

News

United States
Department
of Labor



Bureau of Labor Statistics

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FOR RELEASE: Immediate
Wednesday, June 19, 1991

EMPLOYER COSTS FOR EMPLOYEE COMPENSATION - MARCH 1991

Employer costs for employee compensation in private industry averaged \$15.40 per hour worked in March 1991, the U.S. Department of Labor's Bureau of Labor Statistics reported today. Straight-time wages and salaries--72.3 percent of the costs--averaged \$11.14, while benefit costs--the remaining 27.7 percent--averaged \$4.27.

Legally required benefits (e.g., social security, workers' compensation, unemployment insurance) averaged \$1.40 per hour worked--the largest cost to employers among the benefit categories. Legally required benefits accounted for 9.1 percent of total compensation costs and about a third of all benefit costs. Social security, the largest legally required benefit, cost employers, on average, 92 cents per hour worked--6.0 percent of all compensation costs and about a fifth of all benefit costs. (See table 1.)

Other important benefit categories and their average costs per hour worked were: Paid leave (\$1.05), insurance (\$1.01), retirement and savings (44 cents), and supplemental pay (36 cents), which includes premium pay for overtime, shift pay, nonproduction bonuses, and lump-sum payments provided in lieu of wage increases. (See chart on page 3.)

Compensation costs varied widely by industry and occupational group, union status, and geographic region.

Compensation costs averaged more for workers in goods-producing industries (\$18.48 per hour worked) than for those in service-producing industries (\$14.31). Among service-producing industries, compensation costs ranged from \$8.81 in retail trade to \$22.09 in transportation and public utilities. In goods-producing industry groups, compensation costs ranged from \$16.36 in nondurable goods manufacturing to \$19.59 in durable goods manufacturing. (See table 4.)

**Relative importance of components of employer costs
for employee compensation, private industry, March 1991**

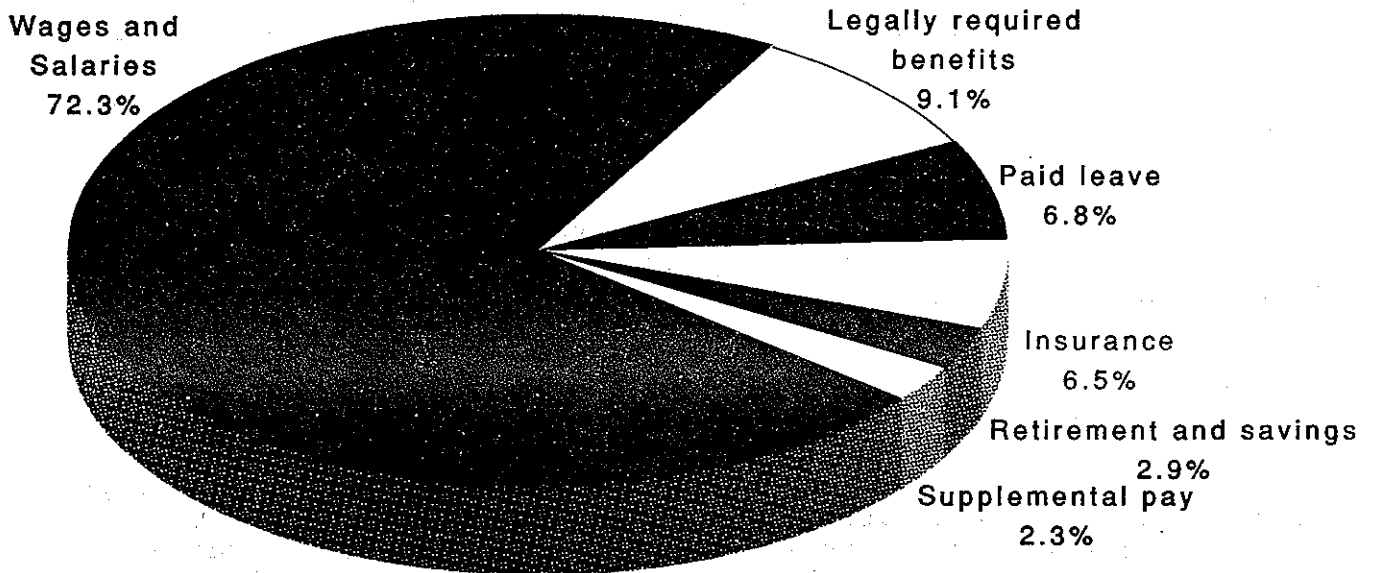


Table 2. Employer costs per hour worked for employee compensation, and costs as a percent of total compensation, private industry, by occupational categories, March 1991

