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A Look At Pay At The Top, The Bottom, And In Between

Bureau of Labor Statistics

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A Look At Pay At The Top, The Bottom, And In Between

Abstract

[Excerpt] Policymakers and the public have given much attention to economic inequality in the past few years. In general terms, inequality refers to the differences between people with the highest levels of wealth, income, or earnings and those with the lowest levels. How big are these differences? Have they grown over time? What other ways do these groups differ besides how much money they earn?

This Spotlight on Statistics looks at measures of earnings and wages. The Spotlight examines how these measures have changed over time and how they differ within a geographic area, industry, or occupation. The Spotlight also looks at how participation in employee benefit plans differs across wage categories. Finally, the Spotlight looks at how people in different income or earnings categories spend their time and their money.

Keywords

pay, income, economic inequality, wages, measures

Comments

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A Look At Pay At The Top, The Bottom, And In Between

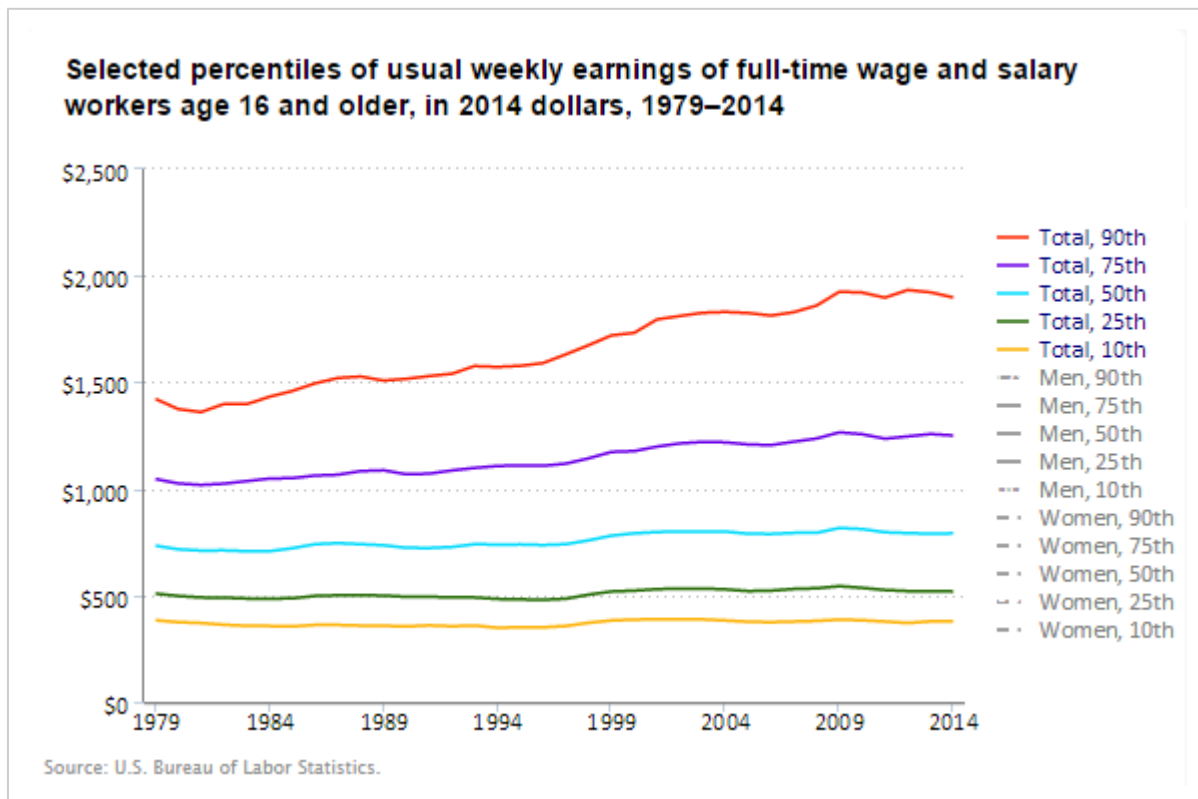
Policymakers and the public have given much attention to economic inequality in the past few years. In general terms, inequality refers to the differences between people with the highest levels of wealth, income, or earnings and those with the lowest levels. How big are these differences? Have they grown over time? What other ways do these groups differ besides how much money they earn?

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Real earnings increased for highest earners since 1979, unchanged for lowest earners

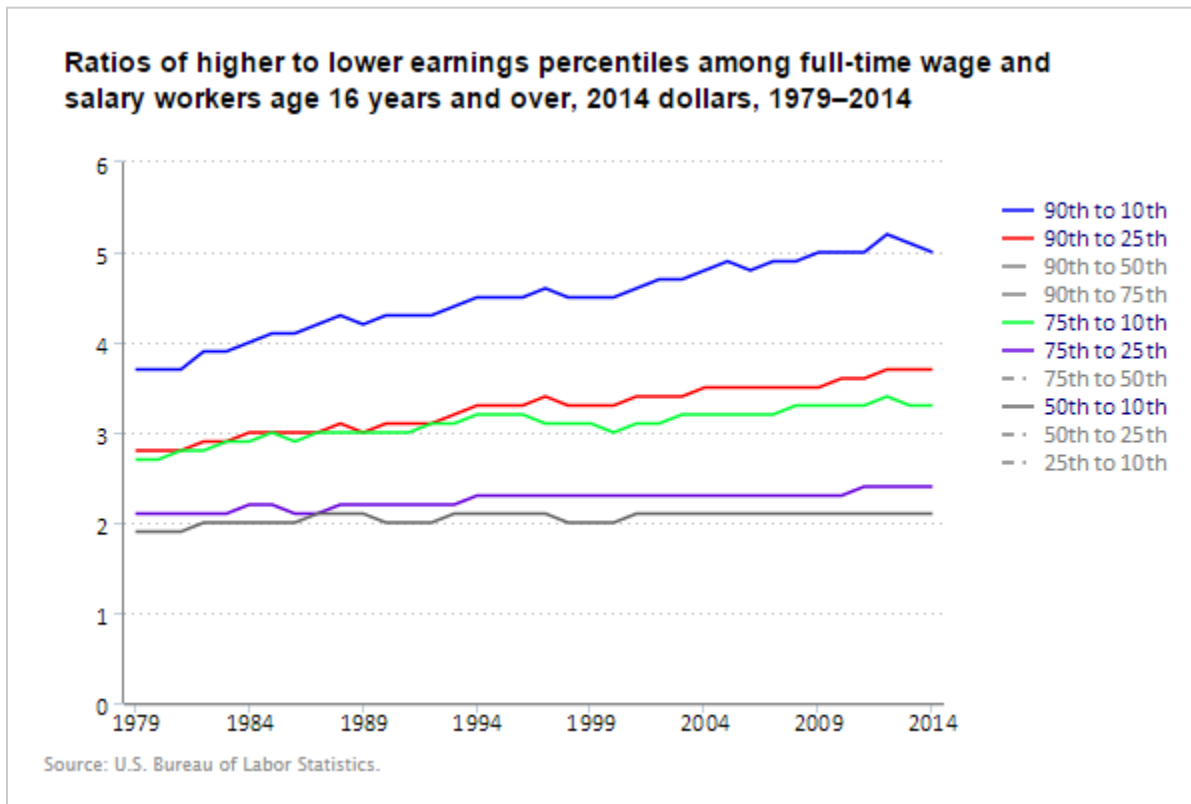
In 2014, median weekly earnings for full-time wage and salary workers age 16 and older were \$791. That means that half of these workers earned at least \$791 per week and half earned less than that amount. In 1979, median weekly earnings in 2014 dollars were \$733. So what we call “real” or inflation-adjusted median weekly earnings increased by about 8 percent over that 35-year span. Over that same period, real earnings for the the highest paid 10 percent of workers—those whose earnings were at or above the 90th percentile—increased from a minimum of \$1,422 per week in 1979 to \$1,898 per week in 2014, a gain of 33 percent. By contrast, real weekly earnings for the lowest paid 10 percent of workers (or those whose earnings are below the 10th percentile) were basically unchanged over the period, as these workers earned less than \$383 per week in 1979 and less than \$379 per week in 2014.

