

# **Understanding Relative Incomes and Wages**

Mark Boehm

South Dakota Demography Conference

**SOUTH DAKOTA**

GOVERNOR'S OFFICE OF ECONOMIC DEVELOPMENT

# Real Wage Calculator

GOED's Wage calculator accounts for income taxes and accurately computes

- Federal Income Tax
- State Income Tax
- Social Security Tax

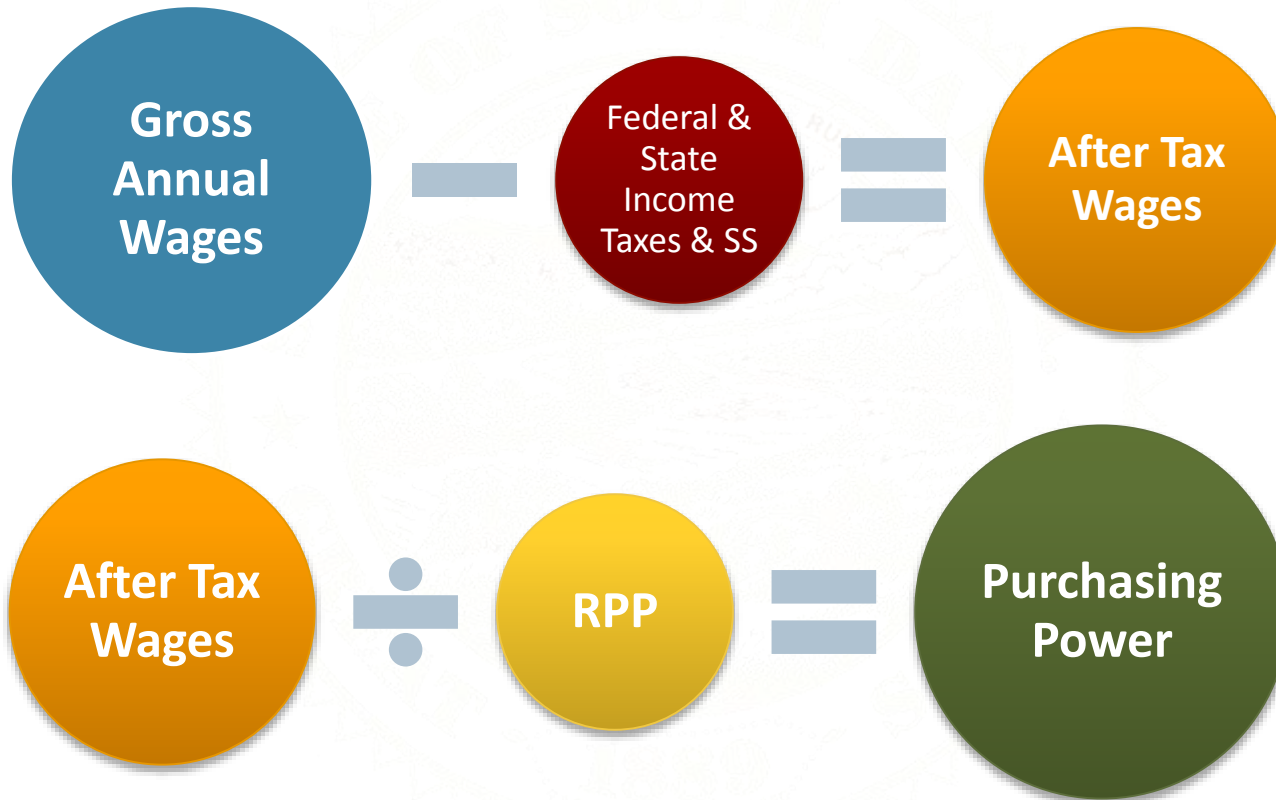
Uses most common tax filing scenario

- Single filer
- Standard deduction
- No additional dependents

The image shows a screenshot of a web browser displaying the "South Dakota Real Wage Calculator" website. The page features a header with the site's name in a stylized font. Below the header, there is introductory text explaining the calculator's purpose: "After taxes, how much of your income do you take home? How much can you buy with your hard earned wages? The bottom line? Location matters. And we can prove it." It further defines "After Tax Wages" as wages after federal income tax, state income tax, and social security tax are withheld, and "Purchasing power" as after-tax wages divided by the local cost of living index. A link is provided to compare salaries in up to three different locations. The main section is a form titled "Enter your estimated annual gross wages, choose a location, and click 'Calculate!'". The form has three columns: "Gross Wages", "Location", and "After Tax Wages". Each column has three input fields. The "Gross Wages" column has three input fields with "Gross Wage" labels. The "Location" column has three dropdown menus with "South Dakota" selected. The "After Tax Wages" column has three input fields with "After Tax Wages" labels. A "Calculate" button is located at the bottom of the form. A "Learn More" link is visible at the bottom left of the page.

