

News

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EMPLOYMENT COST INDEX - MARCH 1983

The Employment Cost Index (ECI) increased 1.6 percent in the 3 months ended in March 1983, the U.S. Department of Labor's Bureau of Labor Statistics reported today. The Index stood at 113.2 for compensation costs (wages, salaries, and employer costs for employee benefits), based on June 1981=100. The ECI covers private industry and State and local government workers. It is not seasonally adjusted.

The 1.6 percent increase in compensation costs was slightly lower than the 1.7 percent rise of a year ago. This similarity in increases of compensation costs, however, did not extend to the increases of its components--wages and salaries and benefit costs. Wages rose at a substantially lower rate in the March 1983 quarter (1.2 percent) than in the previous year (1.8 percent). Benefit costs, on the other hand, rose much faster in the March 1983 quarter than a year ago, particularly for health and State unemployment insurance and, to a lesser extent, for supplementary unemployment benefits.

The slowdown in wage gains was concentrated in private industry where wages and salaries increased 1.2 percent, down from 2.0 percent in the first quarter last year. Occupation groups, such as service and clerical workers, had lower first quarter wage increases than usual. Service workers, whose increases in the past 5 years ranged between 3 and 5 percent, registered 1.3 percent wage gains, down from 3.9 percent a year ago. Corresponding wage increases for clerical workers dropped to 1.6 percent from 2.7 percent.

Industries that are heavily unionized also showed substantially lower wage increases than in previous years. In durable goods manufacturing, for example, wages rose 0.7 percent, compared with 1.7 percent a year ago. This reflected a new contract in the steel industry that cut regular pay by \$1.25 an hour and eliminated an existing 6-cents cost-of-living allowance (COLA). In addition, a decline in the Consumer Price Index reduced COLA's further in the steel and automobile industries.

Over the year ended in March 1983, compensation costs rose 6.5 percent for all civilian workers. Wages increased at a slower rate, 5.6 percent. For all private industry workers, wage gains (5.4 percent) dropped below 6 percent for the first time since this measure began in September 1976. The record low wage gains were widespread among the ECI series including workers in durable goods manufacturing (4.5 percent), construction (4.2 percent), and retail trade (4.1 percent).

Twelve-month increases for State and local government workers were 7.1 percent for compensation costs and 6.4 percent for wages and salaries alone.

COMPENSATION

Table 1. Employment Cost Index by occupation and industry group 1/

(Not seasonally adjusted)

Series	Indexes (June 1981=100)				Percent changes for					
	March 1982	Dec. 1982	March 1983	March 1982	3 months ended		12 months ended		March 1982	March 1983
					March 1982	Dec. 1982	March 1982	Dec. 1982		
Civilian workers 2/	106.3	111.4	113.2	1.7	1.2	1.6	-	6.6	-	6.5
Workers, by occupational group										
White-collar workers	106.5	111.9	113.7	1.5	1.1	1.6	-	6.7	-	6.8
Blue-collar workers	105.7	110.5	112.3	1.5	1.2	1.6	-	6.1	-	6.2
Service workers	107.2	112.4	114.3	2.9	1.4	1.7	-	7.9	-	6.6
Workers, by industry division										
Manufacturing	106.0	110.4	112.5	1.9	1.0	1.9	-	6.2	-	6.1
Nonmanufacturing	106.4	111.8	113.5	1.5	1.2	1.5	-	6.7	-	6.7
Services	108.2	115.0	116.6	1.0	1.3	1.4	-	7.4	-	7.8
Public administration 3/	108.1	113.6	116.2	2.0	.7	2.3	-	7.2	-	7.5
Private industry workers 4/	105.8	110.7	112.6	1.7	1.3	1.7	7.8	6.4	7.8	6.4
Workers, by occupational group										
White-collar workers	105.8	110.8	112.8	1.7	1.2	1.8	7.6	6.5	7.6	6.6
Blue-collar workers	105.6	110.3	112.1	1.5	1.2	1.6	8.0	6.1	8.0	6.2
Service workers	106.7	111.8	113.8	3.5	2.0	1.8	7.5	8.4	7.5	6.7
Workers, by industry division										
Manufacturing	106.0	110.4	112.5	1.9	1.0	1.9	8.2	6.2	8.2	6.1
Nonmanufacturing	105.7	110.8	112.6	1.7	1.4	1.6	7.6	6.6	7.6	6.5
State and local government workers	108.8	115.1	116.5	1.3	.7	1.2	-	7.2	-	7.1
Workers, by occupational group										
White-collar workers	109.1	115.8	117.0	1.2	.8	1.0	-	7.4	-	7.2
Blue-collar workers	108.2	113.0	114.9	2.2	.3	1.7	-	6.7	-	6.2
Workers, by industry division										
Services	109.0	115.9	116.8	1.0	.9	.8	-	7.4	-	7.2
Schools	108.9	115.8	116.6	.9	.9	.7	-	7.3	-	7.1
Elementary and secondary	109.3	116.6	117.2	.9	.9	.5	-	7.7	-	7.2
Hospitals and other services 5/	109.5	116.0	117.5	1.6	.6	1.3	-	7.6	-	7.3
Public administration 3/	108.1	113.6	116.2	2.0	.7	2.3	-	7.2	-	7.5

