

News

United States
Department
of Labor



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FOR RELEASE: 10:00 A.M. E.D.T.
Tuesday, July 30, 1985

EMPLOYMENT COST INDEX - JUNE 1985

The Employment Cost Index (ECI) increased 0.7 percent in the 3 months ended in June 1985, the U.S. Department of Labor's Bureau of Labor Statistics reported today. The March-June 1985 increase was about the same as the 0.8 percent advance in the same period a year ago. For the year ended June 1985, the ECI rose 4.6 percent, down from 5.5 percent for the year ended in June 1984. The ECI measures changes in compensation costs, which include wages, salaries, and employer costs for employee benefits.

Wages and salaries alone rose 4.5 percent over the year ended in June 1985. The increase was higher for State and local government workers (5.5 percent) than for private industry workers (4.3 percent).

Nonunion workers in private industry had wage and salary increases averaging 4.8 percent over the June 1984-85 period, compared with 3.4 percent for union workers. This is the seventh consecutive quarter the over-the-year pay gains for nonunion workers outpaced those of union workers.

Wage and salary advances in private industry also varied by occupation and industry group during the June 1984-85 period. Among white-collar workers, pay gains ranged from 4.0 percent for professional and technical workers to 6.1 percent for

* This release provides first-time estimates of quarterly *
* compensation change for workers in the following industry *
* groups (table 3): *
* Transportation and Public Utilities *
* Transportation *
* Public Utilities *
* Wholesale and Retail Trade *
* Finance, Insurance, and Real Estate *
* Services *
* The release also provides initial estimates of quarterly *
* wage and salary change for transportation industries and *
* for public utilities (table 4). These new ECI series are *
* part of the Federal Government's effort to improve *
* statistical programs for service-producing industries, *
* i.e., transportation and public utilities; trade; finance, *
* insurance, and real estate; service industries; and *
* governments. *

managers and administrators (table 4). The range for blue-collar groups was from 2.7 percent for transport equipment operators to 4.0 percent for craft and kindred workers. The variation in average pay gains by industry group in the year ended June 1985 was from 2.3 percent in construction to 5.7 percent in wholesale trade.

For the year ended June 1985, compensation cost increases (4.6 percent) were below gains a year ago (5.5 percent). The slowdown occurred mainly for private industry workers (4.2 percent, down from 5.4 percent). For State and local government workers, compensation costs increased at about the same rate as a year earlier (6.1 percent and 6.2 percent, respectively).

The June 1985 ECI level stood at 126.4 for compensation costs, based on June 1981=100. The ECI covers private industry (excluding farms and households) and State and local government workers. It is not seasonally adjusted.

COMPENSATION

Table 1. Employment Cost Index by occupation and industry group 1/

(Not seasonally adjusted)

