



By Sara Okos and Michael J. Cassidy

Virginia's status as a relatively high-earning state masks an underlying problem of growing inequality. While it's true that the state still has nationally competitive wage levels, the recession exacerbated the trend of the rich getting richer, the poor getting poorer, and the middle class stagnating – a trend that has been at play in the commonwealth for decades.

As a result, Virginia's economic stability and long-term prosperity are at risk because the middle class and low-income households that make up most of the population aren't earning enough to buy the goods and services the economy is capable of producing.

This report takes a deeper dive into the latest Census data to shed light on what's really happening with workers' wages in Virginia.

### Median wages hold steady

Virginia's median hourly wage – which is at the mid-point of the wage scale, so half of all workers earn more and half earn less – held steady in 2012, hovering just above \$18 an hour and ranking the 9th highest, behind 7 other states and the District of Columbia.

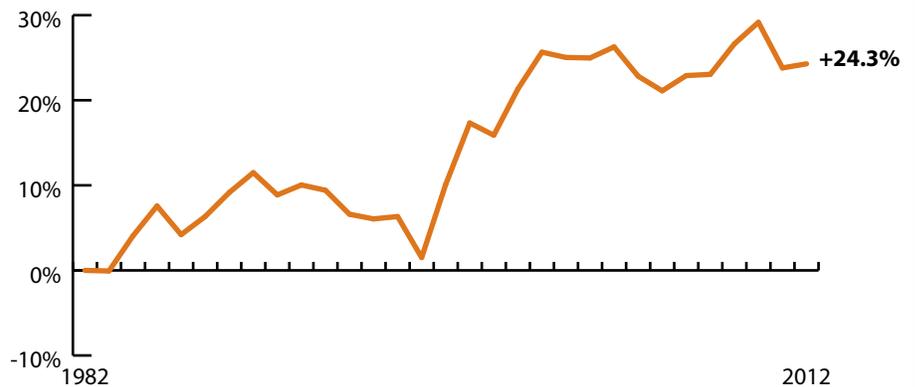
Over the past 30 years, median wages in Virginia have grown about 24 percent, taking account of inflation. (See Figure 1.) That's over three times the rate of growth in the national median wage. Only 5 states and the District of Columbia experienced stronger growth than Virginia in that time.

While Virginia had a sharp decline in the median wage in 2011 – over 4 percent – this was the only year since the start of the recession in which the state's median wage fell. As shown in Figure 1, the median wage continued to grow nationally in the

### FIGURE 1: Virginia's Real Median Wage Slowed Progress, But Still Holding Steady

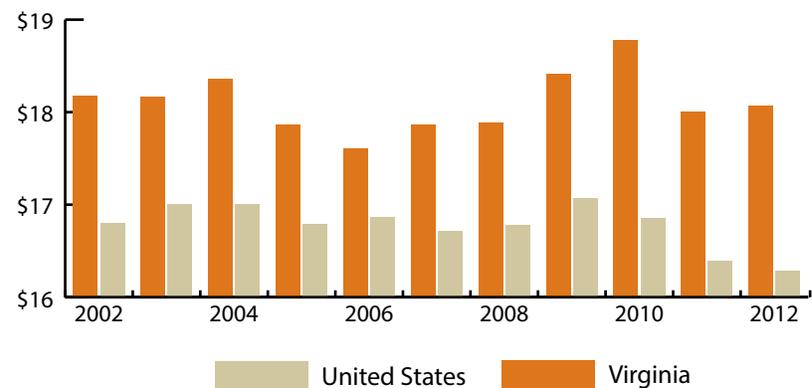
Virginia's real median hourly wage has grown over 24 percent in the past 30 years.

Percent Growth Since 1982



Virginia's real median hourly wage has consistently exceeded the national real median hourly wage over the past decade.

Real Median Hourly Wages (2012 dollars)



Source: TCI analysis of EPI and CPS data.

run up to the recession. But it has been on a steady decline since 2009. Virginia's real median wages, however, are up slightly from their pre-recession level, whereas nationally they have not fully rebounded. Only 10 other states' median wages fared better than Virginia's coming out of the recession.

