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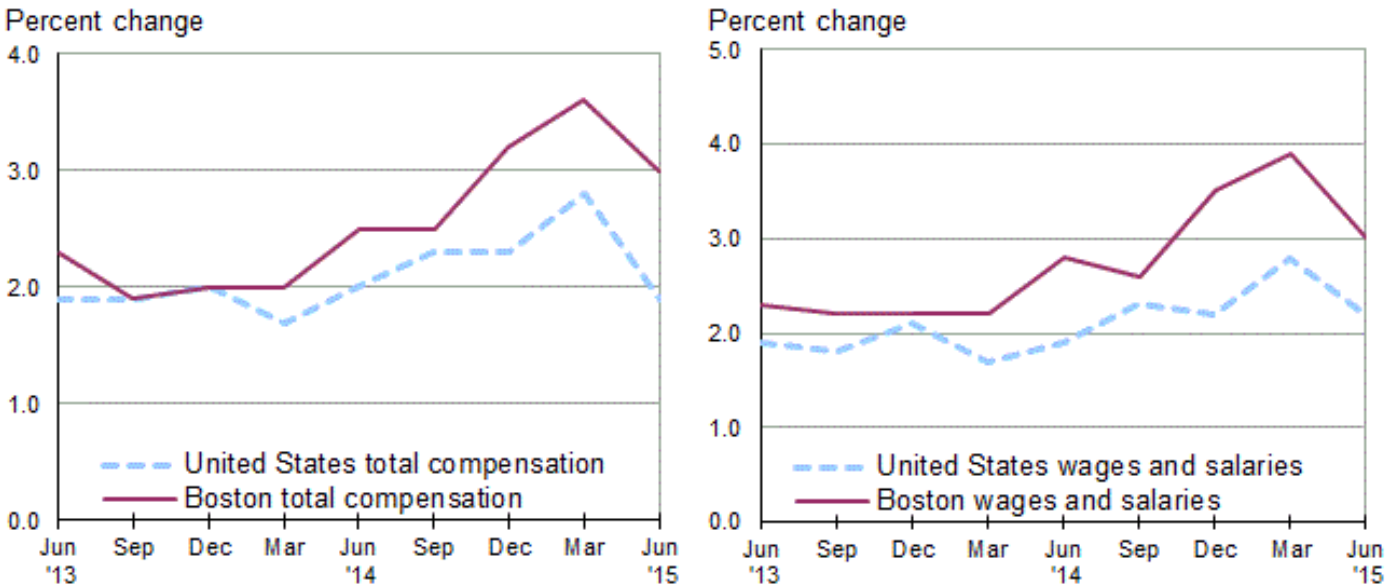
Changing Compensation Costs in the Boston Metropolitan Area — June 2015

Total compensation costs for private industry workers increased 3.0 percent in the Boston-Worcester-Manchester, Mass.-N.H. metropolitan area for the 12-month period ending June 2015, the U.S. Bureau of Labor Statistics reported today. Regional Commissioner Deborah A. Brown noted that one year ago Boston experienced an annual gain of 2.5 percent in total compensation costs. Locally, wages and salaries, the largest component of total compensation costs, advanced at a 3.0-percent pace for the 12-month period ended June 2015. Nationwide total compensation costs rose 1.9 percent, while wages and salaries increased 2.2 percent over the same period.(See chart 1 and table 1.)

Chart 1. Twelve-month percent changes in the Employment Cost Index, private industry workers, United States and the Boston area, not seasonally adjusted, June 2013–June 2015



Source: U.S. Bureau of Labor Statistics.

