

News

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Judith Finger: (202) 523-1165

USDL: 82-415

Kathryn Hoyle: (202) 523-1913

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EMPLOYMENT COST INDEX - SEPTEMBER 1982

The Employment Cost Index (ECI), which measures changes in employer compensation costs, increased 2.4 percent in the 3 months ended in September 1982, the U.S. Department of Labor's Bureau of Labor Statistics reported today. Wages and salaries alone increased 2.2 percent. The index stood at 110.1 for compensation costs (wages, salaries, and employer costs for employee benefits), based on June 1981=100. The ECI covers private industry and State and local government workers but excludes farm, household, and Federal government employees. The index is not seasonally adjusted.

The 2.4 percent change in compensation costs reflected the heavy concentration of wage and benefit adjustments typical for State and local government workers in the third quarter. Compensation costs rose 4.6 percent in State and local governments from June-September 1982. This was lower than the corresponding change of 5.3 percent in 1981. The slowdown in compensation costs was evident in wages as well. Wages increased 4.4 percent for these workers in the third quarter of 1982, compared with 5.0 percent a year earlier.

Wage increases for the 12 months ending in September 1982 were 8.1 percent for State and local government workers. Similar increases were recorded for private sector workers with comparable characteristics to those in State and local government. In private industry, for example, wage increases for professional and technical workers averaged 8.2 percent and those in service industries, 8.6 percent.

For private industry employees, rates of increase in compensation costs and wages decelerated substantially for the year ended in September 1982, 7.2 and 6.9 percent, compared with 10.0 and 9.1 percent a year earlier. The slowdown was particularly sharp in industries and occupations with relatively high unemployment. Construction industry wage gains dropped from 9.0 percent in September 1981 to 5.9 percent in September 1982.

In the manufacturing sector, 12-month percent changes in wages were 6.6 percent in the September 1981-82 period, down from 9.1 percent in September 1981.

Similarly, compensation cost increases for blue-collar workers over the year dropped more sharply than those for white-collar workers. For the 12 months ended in September 1982, compensation costs rose 6.7 percent for blue-collar and 7.6 percent for white-collar workers. A year earlier, compensation costs increased 10.0 percent for both blue- and white-collar workers.

Wages rose 6.1 percent for blue-collar workers in the September 1981-82 period, whereas white-collar workers' pay advanced 7.5 percent. A year ago, corresponding wage gains were virtually the same--9.1 percent and 9.2 percent.

Compensation costs for union workers rose 7.9 percent in the year ended in September 1982, contrasted to 10.9 percent a year ago. Slowdowns were also recorded for nonunion workers with compensation costs advancing 6.7 percent in the year ended in September 1982--down from 9.6 percent last year.

COMPENSATION

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

(Not seasonally adjusted)

