

## What People Earn

*By George Anders*

Parade Magazine - 4-12-09 - When William Crews picks up his paycheck, it's hard for him to force a smile. Gone are the days when booming car and truck sales helped him earn more than \$100,000 a year as a financial-services manager at a Chrysler - Dodge - Jeep dealership in Wendell, N.C. In 2008, his gross pay shrank to \$76,000, a recession-inflicted cut of more than 25%. And 2009 didn't start off any better.

"Our family is juggling bills as best we can," the 41-year-old Crews says. The Crewses have cut back on vacations, meals out, and other spending. Each month they wrestle with which bills to pay and which to put off a bit longer. "That hurts a lot," he says.

Still, Crews declares: "I feel lucky to be someone who still has a job." His dealership has cut about a third of its workforce in the past year. His wife's smaller income from her job as an administrative assistant for the state of North Carolina has become crucial in holding the family's finances together. "We've got up days and down days," Crews says. "But we hope our prospects are ready to turn around."

The current economic slump isn't just squeezing people's incomes. It's also jolting the ways we think about money. Household budgets are tightening up everywhere as people scramble to save cash and guard against hard times. The frantic race to keep up with the Joneses has been put on hold. And as layoff notices and foreclosures sweep the country, being able to count on a dependable paycheck suddenly has become goal No. 1.

Since December 2007, when the U.S. economy slipped into recession, at least 4.4 million jobs have been lost. In February, the national unemployment rate reached 8.1%, its highest level in 26 years. Even with President Obama's \$787 billion stimulus package, some economists think the jobless rate could top 10% before the slump is over. Hard-hit states such as Michigan, South Carolina, and Rhode Island already are seeing double-digit unemployment.

"In these times, people are willing to trade away some excitement on the job if they can just have more security," says Max Caldwell, an employment expert at Towers Perrin, a consulting firm based in Stamford, Conn., that regularly surveys workers' attitudes nationwide.

In its most recent survey, conducted in December, workers ranked job security and adequate health and retirement benefits as their top priorities. "Maximizing earnings" didn't even make the top five.

In a sign of the new cautiousness, Americans' personal savings rate shot up to 5% of their income in January, the highest level in 14 years and a big change from the near-zero savings rates of a few years ago, according to the Bureau of Economic Analysis.

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The rise in savings wasn't a case of people having more money to salt away. Average earnings increased just 2.5% in 2008, finishing the year at a seasonally adjusted \$613 a week. But anxieties related to the shaky economy have led people to pay down debts and increase savings wherever they can.

Large jumps in weekly earnings are unlikely in the months ahead, says Lawrence Mishel, president of the Economic Policy Institute. He predicts salary increases of only about 2% annually by the end of 2009. But inflation has been hammered down to such a low rate that workers' pay may grow faster than consumer prices. Mishel warns, however, that by 2010, "We will surely see weekly earnings lose ground to inflation for most workers."

Notable bright spots in the labor market include health care, education, and government jobs. Newly trained registered nurses can earn as much as \$66,000 a year, according to Richard Sanchez, district president of Navarro College in Corsicana, Tex. "It's one of our most lucrative fields," he says. "Our programs are at their maximum capacity." Sanchez adds that every time he holds an open house for the nursing program, more than 100 students apply for about 30 to 40 slots.

States may cut spending on schools, hospitals, and government services, but the impact is likely to be small compared with harsher cutbacks in sectors such as manufacturing, construction, retail, and finance. "I'm not worried about the economy or layoffs," says Jeff Frame, a paramedic living in St. Albans, W.Va., who earned \$48,000 last year. "No matter what happens, you're always going to need an ambulance."

In Wappapello, Mo., high school English teacher Jerris Evans says she feels secure in her job, which pays \$39,900 a year. But she is concerned that budget squeezes could lead to larger class sizes, a heavier work-load, and perhaps a freeze in pay. "I don't feel that the teachers' salaries are keeping up with the cost of living," she says.

Education makes a huge difference in people's job prospects. February's unemployment rate was a seasonally adjusted 12.6% for those without a high school diploma, compared with just 4.1% for people with a bachelor's degree or higher.

Retraining is likely to be a growing trend, particularly for workers leaving recession-damaged industries. Henry Ford Community College in Dearborn, Mich., used to guide most students toward automotive sector jobs. Now, older workers and high school graduates see college as a way to sidestep the car industry's troubles. Enrollment has jumped 15% in the last year, to 17,000 students.

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“We hope we can be a catalyst for new careers,” says Henry Ford president Gail Mee. Health care, computer technology, accounting, and criminal justice are especially popular fields, she notes. Students also are flocking to specialized areas such as movie production, biotechnology, alternative energy, and the culinary arts.

Some of the best job prospects are in the Great Plains states, which were largely overlooked during the easy-credit housing bubble that enveloped the rest of the country. “We didn’t see the real highs that other places did, but now we aren’t experiencing the real lows,” says Maren Daley, executive director of Job Service North Dakota, the state’s unemployment agency.

Unemployment in Wyoming, Nebraska, and Iowa was below 5% in January, and it was just 4.2% in North Dakota or about half the national average. North Dakota’s job boom has been driven by robust energy production, agriculture, and even a surge in tourism as affordable fairs and festivals attract travelers who don’t want to take pricier vacations.

A few careers thrive in hard times. Robert Half International, which places temporary and full-time workers, is seeing a demand for bill collection specialists and bankruptcy attorneys. Shoe repair shops are thriving, thanks to a recession mentality that is leading people to fix their old shoes instead of throwing them away and buying new ones.

Across the nation, people are counting on a spirit of teamwork and shared sacrifice to help everyone pull through.

In Everett, Mass., Costco photo-lab technician Tina Snook volunteered to cut her hours during the downturn so her colleagues wouldn’t suffer. Snook’s part-time earnings dropped to \$16,000 last year, but she picked up an additional \$9000 as a sports photographer for local youth leagues. That extra income, plus her husband’s earnings as a carpenter, covers costs for the Snooks and their four children.

“One of the other women at Costco needed all the hours she could get,” Snook says. “Cutting back was the right thing for me to do. And I’m building up a studio to do more photography on my own.”

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