

# News

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## EMPLOYMENT COST INDEX - DECEMBER 1987

The Employment Cost Index (ECI) rose 3.6 percent for the year ended in December 1987, the same increase as in 1986, the U.S. Department of Labor's Bureau of Labor Statistics reported today. The December 1987 ECI stood at 138.6, based on June 1981=100. The ECI measures changes in compensation costs--wages, salaries, and employer costs for employee benefits. It is not seasonally adjusted.

For the 3 months ended in December 1987, compensation costs rose 0.8 percent, similar to the 0.6 percent increase for the same period in 1986. This similarity held for both state and local government workers (0.9 percent and 0.8 percent, respectively) and private industry workers (0.7 percent and 0.6 percent).

Compensation costs in private industry rose 3.3 percent for the year ended in December 1987, about the same as a year ago (3.2 percent). The table below shows that over-the-year compensation cost increases dampened steadily in the 1982-86 period, but leveled off in 1987.

### 12-month percent changes, private industry workers

<u>Year ended in December</u>	<u>Compensation costs</u>	<u>Wages and salaries</u>	<u>Benefit costs</u>
1980	9.8	9.0	11.8
1981	9.8	8.8	12.2
1982	6.4	6.3	7.1
1983	5.7	5.0	7.4
1984	4.9	4.1	6.6
1985	3.9	4.1	3.5
1986	3.2	3.1	3.4
1987	3.3	3.3	3.5

Wages and salaries for private industry workers rose 3.3 percent for the year ended in December 1987, up slightly from 3.1 percent a year ago. This relationship held for white-collar occupations (3.7 percent, up from 3.4 percent) and blue-collar occupations (3.0 percent, up from 2.5 percent). Pay gains for service workers, in contrast, were less in 1987 than in 1986 (2.4 percent, down from 2.8 percent). (See table 4.)

Over-the-year pay increases in 1987 in private service-producing industries (3.5 percent) exceeded those in goods-producing industries (3.2 percent). Pay gains also varied within the service- and goods-producing industries. (See table 6.)

Wages and salaries rose 3.6 percent for nonunion workers in the December 1986-87 period, compared with 2.6 percent for union workers. (See table 9.) Pay gains for nonunion workers have outpaced those for union workers in each of the past 5 years.

Benefit costs for private industry workers increased 3.5 percent for the year ended in December 1987. The rate of increase in benefit costs in 1987 was about the same as in 1986 and 1985.

Benefit cost increases in 1987 were lower for service workers (2.4 percent) than for white-collar (3.6 percent) and blue-collar workers (3.4 percent), and lower for workers in goods-producing industries (2.9 percent) than for those in service-producing industries (4.0 percent). (See table 7.)

Compensation costs for state and local government workers rose 4.4 percent for the year ended in December 1987, down from 5.2 percent a year ago. (See table 1.) The rate of increase in compensation costs declined sharply for most state and local government series in 1987, compared with 1986. An exception was health services, with compensation cost increases of 4.7 percent in 1987, up from 4.1 percent in 1986.

\*\*\*\*\*  
 \* This release presents first-time estimates of quarterly changes \*  
 \* in compensation costs and in wages and salaries for workers in \*  
 \* communications industries and in food stores. (See tables 5 and 6.) \*  
 \* The addition of these series is part of the Federal government's \*  
 \* effort to improve statistical programs for service-producing \*  
 \* industries. \*  
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ECI data for March 1988 will be released on Tuesday, April 26, 1988, at 10:00 a.m. E.D.T.

COMPENSATION

Table 1. Employment Cost Index by occupation and industry group  
(Not seasonally adjusted)

