

BLS Introduces New Employment Cost Indexes for 14 Metropolitan Areas

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This article presents a first look at new estimates from the [National Compensation Survey \(NCS\)](#): Employment Cost Index (ECI) 12-month change in total compensation and in wages and salaries for private industry for 14 selected metropolitan areas. The article also provides a description of how the areas were selected and an overview of what the data show.

For the year ended June 2008, BLS reported that across the Nation the cost of compensation (wages, salaries, and benefits) had risen 3.0 percent in private industry.¹ Among 14 selected metropolitan areas, however, the increases ranged from 1.5 percent in Detroit to 4.4 percent in Philadelphia.

The ECI is a Principal Federal Economic Indicator of the economy of the United States.² National estimates on wage and salary trends in private industry were developed in the early 1970s to provide an index of the change in the cost of labor as a factor of production.³ In an effort to make the index more useful, BLS increased the number of published series over time, broadening the scope of ECI national estimates in the early 1980s to include State and local government and all civilian workers as well as estimates of benefits and total compensation.⁴ The ECI also expanded its industry detail in service-producing industries such as hospitals and nursing homes in the 1980s. In addition, in March 2006, when the ECI switched to the [North American Industry Classification System \(NAICS\)](#) and the [Standard Occupational Classification \(SOC\)](#) system, BLS began publishing employment cost data for new industry and occupational categories.⁵

From the beginning, BLS has sought to provide ECI data users with greater geographic detail than the national estimates. Data for the four geographic regions defined by the Census Bureau—Northeast, South, Midwest, and West—have been published since the 1970s. In 2006, at the same time that it switched to NAICS and SOC, the ECI expanded geographic detail to include nine census divisions within the census regions.⁶ Still, users of ECI data requested even greater geographic detail. In response, BLS has explored the possibility of publishing measures of change in labor costs for specific Metropolitan Statistical Areas (MSAs) or Consolidated Statistical Areas (CSAs).⁷

Selection Of Areas To Publish

As a starting point, using employment data from the 2000 Census of Population, the NCS identified the largest metropolitan areas in the United States. The next step in the selection process was to determine whether data for each of these areas met BLS publication standards, based on a review of sample sizes, standard errors,⁸ and historical data on rates of change in total compensation and in wages and salaries.

After this review, it was determined that estimates for the 12-month changes in compensation and in wages and salaries would be published for the following 14 areas: Atlanta-Sandy Springs-Gainesville, GA-AL CSA; Boston-Worcester-Manchester, MA-NH CSA; Chicago-Naperville-Michigan City, IL-IN-WI CSA; Dallas-Forth Worth, TX CSA; Detroit-Warren-Flint, MI CSA; Houston-Baytown-Huntsville, TX CSA; Los Angeles-Long Beach-Riverside, CA CSA; Miami-Fort Lauderdale-Pompano Beach, FL MSA; Minneapolis-St. Paul-St. Cloud, MN-WI CSA; New York-Newark-Bridgeport, NY-NJ-CT-PA CSA; Philadelphia-Camden-Vineland, PA-NJ-DE-MD CSA; Phoenix-Mesa-Scottsdale, AZ MSA; San Jose-San Francisco-Oakland, CA CSA; and Washington-Baltimore-Northern Virginia, DC-MD-VA-WV CSA.⁹ (In this article, shortened titles are used to refer to particular metropolitan areas, but in all cases the full CSA or MSA is intended.)

Weighting Data For ECI Locality Estimates

The estimates of locality ECI 12-month changes were constructed in essentially the same manner as are the national ECI series of 12-month changes.¹⁰ Like the national series, the locality ECI series use fixed employment weights. The fixed industry-occupation employment weights used to construct each locality 12-month change estimates were based on

employment for the locality, rather than on national total employment. Because the relative weight of each industry-occupation cell used to estimate rates of change in total compensation and wages and salaries differs across areas, variation among localities in rates of wage or compensation change reflects both differences in industry and occupation composition of the work force and differences in rates of change for a fixed market basket of labor services.¹¹

Review Of The Estimates

Table 1 shows 12-month changes in total compensation costs by quarter for the United States as a whole and for the selected 14 metropolitan areas, as well as the associated standard errors for total compensation; table 2 shows the same for the cost of wages and salaries.

