

Earnings with Employment Tenure

May 2025

The following findings look at the wages of a specific group of Vermont workers. These are employees who remained with the same employer for at least two years. These workers saw a steady increase in wages, across all earnings levels.



Introduction

Tenured employment for the purpose of this analysis is when an employee works for the same employer during the two-year reference period (as defined below). These tenured workers account for roughly half of all records of employment the Vermont Department of Labor collects. These individuals with stable employment will be used to compare wages before and after COVID. Though there is no “typical” or “normal” employment arrangement, the wages examined here represent the earnings of employees with stable-year-round work.

Data Source and Limitations

The purpose of this analysis is to examine continuous employment. No attempt is made to compare these tenured workers to all workers in the dataset. The full dataset contains a notable number of workers who work either seasonally or earn a low total wage for other reasons, indicative of a limited amount of work performed on an annual basis.

This analysis uses wage information collected by the Vermont Department of Labor. These wages are administrative records collected as part of the state’s Unemployment Insurance Program. Such records have several limitations

when used for economic analysis. The records are generated on a quarterly basis and lack granularity within the three-month period they cover. They can indicate whether workers were employed during a given quarter and the total wages earned by each worker. However, they do not provide information on the specific months in which the income was earned, or the number of hours worked. The wages, therefore, include full-time and part-time employment.

Vermonters who are employed out of state will not appear in these records. Conversely, Vermont workers who reside out of state are included, though these individuals are the minority. Many sectors are absent from these administrative records because they are not covered by the State’s Unemployment Insurance Program, most notably self-employed individuals. Other exceptions include (but are not limited to) student workers, railroad workers, federal government workers, and workers in certain religious organizations.

All wages are nominal, meaning they are not adjusted to reflect inflation.

Definition

A tenured worker, for the purpose of this analysis, is an individual who had eight consecutive quarters of earnings in Vermont. The 2019 tenured workers had evidence of employment in all four quarters of both 2019 and 2018—and same for the 2024 workers—employment in all quarters of 2024 and 2023. The employment may start/continue before or after the observation period. As detailed above in the limitations of this data, the workers can be full-time or part-time, and the numbers of hours worked are unknown. Part-time employment as defined here is not just limited to reduced work hours per week but could also include ongoing intermittent work for the same employer over the observation period.

Findings

2018 to 2019 Wages

The economy was relatively stable during the two years prior to the COVID pandemic. Inflation, unemployment levels and other economic indicators suggested the U.S. economy was strong. These 2018-2019 tenured employees represent “before COVID” wages. For these workers the average (mean) wage was \$57,309 in 2019 with a growth rate of 4.3% from the previous year (Table 1).

In addition to the average wage, Table 1 shows the earnings of various percentiles including the median (50th percentile)¹. All earnings levels, except for the 10th percentile, saw at least a 4.3% increase in wages. The lower paid workers are most likely part-time workers and more likely to have earnings at or near the Vermont minimum wage. Changes to hours worked or the minimum wage would impact this group more noticeably. For example, the earnings increase of the 10th percentile is close to the 2018 to 2019 minimum wage increase of 2.7% (\$10.50 to \$10.78 per hour).

Table 1. Wages of 2019 Tenured Vermont Employees

| | n | Mean | 10th Percentile | 25th Percentile | Median | 75th Percentile | 90th Percentile |
|--------------------|---------|----------|-----------------|-----------------|----------|-----------------|-----------------|
| 2019 | 168,999 | \$57,309 | \$15,369 | \$30,970 | \$47,799 | \$69,923 | \$100,003 |
| % Change from 2018 | - | 4.3% | 2.3% | 4.6% | 4.5% | 4.3% | 4.4% |

¹ The 25th percentile, for example, means that 25 percent of the tenured workers earn less, and 75 percent earn more. The median would be exactly in the middle where half earn less, and half earned more.

2023 to 2024 Wages

In 2023 and 2024 the economy settled into a new normal following the COVID disruptions. Table 2 is a separate cohort of 2023 to 2024 tenured workers. There will be overlap with 2018-2019 cohort, but this is a different group of individuals who worked year-round in at least 2023 and 2024. The annual wage increases of the 2023-2024 cohort is noticeably higher than the 2018-2019 cohort. Of all earnings levels, the median wage saw the highest increase in 2024 of 6.1% (compared to 4.5% in 2019). Again, the 10th Percentile saw the smallest wage increase, but still almost one full percentage point higher than 2019 (3.2% compared to 2.3%).

Table 2. Wages of 2024 Tenured Vermont Employees

| | n | Mean | 10th Percentile | 25th Percentile | Median | 75th Percentile | 90th Percentile |
|--------------------|---------|----------|--------------------|--------------------|----------|--------------------|--------------------|
| 2024 | 171,402 | \$74,983 | \$20,184 | \$41,376 | \$61,884 | \$88,353 | \$129,785 |
| % Change from 2023 | - | 5.6% | 3.2% | 5.9% | 6.1% | 5.5% | 5.3% |
| % Change from 2019 | 1.4% | 30.8% | 31.3% | 33.6% | 29.5% | 26.4% | 29.8% |

2019 to 2024 Wages

Comparing the wages of the two cohorts shows a notable change in wages from 2019 to 2024 (Table 2).(See the previous edition of Vermont Economic Spotlight on how much prices have risen as well: [Wages and Prices](#)). The 25th percentile wage, for example, has seen over a one-third (33.6%) increase. Interestingly, the lower wage earners saw a higher percentage increase in wages than the higher wage earners (Median, 75th, and 90th percentiles). The 10th percentile increased at a higher rate than the minimum wage (\$10.78 to \$13.67 per hour, or 26.8%). In addition to a rising minimum wage, tight labor market conditions put upward pressure on wages. Both periods of analysis (2018-2019 and 2023-2024) experienced high levels of job openings and low levels of labor supply.

Cohort Overlap

As a final point of analysis, the overlap between the 2018-2019 and 2023-2024 cohorts was examined. There are 95,732 individuals who were in both cohorts of stable employment (meaning 56.6% of the individuals in the 2018-2019 cohort were also in the 2023-2024 cohort). Note that these individuals don’t necessarily have the same job in both two-year periods. Table 3 below examines the wage change from 2019 to 2024. The “% Change from 2019” values are closely aligned between Table 2 and Table 3. The most notable difference is that this group tenured in both observation periods saw an increase of about seven percent less in the 10th percentile (24.1% compared to 31.3%).

Table 3. Wages of Vermont Employees with Tenure in 2019 and 2024

| | n | Mean | 10th Percentile | 25th Percentile | Median | 75th Percentile | 90th Percentile |
|--------------------|--------|----------|--------------------|--------------------|----------|--------------------|--------------------|
| 2024 | 95,732 | \$82,893 | \$29,399 | \$48,403 | \$69,017 | \$96,398 | \$138,050 |
| % Change from 2019 | - | 30.2% | 24.1% | 31.6% | 30.2% | 29.0% | 30.5% |

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