

News

United States
Department
of Labor



Bureau of Labor Statistics

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FOR RELEASE: 10:00 A.M. E.S.T.
Tuesday, January 27, 1987

EMPLOYMENT COST INDEX - DECEMBER 1986

The Employment Cost Index (ECI) increased 3.6 percent for the year ended in December 1986, down from 4.3 percent for 1985, the U.S. Department of Labor's Bureau of Labor Statistics reported today. The December 1986 ECI level stood at 133.8, based on June 1981=100. The ECI measures changes in compensation costs: Wages, salaries, and employer costs for employee benefits. It is not seasonally adjusted.

Compensation costs rose 0.6 percent during September-December 1986, matching the gain in the same period a year ago. Compensation cost increases in the fourth quarters of 1986 and 1985 were similar for both private industry workers (0.6 percent in both periods) and state and local government workers (0.8 percent and 0.7 percent, respectively).

Wages and salaries alone increased at a lower rate over the year ended in December 1986 compared with a year ago (3.5 percent, down from 4.4 percent). This slowdown was concentrated in private industry where workers had a 3.1 percent pay gain compared with 4.1 percent a year ago. The increase for state and local government workers (5.4 percent) was very similar to last year's increase (5.6 percent).

In the private sector, over-the-year pay gains in service-producing industries (3.0 percent) were not much different from those in goods-

* This release provides, for the first time, additional index *
* series that exclude sales workers from goods-producing *
* industries; service-producing industries; and finance, *
* insurance, and real estate. (See tables 3 and 4.) The new *
* series permit examination of compensation and wage trends, *
* free from the influence of sales workers pay which reflects *
* volatile changes in commission earnings. *
* *
* Beginning in June 1986, ECI measures are based on fixed em- *
* ployment counts from the 1980 Census of Population rather *
* than from the 1970 Census. ECI estimates for the period *
* March 1985 to March 1986 were recalculated, using the 1980 *
* Census weights. The recalculations, which are available *
* upon request, provide a one-year overlap for ECI estimates *
* based on 1970 and 1980 weights. *

producing industries (3.2 percent). This is in contrast to 1985, when pay increases in the service-producing sector (4.7 percent) greatly exceeded those in the goods-producing sector (3.5 percent). In 1986, pay gains in service-producing industries were dampened by small increases in transportation and public utilities, including actual pay decreases in airlines.

Pay gains in two other service-producing industries--finance, insurance, and real estate and retail trade--also declined substantially from a year ago, primarily due to lower earnings of sales workers. In finance, insurance, and real estate, for example, pay increases dropped from 9.2 percent to 2.8 percent when sales workers are included, whereas pay gains rose from 4.3 percent to 4.4 percent when these workers are excluded. (Pay trends for sales workers in this industry are heavily influenced by commission earnings of stock and bond brokers.)

Nonunion workers in private industry had wage and salary increases of 3.5 percent compared with 2.0 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 Northeast region (3.9 percent)
- * white-collar occupations (3.4 percent)
- * service-producing industries (3.0 percent)
- * retail trade (2.1 percent)
- * transportation and public utilities (1.8 percent)
- * laborer occupations (1.3 percent)

Although the Northeast region registered record low pay gains for the year ended in December 1986, the 3.9 percent pay increase for that region exceeded those of the other three regions. (See table 6.)

ECI data for March 1987 will be released on Tuesday, April 28, 1987, at 10:00 a.m. E.D.T.

