

News

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EMPLOYMENT COST INDEX - SEPTEMBER 1985

The Employment Cost Index (ECI) increased 1.6 percent in the 3 months ended in September 1985, the U.S. Department of Labor's Bureau of Labor Statistics reported today. For the year ended in September 1985, the ECI rose 4.9 percent, down from 5.1 percent for the year ended in September 1984. The ECI measures changes in compensation costs, which include wages, salaries, and employer costs for employee benefits.

The 1.6 percent increase in compensation costs in the June-September period was above the 1.3 percent gain in the same period a year ago. The higher rate of change resulted from larger compensation increases for private industry workers (1.3 percent, up from 0.8 percent). State and local government workers, on the other hand, registered a 3.4 percent increase in June-September 1985, about the same as the 3.5 percent gain a year earlier. Compensation cost changes for State and local government workers are heavily concentrated in the June-September quarter, whereas those for private industry workers are more widely dispersed throughout the year.

For the year ended in September 1985, compensation cost increases (4.9 percent) were below gains a year ago (5.1 percent). The slowdown was registered primarily for State and local government workers (6.0 percent, down from 6.6 percent). For private industry workers, compensation costs increased at about the same rate as a year earlier (4.7 percent and 4.8 percent, respectively).

* This release provides for the first time, estimates of *
* quarterly change in compensation costs, and in wages and *
* salaries only, for workers in health services. Data are *
* provided for workers in private industry, in State and *
* local governments, and in the two sectors combined. *
* *
* These new series are part of the Federal government's *
* effort to improve statistical programs for service-produc- *
* ing industries, i.e., transportation and public utilities; *
* trade; finance, insurance, and real estate; service indus- *
* tries; and governments. As part of the effort, this *
* release also presents for the first time, series for the *
* service-producing sector as a whole as well as for goods- *
* producing industries (mining, construction, and *
* manufacturing) combined. *

In contrast to the slight decline in the rate of compensation cost increases, over-the-year wage and salary gains (5.0 percent) were substantially higher than those a year ago (4.3 percent). A higher rate of wage and salary increase was found for private industry workers (4.8 percent, up from 4.1 percent), but not for State and local government workers (5.6 percent, down from 5.8 percent).

Over-the-year wage and salary increases for nonunion workers in private industry continued to outstrip those of union workers, as has been the case for the past 2 years. For the year ended in September 1985, nonunion pay gains averaged 5.4 percent, compared with 3.6 percent for union workers.

Wage and salary advances in private industry also varied by occupation and industry group over the September 1984-85 period. Among white-collar workers, pay gains ranged from 4.2 percent for clerical workers to 8.0 percent for sales workers (the most volatile ECI series, heavily influenced by commission earnings). The range for blue-collar workers was from 3.4 percent for nonfarm laborers to 4.8 percent for craft and kindred workers. The variation in average pay gains by industry group in the year ended in September 1985 was from 2.6 percent for construction to 7.6 percent for finance, insurance, and real estate (also strongly influenced by commission earnings).

The September 1985 ECI level stood at 128.4, based on June 1981=100. The ECI covers private industry (excluding farms and households) and State and local government workers. It is not seasonally adjusted.

COMPENSATION

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

(Not seasonally adjusted)

