

# News

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## EMPLOYMENT COST INDEX - SEPTEMBER 1983

The Employment Cost Index (ECI) increased 1.7 percent in the 3 months ended in September 1983, the U.S. Department of Labor's Bureau of Labor Statistics reported today. The Index stood at 116.5 for compensation costs (wages, salaries, and employer costs for employee benefits), based on June 1981=100. (See table 1.) The ECI covers private industry and State and local government workers. It is not seasonally adjusted.

The 1.7 percent ECI increase was substantially below the 2.4 percent advance registered in June-September a year ago. The pattern of smaller increases in 1983 compared with 1982 was recorded for private industry workers (1.5 percent, down from 2.0 percent). It was even more pronounced for State and local government workers (3.2 percent, down from 4.6 percent); compensation cost changes for these workers are heavily concentrated in the June-September quarter.

The slowdown in the compensation cost rise reflected lower increases in wages and salaries as well as employee benefit costs. Wages and salaries alone rose 1.7 percent in June-September 1983, down from 2.2 percent in the same period last year. The drop in benefit cost increases was similar to that for wages and salaries alone.

Wage and salary increases for private industry workers averaged 1.4 percent in June-September 1983, compared with 1.8 percent in the third quarter of 1982. Increases for service workers showed the largest drop, 0.2 percent in the September 1983 quarter contrasted to 1.3 percent a year earlier. The slowdown in 1983 increases also occurred among blue-collar workers (0.9 percent, down from 1.8 percent) and the parts of the labor force in which they are concentrated--e.g., union manufacturing and construction workers.

Wages for construction workers, for example, were almost unchanged (0.1 percent) in the third quarter of 1983. This increase was the lowest for any quarter since this series began in 1976. Moreover, it occurred in a quarter that traditionally has heavy collective bargaining activity in construction.

Wage gains for State and local government workers also were smaller in the third quarter of 1983 (3.0 percent) compared with the same quarter in 1982 (4.4 percent).

Twelve-month increases in compensation costs showed marked declines compared with last year: 5.8 percent for the year ended September 1983, down from 7.3 percent in the same period in 1982. The slowdown was greater for State and

local government workers (5.7 percent compared with 8.5 percent) than for private industry workers (5.8 percent and 7.2 percent).

Over-the-year wage and salary increases for most worker groups in private industry were the lowest since these series began (in 1976 or 1977). Record low wage and salary increases for the September 1982-83 period were registered for blue-collar workers (4.1 percent), durable goods manufacturing workers (3.6 percent), construction workers (2.8 percent), and union workers in manufacturing (3.8 percent), among others.

September 1982-83 wage and salary increases for State and local government workers averaged 5.0 percent. This increase was down from 8.1 percent in September 1981-82.

COMPENSATION

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

(Not seasonally adjusted)

