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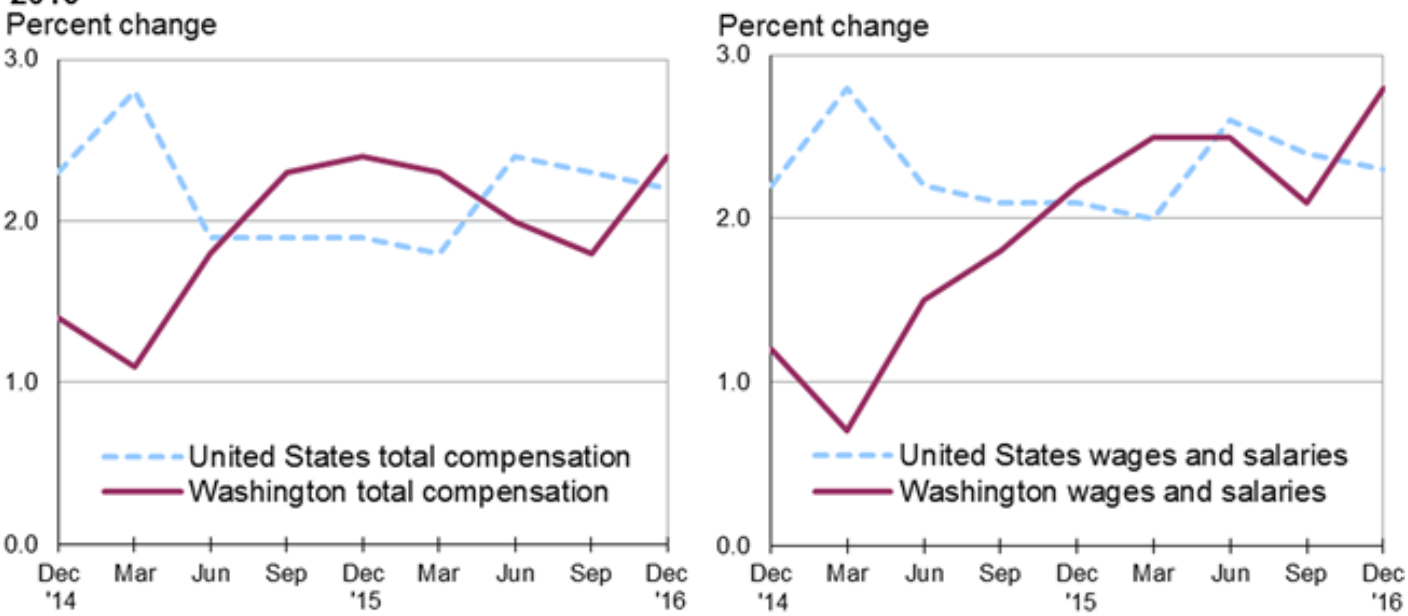
Changing Compensation Costs in the Washington-Baltimore Metropolitan Area – December 2016

Total compensation costs for private industry workers increased 2.4 percent in the Washington-Baltimore-Northern Virginia, D.C.-Md.-Va.-W.Va., metropolitan area for the year ended December 2016, the U.S. Bureau of Labor Statistics reported today. Sheila Watkins, the Bureau's regional commissioner, noted that one year ago, Washington-Baltimore experienced an annual gain of 2.4 percent in total compensation costs. Locally, wages and salaries, the largest component of total compensation costs, advanced at a 2.8-percent pace for the 12-month period ended December 2016. Nationwide, total compensation costs rose 2.2 percent over the year and wages and salaries advanced by 2.3 percent. (See chart 1 and table 1.)

Chart 1. Twelve-month percent changes in the Employment Cost Index, private industry workers, United States and the Washington area, not seasonally adjusted, December 2014–December 2016