Table 1. Employment Cost Index, private industry workers, compensation, United States and selected metropolitan areas (Not seasonally adjusted)

Metropolitan area and year	Compensation							
	12-month percent changes for period ended--				12-month standard errors for period ended--			
	Mar.	June	Sep.	Dec.	Mar.	June	Sep.	Dec.
United States								
2006	2.6	2.8	3.0	3.2	(-)	(-)	(-)	0.2
2007	3.2	3.1	3.1	3.0	0.2	0.2	0.2	0.2
2008	3.2	3.0	(-)	(-)	0.2	0.2	(-)	(-)
Atlanta-Sandy Springs-Gainesville, GA-AL CSA								
2006	(-)	(-)	(-)	2.5	(-)	(-)	(-)	0.6
2007	3.7	4.0	3.6	3.3	0.5	0.3	0.3	0.3
2008	3.1	1.9	(-)	(-)	0.3	0.5	(-)	(-)
Boston-Worcester-Manchester, MA-NH CSA								
2006	(-)	(-)	(-)	3.6	(-)	(-)	(-)	0.8
2007	3.5	3.5	3.8	3.2	0.7	0.6	0.6	0.6
2008	3.0	2.5	(-)	(-)	0.7	0.2	(-)	(-)
Chicago-Naperville-Michigan City, IL-IN-WI CSA								
2006	(-)	(-)	(-)	3.6	(-)	(-)	(-)	0.6
2007	2.9	2.6	2.3	2.5	0.5	0.6	0.5	0.5
2008	2.9	3.4	(-)	(-)	0.5	0.3	(-)	(-)
Dallas-Fort Worth, TX CSA								
2006	(-)	(-)	(-)	3.1	(-)	(-)	(-)	0.7
2007	3.3	2.6	2.3	2.6	0.6	0.5	0.2	0.4
2008	3.3	2.7	(-)	(-)	0.4	0.4	(-)	(-)
Detroit-Warren-Flint, MI CSA								
2006	(-)	(-)	(-)	1.8	(-)	(-)	(-)	0.5
2007	2.0	1.7	1.2	0.9	0.4	0.5	0.4	0.4
2008	2.2	1.5	(-)	(-)	0.3	0.3	(-)	(-)
Houston-Baytown-Huntsville, TX CSA								
2006	(-)	(-)	(-)	3.8	(-)	(-)	(-)	0.3
2007	3.1	3.0	3.3	2.6	0.3	0.3	0.7	0.7
2008	2.9	2.4	(-)	(-)	0.5	0.2	(-)	(-)

Dashes indicate no data available.

