

## KEY FINDINGS

### Wage Growth:

- Employment gains in 2005 were robust, at over 2 million new jobs, and growth of 1.5%--the greatest since 2000.
- **The average job in 2005 earned a salary of \$43,000, a 4.6% increase over 2004.**
- In real terms, adjusted for inflation, wage gains in both 2004 and 2005 were 1.7%.
- On a regional basis, the South led all regions with 1.5% annual real wage gain during the first half of the decade, while the Northeast, Midwest and Pacific regions achieved gains of less than 1%.

### Wage Growth Distribution:

- Income gains were garnered disproportionately by the highest income earners.
- **In 2004, the real average income of the top 5% of the income distribution increased by 1.7%, while the four lowest quintiles (the bottom 80% of the distribution) suffered losses.**
- The incomes of the lowest 20% declined slightly (-0.0%), the second quintile lost 0.5%, the middle quintile 0.7%, and the fourth 1.1%.

### Effect of Energy Costs on Wages:

- **In 2005, U.S. households spent \$287 billion on gasoline and oil for automobiles and trucks.** Expenditures for energy for other household uses (heating, cooling, and electricity) totaled **an additional \$225 billion**
- In 2005, energy expenditures increased sharply, as gasoline and oil expenditures increased by 25%, fuel oil by 20%, utility natural gas by 25%, and electricity by 10%.
- **Energy expenditures in 2005 represented 5.9% of consumer spending, a 20.3% increase over 2004.**
- This run-up in energy costs has taken a big bite out of earnings. As a fraction of all wage and salary disbursements in 2005, energy expenditures equaled 9.0%, an increase of 1.5% over 2004. Earnings themselves increased in 2005 by an average of 4.6%. **Thus increased energy expenditures wiped out almost one third of last year's earning gain.**
- In 2005, the Atlanta metro area had wage increases of \$1,740, but saw 45.6 % of that gain eaten up by gas price increases of \$792.90. In the Miami metro area, wage gains were \$2,109, but gasoline price increases consumed 48.2%, or \$1,016.10, of the increase. In Detroit, gas price increases were 41.7 % of wage gains, \$686 out of \$1,646.
- Global Insight forecasts that wage gains in 2006 will be 3.6% (1.3% in real terms), and in 2007 will be 3.3% (a 1.7% real rate).
- In 2006, Global Insight projects that energy expenditures will increase by an additional 7.5%, eating further into discretionary income. Spending on gasoline alone will top \$300 billion; more than double that of five years ago.

U.S. Metro Wage Growth:

- Among the nation's 361 metros, Vero Beach, FL, topped the list of highest wage gains for 2005 with a growth rate of 5.2%.
- The largest gains in real wages are concentrated in the Southeast and Gulf Coast states. Seven Florida metros, including Pensacola and Gainesville, are among the top twenty metros in wage growth.
- 180 metros topped the national average wage gain of 3.3% for the decade. The estimated average wage levels for 2005 across 361 metros range from \$76,500 in San Jose to \$26,800 in Logan, UT.