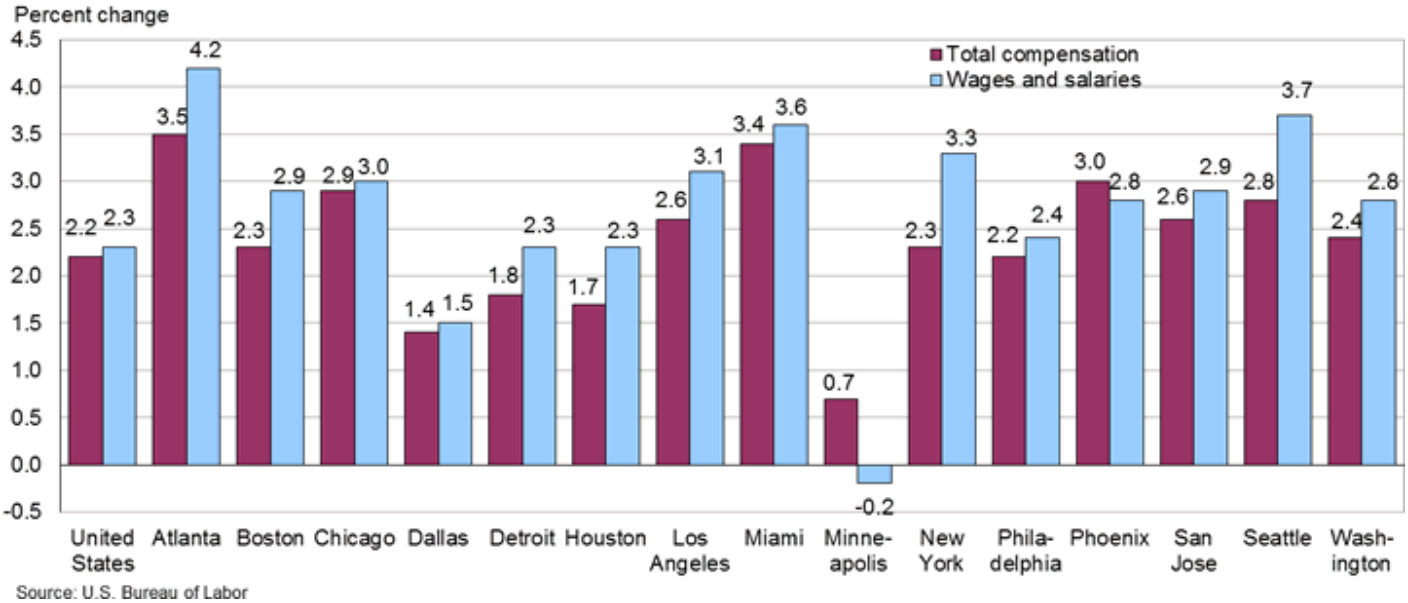


Source: U.S. Bureau of Labor Statistics.

Washington-Baltimore is 1 of 15 metropolitan areas in the United States, and 1 of 5 areas in the South region of the country, for which locality compensation cost data are now available. Washington-Baltimore's over-the-year increase of 2.4 percent in total compensation ranked 8th highest of the 15 published areas in December 2016. Among the other areas, percent changes in total compensation ranged from 3.5 percent in Atlanta to 0.7 percent in Minneapolis from December 2015 to December 2016. With an increase of 2.8

percent, Washington-Baltimore ranked 9th in wage and salary gains, tying with Phoenix, over the year. Growth rates in wages and salaries among the other metropolitan areas ranged from 4.2 percent in Atlanta to -0.2 percent in Minneapolis. (See chart 2.)

Chart 2. Twelve-month percent change in the Employment Cost Index, private industry workers, United States and localities, not seasonally adjusted, December 2016



Source: U.S. Bureau of Labor

When compared with the other four metropolitan areas in the South, the annual increase in total compensation costs in Washington-Baltimore (2.4 percent) in December 2016 was below the advances in Atlanta (3.5 percent) and Miami (3.4 percent), but was above those for Houston (1.7 percent) and Dallas (1.4 percent). Washington-Baltimore's 2.8-percent gain in wages and salaries over the 12-month period was below those in Atlanta (4.2 percent) and Miami (3.6 percent), but above those for Houston (2.3 percent) and Dallas (1.5 percent). (See table 2.)

Locality compensation costs are part of the national Employment Cost Index (ECI), which measures quarterly changes in compensation costs, which include wages, salaries and employer' costs for employee benefits. In addition to the 15 locality estimates provided in this release, ECI data for the nation, 4 geographical regions, and 9 geographical divisions are available. (Geographical definitions for the metropolitan areas mentioned in this release are included in the Technical Note.)

In addition to the geographic data, a comprehensive national report is available that provides data by industry, occupational group, and union status, as well as for both private, and state and local government employees. The release is available on the Internet at www.bls.gov/ncs/ect/. Current and historical information from other Bureau programs may be accessed via our regional homepage at www.bls.gov/regions/mid-atlantic.

The Employment Cost Index for March 2017 is scheduled to be released on Friday, April 28th, 2017.

Technical Note

The Employment Cost Index (ECI) measures 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.

Wages and salaries are defined as straight-time average hourly earnings 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, 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.

Based on available resources and the existing ECI sample, it was determined that estimates would be published for 15 metropolitan areas. Since the ECI sample sizes by area are directly related to area employment, the areas with the largest private industry employment as of the year 2000 were selected. For each of these areas, 12-month percent changes and associated standard errors were computed for the periods since December 2006.

