

# News

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## EMPLOYMENT COST INDEX - JUNE 1984

The Employment Cost Index (ECI) increased 0.8 percent in the 3 months ended in June 1984, the U.S. Department of Labor's Bureau of Labor Statistics reported today. For the year ended in June 1984, the increase was 5.5 percent--down from 6.5 percent for the year ended in June 1983.

The June 1984 index level stood at 120.8 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 and is not seasonally adjusted.

The 0.8 percent increase in compensation costs was below the 1.1 percent rise in the March-June period a year ago. Private industry workers recorded a similar slowdown (0.9 percent, down from 1.2 percent), while State and local government workers had about the same increase in both years (0.4 percent and 0.5 percent).

Wages and salaries for private industry workers rose 0.9 percent in March-June 1984--down from 1.2 percent a year ago. This slowdown in wage and salary gains was concentrated among blue-collar and service workers (table 2), as well as in the construction industry, in transportation and public utilities, and in wholesale and retail trade (table 3).

The construction industry registered a 0.6 percent wage and salary gain in March-June 1984--below the 1.5 percent increase in the same period last year and the lowest second-quarter advance since the series began in 1976. The second quarter typically reflects collective bargaining activities in construction which are concentrated in spring and summer.

Wage and salary gains for white-collar workers (1.2 percent in March-June 1984) were the same as last year, but there were marked differences among the occupational groups. Pay gains slowed, for example, for managers and administrators (1.0 percent, down from 1.8 percent) and clerical workers (0.8 percent, down from 1.1 percent), while they rose for professional and technical workers (1.3 percent, up from 1.0 percent).

For the year ended June 1984, compensation cost increases (5.5 percent) were below gains a year ago (6.5 percent). A slowdown was also registered for State and local government workers (6.2 percent compared with 7.1 percent a year ago) and private industry workers (5.4 and 6.3 percent).



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June 1983-84 wage and salary gains showed a similar slowing from the previous year for civilian workers (4.8 percent contrasted to 5.7 percent), private industry workers (4.7 and 5.4 percent), and State and local government workers (5.4 and 6.4 percent). The slowdown in wage and salary increases resulted in several worker groups in private industry registering their lowest 12-month increases since these ECI series began in 1976 or 1977, including:

- \* All private industry workers (4.7 percent)
- \* Managers and administrators (4.6 percent)
- \* Union workers (4.2 percent)
- \* Transportation and public utilities (4.0 percent)
- \* Blue-collar workers (3.6 percent)
- \* Craft and kindred workers (3.4 percent)
- \* Transport equipment operatives (2.2 percent)
- \* Workers in construction (1.7 percent)

COMPENSATION

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

(Not seasonally adjusted)

Series	Indexes (June 1981=100)				Percent changes for						
	June 1983	March 1984	June 1984	June 1983	3 months ended		12 months ended		June 1984	March 1984	June 1984
					June 1983	March 1984	June 1983	March 1984			
Civilian workers 2/	114.5	119.8	120.8	1.1	1.7	0.8	6.5	5.8	5.5		
Workers, by occupational group											
White-collar workers	114.9	120.9	122.1	1.1	1.7	1.0	6.7	6.3	6.3		
Blue-collar workers	113.6	117.7	118.6	1.2	1.6	.8	6.1	4.8	4.4		
Service workers	115.1	122.0	122.1	.7	2.4	.1	6.3	6.7	6.1		
Workers, by industry division											
Manufacturing	113.5	117.9	119.1	.9	1.6	1.0	5.9	4.8	4.9		
Nonmanufacturing	114.9	120.7	121.6	1.2	1.8	.7	6.7	6.3	5.8		
Services	117.1	125.0	125.5	.4	2.0	.4	7.2	7.2	7.2		
Public administration 3/	117.0	122.9	123.7	.7	1.2	.7	7.2	5.8	5.7		
Private industry workers 4/	113.9	119.0	120.1	1.2	1.7	.9	6.3	5.7	5.4		
Workers, by occupational group											
White-collar workers	114.2	119.9	121.4	1.2	1.7	1.3	6.5	6.3	6.3		
Blue-collar workers	113.5	117.5	118.4	1.2	1.6	.8	6.1	4.8	4.3		
Service workers	114.6	121.5	121.2	.7	3.1	-.2	6.2	6.8	5.8		
Workers, by industry division											
Manufacturing	113.5	117.9	119.1	.9	1.6	1.0	5.9	4.8	4.9		
Nonmanufacturing	114.2	119.6	120.7	1.4	1.8	.9	6.6	6.2	5.7		
State and local government workers	117.1	123.9	124.4	.5	1.6	.4	7.1	6.4	6.2		
Workers, by occupational group											
White-collar workers	117.5	124.5	125.0	.4	1.5	.4	7.3	6.4	6.4		
Blue-collar workers	115.8	121.9	122.3	.8	2.3	.3	6.3	6.1	5.6		
Workers, by industry division											
Services	117.4	124.5	125.0	.5	1.5	.4	7.3	6.6	6.5		
Schools	116.9	124.5	124.7	.3	1.5	.2	7.1	6.8	6.7		
Elementary and secondary	117.4	125.4	125.7	.2	1.2	.2	7.2	7.0	7.1		
Hospitals and other services 5/	118.8	124.4	125.7	1.1	1.5	1.0	7.7	5.9	5.8		
Public administration 3/	117.0	122.9	123.7	.7	1.2	.7	7.2	5.8	5.7		