Compensation component	All workers in private industry		White-collar workers		Blue-collar workers		Service workers	
	Cost	Percent	Cost	Percent	Cost	Percent	Cost	Percent
Total compensation.....	\$15.40	100.0%	\$18.15	100.0%	\$15.15	100.0%	\$7.82	100.0%
Wage rate.....	11.14	72.3	13.40	73.8	10.37	68.4	5.96	76.3
Total benefits.....	4.27	27.7	4.75	26.2	4.78	31.6	1.85	23.7
Paid leave.....	1.05	6.8	1.38	7.6	.91	6.0	.35	4.5
Vacations.....	.52	3.4	.67	3.7	.47	3.1	.18	2.3
Holidays.....	.35	2.3	.46	2.5	.32	2.1	.10	1.3
Sick leave.....	.13	.8	.19	1.1	.07	.5	.05	.7
Other leave.....	.05	.3	.06	.3	.04	.3	*	*
Supplemental pay.....	.36	2.3	.32	1.8	.54	3.5	.11	1.4
Premium pay.....	.17	1.1	.09	.5	.36	2.4	.05	.7
Shift pay.....	.05	.3	.05	.3	.06	.4	.03	.4
Nonproduction bonuses.....	.13	.9	.18	1.0	.11	.7	.03	.3
Insurance.....	1.01	6.5	1.12	6.2	1.15	7.6	.39	5.0
Retirement and savings.....	.44	2.9	.52	2.9	.49	3.2	.12	1.6
Pensions.....	.35	2.2	.38	2.1	.42	2.8	.10	1.3
Savings and thrift.....	.10	.6	.14	.8	.07	.5	.02	.3
Legally required.....	1.40	9.1	1.39	7.7	1.68	11.1	.88	11.2
Social security.....	.92	6.0	1.08	5.9	.90	5.9	.51	6.5
Federal unemployment.....	.03	.2	.03	.2	.03	.2	.03	.4
State unemployment.....	.09	.6	.09	.5	.11	.7	.08	1.0
Workers' compensation.....	.33	2.1	.18	1.0	.60	3.9	.25	3.2
Other benefits.....	*	*	*	*	.02	.2	*	*

* Cost per hour worked is \$0.01 or less.
NOTE: See footnotes at end of table 1.

Table 4. Employer costs per hour worked for employee compensation, and costs as a percent of total compensation, private industry, by industry categories, March 1991

