

Total Compensation Costs Increase Nearly 1 Percent

BY WAYNE SHELLY

The Employment Cost Index (ECI), a measure of changes in compensation costs, increased 0.9 percent before seasonal adjustment in the 3 months ended in March 1996. The March 1996 ECI level of 128.5 (June 1989=100) was 3.0 percent higher than in March 1995. Included in the ECI are changes in wages, salaries, and employer costs for employee benefits.

Quarterly changes, seasonally adjusted

On a seasonally adjusted basis, compensation costs, as measured by the ECI, rose 0.7 percent in the first quarter of 1996, compared with 0.8 percent in the last 3 months of 1995. Wages and salaries rose 1.0 percent during the first quarter of 1996, up from 0.7 percent in the September-December 1995 period. Benefit costs decreased 0.1 percent for the quarter, compared with an increase of 1.0 percent

for the previous quarter. (See chart 1.)

Over-the-year changes, unadjusted

Compensation costs for civilian workers (not seasonally adjusted) increased 3.0 percent for the year ended in March 1996, about the same as the 2.9-percent increase for the year ended in March 1995. (See chart 2.) Compensation costs for private industry workers rose 3.0 percent, while those of State and local government rose 2.8 percent.

For private industry workers, wages and salaries increased 3.3 percent, the largest increase in 4 years. Benefit costs increased 2.0 percent, the lowest 12-month increase since the series began in 1980. This moderation in benefit cost increases reflects a slowdown in nonproduction bonuses, health benefits, unemployment insurance, and workers' compensation.

For the year ended in March 1996, compensation costs in service-producing industries increased 3.4 percent compared with 2.2 percent for goods-producing industries. This

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Table 1. Percent changes in Employment Cost Index for civilian workers, selected quarters and year ended March 1996

Compensation component	Seasonally adjusted 3-months ended								Unadjusted 12-months ended Mar. 1996
	June 1994	Sept. 1994	Dec. 1994	Mar. 1995	June 1995	Sept. 1995	Dec. 1995	Mar. 1996	
Compensation costs	0.8	0.8	0.7	0.7	0.8	0.6	0.8	0.7	3.0
Wages and salaries8	.8	.7	.7	.7	.7	.7	1.0	3.2
Benefit costs9	1.0	.5	.3	.7	.6	1.0	-0.1	2.2

Chart 1. Changes in benefits, seasonally adjusted and not seasonally adjusted, private industry

