

News

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EMPLOYMENT COST INDEX - MARCH 1985

The Employment Cost Index (ECI) increased 1.3 percent in the 3 months ended in March 1985, the U.S. Department of Labor's Bureau of Labor Statistics reported today. For the year ended in March 1985, the increase was 4.8 percent--down from 5.8 percent for the year ended in March 1984. The ECI measures changes in compensation costs, which include wages, salaries, and employer costs for employee benefits.

Wages and salaries alone rose 4.4 percent over the year ended in March 1985. The increases were higher for State and local government workers (5.6 percent) than for private industry workers (4.1 percent), who make up a great majority of employees covered by the ECI.

Nonunion workers in private industry had wage and salary increases of 4.6 percent compared with 3.0 percent for union workers, the lowest over-the-year pay gain recorded for union workers since this ECI series began in 1976. Other record low wage and salary increases covered workers in:

- * the South (3.7 percent) and Midwest (3.5 percent) regions
- * retail trade (3.6 percent)
- * operative occupations, except transport (3.5 percent)
- * service occupations (3.3 percent)
- * transportation and public utilities (2.7 percent)
- * unions in nonmanufacturing (2.2 percent)

Wage and salary increases for sales workers--one of the most volatile ECI series--averaged 5.5 percent for the year ended in March 1985. The advance reflects increases in sales commissions, particularly for stock and bond brokers. The increases helped push the over-the-year pay gain for workers in finance, insurance, and real estate to 5.1 percent.

Compensation costs increased 6.3 percent for State and local government workers during the year ended in March 1985--about the same as the 6.4 percent rise a year ago. Compensation increases for State and local government workers have been heavily influenced by pay and benefit adjustments for employees in elementary and secondary schools, whose compensation costs advanced 7.2 percent for the year ended in March 1985.

The March 1985 ECI level stood at 125.5 for compensation costs, based on June 1981=100. The ECI covers private industry (excluding farms and households) and State and local government workers. It is not seasonally adjusted.

COMPENSATION

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

Series	Indexes (June 1981=100)		Percent Changes for						
	March 1984	Dec. 1984	March 1985	3 Months Ended			12 Months Ended		
				March 1984	Dec. 1984	March 1985	March 1984	Dec. 1984	March 1985
Civilian workers 2/	119.8	123.9	125.5	1.7	1.2	1.3	5.8	5.2	4.8
Workers, by occupational group									
White-collar workers	120.9	125.5	127.3	1.7	1.2	1.4	6.3	5.6	5.3
Blue-collar workers	117.7	120.9	122.2	1.6	1.1	1.1	4.8	4.4	3.8
Service workers	122.0	126.8	127.8	2.4	1.8	.8	6.7	6.5	4.8
Workers, by industry division									
Manufacturing	117.9	122.0	123.9	1.6	1.3	1.6	4.8	5.2	5.1
Nonmanufacturing	120.7	124.8	126.2	1.8	1.2	1.1	6.3	5.2	4.6
Services	125.0	130.9	131.9	2.0	1.6	.8	7.2	6.8	5.5
Public administration 3/	122.9	128.6	130.1	1.2	1.3	1.2	5.8	5.9	5.9
Private industry workers 4/	119.0	122.7	124.2	1.7	1.3	1.2	5.7	4.9	4.4
Workers, by occupational group									
White-collar workers	119.9	123.9	125.8	1.7	1.2	1.5	6.3	5.1	4.9
Blue-collar workers	117.5	120.6	121.9	1.6	1.1	1.1	4.8	4.2	3.7
Service workers	121.5	125.7	126.3	3.1	2.0	.5	6.8	6.6	4.0
Workers, by industry division									
Manufacturing	117.9	122.0	123.9	1.6	1.3	1.6	4.8	5.2	5.1
Nonmanufacturing	119.6	123.1	124.4	1.8	1.2	1.1	6.2	4.8	4.0
State and local government workers	123.9	130.1	131.7	1.6	1.0	1.2	6.4	6.6	6.3
Workers, by occupational group									
White-collar workers	124.5	131.1	132.5	1.5	1.1	1.1	6.4	6.9	6.4
Blue-collar workers	121.9	125.9	128.1	2.3	.7	1.7	6.1	5.6	5.1
Workers, by industry division									
Services	124.5	131.3	132.8	1.5	1.1	1.1	6.6	7.1	6.7
Schools	124.5	132.0	133.4	1.5	1.1	1.1	6.8	7.7	7.1
Elementary and secondary	125.4	133.5	134.4	1.2	1.1	.7	7.0	7.7	7.2
Hospitals and other services 5/	124.4	129.2	131.1	1.5	1.0	1.5	5.9	5.4	5.4
Public administration 3/	122.9	128.6	130.1	1.2	1.3	1.2	5.8	5.9	5.9

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.

