

# News

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Department  
of Labor



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FOR RELEASE: 10:00 A.M. E.D.T.  
Thursday, August 4, 1983

## EMPLOYMENT COST INDEX - JUNE 1983

The Employment Cost Index (ECI) increased 1.1 percent in the 3 months ended in June 1983, the U.S. Department of Labor's Bureau of Labor Statistics reported today. The Index stood at 114.5 for compensation costs (wages, salaries, and employer costs for employee benefits), based on June 1981=100 (see table 1). The ECI covers private industry and State and local government workers. It is not seasonally adjusted.

The 1.1 percent increase was the same as the rise recorded in the March-June period a year ago. Compensation cost increases for private industry (1.2 percent) and State and local government workers (0.5 percent) were also similar to those of last year. Wages and salaries alone increased at the same pace as compensation costs in the March-June 1983 period.

For all private industry workers, the 1.2 percent wage and salary increase in March-June 1983 was similar to the 1.1 percent rise for the same period in 1982. Both union and nonunion workers posted 1.2 percent wage and salary increases in the March-June 1983 period. While the rate of increase in wages and salaries for nonunion workers was up from 0.9 percent last year, that for union workers was down from 1.5 percent.

The slowdown in wage and salary changes for union workers was more pronounced in manufacturing. Their wages and salaries increased 0.8 percent in March-June 1983, down from 1.3 percent for the same period in 1982. In contrast, wages and salaries for nonunion workers in manufacturing rose 1.0 percent, up from 0.8 percent last year.

The 12-month wage and salary rise (June 1982-83) for union workers in manufacturing was 4.7 percent, about the same as the 4.8 percent increase for nonunion workers in that sector. Corresponding changes last year (June 1981-82) were 7.3 percent and 6.7 percent (see table 5).

The slower rate of increase in wages and salaries for union workers reflected recent developments in heavily unionized manufacturing industries, e.g., pay cuts negotiated in collective bargaining contracts in the steel industry. Over the longer term, however, wages and salaries for union workers advanced at faster rates than those for nonunion workers. Since the union/nonunion manufacturing series began in September 1976, wages and salaries for union workers have increased 71.5 percent contrasted to 60.9 percent for nonunion workers.

Over the year ended in June 1983, compensation costs rose 6.5 percent for all civilian workers, down from 7.5 percent a year earlier. Compensation cost increases dropped more for State and local government workers (7.1 percent from 9.3 percent last year) than for private industry workers (6.3 percent from 7.2 percent).

The drop in compensation cost increases for State and local government workers occurred in both the wage and benefit cost components. For private industry workers, on the other hand, the slowdown was caused only by dampened wage and salary increases.

COMPENSATION

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

Series	Indexes (June 1981=100)			Percent changes for					
	June 1982	March 1983	June 1983	3 months ended		6 months ended		12 months ended	
				June 1982	March 1983	June 1983	June 1982	March 1983	June 1983
Civilian workers 2/	107.5	113.2	114.5	1.1	1.6	1.1	7.5	6.5	6.5
Workers, by occupational group									
White-collar workers	107.7	113.7	114.9	1.1	1.6	1.1	7.7	6.8	6.7
Blue-collar workers	107.1	112.3	113.6	1.3	1.6	1.2	7.1	6.2	6.1
Service workers	108.3	114.3	115.1	1.0	1.7	.7	8.3	6.6	6.3
Workers, by industry division									
Manufacturing	107.2	112.5	113.5	1.1	1.9	.9	7.2	6.1	5.9
Nonmanufacturing	107.7	113.5	114.9	1.2	1.5	1.2	7.7	6.7	6.7
Services	109.2	116.6	117.1	.9	1.4	.4	9.2	7.8	7.2
Public administration 3/	109.1	116.2	117.0	.9	2.3	.7	9.1	7.5	7.2
Private industry workers 4/	107.2	112.6	113.9	1.3	1.7	1.2	7.2	6.4	6.3
Workers, by occupational group									
White-collar workers	107.2	112.8	114.2	1.3	1.8	1.2	7.2	6.6	6.5
Blue-collar workers	107.0	112.1	113.5	1.3	1.6	1.2	7.0	6.2	6.1
Service workers	107.9	113.8	114.6	1.1	1.8	.7	7.9	6.7	6.2
Workers, by industry division									
Manufacturing	107.2	112.5	113.5	1.1	1.9	.9	7.2	6.1	5.9
Nonmanufacturing	107.1	112.6	114.2	1.3	1.6	1.4	7.1	6.5	6.6
State and local government workers	109.3	116.5	117.1	.5	1.2	.5	9.3	7.1	7.1
Workers, by occupational group									
White-collar workers	109.5	117.0	117.5	.4	1.0	.4	9.5	7.2	7.3
Blue-collar workers	108.9	114.9	115.8	.6	1.7	.8	8.9	6.2	6.3
Workers, by industry division									
Services	109.4	116.8	117.4	.4	.8	.5	9.4	7.2	7.3
Schools	109.1	116.6	116.9	.2	.7	.3	9.1	7.1	7.1
Elementary and secondary	109.5	117.2	117.4	.2	.5	.2	9.5	7.2	7.2
Hospitals and other services 5/	110.3	117.5	118.8	.7	1.3	1.1	10.3	7.3	7.7
Public administration 3/	109.1	116.2	117.0	.9	2.3	.7	9.1	7.5	7.2

