Salary Increase Budgets for 2021

A Wage Crunch Is Coming—but It's Delayed

Salary Increase Budgets for 2021

RESEARCH REPORT

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Executive Summary

Given the massive job losses, historically high unemployment, and weak growth in the cost of living since the winter, one would expect a significant slowdown in wage growth in the coming years. That is indeed likely to happen, but not immediately. In the unique circumstances of the pandemic crisis, the wage crunch will be delayed because the labor market is not yet as loose as the unemployment rate suggests.

High unemployment typically means many job seekers per job opening. So far in this crisis, and in the coming months, this will not be the case. Why? Many of the people counted as unemployed are furloughed and hope or plan to regain their old jobs. Another unique circumstance of the pandemic is that some workers may have received or continue to receive expanded unemployment benefits, and given the risks of getting infected at work or lack of childcare solutions, prefer to remain unemployed for the time being. As a result, many furloughed workers are not actively looking for new work.

So, while the number of unemployed workers is historically high, the number of unemployed people who are actively seeking employment is much smaller. Job seekers are competing against a much smaller number of candidates than the unemployment rate suggests, making it easier to find a job.

However, the disconnect between the unemployment rate and the ease of finding qualified workers is likely to narrow significantly in the coming months. Many furloughed workers will realize there are no jobs waiting for them, and the expanded unemployment benefits will likely be reduced. Thus more unemployed people may begin to look for a new job more seriously, resulting in a larger number of job seekers per opening. That is when finding a job will become more difficult, and finding qualified workers will become easier. That is also when downward pressure on wages will become more intense, especially for new hires. In fact, in the next year or two, we expect wage growth in the US to be historically low.

The Conference Board Annual Salary Increase Budget Survey shows that employers have already started to lower their salary budgets. The 2020 average for actual total salary increase budgets, including exempt, executive, and nonexempt salaried employees, decreased from 3.19 percent in 2019 to 2.60 percent in 2020.[1] Many respondents indicated their budgets are not yet finalized due to uncertainty created by the COVID-19 crisis.

In this report, we share the findings of our Salary Budget Survey and other salary and wage trends businesses should pay attention to. For complete survey results for salary increase budgets and breakdowns by industry and revenue, please see the Appendix on page 20.

1 The averages are weighted by the number of responses for each of the three salary increase budgets categories: salaried-exempt, salaried-executive, and salaried-nonexempt.

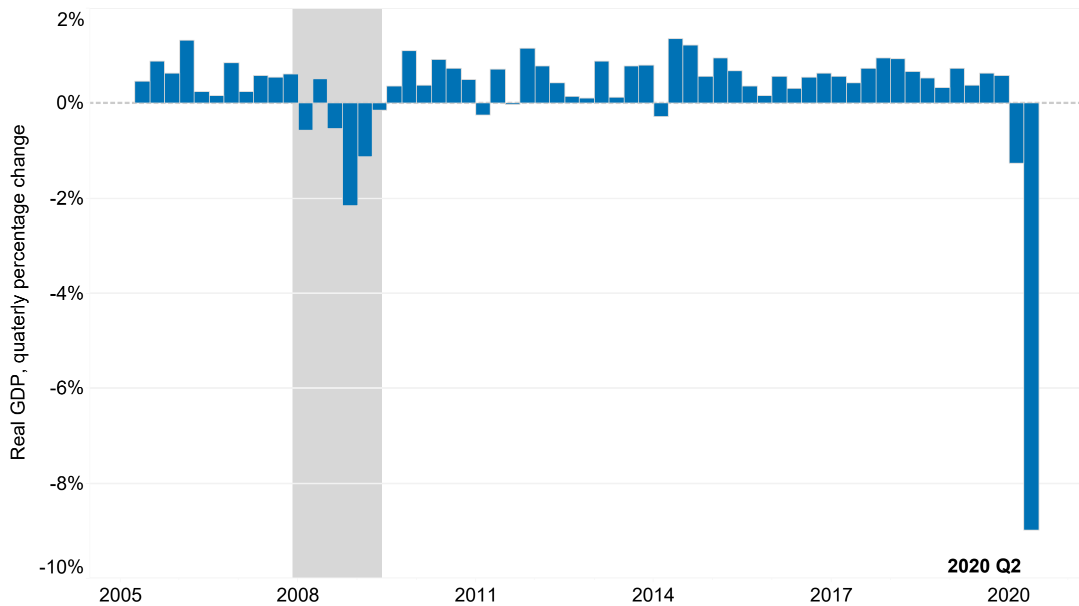
Insights for what's ahead

- In 2020, employers will begin to lower wages in response to historically weak labor market conditions and inflation. However, in the unique circumstances of the pandemic crisis, the wage crunch will be delayed because the labor market is not yet as loose as the unemployment rate suggests. Downward wage adjustments will become more visible in 2021 and will be larger for new hires than for existing workers.
- As for 2021, a lot depends on how quickly the COVID-19 crisis is resolved. In an optimistic scenario, the virus would be neutralized (through deliberate scientific advances such as a reliable vaccine or other developments), leading to an economic recovery. In such a scenario, wage growth would still slow substantially given the persistent high unemployment rate.
- If no reliable vaccine is widely deployed in 2021, wage growth is likely to be historically low.
- The adjustment in compensation will go beyond wages into bonuses and other benefits.
- The magnitude of the slowdown in wage growth will vary across job types. On the positive side, the labor market will soon become tight again for technology-related jobs. On the negative side, job losses and slowing wage growth is likely to be greater in industries sensitive to social distancing, such as entertainment, travel, lodging, food services, transportation, maintenance and repair, cleaning services, and personal care jobs such as manicurists. There is a high concentration of people without a bachelor's degree in these jobs as well as minorities, women, and young people, leading to lower expected wage growth for these workers.
- In response to the historically weak labor market, employers may require higher qualifications from job candidates in addition to or instead of lowering wages. Employers also used this approach during the 2008—2009 financial crisis.
- The rise in remote work rates will become permanent even after the pandemic is over and will contribute to lower labor costs. Companies in high-cost areas may shift some on-site positions to remote work or move those positions to other parts of the US with a lower cost of living or even outside the country.
- The drop in wage growth is happening at a time when minimum wages continue to go up in many states and cities, which will significantly raise wages at the lower end in these locations. These opposite trajectories may lead companies, more so than in recent years, to automate low paying jobs or shift them to areas with lower minimum wages.

Setting the Stage: The Economic Shock and What It Means for Wages

The worst recession since the Great Depression

Chart 1
Real GDP, quarterly percentage change, seasonally adjusted, 2005Q1 to 2020Q2



Note: Shaded area represents recession.
Source: US Bureau of Economic Analysis

The US is now in the midst of the worst recession in 80 years. After catastrophic job losses in March and April, the economy recovered 52 percent of the job losses from May to September, but this job recovery is likely to slow down for the rest of 2020.

