

News

United States
Department
of Labor



Bureau of Labor Statistics

Washington, D.C. 20212

Technical, historical contact:

(202) 523-1165

Media contact: (202) 523-1913

USDL: 86-432

FOR RELEASE: 10:00 A.M. E.S.T.

Tuesday, October 28, 1986

EMPLOYMENT COST INDEX - SEPTEMBER 1986

The Employment Cost Index (ECI) increased 1.1 percent in the 3 months ended in September 1986, the U.S. Department of Labor's Bureau of Labor Statistics reported today. For the year ended in September 1986, the ECI rose 3.6 percent. The September 1986 ECI level stood at 133.0 for compensation costs, based on June 1981=100. The ECI measures changes in compensation costs, which include wages, salaries, and employer costs for employee benefits. It is not seasonally adjusted.

The 1.1 percent increase in compensation costs in the June-September period was below the 1.6 percent gain in the same period a year ago. This slowdown occurred for both private industry workers (0.7 percent, down from 1.3 percent) and state and local government workers (2.8 percent, down from 3.4 percent). Compensation cost changes for state and local government workers are heavily concentrated in the June-September quarter, whereas those for private industry workers are more widely dispersed throughout the year.

The 3.6 percent increase in compensation costs for the year ended in September 1986 was below the 4.9 percent gain a year earlier. A lower rate of increase was found for both private industry workers (3.2 percent, down from 4.7 percent) and state and local government workers (5.2 percent, down from 6.0 percent).

* This release presents, for the first time, estimates of quarterly *
* change in compensation costs, and in wages and salaries only, for *
* workers in hospitals. Data are provided for hospital workers in *
* private industry, and in the private and state and local government*
* sectors combined. These series are part of the Federal govern- *
* ment's effort to improve statistical programs for service-producing*
* industries. Also shown for the first time are measures of compen- *
* sation cost change for sales occupations and for workers in *
* wholesale trade. *
*
* Beginning in June 1986, ECI measures are based on fixed employment *
* counts from the 1980 Census of Population rather than from the *
* 1970 Census. ECI estimates for the period March 1985 to March *
* 1986 were recalculated, using the 1980 Census weights. The recal- *
* culations, which are available upon request, provide a one-year *
* overlap for ECI estimates based on 1970 and 1980 weights. *
*

Wages and salaries alone rose 3.5 percent over the year ended in September 1986, below the 5.0 percent gain a year earlier. The increases were higher for state and local government workers (5.4 percent) than for private industry workers (3.1 percent), who make up a great majority of employees covered by the ECI.

The 3.1 percent pay increase was the lowest over-the-year pay gain recorded for private industry workers since this ECI series began in 1976. Other private industry series with record low wage and salary increases included white-collar workers (3.7 percent), blue-collar workers (2.3 percent), service workers (2.1 percent), workers in goods-producing and service-producing industries (both 3.1 percent), union workers (2.3 percent), and nonunion workers (3.4 percent).

Although the September 1985-86 pay increases in private industry averaged the same in service-producing as in goods-producing industries (3.1 percent), pay gains declined more dramatically in the former compared with the year ended in September 1985, when the gains were 5.3 and 4.1 percent, respectively.

Pay increases for nonunion workers (3.4 percent) exceeded those for union workers (2.3 percent) during the September 1985-86 period. This relationship held in goods-producing industries (3.8 percent compared with 1.9 percent), as well as in service-producing industries (3.1 and 2.7 percent, respectively). (See table 6.)

ECI data for December 1986 will be released on Tuesday, January 27, 1987, at 10:00 a.m. E.S.T.

