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U. S. DEPARTMENT OF LABOR

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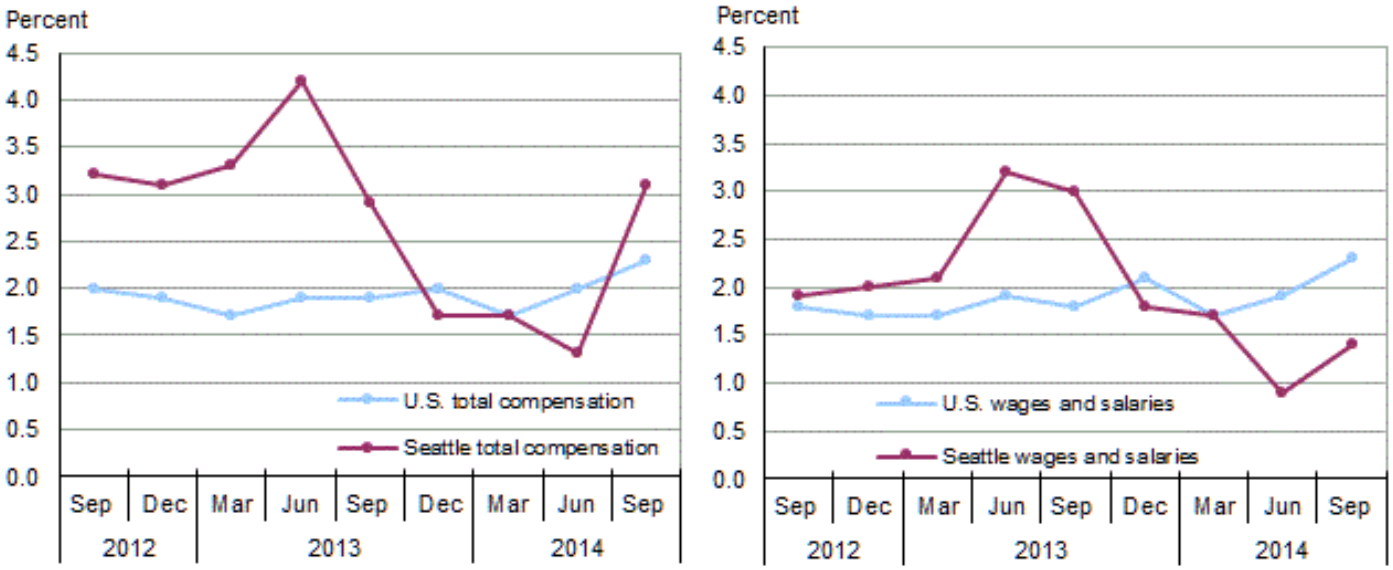
Changing Compensation Costs in the Seattle Metropolitan Area – September 2014

Total compensation costs for private industry workers increased 3.1 percent in the Seattle-Tacoma-Olympia, Wash. metropolitan area for the year ended in September 2014, according to the Bureau of Labor Statistics of the U.S. Department of Labor. Richard J. Holden, the Bureau's regional commissioner, noted that one year ago, Seattle experienced an annual gain of 2.9 percent in total compensation costs. Locally, wages and salaries, the largest component of total compensation costs, advanced at a 1.4 percent pace for the 12-month period ended September 2014. Nationwide, total compensation costs rose 2.3 percent and wages and salaries by 2.3 percent over the same period. (See chart 1 and table 1.)

Chart 1. Twelve-month percent changes in the Employment Cost Index for total compensation and for wages and salaries, private industry workers, United States and the Seattle area, not seasonally adjusted, September 2012 to September 2014



Source: U.S. Bureau of Labor Statistics.

