

# News

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USDL: 80-529

Beth Levin (202) 523-1165  
(202) 523-1220  
Kathryn Hoyle (202) 523-1913

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## EMPLOYMENT COST INDEX - 2nd QUARTER 1980

Employee compensation rates measured by the Employment Cost Index (ECI) increased 2.3 percent for the 3 months ended in June 1980, the U.S. Department of Labor's Bureau of Labor Statistics reported today. Compensation includes wages, salaries, and employer costs for employee benefits. Wage and salary rates alone were up 2.1 percent in the second quarter of 1980, compared with 1.9 percent in the same period a year ago. In the 12 months ended in June 1980, wages and salaries advanced 9.3 percent.

The ECI, a relatively new statistical series, is not seasonally adjusted. Compensation data were introduced in the first quarter of 1980.

### Compensation changes, March 1980 - June 1980

While the change in compensation for all private nonfarm workers was 2.3 percent, it varied by industry group. Nonmanufacturing industries showed a larger increase (2.5 percent) than manufacturing (2.0 percent).

Within occupations, blue-collar workers advanced faster than white-collar workers, 2.5 percent and 2.3 percent, respectively, while service workers showed a 1.1 percent rise in compensation.

For all private nonfarm workers, compensation increased somewhat more than wages alone, 2.3 compared with 2.1 percent. Wages in manufacturing advanced at the same rate as compensation (2.0 percent), but in nonmanufacturing they lagged behind compensation--2.1 percent compared with 2.5 percent.

For blue-collar workers, wage and compensation increases were the same at 2.5 percent. Service workers' wage and compensation increases were also the same at 1.1 percent. For white-collar workers, the wage advance alone was 1.9 percent compared with the 2.3 percent compensation advance. Wage gains--along with their impact on wage-related benefits such as paid holidays, paid vacations, and employer contributions to Social Security--accounted for about three-fourths of the compensation increase.

Wage and salary changes, March 1980-June 1980

The wage and salary gains for workers in manufacturing (2.0 percent) and nonmanufacturing (2.1 percent) were virtually the same as the increase for all private nonfarm workers (2.1 percent). Within manufacturing, there was little difference in wage advances for the durables (2.1 percent) and nondurables (1.9 percent) sectors. Pay gains in nonmanufacturing, on the other hand, ranged from 1.5 percent in retail trade to 2.9 percent in construction, where collective bargaining patterns concentrate settlements in the spring and summer. The 2.7 percent advance in finance, insurance, and real estate was boosted by increases in commission earnings for stock and bond brokers.

Wage changes showed a wide variation between occupational groups: Blue-collar workers, 2.5 percent; white-collar workers, 1.9 percent; and service workers, 1.1 percent. Transport equipment operatives led all other occupational groups with a 3.5 percent rise which included deferred and cost-of-living increases for workers in the trucking industry. Other blue-collar occupations--craft and kindred workers, operatives except transport, and laborers--each posted a 2.4 percent average increase.

The white-collar advance reflected a 1.6 percent rise for managers and administrators, along with 1.8 percent increases for both professional and technical workers and clerical workers. The 2.5 percent gain for sales workers was the highest among white-collar occupations, due to increases in commission earnings particularly for stock and bond brokers.

Workers covered by collective bargaining agreements--largely those in blue-collar occupations--showed a 2.8 percent gain in wages during the quarter. This rate contrasts with the 1.7 percent rise for nonunion workers, which was heavily influenced by the lower pay changes for the white-collar and service occupations. Within industries, wage increases varied widely based on bargaining status. Unionized manufacturing workers posted a 2.8 percent gain compared with 1.4 percent for nonunion workers. Corresponding increases in nonmanufacturing were 2.8 percent and 1.9 percent.

Workers in the West had the largest increase (2.4 percent), with those in the South showing the lowest gain (1.9 percent). Earnings were up 2.2 percent in metropolitan areas, compared with 1.6 percent in other areas.

Wage and salary changes, June 1979-June 1980

Pay gains for all private nonfarm workers were higher (9.3 percent) over the 12 months ended in June 1980 than for the same period ended in June 1979 (7.6 percent). This pattern of higher increases for the year ended in June 1980 also held true for most of the individual series.

Manufacturing showed a 10.0 percent gain, compared with 8.2 percent a year earlier. The nonmanufacturing figures were 8.9 percent and 7.2 percent, respectively. Construction was the only industry not posting a marked gain over the 1979 movement. Data were not available for 1979 for finance, insurance, and real estate.

Most occupational groups experienced more rapid rates of increase over the year. Professional and technical workers showed the highest increase (11.1 percent) and had the largest change relative to their 1979 rate (6.8 percent). Sales workers posted the smallest advance this year (6.8 percent) and the smallest change compared with the 1979 change (6.7 percent).

Unionized workers averaged larger gains (10.2 percent) than nonunion workers (8.7 percent). Their relative rates of increase in 1979 were 8.3 percent and 7.2 percent, respectively.

Regionally, the rate of change was highest in the West (9.6 percent). All regions had larger gains in 1980 than in the comparable period in 1979.

Explanatory Note

The Employment Cost Index (ECI) is a quarterly measure of the change in the rate of employee compensation, free from the influence of employment shifts among occupations and industries with different wage and compensation levels. Compensation is made up of two major components: Wage and salary rates and employer costs for employee benefits.