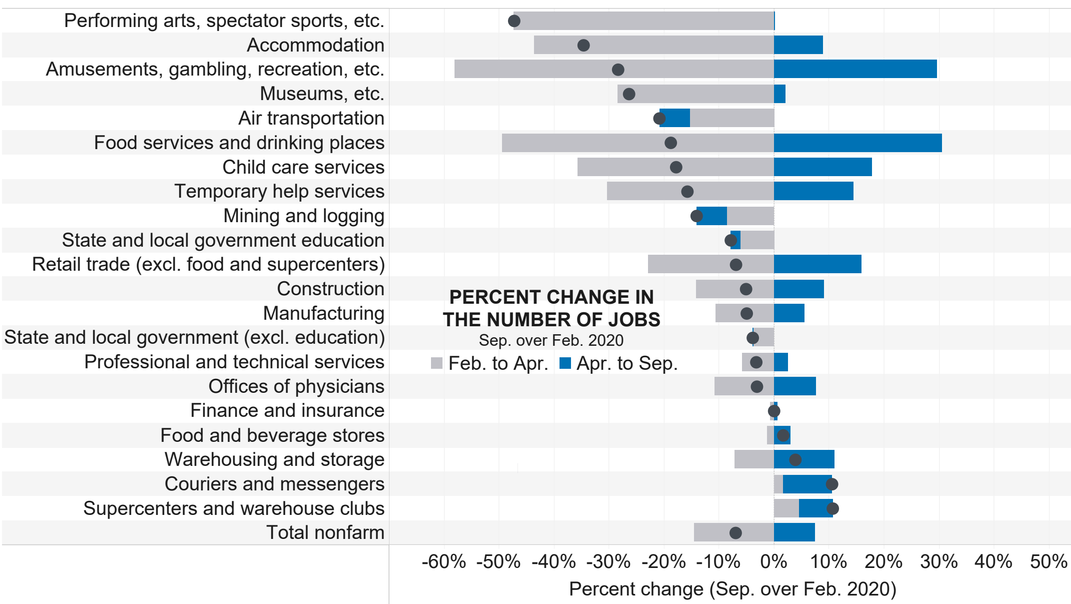
As a result, by year's end (fourth quarter of 2020), we expect economic activity in the US to still be 3.3 percent below prepandemic levels (fourth quarter of 2019) in our base scenario.[2] To put things in perspective, the total drop during the Great Recession (fourth quarter of 2007 to second quarter of 2009), and at that time the deepest recession in the postwar era, was 4 percent.

As for 2021, a lot depends on how quickly the COVID-19 crisis is resolved. In an optimistic scenario, the virus would be neutralized (through deliberate scientific advances such as a reliable vaccine or other developments), leading to a strong economic recovery. In such a scenario, spending in categories that suffered under social distancing, such as entertainment, travel, lodging, and full-service restaurants is likely to make close to a full recovery. In addition, better-than-expected vaccine deployment would raise overall business confidence, leading to a reversal of the drop in business investment.

2 The Conference Board US Economic forecast is based on the September 2020 update. For more information, read The Conference Board Economic Forecast for the US.

Job losses extend across all industries, those most affected by social distancing are hit harder

Chart 2
Percentage change in employment by industry, seasonally adjusted, February to September 2020



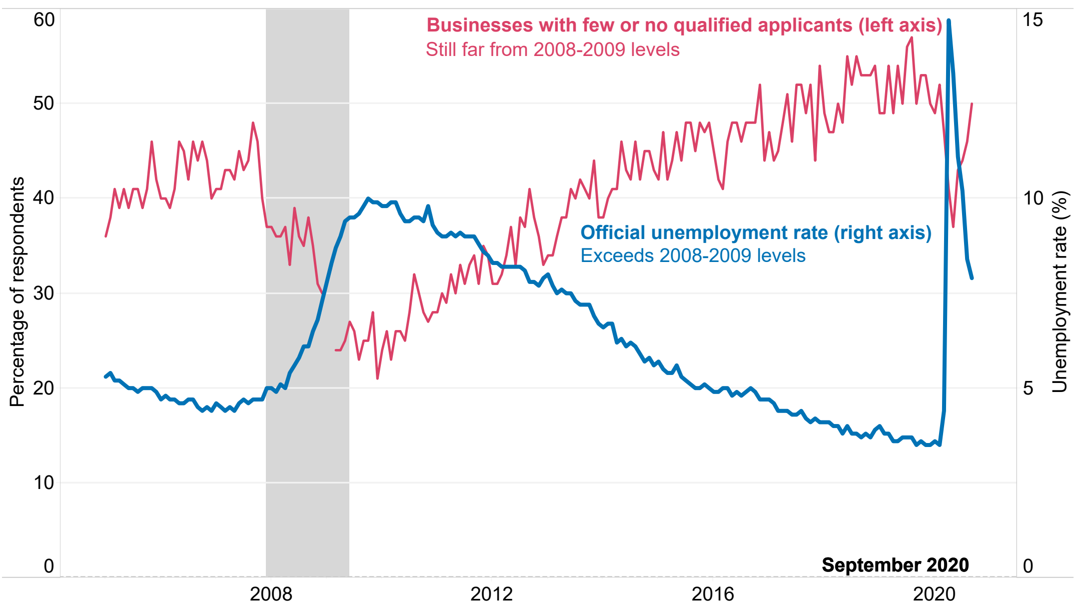
While the number of jobs in the US increased from May to September, currently employment remains 7 percent below February levels. Unfortunately, many of the hardest-hit industries are very labor intensive. An economic shock usually puts many companies out of business, and many remaining businesses may engage in severe cost cutting that include large layoffs. When revenues drop during recessions, employers try to cut labor costs by laying off workers, automating jobs, and slowing down wage growth. In this report we focus on the last option.

The Disconnect in the Labor Market—Employers Have Difficulties Hiring

Despite High Unemployment Rate, Few Workers Say Jobs Are Hard to Get—Yet Employers Say It's Hard to Find Qualified Applicants

Chart 3

The unemployment rate and the percent of businesses with few or no qualified applicants for job openings, seasonally adjusted, January 2005 to September 2020



Note: Shaded areas represent recessions.
Source: The Conference Board; US Bureau of Labor Statistics; National Federation of Independent Business

With the unemployment rate at a historic high, one would expect that workers would have difficulty finding jobs and employers would have an easy time finding qualified applicants, as during the Great Recession. However, survey data shows the reverse trend:

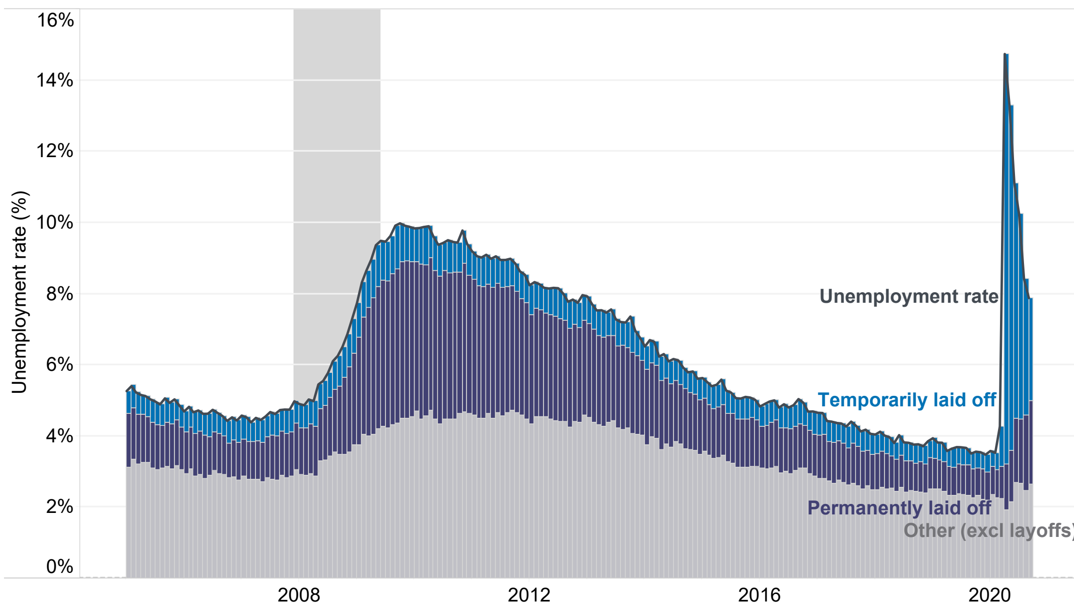
Current circumstances defy this dynamic and are expected to continue only for the next several months. While it is more difficult for job seekers to find jobs than it was earlier this year (before the pandemic), it is not unusually so. Just 20 percent of the respondents to The Conference Board Consumer Confidence Survey® in September said that jobs were hard to get (not shown in chart). That is a much smaller percentage than those who said the same during the Great Recession, and other recessions, even though the unemployment rate in recent months is the highest in the postwar era. Despite this, according to the National Federation of Independent Business, it is harder for employers to find qualified applicants than it was during the Great Recession.

