

News

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EMPLOYMENT COST INDEX - DECEMBER 1984

The Employment Cost Index (ECI) increased 1.2 percent in the 3 months ended in December 1984, the U.S. Department of Labor's Bureau of Labor Statistics reported today. For the year ended in December 1984, the increase was 5.2 percent--down from 5.7 percent for the year ended in December 1983.

The December 1984 index level stood at 123.9 for compensation costs (including wages, salaries, and employer costs for employee benefits), based on June 1981=100 (table 1). The ECI covers private industry (excluding farms and households) and State and local government workers. It is not seasonally adjusted.

The 1.2 percent increase in compensation costs was about the same as the 1.1 percent rise in September-December a year ago. Compensation cost increases in the fourth quarters of 1984 and 1983 were similar for both private industry workers (1.3 and 1.2 percent, respectively) and State and local government workers (1.0 percent in both periods). Wage and salary gains during September-December 1984 also were close to those a year earlier (table 2).

For private industry workers, wage and salary increases during September-December 1984 averaged 1.2 percent. Pay gains for most occupational groups clustered around 1.2 percent (table 3), but there were exceptions, including transport equipment operatives--up 0.5 percent--and service workers--up 2.1 percent.

By industry, pay increases for private sector workers during September-December 1984 ranged from 1.9 percent in the services industry and 1.8 percent in wholesale trade to 0.1 percent in construction and 0.4 percent in finance, insurance, and real estate. Pay increases in finance, insurance, and real estate reflected lower commission earnings of sales workers, particularly stock and bond brokers.

Over the year ended December 1984, compensation cost increases were below gains last year (5.2 percent, down from 5.7 percent). The slowdown was evident for private industry workers (4.9 percent, down from 5.7 percent); compensation costs for State and local government workers, however, rose somewhat more in 1984 (6.6 percent, up from 6.0 percent). Over-the-year compensation increases for State and local government workers in 1984 were heavily influenced by pay and benefit adjustments for employees of elementary and secondary schools.

Over-the-year wage and salary increases for private industry workers in 1984 showed mixed patterns compared with 1983. White-collar pay gains in 1984 averaged 4.4 percent, down from 6.0 percent in 1983. Blue-collar pay increases, on the



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Statistics

other hand, were only slightly lower in 1984 than in 1983--3.6 percent, down from 3.8 percent. In contrast, service worker wage gains averaged 6.2 percent in 1984, up from 4.6 percent in 1983.

There were also variations in over-the-year pay gains by industry group. Pay for workers in manufacturing rose 4.4 percent in 1984, about the same as in 1983. Workers in construction recorded a 1.3 percent increase in 1984, down from 2.9 percent a year ago, while corresponding increases for employees in transportation and public utilities were 3.3 percent and 5.1 percent.

Pay gains for union workers in private industry averaged 3.4 percent in 1984, compared with 4.5 percent for nonunion workers. Corresponding gains in 1983 were 4.6 and 5.2 percent (table 5).

COMPENSATION

Table 1. Employment Cost Index by occupation and industry group 1/
(Not seasonally adjusted)

