Wall Street Bonus Pool Dwarfs 'Tax Reform Bonuses' and Minimum Wage Earnings While Contributing to Gender Inequality

Just-released figures from the New York State Comptroller show Wall Street banks handed out $31.4 billion in bonuses to their New York City-based employees for 2017 performance, up 17 percent over 2016. According to Institute for Policy Studies analysis of these figures:

Wall Street bonuses v. ‘tax reform’ bonuses
- The bonus pool for 176,900 Wall Street employees far exceeds the total amount of so-called “tax reform bonuses” some corporations awarded to millions of employees after congress passed the new tax legislation in December. According to one analysis, 44 S&P 500 firms “tax reform bonuses” amounted to $3.7 billion, less than 12 percent of the Wall Street bonus pool.
- The average Wall Street bonus was $184,220, while the typical “tax reform” bonus was $1,000.

Wall Street bonus pool v. minimum wage worker earnings
- The total bonus pool for 176,900 Wall Street employees was 2.5 times the combined annual earnings of all 884,000 U.S. full-time minimum wage workers.
- Since 2009, the average Wall Street bonus has increased 31 percent, from $140,620 to $184,220, while the federal minimum wage has remained at $7.25 per hour.

Wall Street bonuses and gender inequality
- The relatively rapid increase in the value of Wall Street bonuses has contributed to gender inequality, since workers at the bottom of the wage scale are predominantly female, whereas those in the financial industry’s upper echelons are overwhelmingly male.
- The five largest U.S. investment banks (JPMorgan Chase, Goldman Sachs, Bank of America Merrill Lynch, Morgan Stanley, and Citigroup) report that the share of their executives and top managers who are male ranges from 69-82 percent, while only 36 percent of all U.S. minimum wage earners are male.

Wall Street bonus pool and the Fight for $15
The 2017 bonus pool holds enough dollars to lift the pay of any one of these groups of low-wage workers up to $15 per hour:
- all of the country’s 3.2 million restaurant servers and bartenders,
- all 1.8 million home health and personal care aides, or
- all 3.4 million fast food preparation and serving workers

“The massive size of the Wall Street bonuses is disturbing not just because of how it contributes to economic inequality in this country,” said Institute for Policy Studies executive compensation expert Sarah Anderson. “It’s also a sign that the reckless Wall Street bonus culture which contributed to the 2008 financial crisis continues to flourish. And while we’re still waiting for the Wall Street pay reforms in the 2010 Dodd-Frank law to be implemented, Congress is busy deregulating the financial industry.”
A more detailed report, including figures comparing the Wall Street bonus pool to the so-called “tax reform bonuses,” will be available soon.

The Institute for Policy Studies ([www.IPS-dc.org](http://www.IPS-dc.org)) is a 55-year-old multi-issue research center that has conducted path-breaking research on executive compensation for more than 20 years.

Previous IPS analyses of the Wall Street bonus pool have received extensive press coverage, including this [New York Times editorial](http://www.nytimes.com). IPS also manages the website [Inequality.org](http://www.inequality.org), which serves as a portal into all things related to income and wealth gaps. Twitter: @inequalityorg

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**Sources and Methodology**

**Wall Street bonus pool:** New York State Comptroller charts for securities industry employment and profits and bonus pool, issued March 26, 2017. The 2017 bonus figures reflect cash payments and deferred compensation for which taxes have been withheld. The estimate does not include stock options or other forms of deferred compensation for which taxes have not been withheld. Financial firms typically calculate year-end bonuses after they have reported their fourth-quarter financial results. For 1985 data, we drew from this [2011 comptroller report](http://www.l magicianl.com).  

**Full-time minimum wage workers:** According to the most recent U.S. Bureau of Labor Statistics data, 884,000 people were working full-time (defined as at least 35 hours per week) at the minimum wage in 2016.

**Combined annual earnings of all full-time minimum wage workers:** Calculated by the author based on $7.25 per hour for 37 hours per week for 52 weeks. (37 is the median between 35 and 40 hours) This calculation may overstate earnings, since many workers earn less than this, including certain students, young workers, and farmworkers.

**Race and gender breakdown of executives and top managers at the five largest U.S. investment banks:** Figures were drawn from data available on the banks’ web sites. All numbers are for 2016, except for Morgan Stanley, where 2015 figures were the most recent. Source links: [Goldman Sachs](https://www.goldmansachs.com), [JP Morgan Chase](https://www.jpmorgan.com), [Bank of America](https://www.bankofamerica.com), [Citigroup](https://www.citigroup.com), and [Morgan Stanley](https://www.morganstanley.com).

**Cost of lifting low-wage workers up to $15 per hour:** Based on U.S. Department of Labor, Bureau of Labor Statistics data. Hourly mean wages and number of workers are most recent from the BLS Occupational Employment Statistics for the following occupational categories: waiters and waitresses (OES 35-3031), bartenders (OES 35-3011), home health aides (OES 31-1011), personal care aides (OES 39-9021), and food preparation and service workers—limited-service eating places (OES 35-3021). Figures for average hours worked per week for all food services workers are from BLS data for Production and Nonsupervisory Employees--Food Services and Drinking Places (NAICS 722). For home health workers, the average hours worked per week is from the Centers for Disease Control’s [National Home Health Aide Survey](https://www.cdc.gov).
Using this data, we calculated the difference between each occupation group’s current annual earnings and what they would make if each worker in that group earned $15 per hour. Robert Pollin and Jeannette Wicks-Lim of the University of Massachusetts-Amherst have done a more detailed analysis of the cost of raising the minimum wage for fast food workers to $15 per hour, accounting for the upward pressure on wages for those currently earning more than the federal minimum. See: A $15 U.S. Minimum Wage: How the Fast-Food Industry Could Adjust Without Shedding Jobs.