Series	Indexes (June 1981=100)			Percent Changes for 12 Months Ended					
	June 1984	March 1985	June 1985	3 Months Ended		June 1984		June 1985	
				June 1984	March 1985	June 1984	March 1985	June 1984	March 1985
Civilian workers 2/	120.8	125.5	126.4	0.8	1.3	0.7	5.5	4.8	4.6
Workers, by occupational group									
White-collar workers	122.1	127.3	128.3	1.0	1.4	.8	6.3	5.3	5.1
Blue-collar workers	118.6	122.2	123.1	.8	1.1	.7	4.4	3.8	3.8
Service workers	122.1	127.8	128.0	.1	.8	.2	6.1	4.8	4.8
Workers, by industry division									
Manufacturing	119.1	123.9	124.6	1.0	1.6	.6	4.9	5.1	4.6
Nonmanufacturing	121.6	126.2	127.2	.7	1.1	.8	5.8	4.6	4.6
Services	125.5	131.9	132.6	.4	.8	.5	7.2	5.5	5.7
Public administration 3/	123.7	130.1	130.3	.7	1.2	.2	5.7	5.9	5.3
Private industry workers 4/	120.1	124.2	125.2	.9	1.2	.8	5.4	4.4	4.2
Workers, by occupational group									
White-collar workers	121.4	125.8	127.1	1.3	1.5	1.0	6.3	4.9	4.7
Blue-collar workers	118.4	121.9	122.8	.8	1.1	.7	4.3	3.7	3.7
Service workers	121.2	126.3	126.5	-.2	.5	.2	5.8	4.0	4.4
Workers, by industry division									
Manufacturing	119.1	123.9	124.6	1.0	1.6	.6	4.9	5.1	4.6
Nonmanufacturing	120.7	124.4	125.6	.9	1.1	1.0	5.7	4.0	4.1
State and local government workers	124.4	131.7	132.0	.4	1.2	.2	6.2	6.3	6.1
Workers, by occupational group									
White-collar workers	125.0	132.5	132.9	.4	1.1	.3	6.4	6.4	6.3
Blue-collar workers	122.3	128.1	128.5	.3	1.7	.3	5.6	5.1	5.1
Workers, by industry division									
Services	125.0	132.8	133.2	.4	1.1	.3	6.5	6.7	6.6
Schools	124.7	133.4	133.7	.2	1.1	.2	7.7	7.1	7.2
Elementary and secondary	125.7	134.4	134.6	.2	1.7	.1	7.1	7.2	7.1
Hospitals and other services 5/	125.7	131.1	131.5	1.0	1.5	.3	5.8	5.4	4.6
Public administration 3/	123.7	130.1	130.3	.7	1.2	.2	5.7	5.9	5.3

1/ The index measures changes in total compensation costs (wages, salaries, and employer costs for employee benefits).
 2/ Includes private industry and State and local government workers and excludes farm, household, and Federal government workers.
 3/ Consists of legislative, judicial, administrative, and regulatory activities.
 4/ Excludes farm and household workers.
 5/ Includes, for example, library, social, and health services.

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					
	June 1984		June 1985		3 Months Ended		12 Months Ended			
	June 1984	March 1985	June 1985	June 1985	June 1984	March 1985	June 1985	June 1984	March 1985	June 1985
Civilian workers <u>1/</u>	118.8	123.1	124.2	0.8	1.2	0.9	4.8	4.4	4.4	4.5
Workers, by occupational group										
White-collar workers.....	120.4	125.2	126.4	.9	1.4	1.0	5.4	4.9	4.9	5.0
Blue-collar workers.....	116.1	119.3	120.5	.7	.9	1.0	3.7	3.5	3.5	3.8
Service workers.....	119.8	124.8	125.3	-.2	.4	.4	5.2	4.0	4.0	4.6
Workers, by industry division										
Manufacturing.....	116.8	121.0	122.3	1.0	1.3	1.1	4.3	4.6	4.6	4.7
Nonmanufacturing.....	119.7	123.9	125.0	.7	1.1	.9	5.0	4.2	4.2	4.4
Services.....	123.8	129.7	130.5	.4	.6	.6	6.4	5.2	5.2	5.4
Public administration <u>2/</u>	121.3	127.0	127.2	.7	1.0	.2	5.1	5.5	5.5	4.9
Private industry workers <u>3/</u>	118.2	122.0	123.3	.9	1.2	1.1	4.7	4.1	4.1	4.3
Workers, by occupational group										
White-collar workers.....	119.9	124.0	125.5	1.2	1.4	1.2	5.5	4.6	4.6	4.7
Blue-collar workers.....	115.9	119.1	120.3	.7	.9	1.0	3.6	3.5	3.5	3.8
Service workers.....	119.3	123.8	124.4	-.4	.1	.5	5.1	3.3	3.3	4.3
Workers, by industry division										
Manufacturing.....	116.8	121.0	122.3	1.0	1.3	1.1	4.3	4.6	4.6	4.7
Nonmanufacturing.....	119.0	122.6	123.9	.8	1.2	1.1	4.9	3.9	3.9	4.1
State and local government workers.....	122.0	128.4	128.7	.3	1.0	.2	5.4	5.6	5.6	5.5
Workers, by occupational group										
White-collar workers.....	122.5	129.3	129.6	.2	1.0	.2	5.5	5.8	5.8	5.8
Blue-collar workers.....	119.6	124.2	124.5	.4	1.4	.2	4.6	4.3	4.3	4.1
Workers, by industry division										
Services.....	122.5	129.4	129.7	.2	1.0	.2	5.7	5.9	5.9	5.9
Schools.....	122.3	129.9	130.2	.1	.9	.2	6.0	6.3	6.3	6.5
Elementary and secondary.....	123.0	130.8	131.1	.1	.5	.2	6.2	6.4	6.4	6.6
Hospitals and other services <u>4/</u>	123.1	127.7	128.0	1.0	1.4	.2	4.6	4.8	4.8	4.0
Public administration <u>2/</u>	121.3	127.0	127.2	.7	1.0	.2	5.1	5.5	5.5	4.9