Nonetheless, Virginia's 2012 median wage is down from its peak of \$18.78 in 2010. And that puts the typical worker at about the same place he or she was a decade ago.

**But that's not the whole story**

Looking just at trends in the median wage, Virginia looks like a good place to make a living. But look across the entire wage landscape, and the picture is less optimistic.

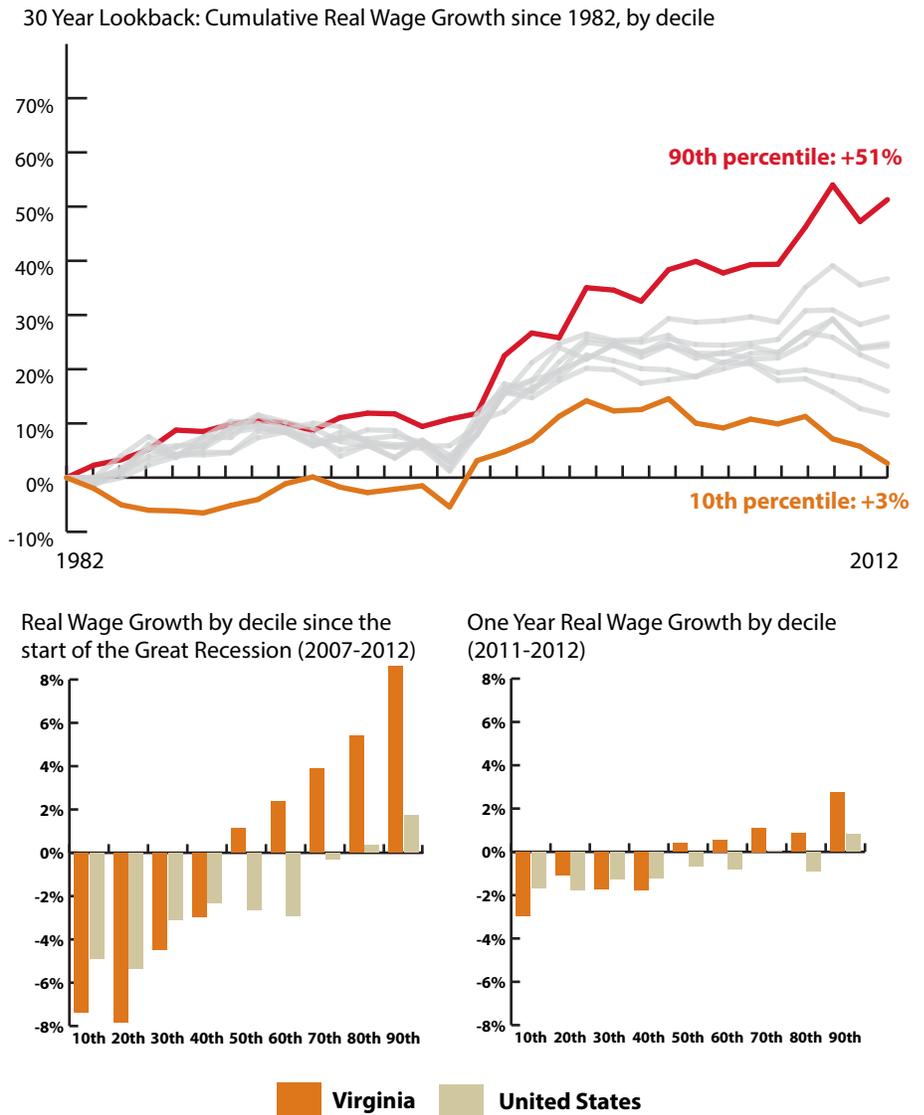
After wages across the board took a hit in 2011, Virginia returned to a pattern of uneven gains and losses for workers at different income levels. In 2012, higher earners saw higher gains and lower earners saw larger losses. As shown in Figure 2, Virginia workers earning the median wage or higher experienced wage growth in 2012, but workers earning below the median wage lost ground. While this mirrors a national trend, it was more pronounced in Virginia.