The metropolitan area definitions of the 15 published localities are listed below.

- **Atlanta-Sandy Springs-Gainesville, Ga.-Ala. Combined Statistical Area (CSA)** includes Barrow, Bartow, Butts, Carroll, Cherokee, Clayton, Cobb, Coweta, Dawson, DeKalb, Douglas, Fayette, Forsyth, Fulton, Gwinnett, Hall, Haralson, Heard, Henry, Jasper, Lamar, Meriwether, Newton, Paulding, Pickens, Pike, Polk, Rockdale, Spalding, Troup, Upson, and Walton Counties in Georgia; and Chambers County in Alabama.
- **Boston-Worcester-Manchester, Mass.-N.H. CSA** includes Essex, Middlesex, Norfolk, Plymouth, Suffolk, and Worcester Counties in Massachusetts and Belknap, Hillsborough, Merrimack, Rockingham, and Strafford Counties in New Hampshire.
- **Chicago-Naperville-Michigan City, Ill.-Ind.-Wis. CSA** includes Cook, DeKalb, DuPage, Grundy, Kane, Kankakee, Kendall, Lake, McHenry, and Will Counties in Illinois; Jasper, Lake, LaPorte, Newton, and Porter Counties in Indiana; and Kenosha County in Wisconsin.
- **Dallas-Fort Worth, Texas CSA** includes Collin, Cooke, Dallas, Delta, Denton, Ellis, Henderson, Hood, Hunt, Johnson, Kaufman, Palo Pinto, Parker, Rockwall, Somervell, Tarrant, and Wise Counties in Texas.
- **Detroit-Warren-Flint, Mich. CSA** includes Genesee, Lapeer, Livingston, Macomb, Monroe, Oakland, St. Clair, Washtenaw, and Wayne Counties in Michigan.
- **Houston-Baytown-Huntsville, Texas CSA** includes Austin, Brazoria, Chambers, Fort Bend, Galveston, Harris, Liberty, Matagorda, Montgomery, San Jacinto, Walker, and Waller Counties in Texas.
- **Los Angeles-Long Beach-Riverside, Calif. CSA** includes Los Angeles, Orange, Riverside, San Bernardino, and Ventura Counties in California.
- **Miami-Fort Lauderdale-Pompano Beach, Fla. Metropolitan Statistical Area (MSA)** includes

Broward, Miami-Dade, and Palm Beach Counties in Florida.

- **Minneapolis-St. Paul-St. Cloud, Minn.-Wis. CSA** includes Anoka, Benton, Carver, Chisago, Dakota, Goodhue, Hennepin, Isanti, McLeod, Ramsey, Rice, Scott, Sherburne, Stearns, Washington, and Wright Counties in Minnesota; and Pierce and St. Croix Counties in Wisconsin.
- **New York-Newark-Bridgeport, N.Y.-N.J.-Conn.-Pa. CSA** includes Bronx, Dutchess, Kings, Nassau, New York, Orange, Putnam, Queens, Richmond, Rockland, Suffolk, Ulster, and Westchester Counties in New York; Bergen, Essex, Hudson, Hunterdon, Mercer, Middlesex, Monmouth, Morris, Ocean, Passaic, Somerset, Sussex, and Union Counties in New Jersey; Fairfield, Litchfield, and New Haven Counties in Connecticut; and Pike County in Pennsylvania.
- **Philadelphia-Camden-Vineland, Pa.-N.J.-Del.-Md. CSA** includes Bucks, Chester, Delaware, Montgomery, and Philadelphia Counties in Pennsylvania; Burlington, Camden, Cumberland, Gloucester, and Salem Counties in New Jersey; New Castle County in Delaware; and Cecil County in Maryland.
- **Phoenix-Mesa-Scottsdale, Ariz. MSA** includes Maricopa and Pinal Counties in Arizona.
- **San Jose-San Francisco-Oakland, Calif. CSA** includes Alameda, Contra Costa, Marin, Napa, San Benito, San Francisco, San Mateo, Santa Clara, Santa Cruz, Sonoma, and Solano Counties in California.
- **Seattle-Tacoma-Olympia, Wash. CSA** includes Island, King, Kitsap, Mason, Pierce, Snohomish, and Thurston Counties in Washington.
- **Washington-Baltimore-Northern Virginia, D.C.-Md.-Va.-W.Va. CSA** includes the District of Columbia; Baltimore City and Anne Arundel, Baltimore, Calvert, Carroll, Charles, Frederick, Harford, Howard, Montgomery, Prince George's, Queen Anne's, and St. Mary's Counties in Maryland; Alexandria, Fairfax, Falls Church, Fredericksburg, Manassas, Manassas Park, and Winchester Cities and Arlington, Clarke, Fairfax, Fauquier, Frederick, Loudoun, Prince William, Spotsylvania, Stafford, and Warren Counties in Virginia; and Hampshire and Jefferson Counties in West Virginia.

