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THE BUREAU OF LABOR STATISTICS INTRODUCES THE FIRST MEASURE OF
WAGE AND SALARY RATE TRENDS FROM ITS NEW EMPLOYMENT COST INDEX

A new measure of national pay trends shows that wage and salary rates rose 1.9 percent between December 1975 and March 1976, about the same increase as in the prior 3 months. The new measure, the first component of the Employment Cost Index (ECI), was introduced today by the Bureau of Labor Statistics of the U. S. Department of Labor. The Employment Cost Index, when fully developed, will be a comprehensive measure of changes in both wages and the cost of benefits. Collection of benefit data is scheduled to begin later this year.

Over the 6-month period, September 1975 to March 1976, wage and salary rate percentage increases in the private nonfarm sector were generally larger for blue-collar than for white-collar workers. (See table.) Among industry divisions for which statistics are published, pay increases ranged from 3.3 percent in services to 4.6 percent in transportation and public utilities. Workers in the Western States received the largest increase from September to March--5.5 percent; workers in the Northeast, the least--2.4 percent. During the same period, pay rates for workers in occupations covered by collective bargaining agreements went up 4.1 percent compared with 3.7 percent for other workers. The rate of increase in pay was about the same for workers in and outside of metropolitan areas over the 6 months ended in March 1976.

The overall change in the Employment Cost Index showed little difference in the fourth quarter 1975 and first quarter 1976 periods, as accelerated pay increases for some index components were offset by declines in the rate of increase for others. Among occupational groups, the rates of increase in pay for operatives, except transport, rose from 2.2 to 2.8 percent, while the rate of increase for service workers fell from 3.3 to 1.9 percent from the fourth quarter to the first quarter. Wages and

salaries in trade rose at a faster pace in the first quarter compared with the prior 3-month period; there was a slowing in the rate of increase for pay rates in the other industries for which Employment Cost Index statistics are published. Accelerated increases in pay rates for workers in the West and South in first quarter 1976 were largely counterbalanced by declines in the rate of increase for workers in the North Central and Northeastern States. In the first quarter of 1976 occupational pay rates for workers covered by collective bargaining agreements advanced less rapidly than for workers not covered by such agreements, 1.6 and 2.0 percent, respectively, reversing the pattern of the prior 3 months.

Pay rates for workers in metropolitan areas increased at the same rate, 1.9 percent, in the fourth quarter 1975 and first quarter 1976 periods; the rate of increase for workers in nonmetropolitan areas went up from 1.6 to 2.2 percent. Additional detail is provided in the table.

Wage and salary rate changes in Employment Cost Index,
September 1975 to March 1976

Series	Percent change for		
	3 months ended in-		6 months ended in-
	December 1975	March 1976	March 1976
All private nonfarm workers ...	1.8	1.9	3.8
<u>Workers, by occupational group</u>			
Professional, technical, and kindred workers	1.7	1.4	3.1
Managers and administrators, except farm	1.3	1.3	2.6
Clerical and kindred workers	1.8	2.2	4.0
Craft and kindred workers...	1.8	1.9	3.7
Operatives, except trans- port	2.2	2.8	5.0
Transport equipment operatives.	1.7	1.2	3.0
Laborers, except farm	2.4	2.1	4.5
Service workers, except private household.....	3.3	1.9	5.3
<u>Workers, by industry division</u>			
Manufacturing	2.1	1.9	4.0
Transportation and public utilities.....	2.6	1.9	4.6
Wholesale and retail trade..	1.8	2.2	4.1
Services	1.8	1.5	3.3
<u>Workers, by region</u>			
Northeast	1.4	0.9	2.4
South	1.5	2.4	3.9
North Central	2.3	1.5	3.7
West	2.1	3.3	5.5
<u>Workers, by bargaining status</u>			
Occupations covered by collective bargaining agreements	2.4	1.6	4.1
Occupations not covered by collective bargaining agreements	1.6	2.0	3.7
<u>Workers, by area</u>			
Metropolitan areas.....	1.9	1.9	3.8
Nonmetropolitan areas	1.6	2.2	3.7

NOTE: Statistics are not annualized or seasonally adjusted.

Description of Employment Cost Index

The Employment Cost Index (ECI) is designed to measure changes in the rate of compensation of a standardized mix of labor services, much like the fixed weight market basket of the Consumer Price Index. The initial statistics published here cover only wage and salary rates in the private nonfarm economy. The Employment Cost Index will be expanded gradually to include outlays for employee benefits and to broaden industrial coverage, resulting in an index of changes in all compensation--wages and salaries plus benefits--covering the total civilian economy. There also will be increases in the amount of industry, occupation, and area detail released and in the frequency of publication. Seasonally adjusted statistics will become available as soon as sufficient experience is accumulated to compute adjustment factors.

The Employment Cost Index is now computed from occupational wage and salary data collected quarterly from approximately 2,000 respondents representing, with certain exclusions, the occupational employment composition of the private nonfarm economy. Establishments of all sizes are within the scope of the survey. The major exclusions are the self-employed, unpaid family workers, private household employees, and workers in Alaska and Hawaii. Except for the self-employed and unpaid family workers, these exclusions are temporary.

All occupational wage and salary data are collected as, or converted into, straight-time hourly earnings for the survey occupations. Straight-time earnings are total earnings before deductions, excluding premium payments for overtime and for work on weekends and holidays and shift differentials. Production bonuses and cost-of-living allowances are included in straight-time earnings. Data pertain to the pay period including the 12th of the survey months of March, June, September, and December.

The Employment Cost Index occupations conform to the Bureau of the Census occupational classification system which consists of 441 occupations, grouped into 12 broad occupational categories. Respondents in the quarterly surveys are establishments or group of establishments comprising a reporting unit.

Occupational pay rates from the quarterly survey are weighted to obtain average pay rates for occupational-industry cells. These survey weights were obtained from an occupational employment survey conducted in 1974. Occupational-industry employment from the 1970 Census are then applied to the survey cell averages to compute the ECI measures of change.

The published statistics cover the major occupational groups and industries shown in the table plus the major industries of Construction, Mining, and Finance, Insurance, and Real Estate and the major occupational group of Salesworkers. Insufficient data from the survey sample preclude publication, at this time, of the industries and of the occupational group not shown separately. The industries for which statistics are published comprise about 85 percent of the total sample.

The regional coverage is as follows: Northeast--Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont; South--Alabama, Arkansas, Delaware, District of Columbia, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia; North Central--Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin; and West--Arizona, California, Colorado, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming.

Initial releases of Employment Cost Index data will show percent changes in rates of pay. After sufficient data have been accumulated, survey results will be presented in the form of index numbers.

The publication of the Employment Cost Index is a major step forward in the measurement of compensation. It provides, for the first time, a measure of pay change unaffected by shifts in relative employment levels in different industries, occupations, and regions and in the volume of overtime and other premium paid work.

It is not, however, an all-purpose measure and has, in common with other statistical series, its limitations. The Employment Cost Index is not -

- * a measure of levels of compensation;
- * a measure of the total cost of employing labor;
- * a measure of change or level of well-being or workers;
- * a pure wage rate measure.