Series	Indexes (June 1981=100)		Percent Changes for						
	Dec. 1983	Sept. 1984	3 Months Ended		12 Months Ended		Dec. 1984	Dec. 1984	
			Dec. 1983	Sept. 1984	Dec. 1983	Sept. 1984			
Civilian workers 2/	117.8	122.4	123.9	1.1	1.3	1.2	5.7	5.1	5.2
Workers, by occupational group									
White-collar workers	118.9	124.0	125.5	1.1	1.6	1.2	6.3	5.4	5.6
Blue-collar workers	115.8	119.6	120.9	.9	.8	1.1	4.8	4.2	4.4
Service workers	119.1	124.6	126.8	2.1	2.0	1.8	6.0	6.8	6.5
Workers, by industry division									
Manufacturing	116.0	120.4	122.0	.9	1.1	1.3	5.1	4.7	5.2
Nonmanufacturing	118.6	123.3	124.8	1.2	1.4	1.2	6.1	5.2	5.2
Services	122.6	128.8	130.9	1.2	2.6	1.6	6.6	6.4	6.8
Public administration 3/	121.4	126.9	128.6	1.3	2.6	1.3	6.9	5.9	5.9
Private industry workers 4/	117.0	121.1	122.7	1.2	.8	1.3	5.7	4.8	4.9
Workers, by occupational group									
White-collar workers	117.9	122.4	123.9	1.2	.8	1.2	6.4	5.1	5.1
Blue-collar workers	115.7	119.3	120.6	1.0	.8	1.1	4.9	4.1	4.2
Service workers	117.9	123.2	125.7	2.4	1.7	2.0	5.5	7.0	6.6
Workers, by industry division									
Manufacturing	116.0	120.4	122.0	.9	1.1	1.3	5.1	4.7	5.2
Nonmanufacturing	117.5	121.6	123.1	1.3	.7	1.2	6.0	4.8	4.8
State and local government workers	122.0	128.8	130.1	1.0	3.5	1.0	6.0	6.6	6.6
Workers, by occupational group									
White-collar workers	122.6	129.7	131.1	.9	3.8	1.1	5.9	6.7	6.9
Blue-collar workers	119.2	125.0	125.9	1.0	2.2	.7	5.5	5.9	5.6
Workers, by industry division									
Services	122.6	129.9	131.3	.7	3.9	1.1	5.8	6.7	7.1
Schools	122.6	130.6	132.0	.6	4.7	1.1	5.9	7.1	7.7
Elementary and secondary	123.9	132.1	133.5	.5	5.1	1.1	6.3	7.1	7.7
Hospitals and other services 5/	122.6	127.9	129.2	1.2	1.8	1.0	5.7	5.6	5.4
Public administration 3/	121.4	126.9	128.6	1.3	2.6	1.3	6.9	5.9	5.9

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							
	Dec. 1983		Sept. 1984		Dec. 1984		3 Months Ended Sept. 1984		12 Months Ended Dec. 1983		12 Months Ended Sept. 1984	
	Dec. 1983	Sept. 1984	Dec. 1984	Dec. 1984	Dec. 1984	Dec. 1984	Dec. 1983	Sept. 1984	Dec. 1983	Sept. 1984	Dec. 1984	Sept. 1984
Civilian workers <u>1/</u>	116.5	120.3	121.7	121.7	1.0	1.3	1.2	1.2	5.0	5.0	4.3	4.5
Workers, by occupational group												
White-collar workers.....	117.9	122.2	123.5	123.5	1.0	1.5	1.1	1.1	5.8	5.8	4.7	4.7
Blue-collar workers.....	114.0	117.0	118.2	118.2	.8	.8	1.0	1.0	3.8	3.8	3.4	3.7
Service workers.....	117.4	122.3	124.3	124.3	2.0	2.1	1.6	1.6	5.0	5.0	6.3	5.9
Workers, by industry division												
Manufacturing.....	114.5	118.0	119.5	119.5	1.1	1.0	1.3	1.3	4.3	4.3	4.1	4.4
Nonmanufacturing.....	117.4	121.3	122.6	122.6	1.1	1.3	1.1	1.1	5.5	5.5	4.5	4.4
Services.....	121.3	127.2	128.9	128.9	1.0	2.7	1.3	1.3	6.0	6.0	5.9	6.3
Public administration <u>2/</u>	119.4	124.4	125.7	125.7	1.0	2.6	1.0	1.0	6.0	6.0	5.2	5.3
Private industry workers <u>3/</u>	115.8	119.2	120.6	120.6	1.1	.8	1.2	1.2	5.0	5.0	4.1	4.1
Workers, by occupational group												
White-collar workers.....	117.2	120.9	122.3	122.3	1.1	.8	1.2	1.2	6.0	6.0	4.3	4.4
Blue-collar workers.....	113.9	116.7	118.0	118.0	.9	.7	1.1	1.1	3.8	3.8	3.4	3.6
Service workers.....	116.5	121.2	123.7	123.7	2.5	1.6	2.1	2.1	4.6	4.6	6.6	6.2
Workers, by industry division												
Manufacturing.....	114.5	118.0	119.5	119.5	1.1	1.0	1.3	1.3	4.3	4.3	4.1	4.4
Nonmanufacturing.....	116.5	119.9	121.2	121.2	1.1	.8	1.1	1.1	5.4	5.4	4.1	4.0
State and local government workers.....	120.0	126.1	127.1	127.1	.7	3.4	.8	.8	5.3	5.3	5.8	5.9
Workers, by occupational group												
White-collar workers.....	120.6	127.1	128.0	128.0	.7	3.8	.7	.7	5.2	5.2	6.1	6.1
Blue-collar workers.....	116.9	121.9	122.5	122.5	.4	1.9	.5	.5	4.4	4.4	4.7	4.8
Workers, by industry division												
Services.....	120.6	127.2	128.1	128.1	.7	3.8	.7	.7	5.2	5.2	6.2	6.2
Schools.....	120.6	127.8	128.7	128.7	.6	4.5	.7	.7	5.3	5.3	6.6	6.7
Elementary and secondary.....	121.7	129.3	130.2	130.2	.5	5.1	.7	.7	5.7	5.7	6.8	7.0
Hospitals and other services <u>4/</u>	120.6	125.1	125.9	125.9	.8	1.6	.6	.6	5.0	5.0	4.5	4.4
Public administration <u>2/</u>	119.4	124.4	125.7	125.7	1.0	2.6	1.0	1.0	6.0	6.0	5.2	5.3