COMPENSATION

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

Series	Indexes (June 1981=100)		Percent Changes for					
			3 Months Ended		12 Months Ended			
	Dec. 1985	Sept. 1986	Dec. 1985	Sept. 1986	Dec. 1985	Sept. 1986	Dec. 1985	Sept. 1986
Civilian workers	129.2	133.0	133.8	1.1	0.6	4.3	3.6	3.6
Workers, by occupational group								
White-collar occupations.....	131.6	136.0	136.9	1.3	.7	4.9	4.1	4.0
Blue-collar occupations.....	124.9	127.8	128.4	.8	.5	3.3	2.7	2.8
Service occupations.....	131.8	135.4	136.6	1.3	.9	3.9	3.4	3.6
Workers, by industry division								
Goods-producing 1/.....	125.5	128.8	129.5	.5	.5	3.4	3.1	3.2
Manufacturing.....	126.0	129.3	130.1	.4	.6	3.3	3.0	3.3
Service-producing 2/.....	131.5	135.6	136.5	.6	.7	4.8	3.7	3.8
Services.....	137.1	142.4	143.6	.5	.8	4.7	4.4	4.7
Health services.....	-	-	-	.3	1.1	-	3.8	4.7
Hospitals.....	-	-	-	-	1.1	-	-	4.7
Public administration	134.8	140.6	141.6	1.6	1.1	4.8	4.8	5.0
Nonmanufacturing.....	130.6	134.6	135.4	.4	.6	4.6	3.8	3.7
Private industry workers	127.5	130.8	131.6	.7	.6	3.9	3.2	3.2
Workers, by occupational group								
White-collar occupations.....	129.8	133.5	134.3	.8	.6	4.8	3.6	3.5
Blue-collar occupations.....	124.4	127.2	127.8	.3	.5	3.2	2.6	2.7
Service occupations.....	129.5	132.3	133.5	.5	.9	3.0	2.7	3.1
Workers, by industry division								
Goods-producing 1/.....	125.3	128.6	129.2	.6	.5	3.4	3.2	3.1
Service-producing 2/.....	129.4	132.7	133.5	.5	.8	4.4	3.1	3.2
State and local government workers.....	137.5	143.6	144.7	.7	.8	5.7	5.2	5.2
Workers, by occupational group								
White-collar occupations.....	138.6	145.0	146.0	.7	.7	5.7	5.4	5.3
Blue-collar occupations.....	132.7	138.5	139.5	.6	.7	5.4	5.0	5.1
Workers, by industry division								
Services.....	139.1	145.5	146.6	.9	.8	5.9	5.5	5.4
Hospitals and other services 3/.....	135.2	139.4	141.1	.8	1.2	4.6	4.0	4.4
Health services.....	-	-	-	.6	.7	-	3.9	4.1
Schools.....	140.3	147.6	148.4	.9	.5	6.3	6.1	5.8
Elementary and secondary.....	142.0	149.4	150.3	.8	.6	6.4	6.0	5.8
Public administration	134.8	140.6	141.6	.4	.7	4.8	4.8	5.0

- Data not available.

NOTE: See footnotes at end of tables.

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					
				3 Months Ended		12 Months Ended			
	Dec. 1985	Sept. 1986	Dec. 1986	Dec. 1985	Sept. 1986	Dec. 1985	Sept. 1986	Dec. 1985	Sept. 1986
Civilian workers	127.0	130.7	131.5	0.6	1.1	0.6	4.4	3.5	3.5
Workers, by occupational group									
White-collar occupations.....	129.8	134.1	135.0	.8	1.3	.7	5.1	4.1	4.0
Blue-collar occupations.....	122.3	125.0	125.6	.2	.7	.5	3.5	2.5	2.7
Service occupations.....	128.6	131.7	132.8	.5	1.3	.8	3.5	2.9	3.3
Workers, by industry division									
Goods-producing 1/.....	123.1	126.3	127.0	.5	.6	.6	3.6	3.1	3.2
Manufacturing.....	123.8	127.2	127.9	.5	.6	.6	3.6	3.2	3.3
Service-producing 2/.....	129.4	133.4	134.2	.6	1.4	.6	4.9	3.7	3.7
Services.....	134.8	139.9	141.1	.4	2.1	.9	4.6	4.2	4.7
Health services.....	-	-	-	.2	1.7	1.2	-	3.7	4.8
Hospitals.....	-	-	-	-	1.6	1.2	-	-	-
Public administration.....	132.0	137.5	138.1	.5	2.2	1.4	5.0	4.6	4.6
Nonmanufacturing.....	128.4	132.2	133.0	.6	1.4	.6	4.7	3.6	3.6
Private industry workers	125.6	128.8	129.5	.6	.7	.5	4.1	3.1	3.1
Workers, by occupational group									
White-collar occupations.....	128.3	132.0	132.7	.8	.7	.5	4.9	3.7	3.4
Blue-collar occupations.....	122.0	124.5	125.1	.2	.6	.5	3.4	2.3	2.5
Service occupations.....	126.6	128.9	130.1	.2	.7	.9	2.3	2.1	2.8
Workers, by industry division									
Goods-producing 1/.....	122.9	126.1	126.8	.5	.6	.6	3.5	3.1	3.2
Service-producing 2/.....	127.8	130.9	131.6	.6	.8	.5	4.7	3.1	3.0
State and local government workers.....	134.2	140.4	141.4	.8	3.2	.7	5.6	5.4	5.4
Workers, by occupational group									
White-collar occupations.....	135.3	141.8	142.8	.7	3.5	.7	5.7	5.6	5.5
Blue-collar occupations.....	128.4	134.5	135.1	.4	2.0	.4	4.8	5.2	5.2
Workers, by industry division									
Services.....	135.6	142.1	143.3	.8	3.6	.8	5.9	5.7	5.7
Hospitals and other services 3/.....	130.9	135.8	137.3	.5	1.9	1.1	4.0	4.3	4.9
Health services.....	-	-	-	.3	2.2	.5	-	3.9	4.1
Schools.....	137.0	144.1	145.1	.9	4.3	.7	6.4	6.1	5.9
Elementary and secondary.....	138.5	145.7	146.4	.7	4.5	.5	6.4	6.0	5.7
Public administration	132.0	137.5	138.1	.5	2.2	.4	5.0	4.6	4.6