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

Series	Indexes (June 1981=100)				Percent changes for					
	June 1983		June 1984		3 months ended		12 months ended			
	June 1983	March 1984	June 1984	June 1984	June 1983	March 1984	June 1984	June 1983	March 1984	June 1984
Civilian workers <u>1/</u> . . . . .	113.4	117.9	118.8		1.1	1.2	0.8	5.7	5.1	4.8
Workers, by occupational group										
White-collar workers . . . . .	114.2	119.3	120.4		1.1	1.2	.9	6.1	5.6	5.4
Blue-collar workers . . . . .	112.0	115.3	116.1		1.1	1.1	.7	5.0	4.1	3.7
Service workers . . . . .	113.9	120.0	119.8		.6	2.2	-.2	5.6	6.0	5.2
Workers, by industry division										
Manufacturing . . . . .	112.0	115.7	116.8		.9	1.0	1.0	4.7	4.2	4.3
Nonmanufacturing . . . . .	114.0	118.9	119.7		1.2	1.3	.7	6.0	5.5	5.0
Services . . . . .	116.3	123.3	123.8		.4	1.6	.4	6.2	6.5	6.4
Public administration <u>2/</u> . . . . .	115.4	120.4	121.3		.7	.8	.7	6.5	5.1	5.1
Private industry workers <u>3/</u> . . . . .	112.9	117.2	118.2		1.2	1.2	.9	5.4	5.0	4.7
Workers, by occupational group										
White-collar workers . . . . .	113.6	118.5	119.9		1.2	1.1	1.2	5.9	5.6	5.5
Blue-collar workers . . . . .	111.9	115.1	115.9		1.1	1.1	.7	5.0	4.0	3.6
Service workers . . . . .	113.5	119.8	119.3		.5	2.8	-.4	5.2	6.1	5.1
Workers, by industry division										
Manufacturing . . . . .	112.0	115.7	116.8		.9	1.0	1.0	4.7	4.2	4.3
Nonmanufacturing . . . . .	113.4	118.0	119.0		1.3	1.3	.8	5.9	5.4	4.9
State and local government workers . . . . .	115.7	121.6	122.0		.5	1.3	.3	6.4	5.6	5.4
Workers, by occupational group										
White-collar workers . . . . .	116.1	122.2	122.5		.4	1.3	.2	6.6	5.7	5.5
Blue-collar workers . . . . .	114.3	119.1	119.6		.9	1.9	.4	5.9	5.1	4.6
Workers, by industry division										
Services . . . . .	115.9	122.2	122.5		.3	1.3	.2	6.5	5.8	5.7
Schools . . . . .	115.4	122.2	122.3		.2	1.3	.1	6.4	6.1	6.0
Elementary and secondary . . . . .	115.8	122.9	123.0		.2	1.0	.1	6.4	6.3	6.2
Hospitals and other services <u>4/</u> . . . . .	117.7	121.9	123.1		1.0	1.1	1.0	7.5	4.6	4.6
Public administration <u>2/</u> . . . . .	115.4	120.4	121.3		.7	.8	.7	6.5	5.1	5.1

