

News

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EMPLOYER COSTS FOR EMPLOYEE COMPENSATION—MARCH 2004

Employer costs for employee compensation averaged \$24.95 per hour worked in March 2004, the U.S. Department of Labor's Bureau of Labor Statistics reported today. Wages and salaries, which averaged \$17.71, accounted for 71.0 percent of these costs, while benefits, which averaged \$7.23, accounted for the remaining 29.0 percent. (See table 1.) Benefits, as a percentage of total compensation, have risen in the past three years from 27.4 percent of total compensation in March 2001. Employer Costs for Employee Compensation, based on the Bureau's National Compensation Survey, measures employer costs for wages, salaries, and employee benefits for nonfarm private and State and local government workers.

Beginning with this release, Employer Costs for Employee Compensation data are based on new classifications of industry and occupation: the 2002 North American Industry Classification System (NAICS), and the 2000 Standard Occupational Classification (SOC). These systems replace the 1987 Standard Industrial Classification System (SIC) and the Occupational Classification System (OCS). Effective with this release, estimates for employer costs will no longer be available by SIC and OCS. See page 24 for more details.

Compensation costs in private industry

In March 2004, private industry employer compensation costs averaged \$23.29 per hour worked. Wages and salaries averaged \$16.64 per hour (71.5 percent), while benefits averaged \$6.65 (28.5 percent.) (See table 5.) Wages and salaries, as a percentage of total compensation in the private sector, have dropped in the past five years from 73.0 percent of total compensation in March 1999.

Employer costs for paid leave averaged \$1.50 per hour worked (6.4 percent), supplemental pay averaged 66 cents (2.8 percent), insurance benefits averaged \$1.65 (7.1 percent), retirement and savings averaged 80 cents (3.4 percent), and legally required benefits averaged \$2.01 (8.6 percent) per hour worked. Among legally required benefits, Social Security and Medicare (formerly titled Social Security) averaged \$1.39 (6.0 percent), Social Security (formerly titled OASDI) averaged \$1.12 (4.8 percent), and Medicare averaged 27 cents (1.2 percent). (See table 5.)

Employer costs per hour worked are available for five major occupational groups in SOC. Total compensation costs ranged from \$11.66 for service workers to \$40.23 for management, professional, and related workers. Total compensation costs averaged \$18.42 for sales and office workers, \$20.21 for production, transportation, and material moving workers, and \$26.55 for natural resources, construction, and maintenance workers. Employer costs for total compensation were higher for union workers, averaging \$31.94 per hour, than for nonunion workers, averaging \$22.28. (See table 5.)

Employer compensation costs also varied by industry, region, and establishment size. In goods-producing industries, employer compensation costs were higher, \$27.19 per hour, than in service-providing industries, \$22.33 per hour. (See table 6.)

Within goods-producing industries, costs were \$27.17 per hour for construction workers, compared with the cost for manufacturing workers \$26.97. The classifications of service-providing industries have changed considerably under NAICS. Service-providing industries varied greatly in costs, ranging from \$10.39 in leisure and hospitality, to \$31.03 in the financial activities industry and \$33.66 in the information industry. (See table 6.)

Among the four regions, total compensation costs ranged from \$20.80 per hour in the South to \$26.29 in the Northeast. Total compensation costs were \$23.26 in the Midwest and \$24.54 in the West. In addition to regional estimates, employer costs for the nine census divisions are now available. Within census divisions, total compensation costs ranged from \$19.98 in the Mountain division, to \$27.18 in the Middle Atlantic division. (See table 7.)

Total compensation costs were \$19.47 per hour worked in establishments with fewer than 100 workers, less than the compensation costs for establishments with 100 workers or more, \$27.81. Additional detail is now available by establishment size. Establishments with fewer than 50 workers averaged \$19.37, those with 50-99 workers averaged \$19.81, those with 100-499 employees averaged \$23.91, and those with 500 or more employees averaged \$32.54. (See table 8.)

Additional occupational and industrial series have been introduced this quarter based on the NAICS and SOC definitions. Several publications have been prepared to provide more information on the transitions of the ECEC to NAICS and SOC, including a brief overview, a question and answer document, and a more detailed overview on the differences in series due to the changes in industry and occupational classification systems. More information on the transition may be obtained by calling (202) 691-6199, sending an e-mail message to ocltinfo@bls.gov, or visiting the BLS website at <http://www.bls.gov/ncs/ect/#notices>.