- Data not available.
NOTE: See footnotes at end of tables.

COMPENSATION

Table 3. Employment Cost Index, private industry workers, by occupation and industry group
(Not seasonally adjusted)

Series	Indexes (June 1981=100)		Percent Changes for			
			3 Months Ended		12 Months Ended	
	Dec. 1985	Sept. 1986	Dec. 1985	Sept. 1986	Dec. 1985	Sept. 1986
Private industry workers	127.5	130.8	0.6	0.7	3.9	3.2
Excluding sales	127.6	131.0	.4	.8	3.5	3.1
Workers, by occupational group						
White-collar occupations	129.8	133.5	.8	.8	4.8	3.6
Excluding sales	130.4	134.3	.5	.7	3.9	3.5
Professional specialty and technical	-	-	-	1.0	-	-
Executive, administrative, and managerial	-	-	-	.5	-	-
Sales	-	-	-	.6	-	-
Administrative support, including clerical	-	-	-	.7	-	-
Blue-collar occupations	124.4	127.2	.3	.7	3.2	2.6
Precision production, craft, and repair	-	-	-	.7	-	-
Machine operators, assemblers, and inspectors	-	-	-	.6	-	-
Transportation and material moving	-	-	-	1.1	-	-
Handlers, equipment cleaners, helpers, and laborers	-	-	-	.6	-	-
Service occupations	129.5	132.3	.5	.9	3.0	2.7
Workers, by industry division						
Goods-producing 1/	125.3	128.6	.6	.6	3.4	3.2
Excluding sales occupations	125.1	128.9	.5	.7	3.1	3.1
Construction	-	-	-	.2	-	3.0
Manufacturing	126.0	129.3	.4	.5	3.3	3.3
Durables	-	-	-	.5	-	-
Nondurables	-	-	-	.6	-	-
Service-producing 2/	129.4	132.7	.5	.8	4.4	3.1
Excluding sales occupations	130.1	133.5	.4	.6	3.9	3.0
Transportation and public utilities	-	-	-	.4	-	2.5
Public utilities	-	-	-	.8	-	2.6
Wholesale and retail trade	-	-	-	.9	-	2.2
Wholesale trade	-	-	-	.7	-	2.8
Retail trade	-	-	-	.5	-	-
Finance, insurance, and real estate	-	-	-	.8	-	2.7
Excluding sales occupations	-	-	-	.6	-	3.9
Services	-	-	-	.5	-	4.0
Health services	-	-	-	1.2	-	3.6
Hospitals	-	-	-	1.7	-	3.9
Nonmanufacturing	128.4	131.7	.6	1.6	4.3	3.2

- Data not available.
NOTE: See footnotes at end of tables.

WAGES AND SALARIES

Table 4. Employment Cost Index for wages and salaries only, private industry workers, by occupation and industry group
(Not seasonally adjusted)