ECI news releases for the remainder of 1987 will be published on the following schedule:

<u>Reference Month</u>	<u>Release Date</u>
March 1987	April 28, 1987
June 1987	July 28, 1987
September 1987	October 27, 1987

COMPENSATION

Table 1. Employment Cost Index by occupation and industry group
(Not seasonally adjusted)

Series	Indexes (June 1981=100)			3 Months Ended			Percent Changes for		
	Sept. 1985	June 1986	Sept. 1986	Sept. 1985	June 1986	Sept. 1986	Sept. 1985	June 1986	Sept. 1986
Civilian workers	128.4	131.5	133.0	1.6	0.7	1.1	4.9	4.0	3.6
Workers, by occupational group									
White-collar occupations.	130.7	134.2	136.0	1.9	.8	1.3	5.4	4.6	4.1
Blue-collar occupations.	124.4	126.8	127.8	1.1	.5	1.8	4.0	3.0	2.7
Service occupations.....	130.9	133.7	135.4	2.3	.5	1.3	5.1	4.5	3.4
Workers, by industry division									
Goods-producing 1/	124.9	128.1	128.8	.8	.9	.5	4.0	3.4	3.1
Manufacturing	125.5	128.7	129.3	.7	.8	1.5	4.2	3.3	3.0
Service-producing 2/	130.7	133.7	135.6	2.2	.6	1.4	5.5	4.5	3.7
Services.....	136.4	139.4	142.4	2.9	.4	2.2	5.9	5.1	4.4
Health services.....	-	-	-	1.6	-.7c	1.6	-	3.8c	3.8
Hospitals.....	134.2	138.0	140.6	3.0	.9	1.9	5.8	5.9	4.8
Public administration	129.7	132.8	134.6	2.0	.7	1.4	5.2	4.4	3.8
Nonmanufacturing.....	126.8	129.9	130.8	1.3	.8	.7	4.7	3.8	3.2
Private industry workers	126.8	129.9	130.8	1.3	.8	.7	4.7	3.8	3.2
Workers, by occupational group									
White-collar occupations.	128.8	132.5	133.5	1.3	.9	.8	5.2	4.2	3.6
Blue-collar occupations.	124.0	126.3	127.2	1.0	.5	.7	3.9	2.9	2.6
Service occupations.....	128.8	131.1	132.3	1.8	.2	.9	4.5	3.6	2.7
Workers, by industry division									
Goods-producing 1/	124.6	127.8	128.6	.6	.9	.6	3.9	3.2	3.2
Service-producing 2/.....	128.7	131.6	132.7	1.8	.6	.8	5.3	4.1	3.1
State and local government workers.....	136.5	139.7	143.6	3.4	.6	2.8	6.0	5.8	5.2
Workers, by occupational group									
White-collar occupations.....	137.6	140.5	145.0	3.5	1.4	3.2	6.1	5.7	5.4
Blue-collar occupations.....	131.9	136.3	138.5	2.6	1.2	1.6	5.5	6.1	5.0
Workers, by industry division									
Services.....	137.9	140.8	145.5	3.5	.3	3.3	6.2	5.7	5.5
Hospitals and other services 3/.....	134.1	137.9	139.4	2.0	.8	1.1	4.8	4.9	4.0
Health services.....	-	-	-	2.7	1.0	1.5	-	5.1	3.9
Schools.....	139.1	141.7	147.6	4.0	1.1	4.2	6.5	6.0	6.1
Elementary and secondary.....	140.9	143.2	149.4	4.7	1.1	4.3	6.7	6.4	6.0
Public administration	134.2	138.0	140.6	3.0	.9	1.9	5.8	5.9	4.8

- Data not available.

c Corrected

NOTE: See footnotes at end of tables.

WAGES AND SALARIES

Table 2. Employment Cost Index for wages and salaries only, by occupation and industry group
(Not seasonally adjusted)