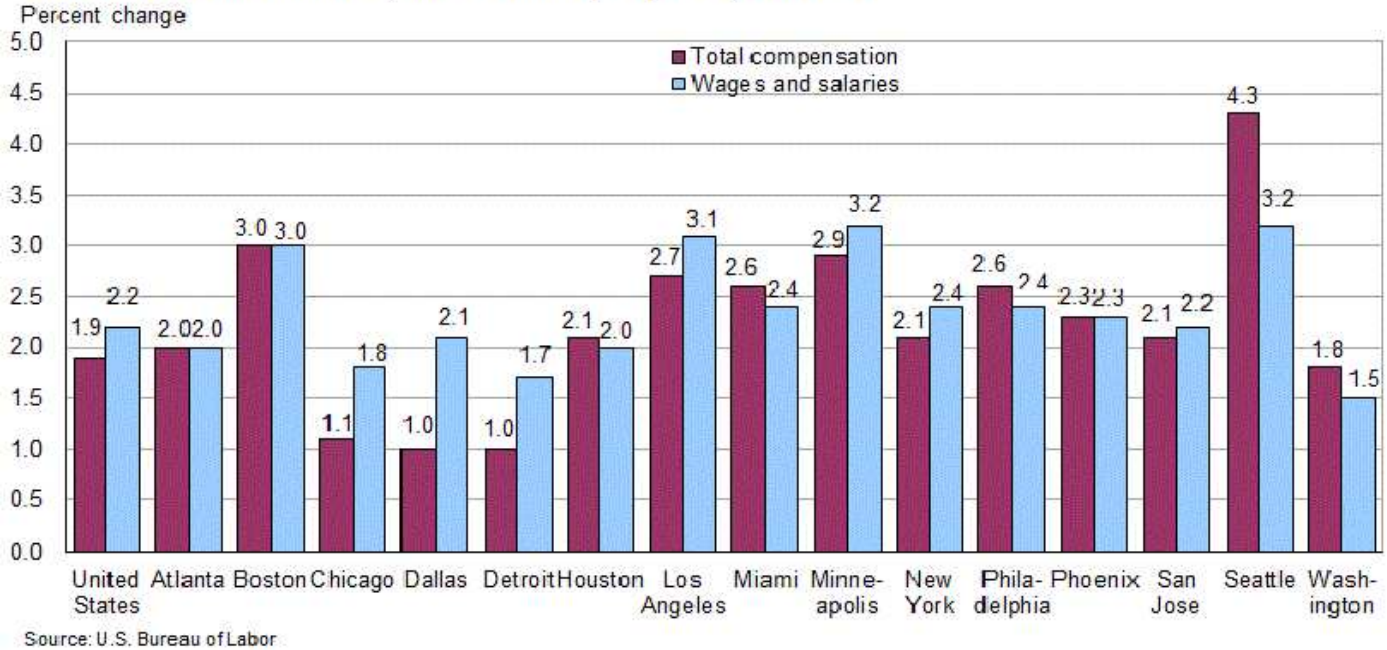
Boston is 1 of 15 metropolitan areas in the United States, and 1 of 3 areas in the Northeast region of the country, for which locality compensation cost data are available. Among these 15-largest areas, Boston was one of eight metropolitan areas that had both total compensation growth and wage and salary growth that exceeded the U.S. average from June 2014 to June 2015. Over-the-year growth rates in the cost of total compensation ranged from 4.3 percent in Seattle to 1.0 percent in Dallas and Detroit during June 2015. Wage

and salary annual growth rates ranged from 3.2 percent in Minneapolis and Seattle to 1.5 percent in Washington. (See chart 2.)

In comparison to the other metropolitan areas in the Northeast, the annual increase in total compensation costs in Boston (3.0 percent) was above that of New York (2.1 percent) and Philadelphia (2.6 percent). Boston's 3.0-percent gain in wages and salaries during June 2015 was above that in both Philadelphia and New York (2.4 percent, each).

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. (Geographic definitions for the metropolitan areas mentioned in this release are included in the Technical Note.)