Metropolitan area and year	Compensation							
	12-month percent changes for period ended--				12-month standard errors for period ended--			
	Mar.	June	Sep.	Dec.	Mar.	June	Sep.	Dec.
Los Angeles-Long Beach-Riverside, CA CSA								
2006	(-)	(-)	(-)	3.1	(-)	(-)	(-)	0.4
2007	3.8	3.8	3.9	3.6	0.3	0.3	0.5	0.6
2008	3.5	2.6	(-)	(-)	0.7	0.6	(-)	(-)
Miami-Fort Lauderdale-Pompano Beach, FL MSA								
2006	(-)	(-)	(-)	5.7	(-)	(-)	(-)	0.3
2007	5.8	5.5	3.7	3.8	0.3	0.6	0.4	0.6
2008	4.4	3.2	(-)	(-)	0.3	0.5	(-)	(-)
Minneapolis-St.Paul-St.Cloud, MN-WI CSA								
2006	(-)	(-)	(-)	1.0	(-)	(-)	(-)	0.2
2007	2.5	2.1	2.3	2.3	0.3	0.3	0.3	0.3
2008	2.5	2.5	(-)	(-)	0.3	0.2	(-)	(-)
New York-Newark-Bridgeport, NY-NJ-CT-PA CSA								
2006	(-)	(-)	(-)	3.3	(-)	(-)	(-)	0.4
2007	3.2	3.4	3.4	3.5	0.2	0.3	0.3	0.3
2008	3.2	3.0	(-)	(-)	0.5	0.4	(-)	(-)
Philadelphia-Camden-Vineland, PA-NJ-DE-MD CSA								
2006	(-)	(-)	(-)	4.2	(-)	(-)	(-)	0.3
2007	3.0	3.0	3.1	3.0	0.3	0.3	0.4	0.4
2008	3.8	4.4	(-)	(-)	0.3	0.8	(-)	(-)
Phoenix-Mesa-Scottsdale, AZ MSA								
2006	(-)	(-)	(-)	1.7	(-)	(-)	(-)	1.5
2007	4.7	3.8	4.0	3.6	1.9	0.5	0.8	1.4
2008	0.5	3.6	(-)	(-)	1.7	0.8	(-)	(-)
San Jose-San Francisco-Oakland, CA CSA								
2006	(-)	(-)	(-)	4.6	(-)	(-)	(-)	0.4
2007	4.7	3.2	3.4	3.8	0.4	0.7	0.5	0.7
2008	3.7	3.6	(-)	(-)	0.5	0.3	(-)	(-)
Washington-Baltimore-Northern Virginia, DC-MD-VA-WV CSA								
2006	(-)	(-)	(-)	3.8	(-)	(-)	(-)	0.3
2007	3.4	3.6	3.2	2.7	0.3	0.3	0.2	0.3
2008	3.1	2.7	(-)	(-)	0.3	0.5	(-)	(-)

Dashes indicate no data available.

Table 2. Employment Cost Index, private industry workers, wages and salaries, United States and selected metropolitan areas (Not seasonally adjusted)

Metropolitan area and year	Wages and salaries							
	12-month percent changes for period ended--				12-month standard errors for period ended--			
	Mar.	June	Sep.	Dec.	Mar.	June	Sep.	Dec.
United States								
2006	2.4	2.8	3.0	3.2	(-)	(-)	(-)	0.1
2007	3.6	3.3	3.4	3.3	0.2	0.2	0.2	0.2
2008	3.2	3.1	(-)	(-)	0.2	0.2	(-)	(-)
Atlanta-Sandy Springs-Gainesville, GA-AL CSA								
2006	(-)	(-)	(-)	3.0	(-)	(-)	(-)	0.6
2007	3.3	3.6	3.2	2.7	0.5	0.2	0.4	0.5
2008	2.8	2.0	(-)	(-)	0.3	0.4	(-)	(-)
Boston-Worcester-Manchester, MA-NH CSA								
2006	(-)	(-)	(-)	4.0	(-)	(-)	(-)	0.4
2007	3.8	3.8	4.0	3.6	0.5	0.6	0.7	0.7
2008	3.2	2.7	(-)	(-)	0.8	0.2	(-)	(-)
Chicago-Naperville-Michigan City, IL-IN-WI CSA								
2006	(-)	(-)	(-)	2.6	(-)	(-)	(-)	0.6
2007	3.8	3.0	3.1	3.6	0.5	0.9	0.6	0.7
2008	2.8	3.5	(-)	(-)	0.7	0.2	(-)	(-)
Dallas-Fort Worth, TX CSA								
2006	(-)	(-)	(-)	3.3	(-)	(-)	(-)	0.6
2007	3.6	2.9	2.1	2.4	0.3	0.3	0.3	0.4
2008	3.0	2.5	(-)	(-)	0.4	0.5	(-)	(-)
Detroit-Warren-Flint, MI CSA								
2006	(-)	(-)	(-)	1.5	(-)	(-)	(-)	0.5
2007	2.6	2.3	1.9	1.0	0.3	0.2	0.3	0.3
2008	1.6	1.8	(-)	(-)	0.3	0.2	(-)	(-)
Houston-Baytown-Huntsville, TX CSA								
2006	(-)	(-)	(-)	3.8	(-)	(-)	(-)	0.4
2007	3.3	3.6	4.2	3.2	0.5	0.3	0.7	0.4
2008	3.6	2.6	(-)	(-)	0.4	0.4	(-)	(-)
Los Angeles-Long Beach-Riverside, CA CSA								
2006	(-)	(-)	(-)	3.8	(-)	(-)	(-)	0.3
2007	4.2	3.6	4.3	3.7	0.2	0.3	0.5	0.7
2008	3.0	2.5	(-)	(-)	0.9	0.8	(-)	(-)
Miami-Fort Lauderdale-Pompano Beach, FL MSA								
2006	(-)	(-)	(-)	5.6	(-)	(-)	(-)	0.4
2007	6.0	5.6	3.5	3.1	0.4	0.7	0.5	0.5
2008	3.8	4.6	(-)	(-)	0.2	0.6	(-)	(-)
Minneapolis-St.Paul-St.Cloud, MN-WI CSA								
2006	(-)	(-)	(-)	1.1	(-)	(-)	(-)	0.2

