Fastest wage growth over the last four years among historically disadvantaged groups

Low-wage workers' wages surged after decades of slow growth

Summary: In stark contrast to prior decades, low-wage workers experienced dramatically fast real wage growth between 2019 and 2023, but many workers continue to suffer from grossly inadequate wages and middle-wage workers face significant gaps across demographic groups.

EPI

Fastest wage growth over the last four years among historically disadvantaged groups

By Elise Gould and Katherine deCourcy

March 21, 2024

Read the full report
epi.org/279904

Key findings

- Real wages of low-wage workers grew 13.2% between 2019 and 2023. Wage growth among low- and middle-wage workers over the pandemic business cycle has outpaced not only higher wage groups over the same period, but also its own growth compared to the prior four business cycles.

- Between 2019 and 2023, state-level minimum wage increases along with a tight labor market have translated into faster real wage growth for low-wage workers, particularly faster growth in states (and D.C.) that increased their minimum wage during this period.

- Wage rates remain insufficient for individuals and families working to make ends meet. Nowhere can a worker at the 10th percentile of the wage distribution earn enough to meet a basic family budget.

- Black men, young workers, and working mothers experienced particularly fast wage growth over the last four years. After growing for many groups in the prior forty years, key wage gaps narrowed between 2019 and 2023, but still remain large.
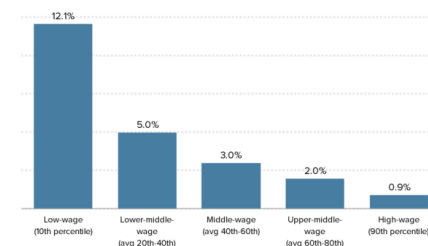
Why this matters

Faster growth for low-wage workers did not happen by luck: It was thanks to intentional policy decisions during the pandemic recession. Thoughtful policymaking going forward can drive further improvements in low- and middle-wage workers' standard of living.

How to fix it

To stem inequality and see healthy wage growth for the vast majority of workers, we need to use all the tools in our toolbox to reverse these policy trends—including prioritizing full employment, strengthening and enforcing labor standards, and removing obstacles to workers forming unions.

The lowest-wage workers had the strongest wage growth during the pandemic

Real wage growth across the wage distribution, 2019–2023

Notes: Low-wage is represented by the 10th percentile and high-wage is represented by the 90th percentile. The lower-middle, middle, and upper-middle-wages are the averages of the 20th–40th percentiles, the 40th–60th percentiles, and the 60th–80th percentiles, respectively.
Source: EPI analysis of the Current Population Survey Outgoing Rotation Group microdata, EPI Current Population Survey Extracts, Version 1.0.48 (2024a), https://microdata.epi.org.

Economic Policy Institute