Total Compensation Costs Increase Nearly 1 Percent

BY WAYNE SHELLY

The Employment Cost Index (ECI), a measure of changes in compensation costs, increased 0.9 percent before seasonal adjustment in the 3 months ended in March 1996. The March 1996 ECI level of 128.5 (June 1989=100) was 3.0 percent higher than in March 1995. Included in the ECI are changes in wages, salaries, and employer costs for employee benefits.

Quarterly changes, seasonally adjusted

On a seasonally adjusted basis, compensation costs, as measured by the ECI, rose 0.7 percent in the first quarter of 1996, compared with 0.8 percent in the last 3 months of 1995. Wages and salaries rose 1.0 percent during the first quarter of 1996, up from 0.7 percent in the September-December 1995 period. Benefit costs decreased 0.1 percent for the quarter, compared with an increase of 1.0 percent for the previous quarter. (See chart 1.)

Over-the-year changes, unadjusted

Compensation costs for civilian workers (not seasonally adjusted) increased 3.0 percent for the year ended in March 1996, about the same as the 2.9-percent increase for the year ended in March 1995. (See chart 2.) Compensation costs for private industry workers rose 3.0 percent, while those of State and local government rose 2.8 percent.

For private industry workers, wages and salaries increased 3.3 percent, the largest increase in 4 years. Benefit costs increased 2.0 percent, the lowest 12-month increase since the series began in 1980. This moderation in benefit cost increases reflects a slowdown in nonproduction bonuses, health benefits, unemployment insurance, and workers' compensation.

For the year ended in March 1996, compensation costs in service-producing industries increased 3.4 percent compared with 2.2 percent for goods-producing industries. This


<table>
<thead>
<tr>
<th>Compensation component</th>
<th>Seasonally adjusted 3-months ended</th>
<th>Unadjusted 12-months ended</th>
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</thead>
<tbody>
<tr>
<td>Compensation costs</td>
<td>0.8</td>
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</tr>
<tr>
<td>Wages and salaries</td>
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<td>0.8</td>
</tr>
<tr>
<td>Benefit costs</td>
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<td>1.0</td>
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pattern held for both wages and salaries and benefits. Wages and salaries increased 3.5 percent in service-producing industries, compared with 2.8 percent in good-producing industries. Benefit costs increased 2.6 and 1.0 percent, respectively.

Compensation costs for white-collar workers increased 3.4 percent, compared with 2.2 percent for blue-collar workers and service occupations. This continuing trend of larger increases for white-collar workers has occurred over most of the last 15 years.

Compensation cost gains over the year ended in March 1996 were higher for nonunion workers (3.1 percent) than for union workers (2.7 percent). (See chart 3.) This also was true for goods-producing industries (2.3 percent for nonunion and 2.0 percent for union), but not for service-producing industries (3.3 percent for nonunion and 3.4 percent for union). (See chart 4.)

<table>
<thead>
<tr>
<th>Industry sector</th>
<th>Compensation</th>
<th>Wages and salaries</th>
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<tbody>
<tr>
<td></td>
<td>White collar</td>
<td>Blue collar</td>
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<tr>
<td>All industries</td>
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<td>2.2</td>
</tr>
<tr>
<td>Goods-producing industries</td>
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<td>2.3</td>
</tr>
<tr>
<td>Service-producing industries</td>
<td>3.8</td>
<td>2.0</td>
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