

News

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Department
of Labor



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USDL: 04-2236

TRANSMISSION OF MATERIAL
IN THIS RELEASE IS EMBARGOED
UNTIL 8:30 A.M. (EDT),
FRIDAY, OCTOBER 29, 2004

EMPLOYMENT COST INDEX—SEPTEMBER 2004

Total compensation costs for civilian workers increased 0.9 percent from June to September 2004, seasonally adjusted, the same as from March to June 2004, the Bureau of Labor Statistics of the U.S. Department of Labor reported today. Wage and salary costs increased 0.7 percent, while benefit costs rose 1.1 percent, the smallest increase in benefit costs in 2004. The Employment Cost Index (ECI), a component of the National Compensation Survey, measures quarterly changes in compensation costs, which include wages, salaries, and employer costs for employee benefits for nonfarm private and State and local government workers.

Rises in benefit costs accounted for a little less than 40 percent of the increase in compensation costs for civilian workers from June to September 2004. Among State and local government workers, benefit costs contributed 55 percent of compensation gains during the June-to-September period, with defined benefit retirement costs accounting for one-fourth of the gain in compensation costs. Among private industry workers, benefit costs were about three-tenths of compensation gains during the quarter, comparable to the percent of total compensation costs contributed by benefits.

Quarterly changes, seasonally adjusted

Compensation costs for the private sector rose 0.9 percent from June to September 2004, after advancing 1.0 percent in the prior quarter. September gains were led by durable manufacturing industries and wholesale trade. For State and local government workers, the increase of compensation costs moderated to 0.5 percent in September, compared with a gain of 1.1 percent for the quarter ended in June. (See tables A and 1.)

Benefit costs increases slowed to 1.1 percent for civilian workers (nonfarm private industry and State and local government) in the September 2004 quarter, following a gain of 1.8 percent in the June 2004 quarter. Private sector benefit costs rose 1.0 percent for the September quarter, moderating from the 1.7 percent gain in the previous quarter. Benefit costs for State and local governments increased 1.4 percent in the September quarter, following an increase of 1.9 percent in June 2004.

While gains in wages and salaries for civilian workers increased 0.7 percent during the September quarter, following a gain of 0.6 percent in June, the gains for private industry and State and local government workers varied. Wages and salaries for private industry workers rose 0.9 percent for the September quarter, following a more modest 0.6 percent gain during the prior period. Wage and salary gains in wholesale trade led the increase, while the retail trade industry and service occupations had smaller gains. The change in State and local government wages and salaries was 0.1 percent during the June-to-September period.

Table A. 3-month percent changes in Employment Cost Index, seasonally adjusted

Compensation Component	Dec. 2002	Mar. 2003	June 2003	Sep. 2003	Dec. 2003	Mar. 2004	June 2004	Sep. 2004
Civilian workers								
Compensation costs	0.9	1.2	0.9	1.0	0.8	1.1	0.9	0.9
Wages and salaries	0.5	1.0	0.6	0.7	0.5	0.6	0.6	0.7
Benefit costs	1.4	2.0	1.4	1.5	1.4	2.4	1.8	1.1
Private industry								
Compensation costs	0.8	1.4	0.8	1.1	0.8	1.1	1.0	0.9
Wages and salaries	0.5	1.0	0.6	0.9	0.5	0.6	0.6	0.9
Benefit costs	1.4	2.1	1.4	1.5	1.4	2.6	1.7	1.0
State and local government								
Compensation costs	1.1	1.0	1.0	0.5	0.8	1.0	1.1	0.5
Wages and salaries	0.8	0.6	0.8	0.1	0.6	0.6	0.7	0.1
Benefit costs	1.8	1.6	1.5	1.6	1.3	1.7	1.9	1.4

Over-the-year changes, not seasonally adjusted

Annual compensation costs for civilian workers increased 3.8 percent for the year ended September 2004, virtually unchanged from a 3.9 percent over-the-year increase for September 2003. Compensation costs in private industry rose 3.7 percent in the year ended September 2004, compared with a 4.0 percent increase in September 2003. Compensation costs increased 3.4 percent for State and local governments for the year ended September 2004, compared with an over-the-year gain of 3.6 percent in September 2003. (See tables B, 2, and 3.)

The components of compensation continued to show differences in the rate of change. While increases in wages and salaries continued to be moderate, benefit costs continued to rise more rapidly during the year ended September 2004. For civilian workers, increases in wages and salaries slowed to 2.4 percent in the year ended September 2004, compared with a gain of 2.9 percent in September 2003. Benefit costs increased 6.8 percent for the period ended September 2004, compared with the increase of 6.5 percent for the year ended September 2003. (See tables B, 5, 6, and 8.)