Dashes indicate no data available.

Metropolitan area and year	Wages and salaries							
	12-month percent changes for period ended--				12-month standard errors for period ended--			
	Mar.	June	Sep.	Dec.	Mar.	June	Sep.	Dec.
2007	3.4	2.5	2.3	2.1	0.4	0.3	0.2	0.3
2008	1.7	2.3	(-)	(-)	0.3	0.3	(-)	(-)
New York-Newark-Bridgeport, NY-NJ-CT-PA CSA								
2006	(-)	(-)	(-)	3.2	(-)	(-)	(-)	0.5
2007	3.2	3.3	3.1	3.5	0.2	0.4	0.4	0.5
2008	3.0	3.0	(-)	(-)	0.4	0.3	(-)	(-)
Philadelphia-Camden-Vineland, PA-NJ-DE-MD CSA								
2006	(-)	(-)	(-)	3.8	(-)	(-)	(-)	0.4
2007	3.5	3.6	3.8	3.5	0.3	0.3	0.4	0.4
2008	3.7	4.6	(-)	(-)	0.3	1.0	(-)	(-)
Phoenix-Mesa-Scottsdale, AZ MSA								
2006	(-)	(-)	(-)	1.5	(-)	(-)	(-)	1.7
2007	5.2	3.6	4.2	3.6	2.2	0.5	1.1	1.9
2008	-0.2	3.7	(-)	(-)	2.1	0.8	(-)	(-)
San Jose-San Francisco-Oakland, CA CSA								
2006	(-)	(-)	(-)	4.2	(-)	(-)	(-)	0.7
2007	5.1	3.3	3.9	4.5	0.5	0.8	0.5	0.7
2008	3.5	3.6	(-)	(-)	0.5	0.4	(-)	(-)
Washington-Baltimore-Northern Virginia, DC-MD-VA-WV CSA								
2006	(-)	(-)	(-)	3.9	(-)	(-)	(-)	0.3
2007	3.4	3.8	3.5	2.8	0.3	0.3	0.2	0.2
2008	3.1	2.7	(-)	(-)	0.3	0.5	(-)	(-)

Dashes indicate no data available.