1/ Includes private industry and State and local government workers and excludes farm, household, and Federal government workers.

2/ Consists of legislative, judicial, administrative, and regulatory activities.

3/ Excludes farm and household workers.

4/ Includes, for example, library, social, and health services.

COMPENSATION

Table 3. Employment Cost Index, private industry workers, ^{1/} by occupation and industry group
(Not seasonally adjusted)

Series	Indexes (June 1981=100)		Percent Changes for						
	June 1984	March 1985	June 1985	3 Months Ended		6 Months Ended		12 Months Ended	
				June 1984	March 1985	June 1985	June 1984	March 1985	June 1985
Private industry workers ^{1/}	120.1	124.2	125.2	0.9	1.2	0.8	5.4	4.4	4.2
Workers, by occupational group									
White-collar workers.....	121.4	125.8	127.1	1.3	1.5	1.0	6.3	4.9	4.7
Blue-collar workers.....	118.4	121.9	122.8	.8	1.1	.7	4.3	3.7	3.7
Service workers.....	121.2	126.3	126.5	-.2	.5	.2	5.8	4.0	4.4
Workers, by industry division									
Manufacturing.....	119.1	123.9	124.6	1.0	1.6	.6	4.9	5.1	4.6
Nonmanufacturing.....	120.7	124.4	125.6	.9	1.1	1.0	5.7	4.0	4.1
Transportation and public utilities	-	-	-	-	-	.8	-	-	-
Transportation.....	-	-	-	-	-	.8	-	-	-
Public utilities.....	-	-	-	-	-	1.7	-	-	-
Wholesale and retail trade.....	-	-	-	-	-	-	-	-	-
Finance, insurance, and real estate.....	-	-	-	-	-	-.2	-	-	-
Services.....	-	-	-	-	-	.8	-	-	-

^{1/} Excludes farm and household workers.
- Data not available.

WAGES AND SALARIES

Table 4. Employment Cost Index for wages and salaries only, private industry workers, 1/ by occupation and industry group

(Not seasonally adjusted)