Table B. 12-month percent changes in Employment Cost Index, not seasonally adjusted

Compensation Component	Sep. 1999	Sep. 2000	Sep. 2001	Sep. 2002	Sep. 2003	Sep. 2004
Civilian workers						
Compensation costs	3.1	4.3	4.1	3.7	3.9	3.8
Wages and salaries	3.3	4.0	3.6	3.2	2.9	2.4
Benefit costs	2.7	5.3	5.1	4.9	6.5	6.8
Private industry						
Compensation costs	3.1	4.6	4.0	3.7	4.0	3.7
Wages and salaries	3.2	4.1	3.6	3.2	3.0	2.6
Benefit costs	2.8	6.0	4.9	4.8	6.5	6.8
State and local government						
Compensation costs	2.9	3.3	4.4	3.8	3.6	3.4
Wages and salaries	3.3	3.5	3.9	3.1	2.3	2.0
Benefit costs	2.0	2.8	5.6	5.4	6.7	6.4

Nonfarm private industry

For the year ended September 2004, compensation costs in private industry increased 4.6 percent for goods-producing industries, nearly identical to the advance of 4.5 percent for the year ended September 2003. Compensation costs for manufacturing advanced 5.0 percent in September 2004, after increasing 4.7 percent in September 2003. Gains in compensation costs for construction were 2.9 percent in September 2004, compared with a 3.8 percent rise in September 2003. (See table 3.)

The over-the-year increase in compensation for service-producing industries was 3.5 percent, compared with a 3.7 percent gain for the year ended September 2003. Among service-producing industries, the 12-month increase for transportation and public utilities was 4.3 percent for the year ended in September 2004, led by higher increases in the electric, gas, and sanitary services industry. Compensation costs rose modestly in finance, insurance, and real estate, increasing 2.6 percent in the year ended September 2004.

Over-the-year compensation cost increases were 4.5 percent for blue-collar occupations, 3.6 percent for white-collar occupations, and 3.1 percent for service occupations for the year ended September 2004. Among white-collar occupational groups, compensation cost changes ranged from 2.4 percent for executive, administrative, and managerial employees to 4.4 percent for professional specialty and technical workers. Among blue-collar occupational groups, compensation cost increases ranged from 3.3 percent for transportation and material moving employees to 5.9 percent for machine operators, assemblers, and inspectors. (See table 3.)

Gains in compensation costs for union workers continued to outpace those for nonunion workers. Compensation costs for union workers advanced 5.8 percent over the year ended September 2004, significantly higher than the 3.4 percent increase for nonunion workers. Among blue-collar workers, compensation costs advanced 5.8 percent for union workers, greater than the gain of 3.7 percent for nonunion workers. In manufacturing industries, compensation costs for union workers advanced sharply, rising 8.1 percent, significantly higher than the 4.1 percent increase for nonunion workers. (See tables C and 4.)

Wages and salaries for union workers rose 3.0 percent for the 12 months ended in September 2004, compared with an over-the-year increase of 2.5 percent for nonunion workers. Benefit costs for union workers continued to rise sharply, 10.6 percent, compared with an increase of 5.9 percent for nonunion workers in September 2004. Employer contributions for defined benefit retirement plans accounted for nearly three-tenths of the rise in compensation costs for union workers for the year ended September 2004. (See tables C, 7, and 8.)

Table C. 12-month percent changes in Employment Cost Index, private industry workers, not seasonally adjusted

Compensation Component	Sep. 1999	Sep. 2000	Sep. 2001	Sep. 2002	Sep. 2003	Sep. 2004
Union workers						
Compensation costs	2.5	4.2	3.4	4.7	4.8	5.8
Wages and salaries	2.5	3.2	3.6	4.3	2.6	3.0
Benefit costs	2.3	6.1	2.9	5.5	8.5	10.6
Nonunion workers						
Compensation costs	3.2	4.7	4.1	3.5	3.8	3.4
Wages and salaries	3.3	4.3	3.6	3.1	3.1	2.5
Benefit costs	3.0	5.9	5.4	4.6	5.9	5.9

Among the four geographic regions, increases in compensation costs ranged from 3.4 percent in the Midwest to 4.1 percent in the Northeast. Compensation costs rose 3.9 percent in the South and the West. (See table 4.) Gains in wages and salaries showed significant differences among regions. In the Midwest, gains in wages and salaries slowed to 1.9 percent for the year ended September 2004, significantly less than the 4.3 percent gain of the year ended September 2003. Wages and salaries rose 3.1 percent in the Northeast and 2.7 percent in the South and West for the year ended September 2004, compared with over-the-year gains in September 2003 of 3.2 percent in the Northeast, 1.7 percent in the South, and 3.4 percent in the West.

State and local government

Wages and salaries for State and local government workers edged up 2.0 percent in the year ended September 2004, compared with a 2.3 percent rise for September 2003. Benefit costs rose 6.4 percent for the year ended September 2004, compared with an increase of 6.7 percent for the year ended September 2003. (See tables B, 5, and 8.)

For the year ended September 2004, compensation costs increased 2.7 percent for educational services, compared with a 3.2 percent increase for the year ended September 2003. Within educational services, compensation increases were 3.1 percent for elementary and secondary schools and 1.9 percent for colleges and universities. Among occupational groups, compensation costs of service workers rose 4.3 percent for the year ended September 2004, compared with gains of 3.9 percent for blue-collar workers and 3.1 percent for white-collar workers. (See table 2.)

