



Analytics

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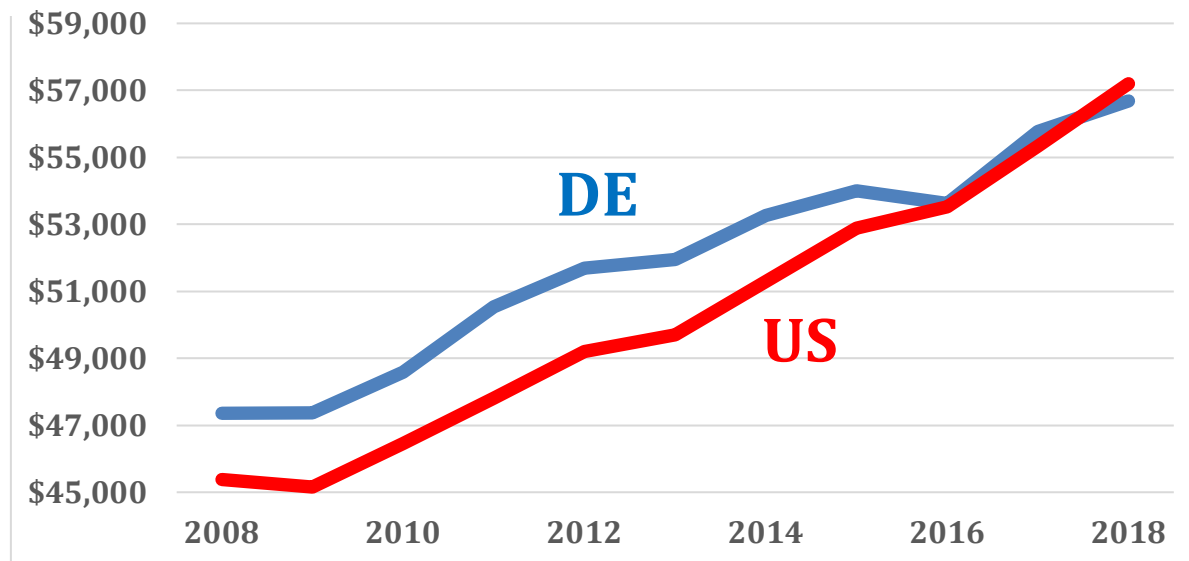
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RE: The lagging Delaware wage

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Since the end of the recession in 2009, half of the jobs added in Delaware pay less than \$20 per hour. As shown in the chart below, the average annual wage in Delaware has gone from above the nation to slightly below. How has this happened and what are the consequences for Delaware's economy?

AVERAGE ANNUAL WAGE



Source: QCEW (*Quarter Census of Employment Wages*)

Not surprisingly, many of the Delaware employment growth industries pay less than \$20 per hour. Over the past 10 years, jobs in leisure and hospitality (mostly restaurants) have grown 10% faster in Delaware than the nation while positions in services to buildings have risen 38% faster.

Jobs in Delaware's poultry processing industry have increased at more than twice the rate of the industry across the U.S. and employment in nursing and residential care in Delaware have grown at three times the U.S. care industry. Temporary help jobs in Delaware soared by 61% over the decade. While this pace was similar across the nation, it represents a structural shift toward jobs with limited contractual commitment, benefits and career path.

The Census records that between 2010-17 the median earnings of full-time male workers rose 6.5% in Delaware vs. 9.4% across the nation.



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The consequences of adding lower wage jobs shows up in Delaware personal income. Between 2008-18 Delaware personal income rose more slowly than the nation (41% vs. 43%) and because of slightly faster growing population, Delaware's per capita personal income fell below the U.S.

The sources of personal income growth in Delaware relative to the nation changed as well. Earnings from work over the decade increased 34% in Delaware compared to 39% in the nation. The returns to wealth (dividends, interest, rent) rose faster in the nation, while income from transfer payments (e.g., Social Security, Medicaid, Medicare, SNAP) jumped 71% in Delaware vs. 52% across the nation. Obviously, lower wages result in an increased need for social services.

One bright spot to the growth in lower wage jobs in Delaware is evidenced in the Census data on median earnings by education of adults 25 year of age or older. Between 2009-17 the median earnings of adults with less than a high school degree climbed 20%, compared to inflation of 11%. The median earnings for higher levels of formal education for Delawareans failed to keep pace with inflation.

With industrial electric rates well above the nation and competing states in the Southeast and with no Right-To-Work law Delaware finds automobile manufacturing jobs being replace by Amazon logistics jobs paying \$32,000 a year.

Dr. John E. Stapleford, Director
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