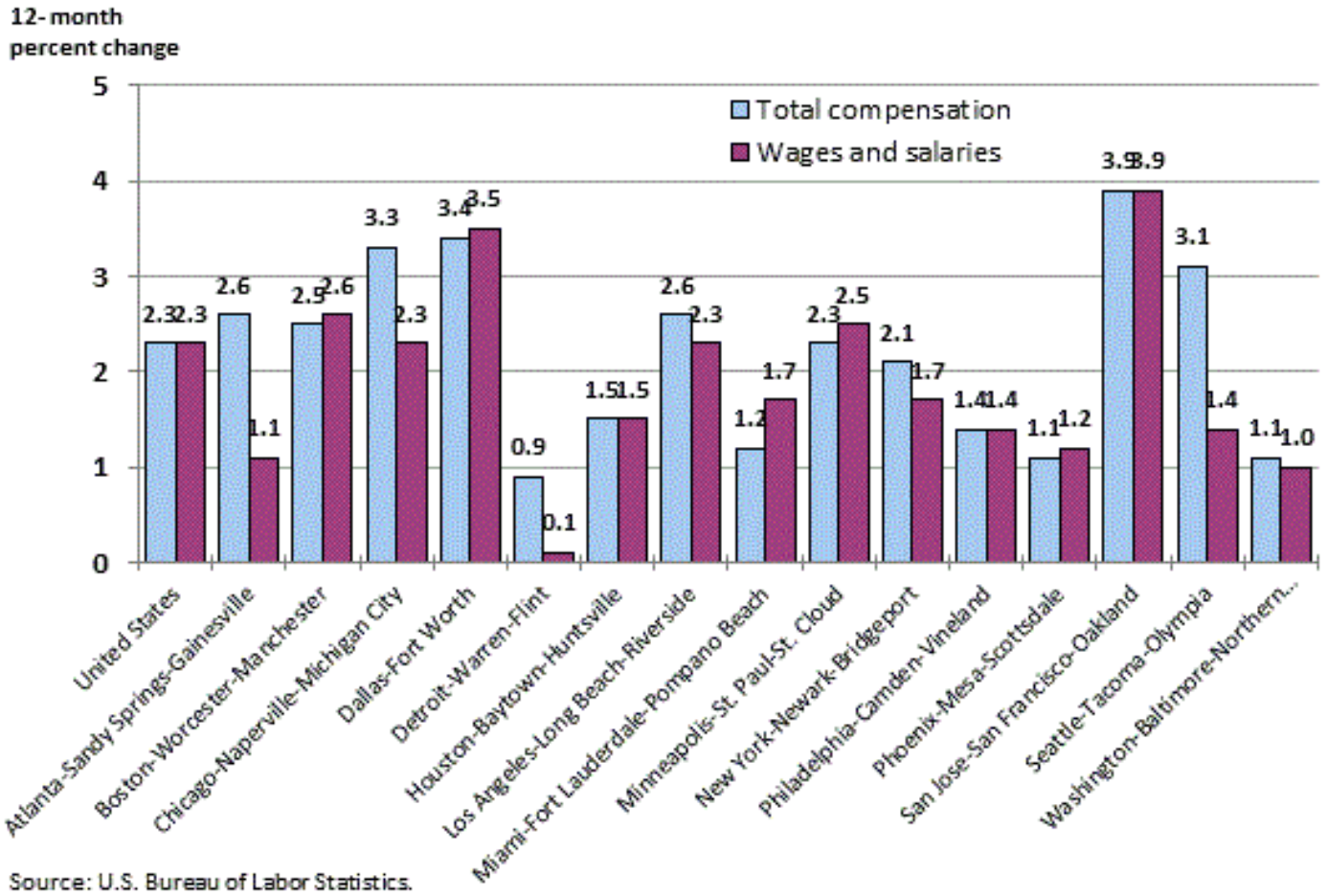
Seattle is 1 of 15 metropolitan areas in the United States, and 1 of 4 areas in the West region of the country, for which locality compensation cost data are available. Growth rates for total compensation in Seattle were above average compared to changes in the other large metropolitan areas from September 2013 to September 2014. In the same period, wages and salaries in the Seattle area were about average among the selected areas. Among

the 15 largest areas, over-the-year growth rates in the cost of total compensation ranged from 3.9 percent in San Jose to 0.9 percent in Detroit in September 2014; for wages and salaries, annual advances ranged from 3.9 percent in San Jose to 0.1 percent in Detroit. (See chart 2.)

The annual increase in total compensation costs in Seattle was 3.1 percent for the year ending September 2014. This compared to a 3.9 percent increase in San Jose, 2.6 percent increase in Los Angeles, and a 1.1 percent increase in Phoenix, the three other metropolitan areas in the West. Seattle's 1.4-percent gain in wages and salaries over this 12-month period compared to a 3.9 percent increase in San Jose, 2.3 percent increase in Los Angeles, and a 1.2 percent increase in Phoenix. (See table table 1.)

Locality compensation costs are part of the national Employment Cost Index (ECI), which measures quarterly changes in total compensation costs, which include wages, salaries and employer costs for employee benefits. In addition to the 15 locality estimates provided in this release, ECI data for the nation, 4 geographical regions, and 9 geographical divisions are available. (Geographical definitions for the metropolitan areas mentioned in this release are included in the Technical Note.)

Chart 2. Percent change in the Employment Cost Index for total compensation and for wages and salaries, private industry workers, United States and localities, not seasonally adjusted, September 2013 to September 2014



Source: U.S. Bureau of Labor Statistics.