Series	Index (June 1981=100)		Percent Changes for						
	(June 1981=100)		3 Months Ended		12 Months Ended				
	Dec. 1986	Sept. 1987	Dec. 1986	Sept. 1987	Dec. 1986	Sept. 1987	Dec. 1987	Dec. 1987	
Civilian workers .....	133.8	137.5	138.6	0.6	1.2	0.8	3.6	3.4	3.6
Workers, by occupational group									
White-collar occupations.....	136.9	141.2	142.2	.7	1.4	.7	4.0	3.8	3.9
Blue-collar occupations.....	128.4	131.3	132.5	.5	.9	.9	2.8	2.7	3.2
Service occupations.....	136.6	139.9	140.8	.9	1.0	.6	3.6	3.3	3.1
Workers, by industry division									
Goods-producing 1/.....	129.5	132.2	133.5	.5	.8	1.0	3.2	2.6	3.1
Manufacturing.....	130.1	132.7	134.1	.6	.9	1.1	3.3	2.6	3.1
Service-producing 2/.....	136.5	140.8	141.7	.7	1.4	.6	3.8	3.8	3.8
Services.....	143.6	149.2	150.6	.8	2.3	.9	4.7	4.8	4.9
Health services.....	-	-	-	1.1	1.3	1.2	4.7	4.3	4.4
Hospitals.....	-	-	-	1.1	1.7	1.2	-	4.6	4.8
Public administration .....	141.6	146.4	148.1	.7	1.2	1.2	5.0	4.1	4.6
Nonmanufacturing.....	135.4	139.6	140.5	.6	1.3	.6	3.7	3.7	3.8
Private industry workers .....	131.6	135.1	136.0	.6	1.0	.7	3.2	3.3	3.3
Workers, by occupational group									
White-collar occupations.....	134.3	138.5	139.3	.6	1.1	.6	3.5	3.7	3.7
Blue-collar occupations.....	127.8	130.6	131.8	.5	.8	.9	2.7	2.7	3.1
Service occupations.....	133.5	135.9	136.7	.9	.5	.6	3.1	2.7	2.4
Workers, by industry division									
Goods-producing 1/.....	129.2	131.9	133.2	.5	.8	1.0	3.1	2.6	3.1
Service-producing 2/.....	133.5	137.7	138.4	.6	1.0	.5	3.2	3.8	3.7
State and local government workers.....	144.7	149.7	151.1	.8	2.3	.9	5.2	4.2	4.4
Workers, by occupational group									
White-collar occupations.....	146.0	151.2	152.7	.7	2.5	1.0	5.3	4.3	4.6
Blue-collar occupations.....	139.5	143.3	144.3	.7	1.4	.7	5.1	3.5	3.4
Workers, by industry division									
Services.....	146.6	151.8	153.1	.8	2.8	.9	5.4	4.3	4.4
Hospitals and other services 3/.....	141.1	145.1	146.3	1.2	1.3	.8	4.4	4.1	3.7
Health services.....	-	-	-	.7	2.1	1.1	4.1	4.4	4.7
Schools.....	148.4	154.1	155.5	.5	3.4	.9	5.8	4.4	4.8
Elementary and secondary.....	150.3	156.5	157.8	.6	3.8	.8	5.8	4.8	5.0
Public administration .....	141.6	146.4	148.1	.7	1.2	1.2	5.0	4.1	4.6

- Data not available.  
NOTE: See footnotes at end of tables.

WAGES AND SALARIES

Table 2. Employment Cost Index for wages and salaries only, by occupation and industry group  
(Not seasonally adjusted)

