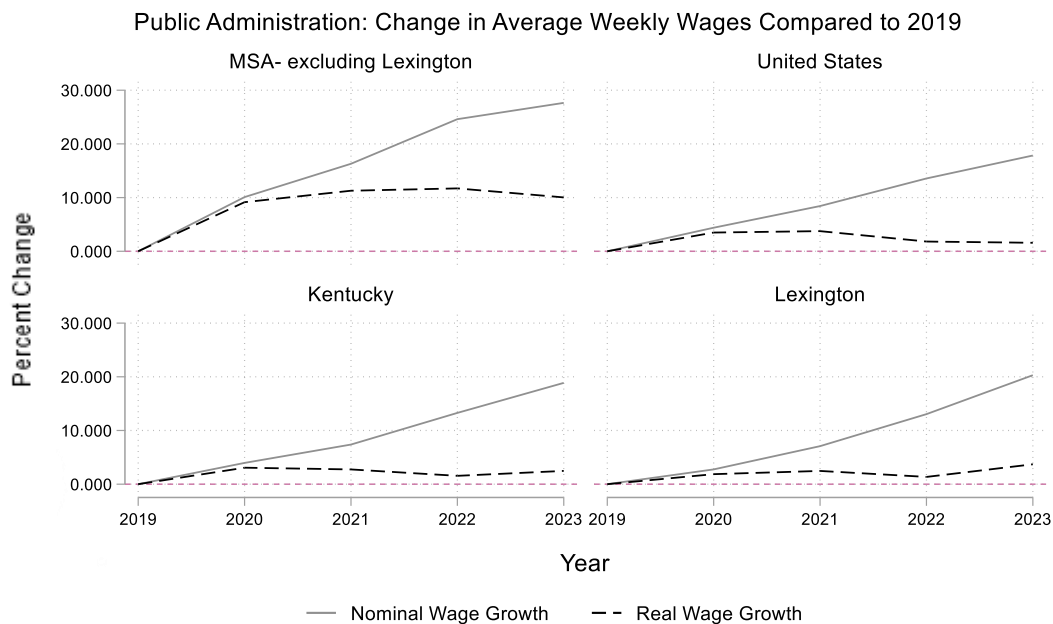
Source: Quarterly Census of Employment and Wages, Bureau of Labor Statistics (BLS), 2023

## Public Administration Wages

In Lexington, jobs in the Public Administration sector earn an average weekly wage of \$1,365 as of Q2-2023. This is approximately 20.3 percent higher than the average weekly wage in 2019. However, once adjusted for inflation, this translates to an increase in real wages of 3.7 percent.



Source: Quarterly Census of Employment and Wages, Bureau of Labor Statistics (BLS), 2023



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