Series	Indexes (June 1981=100)			Percent changes for					
	Sept. 1982	June 1983	Sept. 1983	3 months ended			12 months ended		
				Sept. 1982	June 1983	Sept. 1983	Sept. 1982	June 1983	Sept. 1983
Civilian workers 2/	110.1	114.5	116.5	2.4	1.1	1.7	7.3	6.5	5.8
Workers, by occupational group									
White-collar workers	110.7	114.9	117.6	2.8	1.1	2.3	7.8	6.7	6.2
Blue-collar workers	109.2	113.6	114.8	2.0	1.2	1.1	6.7	6.1	5.1
Service workers	110.8	115.1	116.7	2.3	.7	1.4	7.8	6.3	5.3
Workers, by industry division									
Manufacturing	109.3	113.5	115.0	2.0	.9	1.3	7.1	5.9	5.2
Nonmanufacturing	110.5	114.9	117.2	2.6	1.2	2.0	7.5	6.7	6.1
Services	113.5	117.1	121.1	3.9	.4	3.4	8.7	7.2	6.7
Public administration 3/	112.8	117.0	119.8	3.4	.7	2.4	8.1	7.2	6.2
Private industry workers 4/	109.3	113.9	115.6	2.0	1.2	1.5	7.2	6.3	5.8
Workers, by occupational group									
White-collar workers	109.5	114.2	116.5	2.1	1.2	2.0	7.6	6.5	6.4
Blue-collar workers	109.0	113.5	114.6	1.9	1.2	1.0	6.7	6.1	5.1
Service workers	109.6	114.6	115.1	1.6	.7	.4	7.6	6.2	5.0
Workers, by industry division									
Manufacturing	109.3	113.5	115.0	2.0	.9	1.3	7.1	5.9	5.2
Nonmanufacturing	109.3	114.2	116.0	2.1	1.4	1.6	7.2	6.6	6.1
State and local government workers	114.3	117.1	120.8	4.6	.5	3.2	8.5	7.1	5.7
Workers, by occupational group									
White-collar workers	114.9	117.5	121.5	4.9	.4	3.4	8.7	7.3	5.7
Blue-collar workers	112.7	115.8	118.0	3.5	.8	1.9	8.2	6.3	4.7
Workers, by industry division									
Services	114.9	117.4	121.7	5.0	.5	3.7	8.6	7.3	5.9
Schools	114.8	116.9	121.9	5.2	.3	4.3	8.3	7.1	6.2
Elementary and secondary	115.6	117.4	123.3	5.6	.2	5.0	8.7	7.2	6.7
Hospitals and other services 5/	115.3	118.8	121.1	4.5	1.1	1.9	9.8	7.7	5.0
Public administration 3/	112.8	117.0	119.8	3.4	.7	2.4	8.1	7.2	6.2

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					
	Sept. 1982	June 1983	Sept. 1983	3 months ended			12 months ended		
				Sept. 1982	June 1983	Sept. 1983	Sept. 1982	June 1983	Sept. 1983
Civilian workers <sup>1/</sup> . . . . .	109.7	113.4	115.3	2.2	1.1	1.7	7.0	5.7	5.1
Workers, by occupational group									
White-collar workers . . . . .	110.4	114.2	116.7	2.6	1.1	2.2	7.6	6.1	5.7
Blue-collar workers . . . . .	108.6	112.0	113.1	1.8	1.1	1.0	6.1	5.0	4.1
Service workers . . . . .	110.1	113.9	115.1	2.0	.6	1.1	7.4	5.6	4.5
Workers, by industry division									
Manufacturing . . . . .	108.8	112.0	113.3	1.7	.9	1.2	6.6	4.7	4.1
Nonmanufacturing . . . . .	110.1	114.0	116.1	2.4	1.2	1.8	7.2	6.0	5.4
Services . . . . .	113.2	116.3	120.1	3.4	.4	3.3	8.4	6.2	6.1
Public administration <sup>2/</sup> . . . . .	111.9	115.4	118.2	3.2	.7	2.4	7.8	6.5	5.6
Private industry workers <sup>3/</sup> . . . . .	109.0	112.9	114.5	1.8	1.2	1.4	6.9	5.4	5.0
Workers, by occupational group									
White-collar workers . . . . .	109.4	113.6	115.9	2.0	1.2	2.0	7.5	5.9	5.9
Blue-collar workers . . . . .	108.5	111.9	112.9	1.8	1.1	.9	6.1	5.0	4.1
Service workers . . . . .	109.3	113.5	113.7	1.3	.5	.2	7.4	5.2	4.0
Workers, by industry division									
Manufacturing . . . . .	108.8	112.0	113.3	1.7	.9	1.2	6.6	4.7	4.1
Nonmanufacturing . . . . .	109.1	113.4	115.2	1.9	1.3	1.6	7.0	5.9	5.6
State and local government workers . . . . .	113.5	115.7	119.2	4.4	.5	3.0	8.1	6.4	5.0
Workers, by occupational group									
White-collar workers . . . . .	114.2	116.1	119.8	4.9	.4	3.2	8.3	6.6	4.9
Blue-collar workers . . . . .	111.5	114.3	116.4	3.3	.9	1.8	7.3	5.9	4.4
Workers, by industry division									
Services . . . . .	114.2	115.9	119.8	5.0	.3	3.4	8.2	6.5	4.9
Schools . . . . .	114.2	115.4	119.9	5.3	.2	3.9	8.0	6.4	5.0
Elementary and secondary . . . . .	114.9	115.8	121.1	5.6	.2	4.6	8.4	6.4	5.4
Hospitals and other services <sup>4/</sup> . . . . .	114.3	117.7	119.7	4.4	1.0	1.7	9.3	7.5	4.7
Public administration <sup>2/</sup> . . . . .	111.9	115.4	118.2	3.2	.7	2.4	7.8	6.5	5.6