Series	Indexes (June 1981=100)			Percent Changes for					
	June 1984	March 1985	June 1985	3 Months Ended		6 Months Ended		12 Months Ended	
				June 1984	March 1985	June 1984	June 1985	June 1984	March 1985
Private industry workers 1/.....	118.2	122.0	123.3	0.9	1.2	1.1	4.7	4.1	4.3
Workers, by occupational group									
White-collar workers.....	119.9	124.0	125.5	1.2	1.4	1.2	5.5	4.6	4.7
Professional and technical workers.....	123.8	127.7	128.7	1.3	3	.8	6.8	4.5	4.0
Managers and administrators.....	119.2	123.8	126.5	1.0	1.3	2.2	4.6	4.9	6.1
Sales workers.....	111.9	116.3	117.4	1.5	4.2	.9	4.5	5.5	4.9
Clerical workers.....	120.7	124.7	125.6	.8	1.5	.7	5.3	4.1	4.1
Blue-collar workers.....	115.9	119.1	120.3	.7	.9	1.0	3.6	3.5	3.8
Craft and kindred workers.....	117.3	120.8	122.0	.7	1.2	1.0	3.4	3.7	4.0
Operatives, except transport.....	115.8	118.9	120.1	.8	.8	1.0	4.2	3.5	3.7
Transport equipment operatives.....	112.7	114.5	115.7	.9	.4	1.0	2.2	2.5	2.7
Nonfarm laborers.....	114.1	116.7	118.5	1.1	.7	1.5	3.9	3.4	3.9
Service workers.....	119.3	123.8	124.4	-.4	.1	.5	5.1	3.3	4.3
Workers, by industry division									
Manufacturing.....	116.8	121.0	122.3	1.0	1.3	1.1	4.3	4.6	4.7
Durables.....	116.6	120.6	122.0	.8	1.3	1.2	4.3	4.2	4.6
Nondurables.....	117.1	121.6	122.6	1.1	1.2	.8	4.3	5.0	4.7
Nonmanufacturing.....	119.0	122.6	123.9	.8	1.2	1.1	4.9	3.9	4.1
Construction.....	114.0	115.5	116.6	.6	1.0	1.0	1.7	1.9	2.3
Transportation and public utilities	119.3	121.7	122.8	.7	.8	.9	4.0	2.7	2.9
Transportation.....	-	-	-	-	-	1.0	-	-	-
Public utilities.....	-	-	-	-	-	.7	-	-	-
Wholesale and retail trade.....	116.0	118.8	121.1	1.5	.6	1.9	4.7	3.9	4.4
Wholesale trade.....	120.0	123.7	126.8	1.5	.7	2.5	5.2	4.7	5.7
Retail trade.....	114.4	116.9	118.9	1.4	.6	1.7	4.6	3.6	3.9
Finance, insurance, and real estate.....	116.9	122.0	121.7	.7	5.4	-.2	5.2	5.1	4.1
Services.....	124.7	129.9	131.0	.4	.3	.8	6.9	4.6	5.1

1/ Excludes farm and household workers.
- Data not available.

COMPENSATION

Table 5. Employment Cost Index, private industry workers, by bargaining status, region, and area size 1/
(Not seasonally adjusted)

Series	Indexes (June 1981=100)			Percent Changes for							
	June 1984	March 1985	June 1985	3 Months Ended		6 Months Ended		12 Months Ended			
				June 1984	March 1985	June 1985	March 1985	June 1985	March 1985	June 1985	
Workers, by bargaining status											
Union.....	121.7	124.8	125.5	0.9	0.7	0.6		4.9	3.5		3.1
Manufacturing.....	120.5	124.2	124.2	1.0	.8	(2)		5.0	4.1		3.1
Nonmanufacturing.....	122.8	125.3	126.6	.7	.6	1.0		4.9	2.8		3.1
Nonunion.....	119.2	123.8	125.0	1.0	1.6	1.0		5.7	4.9		4.9
Manufacturing.....	117.9	123.6	124.8	1.1	2.3	1.0		5.0	6.0		5.9
Nonmanufacturing.....	119.8	123.9	125.1	1.0	1.2	1.0		6.0	4.5		4.4
Workers, by region											
Northeast.....	120.7	125.1	126.4	1.5	1.1	1.0		5.6	5.2		4.7
South.....	120.7	124.2	125.2	.8	1.6	.8		6.3	3.8		3.7
Midwest (formerly North Central).....	117.9	122.0	122.7	.6	1.0	.6		4.8	4.1		4.1
West.....	122.2	126.8	127.9	1.0	1.5	.9		4.8	4.8		4.7
Workers, by area size											
Metropolitan areas.....	120.6	124.7	125.7	1.0	1.2	.8		5.6	4.4		4.2
Other areas.....	117.4	121.4	122.5	.6	1.3	.9		4.5	4.0		4.3

1/ The index measures changes in total compensation costs (wages, salaries, and employer costs for employee benefits). Farm and household workers are excluded.
2/ Less than .05 percent.
NOTE: The indexes for these series are not strictly comparable to those for the aggregate, occupation, and industry series. See explanatory note.