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						
	June 1982	March 1983	June 1983	June 1982	3 months ended			12 months ended			
					June 1982	March 1983	June 1983	June 1982	March 1983	June 1983	
Civilian workers <u>1/</u> . . . . .	107.3	112.2	113.4	0.9	1.2	1.1	7.3	5.6	5.7		
Workers, by occupational group											
White-collar workers . . . . .	107.6	113.0	114.2	.8	1.4	1.1	7.6	5.9	6.1		
Blue-collar workers . . . . .	106.7	110.8	112.0	1.1	.9	1.1	6.7	5.0	5.0		
Service workers . . . . .	107.9	113.2	113.9	1.0	1.3	.6	7.9	6.0	5.6		
Workers, by industry division											
Manufacturing . . . . .	107.0	111.0	112.0	1.0	1.1	.9	7.0	4.8	4.7		
Nonmanufacturing . . . . .	107.5	112.7	114.0	.9	1.3	1.2	7.5	5.8	6.0		
Services . . . . .	109.5	115.8	116.3	.8	1.2	.4	9.5	6.6	6.2		
Public administration <u>2/</u> . . . . .	108.4	114.6	115.4	.8	1.8	.7	8.4	6.6	6.5		
Private industry workers <u>3/</u> . . . . .	107.1	111.6	112.9	1.1	1.2	1.2	7.1	5.4	5.4		
Workers, by occupational group											
White-collar workers . . . . .	107.3	112.2	113.6	1.0	1.4	1.2	7.3	5.6	5.9		
Blue-collar workers . . . . .	106.6	110.7	111.9	1.1	.9	1.1	6.6	5.0	5.0		
Service workers . . . . .	107.9	112.9	113.5	1.1	1.3	.5	7.9	5.8	5.2		
Workers, by industry division											
Manufacturing . . . . .	107.0	111.0	112.0	1.0	1.1	.9	7.0	4.8	4.7		
Nonmanufacturing . . . . .	107.1	112.0	113.4	1.1	1.4	1.3	7.1	5.8	5.9		
State and local government workers . . . . .	108.7	115.1	115.7	.5	1.0	.5	8.7	6.4	6.4		
Workers, by occupational group											
White-collar workers . . . . .	108.9	115.6	116.1	.4	.9	.4	8.9	6.5	6.6		
Blue-collar workers . . . . .	107.9	113.3	114.3	.4	1.2	.9	7.9	5.4	5.9		
Workers, by industry division											
Services . . . . .	108.8	115.5	115.9	.4	.8	.3	8.8	6.5	6.5		
Schools . . . . .	108.5	115.2	115.4	.2	.6	.2	8.5	6.4	6.4		
Elementary and secondary . . . . .	108.8	115.6	115.8	.1	.4	.2	8.8	6.3	6.4		
Hospitals and other services <u>4/</u> . . . . .	109.5	116.5	117.7	.6	1.4	1.0	9.5	7.1	7.5		
Public administration <u>2/</u> . . . . .	108.4	114.6	115.4	.8	1.8	.7	8.4	6.6	6.5		