Industry Group	Total compensation	Wage and salaries	Total	Benefit costs					Legally required	Other benefits
				Paid Leave	Supplemental pay	Insurance	Retirement and savings	Cost per hour worked		
All workers in private industry.....	\$15.40	\$11.14	\$4.27	\$1.05	\$0.36	\$1.01	\$0.44	\$1.40	✳	
Goods-producing industries 1/.....	18.48	12.70	5.78	1.27	.63	1.41	.66	1.78	\$0.03	
Construction.....	18.32	13.08	5.23	.68	.47	.94	.77	2.36	.02	
Manufacturing industries.....	18.22	12.40	5.81	1.38	.67	1.51	.60	1.62	.04	
Durables.....	19.59	13.18	6.41	1.54	.77	1.70	.65	1.71	.05	
Nondurables.....	16.36	11.36	5.00	1.18	.52	1.25	.54	1.49	.02	
Service-producing industries 2/.....	14.31	10.58	3.72	.97	.26	.86	.36	1.26	✳	
Transportation and public utilities....	22.09	15.14	6.95	1.83	.43	1.71	.85	2.10	.02	
Wholesale trade.....	17.10	12.37	4.72	1.12	.45	1.18	.45	1.51	.02	
Retail trade.....	8.81	6.82	1.98	.38	.16	.41	.12	.92	✳	
Finance, insurance, and real estate....	19.04	14.02	5.01	1.54	.30	1.29	.57	1.29	.02	
Services.....	14.70	10.98	3.72	1.03	.24	.82	.36	1.26	✳	
Percent of total compensation										
All workers in private industry.....	100.0%	72.3%	27.7%	6.8%	2.3%	6.5%	2.9%	9.1%	✳	
Goods-producing industries 1/.....	100.0	68.7	31.3	6.9	3.4	7.6	3.6	9.7	0.2%	
Construction.....	100.0	71.4	28.6	3.7	2.6	5.1	4.2	12.9	.1	
Manufacturing industries.....	100.0	68.1	31.9	7.6	3.7	8.3	3.3	8.9	.2	
Durables.....	100.0	67.3	32.7	7.9	4.0	8.7	3.3	8.7	.2	
Nondurables.....	100.0	69.4	30.6	7.2	3.2	7.7	3.3	9.1	.1	
Service-producing industries 2/.....	100.0	74.0	26.0	6.8	1.8	6.0	2.5	8.8	✳	
Transportation and public utilities....	100.0	68.5	31.5	8.3	2.0	7.7	3.9	9.5	.1	
Wholesale trade.....	100.0	72.4	27.6	6.5	2.6	6.9	2.7	8.8	.1	
Retail trade.....	100.0	77.5	22.5	4.3	1.8	4.7	1.3	10.4	✳	
Finance, insurance, and real estate....	100.0	73.7	26.3	8.1	1.6	6.8	3.0	6.8	.1	
Services.....	100.0	74.7	25.3	7.0	1.6	5.6	2.5	8.6	✳	

✳ Cost per hour worked is \$0.01 or less.

NOTE: See footnotes at end of table 1.

Table 6. GOODS-PRODUCING INDUSTRIES; Employer costs per hour worked for employee compensation, and costs as a percent of total compensation, private industry, by occupational categories, March 1991

Occupational group	Total compensation	Wage and salaries	Total	Paid leave	Benefit costs					Legally required	Other benefits
					Supplemental pay	Insurance	Retirement and savings	Cost per hour worked	Cost per hour worked		
Goods-producing industries 1/.....	\$18.48	\$12.70	\$5.78	\$1.27	\$0.63	\$1.41	\$0.66	\$1.78	\$0.03		
White-collar workers.....	23.65	16.89	6.76	2.02	.52	1.63	.80	1.76	.03		
Professional specialty and technical... ..	26.40	18.71	7.70	2.36	.46	1.86	1.06	1.91	.05		
Executive, administrative, managerial.	34.22	24.81	9.40	3.11	.88	1.79	1.17	2.42	.04		
Administrative support, including clerical.....	14.59	10.14	4.46	1.09	.37	1.37	.42	1.19	.02		
Blue-collar workers.....	16.32	10.94	5.38	.95	.68	1.31	.59	1.81	.03		
Precision production, craft, repair... ..	20.30	13.73	6.57	1.12	.77	1.44	.84	2.35	.04		
Machine operators, assemblers, inspectors.....	14.72	9.69	5.03	.99	.71	1.38	.43	1.48	.04		
Transportation and material moving.....	16.67	11.08	5.59	.90	.71	1.28	.76	1.91	.02		
Handlers, cleaners, helpers, laborers.	12.40	8.52	3.88	.58	.41	.93	.43	1.52	*		
Service workers.....	14.12	9.56	4.56	.94	.48	1.21	.54	1.35	.03		
Percent of total compensation											
Goods-producing industries 1/.....	100.0%	68.7%	31.3%	6.9%	3.4%	7.6%	3.6%	9.7%	0.2%		
White-collar workers.....	100.0	71.4	28.6	8.5	2.2	6.9	3.4	7.4	.1		
Professional specialty and technical... ..	100.0	70.9	29.1	9.0	1.7	7.0	4.0	7.2	.2		
Executive, administrative, managerial.	100.0	72.5	27.5	9.1	2.6	5.2	3.4	7.1	.1		
Administrative support, including clerical.....	100.0	69.5	30.5	7.5	2.5	9.4	2.9	8.1	.1		
Blue-collar workers.....	100.0	67.0	33.0	5.8	4.2	8.1	3.6	11.1	.2		
Precision production, craft, repair... ..	100.0	67.6	32.4	5.5	3.8	7.1	4.2	11.6	.2		
Machine operators, assemblers, inspectors.....	100.0	65.8	34.2	6.7	4.8	9.4	2.9	10.0	.3		
Transportation and material moving.....	100.0	66.5	33.5	5.4	4.3	7.7	4.6	11.4	.1		
Handlers, cleaners, helpers, laborers.	100.0	68.7	31.3	4.7	3.3	7.5	3.5	12.2	*		
Service workers.....	100.0	67.7	32.3	6.7	3.4	8.6	3.8	9.5	.2		