Women’s real median weekly earnings increased 30 percent over the period, from \$553 in 1979 to \$719 in 2014. By contrast, men’s median weekly earnings changed little over the 1979–2014 period. The highest paid 10 percent of women workers earned at least \$1,621 per week in 2014, compared with \$970 per week in 1979—a 67-percent increase. For men, the highest paid 10 percent earned a minimum of \$2,094 per week in 2014 and \$1,565 per week in 1979, a 34-percent increase. Real weekly earnings also increased over the period among the lowest paid women, whereas they decreased for men in the lower paying groups.



Difference in weekly earnings between higher and lower earners has grown since 1979

Earnings ratios show how much more workers at the high end of the pay scale earn compared with those at the lower end. Larger ratios signal a greater difference in pay between the groups, while smaller ratios mean smaller differences. The ratios of the higher earnings percentiles to the lower earnings percentiles rose from 1979 to 2014. In 1979, the ratio of the 90th percentile to the 10th percentile was 3.7. That means that the minimum amount the top 10 percent of full-time wage and salary workers earned was nearly 4 times as much as what the lowest 10 percent earned in 1979. By 2014, the “90–10” ratio had risen to 5.0. Similarly, in 1979, the ratio of the 90th percentile to the 25th percentile was 2.8. In 2014, the 90–25 ratio was 3.7.

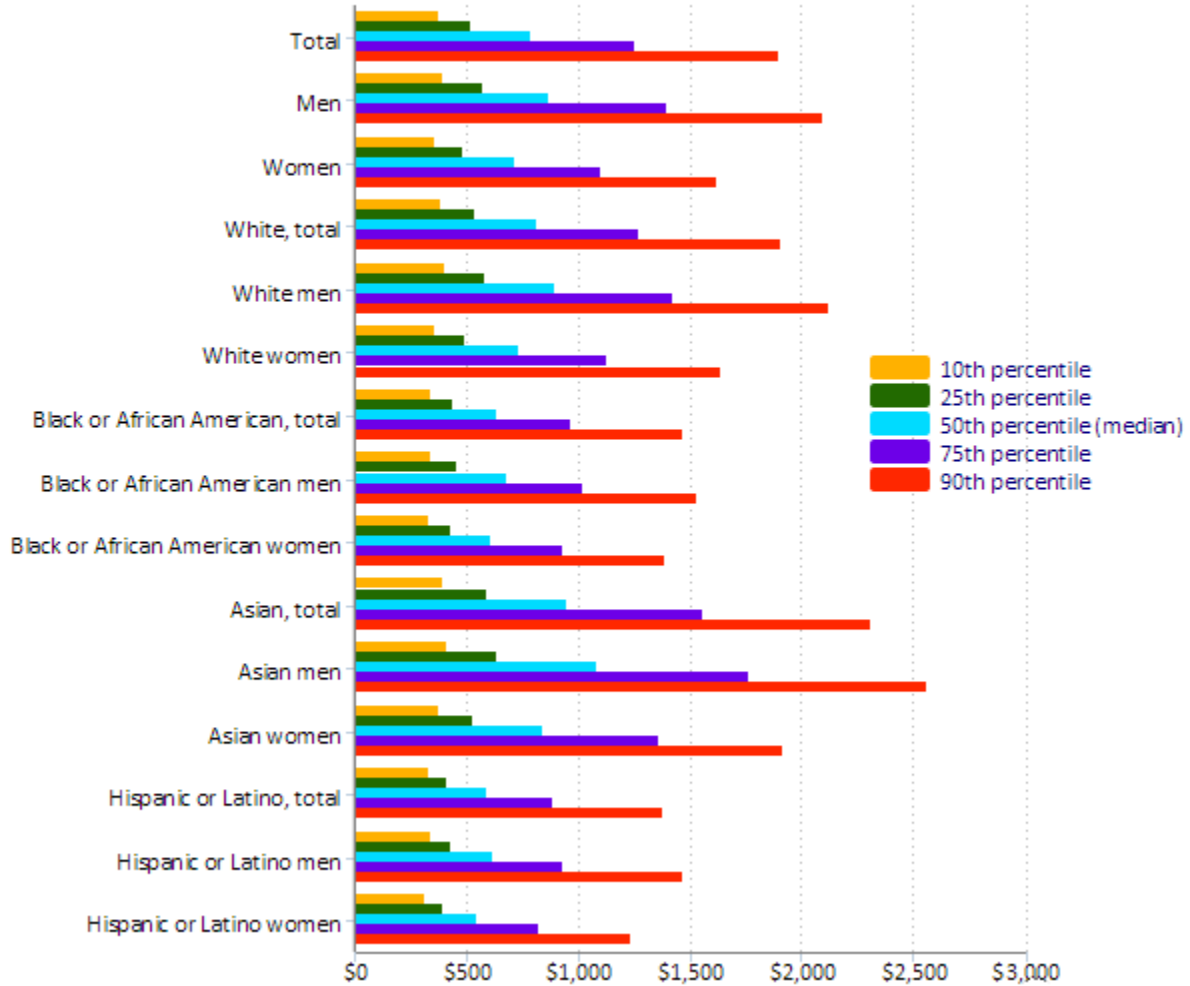


Asians earned more at highest, lowest, and middle earnings levels

Asian men who worked full time had median weekly earnings of \$1,080 in 2014. That compares with medians of \$897 for White men, \$680 for Black or African American men, and \$616 for Hispanic or Latino men. Median earnings for Asian women were \$841 per week in 2014; the median was \$734 for White women, \$611 for Black or African American women, and \$548 for Hispanic or Latino women.

Among the highest paid 10 percent of workers (those at or above the 90th wage percentile), Asian men earned the most: \$2,560 or more per week in 2014. By comparison, the highest paid 10 percent of White men earned \$2,120 or more per week, the highest paid Black or African American men earned \$1,534 or more, and the highest paid Hispanic or Latino men earned \$1,468 or more. For women in the highest paid 10 percent, the pattern was similar: Asian women earned the most, followed by White women, Black or African American women, and Hispanic or Latino women.

Selected percentiles of usual weekly earnings of full-time wage and salary workers age 16 and older, by gender, race, and Hispanic or Latino ethnicity, 2014 annual averages



