

Overview

The Great Recession has been tough on American workers. Not only has unemployment stayed stubbornly high, workers' wages are failing to keep pace with the cost of living. After adjusting for inflation, average weekly earnings for American workers were 1.07% lower in February 2012 than they were a year ago.

Why are wages falling?

Several reasons. First, an uncertain business environment means companies are trying to keep costs—including wages—as low as possible. High unemployment also means companies don't have to compete for workers with higher pay. Competition from cheaper labor overseas also puts downward pressure on American wages. And rising health care costs also means that money that would have otherwise gone to wages is instead paying for premiums.

What about benefits?

Soaring health care costs mean that both workers and employers are spending more on coverage and that fewer workers can afford it. Premiums made up 7.6% of the total amount companies spent on wages and benefits in 2011, versus 5.6% in 2001. Just 63% of private-sector workers in medium and large companies had health insurance in 2011—down from 65% in 2008. Among workers in small businesses, just 41% had coverage in 2011. Retirement benefits are declining too. In 2011, 66% of workers in medium and large business and 34% of workers in small businesses participated in a retirement plan—down from 67% and 37% in 2008.

Are some workers faring better than others?

In 2011, the average American worker made \$45,230. But this masks a wide (and some say growing) disparity in people's earnings. The American economy is putting an increasing premium on highly educated, highly skilled workers. The Economic Policy Institute says inflation-adjusted ("real") wages for the top 5% of American workers has virtually doubled since 1973 while for the bottom 10%, real wages haven't increased at all.

<u>Occupational category</u>	<u>Average wage in 2011</u>
• Management (CEOs, legislators)	\$107,410
• Legal	\$98,380
• Computers and math (programmers, developers)	\$78,730
• Healthcare (including physicians)	\$72,730
• Business and finance (claims adjusters, purchasing agents)	\$68,740
• Education, training and library (teachers, etc.)	\$50,870
• Construction and mining	\$43,870
• Sales (retail clerks, real estate brokers, telemarketers)	\$37,520
• Healthcare support (home health aides, etc.)	\$27,370
• Farming, fishing and forestry	\$24,300
• Food preparation (cooks, bartenders)	\$21,430

Key Facts

- Average weekly hours for all American workers (Feb. 2012): **34.5**
- Average weekly earnings for all American workers:
 - February 2012: **\$804.20**
 - February 2011: **\$784.78**
- Inflation-adjusted change in wages (Feb 2011-Feb 2012): **-1.07%**
- Consumer Price Index increase (Feb 2011-Feb 2012) **2.9%**
- Health care costs as a share of total wage and benefit costs, private sector:
 - 2001: **5.6%**
 - 2011: **7.6%**
- Worker benefits as a share of total cost of compensation, private sector:
 - 1987: **26.8%**
 - 2011: **29.5%**

Other Resources

- Bureau of Labor Statistics—[National Occupational Employment and Wage Estimates](#)
- Bureau of Labor Statistics—[Monthly Economic News Release, Real Earnings](#)
- Bureau of Labor Statistics—[Overview of BLS Statistics on Pay and Benefits](#)
- Employee Benefit Research Institute—[Data Book](#)
- Economic Policy Institute—[State of Working America](#)

Links to Other Resources

- Bureau of Labor Statistics—National Occupational Employment and Wage Estimates
http://www.bls.gov/oes/current/oes_nat.htm#00-0000
- Bureau of Labor Statistics—Monthly Economic News Release, Real Earnings
<http://www.bls.gov/news.release/realer.toc.htm>
- Bureau of Labor Statistics—Overview of BLS Statistics on Pay and Benefits
<http://www.bls.gov/bls/wages.htm>
- Employee Benefit Research Institute—Data Book
<http://www.ebri.org/publications/books/?fa=databook>
- Economic Policy Institute—State of Working America
<http://www.stateofworkingamerica.org/>