Several things are evident from these two tables. First, for most areas, both total compensation and wage and salary percent changes vary more from period to period than they do for the Nation as a whole. Second, the standard errors for the Nation as a whole are consistently lower than for any particular area. The lower standard errors probably reflect the larger sample size. Those smaller standard errors may also help explain the smaller variability from period to period in the rates of change for the Nation as a whole. By area, the largest standard errors for both total compensation and wages and salaries are from the Phoenix metropolitan area, due largely to the impact of incentive workers in the area--when such workers are excluded, the standard errors drop sharply. (Incentive workers are those whose wages are at least partially based on productivity payments such as piece rates, commissions, and production bonuses.)

Table 3 presents average annual percent changes in total compensation costs and in wages and salaries over the entire period from December 2005 to June 2008, sorted in descending order of the size of the compensation cost change.

Table 3. Average annual percent changes in total compensation costs and in wages and salaries, December 2005-June 2008

Metropolitan area	Total compensation costs	Wages and salaries
Miami-Fort Lauderdale-Pompano Beach, FL	4.5	4.8
San Jose-San Francisco-Oakland, CA	4.2	4.2

Metropolitan area	Total compensation costs	Wages and salaries
Philadelphia-Camden-Vineland, PA-NJ-DE-MD	3.8	3.8
Washington-Baltimore-Northern Virginia, DC-MD-VA-WV	3.4	3.4
New York-Newark-Bridgeport, NY-NJ-CT-PA	3.4	3.3
Phoenix-Mesa-Scottsdale, AZ	3.2	3.0
Chicago-Naperville-Michigan City, IL-IN-WI	3.1	3.1
Houston-Baytown-Huntsville, TX	3.1	3.4
Los Angeles-Long Beach-Riverside, CA	3.1	3.4
United States	3.1	3.3
Boston-Worcester-Manchester, MA-NH	3.1	3.4
Dallas-Forth Worth, TX	2.8	2.8
Atlanta-Sandy Springs-Gainesville, GA-AL	2.6	2.7
Minneapolis-St. Paul-St. Cloud, MN-WI	2.0	2.0
Detroit-Warren-Flint, MI	1.5	1.7

The magnitude of the changes during particular time periods depends on a number of factors, including initial total compensation cost levels, industry and occupational composition of the work force, and economic conditions. As table 3 shows, the largest average annual percent increases in total compensation costs were in Miami, San Jose-San Francisco, and Philadelphia. This relationship holds for wages and salaries as well as for total compensation costs. In contrast, the smallest increases were in Dallas, Atlanta, Minneapolis, and Detroit. These areas also had the smallest wage and salary increases.

Table 4 shows percent changes in total compensation costs and in wages and salaries for the United States as a whole and for 14 metropolitan areas for three periods: December 2005 to December 2006, December 2006 to December 2007, and December 2007 to June 2008.

Table 4. Measures of change in total compensation cost and wage and salary changes over selected time periods, for the United States and by geographic region, industry division, and locality.

Area	Percent change over selected time periods					
	Total compensation cost			Wages and salaries		
	Dec. 2005- Dec. 2006	Dec. 2006- Dec. 2007	Dec. 2007- June 2008	Dec. 2005- Dec. 2006	Dec. 2006- Dec. 2007	Dec. 2007- June 2008
United States	3.2	3.0	1.6	3.2	3.3	1.7
Northeast	3.3	3.4	1.2	3.1	3.4	1.5
New England	3.1	2.9	0.9	3.1	3.1	1.2
Boston-Worcester-Manchester, MA-NH	3.6	3.2	0.9	4.0	3.6	1.0
Middle Atlantic	3.3	3.7	1.4	3.1	3.5	1.6
New York-Newark-Bridgeport, NY-NJ-CT-PA	3.3	3.5	1.6	3.2	3.5	1.6
Philadelphia-Camden-Vineland, PA-NJ-DE-MD	4.2	3.0	2.3	3.8	3.5	2.2
South	3.5	3.1	1.7	3.6	3.3	2.0
South Atlantic	3.8	3.4	1.7	3.9	3.5	1.9

