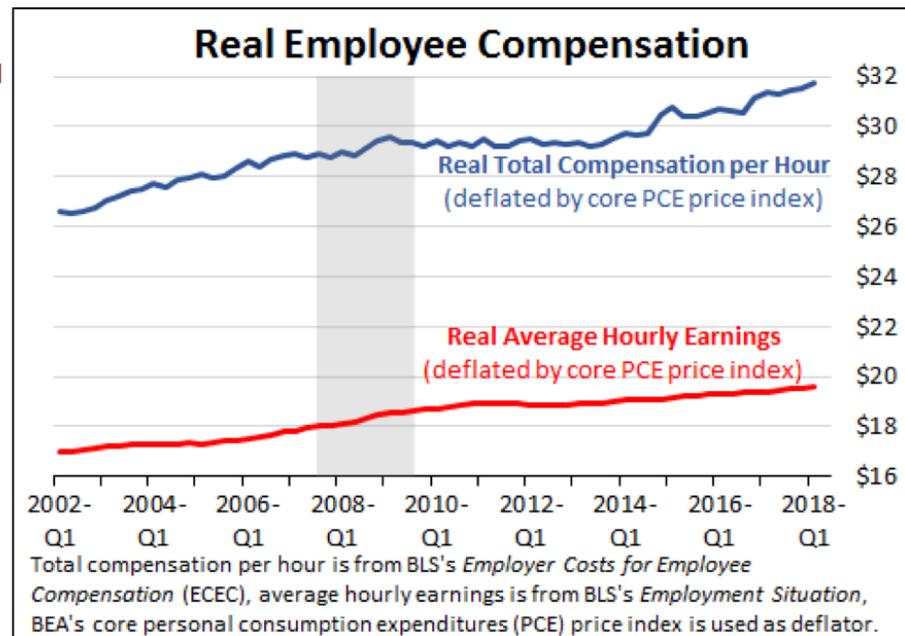


July 26, 2018

Fact Check: Yes, Data Show Workers' Earnings Have Improved

TOTAL COMPENSATION FOR WORKERS IS RISING (ADJUSTED TO AN ACCURATE INFLATION MEASURE)

WORKER EARNINGS ARE RISING



Americans are enjoying greater benefits and total compensation thanks to the Tax Cuts and Jobs Act and streamlined regulation, and the data show it. A recent misleading graph showed wage growth in negative territory, but such arguments making that case often appear to be either inaccurate or incomplete:

- Official data on wages from the Bureau of Labor Statistics (BLS) show that **wages, with or without adjusting for inflation, are rising**.¹
- The wage discussion should reflect the full picture of how **total pay and benefits are rising**.

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¹ "Average Hourly Earnings for Production and Nonsupervisory Workers" both nominal and real as reported by BLS were higher as of June than last December.

THE FACTS

1. REAL EARNINGS ARE RISING.

- The data show that worker earnings are rising, not falling (bottom line of above graph).²
- Worker benefits and non-performance-based bonuses have increased (the latter by 13% over the past year*), including those resulting from TCJA.³

2. UNDER A MORE COMPLETE PICTURE, TOTAL COMPENSATION IS RISING ROBUSTLY.

The top line of the graph includes all pay and benefits adjusted with a more accurate inflation measure.⁴

3. WORKERS ARE BENEFITING IN MANY OTHER WAYS:

- Expanded paid leave and flexible scheduling.*
- More training.*
- Active apprenticeships stand at a record since the recession.*
- More hires of people with disabilities.*
- TCJA is encouraging business investment, which boosts productivity and leads to **future wage growth**.

(*) “If Not Raising Wages, Then What?” Special Commentary, Economics Group, *Wells Fargo*, July 6, 2018.

² Average hourly earnings, which do not include special bonuses and benefits, adjusted with a more accurate inflation measure (the core PCE, see next footnote).

³ Special bonuses fall under benefits and are not included in the BLS Real Earnings Measure.

⁴ The BLS *Employer Cost for Employee Compensation* (ECEC) series is a more complete measure of compensation and BEA’s core Personal Consumption Expenditure (PCE) index, which is the Federal Reserve’s preferred inflation indicator, removes volatile food and energy prices to reflect the inflation trend more accurately.