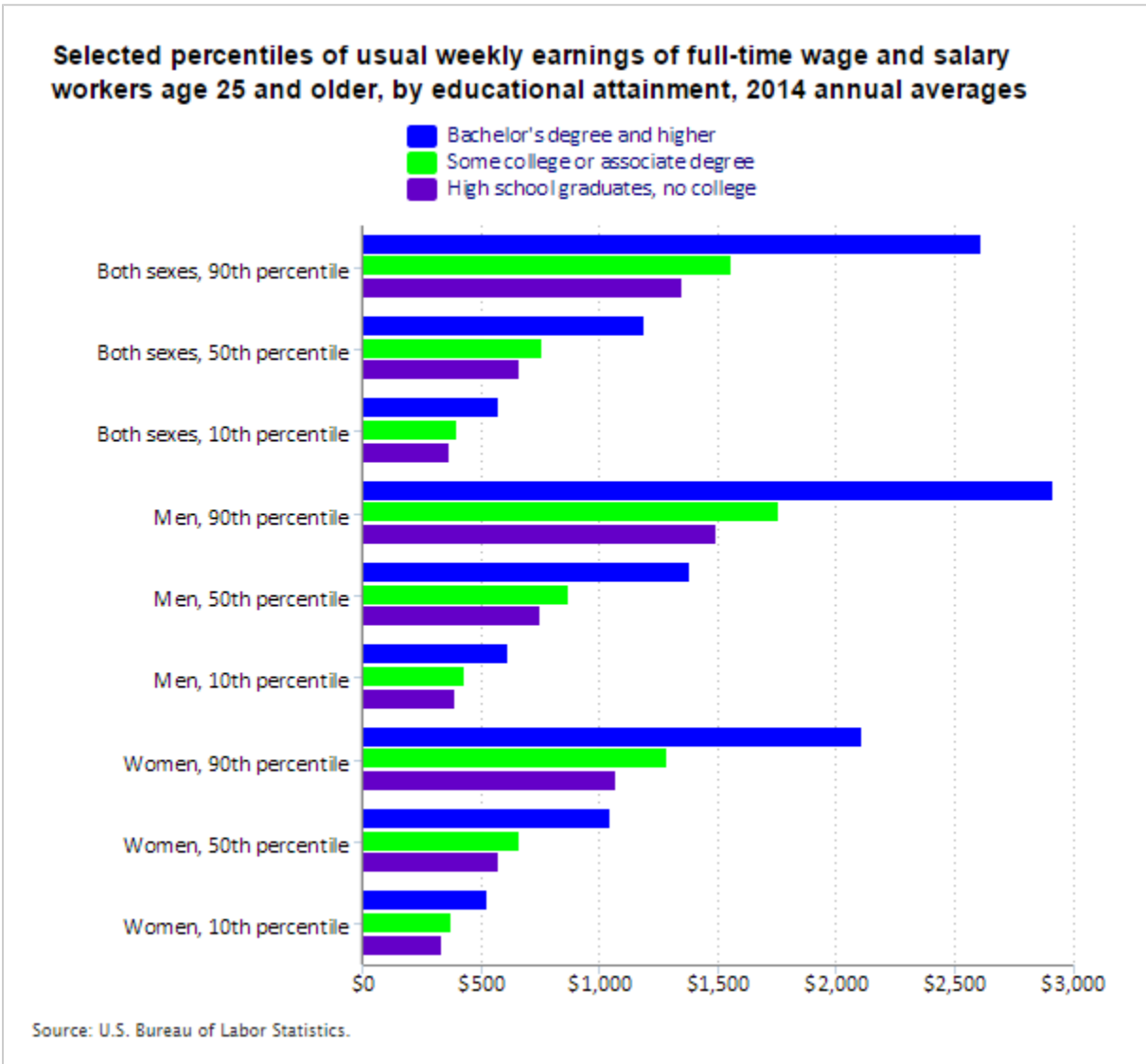
Source: U.S. Bureau of Labor Statistics.

College graduates earn nearly twice as much as high school graduates at the highest paid level

People age 25 or older with at least a bachelor's degree have higher median earnings than people with less education. In 2014, median weekly earnings of full-time workers with at least a bachelor's degree were \$1,193. That compares with a median of \$761 for full-time workers with some college or an associate degree and \$668 for workers with a high school diploma who had never enrolled in college. Among the highest paid 10 percent (those at or above the 90th earnings percentile), full-time workers with at least a bachelor's degree earned \$2,619 per week in 2014. That compares with \$1,560 per week for workers with some college or an associate degree, and \$1,355 per week for high school graduates.

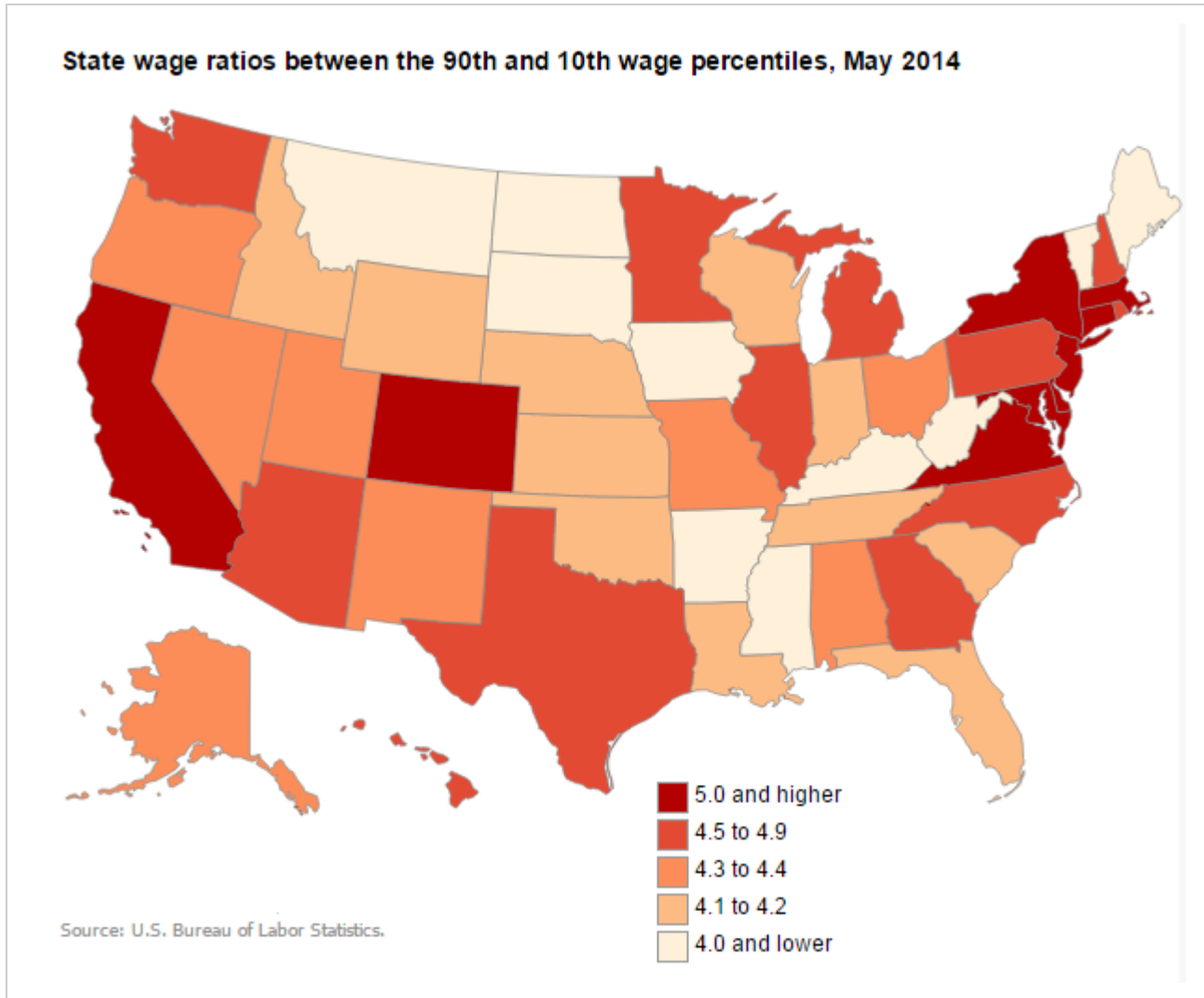
Workers with more education often have higher earnings, but earnings vary within every education level. As a result, some workers with less education have higher earnings than some workers with more education. For example, the highest paid 10 percent of high school graduates (those at or above the 90th percentile), earned about 14 percent more per week in 2014 than did college graduates at or above the median (50th percentile).

The range of earnings was greater in 2014 for college graduates than for workers with less education. Among full-time workers with at least a bachelor's degree, the ratio of the 90th earnings percentile to the 10th percentile was 4.5. That compares with a 90–10 ratio of 3.9 among workers with some college or an associate degree and 3.7 for high school graduates.



District of Columbia has largest wage gap from highest to lowest; South Dakota has smallest gap

In May 2014, the highest paid 10 percent of U.S. workers (those at or above the 90th percentile) earned about 5 times as much as the lowest paid 10 percent (the 10th percentile). In the District of Columbia, the highest paid 10 percent earned more than 6 times as much as the lowest paid 10 percent. This was the highest ratio. The 90–10 ratio for South Dakota was 3.5, the lowest in the country.