1/ The index measures changes in total compensation costs (wages, salaries, and employer costs for employee benefits).
 2/ Includes private industry and State and local government workers and excludes farm, household, and Federal government workers.
 3/ Consists of legislative, judicial, administrative, and regulatory activities.
 4/ Excludes farm and household workers.
 5/ Includes, for example, library, social, and health services.
 - Data not available.

WAGES AND SALARIES

Table 2. Employment Cost Index for wages and salaries only, by occupation and industry group

Series	Indexes (June 1981=100)			Percent changes for						
	March 1982	Dec. 1982	March 1983	3 months ended		12 months ended		March 1982	Dec. 1982	March 1983
				March 1982	Dec. 1982	March 1982	Dec. 1982			
Civilian workers <u>1/</u>	106.3	110.9	112.2	1.8	1.1	1.1	1.2	-	6.2	5.6
Workers, by occupational group										
White-collar workers	106.7	111.4	113.0	1.9	.9		1.4	-	6.4	5.9
Blue-collar workers	105.5	109.8	110.8	1.4	1.1		.9	-	5.6	5.0
Service workers	106.8	111.8	113.2	3.1	1.5		1.3	-	7.9	6.0
Workers, by industry division										
Manufacturing	105.9	109.8	111.0	1.8	.9		1.1	-	5.6	4.8
Nonmanufacturing	106.5	111.3	112.7	1.9	1.1		1.3	-	6.5	5.8
Services	108.6	114.4	115.8	1.9	1.1		1.2	-	7.3	6.6
Public administration <u>2/</u>	107.5	112.6	114.6	1.9	.6		1.8	-	6.7	6.6
Private industry workers <u>3/</u>	105.9	110.3	111.6	2.0	1.2		1.2	8.1	6.3	5.4
Workers, by occupational group										
White-collar workers	106.2	110.6	112.2	2.2	1.1		1.4	8.3	6.4	5.6
Blue-collar workers	105.4	109.7	110.7	1.4	1.1		.9	7.9	5.6	5.0
Service workers	106.7	111.4	112.9	3.9	1.9		1.3	7.6	8.5	5.8
Workers, by industry division										
Manufacturing	105.9	109.8	111.0	1.8	.9		1.1	8.2	5.6	4.8
Nonmanufacturing	105.9	110.5	112.0	2.0	1.3		1.4	8.0	6.5	5.8
State and local government workers	108.2	114.0	115.1	1.1	.4		1.0	-	6.5	6.4
Workers, by occupational group										
White-collar workers	108.5	114.6	115.6	.9	.4		.9	-	6.6	6.5
Blue-collar workers	107.5	112.0	113.3	1.9	.4		1.2	-	6.2	5.4
Workers, by industry division										
Services	108.4	114.6	115.5	.7	.4		.8	-	6.5	6.5
Schools	108.3	114.5	115.2	.6	.3		.6	-	6.3	6.4
Elementary and secondary	108.7	115.1	115.6	.7	.2		.4	-	6.7	6.3
Hospitals and other services <u>4/</u>	108.8	114.9	116.5	1.4	.5		1.4	-	7.1	7.1
Public administration <u>2/</u>	107.5	112.6	114.6	1.9	.6		1.8	-	6.7	6.6

1/ Includes private industry and State and local government workers and excludes farm, household, and Federal government workers.
 2/ Consists of legislative, judicial, administrative, and regulatory activities.
 3/ Excludes farm and household workers.
 4/ Includes, for example, library, social, and health services.
 - Data not available.