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						
	March 1984	Dec. 1984	March 1985	3 Months Ended		12 Months Ended		March 1984	Dec. 1984	March 1985
				March 1984	Dec. 1984	March 1984	Dec. 1984			
Civilian workers <u>1/</u>	117.9	121.7	123.1	1.2	1.2	1.2	5.1	4.5	4.4	
Workers, by occupational group										
White-collar workers.....	119.3	123.5	125.2	1.2	1.1	1.4	5.6	4.7	4.9	
Blue-collar workers.....	115.3	118.2	119.3	1.1	1.0	.9	4.1	3.7	3.5	
Service workers.....	120.0	124.3	124.8	2.2	1.6	.4	6.0	5.9	4.0	
Workers, by industry division										
Manufacturing.....	115.7	119.5	121.0	1.0	1.3	1.3	4.2	4.4	4.6	
Nonmanufacturing.....	118.9	122.6	123.9	1.3	1.1	1.1	5.5	4.4	4.2	
Services.....	123.3	128.9	129.7	1.6	1.3	.6	6.5	6.3	5.2	
Public administration <u>2/</u>	120.4	125.7	127.0	.8	1.0	1.0	5.1	5.3	5.5	
Private industry workers <u>3/</u>	117.2	120.6	122.0	1.2	1.2	1.2	5.0	4.1	4.1	
Workers, by occupational group										
White-collar workers.....	118.5	122.3	124.0	1.1	1.2	1.4	5.6	4.4	4.6	
Blue-collar workers.....	115.1	118.0	119.1	1.1	1.1	.9	4.0	3.6	3.5	
Service workers.....	119.8	123.7	123.8	2.8	2.1	.1	6.1	6.2	3.3	
Workers, by industry division										
Manufacturing.....	115.7	119.5	121.0	1.0	1.3	1.3	4.2	4.4	4.6	
Nonmanufacturing.....	118.0	121.2	122.6	1.3	1.1	1.2	5.4	4.0	3.9	
State and local government workers....	121.6	127.1	128.4	1.3	.8	1.0	5.6	5.9	5.6	
Workers, by occupational group										
White-collar workers.....	122.2	128.0	129.3	1.3	.7	1.0	5.7	6.1	5.8	
Blue-collar workers.....	119.1	122.5	124.2	1.9	.5	1.4	5.1	4.8	4.3	
Workers, by industry division										
Services.....	122.2	128.1	129.4	1.3	.7	1.0	5.8	6.2	5.9	
Schools.....	122.2	128.7	129.9	1.3	.7	.9	6.1	6.7	6.3	
Elementary and secondary.....	122.9	130.2	130.8	1.0	.7	.5	6.3	7.0	6.4	
Hospitals and other services <u>4/</u>	121.9	125.9	127.7	1.1	.6	1.4	4.6	4.4	4.8	
Public administration <u>2/</u>	120.4	125.7	127.0	.8	1.0	1.0	5.1	5.3	5.5	

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.

WAGES AND SALARIES

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

(Not seasonally adjusted)

Series	Indexes (June 1981=100)			Percent Changes for							
	March 1984	Dec. 1984	March 1985	3 Months Ended		12 Months Ended		March 1985	March 1984	Dec. 1984	March 1985
				March 1984	Dec. 1984	March 1984	Dec. 1984				
Private industry workers 1/	117.2	120.6	122.0	1.2	1.2	1.2	5.0	4.1	4.1	4.1	4.1
Workers, by occupational group											
White-collar workers	118.5	122.3	124.0	1.1	1.2	1.4	5.6	4.4	4.4	4.4	4.6
Professional and technical workers	122.2	127.3	127.7	1.5	1.7	3	6.4	5.7	5.7	5.7	4.5
Managers and administrators	118.0	122.2	123.8	2.0	1.0	1.3	5.4	5.6	5.6	5.6	4.9
Sales workers	110.2	111.6	116.3	-1.9	1.0	4.2	4.3	4.4	4.4	4.4	5.5
Clerical workers	119.8	122.9	124.7	1.3	.7	1.5	5.6	3.9	3.9	3.9	4.1
Blue-collar workers	115.1	118.0	119.1	1.1	1.1	.9	4.0	3.6	3.6	3.6	3.5
Craft and kindred workers	116.5	119.4	120.8	1.0	1.2	1.2	3.8	3.5	3.5	3.5	3.7
Operatives, except transport	114.9	117.9	118.9	1.1	1.1	.8	4.5	3.8	3.8	3.8	3.5
Transport equipment operatives	111.7	114.0	114.5	1.4	.5	.4	3.4	3.4	3.4	3.4	2.5
Nonfarm laborers	112.9	115.9	116.7	.7	1.0	.7	3.6	3.4	3.4	3.4	3.4
Service workers	119.8	123.7	123.8	2.8	2.1	.1	6.1	6.2	6.2	6.2	3.3
Workers, by industry division											
Manufacturing	115.7	119.5	121.0	1.0	1.3	1.3	4.2	4.4	4.4	4.4	4.6
Durables	115.7	119.1	120.6	1.1	1.2	1.3	4.1	4.1	4.1	4.1	4.2
Nondurables	115.8	120.2	121.6	1.0	1.3	1.2	4.4	4.9	4.9	4.9	5.0
Nonmanufacturing	118.0	121.2	122.6	1.3	1.1	1.2	5.4	4.0	4.0	4.0	3.9
Construction	113.3	114.4	115.5	.4	.1	1.0	2.6	1.3	1.3	1.3	1.9
Transportation and public utilities	118.5	120.7	121.7	1.5	.7	.8	5.0	3.3	3.3	3.3	2.7
Wholesale and retail trade	114.3	118.1	118.8	1.8	1.4	.6	5.3	5.2	5.2	5.2	3.9
Wholesale trade	118.2	122.9	123.7	1.5	1.8	.7	5.7	5.5	5.5	5.5	4.7
Retail trade	112.8	116.2	116.9	2.0	1.1	.6	5.2	5.1	5.1	5.1	3.6
Finance, insurance, and real estate	116.1	115.8	122.0	-1.7	.4	5.4	5.0	-1.9	-1.9	-1.9	5.1
Services	124.2	129.5	129.9	1.9	1.9	.3	7.1	6.2	6.2	6.2	4.6