Series	Indexes (June 1981=100)			Percent Changes for					
	(June 1981=100)			3 Months Ended		12 Months Ended		12 Months Ended	
	Dec. 1985	Sept. 1986	Dec. 1986	Dec. 1985	Sept. 1986	Dec. 1985	Dec. 1986	Sept. 1986	Dec. 1986
Private industry workers	125.6	128.8	129.5	0.6	0.7	0.5	0.5	3.1	3.1
Excluding sales	125.9	129.1	129.9	.3	.7	.6	.6	2.9	3.2
Workers, by occupational group									
White-collar occupations	128.3	132.0	132.7	.8	.7	.5	.5	3.7	3.4
Excluding sales	129.4	133.3	134.3	.5	.7	.8	.8	3.5	3.8
Professional specialty and technical	131.5	136.4	136.4	.2	1.0	.7	.7	3.2	3.7
Executive, administrative, and managerial	128.4	132.4	133.5	.5	.2	.8	.8	3.7	4.0
Sales	122.5	125.2	124.9	2.7	.7	-.2	-.2	4.9	2.0
Administrative support, including clerical	127.9	131.7	132.7	.6	.7	.8	.8	3.6	3.8
Blue-collar occupations	122.0	124.5	125.1	.2	.6	.5	.5	2.3	2.5
Precision production, craft, and repair	123.8	126.7	127.4	.1	.8	.6	.6	2.4	2.9
Machine operators, assemblers, and inspectors	121.6	124.1	124.9	.4	.4	.6	.6	2.5	2.7
Transportation and material moving	117.8	119.8	120.1	.1	.8	.3	.3	1.8	2.0
Handlers, equipment cleaners, helpers, and laborers	119.8	120.9	121.4	1.0	.5	.4	.4	1.9	1.3
Service occupations	126.6	128.9	130.1	.2	.7	.9	.9	2.1	2.8
Workers, by industry division									
Goods-producing 1/	122.9	126.1	126.8	.5	.6	.6	.6	3.1	3.2
Excluding sales occupations	123.0	126.1	126.7	.5	.6	.5	.5	3.0	3.0
Construction	117.9	120.5	120.8	.5	.6	.2	.2	2.7	2.5
Manufacturing	123.8	127.2	127.9	.5	.6	.6	.6	3.2	3.3
Durables	123.4	126.4	127.2	.6	.5	.6	.6	3.0	3.1
Nondurables	124.6	128.5	129.3	.5	.5	.6	.6	3.6	3.8
Service-producing 2/	127.8	130.9	131.6	.6	.8	.5	.5	4.7	3.0
Excluding sales occupations	128.6	131.8	132.8	.3	.8	.8	.8	3.9	3.3
Transportation and public utilities	125.2	127.3	127.5	.3	.6	.2	.2	3.7	1.8
Transportation	-	-	-	-	.6	-.3	-.3	2.0	1.3
Public utilities	-	-	-	1.0	.4	.7	.7	1.5	1.3
Wholesale and retail trade	123.7	126.5	126.9	.8	.6	.3	.3	4.7	2.5
Wholesale trade	128.3	131.8	133.1	.5	.5	1.0	1.0	3.1	2.6
Retail trade	121.9	124.4	124.5	.9	.6	.6	.6	3.2	3.7
Finance, insurance, and real estate	126.5	129.0	130.0	1.9	.8	.8	.8	3.9	2.1
Excluding sales occupations	126.5	130.9	132.1	.6	.7	.9	.9	4.1	2.8
Services	134.1	138.2	139.5	.1	.9	.9	.9	4.3	4.4
Health services	-	-	-	.2	1.6	1.5	1.5	3.2	4.0
Hospitals	-	-	-	-	1.3	1.5	1.5	3.7	5.1
Nonmanufacturing	126.6	129.7	130.4	.6	.8	.5	.5	4.5	3.0

- Data not available.
NOTE: See footnotes at end of tables.

COMPENSATION

Table 5. Employment Cost Index, private industry workers, by bargaining status, region, and area size
(Not seasonally adjusted)

Series	Indexes (June 1981=100)		Percent Changes for			
	(June 1981=100)		3 Months Ended		12 Months Ended	
	Dec. 1985	Sept. 1986	Dec. 1985	Sept. 1986	Dec. 1985	Sept. 1986
Workers, by bargaining status						
Union.....						
Goods-producing 1/.....	127.1	129.4	0.5	0.5	0.3	2.3
Service-producing 2/.....	125.2	127.3	.5	.5	.2	2.2
	130.2	132.8	.5	.7	.5	2.5
Manufacturing.....	125.5	127.5	.4	.5	.3	1.9
Nonmanufacturing.....	128.6	131.2	.6	.6	.2	2.3
Nonunion.....						
Goods-producing 1/.....	127.5	131.2	.6	.8	.7	3.6
Service-producing 2/.....	125.1	129.1	.6	.7	.7	3.9
	129.0	132.5	.5	.8	.7	3.4
Manufacturing.....	126.3	130.4	.5	.5	.8	4.0
Nonmanufacturing.....	128.1	131.6	.6	.9	.7	3.4
Workers, by region						
Northeast.....	129.9	134.2	.9	.7	.7	4.1
South.....	127.2	130.7	.6	.8	.5	3.3
Midwest (formerly North Central).....	124.6	127.3	.3	.9	.6	2.8
West.....	129.8	132.1	.5	.4	.5	2.3
Workers, by area size						
Metropolitan areas.....	128.1	131.4	.6	.7	.6	3.2
Other areas.....	123.9	127.2	.0	.6	.6	3.2

NOTE: The indexes for these series are not strictly comparable to those for the aggregate, occupation, and industry series. See explanatory note.

