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FOR IMMEDIATE RELEASE:  
Monday, August 2, 2004

Fax-on-Demand: Document no. 9410  
Internet: [www.bls.gov/ro5](http://www.bls.gov/ro5)

## Employment Cost Index for the Midwest June 2004

The Midwest Employment Cost Index (ECI) for total compensation increased 0.9 percent in the three-month period ended in June 2004, according to the U.S. Department of Labor's Bureau of Labor Statistics. This was similar to the average March-June increase over the previous three years. The June 2004 ECI for the Midwest was 176.2 (June 1989 = 100).

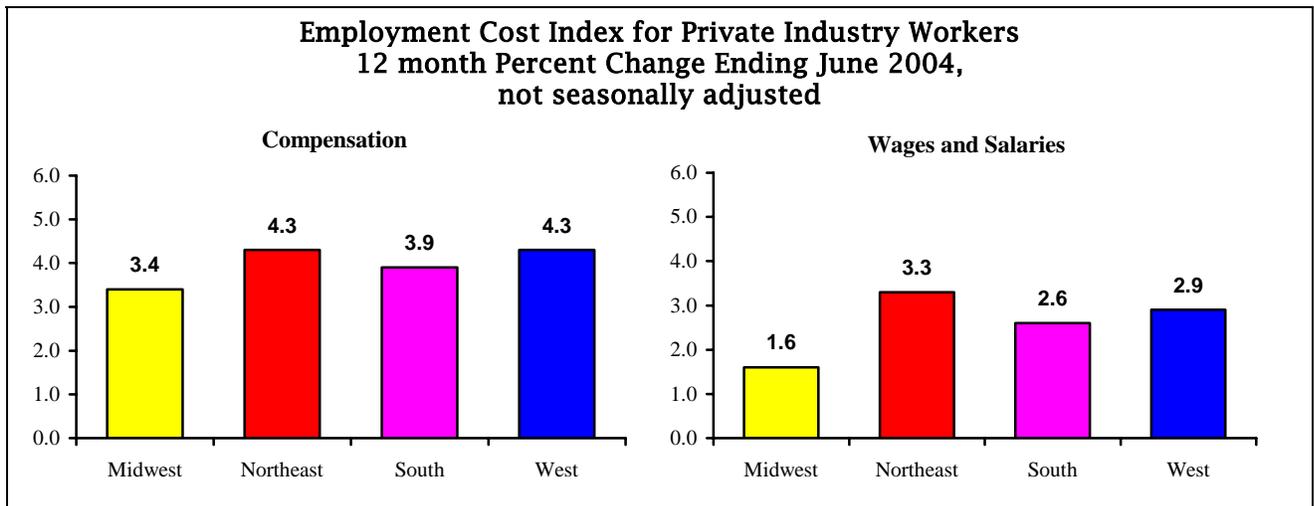
Jay A. Mousa, regional commissioner of the Bureau in Chicago, said that the 0.9 percent three-month rise in Midwest compensation costs matched the increases in the South and West. The Northeast experienced a 1.2 percent three-month rise. (See table A.)

For the year ending in June 2004, compensation costs for private industry workers in the Midwest rose 3.4 percent. This follows a 4.8 percent increase for the year ending in June 2003 and a 4.2 percent rise for the year ending in June 2002. The ECI measures changes in compensation costs, including wages, salaries, and employer costs for employee benefits. The Midwest ECI is not seasonally adjusted.

The 12-month gain in compensation costs in the Midwest was lowest among the four regions. In the South, compensation costs grew 3.9 percent over the past 12 months. The West and Northeast regions experienced the highest growth in compensation costs over the year, rising 4.3 percent. Nationwide, compensation costs rose 4.0 percent for the year ended in June 2004.

Table A. Percent changes in the Employment Cost Index for private industry workers, (not seasonally adjusted)

REGION	COMPENSATION						WAGES AND SALARIES					
	3 months ended			12 months ended			3 months ended			12 months ended		
	June 2003	Mar. 2004	June 2004	June 2003	Mar. 2004	June 2004	June 2003	Mar. 2004	June 2004	June 2003	Mar. 2004	June 2004
U.S. Average	0.8	1.5	0.9	3.5	3.9	4.0	0.7	0.7	0.7	2.6	2.6	2.6
Midwest	.8	1.3	.9	4.8	3.4	3.4	.5	.2	.5	4.1	1.7	1.6
Northeast	.9	1.4	1.2	3.3	3.9	4.3	.7	.7	1.0	2.3	3.0	3.3
South	.6	1.5	.9	2.5	3.6	3.9	.5	.8	.6	1.6	2.4	2.6
West	1.3	1.8	.9	4.1	4.8	4.3	1.1	1.0	.7	2.8	3.4	2.9



The Midwest ECI for wages and salaries advanced 0.5 percent from March 2004 to June 2004. This gain was the lowest among the four regions and equal to the second quarter increase a year ago. The West increase of 0.7 percent matched the increase for the nation as a whole. Wages and salaries advanced 1.0 percent over the quarter in the Northeast and 0.6 percent in the South.

