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Can Every Group Be Worse Than Average? Yes.

By Floyd Norris May 1, 2013 12:17 pm

My Off the Charts column last week noted that pay disparities had grown in the United States since 2000. The real income necessary to reach the 90th percentile — the top 10 percent of all wage owners — was 9 percent higher in the first quarter than it had been 13 years earlier. The income necessary to be in the 10th percentile was down 3 percent over the same period. The pay needed to be at the median was up 1 percent.

The column showed similar trends among college graduates and among high school graduates.

What I did not point out, but might have, is an interesting statistical aberration. The pay necessary to reach the 90th percentile of *every* educational group rose less than the overall number. The same was true for the 10th percentile, the 25th percentile, the median and the 75th percentile.

How could that happen? Some readers deemed it evidence that I must have made a mistake.

The answer is that the relative size of the groups changed greatly over those 13 years. There are now many more college graduates working than there were then. There are fewer employees with a high school education or less. That changing nature of the work force meant that there are more (higher wage) well-educated people in the overall total now than there had been in 2000.

Adding to the population changes is the fact that the percentage of people with jobs has fallen less for college graduates (78.5 percent in 2000, 72.6 percent now) than it has for either high school graduates or people with some college education. The share of high school dropouts with jobs, however, is virtually the same now as it was in 2000.

As a result, we can get the following, seemingly unlikely, results:

Median change in real weekly wages, 2000-13

Total: +0.9%
High School Dropouts: -7.9%
High School Graduates, No College: -4.7%
Some College: -7.6%
Bachelor's or Higher: -1.2%