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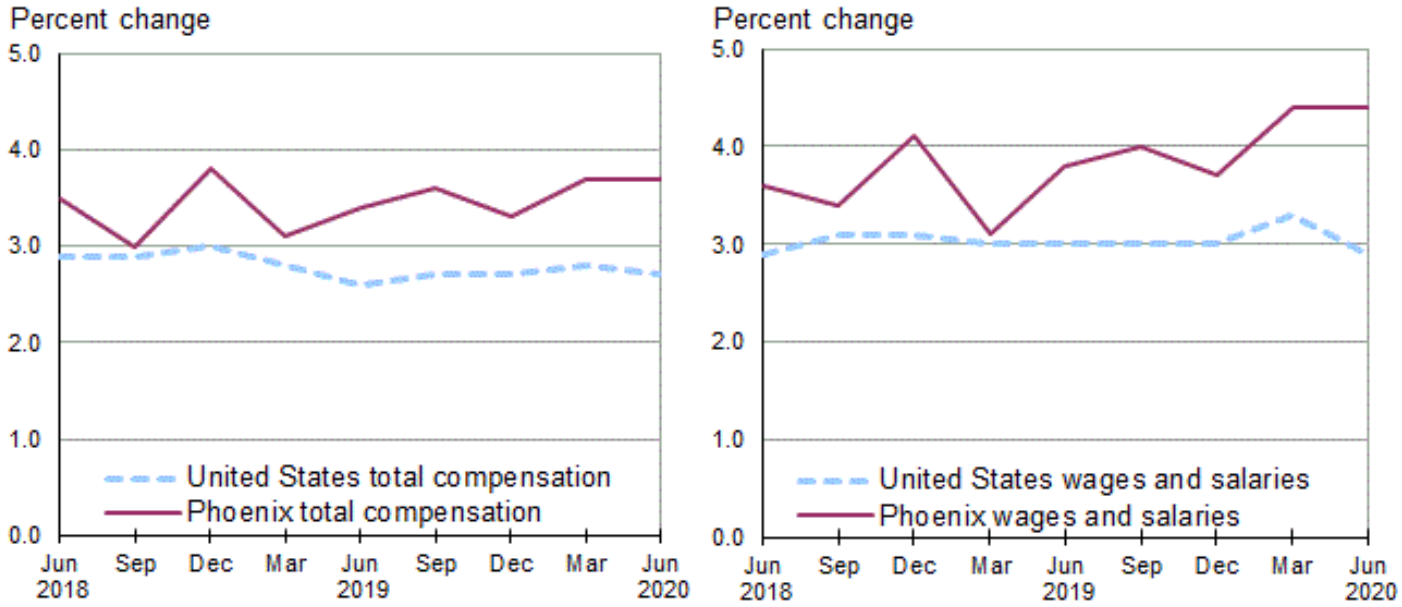
Changing Compensation Costs in the Phoenix Metropolitan Area – June 2020

Total compensation costs for private industry workers increased 3.7 percent in the Phoenix-Mesa-Scottsdale, Ariz. metropolitan area for the year ended June 2020, the U.S. Bureau of Labor Statistics reported today. Assistant Commissioner for Regional Operations Richard Holden noted that one year ago, Phoenix experienced an annual gain of 3.4 percent in compensation costs. Locally, wages and salaries, the largest component of compensation costs, advanced at a 4.4-percent pace for the 12-month period ended June 2020. Nationwide, total compensation costs increased 2.7 percent and wages and salaries rose 2.9 percent from June 2019 to June 2020. (See chart 1 and table 1.)