<sup>1/</sup> Includes private industry and State and local government workers and excludes farm, household, and Federal government workers.  
<sup>2/</sup> Consists of legislative, judicial, administrative, and regulatory activities.  
<sup>3/</sup> Excludes farm and household workers.  
<sup>4/</sup> 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

Series	Indexes (June 1981=100)			Percent changes for					
	Sept. 1982	June 1983	Sept. 1983	3 months ended			12 months ended		
				Sept. 1982	June 1983	Sept. 1983	Sept. 1982	June 1983	Sept. 1983
Private industry workers 1/ . . . . .	109.0	112.9	114.5	1.8	1.2	1.4	6.9	5.4	5.0
<u>Workers, by occupational group</u>									
White-collar workers . . . . .	109.4	113.6	115.9	2.0	1.2	2.0	7.5	5.9	5.9
Professional and technical workers . . . . .	111.8	115.9	119.9	2.2	1.0	3.5	8.2	5.9	7.2
Managers and administrators . . . . .	108.5	114.0	114.8	1.2	1.8	.7	6.8	6.3	5.8
Sales workers . . . . .	104.5	107.1	108.4	2.7	1.3	1.2	6.6	5.2	3.7
Clerical workers . . . . .	110.3	114.6	116.7	1.8	1.1	1.8	7.4	5.8	5.8
Blue-collar workers . . . . .	108.5	111.9	112.9	1.8	1.1	.9	6.1	5.0	4.1
Craft and kindred workers . . . . .	109.6	113.4	114.3	1.9	1.1	.8	6.5	5.4	4.3
Operatives, except transport. . . . .	108.3	111.1	112.3	1.6	1.0	1.1	6.1	4.2	3.7
Transport equipment operatives. . . . .	106.0	110.3	110.7	1.8	2.1	.4	5.0	6.0	4.4
Nonfarm laborers . . . . .	106.5	109.8	110.8	1.3	.7	.9	4.9	4.5	4.0
Service workers . . . . .	109.3	113.5	113.7	1.3	.5	.2	7.4	5.2	4.0
<u>Workers, by industry division</u>									
Manufacturing . . . . .	108.8	112.0	113.3	1.7	.9	1.2	6.6	4.7	4.1
Durables . . . . .	109.0	111.8	112.9	1.5	.6	1.0	6.8	4.1	3.6
Nondurables . . . . .	108.5	112.3	113.9	2.1	1.3	1.4	6.4	5.6	5.0
Nonmanufacturing . . . . .	109.1	113.4	115.2	1.9	1.3	1.6	7.0	5.9	5.6
Construction . . . . .	109.1	112.1	112.2	1.7	1.5	.1	5.9	4.5	2.8
Transportation and public utilities . . . . .	109.5	114.7	115.7	2.4	1.6	.9	7.4	7.3	5.7
Wholesale and retail trade . . . . .	106.5	110.8	111.5	.7	2.1	.6	5.1	4.7	4.7
Wholesale trade . . . . .	109.0	114.1	115.7	.1	2.1	1.4	6.9	4.8	6.1
Retail trade . . . . .	105.5	109.4	109.9	1.0	2.1	.5	4.5	4.7	4.2
Finance, insurance, and real estate . . . . .	106.1	111.1	113.5	3.6	.5	2.2	7.9	8.5	7.0
Services . . . . .	112.5	116.6	120.4	2.3	.5	3.3	8.6	6.0	7.0