1/ Cost per hour worked is \$0.01 or less.

NOTE: See footnotes at end of table 1.

Table 8. MANUFACTURING INDUSTRIES: Employer costs per hour worked for employee compensation, and costs as a percent of total compensation, private industry, by occupational categories, March 1991

Occupational group	Total compensation	Wage and salaries	Total	Benefit costs				Legally required	Other benefits
				Paid Leave	Supplemental pay	Insurance	Retirement and savings		
Cost per hour worked									
Manufacturing industries	\$18.22	\$12.40	\$5.81	\$1.38	\$0.67	\$1.51	\$0.60	\$1.62	\$0.04
White-collar workers.....	23.38	16.63	6.75	2.02	.53	1.69	.78	1.71	.03
Professional specialty and technical..	25.80	18.28	7.53	2.33	.47	1.83	.98	1.88	.04
Executive, administrative, managerial.	34.34	24.89	9.45	3.18	.86	1.91	1.14	2.31	.04
Administrative support, including clerical.....	14.71	10.10	4.61	1.12	.39	1.45	.44	1.19	.02
Blue-collar workers.....	15.83	10.43	5.39	1.09	.74	1.43	.52	1.58	.04
Precision production, craft, repair....	20.67	13.59	7.08	1.60	.96	1.77	.77	1.94	.05
Machine operators, assemblers, inspectors.....	14.69	9.67	5.02	.99	.71	1.38	.43	1.47	.04
Transportation and material moving....	16.38	10.78	5.60	1.02	.72	1.37	.69	1.77	.03
Handlers, cleaners, helpers, laborers.	12.17	8.15	4.03	.69	.50	1.11	.37	1.35	.02
Service workers.....	14.26	9.64	4.62	.97	.48	1.24	.56	1.34	.03
Percent of total compensation									
Manufacturing industries	100.0	68.1	31.9	7.6	3.7	8.3	3.3	8.9	0.2
White-collar workers.....	100.0	71.1	28.9	8.6	2.3	7.2	3.3	7.3	.1
Professional specialty and technical..	100.0	70.8	29.2	9.0	1.8	7.1	3.8	7.3	.2
Executive, administrative, managerial.	100.0	72.5	27.5	9.2	2.5	5.6	3.3	6.7	.1
Administrative support, including clerical.....	100.0	68.7	31.3	7.6	2.7	9.8	3.0	8.1	.1
Blue-collar workers.....	100.0	65.9	34.1	6.9	4.7	9.0	3.3	10.0	.2
Precision production, craft, repair....	100.0	65.7	34.3	7.7	4.6	8.5	3.7	9.4	.2
Machine operators, assemblers, inspectors.....	100.0	65.8	34.2	6.7	4.9	9.4	2.9	10.0	.3
Transportation and material moving....	100.0	65.8	34.2	6.2	4.4	8.4	4.2	10.8	.2
Handlers, cleaners, helpers, laborers.	100.0	66.9	33.1	5.6	4.1	9.1	3.0	11.1	.1
Service workers.....	100.0	67.6	32.4	6.8	3.4	8.7	3.9	9.4	.2

NOTE: See footnotes at end of table 1.