WAGES AND SALARIES

Table 3. Employment Cost Index for wages and salaries only, private industry workers, 1/ by occupation and industry group

Series	Indexes (June 1981=100)				Percent changes for						
	March 1982	Dec. 1982	March 1983	March 1983	3 months ended		12 months ended		March 1982	Dec. 1982	March 1983
					March 1982	Dec. 1982	March 1982	March 1983			
Private industry workers 1/	105.9	110.3	111.6	111.6	2.0	1.2	1.2	8.1	6.3	8.1	5.4
<u>Workers, by occupational group</u>											
White-collar workers	106.2	110.6	112.2	112.2	2.2	1.1	1.4	8.3	6.4	8.3	5.6
Professional and technical workers	108.0	112.9	114.8	114.8	2.4	1.0	1.7	10.0	7.0	10.0	6.3
Managers and administrators	105.8	109.3	112.0	112.0	2.9	.7	2.5	7.3	6.3	7.3	5.9
Sales workers	102.2	106.2	105.7	105.7	.3	1.6	- .5	6.2	4.2	6.2	3.4
Clerical workers	107.0	111.6	113.4	113.4	2.7	1.2	1.6	8.5	7.1	8.5	6.0
Blue-collar workers	105.4	109.7	110.7	110.7	1.4	1.1	.9	7.9	5.6	7.9	5.0
Craft and kindred workers	106.2	111.2	112.2	112.2	1.8	1.5	.9	8.6	6.6	8.6	5.6
Operatives, except transport	105.4	109.3	110.0	110.0	1.2	.9	.6	7.8	5.0	7.8	4.4
Transport equipment operatives	103.2	106.9	108.0	108.0	.5	.8	1.0	6.6	4.1	6.6	4.7
Nonfarm laborers	104.1	107.8	109.0	109.0	.8	1.2	1.1	6.8	4.4	6.8	4.7
Service workers	106.7	111.4	112.9	112.9	3.9	1.9	1.3	7.6	8.5	7.6	5.8
<u>Workers, by industry division</u>											
Manufacturing	105.9	109.8	111.0	111.0	1.8	.9	1.1	8.2	5.6	8.2	4.8
Durables	106.3	110.3	111.1	111.1	1.7	1.2	.7	8.6	5.6	8.6	4.5
Nondurables	105.3	109.1	110.9	110.9	2.1	.6	1.6	7.7	5.8	7.7	5.3
Nonmanufacturing	105.9	110.5	112.0	112.0	2.0	1.3	1.4	8.0	6.5	8.0	5.8
Construction	105.9	109.7	110.4	110.4	1.5	.6	.6	8.5	5.2	8.5	4.2
Transportation and public utilities	105.7	111.1	112.9	112.9	2.0	1.5	1.6	8.2	7.2	8.2	6.8
Wholesale and retail trade	103.9	107.2	108.5	108.5	1.6	.7	1.2	5.8	4.8	5.8	4.4
Wholesale trade	106.3	109.8	111.8	111.8	2.8	.7	1.8	7.9	6.2	7.9	5.2
Retail trade	103.0	106.1	107.2	107.2	1.1	.6	1.0	5.0	4.1	5.0	4.1
Finance, insurance, and real estate	103.7	109.0	110.6	110.6	1.4	2.7	1.5	8.4	6.5	8.4	6.7
Services	108.8	114.3	116.0	116.0	2.8	1.6	1.5	9.2	8.0	9.2	6.6

1/ Excludes farm and household workers.

COMPENSATION

Table 4. Employment Cost Index, private industry workers, by bargaining status and area size 1/

Series	Indexes (June 1981=100)			Percent changes for					
	March 1982	Dec. 1982	March 1983	3 months ended			12 months ended		
				March 1982	Dec. 1982	March 1983	March 1982	Dec. 1982	March 1983
<u>Workers, by bargaining status</u>									
Union	106.5	112.3	114.5	1.6	1.5	2.0	9.1	7.2	7.5
Manufacturing	106.3	111.8	114.0	1.6	1.4	2.0	-	6.9	7.2
Nonmanufacturing	106.8	112.8	114.9	1.7	1.6	1.9	-	7.4	7.6
<u>Nonunion</u>									
Manufacturing	105.3	109.7	111.5	1.7	1.1	1.6	7.0	6.0	5.9
Nonmanufacturing	105.7	109.2	111.2	2.1	.7	1.8	-	5.5	5.2
Nonmanufacturing	105.2	109.9	111.6	1.6	1.2	1.5	-	6.2	6.1
<u>Workers, by area size</u>									
Metropolitan areas	105.7	110.9	112.9	1.5	1.4	1.8	7.7	6.5	6.8
Other areas	106.2	109.1	110.8	2.9	.5	1.6	8.3	5.7	4.3

1/ The index measures changes in total compensation costs (wages, salaries, and employer costs for employee benefits). Farm and household workers are excluded.

