Wages

Wages and salaries constitute nearly three-fourths of total family income—a share that is even greater for the middle class. Thus, analyses of wage and compensation trends are central to understanding the living standards of American families. Here are some key findings:

Pay/productivity disconnect

0.5%

Wage growth occurs when productivity (growth of output of goods and services per hour worked) increases. Since 2000, while productivity has increased nearly 23 percent, the hourly wage of the median worker (the worker who makes more than half of workers but less than the other half) rose just 0.5 percent. Median hourly compensation (all wages and benefits) rose only 4.0 percent.

17%

Non-wage compensation, including benefits such as health and pensions, grew sharply (up 17 percent) from 2000–2007, but still at a rate below the growth in productivity. In addition, non-wage compensation has been flat since the start of the Great Recession.

11%

The long-term trend has been dramatic: Since 1973, productivity has grown roughly 80 percent while median hourly compensation improved by roughly 11 percent.

Disparate growth

6%

Americans earning the lowest wages (those at the 10th percentile) actually earned less in 2011 than the lowest earners in 1979. Over 1979–2011, the wages of the median worker grew only 6 percent, with all the growth occurring in the late 1990s wage boom. Over this same period, high earners' (95th percentile) wages rose by more than 37 percent, while the wages of the highest-earning 1 percent rose 131 percent.

>200-to-1

These disparities are especially pronounced in the explosion of CEO pay, which in the late 1970s was about 30 times that of a typical worker. Today, it is more than 200 times that of a typical worker. Fast wage growth among executives and those in the financial sector is the primary reason why incomes of the top 1 percent have exploded since 1979.

4x

The highest wage earners are four times more likely than the poorest Americans to receive paid sick days, nearly twice as likely to have paid vacation days, and five times as likely to have access to paid family leave.

Spotlight

THE MINIMUM WAGE

The federal minimum wage was 50 percent the wage earned by non-supervisory workers in the late 1960s. Despite the recent three-step increase, the minimum wage in 2011 was 37 percent of the wage earned by non-supervisory workers.

Demographic disparities

84%

The gender wage gap has improved, with the typical woman earning 84 percent of that of the typical man. This is partly due to the decline of the typical male's wage. As incomes rise, however, the gender pay disparity increases.

32%

Nearly one-third of women, compared to nearly a quarter of men, earned poverty-level wages in 2011.

43.3%

Hispanics are the racial and ethnic group most likely to receive poverty-level wages (43.3 percent), followed by African Americans (36 percent) and whites (23.4 percent).

Broad-based decline

10 years

Both high school– and college-educated workers have seen no growth in their hourly compensation in the last 10 years, starting in 2002.

70%

College graduates up to the 70th percentile have had stagnant or falling wages since 2000, and wages have failed to improve for college graduates in nearly every occupation, including business occupations.

33%

The decline in unionization accounts for one-third and one-fifth, respectively, of the growth in wage inequality among men and women from 1973–2007.