Series	Indexes (June 1981=100)		Percent Changes for						
	Dec. 1986	Sept. 1987	Dec. 1987	12 Months Ended					
				Dec. 1986	Sept. 1987				
Civilian workers .....	131.5	135.2	136.1	0.6	1.3	0.7	3.5	3.4	3.5
Workers, by occupational group									
White-collar occupations .....	135.0	139.4	140.2	.7	1.5	.6	4.0	4.0	3.9
Blue-collar occupations .....	125.6	128.3	129.4	.5	.9	.9	2.7	2.6	3.0
Service occupations .....	132.8	136.0	136.6	.8	1.0	.4	3.3	3.3	2.9
Workers, by industry division									
Goods-producing 1/ .....	127.0	129.8	131.0	.6	1.0	.9	3.2	2.8	3.1
Manufacturing .....	127.9	130.8	132.2	.6	1.0	1.1	3.5	2.8	3.4
Service-producing 2/ .....	134.2	138.5	139.2	.6	1.5	.5	3.7	3.8	3.7
Services .....	141.1	146.8	148.2	.9	2.4	1.0	4.7	4.9	5.0
Health services .....	-	-	-	1.2	1.5	1.1	4.8	4.7	4.6
Hospitals .....	-	-	-	1.2	1.8	1.2	-	4.9	5.0
Public administration .....	138.1	142.6	143.8	.4	1.1	.8	4.6	3.7	4.1
Nonmanufacturing .....	133.0	137.1	137.8	.6	1.4	.5	3.6	3.7	3.6
Private industry workers .....	129.5	133.0	133.8	.5	1.0	.6	3.1	3.3	3.3
Workers, by occupational group									
White-collar occupations .....	132.7	137.0	137.6	.5	1.2	.4	3.4	3.8	3.7
Blue-collar occupations .....	125.1	127.7	128.9	.5	.9	.9	2.5	2.6	3.0
Service occupations .....	130.1	132.6	133.2	.9	.5	.5	2.8	2.9	2.4
Workers, by industry division									
Goods-producing 1/ .....	126.8	129.6	130.8	.6	1.0	.9	3.2	2.8	3.2
Service-producing 2/ .....	131.6	135.7	136.2	.5	1.0	.4	3.0	3.7	3.5
State and local government workers .....	141.4	146.1	147.4	.7	2.3	.9	5.4	4.1	4.2
Workers, by occupational group									
White-collar occupations .....	142.8	147.7	149.3	.7	2.5	1.1	5.5	4.2	4.6
Blue-collar occupations .....	135.1	139.0	139.6	.4	1.5	.4	5.2	3.3	3.3
Workers, by industry division									
Services .....	143.3	148.2	149.5	.8	2.8	.9	5.7	4.3	4.3
Hospitals and other services 3/ .....	137.3	141.2	142.2	1.1	1.3	.7	4.9	4.0	3.6
Health services .....	-	-	-	.5	1.9	1.0	4.1	3.8	4.4
Schools .....	145.1	150.3	151.8	.7	3.2	1.0	5.9	4.3	4.6
Elementary and secondary .....	146.4	152.0	153.4	.5	3.7	.9	5.7	4.3	4.8
Public administration .....	138.1	142.6	143.8	.4	1.1	.8	4.6	3.7	4.1

- Data not available.  
NOTE: See footnotes at end of tables.

COMPENSATION

Table 3. Employment Cost Index, private industry workers, by occupation group  
(Not seasonally adjusted)

Series	Indexes (June 1981=100)		Percent Changes for						
			3 Months Ended		12 Months Ended				
	Dec. 1986	Sept. 1987	Dec. 1986	Sept. 1987	Dec. 1986	Sept. 1987	Dec. 1986	Sept. 1987	
Private industry workers .....	131.6	135.1	0.6	1.0	0.7	3.2	3.3	3.3	3.3
Excluding sales .....	131.8	135.5	.6	1.0	.8	3.3	3.3	3.4	3.6
Workers, by occupational group									
White-collar occupations .....	134.3	138.5	.6	1.1	.6	3.5	3.5	3.7	3.7
Excluding sales .....	135.4	140.0	.8	1.3	.8	3.8	3.8	4.2	4.2
Professional specialty and technical .....	-	-	.7	1.4	.9	3.6	3.6	3.9	4.1
Executive, administrative, and managerial .....	-	-	.8	1.4	.5	4.1	4.1	4.8	4.4
Sales .....	-	-	-.1	.0	-.3	-	-	1.5	1.2
Administrative support, including clerical .....	-	-	.7	1.1	.9	3.6	3.6	3.9	4.1
Blue-collar occupations .....	127.8	130.6	.5	.8	.9	2.7	2.7	2.7	3.1
Precision production, craft, and repair .....	-	-	.5	1.1	.8	2.9	2.9	2.8	3.1
Machine operators, assemblers, and inspectors .....	-	-	.6	.5	1.3	2.7	2.7	2.7	3.4
Transportation and material moving .....	-	-	.3	.7	.6	2.7	2.7	2.6	2.9
Handlers, equipment cleaners, helpers, and laborers .....	-	-	.6	.9	1.1	2.1	2.1	2.2	2.8
Service occupations .....	133.5	135.9	.9	.5	.6	3.1	3.1	2.7	2.4

- Data not available.  
NOTE: See footnotes at end of tables.