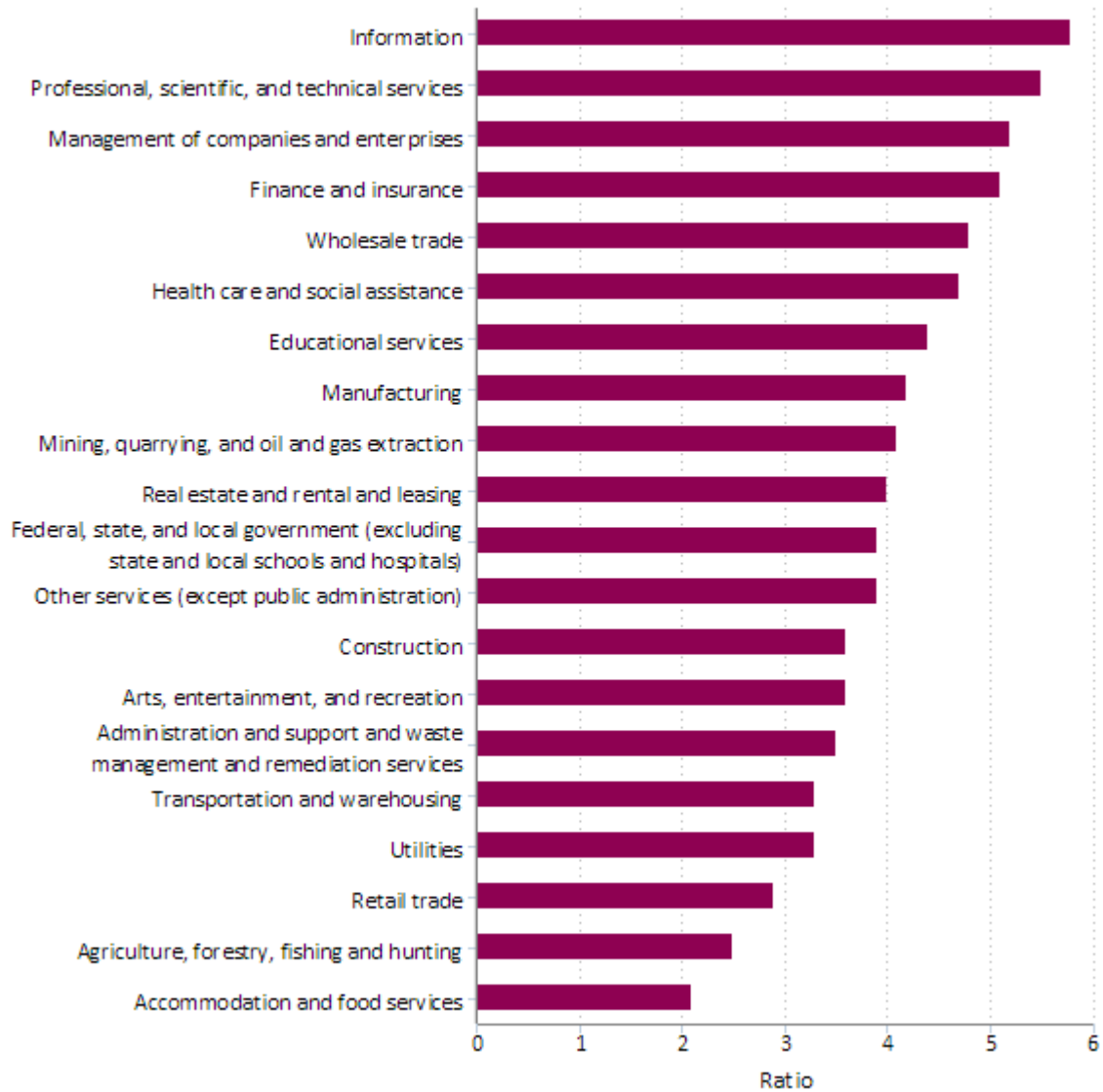


Information industry has largest wage gap from highest to lowest

Industry wage ratios help identify how pay varies within industries. The highest paid 10 percent of workers in the information industry earned nearly 6 times as much as the lowest paid 10 percent, with a 90–10 ratio of 5.8. Information includes several smaller industries: publishing, broadcasting, telecommunications, data processing, and motion picture and sound recording. Finance and insurance, management of companies and enterprises, and professional, scientific, and technical services all had 90–10 wage ratios above 5.0 in May 2014.

Accommodation and food services had a 90–10 wage ratio of 2.1. This means the difference in pay between the highest and lowest paid workers was smallest in this industry. Retail trade and agriculture, forestry, fishing and hunting both had 90–10 ratios below 3.0 in May 2014.

Wage ratios between the 90th and 10th wage percentiles, by industry sector, May 2014



Source: U.S. Bureau of Labor Statistics.

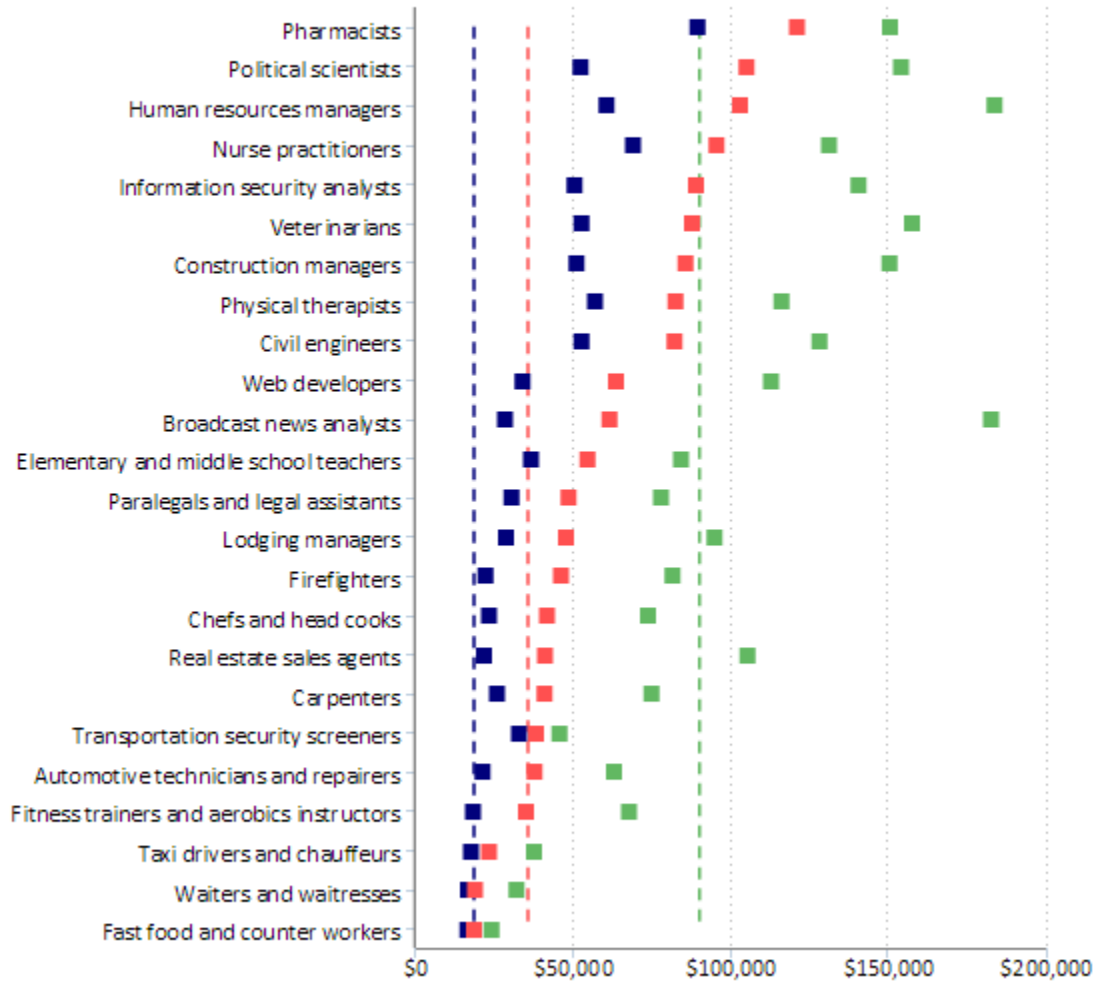
Wages differ across occupations but also within occupations

It's well known that some occupations typically pay more than others. For example, the median annual wage for information security analysts was \$88,890 in May 2014, 2.5 times the \$34,980 median annual wage for fitness trainers and aerobics instructors. Within every occupation there is also a range of wages, and those ranges often overlap. Fitness trainers and aerobics instructors in the highest paid 10 percent (the 90th wage percentile) earned \$67,560 per year, considerably more than the \$50,300 annual wage of information security analysts in the lowest paid 10 percent (the 10th wage percentile).

