

News

United States
Department
of Labor



Bureau of Labor Statistics

Washington, D.C. 20212

BUREAU OF LABOR STATISTICS

A. Sackley (202) 523-1165

K. D. Hoyle (202) 523-1913

Home: 333-1384

USDL-76-1453

FOR RELEASE: 11:00 A.M. (EST)

Tuesday, November 30, 1976

EMPLOYMENT COST INDEX--September 1976

Wage and salary rates measured by the Employment Cost Index rose 1.5 percent for the 3 months ending in September 1976, it was reported today by the Bureau of Labor Statistics of the U.S. Department of Labor. This increase was down from the 1.7 percent reported for the preceding March-to-June quarter and was the smallest 3-month increase since September 1975, when initial data for the index were collected. Wage and salary rates have gone up 7.2 percent in the 12 months ending in September 1976. (See table.)

June to September 1976

Higher rates of pay in manufacturing and services were the exceptions to the smaller percentage increases in wages and salaries reported for employees in other industries from June to September. Collective bargaining settlements in rubber, paper, and electrical machinery manufacturing and deferred increases in basic steel contributed to the higher rate of wage change for workers in manufacturing. The effect of these increases, together with the impact of the typically larger number of construction agreements implemented in the summer, pushed the rate of pay increase among workers in occupations covered by collective bargaining agreements to the highest level since the 3-month period ending in December 1975. This jump in pay for unionized workers was reflected in an accelerated increase for operatives, except transport. In addition, cost-of-living and deferred increases in communications were factors influencing accelerated pay gains for clerical workers. Salary increases for professionals contributed to the larger pay rise in the services industry.

Higher rates of pay increase were reported in the 3-month period for only three of the eight occupational groups for which statistics are published. Pay for professional, technical, and kindred workers rose 1.7 percent, up from 1.1 percent in

the previous 3-month period; for clerical workers, the increase was 2.0 percent, up from 1.3 percent; and the rise for operatives, except transport, was 2.0 percent, up from 0.8 percent. The rate of wage increase for craft workers--2.0 percent--was unchanged from the prior quarter. Lower percentage pay gains were reported for managers and administrators, down from 2.1 to 1.0 percent; for transport equipment operatives, down from 4.5 to 0.6 percent; for nonfarm laborers, down from 1.9 to 1.2 percent; and for service workers, except private household, down from 3.3 to 0.4 percent. The size of the increase for transport equipment operatives was affected by the large number of these workers covered by trucking settlements that occurred in the prior 3-month period.

With respect to industries, the rate of increase in pay for workers in manufacturing rose at a faster rate, 1.8 percent, than in the preceding survey period. Pay rates for employees in services also went up 1.7 percent, following wage gains of 1.5 percent in the two previous survey periods. On the other hand, pay gains in wholesale and retail trade slowed to 0.9 percent, after advances of 2.2 percent in both the March and June quarters. Pay increases for workers in transportation and public utilities declined from 2.8 to 1.3 percent in the absence of the major trucking settlements noted above. The pay increase for the construction industry of 2.6 percent, although down from the 3.1 percent of the June survey period, ranked highest among all industry divisions.

Among regions, wage gains were highest in the Northeast--2.5 percent, up from 1.4 in the prior 3-month period--and lowest in the West--0.5 percent, down from 2.3 percent--reversing the pattern over the prior 9 months. The higher pay changes in the Northeast were due in part to more collective bargaining activity covering workers in the region. Pay gains for workers in the South and the North Central regions were 1.7 and 1.5 percent, respectively.

Pay of workers in occupations covered by collective bargaining agreements advanced 2.4 percent compared with 1.1 percent for other workers. Wage and salary rate gains for workers in metropolitan areas rose to 1.7 percent in the third quarter from 1.5 percent in the second quarter; the rate of advance for workers outside of metropolitan areas dropped from 2.4 to 0.9 percent.

September 1975 to September 1976

Over the 12 months since September 1975, increases in the rate of pay for the higher salaried professional and managerial groups have been smaller than percentage increases for clerical, blue-collar and service workers. The rates of pay increase for workers in services, in the Northeast, and in occupations not covered by collective bargaining agreements have also been well below the overall measure of change. On the other hand, blue-collar and service workers and those employed in transportation and public utilities, in the West, and in occupations covered by collective bargaining agreements received percentage pay increases well above the overall average.

Rate of wage and salary changes in Employment Cost Index,
September 1975 through September 1976

(In percent)

Series	3 months ending				12 months ending in September 1976
	December 1975	March 1976	June 1976	September 1976	
All private nonfarm workers	1.8	1.9	1.7	1.5	7.2
<u>Workers, by occupational group</u>					
Professional, technical, and kindred workers.	1.7	1.4	1.1	1.7	6.1
Managers and administrators, except farm	1.3	1.3	2.1	1.0	5.8
Clerical and kindred workers	1.8	2.2	1.3	2.0	7.4
Craft and kindred workers	1.8	1.9	2.0	2.0	7.9
Operatives, except transport	2.2	2.8	0.8	2.0	8.0
Transport equipment operatives	1.7	1.2	4.5	0.6	8.3
Laborers, except farm	2.4	2.1	1.9	1.2	7.8
Service workers, except private household ...	3.3	1.9	3.3	0.4	9.1
<u>Workers, by industry division</u>					
Construction	-	-	3.1	2.6	-
Manufacturing	2.1	1.9	1.5	1.8	7.4
Transportation and public utilities	2.6	1.9	2.8	1.3	8.9
Wholesale and retail trade	1.8	2.2	2.2	0.9	7.3
Services	1.8	1.5	1.5	1.7	6.6
<u>Workers, by region</u>					
Southwest	1.4	0.9	1.4	2.5	6.3
South	1.5	2.4	1.3	1.7	7.0
North Central	2.3	1.5	1.6	1.5	7.1
West	2.1	3.3	2.3	0.5	8.6
<u>Workers, by bargaining status</u>					
Occupations covered by collective bargaining agreements	2.4	1.6	1.8	2.4	8.5
Occupations not covered by collective bar- gaining agreements	1.6	2.0	1.6	1.1	6.5
<u>Workers, by area</u>					
Metropolitan areas	1.9	1.9	1.5	1.7	7.1
Other areas	1.6	2.2	2.4	0.9	7.1