Table 10. Union workers, employer costs per hour worked for employee compensation, and costs as a percent of total compensation, by industry and occupation, March 1991

	Total compensation	Wage and salaries	Total	Benefit costs					Legally required	Other benefits
				Paid leave	Supplemental pay	Insurance	Retirement and savings	Cost per hour worked		
All union workers, private industry.....	\$19.76	\$13.02	\$6.75	\$1.43	\$0.69	\$1.78	\$0.87	\$1.93	\$0.05	
Blue-collar workers.....	21.11	13.50	7.61	1.47	.87	1.99	1.05	2.18	.06	
Goods-producing industries.....	21.85	13.85	7.99	1.46	1.00	2.12	1.14	2.19	.08	
Service-producing industries.....	18.23	12.41	5.83	1.41	.45	1.54	.68	1.74	.02	
Manufacturing.....	20.26	12.66	7.60	1.59	1.06	2.09	.85	1.93	.09	
Blue-collar workers.....	20.29	12.62	7.67	1.58	1.08	2.12	.85	1.95	.09	
Nonmanufacturing.....	19.51	13.20	6.30	1.35	.49	1.62	.88	1.93	.02	
All union workers, private industry.....	100.0%	65.9%	34.1%	7.2%	3.5%	9.0%	4.4%	9.8%	0.2%	
Blue-collar workers.....	100.0	64.0	36.0	6.9	4.1	9.4	5.0	10.3	.3	
Goods-producing industries.....	100.0	63.4	36.6	6.7	4.6	9.7	5.2	10.0	.4	
Service-producing industries.....	100.0	68.0	32.0	7.7	2.5	8.4	3.7	9.5	.1	
Manufacturing.....	100.0	62.5	37.5	7.8	5.2	10.3	4.2	9.5	.4	
Blue-collar workers.....	100.0	62.2	37.8	7.8	5.3	10.4	4.2	9.6	.4	
Nonmanufacturing.....	100.0	67.7	32.3	6.9	2.5	8.3	4.5	9.9	.1	

Table 12. AEROSPACE INDUSTRY: Employer costs per hour worked for employee compensation, and costs as a percent of total compensation, by aerospace^{1/} industry group, March 1991

Industry and occupation group	Total compensation	Wages and salaries	Benefit costs				Total	Cost per hour worked				Legally required	Other benefits/fts ^{2/}
			Supplemental pay	Insurance	Retirement and savings	Paid leave		Supplemental pay	Insurance	Retirement and savings	Paid leave		
Aircraft and parts manufacturing (SIC 372)	\$24.09	\$16.28	\$7.81	\$2.08	\$1.18	\$2.04	\$0.64	\$1.84	\$0.04				\$0.04
White-collar workers.....	26.30	18.34	7.96	2.42	.82	2.05	.76	1.87	.04				.04
Professional and technical workers.....	27.77	19.62	8.14	2.58	.68	2.05	.77	2.01	.05				.05
Blue-collar workers.....	21.75	14.08	7.67	1.71	1.58	2.04	.50	1.82	.03				.03
Precision production, craft, and repair	22.91	15.01	7.90	1.82	1.57	2.09	.50	1.89	.03				.03
Machine operators, inspectors, and assemblers.....	20.34	12.98	7.36	1.55	1.58	1.96	.52	1.72	.02				.02
Aircraft manufacturing (SIC 3721).....	25.30	17.11	8.19	2.27	1.22	2.07	.73	1.88	.02				.02
White-collar workers.....	26.37	18.30	8.08	2.49	.83	2.01	.85	1.88	.02				.02
Blue-collar workers.....	23.78	15.35	8.43	1.92	1.87	2.16	.55	1.90	.02				.02
Aircraft engines and parts manufacturing (SIC 3724).....	23.89	15.90	7.99	2.11	1.02	2.45	.51	1.83	.08				.08
Aircraft parts and equipment manufacturing, not elsewhere classified (SIC 3728)	21.97	15.03	6.94	1.70	1.23	1.65	.58	1.77	.02				.02
Guided missiles and space vehicles manufacturing (SIC 3761).....	28.06	19.65	8.41	2.59	.91	2.19	.85	1.85	* .				* .
Percent of total compensation													
Aircraft and parts manufacturing (SIC 372)	100.0%	67.6%	32.4%	8.6%	4.9%	8.5%	2.7%	7.6%	0.1%				0.1%
White-collar workers.....	100.0	69.7	30.3	9.2	3.1	7.8	2.9	7.1	.2				.2
Professional and technical workers.....	100.0	70.7	29.3	9.3	2.4	7.4	2.8	7.2	.2				.2
Blue-collar workers.....	100.0	64.7	35.3	7.9	7.3	9.4	2.3	8.3	.1				.1
Precision production, craft, and repair	100.0	65.5	34.5	8.0	6.9	9.1	2.2	8.3	.1				.1
Machine operators, inspectors, and assemblers.....	100.0	63.8	36.2	7.6	7.8	9.6	2.6	8.4	.1				.1
Aircraft manufacturing (SIC 3721).....	100.0	67.6	32.4	9.0	4.8	8.2	2.9	7.4	.1				.1
White-collar workers.....	100.0	69.4	30.6	9.5	3.1	7.6	3.2	7.1	.1				.1
Blue-collar workers.....	100.0	64.6	35.4	8.1	7.9	9.1	2.3	8.0	.1				.1
Aircraft engines and parts manufacturing (SIC 3724).....	100.0	66.5	33.5	8.8	4.3	10.3	2.1	7.7	.3				.3
Aircraft parts and equipment manufacturing, not elsewhere classified (SIC 3728)	100.0	68.4	31.6	7.7	5.6	7.5	2.6	8.0	.1				.1
Guided missiles and space vehicles manufacturing (SIC 3761).....	100.0	70.0	30.0	9.2	3.3	7.8	3.0	6.6	* .				* .