Series	Indexes (June 1981=100)			Percent Changes for					
	Sept. 1984	June 1985	Sept. 1985	3 Months Ended		12 Months Ended		Sept. 1985	Sept. 1985
				Sept. 1984	June 1985	Sept. 1984	June 1985		
Civilian workers 2/	122.4	126.4	128.4	1.3	0.7	1.6	5.1	4.6	4.9
Workers, by occupational group									
White-collar workers	124.0	128.3	130.7	1.6	.8	1.9	5.4	5.1	5.4
Blue-collar workers	119.6	123.1	124.4	.8	.7	1.1	4.2	3.8	4.0
Service workers	124.6	128.0	130.9	2.0	.2	2.3	6.8	4.8	5.1
Workers, by industry division									
Goods-producing 3/	120.1	123.9	124.9	1.0	.6	.8	4.4	4.2	4.0
Manufacturing	120.4	124.6	125.5	1.1	.6	.7	4.7	4.6	4.2
Service-producing 4/	123.9	127.9	130.7	1.5	.8	2.2	5.5	4.8	5.5
Services	128.8	132.6	136.4	2.6	.5	2.9	6.4	5.7	5.9
Health services	-	-	-	-	.5	1.6	-	-	-
Public administration 5/	126.9	130.3	134.2	2.6	.2	3.0	5.9	5.3	5.8
Nonmanufacturing	123.3	127.2	129.7	1.4	.8	2.0	5.2	4.6	5.2
Private industry workers 6/	121.1	125.2	126.8	.8	.8	1.3	4.8	4.2	4.7
Workers, by occupational group									
White-collar workers	122.4	127.1	128.8	.8	1.0	1.3	5.1	4.7	5.2
Blue-collar workers	119.3	122.8	124.0	.8	.7	1.0	4.1	3.7	3.9
Service workers	123.2	126.5	128.8	1.7	.2	1.8	7.0	4.4	4.5
Workers, by industry division									
Goods-producing 3/	119.9	123.8	124.6	.9	.7	.6	4.4	4.2	3.9
Service-producing 4/	122.2	126.4	128.7	.7	1.0	1.8	5.2	4.2	5.3
State and local government workers	128.8	132.0	136.5	3.5	.2	3.4	6.6	6.1	6.0
Workers, by occupational group									
White-collar workers	129.7	132.9	137.6	3.8	.3	3.5	6.7	6.3	6.1
Blue-collar workers	125.0	128.5	131.9	2.2	.3	2.6	5.9	5.1	5.5
Workers, by industry division									
Services	129.9	133.2	137.9	3.9	.3	3.5	6.7	6.6	6.2
Hospitals and other services 7/	127.9	131.5	134.1	1.8	.3	2.0	5.6	4.6	4.8
Health services	-	-	-	-	.1	2.7	-	-	-
Schools	130.6	133.7	139.1	4.7	.2	4.0	7.1	7.2	6.5
Elementary and secondary	132.1	134.6	140.9	5.1	.1	4.7	7.1	7.1	6.7
Public administration 5/	126.9	130.3	134.2	2.6	.2	3.0	5.9	5.3	5.8

- Data not available.
NOTE: See footnotes at end of tables.

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					
	Sept. 1984	June 1985	Sept. 1985	3 Months Ended		6 Months Ended		12 Months Ended	
				Sept. 1984	June 1985	Sept. 1985	Sept. 1984	June 1985	Sept. 1985
Civilian workers 2/	120.3	124.2	126.3	1.3	0.9	1.7	4.3	4.5	5.0
Workers, by occupational group									
White-collar workers	122.2	126.4	128.8	1.5	1.0	1.9	4.7	5.0	5.4
Blue-collar workers	117.0	120.5	122.0	.8	1.0	1.2	3.4	3.8	4.3
Service workers	122.3	125.3	128.0	2.1	.4	2.2	6.3	4.6	4.7
Workers, by industry division									
Goods-producing 3/	117.6	121.5	122.5	.9	1.0	.8	3.8	4.3	4.2
Manufacturing	118.0	122.3	123.2	1.0	1.1	.7	4.1	4.7	4.4
Service-producing 4/	122.0	125.8	128.6	1.4	.9	2.2	4.7	4.6	5.4
Services	127.2	130.5	134.2	2.7	.6	2.8	5.9	5.4	5.5
Health services	-	-	-	-	.7	1.4	-	-	-
Public administration 5/	124.4	127.2	131.4	2.6	.2	3.3	5.2	4.9	5.6
Nonmanufacturing	121.3	125.0	127.6	1.3	.9	2.1	4.5	4.4	5.2
Private industry workers 6/	119.2	123.3	124.9	.8	1.1	1.3	4.1	4.3	4.8
Workers, by occupational group									
White-collar workers	120.9	125.5	127.3	.8	1.2	1.4	4.3	4.7	5.3
Blue-collar workers	116.7	120.3	121.7	.7	1.0	1.2	3.4	3.8	4.3
Service workers	121.2	124.4	126.3	1.6	.5	1.5	6.6	4.3	4.2
Workers, by industry division									
Goods-producing 3/	117.5	121.4	122.3	.9	1.0	.7	3.8	4.3	4.1
Service-producing 4/	120.6	124.8	127.0	.8	1.1	1.8	4.4	4.3	5.3
State and local government workers	126.1	128.7	133.2	3.4	.2	3.5	5.8	5.5	5.6
Workers, by occupational group									
White-collar workers	127.1	129.6	134.3	3.8	.2	3.6	6.1	5.8	5.7
Blue-collar workers	121.9	124.5	127.9	1.9	.2	2.7	4.7	4.1	4.9
Workers, by industry division									
Services	127.2	129.7	134.5	3.8	.2	3.7	6.2	5.9	5.7
Hospitals and other services 7/	125.1	128.0	130.2	1.6	.2	1.7	4.5	4.0	4.1
Health services	-	-	-	-	.1	2.6	-	-	-
Schools	127.8	130.2	135.8	4.5	.2	4.3	6.6	6.5	6.3
Elementary and secondary	129.3	131.1	137.5	5.1	.2	4.9	6.8	6.6	6.3
Public administration 5/	124.4	127.2	131.4	2.6	.2	3.3	5.2	4.9	5.6