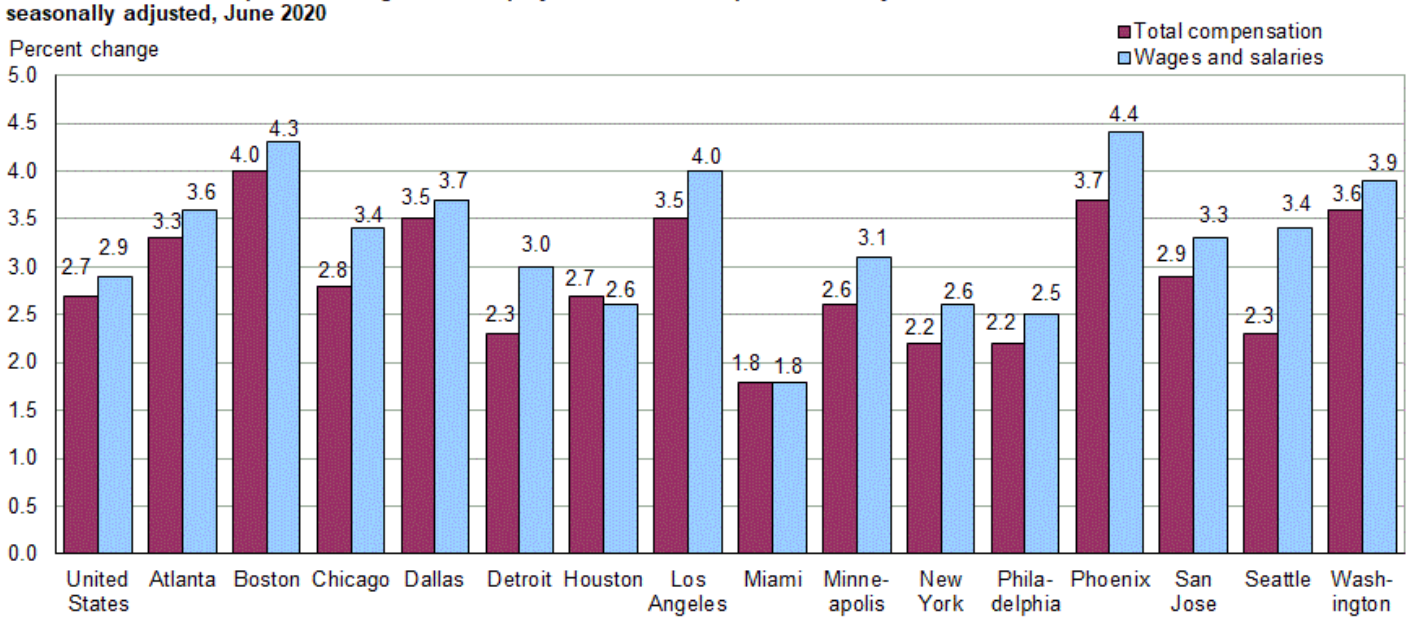
Chart 1. Twelve-month percent changes in the Employment Cost Index, private industry workers, United States and the Phoenix area, not seasonally adjusted, June 2018–June 2020



Source: U.S. Bureau of Labor Statistics.

Phoenix is 1 of 15 metropolitan areas in the United States and 1 of 4 areas in the West region of the country for which locality compensation cost data are available. Among these 15 largest areas, over-the-year percentage changes in the cost of compensation ranged from 4.0 percent in Boston to 1.8 percent in Miami in June 2020; for wages and salaries, Phoenix registered the largest increase (4.4 percent) while Miami registered the smallest (1.8 percent). (See chart 2.)

Chart 2. Twelve-month percent change in the Employment Cost Index, private industry workers, United States and localities, not seasonally adjusted, June 2020



Source: U.S. Bureau of Labor Statistics.

The annual increase in compensation costs in Phoenix was 3.7 percent in June 2020, compared to changes that ranged from 3.5 to 2.3 percent in the three other metropolitan areas in the West (Los Angeles, San Jose, and Seattle). Phoenix's increase in wages and salaries over this 12-month period was 4.4 percent. The other three western localities ranged from 4.0 to 3.3 percent. (See table 2.)

Locality compensation costs are part of the national Employment Cost Index (ECI), which measures quarterly changes in 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. (Geographical definitions for the metropolitan areas mentioned in this release are included in the Technical Note.)

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 release is available on the Internet at www.bls.gov/ncs/ect/home.htm. Current and historical information from other Bureau programs may be accessed via our regional homepage at www.bls.gov/regions/west/.

The Employment Cost Index for September 2020 is scheduled to be released on October 30, 2020.

Coronavirus (COVID-19) Pandemic Impact on June 2020 Employment Cost Index

The Employment Cost Index (ECI) reference date was June 12, 2020. Response rates for June were comparable with prior releases, and no changes in estimation procedures were necessary. Additional information is available at www.bls.gov/bls/effects-of-covid-19-on-workplace-injuries-andillnesses-compensation-and-occupational-requirements.htm#ECI

Technical Note

The Employment Cost Index (ECI) measures the change in the cost of labor, free from the influence of employment shifts among occupations and industries. The 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. Also excluded are such items as payments-in-kind, free room and board, and tips.