Series	Indexes (June 1981=100)				Percent changes for					
	September 1981	June 1982	September 1982	September 1981	3 months ended			12 months ended		
					September 1981	June 1982	September 1982	September 1981	June 1982	September 1982
Civilian workers 2/	102.6	107.5	110.1	2.6	1.1	2.4	-	7.5	7.3	
Workers, by occupational group										
White-collar workers	102.7	107.7	110.7	2.7	1.1	2.8	-	7.7	7.8	
Blue-collar workers	102.3	107.1	109.2	2.3	1.3	2.0	-	7.1	6.7	
Service workers	102.8	108.3	110.8	2.8	1.0	2.3	-	8.3	7.8	
Workers, by industry division										
Manufacturing	102.1	107.2	109.3	2.1	1.1	2.0	-	7.2	7.1	
Nonmanufacturing	102.8	107.7	110.5	2.8	1.2	2.6	-	7.7	7.5	
Services	104.4	109.2	113.5	4.4	.9	3.9	-	9.2	8.7	
Public administration 3/	104.3	109.1	112.8	4.3	.9	3.4	-	9.1	8.1	
Private industry workers 4/	102.0	107.2	109.3	2.0	1.3	2.0	10.0	7.2	7.2	
Workers, by occupational group										
White-collar workers	101.8	107.2	109.5	1.8	1.3	2.1	10.0	7.2	7.6	
Blue-collar workers	102.2	107.0	109.0	2.2	1.3	1.9	10.0	7.0	6.7	
Service workers	101.9	107.9	109.6	1.9	1.1	1.6	9.9	7.9	7.6	
Workers, by industry division										
Manufacturing	102.1	107.2	109.3	2.1	1.1	2.0	10.2	7.2	7.1	
Nonmanufacturing	102.0	107.1	109.3	2.0	1.3	2.1	9.8	7.1	7.2	
State and local government workers	105.3	109.3	114.3	5.3	.5	4.6	-	9.3	8.5	
Workers, by occupational group										
White-collar workers	105.7	109.5	114.9	5.7	.4	4.9	-	9.5	8.7	
Blue-collar workers	104.2	108.9	112.7	4.2	.6	3.5	-	8.9	8.2	
Workers, by industry division										
Services	105.8	109.4	114.9	5.8	.4	5.0	-	9.4	8.6	
Schools	106.0	109.1	114.8	6.0	.2	5.2	-	9.1	8.3	
Elementary and secondary	106.3	109.5	115.6	6.3	.2	5.6	-	9.5	8.7	
Hospitals and other services 5/	105.0	110.3	115.3	5.0	.7	4.5	-	10.3	9.8	
Public administration 3/	104.3	109.1	112.8	4.3	.9	3.4	-	9.1	8.1	

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.

- Data not available.

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							
	September 1981	June 1982	September 1982	3 months ended			12 months ended			
				September 1981	June 1982	September 1982	September 1981	June 1982	September 1982	
Civilian workers <u>1/</u>	102.5	107.3	109.7	2.5	0.9	2.2	-	-	7.3	7.0
Workers, by occupational group										
White-collar workers	102.6	107.6	110.4	2.6	.8	2.6	-	-	7.6	7.6
Blue-collar workers	102.4	106.7	108.6	2.4	1.1	1.8	-	-	6.7	6.1
Service workers	102.5	107.9	110.1	2.5	1.0	2.0	-	-	7.9	7.4
Workers, by industry division										
Manufacturing	102.1	107.0	108.8	2.1	1.0	1.7	-	-	7.0	6.6
Nonmanufacturing	102.7	107.5	110.1	2.7	.9	2.4	-	-	7.5	7.2
Services	104.4	109.5	113.2	4.4	.8	3.4	-	-	9.5	8.4
Public administration <u>2/</u>	103.8	108.4	111.9	3.8	.8	3.2	-	-	8.4	7.8
Private industry workers <u>3/</u>	102.0	107.1	109.0	2.0	1.1	1.8	9.1	9.1	7.1	6.9
Workers, by occupational group										
White-collar workers	101.8	107.3	109.4	1.8	1.0	2.0	9.2	9.2	7.3	7.5
Blue-collar workers	102.3	106.6	108.5	2.3	1.1	1.8	9.1	9.1	6.6	6.1
Service workers	101.8	107.9	109.3	1.8	1.1	1.3	9.0	9.0	7.9	7.4
Workers, by industry division										
Manufacturing	102.1	107.0	108.8	2.1	1.0	1.7	9.1	9.1	7.0	6.6
Nonmanufacturing	102.0	107.1	109.1	2.0	1.1	1.9	9.1	9.1	7.1	7.0
State and local government workers	105.0	108.7	113.5	5.0	.5	4.4	-	-	8.7	8.1
Workers, by occupational group										
White-collar workers	105.4	108.9	114.2	5.4	.4	4.9	-	-	8.9	8.2
Blue-collar workers	103.9	107.9	111.5	3.9	.4	3.3	-	-	7.9	7.3
Workers, by industry division										
Services	105.5	109.8	114.2	5.5	.4	5.0	-	-	8.8	8.2
Schools	105.7	108.5	114.2	5.7	.2	5.3	-	-	8.5	8.0
Elementary and secondary	106.0	108.8	114.9	6.0	.1	5.6	-	-	8.8	8.4
Hospitals and other services <u>4/</u>	104.6	109.5	114.3	4.6	.6	4.4	-	-	9.5	9.3
Public administration <u>2/</u>	103.8	108.4	111.9	3.8	.8	3.2	-	-	8.4	7.8

