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EMPLOYMENT COST INDEX - FOURTH QUARTER 1981

The Employment Cost Index (ECI), covering compensation rates for workers in the civilian nonfarm economy, increased 1.9 percent in the 3 months ended December 1981, the U.S. Department of Labor's Bureau of Labor Statistics reported today. Wages and salaries alone also rose 1.9 percent for these workers in the civilian economy, except private household, farm, and Federal government employees. The index, June 1981=100, stood at 104.5 for compensation rates (wages, salaries, and employer costs for employee benefits) and 104.4 for wages and salaries alone.

For private industry workers, fourth-quarter 1981 increases in both compensation and wages and salaries were below increases recorded in the same quarter a year ago. This continues a pattern that began in the second quarter 1981. The slowdown in compensation and wage increases was most evident in the manufacturing industries.

In nonmanufacturing, wage and compensation advances were only slightly lower than those of a year ago. A major exception was in transportation and public utilities, where wages increased 1.6 percent in the fourth quarter 1981 compared with 2.7 percent in the same quarter a year earlier. Wage concessions by airline workers in 1981 dampened wage advances in this industry group.

Compensation and wage rates increased 2.0 percent and 1.9 percent, respectively, in State and local governments--similar to those gains recorded in private industry during the quarter.

December 1980-December 1981, Private Nonfarm Workers

Compensation rates for all private nonfarm workers rose 9.8 percent during the year, equal to the increase shown in December 1980. Blue-collar workers' gains, at 9.6 percent, however, were down sharply from last year when they registered 10.1 percent. The decline was offset by increased gains among white-collar workers where compensation rose 10.1 percent compared with 9.5 percent a year ago.

Wages and salaries increased 8.8 percent for the year ended December 1981, down slightly from the 9.0 percent increase in 1980. Wage gains for particular worker groups, however, were significantly different from the previous year, declining sharply in some areas while increasing in others. Union workers, for example, recorded a 9.6 percent wage increase in 1981 compared with 10.9 percent in 1980. Part of this lower wage increase reflected a relatively light bargaining year in 1981. Additional factors were wage concessions by workers in meatpacking, airlines, and automobile industries.

Beginning with this release, index numbers based on June 1981=100 are available for all published series in the Employment Cost Index. The full historical series, as well as the method of index computation, is available upon request.

Wage increases for worker groups that are highly unionized, such as those in blue-collar occupations, manufacturing industries, and transportation and public utilities, showed a similar pattern of deceleration of wage gains in 1981 compared with 1980.

Wage gains for nonunion employees, on the other hand, rose 8.5 percent in 1981, up from 8.0 percent in 1980. Similar patterns were found for white-collar occupations and industries which tend to be less unionized.

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

(Not seasonally adjusted)

Series	Indexes (June 1981=100)			Percent changes for			
	December 1980	September 1981	December 1981	3 months ended		12 months ended	
				December 1980	December 1981	December 1980	December 1981
Civilian nonfarm workers <u>1/</u>	-	102.6	104.5	-	1.9	-	-
Workers, by occupational group							
White-collar workers	-	102.7	104.9	-	2.1	-	-
Blue-collar workers	-	102.3	104.1	-	1.8	-	-
Service workers	-	102.8	104.2	-	1.4	-	-
Workers, by industry division							
Manufacturing	-	102.1	104.0	-	1.9	-	-
Nonmanufacturing	-	102.8	104.8	-	1.9	-	-
Services	-	104.4	107.1	-	2.6	-	-
Public administration <u>2/</u>	-	104.3	106.0	-	1.6	-	-
Private nonfarm workers <u>3/</u>	94.7	102.0	104.0	2.1	2.0	9.8	9.8
Workers, by occupational group							
White-collar workers	94.5	101.8	104.0	2.1	2.2	9.5	10.1
Blue-collar workers	94.9	102.2	104.0	2.1	1.8	10.1	9.6
Service workers	94.3	101.9	103.1	1.7	1.2	9.4	9.3
Workers, by industry division							
Manufacturing	94.7	102.1	104.0	2.2	1.9	9.8	9.8
Nonmanufacturing	94.7	102.0	103.9	2.0	1.9	9.8	9.7
State and local government workers . .	-	105.3	107.4	-	2.0	-	-
Workers, by occupational group							
White-collar workers	-	105.7	107.8	-	2.0	-	-
Blue-collar workers	-	104.2	105.9	-	1.6	-	-
Workers, by industry division							
Services	-	105.8	107.9	-	2.0	-	-
Schools	-	106.0	107.9	-	1.8	-	-
Elementary and secondary	-	106.3	108.3	-	1.9	-	-
Hospitals and other services <u>4/</u>	-	105.0	107.8	-	2.7	-	-
Public administration <u>2/</u>	-	104.3	106.0	-	1.6	-	-

- 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.

