

News

United States
Department
of Labor



Bureau of Labor Statistics

Washington, D.C. 20212

USDL: 79- 620

Beth Levin (202) 523-1165
Kathryn Hoyle (202) 523-1913

FOR RELEASE: Immediate
Thursday, August 30, 1979

EMPLOYMENT COST INDEX--June 1979

Wage and salary rates measured by the Employment Cost Index (ECI) rose 1.9 percent for the 3 months ended in June 1979, the Bureau of Labor Statistics of the U.S. Department of Labor reported today. In the same quarter a year earlier, this increase was 2.1 percent. For the 12 months ended in June 1979, the wage and salary rise was 7.6 percent. Because the ECI is a relatively new statistical series, the data are not seasonally adjusted.

The Employment Cost Index measures changes in straight-time average hourly earnings. These changes reflect wage and salary decisions made during the period measured, such as negotiated settlements, changes instituted by employers, and other pay changes. The ECI currently measures only changes in wages and salaries. With the inclusion of employee benefit costs in 1980, the series will also measure total compensation changes.

March 1979-June 1979

During the quarter, pay gains for workers in manufacturing industries averaged 1.8 percent--slightly below the 2.0 percent rise recorded for nonmanufacturing. There was, however, substantial variation in second quarter pay advances within these two major sectors of the economy. Durable manufacturing registered a 1.5 percent rise compared with 2.3 percent in nondurable manufacturing. Within nonmanufacturing, advances ranged from 1.1 percent in services to 3.2 percent in finance, insurance, and real estate. The 2.6 percent average increase in construction reflects the seasonal pattern of collective bargaining which concentrates settlements in the spring and summer.

Pay for union workers advanced 2.1 percent compared with 1.9 percent for nonunion workers. Large increases in commission earnings for sales workers helped keep nonunion pay gains near the pace of those for union workers in the March-June period.

Sales workers led all occupational groups in the rate of pay increase (4.2 percent), largely due to a jump in commission earnings of stock and bond brokers and automobile sales workers. The sales workers' pay tends to be volatile because it is heavily influenced by commission earnings which fluctuate with the volume of sales. The ECI is computed from wage and salary rates, where available, or straight-time average hourly earnings for workers paid under incentive or commission pay systems. The average hourly earnings are affected by fluctuations in the volume of output and sales, as well as changes in the rate structure. Pay gains for white-collar groups other than sales workers ranged from 1.1 percent for professional and technical workers to 1.5 percent for managers and administrators.

Blue-collar earnings rose an average 2.3 percent. The largest gain in this group was a 3.5 percent jump for transport equipment operatives, which was influenced by a settlement covering a large number of workers in the trucking industry. Service workers showed the lowest percent change among occupational groups, averaging 0.9 percent.

Regionally, pay gains ranged from 1.7 percent for the Northeast and South to 2.5 percent for the North Central region.

June 1978-June 1979

Pay gains in manufacturing (8.2 percent) were above those in nonmanufacturing (7.2 percent), in the June 1978-79 period. Pay for union workers advanced at a faster rate than for nonunion workers, 8.3 percent compared with 7.2 percent. Wages rose 8.4 percent for blue-collar workers, while service workers posted a 7.2 percent gain and white-collar workers showed a 7.0 percent increase. Regionally, pay gains ranged from 6.9 percent in the Northeast to 8.3 percent in the South. Workers in metropolitan areas had a higher rate of increase (7.7 percent) than those in nonmetropolitan areas (7.4 percent).

Explanatory Note

As a measure of change in the price of labor, the Employment Cost Index (ECI) estimates movements in the rate of compensation for standardized units of labor services. The ECI is not designed to measure changes in total labor costs or the level of well-being of workers.

The published data cover workers in the private nonfarm economy. The "union" series includes those occupations covered by collective bargaining agreements. The "nonunion" series includes occupations not so covered.

Each quarter, straight-time average hourly earnings are collected for some 9,000 occupations defined by 417 occupational categories that correspond closely to those used in the 1970 Census. The establishments in the private nonfarm economy that supply these occupational data are placed in an industry group based on a two-digit Standard Industrial Classification (SIC). Sample weights are applied to these occupational earnings to calculate a weighted average for each occupation by industry.

By multiplying the SIC/occupation averages by base period employment weights from the the decennial census, a total wage bill for each of these cells is produced. After summing the wage bills across cells for the various series, ratios obtained by dividing current quarter by prior quarter wage bills are used to derive quarterly percent changes.

The statistics are not annualized, nor are they adjusted for seasonal influences. For example, the 1.9 percent change, shown in the table, for the "all private nonfarm workers" series in the second quarter of 1979 is the actual percent change in straight-time average hourly earnings from the pay period including the 12th day of the survey month of March 1979 to the comparable pay period in June 1979. The computation of percent changes spanning more than one survey period is accomplished by compounding successive changes for individual quarters. The 32.6 percent change, shown in the chart, for the "manufacturing" series is the cumulative quarterly percent change in straight-time average hourly earnings from the pay period including the 12th day of the survey month of September 1975 to the comparable pay period in June 1979.