In addition to the geographic data, a comprehensive national report is available that provides data by industry, occupational group, and union status, as well as for both private, and state and local government employees. The report on the Employment Cost Index and further technical information may be obtained from the U.S. Bureau of Labor Statistics, West Regional Office by calling (415) 625-2270. The report is also available on the Internet at https://www.bls.gov/news.release/eci.toc.htm. Current and historical information from other Bureau programs may be accessed via our regional homepage at www.bls.gov/regions/west/. The ECI for December 2014 will be released on Friday, January 30, 2015 at 8:30 a.m. (ET).Information from the Employment Cost Index program is available to sensory impaired individuals upon request. Voice phone: 202-691-5200, Federal Relay Services: 1-800-877-8339.

Technical Note

The Employment Cost Index (ECI) is a measure of the change in the cost of labor, free from the influence of employment shifts among occupations and industries. The total compensation series includes changes in wages and salaries and employer costs for employee benefits.

Wages and salaries are defined as straight-time average hourly earnings or, for workers not paid on an hourly basis, straight-time 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 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.

Selection of areas

Based on available resources and the existing ECI sample, it was determined that estimates would be published for 15 metropolitan areas. Since the ECI sample sizes by area are directly related to area employment, the areas with the largest private industry employment as of the year 2000 were selected. For each of these areas, 12-month percent changes and associated standard errors were computed for the periods since December 2006. **(Note: The Seattle-Tacoma-Olympia area was added to the list in September 2009 to make a total of 15 metropolitan areas.)**

The metropolitan area definitions of the 15 published localities are listed below.

Atlanta-Sandy Springs-Gainesville, Ga.-Ala. Combined Statistical Area (CSA) includes Barrow, Bartow, Butts, Carroll, Cherokee, Clayton, Cobb, Coweta, Dawson, DeKalb, Douglas, Fayette, Forsyth, Fulton, Gwinnett, Hall, Haralson, Heard, Henry, Jasper, Lamar, Meriwether, Newton, Paulding, Pickens, Pike, Polk, Rockdale, Spalding, Troup, Upson, and Walton Counties in Georgia; and Chambers County in Alabama.

Boston-Worcester-Manchester, Mass.-N.H. CSA includes Essex, Middlesex, Norfolk, Plymouth, Suffolk, and Worcester Counties in Massachusetts and Belknap, Hillsborough, Merrimack, Rockingham, and Strafford Counties in New Hampshire.

Chicago-Naperville-Michigan City, Ill.-Ind.-Wis. CSA includes Cook, DeKalb, DuPage, Grundy, Kane, Kankakee, Kendall, Lake, McHenry, and Will Counties in Illinois; Jasper, Lake, LaPorte, Newton, and Porter Counties in Indiana; and Kenosha County in Wisconsin.

Dallas-Fort Worth, Texas CSA includes Collin, Cooke, Dallas, Delta, Denton, Ellis, Henderson, Hood, Hunt, Johnson, Kaufman, Palo Pinto, Parker, Rockwall, Somervell, Tarrant, and Wise Counties in Texas.

Detroit-Warren-Flint, Mich. CSA includes Genesee, Lapeer, Livingston, Macomb, Monroe, Oakland, St. Clair, Washtenaw, and Wayne Counties in Michigan.

Houston-Baytown-Huntsville, Texas CSA includes Austin, Brazoria, Chambers, Fort Bend, Galveston, Harris, Liberty, Matagorda, Montgomery, San Jacinto, Walker, and Waller Counties in Texas.

Los Angeles-Long Beach-Riverside, Calif. CSA includes Los Angeles, Orange, Riverside, San Bernardino, and Ventura Counties in California.

Miami-Fort Lauderdale-Pompano Beach, Fla. Metropolitan Statistical Area (MSA) includes Broward, Miami-Dade, and Palm Beach Counties in Florida.

Minneapolis-St. Paul-St. Cloud, Minn.-Wis. CSA includes Anoka, Benton, Carver, Chisago, Dakota, Goodhue, Hennepin, Isanti, McLeod, Ramsey, Rice, Scott, Sherburne, Stearns, Washington, and Wright Counties in Minnesota; and Pierce and St. Croix Counties in Wisconsin.

New York-Newark-Bridgeport, N.Y.-N.J.-Conn.-Pa. CSA includes Bronx, Dutchess, Kings, Nassau, New York, Orange, Putnam, Queens, Richmond, Rockland, Suffolk, Ulster, and Westchester Counties in New York; Bergen, Essex, Hudson, Hunterdon, Mercer, Middlesex, Monmouth, Morris, Ocean, Passaic, Somerset, Sussex, and Union Counties in New Jersey; Fairfield, Litchfield, and New Haven Counties in Connecticut; and Pike County in Pennsylvania.

Philadelphia-Camden-Vineland, Pa.-N.J.-Del.-Md. CSA includes Bucks, Chester, Delaware, Montgomery, and Philadelphia Counties in Pennsylvania; Burlington, Camden, Cumberland, Gloucester, and Salem Counties in New Jersey; New Castle County in Delaware; and Cecil County in Maryland.