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			
	December 1980	September 1981	December 1981	3 months ended		12 months ended	
				December 1980	December 1981	December 1980	December 1981
Civilian nonfarm workers <u>1/</u>	-	102.5	104.4	-	1.9	-	-
Workers, by occupational group							
White-collar workers	-	102.6	104.7	-	2.0	-	-
Blue-collar workers	-	102.4	104.0	-	1.6	-	-
Service workers	-	102.5	103.6	-	1.1	-	-
Workers, by industry division							
Manufacturing	-	102.1	104.0	-	1.9	-	-
Nonmanufacturing	-	102.7	104.5	-	1.8	-	-
Services	-	104.4	106.6	-	2.1	-	-
Public administration <u>2/</u>	-	103.8	105.5	-	1.6	-	-
Private nonfarm workers <u>3/</u>	95.4	102.0	103.8	2.0	1.8	9.0	8.8
Workers, by occupational group							
White-collar workers	95.2	101.8	103.9	2.0	2.1	8.7	9.1
Blue-collar workers	95.7	102.3	103.9	2.1	1.6	9.6	8.6
Service workers	94.8	101.8	102.7	1.5	.9	8.1	8.3
Workers, by industry division							
Manufacturing	95.7	102.1	104.0	2.3	1.9	9.4	8.7
Nonmanufacturing	95.2	102.0	103.8	1.9	1.8	8.8	9.0
State and local government workers	-	105.0	107.0	-	1.9	-	-
Workers, by occupational group							
White-collar workers	-	105.4	107.5	-	2.0	-	-
Blue-collar workers	-	103.9	105.5	-	1.5	-	-
Workers, by industry division							
Services	-	105.5	107.6	-	2.0	-	-
Schools	-	105.7	107.7	-	1.9	-	-
Elementary and secondary	-	106.0	107.9	-	1.8	-	-
Hospitals and other services <u>4/</u>	-	104.6	107.3	-	2.6	-	-
Public administration <u>2/</u>	-	103.3	105.5	-	1.6	-	-

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.

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			
	December 1980	September 1981	December 1981	3 months ended		12 months ended	
				December 1980	December 1981	December 1980	December 1981
Private nonfarm workers <u>1/</u>	95.4	102.0	103.8	2.0	1.8	9.0	8.8
<u>Workers, by occupational group</u>							
White-collar workers	95.2	101.8	103.9	2.0	2.1	8.7	9.1
Professional and technical workers	95.3	103.3	105.5	2.2	2.1	10.5	10.7
Managers and administrators	94.7	101.6	102.8	1.3	1.2	7.2	8.6
Sales workers	94.8	98.0	101.9	2.8	4.0	6.7	7.5
Clerical workers	95.7	102.7	104.2	2.1	1.5	9.1	8.9
Blue-collar workers	95.7	102.3	103.9	2.1	1.6	9.6	8.6
Cratt and kindred workers	96.1	102.9	104.3	2.2	1.4	9.4	8.5
Operatives, except transport	95.5	102.1	104.1	2.0	2.0	10.2	9.0
Transport equipment operatives	95.3	101.0	102.7	1.9	1.7	8.2	7.8
Nonfarm laborers	95.7	101.5	103.3	2.0	1.8	9.5	7.9
Service workers	94.8	101.8	102.7	1.5	.9	8.1	8.3
<u>Workers, by industry division</u>							
Manufacturing	95.7	102.1	104.0	2.3	1.9	9.4	8.7
Durables	95.7	102.1	104.5	2.3	2.4	9.8	9.2
Nondurables	95.7	102.0	103.1	2.1	1.1	8.6	7.7
Nonmanufacturing	95.2	102.0	103.8	1.9	1.8	8.8	9.0
Construction	95.9	103.0	104.3	1.5	1.3	8.8	8.8
Transportation and public utilities	95.6	102.0	103.6	2.7	1.6	11.1	8.4
Wholesale and retail trade	95.1	101.3	102.3	1.7	1.0	7.8	7.6
Wholesale trade	95.9	102.0	103.4	3.2	1.4	10.0	7.8
Retail trade	94.8	101.0	101.9	1.1	.9	7.0	7.5
Finance, insurance, and real estate	93.1	98.3	102.3	2.1	4.1	7.4	9.9
Services	95.7	103.6	105.8	1.6	2.1	8.7	10.6

1/ Excludes private household workers.

Table 4. Employment Cost Index for wages and salaries, private nonfarm workers, ^{1/} by bargaining status, region, and area size

(Not seasonally adjusted)

Series	Indexes (June 1981=100)			Percent changes for			
	December 1980	September 1981	December 1981	3 months ended		12 months ended	
				December 1980	December 1981	December 1980	December 1981
<u>Workers, by bargaining status</u>							
Union	95.8	102.7	105.0	2.5	2.2	10.9	9.6
Manufacturing	96.1	102.6	104.7	2.4	2.0	11.0	8.9
Nonmanufacturing	95.5	102.8	105.2	2.6	2.3	10.8	10.2
Nonunion	95.1	101.6	103.2	1.8	1.6	8.0	8.5
Manufacturing	95.4	101.7	103.3	2.1	1.6	7.9	8.3
Nonmanufacturing	95.0	101.6	103.2	1.7	1.6	8.1	8.6
<u>Workers, by region</u>							
Northeast	96.0	101.7	104.4	1.9	2.7	8.6	8.8
South	94.9	101.9	102.8	1.9	.9	8.8	8.3
North Central	95.3	101.6	103.3	2.2	1.7	8.8	8.4
West	95.3	103.2	105.1	2.0	1.8	10.8	10.3
<u>Workers, by area size</u>							
Metropolitan areas	95.4	102.1	104.0	2.0	1.9	9.0	9.0
Other areas	95.1	101.8	103.1	2.4	1.3	9.4	8.4

^{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 a 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. Therefore, 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 will be in an article in the Monthly Labor Review this summer.