Based on available resources and the existing ECI sample, it was determined that estimates would be published for 15 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 September 2006.

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The metropolitan area definitions of the 15 published localities are listed below.

- **Atlanta-Athens-Clarke County-Sandy Springs, GA Combined Statistical Area (CSA)** includes Barrow, Bartow, Butts, Carroll, Cherokee, Clarke, Clayton, Cobb, Coweta, Dawson, DeKalb, Douglas, Fayette, Forsyth, Fulton, Gordon, Gwinnett, Hall, Haralson, Heard, Henry, Jackson, Jasper, Lamar, Madison, Meriwether, Morgan, Newton, Oconee, Oglethorpe, Paulding, Pickens, Pike, Polk, Rockdale, Spalding, Troup, Upson, and Walton Counties in Georgia.
- **Boston-Worcester-Providence, MA-RI-NH-CT CSA** includes Barnstable, Bristol, Essex, Middlesex, Norfolk, Plymouth, Suffolk, and Worcester Counties in Massachusetts; Bristol, Kent, Newport, Providence, and Washington in Rhode Island; Belknap, Hillsborough, Merrimack, Rockingham, and Strafford Counties in New Hampshire; and Windham County in Connecticut.
- **Chicago-Naperville, IL-IN-WI CSA** includes Bureau, Cook, DeKalb, DuPage, Grundy, Kane, Kankakee, Kendall, Lake, La Salle, McHenry, Putnam and Will Counties in Illinois; Jasper, Lake, LaPorte, Newton, and Porter Counties in Indiana; and Kenosha County in Wisconsin.
- **Dallas-Fort Worth, TX-OK CSA** includes Collin, Cooke, Dallas, Denton, Ellis, Grayson, Henderson, Hood, Hopkins, Hunt, Johnson, Kaufman, Navarro, Hopkins, Palo Pinto, Parker, Rockwall, Somervell, Tarrant, and Wise Counties in Texas; and Bryan County in Oklahoma.
- **Detroit-Warren-Ann Arbor, MI CSA** includes Genesee, Lapeer, Lenawee, Livingston, Macomb, Monroe, Oakland, St. Clair, Washtenaw, and Wayne Counties in Michigan.
- **Houston-The Woodlands, TX CSA** includes Austin, Brazoria, Chambers, Fort Bend, Galveston, Harris, Liberty, Matagorda, Montgomery, Trinity, Walker, Waller, Washington and Wharton Counties in Texas.
- **Los Angeles-Long Beach, CA CSA** includes Los Angeles, Orange, Riverside, San Bernardino, and Ventura Counties in California.
- **Miami-Fort Lauderdale-Port St. Lucie, FL CSA** includes Broward, Indian River, Martin, Miami-Dade, Okeechobee, Palm Beach and St. Lucie Counties in Florida.
- **Minneapolis-St. Paul, MN-WI CSA** includes Anoka, Benton, Carver, Chisago, Dakota, Goodhue, Hennepin, Isanti, Le Sueur, McLeod, Mille Lachs, Ramsey, Rice, Scott, Sherburne, Sibley, Stearns, Washington, and Wright Counties in Minnesota; and Pierce and St. Croix Counties in Wisconsin.
- **New York-Newark, NY-NJ-CT-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, Union and Warren Counties in New Jersey; Fairfield, Litchfield, and New Haven Counties in Connecticut; and Carbon, Lehigh, Monroe, Northampton, and Pike Counties in Pennsylvania.
- **Philadelphia-Reading-Camden, PA-NJ-DE-MD CSA** includes Berks, Bucks, Chester, Delaware, Franklin, Montgomery, and Philadelphia Counties in Pennsylvania; Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, and Salem Counties in New Jersey; Kent and New Castle Counties in Delaware; and Cecil County in Maryland.
- **Phoenix-Mesa-Scottsdale, AZ Metropolitan Statistical Area (MSA)** includes Maricopa and Pinal Counties in Arizona.
- **San Jose-San Francisco-Oakland, CA CSA** includes Alameda, Contra Costa, Marin, Napa, San Benito, San Francisco, San Joaquin, San Mateo, Santa Clara, Santa Cruz, Solano, and Sonoma Counties in California.
- **Seattle-Tacoma, WA CSA** includes Island, King, Kitsap, Lewis, Mason, Pierce, Skagit, Snohomish, and Thurston Counties in Washington.