 - Data not available.
 NOTE: See footnotes at end of tables.

COMPENSATION

Table 3. Employment Cost Index, private industry workers, $\frac{6}{4}$ by occupation and industry group
(Not seasonally adjusted)

Series	Indexes (June 1981=100)				Percent Changes for					
	Sept. 1984		June 1985		3 Months Ended		6 Months Ended		12 Months Ended	
	Sept. 1984	June 1985	Sept. 1985	Sept. 1985	Sept. 1984	June 1985	Sept. 1985	Sept. 1984	June 1985	Sept. 1985
Private industry workers $\frac{6}{4}$	121.1	125.2	126.8	126.8	0.8	0.8	1.3	4.8	4.2	4.7
Workers, by occupational group										
White-collar workers.....	122.4	127.1	128.8	128.8	.8	1.0	1.3	5.1	4.7	5.2
Blue-collar workers.....	119.3	122.8	124.0	124.0	.8	.7	1.0	4.1	3.7	3.9
Service workers.....	123.2	126.5	128.8	128.8	1.7	.2	1.8	7.0	4.4	4.5
Workers, by industry division										
Goods-producing $\frac{3}{4}$	119.9	123.8	124.6	124.6	.9	.7	.6	4.4	4.2	3.9
Manufacturing.....	120.4	124.6	125.5	125.5	1.1	.6	.7	4.7	4.6	4.2
Service-producing $\frac{4}{4}$	122.2	126.4	128.7	128.7	.7	1.0	1.8	5.2	4.2	5.3
Transportation and public utilities.....	-	-	-	-	-	.9	1.4	-	-	-
Public utilities.....	-	-	-	-	-	.8	1.4	-	-	-
Wholesale and retail trade.....	-	-	-	-	-	.8	1.7	-	-	-
Finance, insurance, and real estate, Services.....	-	-	-	-	-	1.7	1.2	-	-	-
Health services.....	-	-	-	-	-	-.2	1.9	-	-	-
Nonmanufacturing.....	121.6	125.6	127.6	127.6	.7	1.0	1.6	4.8	4.1	4.9

- Data not available.
NOTE: See footnotes at end of tables.

WAGES AND SALARIES

Table 4. Employment Cost Index for wages and salaries only, private industry workers, 6 by occupation and industry group
(Not seasonally adjusted)