1/ Funds for the development and maintenance of these series are provided by the Aerospace Industries Association (AIA). The series are published in this release for the convenience of all users

* Cost per hour worked is \$0.01 or less.

NOTE: See the explanatory note for a definition of the compensation components.

the aerospace industries, employment estimates for 4-digit industries such as aircraft manufacturing were used.)

The employment data from these 2-digit groups (or 4-digit industries) were distributed to major occupational groups (such as executives, administrators, and managers or machine operators, assemblers, and inspectors), using the relative importance of the groups as estimated by the ECI sample. Because the ECI establishment sample is completely replaced, industry by industry, on a 4-year cycle, the major occupational group employment counts from the ECI are, on average, 2 to 3 years old. However, comparisons of cost level estimates showed that differences of a few years in the age of the occupation data within industries have a negligible impact on the estimates.

More information on the cost levels, including how the costs are calculated, appears in the article "Analyzing employers' costs for wages, salaries, and benefits" in the October 1987 issue of the Monthly Labor Review. The published cost levels for March 1987 also appear in that article.

An annual bulletin is issued from the ECI program. The most recent bulletin, Employment Cost Indexes and Levels--1975-90 (Bulletin 2372), provides complete historical data on ECI indexes and levels, and measures of the precision of the two series through June 1990. It also includes an explanation of survey methods and discussion of the published information. The next annual bulletin, to be issued later this year, will include this material as well as complete historical ECI data and measures of precision through June 1991.

The Relative Standard Errors

Because the data are based on a sample survey, the compensation cost estimates probably differ from the figures that would be obtained from all units covered by the survey. To determine the precision of each cost level estimate, a standard error was calculated.

The standard error defines a range (confidence interval) around the cost estimate. The approximate 95-percent confidence interval is the estimate plus or minus twice the standard error. The standard error can also be expressed as a percent of the cost estimate, or the relative standard error. For example, the 95-percent confidence interval for a cost estimate of \$10 with a relative standard error of 1.0 percent would be \$10.00 plus or minus 2.0 percent (2 times 1.0 percent) or \$9.80 to \$10.20. We can be 95 percent confident that the "true" cost falls within the confidence interval.

The relative standard error is shown with the cost estimates for some series in the appendix. Relative standard errors for all published estimates are available upon request. They also will appear in the 1991 ECI annual bulletin to be published later this year. A fuller explanation of the relative standard errors is provided in the article "Analyzing employers' costs for wages, salaries, and benefits" in the October 1987 issue of the Monthly Labor Review.