Another way to look at wage percentiles for an occupation is to compare them to percentiles for all occupations combined. Among pharmacists, for example, the 10th wage percentile was \$89,320 in May 2014, nearly as much as the 90th wage percentile for all occupations (\$90,060). The 90th wage percentiles for fast food and counter workers (\$23,990) and waiters and waitresses (\$31,930) both were below the median, or 50th wage percentile, for all occupations (\$35,540).

Percentiles of annual wages for selected occupations, May 2014

-- 10th percentile, all occupations - - 50th percentile (median), all occupations - - 90th percentile, all occupations
 ■ 10th percentile ■ 50th percentile (median) ■ 90th percentile



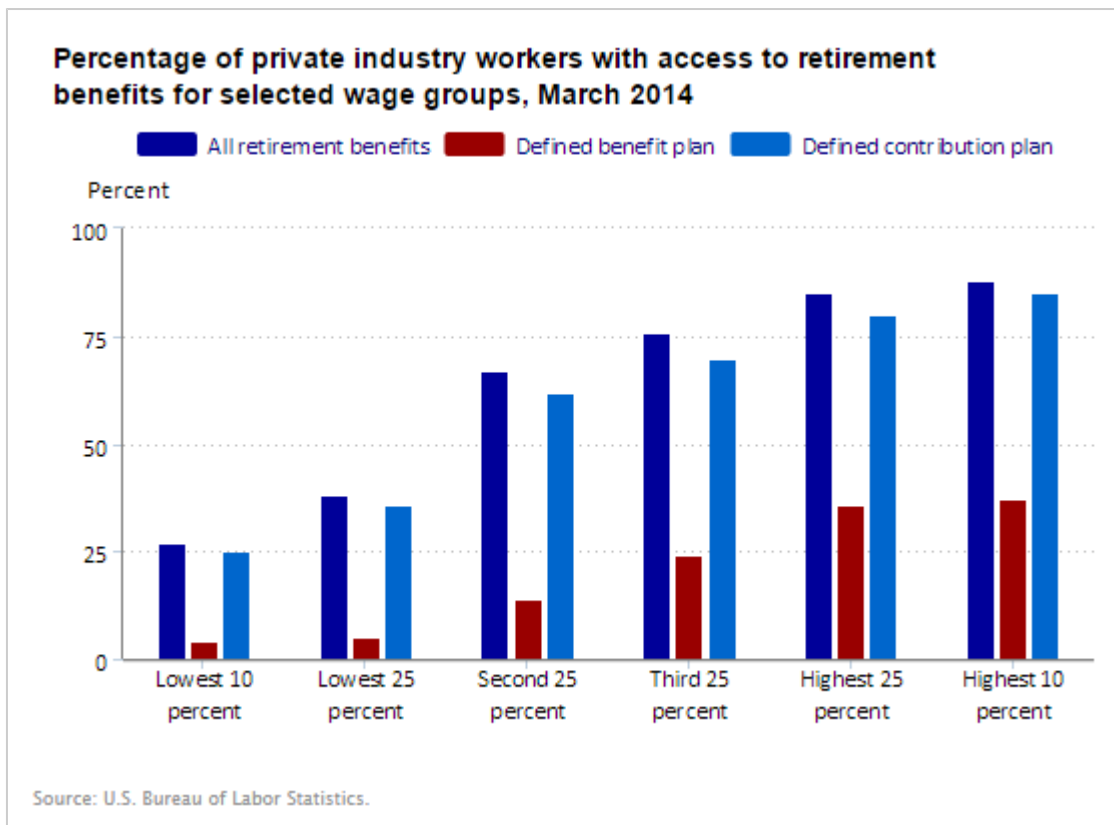
Source: U.S. Bureau of Labor Statistics.

Retirement benefits more often offered to higher earners

In 2014, the percentage of private industry workers with access to retirement benefits through their employers ranged from 27 percent among the lowest paid 10 percent to 88 percent among the highest paid 10 percent.

Retirement benefits include defined-benefit plans and defined-contribution plans. Defined-benefit plans provide employees with guaranteed retirement benefits based on a formula that usually depends on a worker’s age, years of service, and earnings before retirement. Workers in the highest wage groups were much more likely than those in the lower wage groups to have access to a defined-benefit retirement plan. More than a third of workers in both the top 25 percent and the top 10 percent were offered such a plan in 2014. By contrast, only 5 percent of workers in the lowest paid 25 percent and 4 percent of those in the lowest paid 10 percent had access to defined-benefit plans.

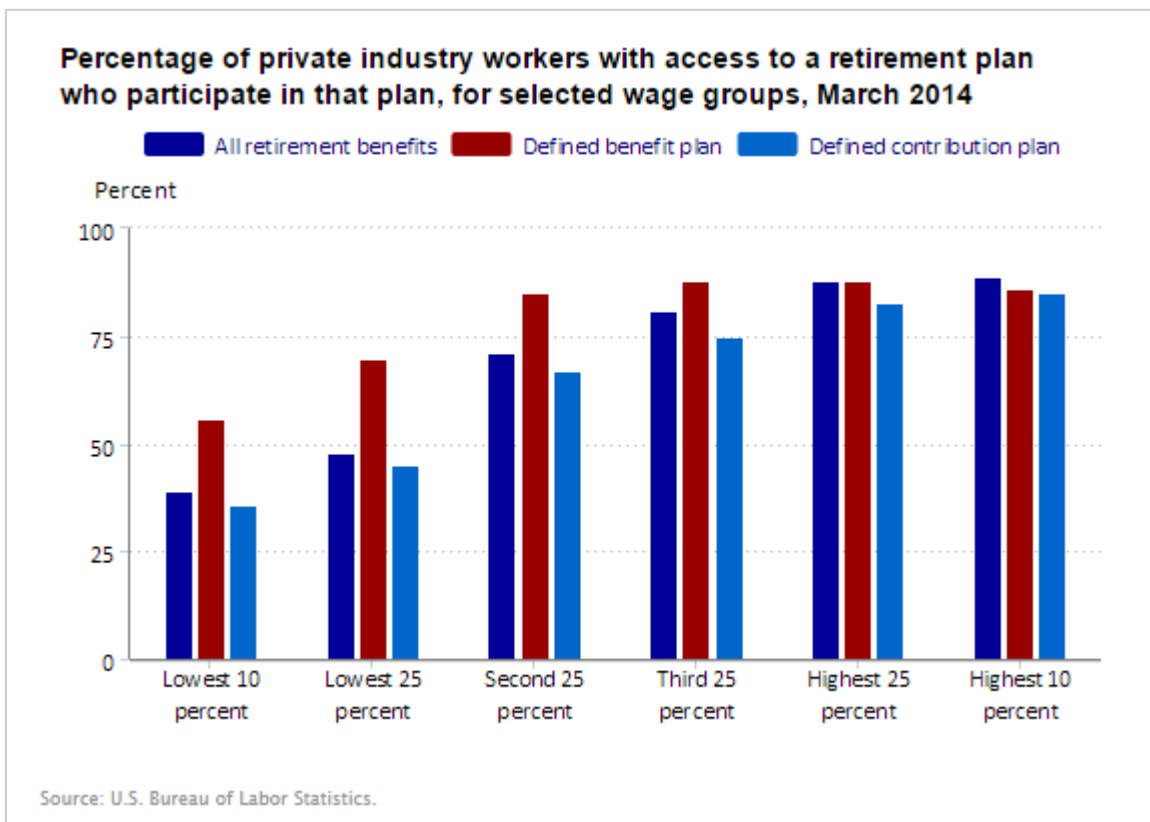
Defined-contribution retirement plans specify the amount that employers contribute to individual employee accounts. The payments that retirees receive from these plans depend on how much they and their employers put in and the investment returns on those contributions. Higher-paid workers were more likely to have access to defined-contribution plans. In 2014, 80 percent of workers in the top 25 percent of wage earners and 85 percent of workers in the top 10 percent had access to a defined-contribution plan. By contrast, 25 percent of workers in the lowest paid 10 percent and 36 percent of workers in the lowest paid 25 percent had access to defined-contribution plans.