The disconnect is likely to significantly narrow in the coming months. Workers will likely have a harder time finding jobs; employers will have less difficulty finding qualified workers.

A surge in temporary layoffs makes up the bulk of unemployed

Chart 4

The unemployment rate decomposed by those on temporary layoff, permanent layoff, and all others, seasonally adjusted, January 2005 to September 2020



Note 1: Shaded area represents recession.
Note 2: "Other (excl layoffs)" include those reentering or entering the labor market, workers completing temporary jobs, and voluntary quits.
Source: US Bureau of Labor Statistics; The Conference Board

Many of the people counted as unemployed are not actively looking for a job for several reasons:

First, as of September 2020, about 37 percent of the unemployed describe themselves as being temporarily laid off (i.e., expecting to return to their previous jobs within six months). Many of these people assume they will go back to their employer. They have a job (or so they think) and expect to be called back to work.

In addition, according to a recent study from the National Bureau of Economic Research, in the expanded unemployment insurance system enacted under CARES, now expired, two-thirds of eligible workers could receive benefits which exceeded lost earnings, and one-fifth could receive benefits at least double lost earnings. With such relatively large benefits, many unemployed people may not have rushed to find a new job.

Lack of childcare is also an issue. Most in-person schooling this fall has been cancelled, so parents are faced with more hours of childcare at home. Some parents may prefer expanded unemployment benefits to looking for a new job and securing (and perhaps paying for) daytime childcare.

And finally, many of the available jobs, especially for people without higher education, entail a high risk of infection, which could further deter people from searching for a job at this time.

In sum, while the number of unemployed workers is historically high, the number of unemployed people who are actively seeking jobs is much smaller. Job seekers are competing against a much smaller number of people for new spots than the unemployment rate suggests.

The paradox of a high unemployment rate along with the seemingly contradictory ease of finding a job and difficulty of finding qualified workers is likely to change significantly in the coming months. Why? First, many workers will, unfortunately, realize that their temporary layoff has become permanent. Second, as of July, many unemployed people have stopped receiving relatively large expanded unemployment benefits. When that happens, more of the unemployed will more actively seek jobs, resulting in a larger number of job seekers per opening. That is when finding a job will become more difficult and finding qualified workers will become easier. That is also when downward pressure on wages will become more intense, especially for new hires.

In fact, in the next year or two, wage growth in the US could be the lowest in recorded history.

Salary Increase Budgets for 2021

About This Survey

Since 1985, The Conference Board has been surveying compensation executives with its Annual Salary Increase Budget survey. The survey asks about two main components of compensation: salary structure movements and salary increase budgets. This year, 183 organizations were included in the survey fielded between April 16 and June 21 of 2020. Data were requested for four employment categories: nonexempt hourly (non-union), non-exempt salaried, exempt, and executive. Results are reported overall and by industry. For complete survey results for salary increase budgets and breakdowns by industry and revenue, please see the Appendix on page 20.

Definitions

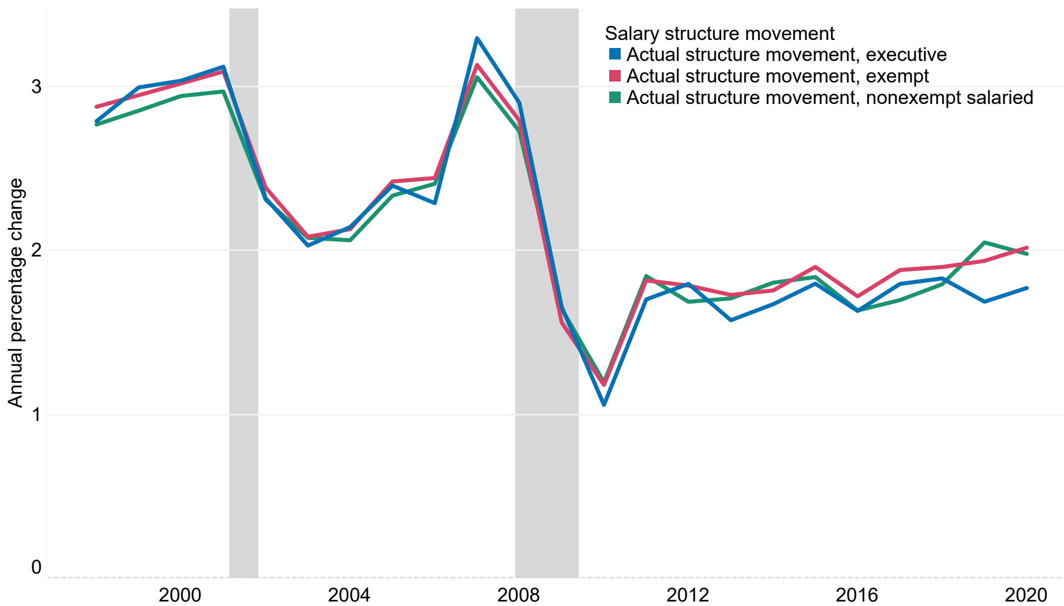
Salary increase budget refers to the pool of money an organization dedicates to salary increases for the coming year. It is represented as a percentage of current payroll generally; the salary increase budget is calculated using a predetermined total percentage of base pay (excluding overtime, bonuses, etc.). The budget is used for awarding merit or performance increases to individual employees. It may also be used for pay adjustments such as promotional increases.

Salary structure movement or adjustment refers to the changes (usually annual) to the salary structure of a compensation program. Organizations make these adjustments to the minimums, midpoints, and maximums of their pay ranges to account for changes in the cost of living and salary markets within the industry.

As of June, few companies had lowered their salary structures in response to COVID-19

Chart 5a

Average actual salary structure movements, percent change from previous year, by category, 1998 to 2020

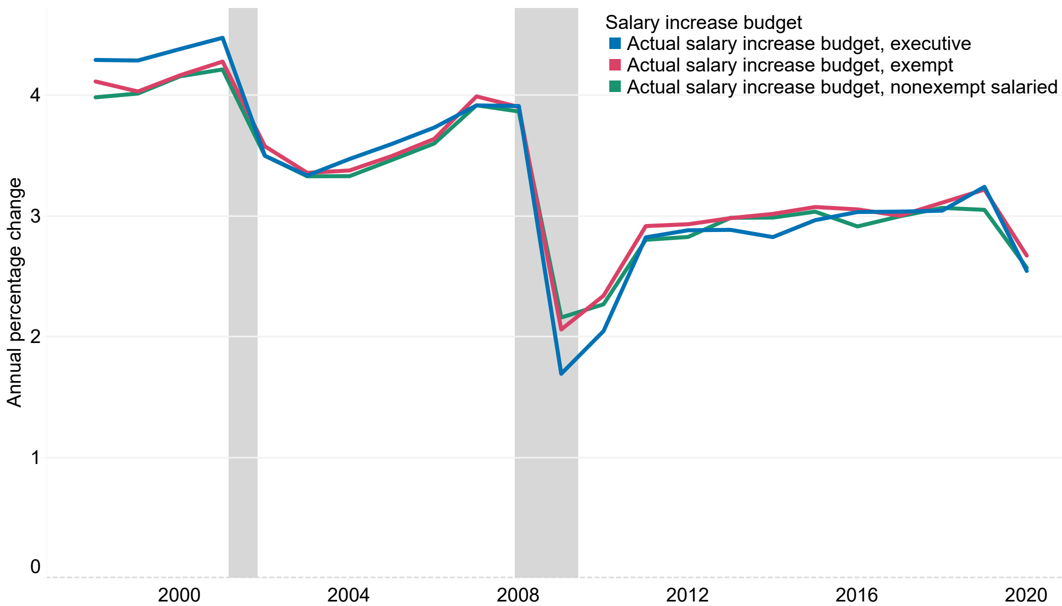


Note: Shaded areas represent recessions.
Source: The Conference Board

However, salary increase budgets for 2020 have been lowered

Chart 5b

Average actual salary increase budget, percent change from previous year, by category, 1998 to 2020