See footnotes at end of tables.

WAGES AND SALARIES

Table 6. Employment Cost Index for wages and salaries only, private industry workers, by bargaining status, region, and area size

(Not seasonally adjusted)

Series	Indexes (June 1981=100)		Percent Changes for		12 Months Ended	
	Dec. 1985	Sept. 1986	Dec. 1986	Dec. 1985	Sept. 1986	Dec. 1986
	Dec. 1985	Sept. 1986	Dec. 1986	Dec. 1985	Sept. 1986	Dec. 1986
Workers, by bargaining status						
Union.....	124.7	126.9	127.2	0.5	0.6	0.2
Goods-producing ^{1/}	122.7	124.5	124.8	.4	.3	.2
Service-producing ^{2/}	127.8	130.5	130.9	.6	.9	.3
Manufacturing.....	123.3	125.0	125.5	.4	.3	.4
Nonmanufacturing.....	125.9	128.5	128.7	.5	.9	.2
Nonunion.....						
Goods-producing ^{1/}	125.9	129.4	130.3	.6	.7	.7
Service-producing ^{2/}	123.0	127.0	127.8	.6	.7	.6
.....	127.7	130.8	131.7	.6	.7	.7
Manufacturing.....	124.4	128.5	129.5	.6	.6	.8
Nonmanufacturing.....	126.6	129.8	130.6	.6	.7	.6
Workers, by region						
Northeast.....	128.1	132.3	133.1	1.0	.8	.6
South.....	125.4	128.8	129.4	.5	.8	.5
Midwest (formerly North Central).....	122.9	125.3	126.2	.3	.7	.7
West.....	127.1	129.3	130.1	.4	.3	.6
Workers, by area size						
Metropolitan areas.....	126.3	129.4	130.2	.6	.7	.6
Other areas.....	122.0	125.0	125.6	.1	.4	.5

NOTE: The indexes for these series are not strictly comparable to those for the aggregate, occupation, and industry series. See explanatory note.

- ^{1/} Includes mining, construction, and manufacturing.
- ^{2/} Includes transportation, public utilities, trade, finance, insurance, real estate, services, and, where applicable, public administration in State and local governments.
- ^{3/} Includes, for example, library, social, and health services.

EXPLANATORY NOTE

The Employment Cost Index (ECI) is a 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 and for 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 are: Paid leave (vacations, holidays, sick leave, and other leave); supplemental pay (premium pay for overtime, shift differentials, and nonproduction bonuses); insurance benefits (life, health, and sickness and accident); 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); and other benefits (severance pay, supplemental unemployment plans, and merchandise discounts in department stores).

The ECI provides 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 15,000 occupations within 2,600 sample establishments in private industry and about 3,500 occupations within 700 sample establishments in state and local governments. 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.

The sample establishments are classified in industry categories based on the 1972 Standard Industrial Classification (SIC), as defined by the U.S. Office of Management and Budget.

Within an establishment, specific job categories are selected to represent broader occupational definitions. Beginning in June 1986, the jobs are classified according to definitions used in the 1980 Census. Prior to June 1986, they were classified according to the 1970 Census. The titles of the published 1970 and 1980 occupation groups are listed below for comparison. Differences between the two classification systems are slight, as indicated in the article "Introducing new weights for the Employment Cost Index," in the June 1985 issue of the Monthly Labor Review.

<u>1970 Census Category</u>	<u>1980 Census Category</u>
Managers and administrators	Executive, administrative, and managerial occupations
Professional and technical workers	Professional specialty and technical occupations
Sales workers	Sales occupations
Clerical workers	Administrative support occupations, including clerical
Craft and kindred workers	Precision production, craft, and repair occupations
Operatives, except transport	Machine operators, assemblers, and inspectors
Transport equipment operatives	Transportation and material moving occupations
Nonfarm laborers	Handlers, equipment cleaners, helpers, and laborers
Service workers	Service occupations

Fixed employment weights 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, employment data are not available from the Census. The 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.

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 complete historical listing of ECI data are available upon request.