Higher earners are more likely to choose to participate in retirement plans

Not only are higher-paid workers more likely to have access to retirement benefits, they also are more likely to choose to participate in a retirement plan when their employer offers one. Among workers whose employers offered them retirement benefits in 2014, 89 percent of workers whose wages placed them among the top 10 percent of wage earners chose to participate in the plan. Among workers whose wages placed them among the lowest paid 10 percent, the “take-up rate” was 39 percent.

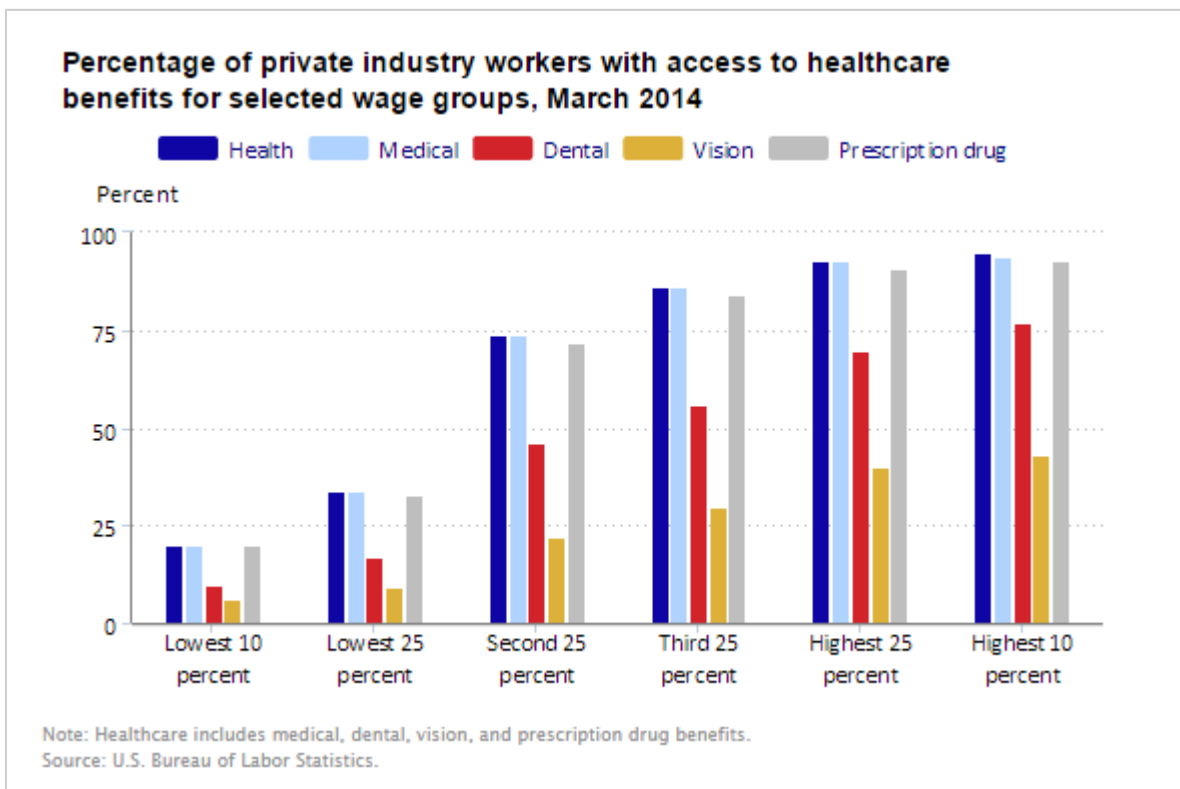
Take-up rates followed similar patterns for both defined-benefit plans and defined contribution-plans; rates were higher for workers in the highest wage groups and lower for those in the lowest wage groups. For the lowest paid 10 percent of workers, the take-up rate for defined-benefit plans was 56 percent; for the highest paid 10 percent, the take-up rate was 86 percent. The take-up rate for defined-contribution plans was 36 percent for the lowest paid 10 percent and 85 percent for the highest paid 10 percent.



Healthcare benefits more often offered to higher earners

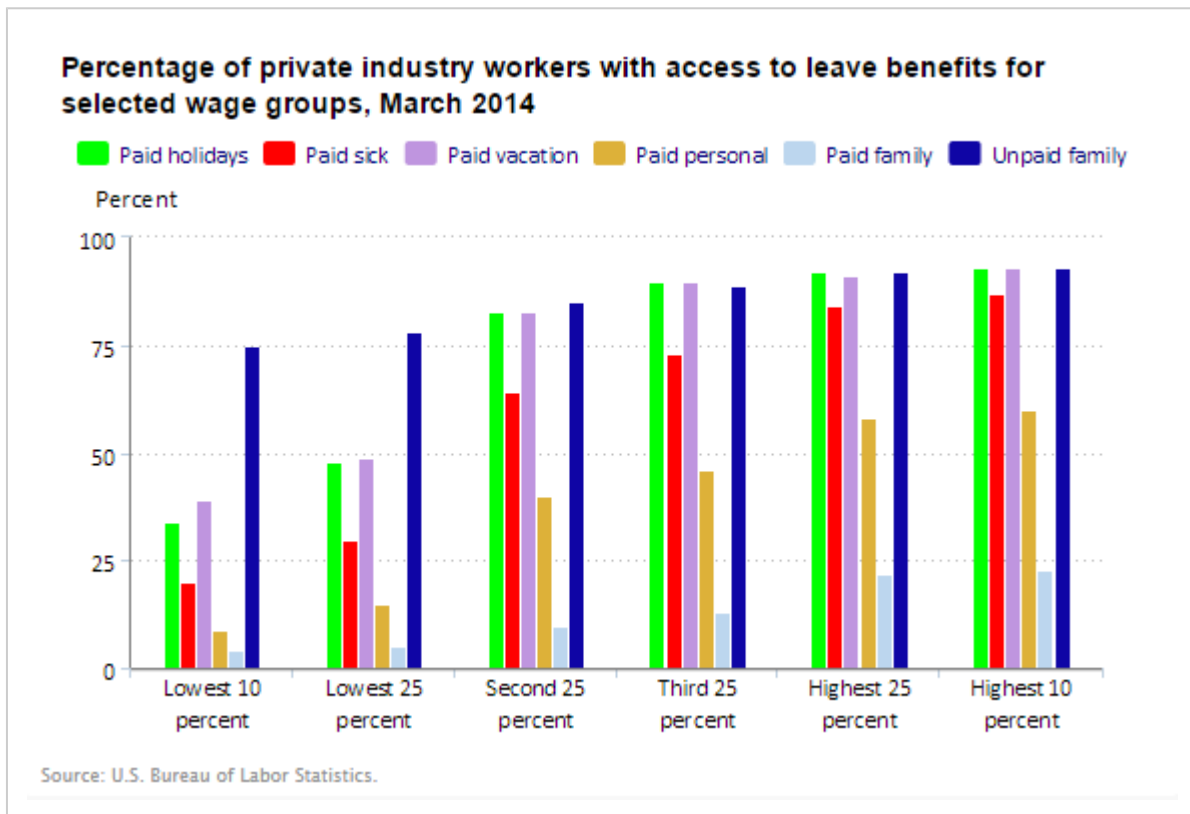
Workers in higher wage groups are more likely than workers in lower wage groups to have access to healthcare benefits through their employers. In 2014, the percentage of private industry workers with access to healthcare benefits through their employers ranged from 20 percent among the lowest paid 10 percent to 95 percent among the highest paid 10 percent.

