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EMPLOYMENT COST INDEX - MARCH 1982

The Employment Cost Index (ECI), measuring changes in compensation rates for workers in the civilian nonfarm economy, rose 1.7 percent in the 3 months ended in March 1982, the U.S. Department of Labor's Bureau of Labor Statistics reported today. Compensation includes wages, salaries, and employer costs for employee benefits. The ECI for wages and salaries alone increased 1.8 percent. These series exclude farm, private household, and Federal employees. Index numbers for both measures rose to 106.3 (June 1981=100).

In the private nonfarm sector, a slowdown in employer cost increases for both compensation and wages was evident. Increases in employer costs for compensation and wages were lower for almost all worker groups for the 3 months ended in March 1982 than in the same quarter in 1981. Compensation costs rose 1.7 percent for the first quarter 1982, substantially less than the 3.6 percent increase for the first quarter a year earlier; wages advanced 2.0 percent compared with 2.7 percent in the first quarter 1981.

Reflecting a deceleration in compensation cost and wage increases that began in the second quarter 1981, 12-month changes declined sharply. For private nonfarm workers, the 12-month change in compensation costs was 7.8 percent in March 1982, down from 10.7 percent for the 12 months ended in March 1981. Corresponding increases for wages were 8.1 percent and 9.3 percent.

For private nonfarm workers, employer costs for compensation rose less than wages during the first quarter of 1982, in contrast to the first quarters of 1980 and 1981 when compensation rose more than wages. Changes in social security costs had a smaller effect on the overall compensation change this year than in previous years. A rise in January 1981 in both the tax rate for social security and the salary ceiling to which the tax rate applies accounted for 0.5 percentage point of the first quarter 1981 compensation increase. The tax rate and salary ceiling increases this year were smaller and accounted for only 0.1 percentage point of the first-quarter rise.

Rates of change in employer compensation costs for white-collar workers, in particular, were markedly lower than those for wages, 1.7 percent versus 2.2 percent, respectively. Costs for benefits, such as nonproduction bonuses, savings and thrift, and pension plans declined. These benefits make up a larger portion of costs for white-collar workers' compensation than they do of blue-collar or service workers'.

Costs for service workers' compensation also increased less than wages, 3.5 percent compared with 3.9 percent. Compensation and wage advances for blue-collar workers, however, were similar, 1.5 percent and 1.4 percent, respectively. The cost of blue-collar compensation for the first quarter 1982 increased considerably less than in the same quarter in 1981 when it registered 3.0 percent.

Beginning with this release, compensation change data, as well as wage and salary indexes, are available for workers by bargaining status and by area size. (See table 4.)

The nonunion sector, where costs for compensation rose 1.7 percent compared with 2.3 percent for wages alone, reflected the deceleration of benefit cost increases for white-collar workers. Nonunion workers in manufacturing and nonmanufacturing industries showed similar differences between compensation and wage increases. In the manufacturing sector, benefit cuts for white-collar workers in the automobile industry slowed the compensation advance. In the nonmanufacturing sector, lower compensation changes were seen mainly among workers in service industries.

Compensation costs for union workers increased 1.6 percent in March 1982, compared with 3.1 percent a year earlier. Costs for pension plans as well as legally required benefits rose at a slower pace in the first quarter of 1982 than in the first quarter of 1981.

For both union and nonunion workers, changes in compensation costs declined sharply for the 12 months ended in March 1982. In the union sector, compensation increased 9.1 percent for the 12 months ended in March 1982, compared with 11.8 percent for the 12 months ended in March 1981. Corresponding increases for nonunion workers were 7.0 percent and 10.2 percent.

Following the pattern of recent years, nonunion wages rose more than union wages during the first quarter, 2.3 percent compared with 1.4 percent. This occurred even though the Federal minimum wage did not rise in January 1982 as it did in earlier years. Wages of nonunion workers are more likely to be affected by changes in the Federal minimum wage.