- Data not available.

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

WAGES AND SALARIES

Table 5. Employment Cost Index for wages and salaries only, private industry workers, 1/ by bargaining status, region, and area size (Not seasonally adjusted)

Series	Indexes (June 1981=100)				Percent changes for						
	March 1982	Dec. 1982	March 1983	March 1983	3 months ended		12 months ended		March 1982	Dec. 1982	March 1983
					March 1982	Dec. 1982	March 1982	Dec. 1982			
<u>Workers, by bargaining status</u>											
Union	106.5	111.8	112.9	1.4	1.4	1.0	9.3	6.5	6.0		
Manufacturing	105.9	110.8	111.4	1.1	1.2	.5	8.4	5.8	5.2		
Nonmanufacturing	107.0	112.7	114.3	1.7	1.4	1.4	10.2	7.1	6.8		
Nonunion											
Manufacturing	105.6	109.5	110.9	2.3	1.1	1.3	7.5	6.1	5.0		
Manufacturing	105.9	109.1	110.7	2.5	.8	1.5	8.2	5.6	4.5		
Nonmanufacturing	105.5	109.6	111.0	2.2	1.2	1.3	7.3	6.2	5.2		
<u>Workers, by region</u>											
Northeast											
South	106.1	111.5	112.0	1.6	1.6	.4	7.9	6.8	5.6		
North Central	105.7	109.8	111.4	2.8	.9	1.5	7.9	6.8	5.4		
West	104.7	108.6	110.1	1.4	.9	1.4	6.7	5.1	5.2		
	107.9	112.0	114.1	2.7	1.2	1.9	10.2	6.6	5.7		
<u>Workers, by area size</u>											
Metropolitan areas											
Other areas	105.9	110.5	111.9	1.8	1.3	1.3	8.2	6.3	5.7		
	106.0	108.8	110.1	2.8	.5	1.2	7.8	5.5	3.9		

1/ Excludes farm and household workers.

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

EXPLANATORY NOTE

The Employment Cost Index (ECI) is a quarterly 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 straight-time average hourly earnings. Straight-time earnings are total earnings before payroll deductions, excluding premium pay for overtime, work on weekends and holidays, and shift differentials. Production bonuses, incentive earnings, commission payments, and cost-of-living adjustments are included in straight-time earnings, whereas nonproduction bonuses (such as Christmas or year-end bonuses) are excluded. Also excluded are such items as payments-in-kind, free room and board, and tips.

The compensation series includes employer costs for employee benefits as well as wages and salaries. Benefits covered by the ECI include:

Hours related benefits - Premium pay for overtime and work on weekends and holidays, paid vacations, paid holidays, paid sick leave, and other paid leave;

Supplemental pay - Shift differentials, nonproduction bonuses, severance pay, and supplemental unemployment plans;

Insurance benefits - Life, health, and sickness and accident insurance;

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 insurance; and

Other benefits - Merchandise discounts in department stores.

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The ECI collects 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 earnings and benefit cost data (cents-per-hour-worked) are collected from a probability sample of about 10,000 occupations within 2,000 sample establishments in the private sector and about 3,700 occupations within 750 sample establishments in State and local governments.

Occupations were classified according to definitions used in the 1970

Census. Within an establishment, specific job categories are selected to represent broader occupational definitions. The sample establishments were classified in industry categories based on the 1972 Standard Industrial Classification (SIC), as defined by the U.S. Office of Management and Budget. Within the private sector sample, establishments are designated by a 2-digit SIC, while in State and local governments, industrial categories vary from a more specific 3-digit SIC such as elementary and secondary schools to a broader major industry division such as public administration. Each establishment is also classified by ownership--State, local, or private.

Fixed employment weights from the 1970 Census 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, however, employment data are not available from the Census. The 1970 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.

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. For example, the 1.2 percent change in wage and salary rates for "private industry workers" in March 1983 (table 3) is the actual percent change in straight-time average hourly earnings from the pay period including the 12th day of December 1982 to the comparable pay period in March 1983.

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 are available upon request.