The chapter on the Employment Cost Index in the BLS Handbook of Methods (BLS Bulletin 1910) describes the survey design. A general description of the Employment Cost Index is available upon request.

Rate of wage and salary changes in Employment Cost Index

Series	3 months ended					12 months ended			
	June 1978	September 1978	December 1978	March 1979	June 1979	September 1978	December 1978	March 1979	June 1979
	(Percent changes)								
All private nonfarm workers -----	2.1	2.0	1.5	2.0	1.9	8.0	7.7	7.8	7.6
<u>Workers, by occupational group</u>									
White-collar workers -----	2.1	1.9	1.2	1.9	1.7	7.8	7.2	7.3	7.0
Professional and technical workers -	1.3	2.1	1.5	1.9	1.1	6.9	6.7	7.1	6.8
Managers and administrators -----	1.8	1.4	1.5	2.4	1.5	6.4	7.2	7.2	6.9
Sales workers -----	5.4	2.5	0.1	-0.2	4.2	12.7	8.5	7.9	6.7
Clerical workers -----	1.4	1.8	1.3	2.7	1.4	7.4	7.0	7.4	7.4
Blue-collar workers -----	2.2	2.0	1.9	1.9	2.3	8.0	8.2	8.3	8.4
Craft and kindred workers -----	2.3	2.2	1.6	2.1	2.1	7.8	7.7	8.5	8.2
Operatives, except transport -----	1.4	2.0	2.3	1.9	2.2	8.3	8.4	7.8	8.6
Transport equipment operatives -----	4.5	1.4	1.7	1.5	3.5	8.3	9.2	9.3	8.3
Nonfarm laborers -----	2.1	1.7	2.4	1.5	2.7	7.8	8.8	7.9	8.6
Service workers -----	1.9	2.3	0.6	3.2	0.9	9.1	8.7	8.3	7.2
<u>Workers, by industry division</u>									
Manufacturing -----	1.6	1.8	2.7	1.7	1.8	7.4	8.3	8.0	8.2
Durables -----	1.7	1.9	2.7	1.8	1.5	7.6	8.4	8.4	8.2
Nondurables -----	1.5	1.6	2.5	1.5	2.3	7.1	8.2	7.4	8.2
Nonmanufacturing -----	2.4	2.1	0.8	2.2	2.0	8.3	7.4	7.6	7.2
Construction -----	2.9	2.4	1.1	1.3	2.6	8.1	7.8	7.9	7.6
Transportation and public									
utilities -----	2.1	2.0	1.9	2.6	1.6	7.9	7.6	8.9	8.4
Wholesale and retail trade -----	2.7	1.2	1.1	2.1	2.4	8.7	8.3	7.3	7.0
Wholesale trade -----	1.8	1.1	2.0	1.6	2.9	8.2	7.5	6.6	7.7
Retail trade -----	3.1	1.2	0.8	2.3	2.3	8.9	8.6	7.6	6.7
Finance, insurance, and									
real estate -----	*	*	*	3.1	3.2	*	*	*	*
Services -----	1.7	2.4	0.7	2.1	1.1	6.7	6.7	7.0	6.4
<u>Workers, by region</u>									
Northeast -----	1.6	1.8	1.8	1.5	1.7	6.8	7.1	6.8	6.9
South -----	2.2	2.3	1.6	2.6	1.7	8.8	9.3	8.8	8.3
North Central -----	2.3	1.6	1.5	1.9	2.5	7.8	6.9	7.5	7.8
West -----	2.2	2.0	1.5	2.0	2.0	8.1	7.8	7.9	7.7
<u>Workers, by bargaining status</u>									
Union -----	2.0	2.1	2.0	1.8	2.1	7.9	8.0	8.2	8.3
Manufacturing -----	1.7	2.4	2.7	1.7	2.0	8.2	8.7	8.7	9.1
Nonmanufacturing -----	2.3	1.9	1.4	1.9	2.2	7.6	7.3	7.7	7.6
Nonunion -----	2.2	1.9	1.1	2.1	1.9	8.0	7.6	7.5	7.2
Manufacturing -----	1.6	1.3	2.6	1.7	1.7	6.8	7.9	7.3	7.4
Nonmanufacturing -----	2.5	2.1	0.5	2.3	2.0	8.6	7.5	7.6	7.1
<u>Workers, by area</u>									
Metropolitan areas -----	2.1	2.0	1.6	2.0	2.0	7.8	7.5	7.8	7.7
Other areas -----	2.3	1.7	1.3	2.1	2.1	8.7	9.0	7.6	7.4

* Not available

ECI cumulative quarterly percent changes, September 1975-June 1979