Healthcare benefits include medical, dental, vision, and prescription drug coverage for employees and their families. Medical care benefits pay for services provided in a hospital or by a qualified medical care provider. Rates of access to medical care benefits and prescription drug benefits are nearly identical to the overall access rates for healthcare benefits. Access rates are lower for employer-provided dental and vision benefits, but they follow a similar pattern as other healthcare benefits; workers with higher wages are more likely to have access to these benefits through their employers.



Leave benefits more often offered to higher earners

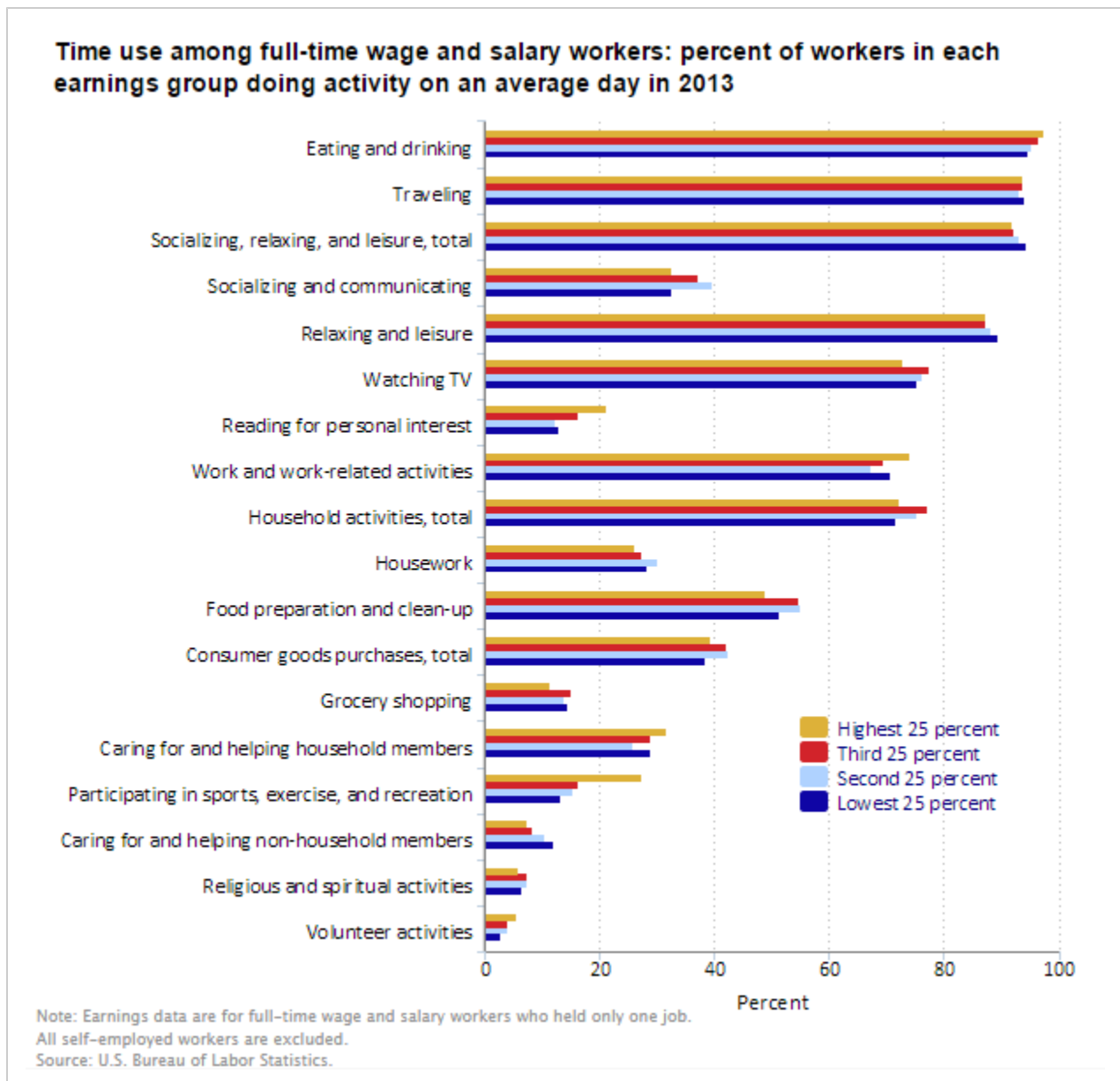
Workers in the higher wage groups are more likely than workers in the lower wage groups to have access to leave benefits, such as vacations, paid holidays, and sick leave. Paid vacations are the most common leave benefit. Among the highest paid 10 percent of workers, 93 percent received paid vacation benefits; among the lowest paid 10 percent, 39 percent received paid vacation benefits. Sick leave benefits were available to 87 percent of workers in the top 10 percent of wage earners, compared with 20 percent of workers in the lowest paid 10 percent. Most workers had access to unpaid family leave, with rates ranging from 75 percent for the lowest paid 10 percent of workers to 93 percent for the highest paid 10 percent.



Workers with highest earnings more likely to spend time on sports, exercise, and recreation

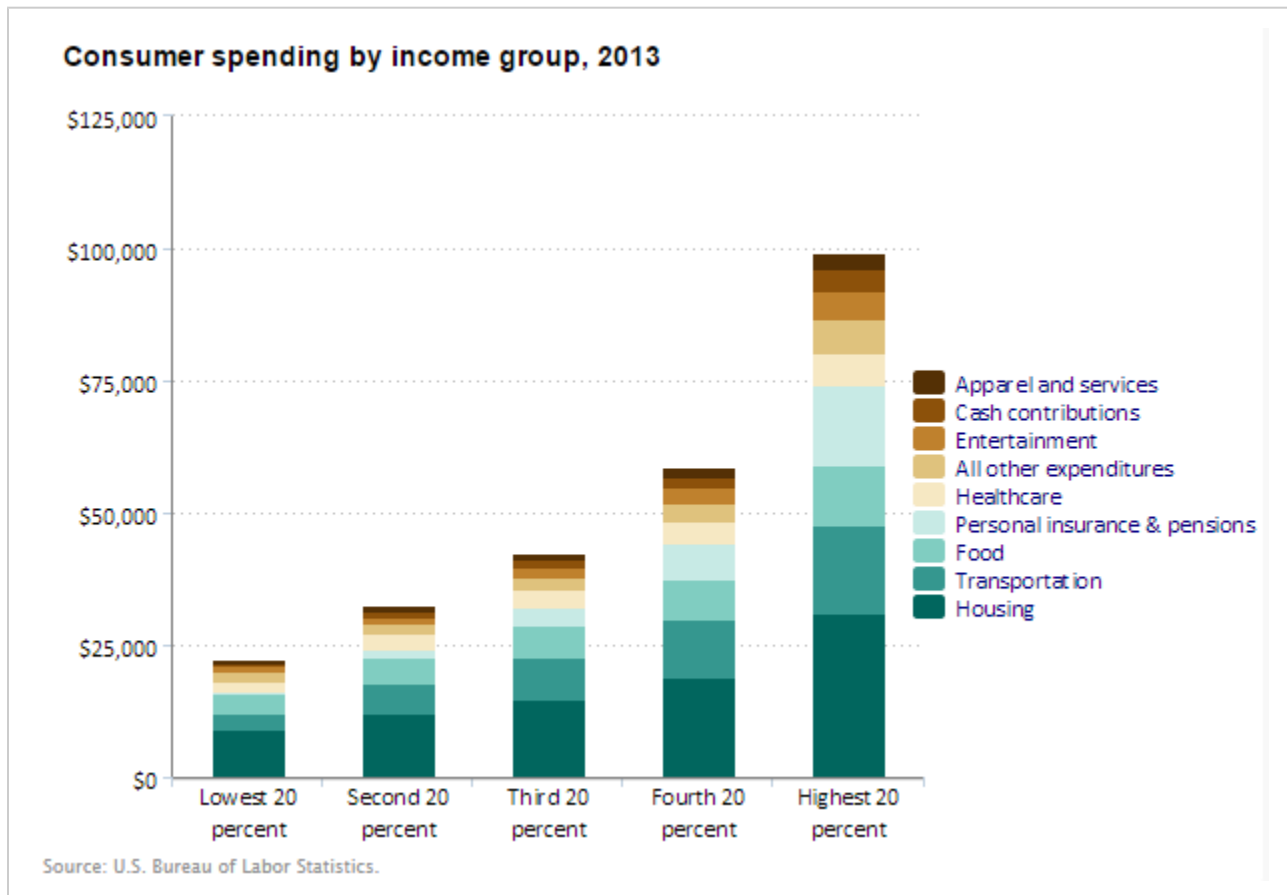
Does how you spend your time vary by how much you earn? Among full-time wage and salary workers in the top 25 percent of earners in 2013, 27 percent spent time participating in sports, exercise, and recreation on an average day. For those in the bottom 25 percent of earners, 13 percent spent time on sports, exercise, and recreation.