[www.calculaterealwages.com](http://www.calculaterealwages.com)

# Real Wage Calculator



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# Real Wage Calculator

BEA Regional Price Parities (RPP)		(vs)	C2ER Cost of Living Index	
↑	More Price Inputs		↓	Roughly 200 Price inputs
↑	Uses Consumer Price Index		↓	Self-Reported, subject to bias
↑	435 MSA's		↓	300 Cities
↑	Offers Metro, Non-Metro, and Statewide geographies		↓	Only cities included are those who opt to participate
↑	Includes Sales Tax		↓	Designed for Executives
↑	Less Volatile			
↓	Lags about 2 years			

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# The Real Wage Calculator

## Issues

- Timing lag
- Nonmetropolitan vs State Averages
  - Micropolitans
- Local Knowledge
- Format limitations

# The Real Wage Calculator

## South Dakota MSA Comparison

Income Levels →	\$45,000	\$75,000
North Sioux City MSA	31 <sup>st</sup>	27 <sup>th</sup>
Rapid City MSA	85 <sup>th</sup>	67 <sup>th</sup>
Sioux Falls MSA	100 <sup>th</sup>	87 <sup>th</sup>

*Ranking among 435 MSA's*



# Wage Study

## Wage Study

- 2010 through 2014 available
- 800 SOC codes
- All fifty states & DC
- Starting point median wage from DOL
- Same methodology as RWC
- Uses state average RPP

The screenshot shows a web browser window displaying the 'SOUTH DAKOTA' website, specifically the 'Wage Study' application. The page title is 'How much do you really earn?'. The interface includes a search bar, a navigation menu, and a main content area with the following elements:

- Site Selection Data:** A sidebar menu with options like 'Find Properties', 'Certified Hourly Sites', 'All State Comparison', 'Financing & Incentives', 'Manufacturer Directory', 'Local Economic Development Office', 'Area Maps', and 'Calculators/Reports/Tools'.
- How much do you really earn?:** The main heading, followed by a sub-heading 'After taxes, how much do you take home? How much can you buy with your hard earned wages? Does it matter where you work and live?' and a paragraph explaining the study's purpose.
- Form Fields:**
  - 'South Dakota vs. Select up to 10 States (for South Dakota only, select none)': A dropdown menu currently showing 'Alabama', 'Alaska', 'Arizona', 'Arkansas', 'California', and 'Colorado'.
  - 'Year': A dropdown menu with options '2010', '2011', '2012', and '2013'.
  - 'Display Earnings As': Radio buttons for 'Annual Salary' (selected) and 'Hourly Wage'.
  - 'Occupations': A dropdown menu with the instruction 'Select up to 10'.
  - 'Search by Keyword': A text input field with a 'Search' button.
  - 'OR': A separator.
  - 'Select by Occupation Code & Title': A list of occupation groups with checkboxes:
    - 11 - 0000 Management Occupations
    - 12 - 0000 Business and Financial Operations Occupations
    - 13 - 0000 Computer and Mathematical Occupations
    - 17 - 0000 Architecture and Engineering Occupations
    - 19 - 0000 Life, Physical, and Social Science Occupations

<http://www.sdreadytowork.com/Site-Selection-Data/Wage-Study.aspx>

# Wage Study

## Wage Study Findings

- SD ranks well, simple average

Year	Rank	Gross Wage	Purchasing Power
2010	10 <sup>th</sup>	\$39,722	\$37,049
2011	6 <sup>th</sup>	\$41,221	\$38,904
2012	8 <sup>th</sup>	\$42,275	\$39,842
2013	11 <sup>th</sup>	\$43,244	\$39,245
2014	7 <sup>th</sup>	\$44,399	\$40,283

- Pay for skilled labor is elastic



# The Real Wage Calculator

## Wage Study Trends

	% Change	Rank
Gross Wage % Increase 2010-2014	11.8%	3rd
Gross Wage % Increase 2013-2014	2.7%	13 <sup>th</sup>
Purchasing Power \$ Increase 2010-2014	8.7%	4 <sup>th</sup>
Purchasing Power % Increase 2013-2014	2.6%	7 <sup>th</sup>

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# The Real Wage Calculator

Where do we go from here?

- Just signed 3 year contract for tax calculations
- More promotion
- Make available for research
- Let other wage calculators use

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# Demonstration

## Real Wage Calculator

[www.calculaterealwages.com](http://www.calculaterealwages.com)

## Wage Study

<http://www.sdreadytowork.com/Site-Selection-Data/Wage-Study.aspx>

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# Questions? Comments?

## Contact

Mark Boehm

800-872-6190

[mark.boehm@state.sd.us](mailto:mark.boehm@state.sd.us)

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