In fact, since 2007, only workers earning the median wage or higher have seen their wages grow in Virginia, with the highest gains going to the highest paid workers. The lowest wage workers, on the other hand, have seen the greatest losses. (See Figure 2.)

While the top 10 percent of earners (making at least \$47.97 per hour) have seen their wages grow over 8 percent since the start of the recession, the wages of the bottom 10 percent of earners (making \$8.19 or less per hour) are now over 7 percent below their pre-recession level. Low-wage workers in only 7 other states saw a greater decline. Nationally, these lowest-wage workers have experienced wage losses of just under 5 percent.

**FIGURE 2: Across Virginia's Wage Distribution Unbalanced Growth**

Disparate growth in wages has been trending for decades in Virginia, with the top earners getting farther and farther ahead and lower earners falling behind.

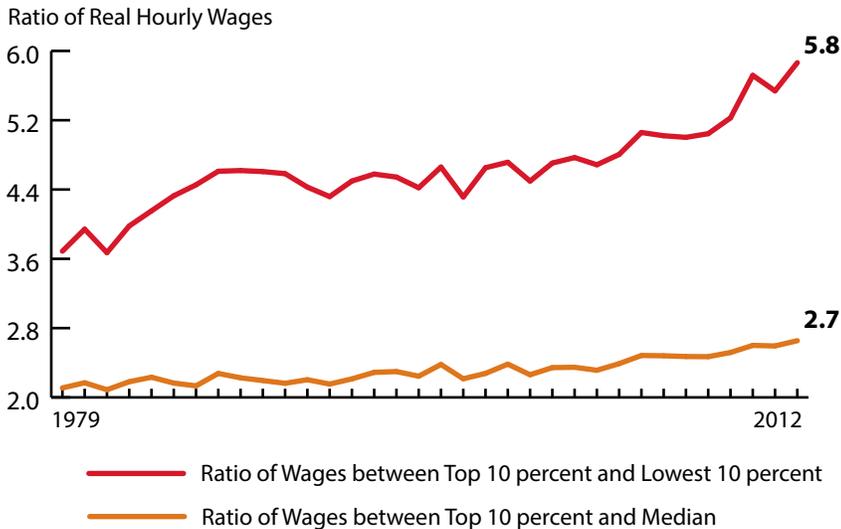


Source: TCI analysis of EPI and CPS data.

**FIGURE 3**

## Growing Advantage

The ratio of wages between Virginia's highest and lowest earners stood at an all-time high in 2012. The ratio of wages between Virginia's highest earners and the median has grown as well.



Source: TCI analysis of EPI and CPS data.

**The top-earning 10 percent of Virginians made at least 5.8 times as much as the lowest-earning 10 percent in 2012.**

For the top 10 percent of earners, those in Virginia have seen their wages grow 4 times as fast as their counterparts nationally. In fact, only three other states and the District of Columbia saw wages for the top 10 percent grow faster between 2007 and 2012.

Taking an even longer view, uneven growth in wages has been a trend in Virginia for decades, with the more extreme differences emerging in the late 1990s. Over the past 30 years, wages for the top 10 percent of earners grew by over 51 percent, versus just under 3 percent for the bottom 10 percent of earners. In other words, the wages of the top earners grew 19 times as fast as those at the bottom. They grew twice as fast as those earning the median wage. More recently, wages have started moving in opposite directions, with growth at the top and falling wages for lower-income workers. (See figure 2.)

As a result of these trends, Virginia faces record levels of inequality. As shown in Figure 4, the ratio of wages between Virginia's highest- and lowest wage-workers has been climbing and stood at an all-time high in 2012. The top-earning 10 percent of Virginians made at least 5.8 times as much as the lowest-earning 10 percent in 2012. Only the District of Columbia fared worse on this measure of inequality in 2012.

But it's not just the difference in wages between the highest and lowest earners in Virginia that's on the rise. The ratio of wages between the top 10 percent of earners and those earning the median wage is growing too, and Virginia again compares poorly to other states. (See Figure 4.) In 2012, the top 10 percent earned about 2.7 times as much as the median worker in Virginia. Only California had a larger disparity in 2012.