Employer Costs for Employee Compensation, March 2004

Relative importance of employer costs for employee compensation, March 2004

Compensation component	Civilian workers	State and local government	Private industry
Wages and salaries	71.0%	69.2%	71.5%
Benefits	29.0	30.8	28.5
Paid leave	6.7	7.6	6.4
Supplemental pay	2.4	0.9	2.8
Insurance	7.7	10.2	7.1
Health benefits	7.2	9.8	6.6
Retirement & savings	4.0	6.1	3.4
Defined benefit	2.4	5.3	1.6
Defined contribution	1.6	0.7	1.8
Legally required	8.1	5.9	8.6
Other benefits	0.2	0.2	0.2

Employer costs per hour worked for health benefits and benefits excluding health, by various categories, March 2004

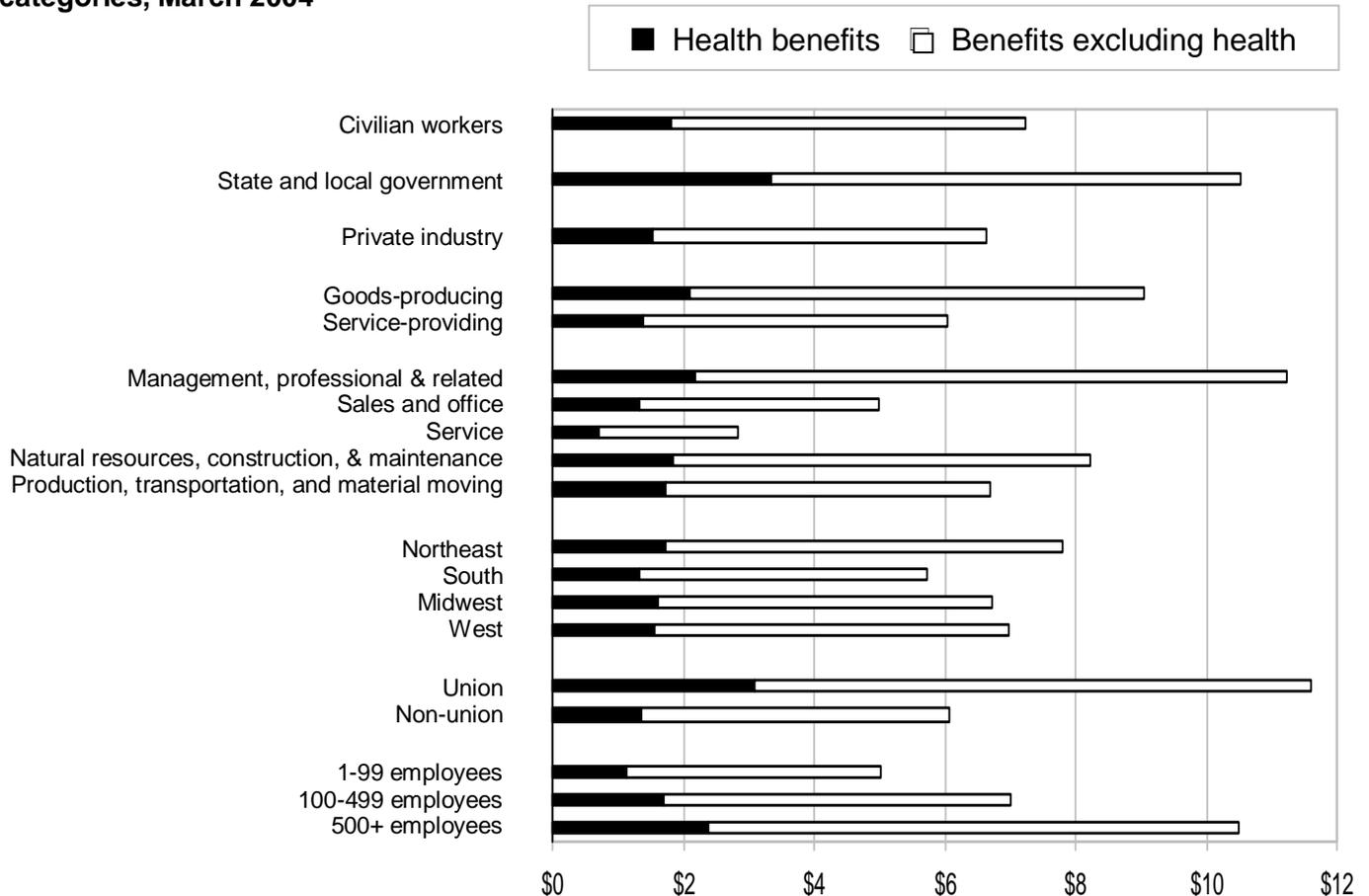


Table of Contents:

Table 1.	Civilian workers, by major occupational and industry group	5
Table 2.	Civilian workers, by occupational and industry group	7
Table 3.	State and local government workers, by major occupational and industry group	8
Table 4.	State and local government workers, by occupational and industry group	9
Table 5.	Private industry workers, by major occupational group and bargaining status	10
Table 6.	Private industry workers, by major industry group	12
Table 7.	Private industry workers, by census region and division, and area	14
Table 8.	Private industry workers, by establishment employment size	17
Table 9.	Private industry workers, goods-producing and service-providing industries, by occupational group	18
Table 10.	Private industry workers, by industry group	19
Table 11.	Private industry workers, by occupational group and full-time and part-time status	20
Table 12.	Private industry workers, by industry group and full-time and part-time status	21
Table 13.	Private industry workers, by major industry group and establishment employment size and bargaining status	22
Table 14.	Private industry health care and social assistance workers, by industry and occupational group	23
	Explanatory notes	24