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.
 - Data not available.

WAGES AND SALARIES

Table 3. Employment Cost Index for wages and salaries only, private industry workers, 1/ by occupation and industry group

Series	Indexes (June 1981=100)			Percent changes for					
	September 1981	June 1982	September 1982	3 months ended			12 months ended		
				September 1981	June 1982	September 1982	September 1981	June 1982	September 1982
Private industry workers 1/	102.0	107.1	109.0	2.0	1.1	1.8	9.1	7.1	6.9
<u>Workers, by occupational group</u>									
White-collar workers	101.8	107.3	109.4	1.8	1.0	2.0	9.2	7.3	7.5
Professional and technical workers	103.3	109.4	111.8	3.3	1.3	2.2	10.8	9.4	8.2
Managers and administrators	101.6	107.2	108.5	1.6	1.3	1.2	8.7	7.2	6.8
Sales workers	98.0	101.8	104.5	-2.0	-.4	2.7	6.2	1.8	6.6
Clerical workers	102.7	108.3	110.3	2.7	1.2	1.8	9.5	8.3	7.4
Blue-collar workers	102.3	106.6	108.5	2.3	1.1	1.8	9.1	6.6	6.1
Craft and kindred workers	102.9	107.6	109.6	2.9	1.3	1.9	9.5	7.6	6.5
Operatives, except transport.	102.1	106.6	108.3	2.1	1.1	1.6	9.1	6.6	6.1
Transport equipment operatives.	101.0	104.1	106.0	1.0	.9	1.8	8.0	4.1	5.0
Nonfarm laborers	101.5	105.1	106.5	1.5	1.0	1.3	8.1	5.1	4.9
Service workers	101.8	107.9	109.3	1.8	1.1	1.3	9.0	7.9	7.4
<u>Workers, by industry division</u>									
Manufacturing	102.1	107.0	108.8	2.1	1.0	1.7	9.1	7.0	6.6
Durables	102.1	107.4	109.0	2.1	1.0	1.5	9.2	7.4	6.8
Nondurables	102.0	106.3	108.5	2.0	.9	2.1	8.8	6.3	6.4
Nonmanufacturing	102.0	107.1	109.1	2.0	1.1	1.9	9.1	7.1	7.0
Construction	103.0	107.3	109.1	3.0	1.3	1.7	9.0	7.3	5.9
Transportation and public utilities	102.0	106.9	109.5	2.0	1.1	2.4	9.6	6.9	7.4
Wholesale and retail trade	101.3	105.8	106.5	1.3	1.8	.7	8.2	5.8	5.1
Wholesale trade	102.0	108.9	109.0	2.0	2.4	.1	9.7	8.9	6.9
Retail trade	101.0	104.5	105.5	1.0	1.5	1.0	7.7	4.5	4.5
Finance, insurance, and real estate	98.3	102.4	106.1	-1.7	-1.3	3.6	7.8	2.4	7.9
Services	103.6	110.0	112.5	3.6	1.1	2.3	10.0	10.0	8.6

1/ Excludes farm and household workers.