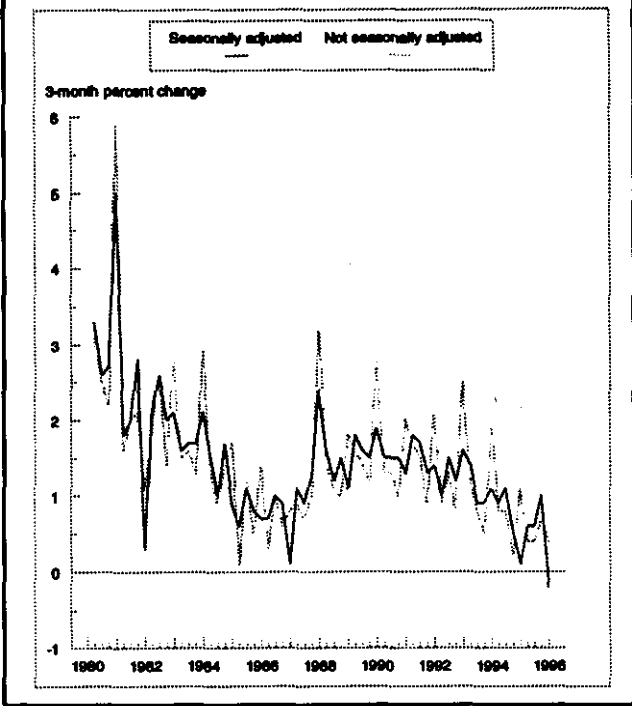


Chart 2. Changes in wages and salaries and benefit costs, private industry

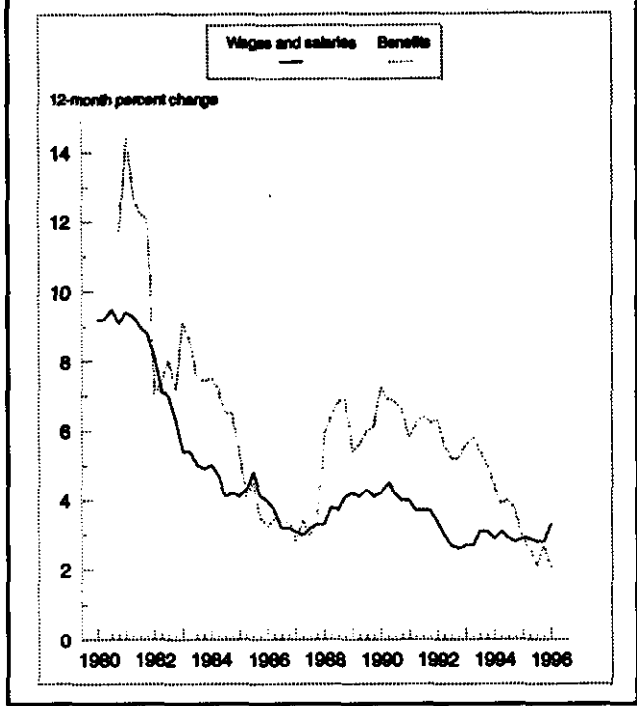


Chart 3. Changes in benefits, by bargaining status, private industry

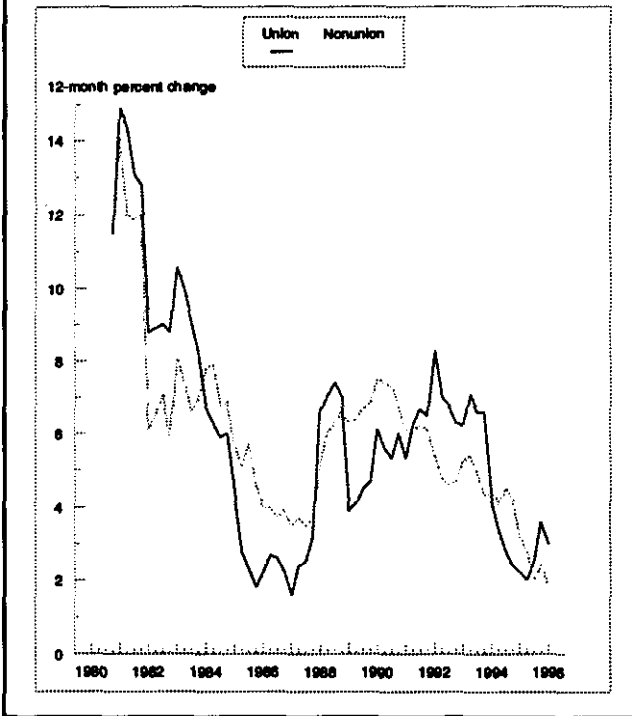
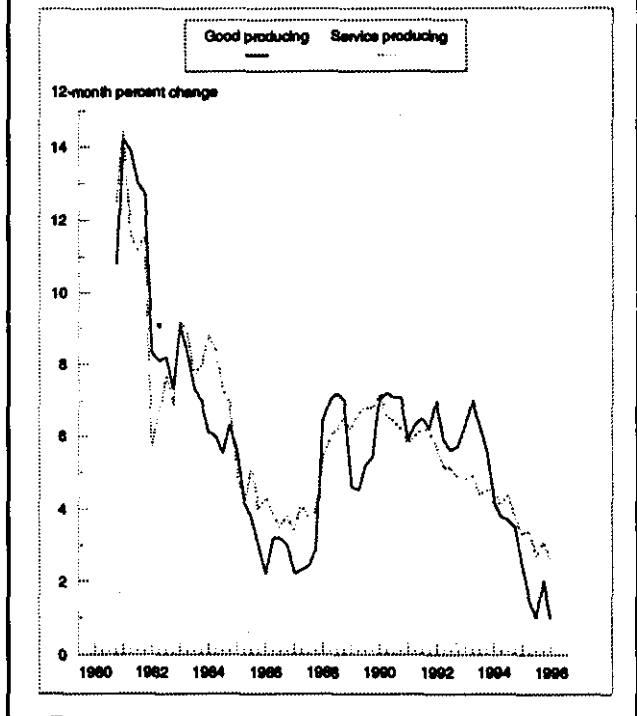


Chart 4. Changes in benefits by industry sector, private industry



pattern held for both wages and salaries and benefits. Wages and salaries increased 3.5 percent in service-producing industries, compared with 2.8 percent in good-producing industries. Benefit costs increased 2.6 and 1.0 percent, respectively.

Compensation costs for white-collar workers increased 3.4 percent, compared with 2.2 percent for blue-collar workers and service occupations. This continuing trend of larger increases for white-collar workers has occurred over most

of the last 15 years.

Compensation cost gains over the year ended in March 1996 were higher for nonunion workers (3.1 percent) than for union workers (2.7 percent). (See chart 3.) This also was true for goods-producing industries (2.3 percent for nonunion and 2.0 percent for union), but not for service-producing industries (3.3 percent for nonunion and 3.4 percent for union). (See chart 4.)

Table 2. Percent changes in Employment Cost Index for private industry workers, March 1995-March 1996

Industry sector	Compensation			Wages and salaries		
	White collar	Blue collar	Service workers	White collar	Blue collar	Service workers
All industries	3.4	2.2	2.2	3.7	2.7	2.3
Goods-producing industries	1.9	2.3	2.5	2.4	3.0	3.2
Service-producing industries	3.8	2.0	2.1	4.0	2.2	2.3