

News

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Washington, D.C. 20212

Judith Finger (202) 523-1165
Kathryn Hoyle (202) 523-1913

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EMPLOYMENT COST INDEX - 4TH QUARTER 1980

Employee compensation rates, as measured by the Employment Cost Index (ECI), increased 2.1 percent for the 3 months ended in December 1980, the U.S. Department of Labor's Bureau of Labor Statistics reported today. Compensation, which includes wages, salaries, and employer costs for employee benefits, rose 9.8 percent in the 12 months ended in December 1980.

Wage and salary rates increased 2.0 percent in the fourth quarter 1980 compared to 2.4 percent in the same quarter a year earlier. For the 12 months ended in December 1980, wages and salaries advanced 9.0 percent. The ECI is not seasonally adjusted.

COMPENSATION CHANGES

Compensation increases for major industrial and occupational groups were closely clustered around the 2.1 percent gain for all private nonfarm workers in the fourth quarter. Service workers, the only exception, registered a 1.7 percent increase (table 1).

Compensation advanced 9.8 percent for all private nonfarm workers over the 12 months ended in December 1980. Gains in nonmanufacturing industries and in manufacturing industries were identical to the overall advance. Compensation increases for workers in blue-collar occupations (10.1 percent) outpaced those for the other two occupational groups--9.5 percent for white-collar workers and 9.4 percent for service workers.

Compensation rose more rapidly than wages over the year in each industrial and occupational group. Service workers registered the largest difference, with a compensation rise of 9.4 percent compared with an 8.1 percent wage gain. The smallest difference was recorded for manufacturing industries where compensation increased 9.8 percent and wages, 9.4 percent.

Wage gains and their impact on wage-related benefits, such as paid holidays, paid vacations, and employer contributions to Social Security, accounted for approximately four-fifths of the compensation rise.

WAGE AND SALARY CHANGES

September 1980-December 1980. The 2.0 percent wage and salary rise for all private nonfarm workers was paced by a 2.3 percent increase for workers in the manufacturing industries. Workers in durable and nondurable manufacturing received similar increases--2.3 percent and 2.1 percent, respectively.

There was greater variation among industries in the nonmanufacturing sector, where the overall gain was 1.9 percent. The largest wage gain, 3.2 percent, was in wholesale trade; the smallest gain, 1.1 percent, was in retail trade, partly resulting from decreases in commission earnings for automobile salesworkers. In transportation and public utilities, the 2.7 percent wage increase reflected the collective bargaining settlement for a large number of workers in the telephone industry.

White-collar and blue-collar workers posted similar pay gains of 2.0 percent and 2.1 percent, respectively, while service workers' pay rose 1.5 percent. In white-collar occupations, wage increases ranged from 1.3 percent for managers and administrators to 2.8 percent for salesworkers, which reflected increases in commission earnings for stock and bond brokers.

Among blue-collar occupations, craft and kindred workers posted the highest wage gains of 2.2 percent. Wages for transport equipment operatives showed the smallest increase--1.9 percent.

Union workers' pay rose an average 2.5 percent during the quarter compared with 1.8 percent for nonunion workers. Corresponding increases within the manufacturing sector were 2.4 percent and 2.1 percent. The nonmanufacturing sector showed a greater disparity between pay gains for unionized and nonunionized workers--2.6 percent and 1.7 percent, respectively.

Among regions, wage gains varied from 2.2 percent in the North Central region to 1.9 percent in the Northeast and South. Pay rose 2.0 percent in the West.

Workers in metropolitan areas registered wage increases of 2.0 percent compared with 2.4 percent in other areas.

December 1979-December 1980. The increase in wage and salary rates for the 12 months ended in December 1980 was 9.0 percent. Manufacturing workers registered pay gains of 9.4 percent. Within this sector, pay rose 9.8 percent for workers in durable goods industries and 8.6 percent for those in nondurables.

Wages in nonmanufacturing industries increased 8.8 percent overall. Increases ranged from 11.1 percent in transportation and public utilities to 7.0 percent in retail trade.

Blue-collar workers registered larger wage gains (9.6 percent) than either white-collar workers (8.7 percent) or service workers (8.1 percent). Operatives except transport outpaced all other blue-collar occupational groups with pay increases of 10.2 percent. The lowest wage gains, 8.2 percent, were received by transport equipment operatives. Among white-collar occupations, professional and technical workers posted the highest pay increases, 10.5 percent, while salesworkers trailed with 6.7 percent.