Series	Indexes (June 1981=100)			Percent Changes for					
	Sept. 1984	June 1985	Sept. 1985	Sept. 1984	3 Months Ended June 1985	Sept. 1985	Sept. 1984	12 Months Ended June 1985	Sept. 1985
Private industry workers <u>6</u>	119.2	123.3	124.9	0.8	1.1	1.3	4.1	4.3	4.8
Workers, by occupational group									
White-collar workers.....	120.9	125.5	127.3	.8	1.2	1.4	4.3	4.7	5.3
Professional and technical workers.....	125.2	128.7	131.2	1.1	.8	1.9	4.4	4.0	4.8
Managers and administrators.....	121.0	126.5	127.7	1.5	2.2	.9	5.4	6.1	5.5
Sales workers.....	110.5	117.4	119.3	-1.3	.9	1.6	1.9	4.9	8.0
Clerical workers.....	122.0	125.6	127.1	1.1	.7	1.2	4.5	4.1	4.2
Blue-collar workers.....	116.7	120.3	121.7	.7	1.0	1.2	3.4	3.8	4.3
Craft and kindred workers.....	118.0	122.0	123.7	.6	1.0	1.4	3.2	4.0	4.8
Operatives, except transport.....	116.6	120.1	121.1	.7	1.0	.8	3.8	3.7	3.9
Transport equipment operatives.....	113.4	115.7	117.7	.6	1.0	1.7	2.4	2.7	3.8
Nonfarm laborers.....	114.7	118.5	118.6	.5	1.5	.1	3.5	3.9	3.4
Service workers.....	121.2	124.4	126.3	1.6	.5	1.5	6.6	4.3	4.2
Workers, by industry division									
Goods-producing <u>3</u>	117.5	121.4	122.3	.9	1.0	.7	3.8	4.3	4.1
Construction.....	114.3	116.6	117.3	.3	1.0	.6	1.9	2.3	2.6
Manufacturing.....	118.0	122.3	123.2	1.0	1.1	.7	4.1	4.7	4.4
Durables.....	117.7	122.0	122.7	.9	1.2	.6	4.3	4.6	4.2
Nondurables.....	118.6	122.6	124.0	1.3	.8	1.1	4.1	4.7	4.6
Service-producing <u>4</u>	120.6	124.8	127.0	.8	1.1	1.8	4.4	4.3	5.3
Transportation and public utilities.....	119.9	122.8	124.8	.5	.9	1.6	3.6	2.9	4.1
Transportation.....	-	-	-	-	1.0	1.5	-	-	-
Public utilities.....	-	-	-	-	.7	1.7	-	-	-
Wholesale and retail trade.....	116.5	121.1	122.7	.4	1.9	1.3	4.5	4.4	5.3
Wholesale trade.....	120.7	126.8	127.7	.6	2.5	.7	4.3	5.7	5.8
Retail trade.....	114.9	118.9	120.8	.4	1.7	1.6	4.5	3.9	5.1
Finance, insurance, and real estate.....	115.3	121.7	124.1	-1.4	-.2	2.0	1.6	4.1	7.6
Services.....	127.1	131.0	133.9	1.9	.8	2.2	5.6	5.1	5.4
Health services.....	-	-	-	-	.9	1.0	-	-	-
Nonmanufacturing.....	119.9	123.9	125.9	.8	1.1	1.6	4.1	4.1	5.0

- Data not available.
NOTE: See footnotes at end of tables.

COMPENSATION

Table 5. Employment Cost Index, private industry workers, by bargaining status, region, and area size &
(Not seasonally adjusted)

Series	Indexes (June 1981=100)			Percent Changes for					
	Sept. 1984	June 1985	Sept. 1985	3 Months Ended		6 Months Ended		12 Months Ended	
				Sept. 1984	June 1985	Sept. 1985	Sept. 1984	June 1985	Sept. 1985
Workers, by bargaining status									
Union.....	122.6	125.5	126.5	0.7	0.6	0.8	4.1	3.1	3.2
Goods-producing 3/.....	121.4	123.9	127.6	.8	.2	.6	4.2	2.9	2.6
Service-producing 4/.....	124.5	128.0	129.5	.7	1.0	1.2	3.8	3.6	4.0
Nonunion.....	121.6	124.2	125.0	.9	.0	.6	4.6	3.1	2.8
Manufacturing.....	123.6	126.6	127.8	.7	1.0	.9	3.7	3.1	3.4
Nonmanufacturing.....	120.3	125.0	126.8	.9	1.0	1.4	5.2	4.9	5.4
Goods-producing 3/.....	118.4	123.5	124.4	1.1	.9	.7	4.4	5.5	5.1
Service-producing 4/.....	121.4	125.8	128.3	.7	.9	2.0	5.6	4.4	5.7
Manufacturing.....	119.3	124.8	125.7	1.2	1.0	.7	4.8	5.9	5.4
Nonmanufacturing.....	120.7	125.1	127.3	.8	1.0	1.8	5.2	4.4	5.5
Workers, by region									
Northeast.....	122.4	126.4	128.8	1.4	1.0	1.9	5.5	4.7	5.2
South.....	120.7	125.2	126.5	.0	.8	1.0	4.4	3.7	4.8
Midwest (formerly North Central).....	119.7	122.7	124.2	1.5	.6	1.2	5.1	4.1	3.8
West.....	122.5	127.9	129.1	.2	.9	.9	3.8	4.7	5.4
Workers, by area size									
Metropolitan areas.....	121.5	125.7	127.3	.7	.8	1.3	4.7	4.2	4.8
Other areas.....	119.0	122.5	123.9	1.4	.9	1.1	4.9	4.3	4.1

NOTE: The indexes for these series are not strictly comparable to those for the aggregate, occupation, and industry series. See explanatory note.