- **Washington-Baltimore-Arlington, DC-MD-VA-WV-PA CSA** includes the District of Columbia; Baltimore City and Anne Arundel, Baltimore, Calvert, Carroll, Charles, Dorchester, Frederick, Harford, Howard, Montgomery, Prince George's, Queen Anne's, St. Mary's, and Talbot Counties in Maryland; Franklin County in Pennsylvania; Alexandria, Fairfax, Falls Church, Fredericksburg, Manassas, Manassas Park, and Winchester Cities and Arlington, Clarke, Culpeper, Fairfax, Fauquier, Frederick, Loudoun, Prince William, Rappahannock, Spotsylvania, Stafford, and Warren Counties in Virginia; and Berkeley, 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.

Information in this release will be made available to sensory impaired individuals upon request. Voice phone: (202) 691-5200; Federal Relay Service: (800) 877-8339.

Table 1. Employment Cost Index for total compensation and for wages and salaries, private industry workers, United States, West region, and the Phoenix 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								
2016	1.8	2.4	2.3	2.2	2.0	2.6	2.4	2.3
2017	2.3	2.4	2.5	2.6	2.6	2.4	2.6	2.8
2018	2.8	2.9	2.9	3.0	2.9	2.9	3.1	3.1
2019	2.8	2.6	2.7	2.7	3.0	3.0	3.0	3.0
2020	2.8	2.7			3.3	2.9		
West								
2016	2.5	2.7	2.6	2.6	2.6	2.9	2.8	2.8
2017	2.9	3.0	3.4	3.3	3.2	3.1	3.4	3.3
2018	3.6	3.6	3.3	3.2	3.7	3.7	3.7	3.7
2019	2.9	2.8	2.8	2.7	3.5	3.2	3.1	3.0
2020	3.2	2.6			3.6	2.9		
Phoenix-Mesa-Scottsdale								
2016	2.2	2.5	2.8	3.0	1.9	2.4	2.6	2.8
2017	2.8	2.6	2.8	2.7	3.1	2.9	3.0	3.1
2018	3.6	3.5	3.0	3.8	4.0	3.6	3.4	4.1
2019	3.1	3.4	3.6	3.3	3.1	3.8	4.0	3.7
2020	3.7	3.7			4.4	4.4		

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. 2019	Mar. 2020	Jun. 2020	Jun. 2019	Mar. 2020	Jun. 2020
United States	2.6	2.8	2.7	3.0	3.3	2.9
Northeast	3.2	2.6	2.6	3.7	3.1	2.8
Boston-Worcester-Providence	2.7	3.5	4.0	3.0	4.0	4.3
New York-Newark	3.9	2.5	2.2	3.9	2.9	2.6
Philadelphia-Reading-Camden	1.4	2.3	2.2	1.9	2.9	2.5
South	2.1	2.6	2.8	2.4	3.0	3.1
Atlanta-Athens-Clarke County-Sandy Springs	2.5	3.6	3.3	3.0	4.3	3.6
Dallas-Fort Worth	2.2	2.9	3.5	2.7	3.7	3.7
Houston-The Woodlands	1.4	2.8	2.7	1.5	2.8	2.6
Miami-Fort Lauderdale-Port St. Lucie	1.6	1.9	1.8	1.7	2.0	1.8
Washington-Baltimore-Arlington	2.2	3.0	3.6	2.1	3.5	3.9
Midwest	2.7	3.0	2.6	3.0	3.5	2.9
Chicago-Naperville	2.3	3.2	2.8	2.4	3.8	3.4
Detroit-Warren-Ann Arbor	2.7	2.7	2.3	2.8	3.7	3.0
Minneapolis-St. Paul	3.0	3.1	2.6	2.8	3.6	3.1
West	2.8	3.2	2.6	3.2	3.6	2.9
Los Angeles-Long Beach	3.4	3.5	3.5	4.3	4.1	4.0
Phoenix-Mesa-Scottsdale	3.4	3.7	3.7	3.8	4.4	4.4
San Jose-San Francisco-Oakland	2.6	3.7	2.9	3.0	4.4	3.3
Seattle-Tacoma	-0.4	2.1	2.3	2.9	3.3	3.4