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.

WAGES AND SALARIES

Table 3. 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						
	Dec. 1983	Sept. 1984	Dec. 1984	3 Months Ended		12 Months Ended		Dec. 1983	Sept. 1984	Dec. 1984
				Dec. 1983	Sept. 1984	Dec. 1984	Dec. 1983			
Private industry workers ^{1/}	115.8	119.2	120.6	1.1	0.8	1.2	5.0	4.1	4.1	4.1
Workers, by occupational group										
White-collar workers.....	117.2	120.9	122.3	1.1	.8	1.2	6.0	4.3	4.3	4.4
Professional and technical workers.....	120.4	125.2	127.3	.4	1.1	1.7	6.6	4.4	4.4	5.7
Managers and administrators.....	115.7	121.0	122.2	.8	1.5	1.0	5.9	5.4	5.4	5.6
Sales workers.....	111.2	110.5	111.6	2.6	-1.3	1.0	4.7	1.9	1.9	4.4
Clerical workers.....	118.3	122.0	122.9	1.4	1.1	.7	6.0	4.5	4.5	3.9
Blue-collar workers.....	113.9	116.7	118.0	.9	.7	1.1	3.8	3.4	3.4	3.6
Craft and kindred workers.....	115.4	118.0	119.4	1.0	.6	1.2	3.8	3.2	3.2	3.5
Operatives, except transport.....	113.6	116.6	117.9	1.2	.7	1.1	3.9	3.8	3.8	3.8
Transport equipment operatives.....	110.2	113.4	114.0	-1.5	.6	.5	3.1	2.4	2.4	3.4
Nonfarm laborers.....	112.1	114.7	115.9	1.2	.5	1.0	4.0	3.5	3.5	3.4
Service workers.....	116.5	121.2	123.7	2.5	1.6	2.1	4.6	6.6	6.6	6.2
Workers, by industry division										
Manufacturing.....	114.5	118.0	119.5	1.1	1.0	1.3	4.3	4.1	4.1	4.4
Durables.....	114.4	117.7	119.1	1.3	.9	1.2	3.7	4.3	4.3	4.1
Nondurables.....	114.6	118.6	120.2	.6	1.3	1.3	5.0	4.1	4.1	4.9
Nonmanufacturing.....	116.5	119.9	121.2	1.1	.8	1.1	5.4	4.1	4.1	4.0
Construction.....	112.9	114.3	114.4	.6	.3	.1	2.9	1.9	1.9	1.3
Transportation and public utilities.....	116.8	119.9	120.7	1.0	.5	.7	5.1	3.6	3.6	3.3
Wholesale and retail trade.....	112.3	116.5	118.1	.7	.4	1.4	4.8	4.5	4.5	5.2
Wholesale trade.....	116.5	120.7	122.9	.7	.6	1.8	6.1	4.3	4.3	5.5
Retail trade.....	110.6	114.9	116.2	.6	.4	1.1	4.2	4.5	4.5	5.1
Finance, insurance, and real estate.....	116.9	115.3	115.8	3.0	-1.4	.4	7.2	1.6	1.6	-9
Services.....	121.9	127.1	129.5	1.2	1.9	1.9	6.6	5.6	5.6	6.2

^{1/} Excludes farm and household workers.