Area	Percent change over selected time periods					
	Total compensation cost			Wages and salaries		
	Dec. 2005- Dec. 2006	Dec. 2006- Dec. 2007	Dec. 2007- June 2008	Dec. 2005- Dec. 2006	Dec. 2006- Dec. 2007	Dec. 2007- June 2008
Washington-Baltimore-Northern Virginia, DC-MD-VA-WV	3.8	2.7	2.0	3.9	2.8	1.8
Atlanta-Sandy Springs-Gainesville, GA-AL	2.5	3.3	0.8	3.0	2.7	0.9
Miami-Fort Lauderdale-Pompano Beach, FL	5.7	3.8	1.6	5.6	3.1	3.3
East South Central	2.3	3.0	1.7	3.1	3.1	1.5
West South Central	3.4	2.6	2.0	3.4	3.1	2.1
Dallas-Forth Worth, TX	3.1	2.6	1.3	3.3	2.4	1.3
Houston-Baytown-Huntsville, TX	3.8	2.6	1.4	3.8	3.2	1.6
Midwest	2.8	2.4	1.6	2.6	2.9	1.8
East North Central	2.8	2.1	1.4	2.5	2.7	1.6
Detroit-Warren-Flint, MI	1.8	0.9	1.2	1.5	1.0	1.7
Chicago-Naperville-Michigan City, IL-IN-WI	3.6	2.5	1.8	2.6	3.6	1.5
West North Central	2.7	3.1	2.4	2.7	3.5	2.4
Minneapolis-St. Paul-St. Cloud, MN-WI	1.0	2.3	1.6	1.1	2.1	1.7
West	3.0	3.4	1.8	3.2	3.7	1.8
Mountain	3.1	4.3	1.8	3.2	4.5	1.9
Phoenix-Mesa-Scottsdale, AZ	1.7	3.6	2.8	1.5	3.6	2.5
Pacific	3.0	3.0	1.9	3.3	3.4	1.7
Los Angeles-Long Beach-Riverside, CA	3.1	3.6	1.1	3.8	3.7	1.0
San Jose-San Francisco-Oakland, CA	4.6	3.8	2.1	4.2	4.5	1.7

To provide some perspective, table 4 also shows data for the four census regions and nine census divisions.¹² The estimates by census region and census division are of course affected by total compensation cost changes in metropolitan areas located within those regions and divisions. In general, the larger the proportion of region or division employment accounted for by an area, the greater impact that area will have on region or division estimates.

As table 4 shows, estimates by area were generally consistent with the estimates for the associated census divisions and geographic regions. One strong exception to the general pattern is Minneapolis, a metropolitan area in which both wage and salary and total compensation cost increases were substantially lower than the increase for the West North Central region of which it is a part.

Information on the future publication of locality employment cost data will be announced in the next ECI news release, scheduled for 8:30 a.m., EDT, October 31, 2008; the news release will be posted on the Internet at www.bls.gov/ncs/ect.

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Notes

1 In the ECI, total compensation includes wages and salaries plus the employer cost for 18 individual employee benefits. The following kinds of benefits are covered by the ECI: paid leave, such as vacations, holidays, sick leave, and personal leave; supplemental pay, such as premium pay for work in addition to the regular work schedule (overtime, weekends, and holidays), shift differentials, and nonproduction bonuses (such as year-end, referral, and attendance bonuses); insurance benefits, such as life, health, short-term disability, and long-term disability insurance; retirement and savings benefits (defined benefit and defined contribution plans); and legally required benefits (Social Security, Medicare, Federal and State unemployment insurance, and workers compensation).

2 For more on the Principal Federal Economic Indicators, see *Federal Register*, Sept. 25, 1985, available on the Internet at <http://www.bea.gov/about/pdf/federalregister09251985.pdf>.

3 For a more complete description of the ECI, see John W. Ruser, "Employment Cost Index: What is it?," *Monthly Labor Review*, September 2001, pp. 3-16; available on the Internet at <http://www.bls.gov/opub/mlr/2001/09/art1full.pdf>.