Over the past year, wages and salaries in the Midwest increased 1.6 percent. This was the smallest annual increase in wages and salaries in the Midwest since the Bureau began publishing the index in 1976. In the South, wages and salaries grew 2.6 percent. The annual gain in the Northeast was 3.3 percent and in the West, 2.9 percent. Nationally, wages and salaries grew 2.6 percent over the year.

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Note: ECI data for September 2004 is scheduled for release on Friday, October 29, 2004 at 7:30 A.M. (CT)

### EXPLANATORY NOTE

The Midwest Census Region includes the States of Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin.

The Employment Cost Index (ECI) is a measure of the change in the cost of labor, free from the influence of employment shifts among occupations and industries. The compensation series includes changes in wages and salaries and employer costs for employee benefits. The wage and salary series and the benefit cost series provide the change for the two components of compensation.

Wages and salaries are defined as the hourly straight-time rate or, for workers not paid on an hourly basis, straight-time earnings divided by the corresponding hours. Straight-time wage and salary rates are total earnings before payroll deductions, excluding premium pay for overtime and for work on weekends and holidays, shift differentials, and nonproduction bonuses such as lump-sum payments provided in lieu of wage increases. Production bonuses, incentive earnings,

commission payments, and cost-of-living adjustments are included in straight-time wage and salary rates.

Benefits covered by the ECI are: Paid leave--vacations, holidays, sick leave, and other leave; supplemental pay--premium pay for work in addition to the regular work schedule (such as overtime, weekends, and holidays), shift differentials, and nonproduction bonuses (such as referral bonuses and lump-sum payments provided in lieu of wage increases); insurance benefits--life, health, short-term disability, and long-term disability; retirement and savings benefits—defined benefit and contribution plans; legally required benefits--Social Security, Medicare, Federal and State unemployment insurance, and workers' compensation; and other benefits--severance pay and supplemental unemployment plans.

The ECI provides data for the civilian economy, which includes the total private nonfarm economy excluding households and the public sector excluding the Federal government. The private industry series and the State and local government series provide data for the two sectors separately.

Data for this quarter were collected from a probability sample of approximately 44,000 occupational observations within about 9,800 sample establishments in private industry and approximately 3,600 occupations within about 800 sample establishments in State and local governments. Data are collected for the pay period including the 12th day of the survey months of March, June, September and December.

More detailed information on the ECI is available from several sources. These include an historical bulletin--Employment Cost Indexes, 1975-99, (Bulletin 2532), a chapter, "National Compensation Measures," in the BLS Handbook of Methods (Bulletin 2490), and several articles published in the Monthly Labor Review and Compensation and Working Conditions. The bulletin is available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402, or Bureau of Labor Statistics, Publication Sales Center, 230 South Dearborn St., Room 960, Chicago, Illinois 60604, (312) 353-1880. Reprints of the articles and other descriptive pieces are available upon request by calling (202) 691-6199 or sending e-mail to [ocltinfo@bls.gov](mailto:ocltinfo@bls.gov). Current and historical ECI data are available at the web site: [www.bls.gov/ncs/ect](http://www.bls.gov/ncs/ect).

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Table 1. Employment Cost Index for total compensation and for wages and salaries only, private industry workers, United States and Census regions (not seasonally adjusted)