Phoenix-Mesa-Scottsdale, Ariz. MSA includes Maricopa and Pinal Counties in Arizona.

San Jose-San Francisco-Oakland, Calif. CSA includes Alameda, Contra Costa, Marin, Napa, San Benito, San Francisco, San Mateo, Santa Clara, Santa Cruz, Sonoma, and Solano Counties in California.

Seattle-Tacoma-Olympia, Wash. CSA includes Island, King, Kitsap, Mason, Pierce, Snohomish, and Thurston Counties in Washington.

Washington-Baltimore-Northern Virginia, D.C.-Md.-Va.-W.Va. CSA includes the District of Columbia; Baltimore City and Anne Arundel, Baltimore, Calvert, Carroll, Charles, Frederick, Harford, Howard, Montgomery, Prince George's, Queen Anne's, and St. Mary's Counties in Maryland; Alexandria, Fairfax, Falls Church, Fredericksburg, Manassas, Manassas Park, and Winchester Cities and Arlington, Clarke, Fairfax, Fauquier, Frederick, Loudoun, Prince William, Spotsylvania, Stafford, and Warren Counties in Virginia; and Hampshire and Jefferson Counties in West Virginia.

Definitions of the four geographic regions of the country are noted below.

Northeast: Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont.

South: Alabama, Arkansas, Delaware, the District of Columbia, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia.

Midwest: Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin.

West: Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming.

Table 1. Employment Cost Index for total compensation and for wages and salaries, private industry workers, United States, West region, and the Seattle area, not seasonally adjusted

Area	Total compensation				Wages and salaries			
	12-month percent changes for period ended:				12-month percent changes for period ended:			
	Mar.	Jun.	Sep.	Dec.	Mar.	Jun.	Sep.	Dec.
United States								
2012	2.1	1.8	1.9	1.8	1.9	1.8	1.8	1.7
2013	1.9	1.9	1.9	2.0	1.7	1.9	1.8	2.1
2014	1.7	2.0	2.3		1.7	1.9	2.3	
West Region								
2012	1.9	1.7	1.9	1.5	1.6	1.8	1.7	1.3
2013	1.6	1.9	2.1	2.4	1.5	1.7	2.0	2.4
2014	2.1	2.0	2.3		2.0	1.9	2.3	
Seattle-Tacoma-Olympia								
2012	0.8	0.5	3.2	3.1	1.7	1.7	1.9	2.0
2013	3.3	4.2	2.9	1.7	2.1	3.2	3.0	1.8
2014	1.7	1.3	3.1		1.7	0.9	1.4	

Table 2. Employment Cost Index for compensation and for wages and salaries, private industry workers, United States, geographical regions, and localities, not seasonally adjusted

Area	Total compensation			Wages and salaries		
	12-month percent changes for period ended-			12-month percent changes for period ended-		
	Sep. 2013	Jun. 2014	Sep. 2014	Sep. 2013	Jun. 2014	Sep. 2014
United States	1.9	2.0	2.3	1.8	1.9	2.3
Northeast	1.8	2.0	2.5	1.7	1.9	2.5
Boston-Worcester-Manchester	1.9	2.5	2.5	2.2	2.8	2.6
New York-Newark-Bridgeport	2.0	1.8	2.1	1.5	1.3	1.7
Philadelphia-Camden-Vineland	2.8	1.5	1.4	2.3	1.5	1.4
South	2.1	2.0	2.2	2.0	2.0	2.3
Atlanta-Sandy Springs-Gainesville	4.0	2.2	2.6	3.9	0.4	1.1
Dallas-Fort Worth	2.3	4.1	3.4	2.3	4.4	3.5
Houston-Baytown-Huntsville	1.9	1.9	1.5	2.5	2.3	1.5
Miami-Fort Lauderdale-Pompano Beach	2.4	1.0	1.2	2.6	1.7	1.7
Washington-Baltimore-Northern Virginia	1.7	1.3	1.1	1.6	1.0	1.0
Midwest	1.6	2.1	2.2	1.7	2.0	2.0
Chicago-Naperville-Michigan City	1.3	2.8	3.3	1.4	2.4	2.3
Detroit-Warren-Flint	1.7	1.5	0.9	2.3	0.4	0.1
Minneapolis-St. Paul-St. Cloud	1.5	1.8	2.3	1.1	2.0	2.5
West	2.1	2.0	2.3	2.0	1.9	2.3
Los Angeles-Long Beach-Riverside	2.2	1.5	2.6	2.2	1.2	2.3
Phoenix-Mesa-Scottsdale	1.5	1.1	1.1	2.1	1.1	1.2
San Jose-San Francisco-Oakland	3.4	4.6	3.9	3.3	4.3	3.9
Seattle-Tacoma-Olympia	2.9	1.3	3.1	3.0	0.9	1.4