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2011: A Year of Setbacks for Virginia's Workers

Median household income falls back to 2001 levels

RICHMOND – For the first time since the recession began, Virginia's median wage fell in 2011, and median household income slid even further away from its pre-recession peak to about the same as it was a decade ago, according to new analysis published today by The Commonwealth Institute for Fiscal Analysis.

In addition, the lingering effects of the recession pulled down even Virginia's highest wage earners and hit men harder than women across all wage groups. Meanwhile, for workers at the lower end of the wage spectrum, losses continued to mount with wages falling even further below pre-recession levels, and their wage advantage over workers in other states shrinking.

"The recession continues to impact workers in our state in troubling ways," says Michael Cassidy, President of The Commonwealth Institute, a non-profit, non-partisan economic and fiscal analysis organization in Richmond. "For most working Virginians already struggling with stagnant and declining wages since the start of the recession, 2011 was more of the same. But even for those workers who had managed to make progress in recent years, 2011 was a setback."

These are among the key findings contained in *Setback*, the Institute's latest report analyzing how Virginia's workers are navigating the shifting currents of the state's economy and slow recovery.

Additional findings include:

- Median household income was \$61,882 in 2011, which is down over 4 percent from its pre-recession peak, setting the state back nearly a decade in terms of income growth.
- Median wages fell in 2011 for the first time since the recession began. The 4 percent decline was the largest single-year drop in the past decade.
- Workers at all positions in the wage distribution took a hit in 2011, but higher wage workers in Virginia took a bigger blow than they did nationally. Despite the hit, Virginia still has the third-highest wage gap in the nation with the highest wage workers making more than five times as much as the lowest.

- Women fared better than men at every position in the wage distribution in 2011, experiencing smaller losses than men – who saw declines across the board -- and sometimes small gains. As a result, the gender wage gap narrowed in 2011 to its smallest point in the past 30 years.
- Virginia continues to reward more educated workers with higher wages. Over the 2007-2011 period, wage growth for college graduates was the third highest in the nation. Virginia workers without a college degree, had wage losses more extreme than the national averages.
- Middle-wage industries in Virginia continue to be the hardest hit in terms of net employment levels since the start of the recession. Barely seven of the state's 20 industries employed more people in 2011 than in 2007, and just three of those paid wages above the statewide average.

“While multiple measures of inequality in Virginia -- the gender wage gap, and the ratio of wages between highest and lowest earners -- improved in 2011, this progress was driven by wage losses for men and high earners, not the type of broadly shared growth across all workers that ultimately builds a stronger Virginia,” says Cassidy. “Declining wages for large segments of the workforce -- and most regions of the state – as well as ongoing job losses in too many sectors that pay solid wages mean that Virginia has a long distance to go towards creating an economy that delivers real growth and prosperity for Virginia’s workforce.”

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About The Commonwealth Institute

The Commonwealth Institute for Fiscal Analysis provides credible, independent and accessible information and analyses of fiscal and economic issues with particular attention to the impacts on low- and moderate-income persons. Our products inform fiscal and budget policy debates and contribute to sound decisions that improve the well-being of individuals, communities and Virginia as a whole. Visit www.thecommonwealthinstitute.org for more information.

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