Series	Indexes (June 1981=100)			Percent Changes for		
	Sept. 1985	June 1986	Sept. 1986	Sept. 1985	June 1986	Sept. 1986
Civilian workers	126.3	129.3	130.7	1.7	0.8	1.1
Workers, by occupational group						
White-collar occupations.....	128.8	132.4	134.1	1.9	.9	1.3
Blue-collar occupations.....	122.0	124.1	125.0	1.2	.6	1.7
Service occupations.....	128.0	130.0	131.7	2.2	.2	1.3
Workers, by industry division						
Goods-producing 1/	122.5	125.6	126.3	.8	1.0	.6
Manufacturing.....	123.2	126.5	127.2	.7	1.0	.6
Service-producing 2/	128.6	131.5	133.4	2.2	.6	1.4
Services.....	134.2	137.0	139.9	2.8	.4	2.1
Health services.....	-	-	-	1.4	.7	1.7
Hospitals.....	-	-	-	-	1.6	-
Public administration	131.4	134.6	137.5	3.3	.6	2.2
Nonmanufacturing.....	127.6	130.4	132.2	2.1	.6	1.4
Private industry workers	124.9	127.9	128.8	1.3	.9	.7
Workers, by occupational group						
White-collar occupations.....	127.3	131.1	132.0	1.4	1.2	.7
Blue-collar occupations.....	121.7	123.7	124.5	1.2	.5	.6
Service occupations.....	126.3	128.0	128.9	1.5	.0	.7
Workers, by industry division						
Goods-producing 1/	122.3	125.4	126.1	.7	1.0	.6
Service-producing 2/	127.0	129.9	130.9	1.8	.7	.8
State and local government workers.....	133.2	136.0	140.4	3.5	.4	3.2
Workers, by occupational group						
White-collar occupations.....	134.3	137.0	141.8	3.6	1.3	3.5
Blue-collar occupations.....	127.9	131.9	134.5	2.7	1.2	2.0
Workers, by industry division						
Services.....	134.5	137.1	142.1	3.7	.2	3.6
Hospitals and other services 3/	130.2	133.3	135.8	1.7	.7	1.9
Health services.....	-	-	-	2.6	.7	2.2
Schools.....	135.8	138.2	144.1	4.3	.1	4.3
Elementary and secondary	137.5	139.4	145.7	4.9	.0	4.5
Public administration	131.4	134.6	137.5	3.3	.6	2.2

- Data not available.

NOTE: See footnotes at end of tables.

COMPENSATION

Table 3. Employment Cost Index, private industry workers, by occupation and industry group
 (Not seasonally adjusted)

Series	Indexes (June 1981=100)			3 Months Ended			Percent Changes for		
	Sept. 1985	June 1986	Sept. 1986	Sept. 1985	June 1986	Sept. 1986	Sept. 1985	June 1986	Sept. 1986
Private industry workers	126.8	129.9	130.8	1.3	0.8	0.7	4.7	3.8	3.2
Excluding sales.....	127.1	130.0	131.0	1.3	0.7	.8	4.4	3.6	3.1
Workers, by occupational group									
White-collar occupations.....	128.8	132.5	133.5	1.3	.9	.8	5.2	4.2	3.6
Excluding sales.....	129.8	133.4	134.3	1.3	.9	.7	4.7	4.1	3.5
Professional specialty and technical.....	-	-	-	-	1.1	1.0	-	-	-
Executive, administrative, and managerial.....	-	-	-	-	1.2	.5	-	-	-
Sales.....	-	-	-	-	.8	.6	-	-	-
Administrative support, including clerical.....	-	-	-	-	.7	-	-	-	-
Blue-collar occupations.....	124.0	126.3	127.2	1.0	.5	.7	3.9	2.9	2.6
Precision production, craft, and repair.....	-	-	-	-	.5	.7	-	-	-
Machine operators, assemblers, and inspectors.....	-	-	-	-	.7	1.1	-	-	-
Transportation and material moving.....	-	-	-	-	.3	.6	-	-	-
Handlers, equipment cleaners, helpers, and laborers.....	-	-	-	-	.2	.9	4.5	3.6	2.7
Service occupations.....	128.8	131.1	132.3	1.8	.2	-	-	-	-
Workers, by industry division									
Goods-producing 1/	124.6	127.8	128.6	.6	.9	.6	3.9	3.2	3.2
Construction.....	-	-	-	.7	1.6	.7	-	3.3	3.3
Manufacturing.....	125.5	128.7	129.3	.7	.8	.5	4.2	3.3	3.0
Durables.....	-	-	-	-	1.3	.6	-	-	-
Nondurables.....	-	-	-	-	-	-	-	-	-
Service-producing 2/	128.7	131.6	132.7	1.8	.6	.8	5.3	4.1	3.1
Transportation and public utilities.....	-	-	-	1.4	-	.6	-	3.4	2.5
Transportation.....	-	-	-	1.4	-	.2	-	3.2	2.6
Public utilities.....	-	-	-	1.7	-	.5	-	3.4	2.2
Wholesale and retail trade.....	-	-	-	1.2	1.9	.6	-	3.4	2.8
Wholesale trade.....	-	-	-	1.6	1.8	.6	-	3.6	2.7
Retail trade.....	-	-	-	1.6	1.8	.6	-	5.3	3.9
Finance, insurance, and real estate.....	-	-	-	1.9	.8	.6	-	4.7	3.6
Services.....	-	-	-	2.3	.6	1.2	-	3.3	3.9
Health services.....	-	-	-	1.2	.5	1.6	-	-	-
Hospitals.....	-	-	-	-	-	1.6	-	-	-
Nonmanufacturing.....	127.6	130.6	131.7	1.6	.7	.8	4.9	4.0	3.2