Note: Shaded areas represent recessions.
Source: The Conference Board

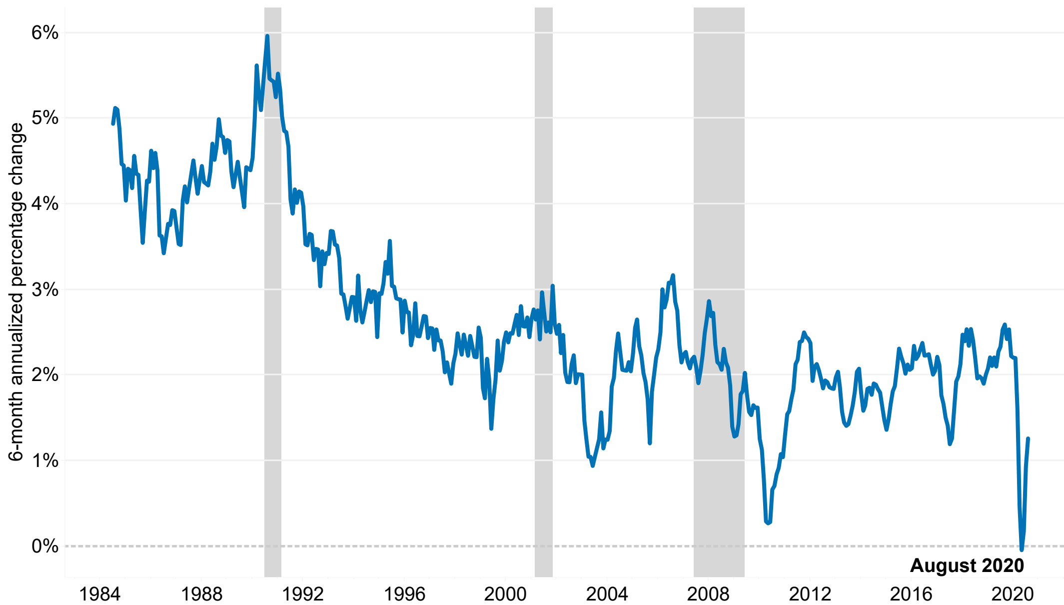
The increase in *salary structures* remains similar to 2019 levels (Chart 5a), as few companies have yet formally engaged in the process of lowering salary structures due to the economic crisis. But *total salary increase budgets* did go down from 3.05 in 2019 to 2.58 in 2020 for nonexempt workers, a drop of 0.47 percent; budgets went down 0.54 percent for exempt workers and 0.70 for executives (Chart 5b). During the Great Recession, salary increase budgets, a measure of average raises within a company, dropped from about 4 percent in 2007 to about 2 percent in 2009. Given the depth of the current recession and weak inflation, even lower salary increase budgets in 2021 are likely, barring surprisingly good vaccine news or other developments that control the virus.

The Coming Wage Crunch in 2021

In 2021, the environment is ripe for a significant slowdown in wages with inflation at a historic low

Chart 6

Core inflation: consumer price index minus food and energy, 6-month annualized percentage change, seasonally adjusted, January 1984 to August 2020



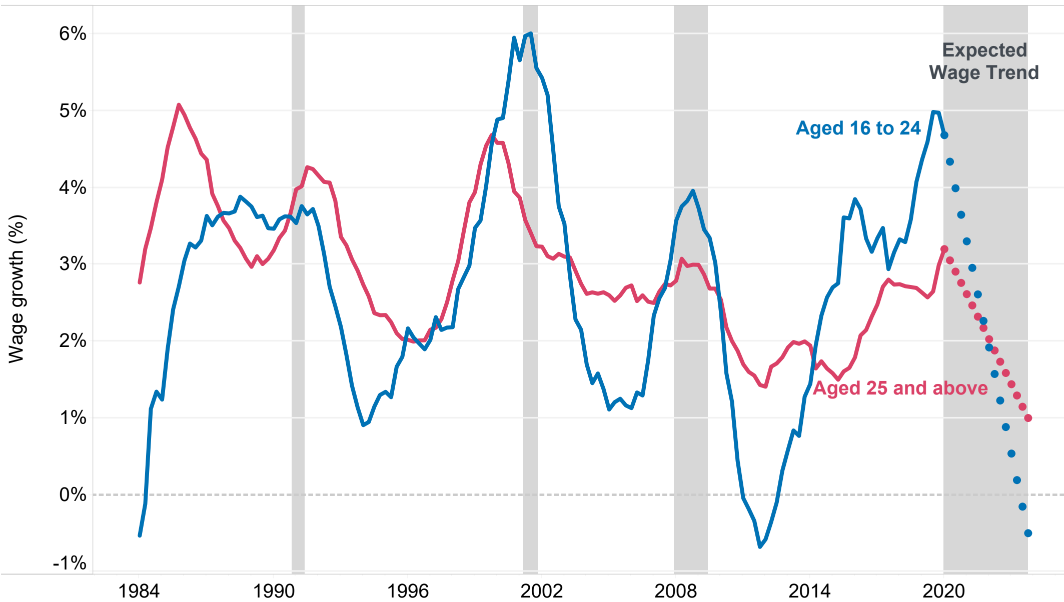
Note: Shaded areas represent recessions.
Source: US Bureau of Labor Statistics

The two main determinants of wage growth are the unemployment rate and inflation. Barring a swift and surprising resolution of the COVID-19 crisis, unemployment will remain relatively high in 2021, and at that point, most furloughs will become permanent layoffs. Inflation will be historically low, making the economic environment ripe for what may become the weakest wage growth in recorded history. Together, high unemployment and weak inflation will drive down wage growth in 2021. A large downward adjustment for new labor market entrants is likely.

During recessions, wages for new labor market entrants drop dramatically

Chart 7

Wages for workers aged 16–24 and 25 and above, last 8 quarters versus the 8 preceding quarters, annualized percentage change, 1984Q1 to 2020Q1 with expected wage trend



Note: Shaded areas represent recessions.
Source: US Bureau of Labor Statistics

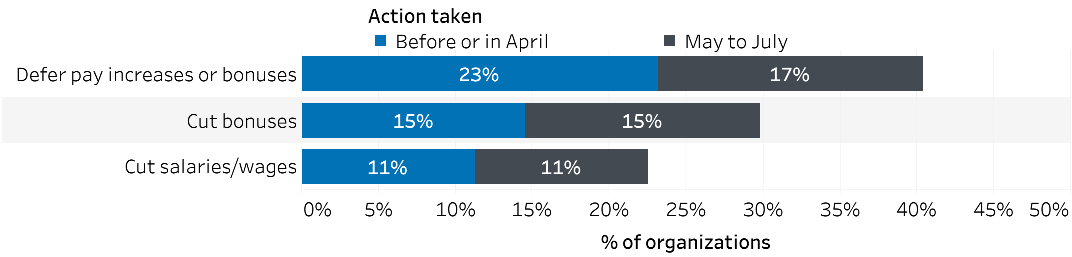
While wage growth will slow on average, two groups will experience very different outcomes. New hires, especially new labor market entrants, will bear the brunt of the slowdown in wage growth. Existing workers will not experience as much of a decline, though, as our Salary Increase Budget Survey shows, annual raises for existing workers are likely to be impacted as well.

During a recession, wages of new hires tend to adjust faster than wages for existing workers to new market conditions. Often employers would actually lower wages for new job openings. For example, during recessions, average wages for workers aged 16–24, new hires in many cases, tends to slow down much more than for other age groups. During and immediately following the Great Recession, wage growth for this age group turned significantly negative.

Companies are adjusting compensation for existing workers as well

Chart 8

How is your organization currently responding to COVID-19, and how are you planning to respond within the next 3 months (May to July 2020)?