WAGES AND SALARIES

Table 4. Employment Cost Index for wages and salaries only, private industry workers, by occupation group  
(Not seasonally adjusted)

Series	Indexes (June 1981=100)		Percent Changes for					
			3 Months Ended		12 Months Ended			
	Dec. 1986	Sept. 1987	Dec. 1986	Sept. 1987	Dec. 1986	Sept. 1987	Dec. 1986	Sept. 1987
Private industry workers .....	129.5	133.0	0.5	1.0	0.6	3.1	3.3	3.3
Excluding sales .....	129.9	133.6	.6	1.1	.8	3.2	3.5	3.7
Workers, by occupational group								
White-collar occupations .....	132.7	137.0	.5	1.2	.4	3.4	3.8	3.7
Excluding sales .....	134.3	139.1	.8	1.5	.7	3.8	4.4	4.3
Professional specialty and technical .....	136.4	141.2	.7	1.5	1.0	3.7	4.3	4.5
Executive, administrative, and managerial .....	133.5	138.6	.8	1.6	.4	4.0	4.7	4.3
Sales .....	124.9	127.0	-.2	-.1	-.7	2.0	1.4	1.0
Administrative support, including clerical .....	132.7	137.1	.8	1.2	.7	3.8	4.1	4.1
Blue-collar occupations .....	125.1	127.7	.5	.9	.9	2.5	2.6	3.0
Precision production, craft, and repair .....	127.4	130.2	.6	1.1	.7	2.9	2.8	2.9
Machine operators, assemblers, and inspectors .....	124.9	127.5	.6	.6	1.3	2.7	2.7	3.4
Transportation and material moving .....	120.1	122.3	.3	.7	.5	2.0	2.1	2.3
Handlers, equipment cleaners, helpers, and laborers .....	121.4	123.7	.4	.9	1.1	1.3	2.3	3.0
Service occupations .....	130.1	132.6	.9	.5	.5	2.8	2.9	2.4

NOTE: See footnotes at end of tables.

COMPENSATION

Table 5. Employment Cost Index, private industry workers, by industry group  
(Not seasonally adjusted)

Series	Indexes (June 1981=100)		Percent Changes for					
	(June 1981=100)		3 Months Ended		12 Months Ended		12 Months Ended	
	Dec. 1986	Sept. 1987	Dec. 1986	Sept. 1987	Dec. 1986	Sept. 1987	Dec. 1986	Sept. 1987
Workers, by industry division								
Goods-producing 1/	129.2	131.9	0.5	0.8	1.0	3.1	2.6	3.1
Excluding sales occupations	128.9	131.6	.5	.8	1.0	3.0	2.6	3.1
Construction	-	-	.2	.8	.7	2.8	3.1	3.7
Manufacturing	130.1	132.7	.6	.9	1.1	3.3	2.6	3.1
Durables	-	-	.5	.7	1.0	2.8	2.3	2.7
Nondurables	-	-	.7	1.3	1.2	4.0	3.3	3.8
Service-producing 2/	133.5	137.7	.6	1.0	.5	3.2	3.8	3.7
Excluding sales occupations	134.6	139.1	.8	1.2	.6	3.5	4.2	4.0
Transportation and public utilities	-	-	.1	.5	.4	2.2	2.7	3.0
Transportation	-	-	.4	.2	.2	2.2	2.2	2.7
Public utilities	-	-	.7	1.0	.6	2.0	3.4	3.3
Communications	-	-	-	-	.7	-	-	-
Wholesale and retail trade	-	-	.5	.5	.2	2.6	3.3	3.0
Wholesale trade	-	-	1.0	.6	.7	-	4.3	4.0
Retail trade	-	-	.3	.5	.1	2.2	2.8	2.5
Food stores	-	-	-	-	1.1	-	-	-
Finance, insurance, and real estate	-	-	.8	.3	.1	3.1	2.7	2.0
Excluding sales occupations	-	-	1.0	1.0	.7	4.3	4.5	4.1
Banking, savings and loan, and other credit agencies	-	-	-	.8	.9	-	-	5.5
Insurance	-	-	-	.9	1.8	-	-	-
Services	-	-	1.0	2.0	1.0	4.3	5.2	5.2
Business services	-	-	-	2.5	.9	-	-	6.1
Health services	-	-	1.3	1.1	1.2	4.9	4.3	4.3
Hospitals	-	-	1.2	1.7	1.3	-	4.7	4.9
Nonmanufacturing	132.4	136.4	.5	1.0	.5	3.1	3.6	3.5

