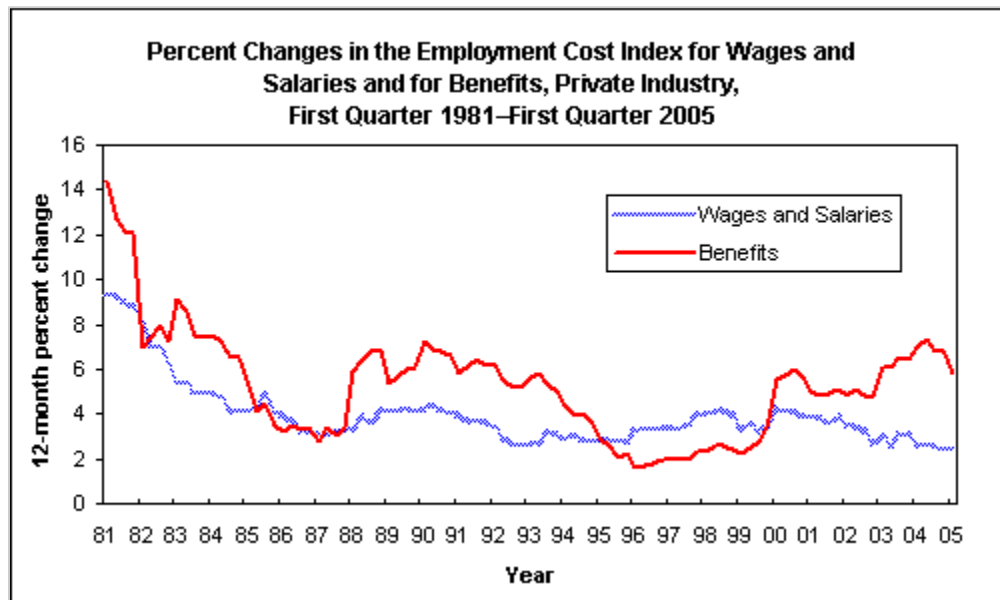


Percent Changes in the Employment Cost Index for Wages and Salaries and for Benefits, Private Industry, First Quarter 1981-First Quarter 2005

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- Except for two relatively brief periods in the 1980s and 1990s, the 12-month percent change in the cost of benefits--as measured by the BLS [Employment Cost Index \(ECI\)](#)--has generally exceeded that of wages and salaries in private industry. The ECI, a component of the [National Compensation Survey](#), measures quarterly changes in total compensation costs, including the costs of wages and salaries and the costs to employers for employee benefits (paid leave, supplementary pay, retirement, insurance, and legally required benefits such as Social Security and State unemployment insurance).
- From the first quarter of 1981 to the first quarter of 1985, the 12-month percent change in the cost of benefits averaged 8.6 percent, ranging from 14.4 percent in the beginning of that period to 5.3 percent by the end of it. Over the same period, the 12-month percent change in wages and salaries averaged 6.3 percent and ranged from 9.4 percent to 4.1 percent.
- From early 1985 to late 1987, the 12-month percent changes in the cost of benefits and in wages and salaries were about even, with the costs of benefits increasing by 3.5 percent, on average, and wages and salaries increasing by 3.6 percent. Increases in benefits costs slowed during this period due to a decline in the growth of health benefit costs, as well as a rapid decline in the growth of retirement plan costs and smaller increases in the Social Security tax rate.¹
- During the period from early 1988 to late 1994, the average 12-month percent increase in benefits was 5.8 percent, while the comparable increase in wages and salaries was 3.5 percent.
- In the middle-to-late 1990s, the 12-month percent change in wages and salaries (3.4 percent, on average) outpaced that of benefits (2.3 percent). This was the only sustained period in which wages and salaries grew more rapidly than the cost of benefits. Part of the reason for slower growth in the cost of benefits during this period was the relatively slow growth in health insurance costs from 1995 to 1998.
- From the first quarter of 2000 to the first quarter of 2005, the average 12-month percent change in wages and salaries was 3.3 percent, while that of benefit costs was 5.8 percent.

NOTE: The year 1981 is the first year data are available for four quarters of 12-month percent changes both in wages and salaries and in benefits. For more information, see the Employment Cost Index website at <http://www.bls.gov/ncs/ect/home.htm>.

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Notes

¹ See *Employment Cost Indexes, 1975-99*, Bulletin 2532 (Bureau of Labor Statistics, September 2000), p. 4.

Data for Chart: Percent Changes in Employment Cost Index for Wages and Salaries and for Benefits, Private Industry, First Quarter 1981-First Quarter 2005

Year/Qtr	Wages and Salaries	Benefits
81 - Q1	9.4	14.4
Q2	9.3	12.7
Q3	9	12.2
Q4	8.8	12.1
82 - Q1	8.1	7
Q2	7.1	7.4
Q3	7	8
Q4	6.3	7.2
83 - Q1	5.4	9.1
Q2	5.4	8.6
Q3	5	7.5
Q4	4.9	7.4
84 - Q1	5	7.5
Q2	4.7	7.2
Q3	4.1	6.5
Q4	4.2	6.5
85 - Q1	4.1	5.3
Q2	4.3	4.1
Q3	4.8	4.5
Q4	4.1	3.5
86 - Q1	4	3.2
Q2	3.7	3.5
Q3	3.2	3.3
Q4	3.2	3.4
87 - Q1	3.1	2.8
Q2	3	3.4
Q3	3.2	3
Q4	3.3	3.4
88 - Q1	3.3	5.9
Q2	3.8	6.4
Q3	3.7	6.8
Q4	4.1	6.9

Year/Qtr	Wages and Salaries	Benefits
89 - Q1	4.2	5.4
Q2	4.1	5.6
Q3	4.3	6
Q4	4.1	6.1
90 - Q1	4.2	7.2
Q2	4.5	6.9
Q3	4.2	6.8
Q4	4	6.6
91 - Q1	4	5.8
Q2	3.7	6.2
Q3	3.7	6.4
Q4	3.7	6.2
92 - Q1	3.4	6.3
Q2	3	5.5
Q3	2.7	5.2
Q4	2.6	5.2
93 - Q1	2.7	5.6
Q2	2.7	5.8
Q3	3.1	5.4
Q4	3.1	5
94 - Q1	2.9	4.4
Q2	3.1	3.9
Q3	2.9	4
Q4	2.8	3.7
95 - Q1	2.9	2.9
Q2	2.9	2.6
Q3	2.8	2.1
Q4	2.8	2.2
96 - Q1	3.2	1.6
Q2	3.4	1.7
Q3	3.3	1.8
Q4	3.4	2
97 - Q1	3.4	2
Q2	3.3	2
Q3	3.6	2
Q4	3.9	2.3
98 - Q1	4	2.3
Q2	4	2.6
Q3	4.3	2.6
Q4	3.9	2.4
99 - Q1	3.3	2.2
Q2	3.6	2.5
Q3	3.2	2.8
Q4	3.5	3.4

Year/Qtr	Wages and Salaries	Benefits
00 - Q1	4.2	5.5
Q2	4.1	5.7
Q3	4.1	6
Q4	3.9	5.6
01 - Q1	3.8	5
Q2	3.8	4.8
Q3	3.6	4.9
Q4	3.8	5.1
02 - Q1	3.5	4.8
Q2	3.6	5.1
Q3	3.2	4.8
Q4	2.7	4.7
03 - Q1	3	6.1
Q2	2.6	6.1
Q3	3	6.5
Q4	3	6.4
04 - Q1	2.6	7
Q2	2.6	7.3
Q3	2.6	6.8
Q4	2.4	6.9
05 - Q1	2.4	5.8