

News

United States
Department
of Labor



Bureau of Labor Statistics

Washington, D.C. 20212

A. Sackley (202) 523-1165
K. D. Hoyle (202) 523-1913
Home: 333-1384

USDL-77-188
FOR RELEASE: 11:00 A.M. (EST)
Thursday, March 3, 1977

EMPLOYMENT COST INDEX--December 1976

Wage and salary rates measured by the Employment Cost Index rose 1.9 percent for the 3 months ended in December 1976, it was reported today by the Bureau of Labor Statistics of the U.S. Department of Labor. In the 12 months ended in December 1976, wage and salary rates rose 7.2 percent. The fourth quarter increase was up from the 1.5 percent reported for the preceding quarter in 1976 and 1.8 percent in the fourth quarter of 1975. (See table.)

September-to-December 1976

Nearly all of the higher percentage rise in the Employment Cost Index in the fourth quarter was the result of accelerated increases in the pay of operatives (except transport), nonfarm laborers, and service workers, and a jump in commission earnings for salesworkers, not shown separately in the published statistics.

Higher rates of pay increases in manufacturing, transportation and public utilities, and wholesale and retail trade and smaller percentage increases in wages and salaries for employees in construction and services were reported in the September-to-December period. The implementation of collective bargaining settlements in the automobile industry contributed to the higher rate of wage change in manufacturing.

On the other hand, pay increases for workers in construction, where seasonal factors have a dampening effect on wage changes in the fall and winter months, declined from 2.6 to 1.1 percent in the September-to-December period. The rate of increase in the pay of workers employed in the services industry division also slowed from 1.7 to 0.6 percent.

Among regions, wage gains were highest in the North Central States--2.6 percent,

up from 1.5 in the prior 3-month period. The higher pay changes in the North Central region were due in part to settlements affecting the pay of workers in the automobile industry.

Pay of workers in occupations covered by collective bargaining agreements advanced 2.0 percent compared with 1.8 percent for workers not covered. Wage and salary rate gains for workers in metropolitan areas rose 1.9 percent in the fourth quarter, compared with 1.7 percent in the third quarter; the rate of advance for workers in other areas climbed from 0.9 to 1.8 percent.

December 1975 to December 1976

Over the 12 months since December 1975, increases in the rate of pay for the white-collar occupations--professionals, managers, and clerical workers--have been smaller than percentage increases for other workers. The rates of pay increases for workers in the services industry division, and in the Northeast, also have been well below the all private nonfarm measure of change. On the other hand, pay increases of 8 percent or more were received by operatives (except transport), workers in transportation and public utilities, those employed in the West, and in occupations covered by collective bargaining agreements.

Rate of wage and salary changes in Employment Cost Index,
December 1975 through December 1976

Series	3 months ended					12 months ended in December 1976
	December 1975	March 1976	June 1976	September 1976	December 1976	
All private nonfarm workers	1.8	1.9	1.7	1.5	1.9	7.2
Workers, by occupational group						
Professional, technical, and kindred workers.	1.7	1.4	1.1	1.7	1.8	6.2
Managers and administrators, except farm	1.3	1.3	2.1	1.0	1.0	5.5
Clerical and kindred workers	1.8	2.2	1.3	2.0	1.4	7.0
Craft and kindred workers	1.8	1.9	2.0	2.0	1.3	7.5
Operatives, except transport	2.2	2.8	0.8	2.0	2.8	8.7
Transport equipment operatives	1.7	1.2	4.5	0.6	0.8	7.3
Laborers, except farm	2.4	2.1	1.9	1.2	2.3	7.8
Service workers, except private household ...	3.3	1.9	3.3	0.4	2.1	7.9
Workers, by industry division						
Construction	-	-	3.1	2.6	1.1	-
Manufacturing	2.1	1.9	1.5	1.8	2.2	7.5
Transportation and public utilities	2.6	1.9	2.8	1.3	2.3	8.6
Wholesale and retail trade	1.8	2.2	2.2	0.9	1.9	7.4
Services	1.8	1.5	1.5	1.7	0.6	5.4
Workers, by region						
Northeast	1.4	0.9	1.4	2.5	1.7	6.6
South	1.5	2.4	1.3	1.7	1.3	6.8
North Central	2.3	1.5	1.6	1.5	2.6	7.4
West	2.1	3.3	2.3	0.5	1.6	8.0
Workers, by bargaining status						
Occupations covered by collective bargaining agreements	2.4	1.6	1.8	2.4	2.0	8.1
Occupations not covered by collective bar- gaining agreements	1.6	2.0	1.6	1.1	1.8	6.8
Workers, by area						
Metropolitan areas	1.9	1.9	1.5	1.7	1.9	7.2
Other areas	1.6	2.2	2.4	0.9	1.8	7.4

