

News

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EMPLOYMENT COST INDEX--June 1976

Wage and salary rates measured by the Employment Cost Index rose 1.7 percent from March to June, it was reported today by the Bureau of Labor Statistics of the U.S. Department of Labor. This increase was down from the 1.9 percent reported for the first 3 months of the year. Since September 1975, when initial data for the Employment Cost Index were collected, wage and salary rates have gone up 5.5 percent. (See table.)

The different rates of increase for the subgroups noted below are due not only to the size of increases received but also to the relative number of workers receiving increases. For example, the 4.5 percent pay increase for transport equipment operatives was influenced by the large employee coverage of negotiated settlements in trucking during the second quarter, as well as the amount of pay gains received by these workers. Accelerated increases in pay were reported also for service and managerial occupations--up 3.3 and 2.1 percent, respectively. Rates of increase in wage and salary rates for professional and technical workers and nonfarm laborers continued the downward trend of the first quarter.

Wage rates of operatives, except transport, climbed at a much slower pace in the second quarter--up only 0.8 percent, following the 2.8 percent rise in the first quarter. Similarly, the rate of increase in salaries of clerical workers fell to 1.3 percent, after rising 2.2 percent in the first quarter.

With respect to industries, the rate of increase in pay for workers in manufacturing declined for the second consecutive quarter to 1.5 percent.

Pay for employees in trade and services advanced at the same rate in the first and second quarters. The largest industry pay gains were reported in construction, 3.1 percent, and in transportation and utilities, 2.8 percent. The relatively large increase for construction workers was due in part to seasonal collective bargaining patterns in the industry.

Among regions, wage rate gains continued to be higher in the West, despite a slowing of the rate of increase from 3.3 percent in the first quarter to 2.3 percent in the second. The rate of increase was also down in the South to 1.3 percent. On the other hand, a pay gain of 1.4 percent was reported in the Northeast, up from 0.9 percent in the first quarter.

Pay of workers in occupations covered by collective bargaining agreements advanced 1.8 percent in the second quarter compared with 1.6 percent for other workers, reversing the pattern of the prior quarter.

Wage and salary rate gains for workers employed in metropolitan areas slowed to 1.5 percent in the second quarter, down from 1.9 percent in the first quarter and a slower rate of advance than for workers outside of metropolitan areas for the second consecutive quarter.

Over the 3 quarters since September 1975, increases in pay rates have been less in the overall measure of change than in the component series covering blue-collar and service workers; workers in transportation and public utilities, and trade; workers in the West; workers in unionized occupations; and workers employed outside of metropolitan areas.

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

(In percent)

Series	Fourth quarter 1975	First quarter 1976	Second quarter 1976	Three quarters ending in June 1976
All private nonfarm workers	1.8	1.9	1.7	5.5
<u>Workers, by occupational group</u>				
Professional, technical, and kindred workers	1.7	1.4	1.1	4.3
Managers and administrators, except farm	1.3	1.3	2.1	4.8
Clerical and kindred workers	1.8	2.2	1.3	5.4
Craft and kindred workers	1.8	1.9	2.0	5.8
Operatives, except transport	2.2	2.8	0.8	5.9
Transport equipment operatives	1.7	1.2	4.5	7.6
Laborers, except farm	2.4	2.1	1.9	6.5
Service workers, except private household	3.3	1.9	3.3	8.7
<u>Workers, by industry division</u>				
Construction	-	-	3.1	-
Manufacturing	2.1	1.9	1.5	5.6
Transportation and public utilities	2.6	1.9	2.8	7.5
Wholesale and retail trade	1.8	2.2	2.2	6.4
Services	1.8	1.5	1.5	4.8
<u>Workers, by region</u>				
Northeast	1.4	0.9	1.4	3.8
South	1.5	2.4	1.3	5.2
North Central	2.3	1.5	1.6	5.4
West	2.1	3.3	2.3	8.0
<u>Workers, by bargaining status</u>				
Occupations covered by collective bargaining agreements	2.4	1.6	1.8	6.0
Occupations not covered by collec- tive bargaining agreements	1.6	2.0	1.6	5.4
<u>Workers, by area</u>				
Metropolitan areas	1.9	1.9	1.5	5.3
Other areas	1.6	2.2	2.4	6.2

Explanatory Note

The statistics are percent changes in straight-time average hourly earnings over the period indicated. For example, the 1.7 percent change for the "all private nonfarm workers" series in the second 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 March to the comparable period in June. 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 total cost of employing labor, nor as a measure of the level of well-being of workers.

The scope of the measure 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. Publication of benefit data is expected to begin in the fall of 1977. 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 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 non-farm 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.

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. Respondents in the quarterly surveys are establishments or groups of establishments comprising a reporting unit.

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. The industries for which second quarter statistics are published comprise over 90 percent of the total sample. The relative importance of the industrial and other component submeasures, as of September 1975, 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.

Future releases are tentatively scheduled for November, February, May, and August--2 months after each quarter.