- Data not available.

NOTE: See footnotes at end of tables.

WAGES AND SALARIES

Table 4. Employment Cost Index for wages and salaries only, private industry workers, by occupation and industry group
 (Not seasonally adjusted)

Series	Indexes (June 1981=100)			Percent Changes for		
	Sept. 1985	June 1986	Sept. 1986	Sept. 1985	June 1986	Sept. 1986
Private industry workers	124.9	127.9	128.8	1.3	0.9	0.7
Excluding sales.....	125.5	128.2	129.1	1.3	.7	.7
Workers, by occupational group						
White-collar occupations.....	127.3	131.1	132.0	1.4	1.2	.7
Excluding sales.....	128.8	132.4	133.3	1.3	1.0	.7
Professional specialty and technical.....	131.2	134.0	135.4	1.9	1.0	1.0
Executive, administrative, and managerial.....	127.7	132.1	132.4	1.9	1.2	.2
Sales.....	119.3	124.3	125.2	1.6	1.6	.7
Administrative support, including clerical.....	127.1	130.8	131.7	1.2	.9	.7
Blue-collar occupations.....	121.7	123.7	124.5	1.2	.5	.6
Precision production, craft, and repair.....	123.7	125.7	126.7	1.4	.3	.8
Machine operators, assemblers, and inspectors.....	121.1	123.6	124.1	1.8	.8	.4
Transportation and material moving.....	117.7	118.9	119.8	1.7	.8	.8
Handlers, equipment cleaners, helpers, and laborers.....	118.6	120.3	120.9	.1	.3	.5
Service occupations.....	126.3	128.0	128.9	1.5	.0	.7
Workers, by industry division						
Goods-producing 2/						
Construction.....	122.3	125.4	126.1	.7	1.0	.6
Manufacturing.....	117.3	119.8	120.5	.6	1.3	.6
Durables.....	123.2	126.5	127.2	.7	1.0	.6
Nondurables.....	122.7	125.8	126.4	.6	.8	.5
124.0	127.9	128.5	1.1	1.4	.5	.5
Service-producing 2/						
Transportation and public utilities.....	127.0	129.9	130.9	1.8	.7	.8
Public utilities.....	124.8	126.6	127.3	1.6	.2	.6
Wholesale and retail trade.....	-	-	-	1.5	-1.1	.6
Wholesale trade.....	122.7	125.8	126.5	1.3	1.0	.6
Retail trade.....	127.7	131.2	131.8	1.7	1.2	.5
Finance, insurance, and real estate.....	120.8	123.7	124.4	1.6	1.0	.6
Services.....	124.1	128.0	129.0	2.0	1.1	.8
Health services.....	133.9	136.9	138.2	2.2	.5	.9
Hospitals.....	-	-	-	1.0	.8	1.6
Nonmanufacturing.....	125.9	128.7	129.7	1.6	.8	.5

- Data not available.