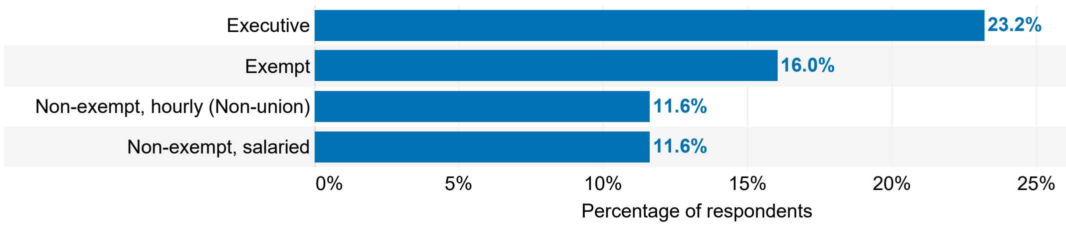
Note: The survey was fielded to companies with US operations in the second half of April 2020 with 152 participating senior HR leaders from mostly large organizations.
Source: The Conference Board, From Immediate Responses to Planning for the Reimagined Workplace: Human Capital Responses to COVID-19

For existing workers, wage growth tends to slowdown during recessions, but actual wage cuts are less frequent. Due to the severity of the current crisis, there are some indications that companies are taking steps to slow wage growth for existing workers. According to a survey fielded in the second half of April 2020 by The Conference Board, 40 percent of companies planned to "defer pay increases or bonuses" —23 percent through April and 17 percent from May to July (Chart 8). The total share of companies planning to cut bonuses was 30 percent, and the total planning to cut salaries/wages was 22 percent.

Pay cuts are steepest for executives

Chart 9

Has your organization implemented pay cuts as a cost-cutting measure in response to COVID-19 in any of the following employment categories?



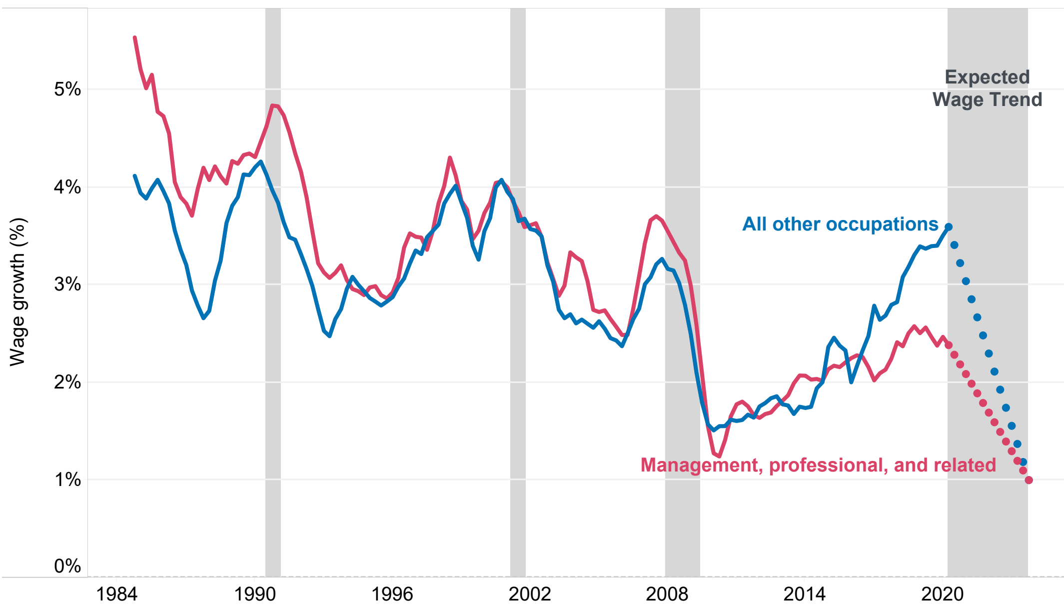
N = 181
Source: The Conference Board Salary Increase Budget Survey for 2021

This outcome is similar to responses to the special question in this year's Salary Budget survey (Chart 9). A total of 11.6 percent of employers said their organization had already implemented pay cuts for nonexempt workers; 16 percent have implemented them for exempt workers; and 23 percent have done so for executives. Several employers report voluntary pay cuts for executives, and some organizations went ahead with wage increases exclusively for workers below a certain salary threshold.

Wage growth will fall over the next two years, but management and professional occupations will likely fare better than other occupations

Chart 10

Employment Cost Index (salaries and wages), percentage change of the last 4 quarters over the preceding 4 quarters, by large occupation group, 1985Q1 to 2020Q2 with expected wage trend



Note: Shaded areas represent recessions.
Source: US Bureau of Labor Statistics and The Conference Board

Workers without higher education are likely to experience slower wage growth on average. This will reverse the trend of the three years prior to the pandemic in which labor shortages in blue-collar and manual services jobs led to faster wage growth for those jobs than for the highly educated white-collar ones.

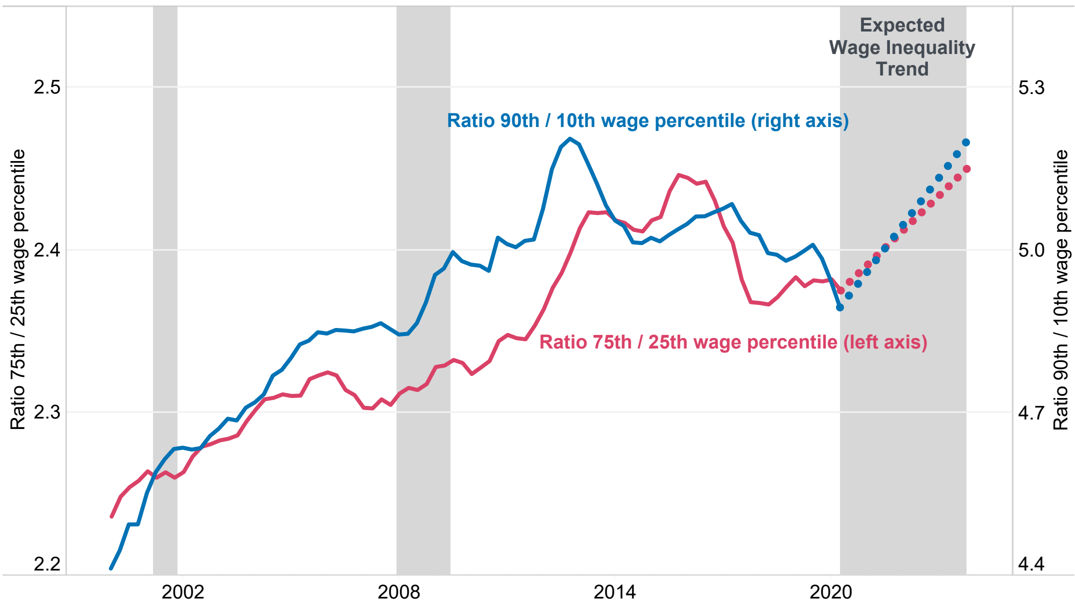
Job losses and the slowing in wage growth are likely to be larger in occupations sensitive to social distancing such as entertainment, travel, lodging, food services, transportation, maintenance and repair, cleaning services, and personal care such as manicurists. On the positive side, computer-related workers are the one group for which the labor market will soon become tight again. In the next year or two, demand for tech workers is likely to be stronger than for most other workers. The fallout from COVID-19 is leading to a rapid acceleration in technology adoption by both businesses and consumers. In the latest C-Suite Challenge™ survey from The Conference Board, accelerating digital transformation and rethinking business models are the two top-ranked most likely long-term operational outcomes of the pandemic for global CEOs.