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					
	Sept. 1982	June 1983	Sept. 1983	3 months ended			12 months ended		
				Sept. 1982	June 1983	Sept. 1983	Sept. 1982	June 1983	Sept. 1983
<u>Workers, by bargaining status</u>									
Union . . . . .	110.6	116.0	117.8	2.0	1.3	1.6	7.9	7.0	6.5
Manufacturing . . . . .	110.3	114.8	116.3	2.1	.7	1.3	7.8	6.3	5.4
Nonmanufacturing . . . . .	111.0	117.1	119.2	2.1	1.9	1.8	8.1	7.7	7.4
Nonunion . . . . .	108.5	112.8	114.4	1.9	1.2	1.4	6.7	5.9	5.4
Manufacturing . . . . .	108.4	112.3	113.8	1.7	1.0	1.3	6.5	5.3	5.0
Nonmanufacturing . . . . .	108.6	113.0	114.7	2.1	1.3	1.5	6.8	6.2	5.6
<u>Workers, by area size</u>									
Metropolitan areas . . . . .	109.4	114.2	116.0	2.1	1.2	1.6	7.1	6.5	6.0
Other areas . . . . .	108.6	112.3	113.4	1.5	1.4	1.0	6.7	5.0	4.4

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

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

Series	Indexes (June 1981=100)						Percent changes for					
	Sept. 1982		June 1983		Sept. 1983		3 months ended		12 months ended			
	Sept. 1982	June 1983	Sept. 1983	Sept. 1982	June 1983	Sept. 1983	Sept. 1982	June 1983	Sept. 1982	June 1983	Sept. 1983	Sept. 1983
<u>Workers, by bargaining status</u>												
Union . . . . .	110.3	114.2	116.0	2.0	1.2	1.6	7.4	5.6	5.2			
Manufacturing . . . . .	109.5	112.3	113.7	2.1	.8	1.2	6.7	4.7	3.8			
Nonmanufacturing . . . . .	111.1	116.0	118.3	2.1	1.5	2.0	8.1	6.6	6.5			
Nonunion . . . . .	108.3	112.2	113.7	1.7	1.2	1.3	6.6	5.4	5.0			
Manufacturing . . . . .	108.2	111.8	113.0	1.4	1.0	1.1	6.4	4.8	4.4			
Nonmanufacturing . . . . .	108.3	112.4	114.0	1.8	1.3	1.4	6.6	5.6	5.3			
<u>Workers, by region</u>												
Northeast . . . . .	109.7	113.6	115.3	2.8	1.4	1.5	7.9	6.5	5.1			
South . . . . .	108.8	112.5	114.3	1.3	1.0	1.6	6.8	4.7	5.1			
North Central . . . . .	107.6	111.5	112.8	1.4	1.3	1.2	5.9	5.1	4.8			
West . . . . .	110.7	114.9	116.5	1.9	.7	1.4	7.3	5.8	5.2			
<u>Workers, by area size</u>												
Metropolitan areas . . . . .	109.1	113.2	114.9	1.9	1.2	1.5	6.9	5.7	5.3			
Other areas . . . . .	108.3	111.4	112.3	1.4	1.2	.8	6.4	4.3	3.7			

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 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, 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 vacations, paid holidays, 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 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 1.4 percent change in wage and salary rates for "private industry workers" in the 3 months ended September 1983 (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 June 1983 to the comparable pay period in September 1983.

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 are available upon request.