Pay rose 10.9 percent over the year for union workers compared with 8.0 percent for nonunion workers. The difference was greater in the manufacturing sector where pay increases for union and nonunion workers were 11.0 percent and 7.9 percent, respectively. In nonmanufacturing, corresponding gains were 10.8 percent and 8.1 percent.

Workers in the West registered the largest increases among regions--10.8 percent. Pay increases were lowest in the Northeast--8.6 percent. Metropolitan areas showed gains of 9.0 percent, lower than the 9.4 percent for other areas.

Table 1. Rates of compensation change in the Employment Cost Index

Series	Percent changes for				
	3 months ended				12 months ended
	March 1980	June 1980	September 1980	December 1980	December 1980
All private nonfarm workers <u>1/</u> -----	2.7	2.3	2.3	2.1	9.8
White-collar workers -----	2.8	2.3	2.0	2.1	9.5
Blue-collar workers -----	2.4	2.5	2.7	2.1	10.1
Service workers -----	4.3	1.1	2.1	1.7	9.4
Manufacturing industries -----	2.8	2.0	2.3	2.2	9.8
Nonmanufacturing industries -----	2.7	2.5	2.3	2.0	9.8

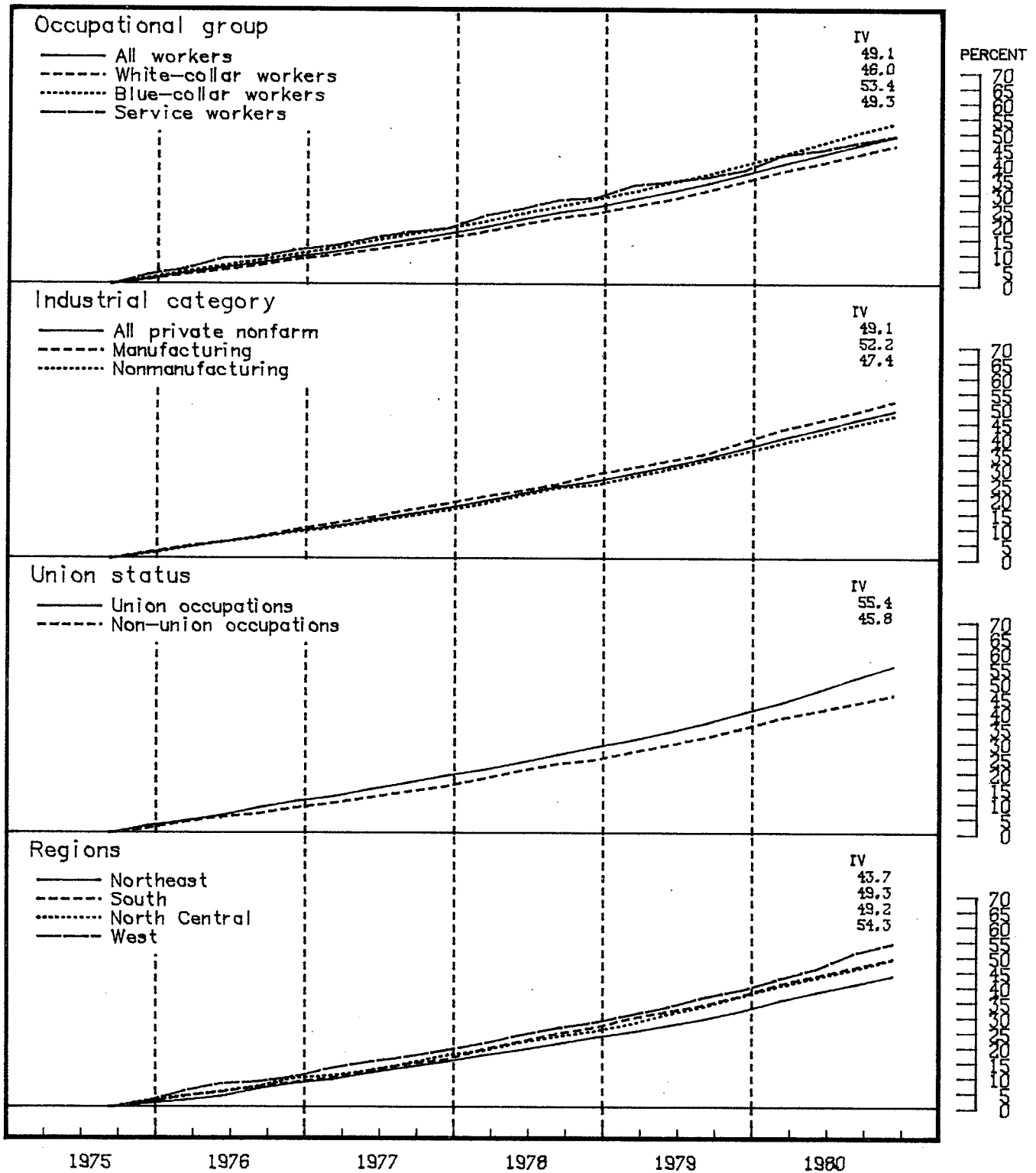
1/ Excludes private household workers.