See footnotes at end of tables.

WAGES AND SALARIES

Table 6. Employment Cost Index for wages and salaries only, private industry workers, 6/ by bargaining status, region, and area size

(Not seasonally adjusted)

Series	Indexes (June 1981=100)			Percent Changes for					
	Sept. 1984	June 1985	Sept. 1985	3 Months Ended			12 Months Ended		
				Sept. 1984	June 1985	Sept. 1985	Sept. 1984	June 1985	Sept. 1985
Workers, by bargaining status									
Union.....	119.8	123.0	124.1	0.7	1.1	0.9	3.3	3.4	3.6
Goods-producing <u>3</u> /.....	118.1	121.3	122.2	.8	1.1	.7	3.5	3.5	3.5
Service-producing <u>4</u> /.....	122.5	125.7	127.1	.5	1.2	1.1	2.8	3.1	3.8
Manufacturing.....	118.1	121.7	122.8	.9	1.1	.9	3.9	3.9	4.0
Nonmanufacturing.....	121.3	124.1	125.3	.5	1.1	1.0	2.5	2.8	3.3
Nonunion.....									
Goods-producing <u>3</u> /.....	118.8	123.4	125.2	.8	1.1	1.5	4.5	4.8	5.4
Service-producing <u>4</u> /.....	116.9	121.4	122.3	1.0	1.0	.7	3.9	4.9	4.6
Manufacturing.....	117.9	122.8	123.7	1.2	1.1	.7	4.3	5.4	4.9
Nonmanufacturing.....	119.2	123.6	125.9	.8	1.1	1.9	4.6	4.5	5.6
Workers, by region									
Northeast.....	120.5	124.6	126.8	1.3	1.3	1.8	4.5	4.8	5.2
South.....	119.0	123.4	124.8	1.0	.9	1.1	4.1	3.7	4.9
Midwest (formerly North Central).....	117.8	121.1	122.5	1.6	1.3	1.2	4.4	4.4	4.0
West.....	120.0	125.1	126.6	1.3	.9	1.2	3.0	4.6	5.5
Workers, by area size									
Metropolitan areas.....	119.5	123.8	125.5	.8	1.1	1.4	4.0	4.4	5.0
Other areas.....	117.5	120.6	121.9	1.3	.8	1.1	4.6	4.0	3.7

NOTE: The indexes for these series are not strictly comparable to those for the aggregate, occupation, and industry series. See explanatory note.

- 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/ Includes mining, construction, and manufacturing.
- 4/ Includes transportation, public utilities, trade, finance, insurance, real estate, services, and, where applicable, public administration.
- 5/ Consists of legislative, judicial, administrative, and regulatory activities.
- 6/ Excludes farm and household workers.
- 7/ Includes, for example, library, social, and health services.
- 8/ The index measures changes in total compensation costs (wages, salaries, and employer costs for employee benefits). Farm and household workers are excluded.

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 12,000 occupations within 2,200 sample establishments in the private sector and about 3,600 occupations within 700 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. The June 1985 issue of the Monthly Labor Review contains an article "Introducing new weights for the Employment Cost Index," that describes how 1980 weights will be used in calculating the ECI beginning in June 1986.

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 1.3 percent change in wage and salary rates for "private industry workers" in the 3 months ended September 1985 (table 4) is the actual percent change in straight-time average hourly wage and salary rates from the pay period including the 12th day of June 1985 to the comparable pay period in September 1985.

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. A historical listing of ECI data also appears in the May issue of Current Wage Developments.

ECI news releases in 1986 will be published on the following schedule:

<u>Reference Month</u>	<u>Release Date</u>
December 1985	January 28, 1986
March 1986	April 29, 1986
June 1986	July 29, 1986
September 1986	October 28, 1986