- Data not available.  
NOTE: See footnotes at end of tables.

WAGES AND SALARIES

Table 6. Employment Cost Index for wages and salaries only, private industry workers, by industry group  
(Not seasonally adjusted)

Series	Indexes (June 1981=100)		Percent Changes for						
			3 Months Ended		12 Months Ended				
	Dec. 1986	Sept. 1987	Dec. 1986	Sept. 1987	Dec. 1986	Sept. 1987	Dec. 1986	Sept. 1987	
<b>Workers, by industry division</b>									
Goods-producing 1/.....	126.8	129.6	0.6	1.0	0.9	3.2	2.8	3.2	3.2
Excluding sales occupations.....	126.7	129.5	.5	.9	1.0	3.0	2.7	3.2	3.2
Construction.....	120.8	123.8	.2	.9	.7	2.5	2.7	3.2	3.2
Manufacturing.....	127.9	130.8	.6	1.0	1.1	3.3	2.8	3.4	3.4
Durables.....	127.2	129.7	.6	.8	1.1	3.1	2.6	3.1	3.1
Nondurables.....	129.3	132.8	.6	1.4	1.0	3.8	3.3	3.7	3.7
Service-producing 2/.....	131.6	135.7	.5	1.0	.4	3.0	3.7	3.5	3.5
Excluding sales occupations.....	132.8	137.3	.8	1.3	.6	3.3	4.2	4.0	4.0
Transportation and public utilities.....	127.5	130.0	.2	.5	.2	1.8	2.1	2.1	2.1
Transportation.....	-	-	-.3	.4	-.2	1.3	1.6	1.7	1.7
Public utilities.....	-	-	.7	.6	.6	2.5	2.8	2.6	2.6
Communications.....	-	-	-	-	.7	-	-	-	-
Wholesale and retail trade.....	126.9	130.6	.3	.5	.1	2.6	3.2	3.0	3.0
Wholesale trade.....	133.1	137.8	1.0	.4	.5	3.7	4.6	4.1	4.1
Retail trade.....	124.5	127.8	.1	.6	-.1	2.1	2.7	2.6	2.6
Food stores.....	-	-	-	-	.9	-	-	-	-
Finance, insurance, and real estate.....	130.0	131.8	.8	.2	-.2	2.8	2.2	1.2	1.2
Excluding sales occupations.....	132.1	136.5	.9	1.1	.4	4.4	4.3	3.8	3.8
Banking, savings and loan, and other credit agencies.....	-	-	-	.9	.8	-	-	5.4	5.4
Insurance.....	-	-	-	.9	1.7	-	-	-	-
Services.....	139.5	145.9	.9	2.2	.8	4.0	5.6	5.4	5.4
Business services.....	-	-	-	2.9	.7	-	-	6.7	6.7
Health services.....	-	-	1.5	1.4	1.1	5.1	5.0	4.6	4.6
Hospitals.....	-	-	1.5	1.8	1.2	-	5.3	5.1	5.1
Nonmanufacturing.....	130.4	134.2	.5	1.1	.4	3.0	3.5	3.4	3.4

- Data not available.  
NOTE: See footnotes at end of tables.