**And that's not all: Virginia's gender gap grows**

After a slight narrowing of the gap between male and female median wages during the recession, that progress started to reverse in 2012.

Median wages for men in Virginia increased to just over \$20 in 2012, a one year bump of about 3 percent, while for women median wages fell nearly 4 percent, to just under \$16. Basically, men and women were back to where they began before the recession.

Both male and female wages in Virginia compare relatively well to those of other states. At the median, male wages in Virginia ranked the 9th highest nationally in 2012, and female wages ranked 12th highest. Looking above and below the median, Virginia's male and female wages were equal to or exceeded the national average at every wage level.

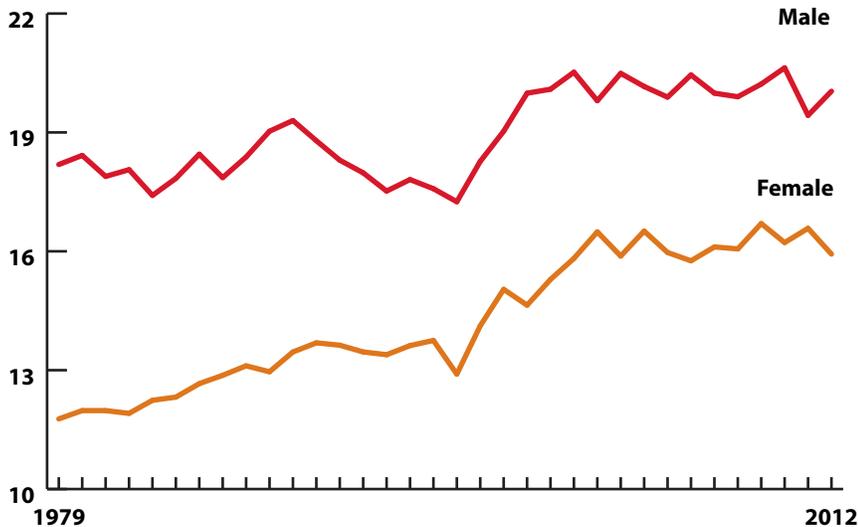
That's the good news. The bad news is that the gap between male and female wages is growing in Virginia. Women in the commonwealth earning median wages were paid just under 80 cents for every dollar earned by their male counterparts in 2012, down from a peak of 85 cents in 2011. Nationally, women earned just under 83 cents on the dollar compared to men in 2012. Only 13 other states had a greater gap than Virginia.

And the gap exists both above and below the median, too: female wages lag male wages at every wage level, and the difference grows among higher earners. While the gap narrowed among lower earners between 2007 and 2012, the gap widened among higher earners. (See Figure 4.)

**FIGURE 4: Wages by Sex in Virginia Backsliding**

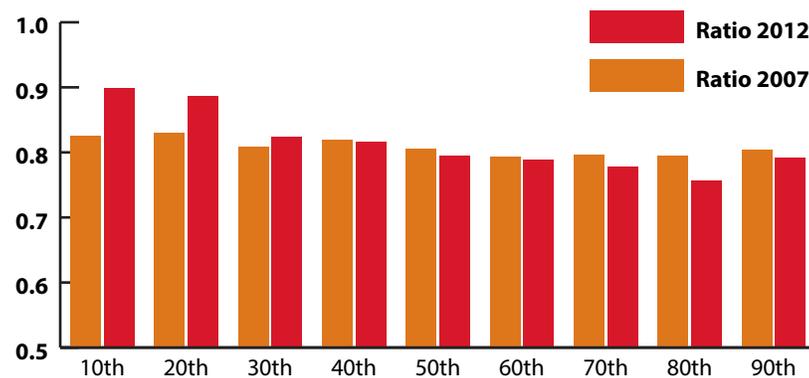
After a slight narrowing of the gap between male and female median wages during the recession, the progress started to unravel in 2012.

Male and Female Real Median Wages, 1979-2012



And the gap exists above and below the median, too: female wages lag male wages at every position in the distribution. While the ratio improved between 2007 and 2012 among low earners, it widened among higher earners.

Ratio of Female to Male Wages by decile, 2007 and 2012



Source: TCI analysis of EPI and CPS data.

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