WAGES AND SALARIES

Table 6. Employment Cost Index for wages and salaries only, private industry workers, 1/ by bargaining status, region, and area size

(Not seasonally adjusted)

Series	Indexes (June 1981=100)			Percent Changes for					
	June 1984	March 1985	June 1985	3 Months Ended		6 Months Ended		12 Months Ended	
				June 1984	March 1985	June 1985	June 1984	March 1985	June 1985
Workers, by bargaining status									
Union.....	119.0	121.7	123.0	0.8	0.7	1.1	4.2	3.0	3.4
Manufacturing.....	117.1	120.4	121.7	.9	.8	1.1	4.3	3.7	3.9
Nonmanufacturing.....	120.7	122.8	124.1	.5	.6	1.1	4.1	2.2	2.8
Nonunion.....									
Manufacturing.....	117.8	122.1	123.4	.9	1.4	1.1	5.0	4.6	4.8
Nonmanufacturing.....	116.5	121.5	122.8	1.0	1.7	1.1	4.2	5.3	5.4
Nonmanufacturing.....	118.3	122.3	123.6	.9	1.3	1.1	5.2	4.4	4.5
Workers, by region									
Northeast.....	118.9	123.0	124.6	1.3	.9	1.3	4.7	4.8	4.8
South.....	119.0	122.3	123.4	.9	1.7	.9	5.8	3.7	3.7
Midwest (formerly North Central).....	116.0	119.6	121.1	.4	.8	1.3	4.0	3.5	4.4
West.....	119.6	124.0	125.1	.7	1.2	.9	4.1	4.4	4.6
Workers, by area size									
Metropolitan areas.....	118.6	122.4	123.8	.9	1.2	1.1	4.8	4.1	4.4
Other areas.....	116.0	119.6	120.6	.8	1.1	.8	4.1	3.9	4.0

1/ Excludes farm and household workers.
 NOTE: The indexes for these series are not strictly comparable to those for the aggregate, occupation, and industry series. See explanatory note.

EXPLANATORY NOTE

The Employment Cost Index (ECI) is a quarterly 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, 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 include:

Paid leave - Paid vacations, paid holidays, paid sick leave, and other paid leave;

Supplemental pay - Premium pay for overtime and work on weekends and holidays, shift differentials, and nonproduction bonuses;

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 - Severance pay, supplemental unemployment plans, and merchandise discounts in department stores.

Excluded from both wages and salaries and employee benefits are such items as payments-in-kind, free room and board, and tips.

The ECI collects 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 12,000 occupations within 2,200 sample establishments in the private sector and about 3,600 occupations within 700 sample establishments in State and local governments.

Occupations were classified according to definitions used in the 1970 Census. Within an establishment, specific job categories are selected to represent broader occupational definitions. The sample establishments were classified in industry categories based on the 1972 Standard Industrial Classification (SIC), as defined by the U.S. Office of Management and Budget. Within the private sector sample, establishments are designated by a 2-digit SIC, while in State and local governments, industrial categories vary from a more specific 3-digit SIC such as elementary and secondary schools to a broader major industry division such as public administration. Each establishment is also classified by ownership--State government, local government, or private.

Fixed employment weights from the 1970 Census 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, however, employment data are not available from the Census. The 1970 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. The June 1985 issue of the Monthly Labor Review contains an article "Introducing new weights for the Employment Cost Index," that describes how 1980 weights will be used in calculating the ECI beginning in June 1986.

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. For example, the 1.1 percent change in wage and salary rates for "private industry workers" in the 3 months ended June 1985 (table 4) is the actual percent change in straight-time average hourly wage and salary rates from the pay period including the 12th day of March 1985 to the comparable pay period in June 1985.

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 historical listing of ECI data are available upon request. A historical listing of ECI data also appears in the May issue of Current Wage Developments.

The ECI news release for the September 1985 quarter will be issued October 29.