BENEFITS

Table 7. Employment Cost Index for benefits only, private industry workers, by occupation and industry group  
(Not seasonally adjusted)

Series	Indexes (June 1981=100)		Percent Changes for						
			3 Months Ended		12 Months Ended				
	Dec. 1986	Sept. 1987	Dec. 1986	Sept. 1987	Dec. 1986	Sept. 1987	Dec. 1986	Sept. 1987	
Private industry workers.....	136.9	140.3	141.7	0.6	0.7	1.0	3.4	3.1	3.5
Workers, by occupational group									
White-collar occupations.....	138.7	142.4	143.7	.8	.8	.9	3.7	3.5	3.6
Blue-collar occupations.....	134.1	137.3	138.7	.4	.7	1.0	3.1	2.8	3.4
Service occupations.....	-	-	-	1.1	.3	1.1	4.3	2.4	2.4
Workers, by industry division									
Goods-producing <sup>1/</sup> .....	134.9	137.4	138.8	.5	.7	1.0	3.1	2.4	2.9
Service-producing <sup>2/</sup> .....	138.9	143.1	144.4	.8	.8	.9	3.7	3.8	4.0
Manufacturing .....	134.9	136.9	138.4	.5	.7	1.1	3.0	2.0	2.6
Nonmanufacturing.....	138.3	142.6	143.8	.7	.8	.8	3.8	3.9	4.0

- Data not available.

NOTE: See footnotes at end of tables.

COMPENSATION

Table 8. Employment Cost Index, private industry workers, by bargaining status, region, and area size  
(Not seasonally adjusted)

Series	Indexes (June 1981=100)			Percent Changes for						
				3 Months Ended		12 Months Ended				
	Dec. 1986	Sept. 1987	Dec. 1987	Dec. 1986	Sept. 1987	Dec. 1986	Sept. 1987	Dec. 1986	Sept. 1987	
<b>Workers, by bargaining status</b>										
Union.....										
Goods-producing 1/.....	129.8	132.0	133.4	0.3	0.6	2.1	2.0	2.8	2.8	2.8
Service-producing 2/.....	127.5	129.5	131.3	.2	.6	1.8	1.7	3.0	3.0	3.0
Service-producing 2/.....	133.4	135.9	136.7	.5	.5	2.5	2.3	2.5	2.5	2.5
Nonunion.....										
Manufacturing.....	127.9	129.5	131.5	.3	.6	1.9	1.6	2.8	2.8	2.8
Nonmanufacturing.....	131.5	134.3	135.1	.2	.6	2.3	2.4	2.7	2.7	2.7
Nonunion.....										
Goods-producing 1/.....	132.1	136.1	136.9	.7	1.1	3.6	3.7	3.6	3.6	3.6
Service-producing 1/.....	130.0	133.1	134.1	.7	1.0	3.9	3.1	3.2	3.2	3.2
Service-producing 2/.....	133.4	137.9	138.6	.7	1.1	3.4	4.1	3.9	3.9	3.9
Manufacturing.....	131.4	134.6	135.6	.8	1.1	4.0	3.2	3.2	3.2	3.2
Nonmanufacturing.....	132.5	136.8	137.5	.7	1.1	3.4	4.0	3.8	3.8	3.8
<b>Workers, by region</b>										
Northeast.....										
South.....	135.2	140.3	141.9	.7	1.2	4.1	4.5	5.0	5.0	5.0
Midwest (formerly North Central).....	131.4	134.2	135.4	.5	.8	3.3	2.7	3.0	3.0	3.0
West.....	128.1	131.2	131.7	.6	.8	2.8	3.1	2.8	2.8	2.8
West.....	132.8	135.8	136.3	.5	1.2	2.3	2.8	2.6	2.6	2.6
<b>Workers, by area size</b>										
Metropolitan areas.....	132.2	135.8	136.7	.6	1.0	3.2	3.3	3.4	3.4	3.4
Other areas.....	127.9	131.3	132.0	.6	.8	3.2	3.2	3.2	3.2	3.2

NOTE: The indexes for these series are not strictly comparable to those for the aggregate occupation, and industry series. See explanatory note. See footnotes at end of tables.