COMPENSATION

Table 4. Employment Cost Index, private industry workers, by bargaining status and area size ^{1/}

(Not seasonally adjusted)

Series	Indexes (June 1981=100)						Percent changes for					
	September 1981		June 1982		September 1982		3 months ended		September 1981		12 months ended	
	September 1981	June 1982	September 1982	September 1981	June 1982	September 1982	September 1981	June 1982	September 1981	June 1982	September 1982	September 1982
<u>Workers, by bargaining status</u>												
Union	102.5	108.4	110.6	2.5	1.8	2.0	10.9	8.4	7.9			
Manufacturing	102.3	108.0	110.3	2.3	1.6	2.1	-	8.0	7.8			
Nonmanufacturing	102.7	108.7	111.0	2.7	1.8	2.1	-	8.7	8.1			
Nonunion	101.7	106.5	108.5	1.7	1.1	1.9	9.6	6.5	6.7			
Manufacturing	101.8	106.6	108.4	1.8	.9	1.7	-	6.6	6.5			
Nonmanufacturing	101.7	106.4	108.6	1.7	1.1	2.1	-	6.4	6.8			
<u>Workers, by area size</u>												
Metropolitan areas	102.1	107.2	109.4	2.1	1.4	2.1	10.0	7.2	7.1			
Other areas	101.8	107.0	108.6	1.8	.8	1.5	10.7	7.0	6.7			

^{1/} The index measures changes in total compensation costs (wages, salaries, and employer costs for employee benefits). Farm and household workers are excluded.

- Data not available.

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 5. 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					
	September 1981		June 1982		September 1982		September 1981		12 months ended	
	September 1981	June 1982	September 1982	September 1981	June 1982	September 1982	September 1981	June 1982	September 1982	September 1982
<u>Workers, by bargaining status</u>										
Union	102.7	108.1	110.3	2.7	1.5	2.0	9.9	8.1	7.4	
Manufacturing	102.6	107.3	109.5	2.6	1.3	2.1	9.4	7.3	6.7	
Nonmanufacturing	102.8	108.8	111.1	2.8	1.7	2.1	10.4	8.8	8.1	
Nonunion	101.6	106.5	108.3	1.6	.9	1.7	8.8	6.5	6.6	
Manufacturing	101.7	106.7	108.2	1.7	.8	1.4	8.9	6.7	6.4	
Nonmanufacturing	101.6	106.4	108.3	1.6	.9	1.8	8.8	6.4	6.6	
<u>Workers, by region</u>										
Northeast	101.7	106.7	109.7	1.7	.6	2.8	7.9	6.7	7.9	
South	101.9	107.4	108.8	1.9	1.6	1.3	9.4	7.4	6.8	
North Central	101.6	106.1	107.6	1.6	1.3	1.4	9.0	6.1	5.9	
West	103.2	108.6	110.7	3.2	.6	1.9	10.4	8.6	7.3	
<u>Workers, by area size</u>										
Metropolitan areas	102.1	107.1	109.1	2.1	1.1	1.9	9.1	7.1	6.9	
Other areas	101.8	106.8	108.3	1.8	.8	1.4	9.5	6.8	6.4	

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 straight-time average hourly earnings. Straight-time earnings 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.

The compensation series includes employer costs for employee benefits as well as wages and salaries. Benefits covered by the ECI include:

Hours related benefits - Premium pay for overtime and work on weekends and holidays, paid holidays, paid vacations, paid sick leave, and other paid leave;

Supplemental pay - Shift differentials, nonproduction bonuses, severance pay, and supplemental unemployment plans;

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 - Merchandise discounts in department stores.

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 earnings and benefit cost data (cents-per-hour-worked) are collected from a probability sample of about 10,000 occupations within 2,000 sample establishments in the private sector and about 3,700 occupations within 750 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, local, 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.

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 1.8 percent change in wage and salary rates for "private industry workers" in September 1982 (table 3) is the actual percent change in straight-time average hourly earnings from the pay period including the 12th day of June 1982 to the comparable pay period in September 1982.

More detailed information on the ECI is available in several articles and publications. These include a chapter in the BLS Handbook of Methods (Bulletin 1910), "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 are available upon request.