1/ Excludes farm and household workers.

COMPENSATION

Table 4. Employment Cost Index, private industry workers, by bargaining status, region, and area size 1/
(Not seasonally adjusted)

Series	Indexes (June 1981=100)			Percent Changes for					
	March 1984	Dec. 1984	March 1985	3 Months Ended		12 Months Ended		12 Months Ended	
				March 1984	Dec. 1984	March 1985	March 1984	Dec. 1984	March 1985
Workers, by bargaining status									
Union.....	120.6	123.9	124.8	1.5	1.1	0.7	5.3	4.3	3.5
Manufacturing.....	119.3	123.2	124.2	1.8	1.3	.8	4.6	5.1	4.1
Nonmanufacturing.....	121.9	124.5	125.3	1.2	.7	.6	6.1	3.4	2.8
Nonunion.....	118.0	121.9	123.8	1.8	1.3	1.6	5.8	5.2	4.9
Manufacturing.....	116.6	120.8	123.6	1.5	1.3	2.3	4.9	5.1	6.0
Nonmanufacturing.....	118.6	122.4	123.9	1.9	1.4	1.2	6.3	5.2	4.5
Workers, by region									
Northeast.....	118.9	123.8	125.1	1.2	1.1	1.1	5.6	5.4	5.2
South.....	119.7	122.2	124.2	2.2	1.2	1.6	6.4	4.4	3.8
Midwest (formerly North Central).....	117.2	120.8	122.0	2.2	.9	1.0	5.7	5.3	4.1
West.....	121.0	124.9	126.8	.8	2.0	1.5	4.9	4.1	4.8
Workers, by area size									
Metropolitan areas.....	119.4	123.2	124.7	1.7	1.4	1.2	5.8	4.9	4.4
Other areas.....	116.7	119.8	121.4	1.9	.7	1.3	5.3	4.6	4.0

1/ The index measures changes in total compensation costs (wages, salaries, and employer costs for employee benefits). Farm and household workers are excluded.
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 1984	Dec. 1984	March 1985	3 Months Ended		12 Months Ended		12 Months Ended	
				March 1984	Dec. 1984	March 1984	Dec. 1984	March 1984	Dec. 1984
Workers, by bargaining status									
Union.....	118.1	120.9	121.7	1.0	0.9	0.7	4.6	3.4	3.0
Manufacturing.....	116.1	119.5	120.4	1.1	1.2	.8	4.2	4.1	3.7
Nonmanufacturing.....	120.1	122.1	122.8	1.0	.7	.6	5.1	2.7	2.2
Nonunion.....	116.7	120.4	122.1	1.3	1.3	1.4	5.2	4.5	4.6
Manufacturing.....	115.4	119.5	121.5	1.1	1.4	1.7	4.2	4.6	5.3
Nonmanufacturing.....	117.2	120.7	122.3	1.4	1.3	1.3	5.6	4.4	4.4
Workers, by region									
Northeast.....	117.4	121.9	123.0	.7	1.2	.9	4.8	4.5	4.8
South.....	117.9	120.2	122.3	1.9	1.0	1.7	5.8	3.9	3.7
Midwest (formerly North Central).....	115.5	118.7	119.6	1.7	.8	.8	4.9	4.5	3.5
West.....	118.8	122.5	124.0	.3	2.1	1.2	4.1	3.4	4.4
Workers, by area size									
Metropolitan areas.....	117.6	121.0	122.4	1.2	1.3	1.2	5.1	4.1	4.1
Other areas.....	115.1	118.3	119.6	1.5	.7	1.1	4.5	4.3	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 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, 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 include:

Paid leave - Paid vacations, paid holidays, paid sick leave, and other paid leave;

Supplemental pay - Premium pay for overtime and work on weekends and holidays, shift differentials, and nonproduction bonuses;

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 - Severance pay, supplemental unemployment plans, and merchandise discounts in department stores.

Excluded from both wages and salaries and employee benefits are such items as payments-in-kind, free room and board, and tips.

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 wage and salary rates 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 government, local government, 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 the 3 months ended March 1985 (table 3) is the actual percent change in straight-time average hourly wage and salary rates from the pay period including the 12th day of December 1984 to the comparable pay period in March 1985.

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.

The ECI news release for the June 1985 quarter will be issued on July 30.