Chart 2. Twelve-month percent change in the Employment Cost Index, private industry workers, United States and localities, not seasonally adjusted, June 2015



Source: U.S. Bureau of Labor

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 ECI and further technical information may be obtained from the U.S. Bureau of Labor Statistics, New England Information Office by calling 617-565-2327. The report is also available on the Internet at www.bls.gov/news.release/eci.toc.htm. Current and historical information for the Bureau programs may be accessed via our regional homepage at http://www.bls.gov/regions/new-england/home.htm. The ECI for September 2015 is scheduled to be released on Friday, October 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; TDD message referral phone number: 1-800-877-8339.

The ECI for September 2015 is scheduled to be released on Friday, October 30, 2015 at 8:30 a.m. (ET).

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.

Selection of areas

Based on available resources and the existing ECI sample, it was determined that estimates would be published for 14 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, Northeast region, and the Boston area, not seasonally adjusted

Area	Total compensation				Wages and salaries			
	12-month percent changes for period ended-				12-month percent changes for period ended-			
	March	June	Sep.	Dec.	March	June	Sep.	Dec.
United States								
2011	2.0	2.3	2.1	2.2	1.6	1.7	1.7	1.6
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	2.3	1.7	1.9	2.3	2.2
2015	2.8	1.9			2.8	2.2		
Northeast								
2011	2.3	2.3	2.3	2.2	1.8	1.8	1.8	1.7
2012	1.8	1.6	1.6	1.5	1.8	1.6	1.6	1.5
2013	1.9	2.0	1.8	2.0	1.6	1.7	1.7	1.8
2014	1.5	2.0	2.5	2.6	1.5	1.9	2.5	2.6
2015	4.0	2.1			4.4	2.2		
Boston-Worcester-Manchester								
2011	2.8	3.1	2.9	2.5	2.3	2.7	2.4	2.0
2012	1.9	1.2	1.5	1.6	1.6	0.8	1.1	1.3
2013	1.6	2.3	1.9	2.0	1.5	2.3	2.2	2.2
2014	2.0	2.5	2.5	3.2	2.2	2.8	2.6	3.5
2015	3.6	3.0			3.9	3.0		

Table 2. Employment Cost Index for total 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-		
	Jun. 2014	Mar. 2015	Jun. 2015	Jun. 2014	Mar. 2015	Jun. 2015
United States	2.0	2.8	1.9	1.9	2.8	2.2
Northeast	2.0	4.0	2.1	1.9	4.4	2.2
Boston-Worcester-Manchester	2.5	3.6	3.0	2.8	3.9	3.0
New York-Newark-Bridgeport	1.8	2.6	2.1	1.3	2.5	2.4
Philadelphia-Camden-Vineland	1.5	2.5	2.6	1.5	2.3	2.4
South	2.0	2.2	1.8	2.0	2.2	2.1
Atlanta-Sandy Springs-Gainesville	2.2	3.9	2.0	0.4	1.8	2.0
Dallas-Fort Worth	4.1	2.3	1.0	4.4	2.3	2.1
Houston-Baytown-Huntsville	1.9	1.9	2.1	2.3	2.1	2.0
Miami-Fort Lauderdale-Pompano Beach	1.0	2.1	2.6	1.7	1.9	2.4
Washington-Baltimore-Northern Virginia	1.3	1.1	1.8	1.0	0.7	1.5
Midwest	2.1	2.4	1.6	2.0	2.0	1.9
Chicago-Naperville-Michigan City	2.8	3.3	1.1	2.4	2.4	1.8
Detroit-Warren-Flint	1.5	-0.1	1.0	0.4	0.2	1.7
Minneapolis-St. Paul-St. Cloud	1.8	2.3	2.9	2.0	2.3	3.2
West	2.0	2.5	2.4	1.9	2.6	2.5
Los Angeles-Long Beach-Riverside	1.5	3.3	2.7	1.2	3.4	3.1
Phoenix-Mesa-Scottsdale	1.1	2.2	2.3	1.1	2.4	2.3
San Jose-San Francisco-Oakland	4.6	2.9	2.1	4.3	2.5	2.2
Seattle-Tacoma-Olympia	1.3	4.4	4.3	0.9	2.9	3.2