Table 2. Rates of wage and salary change in Employment Cost Index

Series	Percent changes for									
	3 months ended					12 months ended				
	December 1979	March 1980	June 1980	September 1980	December 1980	December 1979	March 1980	June 1980	September 1980	December 1980
All private nonfarm workers ^{1/} -----	2.4	2.4	2.1	2.2	2.0	8.7	9.1	9.3	9.4	9.0
<u>Workers, by occupational group</u>										
White-collar workers -----	2.4	2.4	1.9	2.1	2.0	8.6	9.2	9.3	9.1	8.7
Professional and technical workers -----	2.8	3.3	1.8	2.7	2.2	8.8	10.3	11.1	11.1	10.5
Managers and administrators -----	1.4	2.6	1.6	1.6	1.3	7.4	7.7	7.8	7.3	7.2
Sales workers -----	3.9	-5	2.5	1.7	2.8	8.8	8.6	6.8	7.8	6.7
Clerical workers -----	2.1	3.0	1.8	2.0	2.1	9.4	9.6	10.1	9.2	9.1
Blue-collar workers -----	2.5	2.3	2.5	2.4	2.1	9.0	9.4	9.6	10.0	9.6
Craft and kindred workers -----	1.9	1.7	2.4	2.8	2.2	8.6	8.2	8.5	9.1	9.4
Operatives, except transport -----	3.1	3.2	2.4	2.3	2.0	9.2	10.5	10.7	11.3	10.2
Transport equipment operatives -----	2.4	1.2	3.5	1.4	1.9	10.2	9.8	9.9	8.8	8.2
Nonfarm laborers -----	2.9	2.5	2.4	2.3	2.0	9.1	10.1	9.9	10.5	9.5
Service workers -----	1.8	3.5	1.1	1.7	1.5	7.2	7.6	7.8	8.4	8.1
<u>Workers, by industry division</u>										
Manufacturing -----	3.1	2.8	2.0	2.0	2.3	8.6	9.7	10.0	10.2	9.4
Durables -----	3.3	2.5	2.1	2.5	2.3	9.0	9.7	10.4	10.8	9.8
Nondurables -----	2.7	3.2	1.9	1.2	2.1	7.8	9.7	9.2	9.2	8.6
Nonmanufacturing -----	2.0	2.2	2.1	2.3	1.9	8.8	8.8	8.9	8.9	8.8
Construction -----	1.1	1.2	2.9	2.9	1.5	7.2	7.1	7.5	8.4	8.8
Transportation and public utilities -----	2.0	2.5	2.3	3.2	2.7	9.4	9.3	10.1	10.4	11.1
Wholesale and retail trade -----	1.3	2.6	1.9	1.5	1.7	7.9	8.4	7.8	7.4	7.8
Wholesale trade -----	2.1	2.9	2.7	.9	3.2	7.9	9.4	9.2	8.9	10.0
Retail trade -----	1.0	2.4	1.5	1.8	1.1	7.9	8.0	7.3	6.9	7.0
Finance, insurance, and real estate -----	4.3	.4	2.7	2.0	2.1	13.2	10.2	9.6	9.7	7.4
Services -----	2.5	2.7	1.6	2.5	1.6	8.5	9.2	9.8	9.6	8.7
<u>Workers, by region</u>										
Northeast -----	2.1	2.5	2.1	1.9	1.9	7.3	8.3	8.7	8.9	8.6
South -----	2.4	2.8	1.9	1.9	1.9	8.5	8.8	9.0	9.3	8.8
North Central -----	2.6	2.4	2.0	1.9	2.2	9.4	9.9	9.3	9.2	8.8
West -----	1.8	2.6	2.4	3.4	2.0	8.5	9.2	9.6	10.6	10.8
<u>Workers, by bargaining status</u>										
Union -----	2.6	2.3	2.8	2.9	2.5	9.0	9.5	10.2	10.9	10.9
Manufacturing -----	3.4	2.6	2.8	2.8	2.4	9.4	10.3	11.1	12.0	11.0
Nonmanufacturing -----	1.7	2.0	2.8	3.0	2.6	8.5	8.8	9.5	9.9	10.8
Nonunion -----	2.3	2.5	1.7	1.8	1.8	8.5	8.9	8.7	8.6	8.0
Manufacturing -----	2.7	3.0	1.4	1.2	2.1	7.9	9.3	9.0	8.6	7.9
Nonmanufacturing -----	2.1	2.3	1.9	2.0	1.7	8.8	8.8	8.6	8.6	8.1
<u>Workers, by area</u>										
Metropolitan areas -----	2.5	2.1	2.2	2.3	2.0	8.9	9.1	9.3	9.5	9.0
Other areas -----	1.9	3.6	1.6	1.5	2.4	7.9	9.5	8.9	8.9	9.4