Since 1975, the ECI has provided quarterly measures on 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.

With the addition of employee benefit costs, the ECI measures quarterly changes in compensation along with changes in wage and salary rates. Benefits covered by the ECI include:

Hours related benefits - Premium pay for overtime and work on weekends and holidays, paid holidays, paid vacations, 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.

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. Occupations were defined to correspond to 417 occupational categories used in the 1970 Census. The sample establishments were classified in 62 industry groups based on a

Table 2. Rate of wage and salary changes in Employment Cost Index

Series	Percent changes for									
	3 months ended					12 months ended				
	June 1979	September 1979	December 1979	March 1980	June 1980	June 1979	September 1979	December 1979	March 1980	June 1980
All private nonfarm workers <sup>1/</sup> -----	1.9	2.1	2.4	2.4	2.1	7.6	7.7	8.7	9.1	9.3
<b>Workers, by occupational group</b>										
White-collar workers -----	1.7	2.3	2.4	2.4	1.9	7.0	7.4	8.6	9.2	9.3
Professional and technical workers -----	1.1	2.7	2.8	3.3	1.8	6.8	7.5	8.8	10.3	11.1
Managers and administrators -----	1.5	2.0	1.4	2.6	1.6	6.9	7.6	7.4	7.7	7.8
Sales workers -----	4.2	0.7	3.9	-0.5	2.5	6.7	4.8	8.8	8.6	6.8
Clerical workers -----	1.4	2.9	2.1	3.0	1.8	7.4	8.5	9.4	9.6	10.1
Blue-collar workers -----	2.3	2.0	2.5	2.3	2.5	8.4	8.4	9.0	9.4	9.6
Craft and kindred workers -----	2.1	2.2	1.9	1.7	2.4	8.2	8.3	8.6	8.2	8.5
Operatives, except transport -----	2.2	1.7	3.1	3.2	2.4	8.6	8.3	9.2	10.5	10.7
Transport equipment operatives -----	3.5	2.4	2.4	1.2	3.5	8.3	9.5	10.2	9.8	9.9
Nonfarm laborers -----	2.7	1.7	2.9	2.5	2.4	8.6	8.5	9.1	10.1	9.9
Service workers -----	0.9	1.1	1.8	3.5	1.1	7.2	5.9	7.2	7.6	7.8
<b>Workers, by industry division</b>										
Manufacturing -----	1.8	1.8	3.1	2.8	2.0	8.2	8.1	8.6	9.7	10.0
Durables -----	1.5	2.1	3.3	2.5	2.1	8.2	8.4	9.0	9.7	10.4
Nondurables -----	2.3	1.2	2.7	3.2	1.9	8.2	7.6	7.8	9.7	9.2
Nonmanufacturing -----	2.0	2.3	2.0	2.2	2.1	7.2	7.5	8.8	8.8	8.9
Construction -----	2.6	2.0	1.1	1.2	2.9	7.6	7.2	7.2	7.1	7.5
Transportation and public utilities -----	1.6	2.9	2.0	2.5	2.3	8.4	9.2	9.4	9.3	10.1
Wholesale and retail trade -----	2.4	1.9	1.3	2.6	1.9	7.0	7.7	7.9	8.4	7.8
Wholesale trade -----	2.9	1.2	2.1	2.9	2.7	7.7	7.8	7.9	9.4	9.2
Retail trade -----	2.3	2.1	1.0	2.4	1.5	6.7	7.7	7.9	8.0	7.3
Finance, insurance, and real estate -----	3.2	1.9	4.3	0.4	2.7	*	*	13.2	10.2	9.6
Services -----	1.1	2.6	2.5	2.7	1.6	6.4	6.6	8.5	9.2	9.8
<b>Workers, by region</b>										
Northeast -----	1.7	1.7	2.1	2.5	2.1	6.9	6.9	7.3	8.3	8.7
South -----	1.7	1.7	2.4	2.8	1.9	8.3	7.7	8.5	8.8	9.0
North Central -----	2.5	2.0	2.6	2.4	2.0	7.8	8.2	9.4	9.9	9.3
West -----	2.0	2.5	1.8	2.6	2.4	7.7	8.2	8.5	9.2	9.6
<b>Workers, by bargaining status</b>										
Union -----	2.1	2.2	2.6	2.3	2.8	8.3	8.4	9.0	9.5	10.2
Manufacturing -----	2.0	1.9	3.4	2.6	2.8	9.1	8.6	9.4	10.3	11.1
Nonmanufacturing -----	2.2	2.5	1.7	2.0	2.8	7.6	8.2	8.5	8.8	9.5
Nonunion -----	1.9	1.9	2.3	2.5	1.7	7.2	7.3	8.5	8.9	8.7
Manufacturing -----	1.7	1.6	2.7	3.0	1.4	7.4	7.7	7.9	9.3	9.0
Nonmanufacturing -----	2.0	2.1	2.1	2.3	1.9	7.1	7.1	8.8	8.8	8.6
<b>Workers, by area</b>										
Metropolitan areas -----	2.0	2.2	2.5	2.1	2.2	7.7	7.9	8.9	9.1	9.3
Other areas -----	2.1	1.6	1.9	3.6	1.6	7.4	7.3	7.9	9.5	8.9

\* Not available

<sup>1/</sup> Excludes private household workers.

# ECI cumulative quarterly percent changes, Wages and Salaries, September 1975–June 1980