COMPENSATION

Table 1. Employment Cost Index for compensation (wages, salaries, and employer costs for employee benefits), civilian nonfarm workers, 1/ by occupation and industry group

Series	Indexes (June 1981=100)			Percent changes for					
	March 1981	December 1981	March 1982	3 months ended			12 months ended		
				March 1981	December 1981	March 1982	March 1981	December 1981	March 1982
Civilian nonfarm workers 1/	-	104.5	106.3	-	1.9	1.7	-	-	-
Workers, by occupational group									
White-collar workers	-	104.9	106.5	-	2.1	1.5	-	-	-
Blue-collar workers	-	104.1	105.7	-	1.8	1.5	-	-	-
Service workers	-	104.2	107.2	-	1.4	2.9	-	-	-
Workers, by industry division									
Manufacturing	-	104.0	106.0	-	1.9	1.9	-	-	-
Nonmanufacturing	-	104.8	106.4	-	1.9	1.5	-	-	-
Services	-	107.1	108.2	-	2.6	1.0	-	-	-
Public administration 2/	-	106.0	108.1	-	1.6	2.0	-	-	-
Private nonfarm workers 3/	98.1	104.0	105.8	3.6	2.0	1.7	10.7	9.8	7.8
Workers, by occupational group									
White-collar workers	98.3	104.0	105.8	3.9	2.2	1.7	10.8	10.1	7.6
Blue-collar workers	97.8	104.0	105.6	3.0	1.8	1.5	10.7	9.6	8.0
Service workers	99.3	103.1	106.7	5.4	1.2	3.5	10.5	9.3	7.5
Workers, by industry division									
Manufacturing	98.0	104.0	106.0	3.5	1.9	1.9	10.5	9.8	8.2
Nonmanufacturing	98.2	103.9	105.7	3.7	1.9	1.7	10.9	9.7	7.6
State and local government workers	-	107.4	108.8	-	2.0	1.3	-	-	-
Workers, by occupational group									
White-collar workers	-	107.8	109.1	-	2.0	1.2	-	-	-
Blue-collar workers	-	105.9	108.2	-	1.6	2.2	-	-	-
Workers, by industry division									
Services	-	107.9	109.0	-	2.0	1.0	-	-	-
Schools	-	107.9	108.9	-	1.8	.9	-	-	-
Elementary and secondary	-	108.3	109.3	-	1.9	.9	-	-	-
Hospitals and other services 4/	-	107.8	109.5	-	2.7	1.6	-	-	-
Public administration 2/	-	106.0	108.1	-	1.6	2.0	-	-	-

1/ Excludes private household and Federal government workers.
 2/ Consists of legislative, judicial, administrative, and regulatory activities.
 3/ Excludes private household workers.
 4/ Includes, for example, library, social, and health services.
 - Data not available.

WAGES AND SALARIES

Table 2. Employment Cost Index for wages and salaries, civilian nonfarm workers, 1/ by occupation and industry group

(Not seasonally adjusted)

Series	Indexes (June 1981=100)				Percent changes for						
	March 1981	December 1981	March 1982	March 1981	3 months ended		12 months ended		March 1981	December 1981	March 1982
					March 1981	December 1981	March 1982	March 1981			
Civilian nonfarm workers <u>1/</u>	-	104.4	106.3	-	1.9	1.8	-	-	-	-	-
Workers, by occupational group											
White-collar workers	-	104.7	106.7	-	2.0	1.9	-	-	-	-	-
Blue-collar workers	-	104.0	105.5	-	1.6	1.4	-	-	-	-	-
Service workers	-	103.6	106.8	-	1.1	3.1	-	-	-	-	-
Workers, by industry division											
Manufacturing	-	104.0	105.9	-	1.9	1.8	-	-	-	-	-
Nonmanufacturing	-	104.5	106.5	-	1.8	1.9	-	-	-	-	-
Services	-	106.6	108.6	-	2.1	1.9	-	-	-	-	-
Public administration <u>2/</u>	-	105.5	107.5	-	1.6	1.9	-	-	-	-	-
Private nonfarm workers <u>3/</u>	98.0	103.8	105.9	2.7	1.8	2.0	9.3	8.8	8.1	-	-
Workers, by occupational group											
White-collar workers	98.1	103.9	106.2	3.1	2.1	2.2	9.3	9.1	8.3	-	-
Blue-collar workers	97.7	103.9	105.4	2.0	1.6	1.4	9.3	8.6	7.9	-	-
Service workers	99.2	102.7	106.7	4.7	.9	3.9	9.3	8.3	7.6	-	-
Workers, by industry division											
Manufacturing	97.9	104.0	105.9	2.2	1.9	1.8	8.8	8.7	8.2	-	-
Nonmanufacturing	98.1	103.8	105.9	3.0	1.8	2.0	9.6	9.0	8.0	-	-
State and local government workers	-	107.0	108.2	-	1.9	1.1	-	-	-	-	-
Workers, by occupational group											
White-collar workers	-	107.5	108.5	-	2.0	.9	-	-	-	-	-
Blue-collar workers	-	105.5	107.5	-	1.5	1.9	-	-	-	-	-
Workers, by industry division											
Services	-	107.6	108.4	-	2.0	.7	-	-	-	-	-
Schools	-	107.7	108.3	-	1.9	.6	-	-	-	-	-
Elementary and secondary	-	107.9	108.7	-	1.8	.7	-	-	-	-	-
Hospitals and other services <u>4/</u>	-	107.3	108.8	-	2.6	1.4	-	-	-	-	-
Public administration <u>2/</u>	-	105.5	107.5	-	1.6	1.9	-	-	-	-	-