Definitions of the four geographic regions of the country are noted below.

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

Information in this release will be made available to sensory impaired individuals upon request. Voice phone: (202) 691-5200; Federal Relay Service: (800) 877-8339.

Table 1. Employment Cost Index for total compensation and for wages and salaries, private industry workers, United States, South region, and the Washington area, not seasonally adjusted

Area	Total compensation				Wages and salaries			
	12-month percent changes for period ended-				12-month percent changes for period ended-			
	March	June	Sep.	Dec.	March	June	Sep.	Dec.
United States								
2012	2.1	1.8	1.9	1.8	1.9	1.8	1.8	1.7
2013	1.9	1.9	1.9	2.0	1.7	1.9	1.8	2.1
2014	1.7	2.0	2.3	2.3	1.7	1.9	2.3	2.2
2015	2.8	1.9	1.9	1.9	2.8	2.2	2.1	2.1
2016	1.8	2.4	2.3	2.2	2.0	2.6	2.4	2.3
South								
2012	2.3	2.2	2.2	2.3	2.0	2.0	2.0	2.3
2013	2.2	2.1	2.1	2.0	2.3	2.2	2.0	2.0
2014	1.7	2.0	2.2	2.2	1.7	2.0	2.3	2.2
2015	2.2	1.8	1.6	1.5	2.2	2.1	1.9	1.8
2016	1.5	1.6	1.5	1.3	1.7	1.9	1.7	1.4
Washington-Baltimore-Northern Virginia								
2012	1.8	2.0	1.6	1.4	1.4	1.9	1.2	1.1
2013	2.2	1.6	1.7	1.7	2.2	1.5	1.6	1.8
2014	1.5	1.3	1.1	1.4	1.4	1.0	1.0	1.2
2015	1.1	1.8	2.3	2.4	0.7	1.5	1.8	2.2
2016	2.3	2.0	1.8	2.4	2.5	2.5	2.1	2.8

Table 2. Employment Cost Index for total compensation and for wages and salaries, private industry workers, United States, geographical regions, and localities, not seasonally adjusted

Area	Total compensation			Wages and salaries		
	12-month percent changes for period ended-			12-month percent changes for period ended-		
	Dec. 2015	Sep. 2016	Dec. 2016	Dec. 2015	Sep. 2016	Dec. 2016
United States	1.9	2.3	2.2	2.1	2.4	2.3
Northeast	1.9	2.5	2.5	2.0	2.8	2.9
Boston-Worcester-Manchester	2.2	1.9	2.3	2.5	2.5	2.9
New York-Newark-Bridgeport	1.4	2.3	2.3	1.4	3.2	3.3
Philadelphia-Camden-Vineland	1.6	2.3	2.2	1.5	2.3	2.4
South	1.5	1.5	1.3	1.8	1.7	1.4
Atlanta-Sandy Springs-Gainesville	1.7	2.2	3.5	2.1	2.7	4.2
Dallas-Fort Worth	1.7	1.9	1.4	2.9	2.3	1.5
Houston-Baytown-Huntsville	2.0	1.3	1.7	1.6	1.7	2.3
Miami-Fort Lauderdale-Pompano Beach	1.7	1.9	3.4	1.8	2.1	3.6
Washington-Baltimore-Northern Virginia	2.4	1.8	2.4	2.2	2.1	2.8
Midwest	1.8	2.6	2.6	2.3	2.8	2.9
Chicago-Naperville-Michigan City	0.9	2.4	2.9	1.9	2.6	3.0
Detroit-Warren-Flint	2.5	2.5	1.8	2.9	2.6	2.3
Minneapolis-St. Paul-St. Cloud	4.1	2.9	0.7	4.9	2.8	-0.2
West	2.3	2.6	2.6	2.5	2.8	2.8
Los Angeles-Long Beach-Riverside	2.5	3.3	2.6	2.7	3.8	3.1
Phoenix-Mesa-Scottsdale	2.2	2.8	3.0	2.3	2.6	2.8
San Jose-San Francisco-Oakland	1.4	2.6	2.6	1.6	3.0	2.9
Seattle-Tacoma-Olympia	1.9	2.4	2.8	2.8	3.6	3.7