Note: The statistics are percent changes in straight-time average hourly earnings over the period indicated. For example, the 1.7 percent change for the "all private nonfarm worker" series in the second quarter 1976 is the actual percent change in straight-time average hourly earnings from the pay period including the 12th of the survey month of March to the comparable period in June. The statistics are not annualized, nor are they adjusted for seasonal influences.

The computation of percent changes spanning more than one survey period is accomplished by compounding successive changes for individual quarters. In actual practice, the compounding calculations are made to the fifth decimal place.

Dashes in the table indicate that the data collected were insufficient to meet statistical criteria for publication during the periods indicated.

Description of Employment Cost Index

The Employment Cost Index is designed to measure changes in the rate of compensation of a standardized mix of labor services, much like the fixed weight market basket of the Consumer Price Index. The Employment Cost Index is a measure of change in the price of labor. It is not intended as a measure of the level of well-being of workers.

The scope of the measure will be expanded to total compensation, covering employee benefits as well as wages and salaries, and to broader industrial coverage, resulting in an index of changes in all compensation. Publication of compensation statistics including employee benefits is expected to begin in about a year, followed by statistics for the total civilian economy in subsequent years. A long-term program objective is to increase the amount of industry, occupation, and area detail and the frequency of publication. Seasonally adjusted statistics will become available as soon as sufficient experience is accumulated to compute adjustment factors.

The Employment Cost Index statistics are now computed from occupational wage and salary data collected quarterly from approximately 2,000 respondents representing, with certain exclusions, the occupational employment composition of the private non-farm economy. Respondents in the quarterly survey are establishments or groups of establishments composing a reporting unit. Establishments of all sizes are within the scope of the survey. The major exclusions are the self-employed, unpaid family workers, private household employees, and workers in Alaska and Hawaii. Except for the self-employed and unpaid family workers, these exclusions are temporary. It is intended that agricultural employees will also eventually be within the scope of the survey.

Straight-time hourly earnings are used in the Employment Cost Index as a proxy for a measure of wage and salary rates. All occupational wage and salary data are collected as, or converted into, straight-time hourly earnings for the survey occupa-

tions. Straight-time earnings are total earnings before deductions, excluding premium payments for overtime and for work on weekends and holidays and shift differentials. Production bonuses and cost-of-living allowances are included in straight-time earnings. Data pertain to the pay period including the 12th of the survey months of March, June, September, and December.

The Index occupations conform to the Bureau of the Census occupational classification system, which consists of 441 occupations grouped into 12 broad occupational categories. Nine of these groups are now in the scope of the survey. Farmers and farm managers, farm laborers and foremen, and private household workers are currently excluded.

The published industry and occupational statistics do not pertain to mutually exclusive groups of employees. Workers from all industry divisions may be represented in a major occupational group; conversely workers from all occupational groups may be represented in a major industry division. For example, statistics for the industry "Services" are based on occupational pay data for professionals, managers, clerical workers, service workers, etc. Similarly, statistics for the group "Service workers, except private household", covers such workers as janitors, waiters, practical nurses, flight attendants, and guards; these may be found in real estate, retail trade, transportation, and other industries, as well as services.

The Employment Cost Index statistics, although computed from levels of occupational pay, are measures of change. The pay level data collected from sample reporting units are weighted into occupational averages, by industry, using weights essentially derived from a 1974 occupational employment survey. These industry pay averages are aggregated for index computation using fixed weights obtained from the 1970 decennial census. Average pay levels for the overall measure and its components are not explicitly calculated as part of the computational process. Although pay levels can be obtained by dividing the wage and salary aggregates by the fixed index

weights, these data do not correspond to actual average pay levels at any point in time. However, because of interest expressed in the statistical design of this new series, average pay levels have been computed for the overall and component published series for September 1975, and these are available upon request.

In addition to the occupational groups and industries shown in the table, published statistics cover sales workers, mining, and finance, insurance, and real estate, but insufficient data preclude separate publication of these results. Documentation is now underway to enable publication of statistics for sales workers. Series for which statistics are published comprise over 90 percent of the total sample. The relative importance of the industrial and other component submeasures, as of September 1975, and estimates of relative sampling errors are also available on request.

The regional coverage is as follows: Northeast--Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont; South--Alabama, Arkansas, Delaware, District of Columbia, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia; North Central--Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin; and West--Arizona, California, Colorado, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming.

A description of the survey design is provided in the chapter on the Employment Cost Index in the BLS Handbook of Methods, BLS Bulletin 1910.

Future releases are scheduled for February, May, August, and November--2 months after each quarter.