1/ Excludes private household and Federal government workers.
2/ Consists of legislative, judicial, administrative, and regulatory activities.
3/ Excludes private household workers.
4/ Includes, for example, library, social, and health services.
 - Data not available.

WAGES AND SALARIES

Table 3. Employment Cost Index for wages and salaries, private nonfarm workers, 1/ by occupation and industry group

(Not seasonally adjusted)

Series	Indexes (June 1981=100)				Percent changes for						
	March 1981	December 1981	March 1982	March 1982	3 months ended		12 months ended		March 1981	December 1981	March 1982
					March 1981	December 1981	March 1981	December 1981			
Private nonfarm workers <u>1/</u>	98.0	103.8	105.9	105.9	2.7	1.8	2.0	9.3	8.8	8.1	
<u>Workers, by occupational group</u>											
White-collar workers	98.1	103.9	106.2	106.2	3.1	2.1	2.2	9.3	9.1	8.3	
Professional and technical workers	98.2	105.5	108.0	108.0	3.1	2.1	2.4	10.2	10.7	10.0	
Managers and administrators	98.6	102.8	105.8	105.8	4.1	1.2	2.9	8.8	8.6	7.3	
Sales workers	96.2	101.9	102.2	102.2	1.5	4.0	.3	8.7	7.5	6.2	
Clerical workers	98.6	104.2	107.0	107.0	3.0	1.5	2.7	9.2	8.9	8.5	
Blue-collar workers	97.7	103.9	105.4	105.4	2.0	1.6	1.4	9.3	8.6	7.9	
Craft and kindred workers	97.8	104.3	106.2	106.2	1.8	1.4	1.8	9.6	8.5	8.6	
Operatives, except transport	97.8	104.1	105.4	105.4	2.4	2.0	1.2	9.4	9.0	7.8	
Transport equipment operatives	96.8	102.7	103.2	103.2	1.5	1.7	.5	8.6	7.8	6.6	
Nonfarm laborers	97.5	103.3	104.1	104.1	1.9	1.8	.8	8.8	7.9	6.8	
Service workers	99.2	102.7	106.7	106.7	4.7	.9	3.9	9.3	8.3	7.6	
<u>Workers, by industry division</u>											
Manufacturing	97.9	104.0	105.9	105.9	2.2	1.9	1.8	8.8	8.7	8.2	
Durables	97.9	104.5	106.3	106.3	2.3	2.4	1.7	9.6	9.2	8.6	
Nondurables	97.8	103.1	105.3	105.3	2.2	1.1	2.1	7.5	7.7	7.7	
Nonmanufacturing	98.1	103.8	105.9	105.9	3.0	1.8	2.0	9.6	9.0	8.0	
Construction	97.6	104.3	105.9	105.9	1.8	1.3	1.5	9.4	8.8	8.5	
Transportation and public utilities	97.7	103.6	105.7	105.7	2.3	1.6	2.0	10.8	8.4	8.2	
Wholesale and retail trade	98.2	102.3	103.9	103.9	3.2	1.0	1.6	8.5	7.6	5.8	
Wholesale trade	98.5	103.4	106.3	106.3	2.7	1.4	2.8	9.8	7.8	7.9	
Retail trade	98.1	101.9	103.0	103.0	3.4	.9	1.1	8.0	7.5	5.0	
Finance, insurance, and real estate	95.7	102.3	103.7	103.7	2.7	4.1	1.4	9.8	9.9	8.4	
Services	99.6	105.8	108.8	108.8	4.0	2.1	2.8	10.1	10.6	9.2	

1/ Excludes private household workers.