NOTE: See footnotes at end of tables.

COMPENSATION

Table 5. Employment Cost Index, private industry workers, by bargaining status, region, and area size
 (Not seasonally adjusted)

Series	Indexes (June 1981=100)			Percent Changes for		
	Sept. 1985	June 1986	Sept. 1986	3 Months Ended	June 1986	Sept. 1985
Workers, by bargaining status						
Union.....	126.5	128.7	129.4	0.8	0.2	0.5
Goods-producing 1/	124.6	126.7	127.3	1.6	.2	.5
Service-producing 2/	129.5	131.9	132.8	1.2	.2	.7
Manufacturing.....	125.0	126.9	127.5	.6	-.1	.5
Nonmanufacturing.....	127.8	130.4	131.2	.9	-.5	.6
Nonunion.....	126.8	130.2	131.2	1.4	.9	.8
Goods-producing 1/	124.4	128.2	129.1	1.7	1.2	.7
Service-producing 2/	128.3	131.4	132.5	2.0	.8	.8
Manufacturing.....	125.7	129.7	130.4	.7	1.2	.5
Nonmanufacturing.....	127.3	130.4	131.6	1.8	.7	.9
Workers, by region						
Northeast.....	128.8	133.3	134.2	1.9	1.3	.7
South.....	126.5	129.6	130.7	1.0	.7	.8
Midwest (formerly North Central).....	124.2	126.2	127.3	1.2	.2	.9
West.....	129.1	131.6	132.1	.9	.6	.4
Workers, by area size						
Metropolitan areas.....	127.3	130.5	131.4	1.3	.8	.7
Other areas.....	123.9	126.4	127.2	1.1	.7	.6

NOTE: The indexes for these series are not strictly comparable to those for the aggregate,
 occupation, and industry series. See explanatory note.

See footnotes at end of tables.

WAGES AND SALARIES

Table 6. Employment Cost Index for wages and salaries only, private industry workers, by bargaining status, region, and area size
(Not seasonally adjusted)

Series	Indexes (June 1981=100)			Percent Changes for		
	Sept. 1985	June 1986	Sept. 1986	Sept. 1985	June 1986	Sept. 1985
Workers, by bargaining status						
Union.....	124.1	126.1	126.9	0.9	0.4	0.6
Goods-producing 1/.....	122.2	124.1	124.5	.7	.6	.5
Service-producing 2/.....	127.1	129.3	130.5	1.1	.2	.9
Manufacturing.....	122.8	124.6	125.0	1.0	.3	.3
Nonmanufacturing.....	125.3	127.4	128.5	1.0	.4	.9
Nonunion.....	125.2	128.5	129.4	1.5	.9	.7
Goods-producing 1/.....	122.3	126.1	127.0	1.7	1.3	1.6
Service-producing 2/.....	126.9	129.9	130.8	2.0	1.8	1.7
Manufacturing.....	123.7	127.7	128.5	1.7	1.3	.6
Nonmanufacturing.....	125.9	128.9	129.8	1.9	.9	.7
Workers, by region						
Northeast.....	126.8	131.3	132.3	1.8	1.6	.8
South.....	124.8	127.8	128.8	1.1	.8	.8
Midwest (formerly North Central).....	122.5	124.4	125.3	1.2	.2	.7
West.....	126.6	128.9	129.3	1.2	.6	.3
Workers, by area size						
Metropolitan areas.....	125.5	128.5	129.4	1.4	.9	.7
Other areas.....	121.9	124.5	125.0	1.1	.7	.4

NOTE: The indexes for these series are not strictly comparable to those for the aggregate, occupation, and industry series. See explanatory note.

1/ Includes mining, construction, and manufacturing.

2/ Includes transportation, public utilities, trade, finance, insurance, real estate, services, and, where applicable, public administration in State and local governments.

3/ Includes, for example, library, social, and health services.