^{1/} Excludes private household workers.

ECI cumulative quarterly percent changes,
wages and salaries,
September 1975–December 1980



EXPLANATORY NOTE

The Employment Cost Index (ECI) is a quarterly measure of the change in the rate of employee compensation, free from the influence of employment shifts among occupations and industries with different wage and compensation levels. Compensation is made up of two major components:

Wage and salary rates and employer costs for employee benefits.

Since 1975, the ECI has provided quarterly measures on changes in wage and salary rates, defined as straight-time average hourly earnings. Straight-time earnings 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 earnings, 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.

With the addition of employee benefit costs, the ECI measures quarterly changes in compensation along with changes in wage and salary rates. Benefits covered by the ECI include:

Hours related benefits - Premium pay for overtime and work on weekends and holidays, paid holidays, paid vacations, 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.

Each quarter, straight-time average hourly earnings and benefit cost data (cents-per-hour-worked) are collected from a probability sample of about 10,000 occupations within 2,000 sample establishments. Occupations were defined to correspond to 417 occupational categories used in the 1970 Census.

The sample establishments were classified in 62 industry groups based on a two-digit Standard Industrial Classification (SIC), as defined by the U.S. Office of Management and Budget. Base-period sample weights are applied to the occupational data in the sample establishments to calculate weighted averages on earnings, benefit costs, and compensation for each occupation by industry.

Multiplying these averages by occupational employment weights from the 1970 Census produces total wage and compensation bills for the occupations by two-digit SIC. The bills are summed over industry/occupation components to produce levels of aggregation used in the ECI series (e.g., occupational groups, industry divisions).

Dividing current quarter wage and compensation bills by those in the previous quarter provides the quarter-to-quarter percent changes published for the ECI.

Data are collected for the pay period encompassing 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 2.0 percent change in wage and salary rates for "all private nonfarm workers" in the fourth quarter of 1980 (table 2) is the actual percent change in straight-time average hourly earnings from the pay period including the 12th day of September 1980 to the comparable pay period in December 1980.

ECI wage and salary data are also published by region and metropolitan areas (based on the location of the sample establishment) and for "union" and "nonunion" series (based on whether the sample occupations are covered by collective bargaining agreements).

Publication of quarterly changes in compensation is limited to six major ECI series. (See table 1.) These series are part of the ECI's basic occupation and industry estimating structure and, with one exception, represent at least 3,000 occupations surveyed at an establishment level. Service workers' data represent about 900 establishment/occupations. Compensation data for other ECI series will be published after assessment of sample sizes and the quarter-to-quarter changes in benefit costs.

More detailed information on the ECI is available in several articles and publications. These include a chapter in the BLS Handbook of Methods (Bulletin 1910), "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.