WAGES AND SALARIES

Table 9. Employment Cost Index for wages and salaries only, private industry workers, by bargaining status, region, and area size

(Not seasonally adjusted)

Series	Indexes (June 1981=100)		Percent Changes for			
	Dec. 1986	Sept. 1987	3 Months Ended		12 Months Ended	
			Dec. 1986	Sept. 1987	Dec. 1986	Sept. 1987
<b>Workers, by bargaining status</b>						
Union.....	127.2	129.1	0.2	0.6	1.1	1.7
Goods-producing 1/.....	124.8	126.5	.2	.6	1.6	1.6
Service-producing 2/.....	130.9	132.9	.3	.5	.5	1.8
Manufacturing.....	125.5	127.0	.4	.6	1.8	1.6
Nonmanufacturing.....	128.7	130.8	.2	.5	.5	1.8
<b>Nonunion.....</b>						
Goods-producing 1/.....	130.3	134.3	.7	1.1	.5	3.8
Service-producing 2/.....	127.8	131.1	.6	1.2	.8	3.2
Manufacturing.....	131.7	136.2	.7	1.2	.4	4.1
Nonmanufacturing.....	129.5	133.0	.8	1.1	.7	3.5
Nonmanufacturing.....	130.6	134.9	.6	1.1	.4	3.9
<b>Workers, by region</b>						
Northwest.....	133.1	138.3	.6	1.2	1.0	4.5
South.....	129.4	132.1	.5	.8	.7	2.6
Midwest (formerly North Central).....	126.2	129.6	.7	.9	.2	3.4
West.....	130.1	133.1	.6	1.5	.3	2.9
<b>Workers, by area size</b>						
Metropolitan areas.....	130.2	133.7	.6	1.0	.7	3.3
Other areas.....	125.6	129.1	.5	1.0	.5	3.3

NOTE: The indexes for these series are not strictly comparable to those for the aggregate occupation, and industry series. See explanatory note.

- 1/ Includes mining, construction, and manufacturing.
- 2/ Includes transportation, public utilities, trade, finance, insurance, real estate, services, and, where applicable, public administration in State and local governments.
- 3/ Includes, for example, library, social, and health services.

EXPLANATORY NOTE

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<sup>1</sup> provide the change for the two components of compensation.

Wages and salaries are 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 and for 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.

Benefits covered by the ECI are: Paid leave (vacations, holidays, sick leave, and other leave); supplemental pay (premium pay for overtime, shift differentials, nonproduction bonuses, and lump-sum payments provided in lieu of wage increases); insurance benefits (life, health, and sickness and accident); 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); and other benefits (severance pay, supplemental unemployment plans, and merchandise discounts in department stores).

The ECI provides data for the civilian economy, which includes the total private economy, excluding farms and 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.

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 18,000 occupations within 3,400 sample establishments in private industry and about 3,500 occupations within 700 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. ECI statistics are neither annualized nor adjusted for seasonal influences.

The sample establishments are classified in industry categories based on the 1972 Standard Industrial Classification (SIC), as defined by the U.S. Office of Management and Budget.

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<sup>1</sup> The benefit cost indexes provide the change in the cost of benefits to a fixed labor force. They are not price indexes for a fixed market basket of benefits. Therefore, the indexes will change as a result of either a change in the price of benefits provided (for example, higher pay for holidays) or a change in the benefits (for example, an additional holiday).

Within an establishment, specific job categories are selected to represent broader occupational definitions. Since June 1986, the jobs have been classified according to definitions used in the 1980 Census. Prior to June 1986, they were classified according to the 1970 Census. Differences between the two classification systems are slight, as indicated in the article "Introducing new weights for the Employment Cost Index," in the June 1985 issue of the Monthly Labor Review.

Fixed employment weights 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. Since June 1986, employment counts from the 1980 Census have been used as weights. Prior to June 1986, employment counts from the 1970 Census were used.

For the series based on bargaining status, region, or area size, employment data are not available from the Census. The 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.

The costs per hour worked of compensation components, based on March 1987 data from the ECI, are published in the article "Analyzing employers' costs for wages, salaries, and benefits" in the October 1987 issue of the Monthly Labor Review. The cost levels, which will be published annually, are calculated with current employment weights, rather than the fixed 1980 Census weights used in computing the ECI. Therefore, year-to-year changes in the cost levels will differ from those in the ECI.

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 are available upon request. ECI historical data are also available on data diskettes formatted for use with Lotus 1-2-3.