EXPLANATORY NOTE

The Employment Cost Index (ECI) is a measure of the change in the price of labor, free from the influence of employment shifts among occupations and industries. The ECI wage and salary series is limited to changes in wage and salary rates, defined as the hourly straight-time wage rate or, for workers not paid on an hourly basis, earnings divided by the corresponding hours. Straight-time wage and salary rates are total earnings before payroll deductions, excluding premium pay for overtime and for work on weekends and holidays, and shift differentials. Production bonuses, incentive earnings, commission payments, and cost-of-living adjustments are included in straight-time wage and salary rates.

The compensation series includes employer costs for employee benefits as well as wages and salaries. Benefits covered by the ECI are: Paid leave (vacations, holidays, sick leave, and other leave); supplemental pay (premium pay for overtime, shift differentials, and nonproduction bonuses); insurance benefits (life, health, and sickness and accident); retirement and savings benefits (pension and other retirement plans and savings and thrift plans); legally required benefits (social security, railroad retirement and supplemental retirement, railroad unemployment insurance, Federal and state unemployment insurance, workers' compensation, and other legally required benefits such as state temporary disability); and other benefits (severance pay, supplemental unemployment plans, and merchandise discounts in department stores).

The ECI provides data for both the private and public sectors, which are published separately and also combined as the total civilian economy. The private sector includes the total private economy, excluding farms and households. The public sector covers state and local governments, but excludes the Federal government.

Each quarter, straight-time average hourly wage and salary rates and benefit cost data (cents-per-hour-worked) are collected from a probability sample of about 15,000 occupations within 2,600 sample establishments in private industry and about 3,500 occupations within 700 sample establishments in state and local governments. Data are collected for the pay period including the 12th day of the survey months of March, June, September, and December. ECI statistics are neither annualized nor adjusted for seasonal influences.

The sample establishments are classified in industry categories based on the 1972 Standard Industrial Classification (SIC), as defined by the U.S. Office of Management and Budget.

Within an establishment, specific job categories are selected to represent broader occupational definitions. Beginning in June 1986, the jobs are classified according to definitions used in the 1980 Census. Prior to June 1986, they were classified according to the 1970 Census. The titles of the published 1970 and 1980 occupation groups are listed below for comparison. Differences between the two classification systems are slight, as indicated in the article "Introducing new weights for the Employment Cost Index," in the June 1985 issue of the Monthly Labor Review.

<u>1970 Census Category</u>	<u>1980 Census Category</u>
Managers and administrators	Executive, administrative, and managerial occupations
Professional and technical workers	Professional specialty and technical occupations
Sales workers	Sales occupations
Clerical workers	Administrative support occupations, including clerical
Craft and kindred workers	Precision production, craft, and repair occupations
Operatives, except transport	Machine operators, assemblers, and inspectors
Transport equipment operatives	Transportation and material moving occupations
Nonfarm laborers	Handlers, equipment cleaners, helpers, and laborers
Service workers	Service occupations

Fixed employment weights are used each quarter to calculate the most aggregate indexes--civilian, private, and state and local governments. These fixed weights are also used to derive all of the industry and occupation series indexes.

For the series based on bargaining status, region, or area size, employment data are not available from the Census. The employment weights are reallocated within these series each quarter based on the current sample. The indexes for these series, consequently, are not strictly comparable to those for the aggregate, industry, and occupation series. A fuller explanation of the calculation of index numbers appears in an article, "Estimation procedures for the Employment Cost Index," in the May 1982 issue of the Monthly Labor Review.

More detailed information on the ECI is available in several articles and publications. These include a chapter in the BLS Handbook of Methods (Bulletin 2134-1), "The Employment Cost Index." Two articles also appeared in the Monthly Labor Review: "Employment Cost Index: a measure of change in the 'price of labor,'" July 1975; and "How benefits will be incorporated into the Employment Cost Index," January 1978. Reprints of these articles plus several other descriptive pieces and a historical listing of ECI data are available upon request.