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					
	June 1983		March 1984		June 1984		3 months ended		June 1984		12 months ended	
	June 1983	March 1984	June 1984	June 1983	March 1984	June 1984	June 1983	March 1984	June 1984	June 1983	March 1984	June 1984
Private industry workers 1/ . . . . .	112.9	117.2	118.2	1.2	1.2	0.9	5.4	5.0	5.4	5.0	4.7	
<u>Workers, by occupational group</u>												
White-collar workers . . . . .	113.6	118.5	119.9	1.2	1.1	1.2	5.9	5.6	5.9	5.6	5.5	
Professional and technical workers . . . . .	115.9	122.2	123.8	1.0	1.5	1.3	5.9	6.4	5.9	6.4	6.8	
Managers and administrators . . . . .	114.0	118.0	119.2	1.8	2.0	1.0	6.3	5.4	6.3	5.4	4.6	
Sales workers . . . . .	107.1	110.2	111.9	1.3	- .9	1.5	5.2	4.3	5.2	4.3	4.5	
Clerical workers . . . . .	114.6	119.8	120.7	1.1	1.3	.8	5.8	5.6	5.8	5.6	5.3	
Blue-collar workers . . . . .	111.9	115.1	115.9	1.1	1.1	.7	5.0	4.0	5.0	4.0	3.6	
Craft and kindred workers . . . . .	113.4	116.5	117.3	1.1	1.0	.7	5.4	3.8	5.4	3.8	3.4	
Operatives, except transport. . . . .	111.1	114.9	115.8	1.0	1.1	.8	4.2	4.5	4.2	4.5	4.2	
Transport equipment operatives. . . . .	110.3	111.7	112.7	2.1	1.4	.9	6.0	3.4	6.0	3.4	2.2	
Nonfarm laborers . . . . .	109.8	112.9	114.1	.7	.7	1.1	4.5	3.6	4.5	3.6	3.9	
Service workers . . . . .	113.5	119.8	119.3	.5	2.8	-.4	5.2	6.1	5.2	6.1	5.1	
<u>Workers, by industry division</u>												
Manufacturing . . . . .	112.0	115.7	116.8	.9	1.0	1.0	4.7	4.2	4.7	4.2	4.3	
Durables . . . . .	111.8	115.7	116.6	.6	1.1	.8	4.1	4.1	4.1	4.1	4.3	
Nondurables . . . . .	112.3	115.8	117.1	1.3	1.0	1.1	5.6	4.4	5.6	4.4	4.3	
Nonmanufacturing . . . . .	113.4	118.0	119.0	1.3	1.3	.8	5.9	5.4	5.9	5.4	4.9	
Construction . . . . .	112.1	113.3	114.0	1.5	.4	.6	4.5	2.6	4.5	2.6	1.7	
Transportation and public utilities . . . . .	114.7	118.5	119.3	1.6	1.5	.7	7.3	5.0	7.3	5.0	4.0	
Wholesale and retail trade . . . . .	110.8	114.3	116.0	2.1	1.8	1.5	4.7	5.3	4.7	5.3	4.7	
Wholesale trade . . . . .	114.1	118.2	120.0	2.1	1.5	1.5	4.8	5.7	4.8	5.7	5.2	
Retail trade . . . . .	109.4	112.8	114.4	2.1	2.0	1.4	4.7	5.2	4.7	5.2	4.6	
Finance, insurance, and real estate . . . . .	111.1	116.1	116.9	.5	-.7	.7	8.5	5.0	8.5	5.0	5.2	
Services . . . . .	116.6	124.2	124.7	.5	1.9	.4	6.0	7.1	6.0	7.1	6.9	