Growing Wage Inequality and Minimum Wages

After narrowing in recent years, wage inequality will likely increase in the next few years

Chart 11

High versus low earners: very high versus very low (ratio of the 90th by 10th) and medium high versus medium low (ratio of 75th by 25th percentile), average hourly earnings wage distribution, 2000Q1 to 2020Q2 with expected wage inequality trend



Note: Shaded areas represent recessions.
Source: US Bureau of Labor Statistics

Wage growth will drop for all occupations, but this will be especially true for lower skilled occupations. The overall result is likely to raise wage inequality in the coming years. This will reverse gains made between 2015 and 2019, which were due in large part to higher wages for blue-collar and manual services workers.

Workers who are young, female, belong to a minority group, or have less education have been affected disproportionately by job losses. As a result, these workers are experiencing a larger increase in unemployment rates and will have a harder time returning to the labor market as long as social distancing guidelines remain in place. Wage growth for these groups will be relatively lower.

Though wage growth is expected to weaken, minimum wages are rising across states and may affect employer decisions

Chart 12a

Where wages stand now: current minimum wages mandated by 2020 legislation

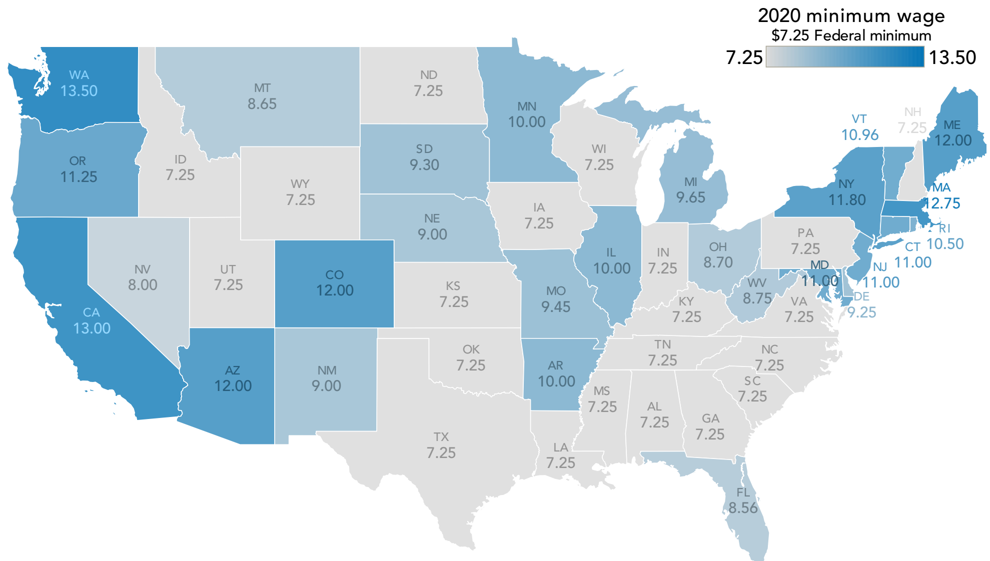
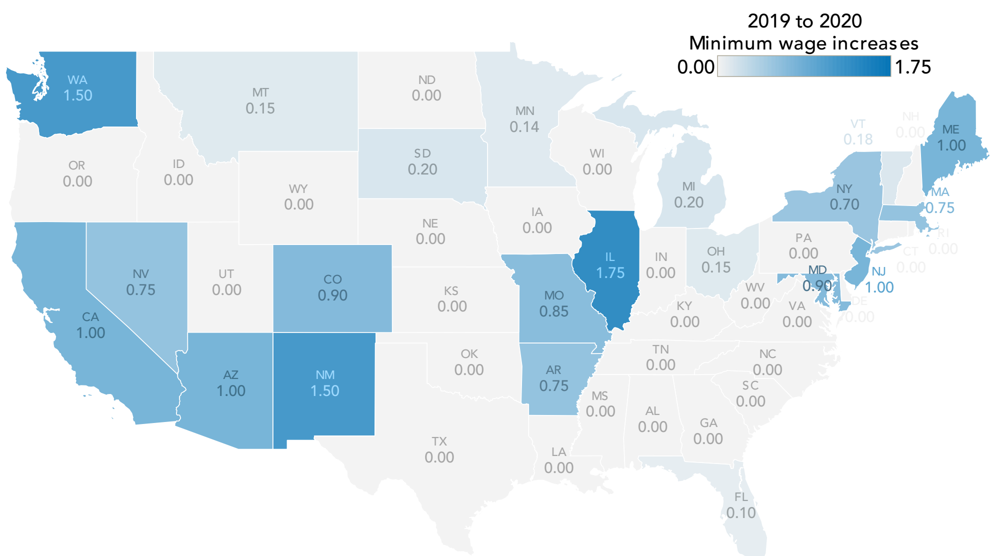


Chart 12b

Increases in minimum wages, 2019–2020



Note: Minimum wage legislation is not implemented at the same time across states and may be subject to some exceptions. The chart shows the prevailing 2020 minimum wage in each state which most organizations are subject to.
Source: US Department of Labor

The large variation in minimum wages across states is large and growing. The prevailing trend is toward a drop in wage growth; however, the minimum wage continues to go up in many states and cities. These opposite trajectories may cause minimum wages to have a stronger impact on employers than in recent years. Companies, desperate to cut labor costs, are more likely to automate low-paying jobs and shift jobs to areas with lower minimum wages.

Appendix

Table 1 **Salary increase budgets – Total, percent – by industry and overall** (zeros included)

		2020 Actual salary increase budget				2021 Projected salary increase budget			
		Nonexempt hourly	*Nonexempt salaried*	*Exempt*	*Executive*	*Nonexempt hourly*	*Nonexempt salaried*	*Exempt*	*Executive*
All responses	Median	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
	Mean	2.62	2.57	2.67	2.54	2.55	2.50	2.64	2.69
	25th percentile	2.15	2.00	2.46	1.70	2.00	2.00	2.50	2.00
	75th percentile	3.30	3.45	3.50	3.25	3.00	3.10	3.10	3.00
	n	108	99	123	113	98	90	111	101
By industry*									
Manufacturing	Median	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
	n	28	30	34	31	23	27	29	27
Financial Services	Median	3.00	3.00	3.00	3.00	3.00	2.50	3.00	3.00
	n	10	9	11	10	9	8	10	9
Insurance	Median	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
	n	12	9	13	12	11	8	12	11
Energy/Agriculture/Utilities	Median	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
	n	17	16	19	17	17	15	18	16
Other Services	Median	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
	n	41	35	46	43	38	32	42	38

*Financial Services includes Banks and Diverisfied Financial Services. Other Services includes Communications, Consulting, Diversified Services, Transporation and Trade.
Source: The Conference Board, 2020

Table 2 **Salary increase budgets – Total, percent – by revenue** (zeros included)*

		2020 Actual salary increase budget				2021 Projected salary increase budget			
		Nonexempt hourly	*Nonexempt salaried*	*Exempt*	*Executive*	*Nonexempt hourly*	*Nonexempt salaried*	*Exempt*	*Executive*
Under $1 billion	Median	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
	n	20	16	22	22	19	14	20	19
$1 billion to under $5 billion	Median	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
	n	27	30	33	31	27	29	32	30
$5 billion to under $10 billion	Median	2.75	2.70	2.75	2.88	2.78	2.25	2.78	3.00
	n	15	11	15	14	14	10	14	13
More than $10 billion	Median	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
	n	43	40	50	43	36	35	43	37

Source: The Conference Board, 2020

Table 3 **Salary increase budgets – Total, percent – by number of employees** (zeros included)

		2020 Actual salary increase budget				2021 Projected salary increase budget			
		Nonexempt hourly	*Nonexempt salaried*	*Exempt*	*Executive*	*Nonexempt hourly*	*Nonexempt salaried*	*Exempt*	*Executive*
Under 2,500	Median	3.25	3.33	3.25	3.00	3.00	3.00	3.00	3.00
	n	21	20	25	25	21	18	24	23
2,500-9,999	Median	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
	n	36	32	41	39	35	32	39	37
10,000-19,999	Median	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
	n	15	13	17	14	12	11	14	11
20,000 and more	Median	3.00	3.00	3.00	2.70	3.00	3.00	3.00	3.00
	n	36	34	40	35	30	29	34	30