	Indexes (June 1989=100)					Percent Change									
	U.S. Avg.	Mid- west	North -east	South	West	Over the Quarter					Over the Year				
						U.S. Avg.	Mid- west	North -east	South	West	U.S. Avg.	Mid- west	North -east	South	West
<b>COMPENSATION</b> (Including wages, salaries, and employer costs for employee benefits)															
June 00	148.5	150.7	147.6	146.7	148.8	1.2	1.2	.9	1.2	1.2	4.6	4.9	4.3	4.3	4.7
Sept.	149.9	152.2	149.3	147.6	150.8	.9	1.0	1.2	.6	1.3	4.6	5.0	4.3	4.1	5.2
Dec.	150.9	153.3	150.3	148.6	151.8	.7	.7	.7	.7	.7	4.4	4.8	4.2	3.9	4.9
Mar. 01	153.0	154.8	151.6	151.1	154.3	1.4	1.0	.9	1.7	1.6	4.2	4.0	3.6	4.2	5.0
June	154.5	156.0	153.7	152.3	156.0	1.0	.8	1.4	.8	1.1	4.0	3.5	4.1	3.8	4.8
Sept.	155.9	157.4	155.2	153.5	157.6	.9	.9	1.0	.8	1.0	4.0	3.4	4.0	4.0	4.5
Dec.	157.2	158.6	156.3	154.6	159.4	.8	.8	.7	.7	1.1	4.2	3.5	4.0	4.0	5.0
Mar. 02	158.9	161.1	158.3	156.2	160.4	1.1	1.6	1.3	1.0	.6	3.9	4.1	4.4	3.4	4.0
June	160.7	162.6	159.9	157.6	162.9	1.1	.9	1.0	.9	1.6	4.0	4.2	4.0	3.5	4.4
Sept.	161.6	163.5	160.5	158.9	163.8	.6	.6	.4	.8	.6	3.7	3.9	3.4	3.5	3.9
Dec.	162.3	164.6	161.3	159.0	165.0	.4	.7	.5	.1	.7	3.2	3.8	3.2	2.8	3.5
Mar. 03	165.0	169.0	163.8	160.6	167.3	1.7	2.7	1.5	1.0	1.4	3.8	4.9	3.5	2.8	4.3
June	166.4	170.4	165.2	161.6	169.5	.8	.8	.9	.6	1.3	3.5	4.8	3.3	2.5	4.1
Sept.	168.1	171.7	166.9	163.2	171.4	1.0	.8	1.0	1.0	1.1	4.0	5.0	4.0	2.7	4.6
Dec.	168.8	172.5	167.9	163.9	172.2	.4	.5	.6	.4	.5	4.0	4.8	4.1	3.1	4.4
Mar. 04	171.4	174.7	170.2	166.4	175.3	1.5	1.3	1.4	1.5	1.8	3.9	3.4	3.9	3.6	4.8
June	173.0	176.2	172.3	167.9	176.8	.9	.9	1.2	.9	.9	4.0	3.4	4.3	3.9	4.3
<b>WAGES AND SALARIES ONLY</b>															
June 00	145.4	147.1	143.7	144.6	146.3	1.0	1.2	1.0	1.1	1.1	4.1	4.3	4.0	3.7	4.4
Sept.	146.8	148.6	145.3	145.3	148.2	1.0	1.0	1.1	.5	1.3	4.1	4.4	3.9	3.6	4.9
Dec.	147.7	149.6	146.0	146.3	149.2	.6	.7	.5	.7	.7	3.9	4.2	3.6	3.4	4.6
Mar. 01	149.4	150.9	147.3	148.3	151.3	1.2	.9	.9	1.4	1.4	3.8	3.9	3.5	3.7	4.6
June	150.9	152.3	149.2	149.3	152.9	1.0	.9	1.3	.7	1.1	3.8	3.5	3.8	3.3	4.5
Sept.	152.1	153.6	150.6	150.2	154.3	.8	.9	.9	.6	.9	3.6	3.4	3.6	3.4	4.1
Dec.	153.3	154.7	151.7	151.2	156.0	.8	.7	.7	.7	1.1	3.8	3.4	3.9	3.3	4.6
Mar. 02	154.7	157.1	153.5	152.5	156.4	.9	1.6	1.2	.9	.3	3.5	4.1	4.2	2.8	3.4
June	156.3	158.5	154.9	153.6	158.7	1.0	.9	.9	.7	1.5	3.6	4.1	3.8	2.9	3.8
Sept.	157.0	159.2	155.1	154.7	159.3	.4	.4	.1	.7	.4	3.2	3.6	3.0	3.0	3.2
Dec.	157.5	160.2	155.7	154.6	160.1	.3	.6	.4	-.1	.5	2.7	3.6	2.6	2.2	2.6
Mar. 03	159.3	164.1	157.3	155.3	161.3	1.1	2.4	1.0	.5	.7	3.0	4.5	2.5	1.8	3.1
June	160.4	165.0	158.4	156.1	163.1	.7	.5	.7	.5	1.1	2.6	4.1	2.3	1.6	2.8
Sept.	161.7	166.1	160.0	157.4	164.7	.8	.7	1.0	.8	1.0	3.0	4.3	3.2	1.7	3.4
Dec.	162.3	166.5	160.9	157.9	165.2	.4	.2	.6	.3	.3	3.0	3.9	3.3	2.1	3.2
Mar. 04	163.4	166.9	162.0	159.1	166.8	.7	.2	.7	.8	1.0	2.6	1.7	3.0	2.4	3.4
June	164.5	167.7	163.6	160.1	167.9	.7	.5	1.0	.6	.7	2.6	1.6	3.3	2.6	2.9