COMPENSATION

Table 4. Employment Cost Index for compensation (wages, salaries, and employer costs for employee benefits), private nonfarm workers, 1/ by bargaining status and area size

(Not seasonally adjusted)

Series	Indexes (June 1981=100)			Percent changes for					
	March 1981	December 1981	March 1982	3 months ended			12 months ended		
				March 1981	December 1981	March 1982	March 1981	December 1981	March 1982
<u>Workers, by bargaining status</u>									
Union	97.6	104.8	106.5	3.1	2.2	1.6	11.8	10.7	9.1
Manufacturing	-	104.6	106.3	-	2.2	1.6	-	-	-
Nonmanufacturing	-	105.0	106.8	-	2.2	1.7	-	-	-
Nonunion	98.4	103.5	105.3	4.0	1.8	1.7	10.2	9.4	7.0
Manufacturing	-	103.5	105.7	-	1.7	2.1	-	-	-
Nonmanufacturing	-	103.5	105.2	-	1.8	1.6	-	-	-
<u>Workers, by area size</u>									
Metropolitan areas	98.1	104.1	105.7	3.6	2.0	1.5	10.9	9.9	7.7
Other areas	98.1	103.2	106.2	4.1	1.4	2.9	10.4	9.6	8.3

1/ Excludes private household workers.

- Data not available.

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

WAGES AND SALARIES

Table 5. Employment Cost Index for wages and salaries, private nonfarm workers, 1/ by bargaining status, region, and area size

Series	Indexes (June 1981=100)			Percent changes for					
	March 1981	December 1981	March 1982	3 months ended			12 months ended		
				March 1981	December 1981	March 1982	March 1981	December 1981	March 1982
<u>Workers, by bargaining status</u>									
Union	97.4	105.0	106.5	1.7	2.2	1.4	10.2	9.6	9.3
Manufacturing	97.7	104.7	105.9	1.7	2.0	1.1	10.1	8.9	8.4
Nonmanufacturing	97.1	105.2	107.0	1.7	2.3	1.7	10.4	10.2	10.2
Nonunion	98.2	103.2	105.6	3.3	1.6	2.3	8.9	8.5	7.5
Manufacturing	97.9	103.3	105.9	2.7	1.6	2.5	7.6	8.3	8.2
Nonmanufacturing	98.3	103.2	105.5	3.5	1.6	2.2	9.4	8.6	7.3
<u>Workers, by region</u>									
Northeast	98.3	104.4	106.1	2.4	2.7	1.6	8.5	8.8	7.9
South	98.0	102.8	105.7	3.3	.9	2.8	9.3	8.3	7.9
North Central	98.1	103.3	104.7	3.0	1.7	1.4	9.4	8.4	6.7
West	97.9	105.1	107.9	2.7	1.8	2.7	10.9	10.3	10.2
<u>Workers, by area size</u>									
Metropolitan areas	97.9	104.0	105.9	2.6	1.9	1.8	9.5	9.0	8.2
Other areas	98.3	103.1	106.0	3.3	1.3	2.8	9.1	8.4	7.8

1/ Excludes private household workers.

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

EXPLANATORY NOTE

The Employment Cost Index (ECI) is a quarterly measure of the change in the price of labor, free from the influence of employment shifts among occupations and industries. The ECI wage and salary series is limited to 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.

The compensation series includes employer costs for employee benefits as well as wages and salaries. 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.

The ECI collects data for both the private and public sectors, which are published separately and also combined as the total civilian nonfarm economy. The private sector includes the total private nonfarm economy, excluding private households. The public sector covers State and local governments, but excludes the Federal government.

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 in the private sector and about 3,700 occupations within 750 sample establishments in State and local governments.

Occupations were classified according to definitions used in the 1970 Census. Within an establishment, specific job categories are selected to represent broader occupational definitions. The sample establishments were classified in industry categories based on the 1972 Standard Industrial Classification (SIC), as defined by the U.S. Office of Management and Budget. Within the private sector sample, establishments are designated by a 2-digit SIC, while in State and local governments, industrial categories vary from a more specific 3-digit SIC such as elementary and secondary schools to a broader major industry division such as public administration. Each establishment is also classified by ownership--State, local, or private.

Fixed employment weights from the 1970 Census are used each quarter to calculate the most aggregate indexes--civilian nonfarm, private nonfarm, and State and local government. These fixed weights are also used to derive all of the industry and occupation series indexes. For the series based on bargaining status, region, or area size, however, employment data are not available from the Census. The 1970 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.

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. For example, the 2.0 percent change in wage and salary rates for "private nonfarm workers" in the first quarter of 1982 (table 3) is the actual percent change in straight-time average hourly earnings from the pay period including the 12th day of December 1981 to the comparable pay period in March 1982.

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.

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