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					
	June 1983		March 1984		June 1984		3 months ended		June 1984		12 months ended	
	June 1983	March 1984	June 1984	June 1983	March 1984	June 1984	June 1983	March 1984	June 1984	June 1983	March 1984	June 1984
<u>Workers, by bargaining status</u>												
Union . . . . .	116.0	120.6	121.7	1.3	1.5	0.9	7.0	5.3	0.9	7.0	5.3	4.9
Manufacturing . . . . .	114.8	119.3	120.5	.7	1.8	1.0	6.3	4.6	1.0	6.3	4.6	5.0
Nonmanufacturing . . . . .	117.1	121.9	122.8	1.9	1.2	.7	7.7	6.1	.7	7.7	6.1	4.9
<u>Workers, by region</u>												
Nonunion . . . . .	112.8	118.0	119.2	1.2	1.8	1.0	5.9	5.8	1.0	5.9	5.8	5.7
Manufacturing . . . . .	112.3	116.6	117.9	1.0	1.5	1.1	5.3	4.9	1.1	5.3	4.9	5.0
Nonmanufacturing . . . . .	113.0	118.6	119.8	1.3	1.9	1.0	6.2	6.3	1.0	6.2	6.3	6.0
<u>Workers, by area size</u>												
Northeast . . . . .	114.3	118.9	120.7	1.5	1.2	1.5	-	5.6	1.5	-	5.6	5.6
South . . . . .	113.5	119.7	120.7	.9	2.2	.8	-	6.4	.8	-	6.4	6.3
North Central . . . . .	112.5	117.2	117.9	1.4	2.2	.6	-	5.7	.6	-	5.7	4.8
West . . . . .	116.6	121.0	122.2	1.0	.8	1.0	-	4.9	1.0	-	4.9	4.8
<u>Workers, by area size</u>												
Metropolitan areas . . . . .	114.2	119.4	120.6	1.2	1.7	1.0	6.5	5.8	1.0	6.5	5.8	5.6
Other areas . . . . .	112.3	116.7	117.4	1.4	1.9	.6	5.0	5.3	.6	5.0	5.3	4.5

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

- Data not available.

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					
	June 1983		June 1984		3 months ended		12 months ended			
	June 1983	March 1984	June 1984	June 1984	June 1983	March 1984	June 1984	June 1983	March 1984	June 1984
<u>Workers, by bargaining status</u>										
Union . . . . .	114.2	118.1	119.0	1.2	1.0	0.8	5.6	4.6	4.2	4.2
Manufacturing . . . . .	112.3	116.1	117.1	.8	1.1	.9	4.7	4.2	4.3	4.3
Nonmanufacturing . . . . .	116.0	120.1	120.7	1.5	1.0	.5	6.6	5.1	4.1	4.1
<u>Nonunion</u>										
Nonunion . . . . .	112.2	116.7	117.8	1.2	1.3	.9	5.4	5.2	5.0	5.0
Manufacturing . . . . .	111.8	115.4	116.5	1.0	1.1	1.0	4.8	4.2	4.2	4.2
Nonmanufacturing . . . . .	112.4	117.2	118.3	1.3	1.4	.9	5.6	5.6	5.2	5.2
<u>Workers, by region</u>										
Northeast . . . . .	113.6	117.4	118.9	1.4	.7	1.3	6.5	4.8	4.7	4.7
South . . . . .	112.5	117.9	119.0	1.0	1.9	.9	4.7	5.8	5.8	5.8
North Central . . . . .	111.5	115.5	116.0	1.3	1.7	.4	5.1	4.9	4.0	4.0
West . . . . .	114.9	118.8	119.6	.7	.3	.7	5.8	4.1	4.1	4.1
<u>Workers, by area size</u>										
Metropolitan areas . . . . .	113.2	117.6	118.6	1.2	1.2	.9	5.7	5.1	4.8	4.8
Other areas . . . . .	111.4	115.1	116.0	1.2	1.5	.8	4.3	4.5	4.1	4.1

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:

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 non-production 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.

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 0.9 percent change in wage and salary rates for "private industry workers" in the 3 months ended June 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 March 1984 to the comparable pay period in June 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.