COMPENSATION

Table 4. 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						
	Dec. 1983	Sept. 1984	Dec. 1984	3 Months Ended		12 Months Ended		Sept. 1984	Dec. 1984	
				Dec. 1983	Sept. 1984	Dec. 1983	Sept. 1984			
Workers, by bargaining status										
Union.....	118.8	122.6	123.9	0.8	0.7	1.1	5.8	4.1	4.3	4.3
Manufacturing.....	117.2	121.6	123.2	.8	.9	1.3	4.8	4.6	5.1	5.1
Nonmanufacturing.....	120.4	123.6	124.5	1.0	.7	.7	6.7	3.7	3.4	3.4
Nonunion.....	115.9	120.3	121.9	1.3	.9	1.3	5.7	5.2	5.2	5.2
Manufacturing.....	114.9	119.3	120.8	1.0	1.2	1.3	5.2	4.8	5.1	5.1
Nonmanufacturing.....	116.4	120.7	122.4	1.5	.8	1.4	5.9	5.2	5.2	5.2
Workers, by region										
Northeast.....	117.5	122.4	123.8	1.3	1.4	1.1	5.2	5.5	5.4	5.4
South.....	117.1	120.7	122.2	1.3	(2)	1.2	5.9	4.4	4.4	4.4
North Central.....	114.7	119.7	120.8	.7	1.5	.9	5.6	5.1	5.3	5.3
West.....	120.0	122.5	124.9	1.7	.2	2.0	6.3	3.8	4.1	4.1
Workers, by area size										
Metropolitan areas.....	117.4	121.5	123.2	1.2	.7	1.4	5.9	4.7	4.9	4.9
Other areas.....	114.5	119.0	119.8	1.0	1.4	.7	4.9	4.9	4.6	4.6

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 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						
	Dec. 1983	Sept. 1984	Dec. 1984	3 Months Ended		12 Months Ended		Dec. 1984	Dec. 1984
				Dec. 1983	Sept. 1984	Dec. 1983	Sept. 1984		
Workers, by bargaining status									
Union.....	116.9	119.8	120.9	0.8	0.7	4.6	3.3	3.4	
Manufacturing.....	114.8	118.1	119.5	1.0	.9	3.6	3.9	4.1	
Nonmanufacturing.....	118.9	121.3	122.1	.5	.5	5.5	2.5	2.7	
Nonunion.....									
Manufacturing.....	115.2	118.8	120.4	1.3	.8	5.2	4.5	4.5	
Nonmanufacturing.....	114.2	117.9	119.5	1.1	1.2	4.7	4.3	4.6	
Nonmanufacturing.....	115.6	119.2	120.7	1.4	.8	5.5	4.6	4.4	
Workers, by region									
North									
Northeast.....	116.6	120.5	121.9	1.1	1.3	4.6	4.5	4.5	
South.....	115.7	119.0	120.2	1.2	(2)	5.4	4.1	3.9	
North Central.....	113.6	117.8	118.7	.7	1.6	4.6	4.4	4.5	
West.....	118.5	120.0	122.5	1.7	.3	5.8	3.0	3.4	
Workers, by area size									
Metropolitan areas.....	116.2	119.5	121.0	1.1	.8	5.2	4.0	4.1	
Other areas.....	113.4	117.5	118.3	1.0	1.3	4.2	4.6	4.3	

1/ Excludes farm and household workers.

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.

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 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 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.

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 1.2 percent change in wage and salary rates for "private industry workers" in the 3 months ended December 1984 (table 3) is the actual percent change in straight-time average hourly wage and salary rates from the pay period including the 12th day of September 1984 to the comparable pay period in December 1984.

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.