NOTE:

The ECI for December 2004 is scheduled to be released Friday, January 28, 2005, at 8:30 a.m. (EST).

The costs per hour worked of compensation components, based on data from the ECI, were published on September 15, 2004, in a news release titled "Employer Costs for Employee Compensation—June 2004." Beginning with the March 2004 release, the Employer Costs for Employee Compensation data are based on the 2002 North American Industry Classification System (NAICS) and the 2000 Standard Occupational Classification (SOC). The release and information on the transition to the new industry and occupational classification systems are available on the Internet site <http://www.bls.gov/ect/home.htm>, by e-mail request at ocltinfo@bls.gov, or by telephone (202) 691-6199.

ECI data are available on the Compensation Cost Trends page at <http://www.bls.gov/ncs/ect/home.htm>. To access data using Anonymous FTP, use the Internet address <ftp://ftp.bls.gov>.

For technical assistance in using the BLS Internet site, send e-mail to webmaster@bls.gov. For ECI data requests, send e-mail to ocltinfo@bls.gov.

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Employment Cost Index

Chart A. Changes in wages and salaries and in benefit costs, private industry, 1980-2004

12-month percent change

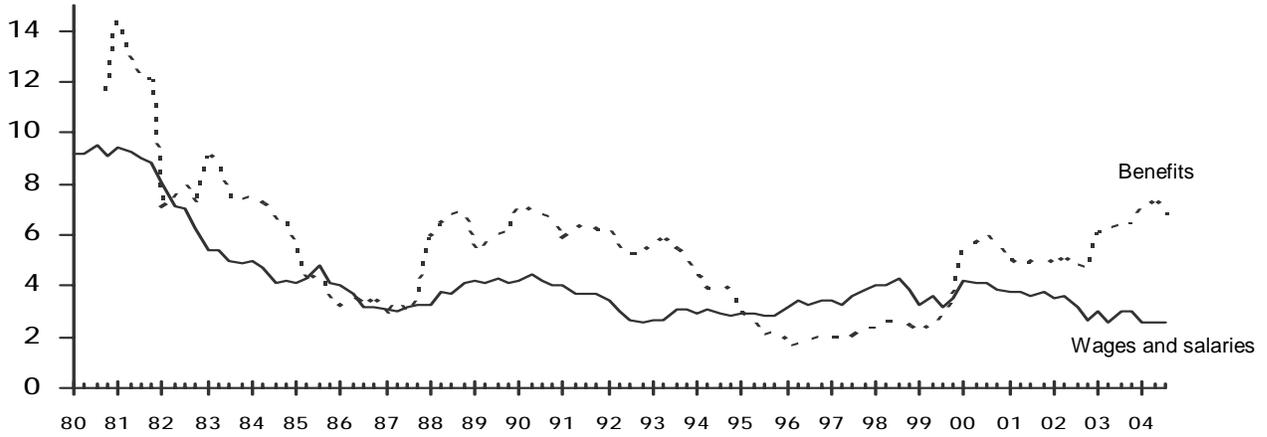


Chart B. Changes in wages and salaries, civilian workers, seasonally adjusted and not seasonally adjusted, 1981-2004

3-month percent change

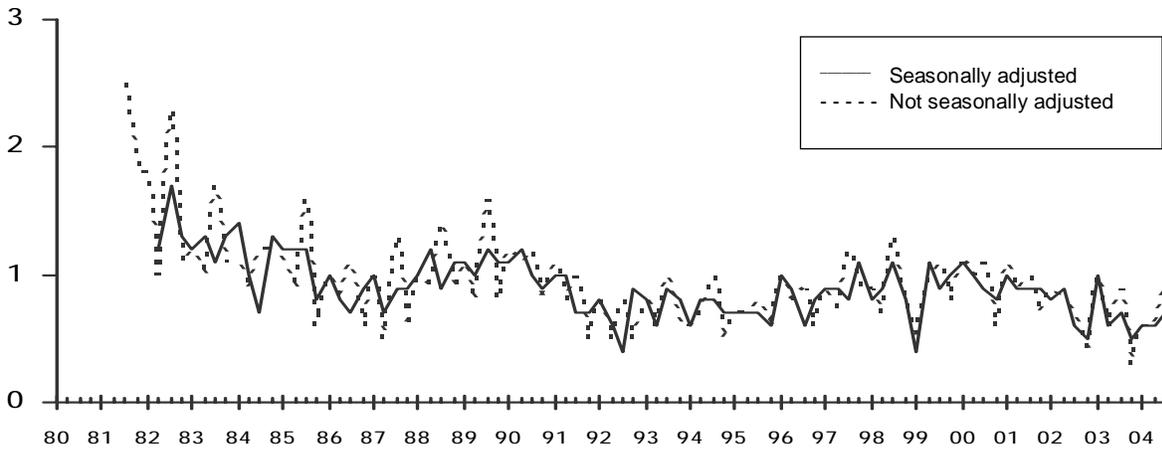


Chart C. Changes in benefits, civilian workers, seasonally adjusted and not seasonally adjusted, 1981-2004

3-month percent change