4 In the **National Compensation Survey (NCS)**, the civilian sector includes workers in private industry and in State and local government. This excludes Federal government, agricultural, and household workers.

5 For more on the history of the ECI since it was introduced in December 1975, see Fehmida Sleemi, "Employment Cost Index publication plans," *Monthly Labor Review*, April 2006, pp. 6-11; available on the Internet at <http://www.bls.gov/opub/mlr/2006/04/art2full.pdf>.

6 The New England and Middle Atlantic divisions are in the Northeast region; the South Atlantic, East South Central, and West South Central divisions are in the South region; East North Central and West North Central divisions are in the Midwest region; and the Mountain and Pacific divisions are in the West. The census divisions comprise the States as follows: the New England division consists of Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont; the Middle Atlantic division consists of New Jersey, New York, and Pennsylvania; the South Atlantic division consists of Delaware, the District of Columbia, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, and West Virginia; the East South Central division consists of Alabama, Kentucky, Mississippi, and Tennessee; the West South Central division consists of Arkansas, Louisiana, Oklahoma, and Texas; the East North Central division consists of Illinois, Indiana, Michigan, Ohio, and Wisconsin; the West North Central division consists of Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, and South Dakota; the Mountain division consists of Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, and Wyoming; and the Pacific division consists of Alaska, California, Hawaii, Oregon, and Washington. Metropolitan areas are sometimes located in more than one State, and some of those States are located in different census divisions, in which case parts of a metropolitan area may be assigned to more than one census division.

7 Experimental data for these new series were published in Michael K. Lettau and Christopher J. Guciaro, "Experimental Estimates of Compensation Levels and Trends for Workers in the 15 Largest Metropolitan Areas, 2004-05," *Compensation and Working Conditions Online*, September 17, 2007, on the Internet at <http://www.bls.gov/opub/cwc/cm20070912ar01p1.htm>. The present article presents data only on compensation cost trends by metropolitan area, not compensation cost levels.

8 For a discussion of standard errors for the ECI, see Karen OConor and William Wong, "Measuring the Precision of the Employment Cost Index," *Monthly Labor Review*, March 1989, pp. 29-36, on the Internet at <http://www.bls.gov/opub/mlr/1989/03/rpt1full.pdf>.

9 Note that some of these areas are Consolidated Statistical Areas (CSAs) and others are Metropolitan Statistical Areas (MSAs). The NCS is in its second year of a 6-year transition from a sample of areas based on the December 1993 Office of Management and Budget (OMB) area definitions to a new sample of areas based on the December 2003 area definitions. The NCS is phasing in new metropolitan and micropolitan areas as defined by OMB and county clusters defined specifically for the NCS; at the same time, some areas under the December 1993 OMB definitions are being phased out of the sample. For more information on metropolitan area definitions, visit the U.S. Census Bureau's Metropolitan and Micropolitan Statistical Areas page on the Internet at <http://www.census.gov/population/www/metroareas/metrodef.html>.

10 For a more complete description of how the estimates for the ECI and other NCS products are computed, see "National Compensation Measures," *BLS Handbook of Methods*, ch. 8, on the Internet at http://www.bls.gov/opub/hom/homch8_a.htm.

11 Note that in estimating compensation cost changes by census region and census division, fixed weights are not used. Rather, the fixed employment weights by industry and occupation are reallocated among the census region and division series each quarter based on the current ECI sample. For a discussion of the alternative ways of constructing ECIs, see Donald G. Wood, "Estimation procedures for the Employment Cost Index," *Monthly Labor Review*, May 1982, pp. 40-42, on the Internet at <http://www.bls.gov/opub/mlr/1982/05/rpt3full.pdf>.

12 As noted previously, the regions and census divisions are defined by State, while metropolitan areas often span more than one State. For table 4, the metropolitan areas were organized with the region or census division where most of its employment was found.