Source: The Conference Board, 2020

Table 4 **Salary increase budgets – Merit, percent – by industry and overall** (zeros included)

		2020 Actual salary increase budget (Merit)				2021 Projected salary increase budget (Merit)			
		Nonexempt hourly	*Nonexempt salaried*	*Exempt*	*Executive*	*Nonexempt hourly*	*Nonexempt salaried*	*Exempt*	*Executive*
All responses	Median	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
	Mean	2.54	2.58	2.67	2.70	2.47	2.49	2.58	2.67
	25th percentile	2.50	2.50	2.50	2.50	2.28	2.50	2.50	2.50
	75th percentile	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
	n	145	133	163	152	128	119	145	134
By industry*									
Manufacturing	Median	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
	n	40	3	46	45	32	37	39	38
Financial Services	Median	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
	n	12	11	13	12	11	10	12	11
Insurance	Median	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
	n	19	16	21	19	18	15	20	19
Energy/Agriculture/ Utilities	Median	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
	n	21	19	25	24	19	17	22	19
Other Services	Median	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
	n	53	44	58	52	48	40	52	47

*Financial Services includes Banks and Diverisfied Financial Services. Other Services includes Communications, Consulting, Diversified Services, Transporation and Trade.
Source: The Conference Board, 2020

Table 5 **Salary increase budgets – Merit, percent – by revenue** (zeros included)

		2020 Actual salary increase budget (Merit)				2021 Projected salary increase budget (Merit)			
		Nonexempt hourly	*Nonexempt salaried*	*Exempt*	*Executive*	*Nonexempt hourly*	*Nonexempt salaried*	*Exempt*	*Executive*
Under $1 billion	Median	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
	n	26	20	28	27	25	19	26	25
$1 billion to under $5 billion	Median	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
	n	40	43	47	45	35	37	41	39
$5 billion to under $10 billion	Median	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
	n	24	19	23	23	22	17	21	21
More than $10 billion	Median	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
	n	52	48	62	54	44	44	55	47

Source: The Conference Board, 2020

Table 6 **Salary increase budgets – Merit, percent – by number of employees** (zeros included)

		2020 Actual salary increase budget (Merit)				2021 Projected salary increase budget (Merit)			
		Nonexempt hourly	*Nonexempt salaried*	*Exempt*	*Executive*	*Nonexempt hourly*	*Nonexempt salaried*	*Exempt*	*Executive*
Under 2,500	Median	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
	n	25	23	30	30	25	22	29	28
2,500-9,999	Median	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
	n	53	47	58	55	48	42	52	50
10,000-19,999	Median	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
	n	18	16	19	17	14	13	15	12
20,000 and more	Median	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
	n	49	47	56	50	41	42	49	44

Source: The Conference Board, 2020

Table 7 **Salary increase budgets – General, percent – by industry and overall** (zeros included)

		2020 Actual salary increase budget (General)				2021 Projected salary increase budget (General)			
		Nonexempt hourly	*Nonexempt salaried*	*Exempt*	*Executive*	*Nonexempt hourly*	*Nonexempt salaried*	*Exempt*	*Executive*
All responses	Median	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Mean	0.86	0.53	0.49	0.46	0.68	0.50	0.46	0.48
	25th percentile	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	75th percentile	2.00	0.13	0.00	0.00	1.50	0.00	0.00	0.00
	n	46	40	41	39	38	34	35	33
By Industry*									
Manufacturing	Median	0.00	0.00	0.00	0.00	0.80	0.00	0.00	0.00
	n	11	11	11	11	8	9	9	9
Financial Services	Median	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	n	3	3	3	3	3	3	3	3
Insurance	Median	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	n	4	3	4	3	4	3	4	3
Energy/Agriculture/ Utilities	Median	2.00	1.50	0.75	0.00	0.00	0.00	0.00	0.00
	n	12	9	8	7	9	7	6	5
Other Services	Median	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	n	16	14	15	15	14	12	13	13

*Financial Services includes Banks and Diverisfied Financial Services. Other Services includes Communications, Consulting, Diversified Services, Transporation and Trade.
N/A Insufficient (less than 5) cases to report.
Source: The Conference Board, 2020

Table 8 **Salary increase budgets – General, percent – by revenue** (zeros included)

		2020 Actual salary increase budget (General)				2021 Projected salary increase budget (General)			
		Nonexempt hourly	*Nonexempt salaried*	*Exempt*	*Executive*	*Nonexempt hourly*	*Nonexempt salaried*	*Exempt*	*Executive*
Under $1 billion	Median	0.75	0.75	1.50	0.75	0.00	0.00	0.00	0.00
	n	8	8	9	8	7	7	8	7
$1 billion to under $5 billion	Median	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	n	15	12	12	12	12	10	10	10
$5 billion to under $10 billion	Median	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	n	4	4	4	4	3	3	3	3
More than $10 billion	Median	0.13	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	n	18	15	15	14	16	14	14	13

N/A Insufficient (less than 5) cases to report.
Source: The Conference Board, 2020

Table 9 **Salary increase budgets – General, percent – by number of employees** (zeros included)

		2020 Actual salary increase budget (General)				2021 Projected salary increase budget (General)			
		Nonexempt hourly	*Nonexempt salaried*	*Exempt*	*Executive*	*Nonexempt hourly*	*Nonexempt salaried*	*Exempt*	*Executive*
Under 2,500	Median	1.50	0.75	1.50	0.75	0.00	0.00	0.00	0.00
	n	9	8	9	8	8	7	8	7
2,500-9,999	Median	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	n	17	15	15	14	15	14	14	13
10,000-19,999	Median	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	n	5	4	4	4	4	3	3	3
20,000 and more	Median	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	n	15	13	13	13	11	10	10	10

N/A Insufficient (less than 5) cases to report.
Source: The Conference Board, 2020

Table 10 **Salary increase budgets – Other, percent – by industry and overall** (zeros included)

		2020 Actual salary increase budget (Other)				2021 Projected salary increase budget (Other)			
		Nonexempt hourly	*Nonexempt salaried*	*Exempt*	*Executive*	*Nonexempt hourly*	*Nonexempt salaried*	*Exempt*	*Executive*
All responses	Median	0.00	0.08	0.23	0.00	0.25	0.18	0.25	0.15
	Mean	0.44	0.49	0.54	0.43	0.46	0.43	0.45	0.46
	25th percentile	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	75th percentile	0.50	0.51	0.55	0.50	0.50	0.50	0.50	0.50
	n	56	56	64	55	46	46	54	45
By industry*									
Manufacturing	Median	0.00	0.00	0.00	0.00	0.25	0.23	0.23	0.15
	n	12	15	15	14	7	12	12	11
Financial Services	Median	0.25	0.00	0.29	0.25	0.25	0.00	0.38	0.25
	n	5	5	6	5	5	5	6	5
Insurance	Median	0.00	N/A	0.00	N/A	0.00	N/A	0.00	N/A
	n	5	4	5	4	5	4	5	4
Energy/Agriculture/Utilities	Median	0.15	0.15	0.30	0.00	0.25	0.00	0.25	N/A
	n	8	8	9	6	6	5	6	4
Other Services	Median	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
	n	26	24	29	26	23	20	25	21

*Financial Services includes Banks and Diverisfied Financial Services. Other Services includes Communications, Consulting, Diversified Services, Transporation and Trade.
N/A Insufficient (less than 5) cases to report.
Source: The Conference Board, 2019

Table 11 **Salary increase budgets – Other, percent – by revenue** (zeros included)