Note: The statistics are percent changes in straight-time average hourly earnings over the period indicated. For example, the 1.9 percent change for the "all private nonfarm worker" series in the fourth quarter 1976 is the actual percent change in straight-time average hourly earnings from the pay period including the 12th of the survey month of September to the comparable period in December. The statistics are not annualized, nor are they adjusted for seasonal influences.

The computation of percent changes spanning more than one survey period is accomplished by compounding successive changes for individual quarters. In actual practice, the compounding calculations are made to the fifth decimal place.

Dashes in the table indicate that the data collected were insufficient to meet statistical criteria for publication during the periods indicated.

Description of Employment Cost Index

The Employment Cost Index 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 Employment Cost Index is a measure of change in the price of labor. It is not intended as a measure of the level of well-being of workers.

The scope of the measure will be expanded to total compensation, covering employee benefits as well as wages and salaries, and to broader industrial coverage, resulting in an index of changes in all compensation. Publication of compensation statistics including employee benefits is expected to begin in about a year, followed by statistics for the total civilian economy in subsequent years. A long-term program objective is to increase the amount of industry, occupation, and area detail and 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 statistics are 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. Respondents in the quarterly survey are establishments or groups of establishments composing a reporting unit. 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. It is intended that agricultural employees will also eventually be within the scope of the survey.

Straight-time hourly earnings are used in the Employment Cost Index as a proxy for a measure of wage and salary rates. 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 Index occupations conform to the Bureau of the Census occupational classification system, which consists of 441 occupations grouped into 12 broad occupational categories. Nine of these groups are now in the scope of the survey. Farmers and farm managers, farm laborers and foremen, and private household workers are currently excluded.

The published industry and occupational statistics do not pertain to mutually exclusive groups of employees. Workers from all industry divisions may be represented in a major occupational group; conversely workers from all occupational groups may be represented in a major industry division. For example, statistics for the industry "Services" are based on occupational pay data for professionals, managers, clerical workers, service workers, etc. Similarly, statistics for the group "Service workers, except private household", covers such workers as janitors, waiters, practical nurses, flight attendants, and guards; these may be found in real estate, retail trade, transportation, and other industries, as well as services.

The Employment Cost Index statistics, although computed from levels of occupational pay, are measures of change. The pay level data collected from sample reporting units are weighted into occupational averages, by industry, using weights essentially derived from a 1974 occupational employment survey. These industry pay averages are aggregated for index computation using fixed weights obtained from the

1970 decennial census. Average pay levels for the overall measure and its components are not explicitly calculated as part of the computational process. Although pay levels can be obtained by dividing the wage and salary aggregates by the fixed index weights, these data do not correspond to actual average pay levels at any point in time. However, because of interest expressed in the statistical design of this new series, average pay levels have been computed for the overall and component published series for September 1975, and these are available upon request.

In addition to the occupational groups and industries shown in the table, published statistics cover sales workers, mining, and finance, insurance, and real estate, but insufficient data preclude separate publication of these results. Augmentation is now underway to enable publication of statistics for sales workers. Series for which statistics are published comprise over 90 percent of the total sample. The relative importance of the industrial and other component submeasures, as of December 1976, and estimates of relative sampling errors are also available on request.

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.

A description of the survey design is provided in the chapter on the Employment Cost Index in the BIS Handbook of Methods, BIS Bulletin 1910.

Releases are scheduled for February, May, August, and November--2 months after

each quarter. Statistics in these releases pertain to the preceding quarter and 12-month period ended in that quarter. The Employment Cost Index statistical series, from September 1975, is available in Current Wage Developments starting with the February 1977 issue.