On an average day in 2013, 21 percent of full-time workers in the highest earnings group spent time reading for personal interest, a higher percentage than the other three earnings groups.



High-income households spend more on housing, transportation, and personal insurance and pensions

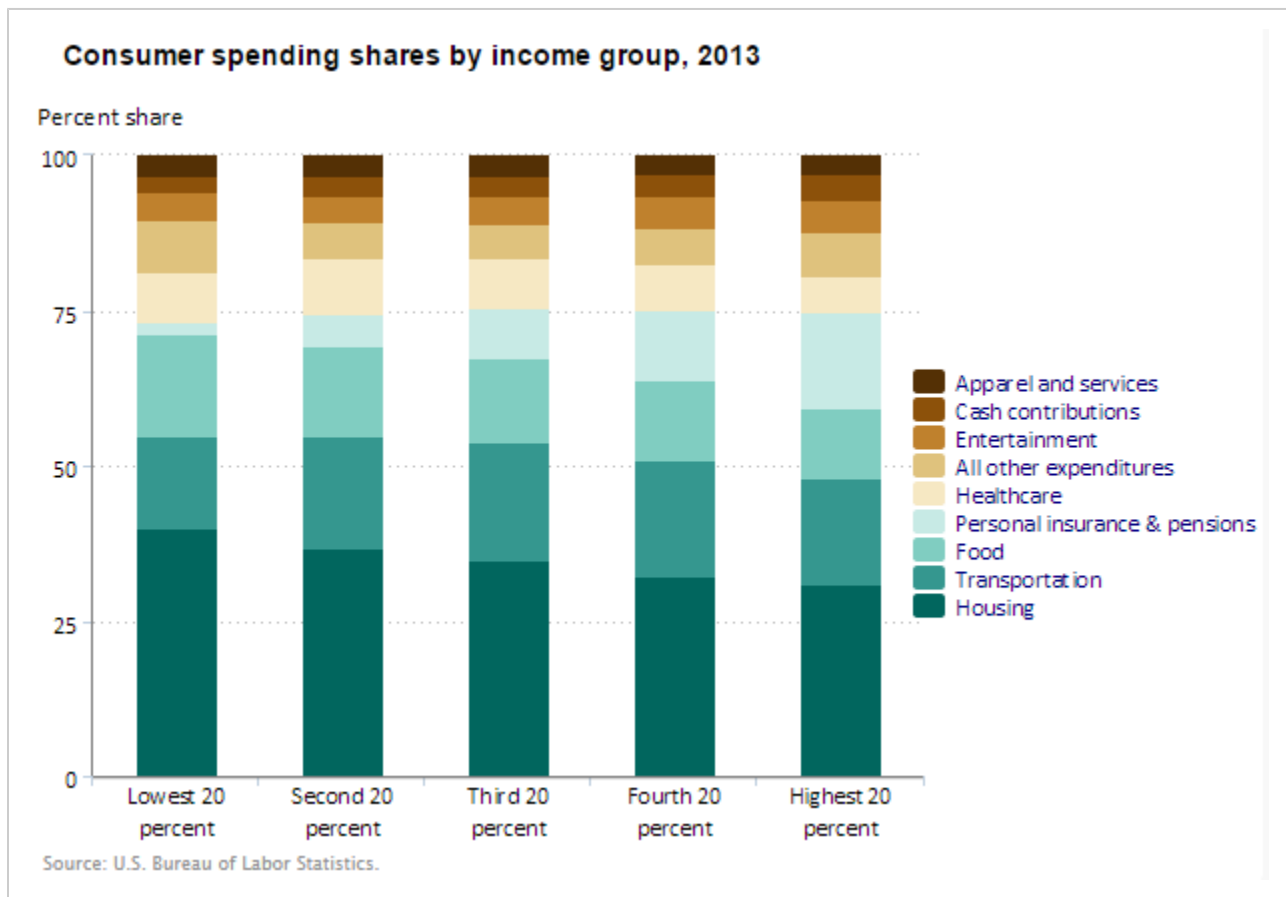
In 2013, households in the top 20 percent of income spent more than the lowest 60 percent combined. The largest differences in spending among the income groups were mostly on housing, transportation, and personal insurance and pensions. Households with the highest 20 percent of income spent around \$17,000 on transportation in 2013, while the lowest 20 percent spent a little over \$3,500. The highest 20 percent spent more than twice as much on personal insurance and pensions as the next-highest income group. The lowest three income groups each spent less than \$2,000 on entertainment in 2013, while the second-highest income group spent around \$3,000 and the highest 20 percent spent \$5,000.



High-income households spend more on housing but allocate a smaller share of spending to housing

Among households with the lowest 20 percent of income in 2013, housing made up 40 percent of total spending. For households with the highest 20 percent of income, housing accounted for 31 percent of spending. Households with the highest 20 percent of income devoted about 16 percent of their annual spending to personal insurance and pensions. This compares with 11 percent for households in the second-highest income group and less than 10 percent for households in each of the three lowest income groups.

Households with the lowest 20 percent of income spent the greatest share on food (16 percent), while the highest income group spent the smallest share (11 percent). All five income groups spent about the same share on apparel and services in 2013.



More information

The data in this Spotlight on Statistics are from five BLS surveys.

- The data in slides 2–5 are from the [Current Population Survey](#).
- The data in slides 6–8 are from the [Occupational Employment Statistics](#) survey.
- The data in slides 9–12 are from the [National Compensation Survey—Benefits](#) program.
- The data in slide 13 are from the [American Time Use Survey](#).
- The data in slides 14 and 15 are from the [Consumer Expenditure Survey](#).

Slide 4 presents weekly earnings data for full-time workers by race and Hispanic or Latino ethnicity. People of Hispanic or Latino ethnicity may be of any race. Estimates for Whites, Blacks or African Americans, and Asians include Hispanics or Latinos. Data for American Indians and Alaska Natives, Native Hawaiians and Other Pacific Islanders, and people of two or more races are included in totals but are not shown separately in this Spotlight; the number of survey respondents for these groups is too small to develop reliable earnings estimates.

Data from the Current Population Survey (slides 2–5) and Occupational Employment Statistics survey (slides 6–8) show the actual percentile dollar values, whereas the data on benefits, time use, and consumer spending (slides 9–15) are grouped into categories using percentiles to show how other characteristics vary by earnings, wages, or income.