		2020 Actual salary increase budget (Other)				2021 Projected salary increase budget (Other)			
		Nonexempt hourly	*Nonexempt salaried*	*Exempt*	*Executive*	*Nonexempt hourly*	*Nonexempt salaried*	*Exempt*	*Executive*
Under $1 billion	Median	0.50	0.60	0.55	0.40	0.50	0.38	0.50	0.50
	n	11	11	12	10	10	8	10	7
$1 billion to under $5 billion	Median	0.00	0.10	0.21	0.00	0.00	0.20	0.21	0.00
	n	16	18	20	17	14	15	17	15
$5 billion to under $10 billion	Median	0.38	0.00	0.38	0.38	0.50	0.25	0.50	0.50
	n	8	7	8	8	7	6	7	7
More than $10 billion	Median	0.00	0.00	0.00	0.00	0.00	0.08	0.15	0.00
	n	19	18	22	18	14	16	19	15

Source: The Conference Board, 2020

Table 12 **Salary increase budgets – Other, percent – by number of employees** (zeros included)

		2020 Actual salary increase budget (Other)				2021 Projected salary increase budget (Other)			
		Nonexempt hourly	*Nonexempt salaried*	*Exempt*	*Executive*	*Nonexempt hourly*	*Nonexempt salaried*	*Exempt*	*Executive*
Under 2,500	Median	0.50	0.56	0.50	0.50	0.50	0.50	0.50	0.50
	n	14	16	17	14	13	13	15	11
2,500-9,999	Median	0.00	0.00	0.00	0.00	0.00	0.00	0.20	0.00
	n	16	14	19	16	15	12	17	15
10,000-19,999	Median	0.00	0.15	0.38	0.25	0.00	0.33	0.38	0.25
	n	7	7	8	7	5	6	6	5
20,000 and more	Median	0.00	0.00	0.00	0.00	0.50	0.15	0.20	0.00
	n	19	19	20	18	13	15	16	14

Source: The Conference Board, 2020

Table 13 **Salary structure movement – by industry and overall** (zeros included)

		2020 Actual salary structure movement – percent				2021 Projected salary structure movement – percent			
		Nonexempt hourly	*Nonexempt salaried*	*Exempt*	*Executive*	*Nonexempt hourly*	*Nonexempt salaried*	*Exempt*	*Executive*
All responses	Median	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
	Mean	2.03	1.98	2.02	1.77	1.68	1.81	1.85	1.50
	25th percentile	1.50	1.00	1.49	0.00	0.00	0.00	1.00	0.00
	75th percentile	3.00	2.70	2.65	2.40	2.50	2.50	2.48	2.50
	n	138	129	152	125	119	113	132	111
By industry*									
Manufacturing	Median	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
	n	38	43	43	38	31	35	35	34
Financial Services	Median	3.00	3.00	3.00	3.00	2.75	2.50	2.50	2.50
	n	12	10	13	10	10	9	11	9
Insurance	Median	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
	n	14	10	15	10	15	11	16	11
Energy/Agriculture/ Utilities	Median	2.00	2.00	2.00	2.00	2.00	2.00	2.00	1.00
	n	25	22	27	20	22	20	24	17
Other Services	Median	2.00	2.00	2.00	2.00	2.00	2.00	2.00	1.25
	n	49	44	54	47	41	38	46	40

*Financial Services includes Banks and Diverisfied Financial Services. Other Services includes Communications, Consulting, Diversified Services, Transporation and Trade.ufficient (less than 5) cases to report.
Source: The Conference Board, 2020

Table 14 **Salary structure movement – by revenue** (zeros included)

		2020 Actual salary structure movement – percent				2021 Projected salary structure movement – percent			
		Nonexempt hourly	*Nonexempt salaried*	*Exempt*	*Executive*	*Nonexempt hourly*	*Nonexempt salaried*	*Exempt*	*Executive*
Under $1 billion	Median	2.00	2.00	2.00	2.00	2.00	1.60	2.00	1.75
	n	25	23	28	24	23	21	26	22
$1 billion to under $5 billion	Median	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
	n	38	40	44	39	33	35	39	34
$5 billion to under $10 billion	Median	2.00	2.00	2.00	2.00	2.00	2.00	2.00	1.00
	n	21	15	19	16	19	14	17	14
More than $10 billion	Median	2.04	2.00	2.00	2.00	2.00	2.00	2.00	2.00
	n	51	48	58	44	42	41	48	39

Source: The Conference Board, 2020

Table 15 **Salary structure movement – by number of employees** (zeros included)

		2020 Actual salary structure movement – percent				2021 Projected salary structure movement – percent			
		Nonexempt hourly	*Nonexempt salaried*	*Exempt*	*Executive*	*Nonexempt hourly*	*Nonexempt salaried*	*Exempt*	*Executive*
Under 2,500	Median	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
	n	26	25	31	26	25	24	30	25
2,500-9,999	Median	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
	n	47	44	52	44	43	40	48	41
10,000-19,999	Median	2.15	2.25	2.25	2.25	2.00	2.00	2.00	1.50
	n	18	14	18	13	13	12	13	10
20,000 and more	Median	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
	n	47	46	51	42	38	37	41	35

Source: The Conference Board, 2020

Table 16 **Response rate by industry**

Industry	n	Percent
Manufacturing	53	29.3%
Financial Services	15	8.3%
Insurance	22	12.2%
Energy/Agriculture/Utilities	29	16.0%
Other Services	62	34.3%
Total	**181**	**100%**

Financial Services includes Banks and Diverisfied Financial Services. Other Services includes Communications, Consulting, Diversified Services, Transporation and Trade.
Source: The Conference Board, 2020

Table 17 **Response rate by worldwide revenues**

	n	Percent
Under $1 billion	32	18.2%
$1 billion to under $5 billion	50	28.4%
$5 billion to under $10 billion	24	13.6%
More than $10 billion	71	39.8%
Total	**177**	**100.0%**

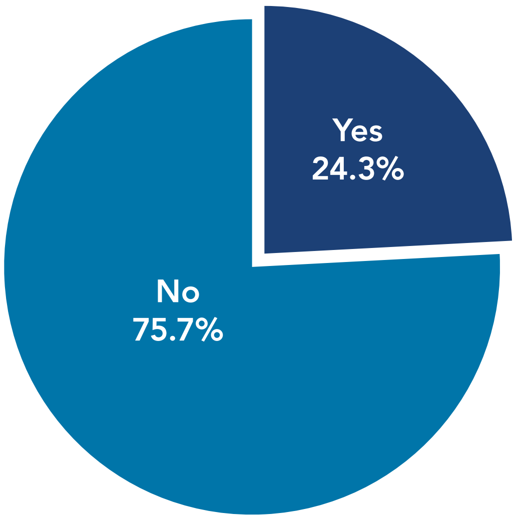
Source: The Conference Board, 2020

Table 18 **Response rate by worldwide employees**

	n	Percent
Under 2,500	34	19.0%
2,500-9,999	63	35.2%
10,000-19,999	22	12.3%
20,000 and more	61	33.5%
Total	**180**	**100%**

Source: The Conference Board, 2020

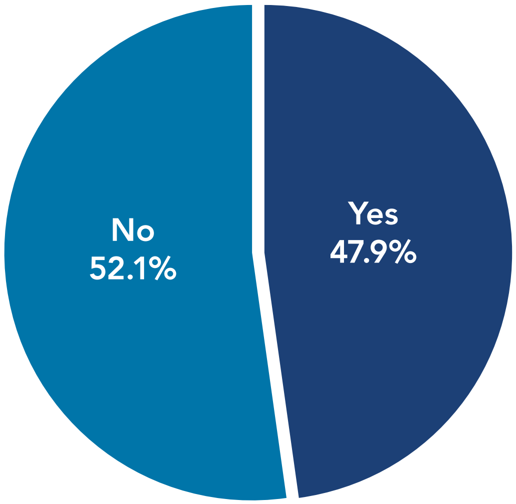
Chart 1
Is your 2020 Salary Increase Budget impacted by the COVID-19 crisis?



n=177

Source: The Conference Board, 2020

Chart 2
Will your 2021 Salary Increase Budget be impacted by the COVID-19 crisis?



n=169

Source: The Conference Board, 2020

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