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

Series	Indexes (June 1981=100)			Percent changes for					
	June 1982	March 1983	June 1983	3 months ended			12 months ended		
				June 1982	March 1983	June 1983	June 1982	March 1983	June 1983
Private industry workers <u>1/</u> . . . . .	107.1	111.6	112.9	1.1	1.2	1.2	7.1	5.4	5.4
<u>Workers, by occupational group</u>									
White-collar workers . . . . .	107.3	112.2	113.6	1.0	1.4	1.2	7.3	5.6	5.9
Professional and technical workers . . . . .	109.4	114.8	115.9	1.3	1.7	1.0	9.4	6.3	5.9
Managers and administrators . . . . .	107.2	112.0	114.0	1.3	2.5	1.8	7.2	5.9	6.3
Sales workers . . . . .	101.8	105.7	107.1	-.4	-.5	1.3	1.8	3.4	5.2
Clerical workers . . . . .	108.3	113.4	114.6	1.2	1.6	1.1	8.3	6.0	5.8
Blue-collar workers . . . . .	106.6	110.7	111.9	1.1	.9	1.1	6.6	5.0	5.0
Craft and kindred workers . . . . .	107.6	112.2	113.4	1.3	.9	1.1	7.6	5.6	5.4
Operatives, except transport . . . . .	106.6	110.0	111.1	1.1	.6	1.0	6.6	4.4	4.2
Transport equipment operatives. . . . .	104.1	108.0	110.3	.9	1.0	2.1	4.1	4.7	6.0
Nonfarm laborers . . . . .	105.1	109.0	109.8	1.0	1.1	.7	5.1	4.7	4.5
Service workers . . . . .	107.9	112.9	113.5	1.1	1.3	.5	7.9	5.8	5.2
<u>Workers, by industry division</u>									
Manufacturing . . . . .	107.0	111.0	112.0	1.0	1.1	.9	7.0	4.8	4.7
Durables . . . . .	107.4	111.1	111.8	1.0	.7	.6	7.4	4.5	4.1
Nondurables . . . . .	106.3	110.9	112.3	.9	1.6	1.3	6.3	5.3	5.6
Nonmanufacturing . . . . .	107.1	112.0	113.4	1.1	1.4	1.3	7.1	5.8	5.9
Construction . . . . .	107.3	110.4	112.1	1.3	.6	1.5	7.3	4.2	4.5
Transportation and public utilities . . . . .	106.9	112.9	114.7	1.1	1.6	1.6	6.9	6.8	7.3
Wholesale and retail trade . . . . .	105.8	108.5	110.8	1.8	1.2	2.1	5.8	4.4	4.7
Wholesale trade . . . . .	108.9	111.8	114.1	2.4	1.8	2.1	8.9	5.2	4.8
Retail trade . . . . .	104.5	107.2	109.4	1.5	1.0	2.1	4.5	4.1	4.7
Finance, insurance, and real estate . . . . .	102.4	110.6	111.1	-1.3	1.5	.5	2.4	6.7	8.5
Services . . . . .	110.0	116.0	116.6	1.1	1.5	.5	10.0	6.6	6.0

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					
	June 1982		June 1983		3 months ended		12 months ended			
	June 1982	March 1983	June 1983	June 1983	June 1982	March 1983	June 1983	June 1982	March 1983	June 1983
<u>Workers, by bargaining status</u>										
Union . . . . .	108.4	114.5	116.0	1.8	2.0	1.3	8.4	7.5	7.0	
Manufacturing . . . . .	108.0	114.0	114.8	1.6	2.0	.7	8.0	7.2	6.3	
Nonmanufacturing . . . . .	108.7	114.9	117.1	1.8	1.9	1.9	8.7	7.6	7.7	
Nonunion . . . . .	106.5	111.5	112.8	1.1	1.6	1.2	6.5	5.9	5.9	
Manufacturing . . . . .	106.6	111.2	112.3	.9	1.8	1.0	6.6	5.2	5.3	
Nonmanufacturing . . . . .	106.4	111.6	113.0	1.1	1.5	1.3	6.4	6.1	6.2	
<u>Workers, by area size</u>										
Metropolitan areas . . . . .	107.2	112.9	114.2	1.4	1.8	1.2	7.2	6.8	6.5	
Other areas . . . . .	107.0	110.8	112.3	.8	1.6	1.4	7.0	4.3	5.0	

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					
	June 1982	March 1983	June 1983		3 months ended			12 months ended		
					June 1982	March 1983	June 1983	June 1982	March 1983	June 1983
<u>Workers, by bargaining status</u>										
Union . . . . .	108.1	112.9	114.2	1.5	1.0	1.2	8.1	6.0	5.6	
Manufacturing . . . . .	107.3	111.4	112.3	1.3	.5	.8	7.3	5.2	4.7	
Nonmanufacturing . . . . .	108.8	114.3	116.0	1.7	1.4	1.5	8.8	6.8	6.6	
Nonunion . . . . .	106.5	110.9	112.2	.9	1.3	1.2	6.5	5.0	5.4	
Manufacturing . . . . .	106.7	110.7	111.8	.8	1.5	1.0	6.7	4.5	4.8	
Nonmanufacturing . . . . .	106.4	111.0	112.4	.9	1.3	1.3	6.4	5.2	5.6	
<u>Workers, by region</u>										
Northeast . . . . .	106.7	112.0	113.6	.6	.4	1.4	6.7	5.6	6.5	
South . . . . .	107.4	111.4	112.5	1.6	1.5	1.0	7.4	5.4	4.7	
North Central . . . . .	106.1	110.1	111.5	1.3	1.4	1.3	6.1	5.2	5.1	
West . . . . .	108.6	114.1	114.9	.6	1.9	.7	8.6	5.7	5.8	
<u>Workers, by area size</u>										
Metropolitan areas . . . . .	107.1	111.9	113.2	1.1	1.3	1.2	7.1	5.7	5.7	
Other areas . . . . .	106.8	110.1	111.4	.8	1.2	1.2	6.8	3.9	4.3	

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.

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 the 3 months ended June 1983 (table 3) is the actual percent change in straight-time average hourly earnings from the pay period including the 12th day of March 1983 to the comparable pay period in June 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.

