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2018

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S O U T H   D A K O T A

# WAGE STUDY

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SOUTH DAKOTA GOVERNOR'S OFFICE OF ECONOMIC DEVELOPMENT

## EXECUTIVE SUMMARY

### INTRODUCTION

The Governor's Office of Economic Development (GOED) has recently completed the 2018 national wage study. The GOED has been preparing wage studies since 2010. This year's results are in-line with previous year's results, in that they show South Dakota wage earners to have greater purchasing power than the national average. The GOED Wage Study takes into effect payroll withholding taxes and state cost of living so that meaningful comparisons of wage levels, between states, can be made.

When comparing wage levels between states, most people compare the average gross salary being paid. For example, they will look at the annual gross wages of an accountant in South Dakota versus what an accountant in New York makes. Undoubtedly, the accountant in New York will have a higher nominal wage, but to conclude that the New York accountant is truly paid more, would be a superficial conclusion. Only when one takes into account the taxes withheld and the local cost of living, can one determine which accountant has more disposable income.

State to state wage comparisons are further complicated by the fact that each state has a different mix of jobs. Additionally, the number of part-time jobs can vary substantially between states. There are several overall average wage-by-state calculations and all suffer from these issues.

The GOED Wage Study is designed to address all of these problems. We have downloaded detailed US Dept. of Labor wage information for every occupation in every state. We have then deducted actual federal and state income taxes (assumes single filer, standard deduction and no dependents) and social security taxes to arrive at after tax wages. After tax wages are then adjusted for cost of living to arrive at purchasing power, the true measure of how well a job pays.

The GOED Wage Study has complete state by state information for more than 800 standard occupation codes (SOC codes). The median annual gross wage, take home pay, and purchasing power is available for each SOC code in every state that reports having that occupation, more than 37,000 jobs by state in total. Complete results by occupation and state are available on GOED's website: [www.sdreadytowork.com](http://www.sdreadytowork.com).

## 2018 WAGE STUDY FINDINGS

In 2018, there were 543 separate occupations reported in South Dakota. The GOED Wage Study compares these exact same occupations in the other 49 states by computing a simple average of these 543 jobs for every state. The overall results for 2014 are:

	<b>SD Amount</b>	<b>Rank</b>	<b>% of Nat'l Avg</b>
<i>Average Annual Wages</i>	\$49,449	44 <sup>th</sup>	91.51%
<i>After Tax Wages</i>	\$40,131	32 <sup>nd</sup>	96.65%
<i>Purchasing Power</i>	\$45,500	7 <sup>th</sup>	105.99%

The 2018 GOED Wage Study shows the purchasing power of the average wage in South Dakota to be the 7th highest in the nation. This year's results are in line with the annual wage studies that GOED has completed since 2010, whereby the purchasing power of South Dakota's wages have ranked as high as 5th best and no lower than 11th.

- From 2010 to 2018, the average gross wage in South Dakota has increased 19.67%, this is the 2nd highest percentage increase in the nation. Only North Dakota wages grew faster with a growth rate of 23.73%. Nationally, gross wages increased 15.50% over this time period.
- From 2010 to 2018 the purchasing power of South Dakota wages has increased by 29% which was the 2nd highest growth rate amongst states. North Dakota led the nation with a 31.48% increase. Nationally purchasing power increased by an average of 18.56%.

## GOED WAGE STUDY METHODOLOGY

The GOED Wage Study is based on median (mid-point) annual wages for every occupation, in every state. The data is provided by the US Dept. of Labor, via the South Dakota Labor Market Information Center.

The median wage data, for every occupation in every state (approximately 37,000 occupations total) is then entered into a tax calculation spreadsheet (prepared by Eide Bailly CPAs) to accurately calculate federal and state income tax along with social security taxes. Taxes are calculated on each median wage as if that taxpayer were single, claims the standard deduction, and has no additional dependents.

The total income taxes and social security taxes are then deducted from the median annual wage to arrive at "take home pay" for each occupation in each state.

Take home pay is then adjusted for cost of living to arrive at purchasing power, which is what matters to a wage earner—how much you can buy with your net wages.