Wall Street Bonuses Down 14%

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Wall Street bonuses fell 14 percent to $19.9 billion in 2011, according an estimate from New York State Comptroller Thomas DiNapoli released today, CNN reported.

DiNapoli said the average bonus fell nearly $18,000, or 13 percent, to $121,150, CNN reported. That's the second lowest average in the last eight years. Only in 2008, when the average bonus was $100,850, did bankers and traders take home a smaller sum.

Lower profits and layoffs in the financial industry are behind the nearly $3 billion drop, experts said.

"The financial sector is beginning to recognize and internalize that they cannot expect the high and ever-growing levels of profits the financial sector became used to expecting in the pre-crisis years," Lucian Bebchuk, a Harvard Law School professor and author of a book on executive pay, told MarketWatch.

DiNapoli said 4,300 securities industry jobs were lost in New York City between April and December, CNN reported.

The state comptroller's estimate is based on personal-income-tax data so it does not include deferred compensation like stock options that have not been realized, MarketWatch reported. That makes the estimate less useful, critics said.

"Those numbers are just cash bonuses, but you don't have the full compensation," Xavier Gabaix, a finance professor at New York University's Stern School of Business, told MarketWatch. "The comptroller should absolutely report deferred compensation. Otherwise, it's hard to interpret the results."

The state comptroller's office keeps tabs on Wall Street bonuses and profits because they have a big impact on New York state tax collections, CNN reported. In 2010, only 5.3 percent of private-sector jobs in New York City were in the securities industry, but the industry accounted for 23.5 percent of all wages paid in the private sector.