

News

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EMPLOYMENT COST INDEX--March 1977

Wage and salary rates measured by the Employment Cost Index rose 1.5 percent for the 3 months ended in March 1977, it was reported today by the Bureau of Labor Statistics of the U. S. Department of Labor. In the 12 months ended in March 1977, wage and salary rates rose 6.8 percent. The first quarter 1977 increase was down from the 1.9 percent reported for both the fourth quarter of 1976 and for the first quarter of 1976. (See table.)

December 1976 - March 1977

A smaller number of collective bargaining settlements dampened the rise in pay rates during the first quarter of 1977. The absence of any major collective bargaining settlements in manufacturing in the first quarter of 1977, such as those concluded with the "big three" of the automobile industry in the fall of 1976, contributed to a smaller rate of increase in the pay of workers in manufacturing-- 1.9 percent from December 1976 to March 1977, compared with 2.2 percent in the prior quarter. Smaller percentage increases in pay rates from December 1976 to March 1977, compared with the preceding 3-month period, were also reported in construction, where fewer changes in compensation occur during the winter months, and in transportation and utilities. Higher percentage increases over the prior quarter were recorded in the trade and services industries in the 3 months ended March 1977.

Among occupations, nearly all of the smaller percentage rise in the Employment Cost Index was the result of declines in the rate of increase in the pay of all operatives, professionals, nonfarm laborers, and service workers and a drop in commission earnings for salesworkers, not shown separately in the published statistics. These changes represented a reversal of trends for these groups from the

fourth quarter of 1976. In the other direction, accelerated increases in pay were reported for managers and craft and clerical workers. Higher rates of increase for craft and kindred workers were dispersed throughout manufacturing. The increase in managerial salaries was more pronounced in the West.

Among regions, wage and salary gains were smallest in the North Central States--0.7 percent, down from 2.6 percent in the prior 3-month period, when the automobile settlements was a factor. Pay increases went up 2.6 percent in the West.

Pay of workers in occupations covered by collective bargaining agreements advanced 1.4 percent in the first quarter, down from 2.0 percent in the last quarter of 1976. Pay of workers not covered by agreements increased 1.5 percent. Wage and salary rate gains in the first quarter for workers in metropolitan and other areas also rose at a slower pace--1.4 percent for workers in metropolitan areas and 1.6 percent for workers in other areas.

March 1976 - March 1977

Over the 12 months since March 1976, increases in the rate of pay for white-collar workers have been smaller than for all workers, and increases for blue-collar, except transport equipment operatives, and for service workers have been higher than the rise for all workers. The rates of pay increase over the same period for workers in the South and in the services industry division have been well below the average advance for all private nonfarm workers. On the other hand, percentage pay increases for workers covered by collective bargaining agreements, in construction and transportation and public utilities, and craft workers exceeded the increase for all other workers by at least one percentage point over the 12-month period.

Rate of wage and salary changes in Employment
Cost Index, private nonfarm economy,
March 1976 through March 1977

Series	3 months ended					12 months ended
	March	June	September	December	March	March
	1976	1976	1976	1976	1977	1977
All private nonfarm workers	1.9	1.7	1.5	1.9	1.5	6.8
<u>Workers by occupational group</u>						
White-collar workers ^{1/}	1.7	1.4	1.5	1.9	1.3	6.2
Professional and technical workers	1.4	1.1	1.7	1.8	1.5	6.3
Managers and administrators	1.3	2.1	1.0	1.0	2.1	6.3
Clerical workers	2.2	1.3	2.0	1.4	1.8	6.6
Blue-collar workers	2.2	1.9	1.8	1.9	1.7	7.4
Craft and kindred workers	1.9	2.0	2.0	1.3	2.1	7.7
Operatives, except transport	2.8	0.8	2.0	2.8	1.6	7.4
Transport equipment operatives	1.2	4.5	0.6	0.8	0.4	6.4
Nonfarm laborers	2.1	1.9	1.2	2.3	1.7	7.4
Service workers	1.9	3.3	0.4	2.1	1.3	7.3
<u>Workers, by industry division</u>						
Construction	-	3.1	2.6	1.1	0.9	7.8
Manufacturing	1.9	1.5	1.8	2.2	1.9	7.4
Transportation and public utilities	1.9	2.8	1.3	2.3	1.9	8.6
Wholesale and retail trade	2.2	2.2	0.9	1.9	2.2	7.3
Services	1.5	1.5	1.7	0.6	0.9	4.8
<u>Workers, by region</u>						
Northeast	0.9	1.4	2.5	1.7	1.1	6.8
South	2.4	1.3	1.7	1.3	1.5	5.8
North Central	1.5	1.6	1.5	2.6	0.7	6.6
West	3.3	2.3	0.5	1.6	2.6	7.3
<u>Workers, by bargaining status</u>						
Occupations covered by collective bargaining agreements	1.6	1.8	2.4	2.0	1.4	7.8
Occupations not covered by collective bargaining agreements	2.0	1.6	1.1	1.8	1.5	6.2
<u>Workers, by area</u>						
Metropolitan areas	1.9	1.5	1.7	1.9	1.4	6.7
Other areas	2.2	2.4	0.9	1.8	1.6	6.8

^{1/} Includes salesworkers not shown separately.

Note: The statistics are percent changes in straight-time average hourly earnings over the period indicated. For example, the 1.5 percent change for the "all private nonfarm worker" series in the first quarter 1977 is the actual percent change in straight-time average hourly earnings from the pay period including the 12th of the survey month of December 1976, to the comparable period in March 1977. The statistics are not annualized, nor are they adjusted for seasonal influences.

The computation of percent changes spanning more than one survey period is accomplished by compounding successive changes for individual quarters. In actual practice, the compounding calculations are made to the fifth decimal place.

Dashes in the table indicate that the data collected were insufficient to meet statistical criteria for publication during the periods indicated.

Description of Employment Cost Index

The Employment Cost Index is designed to measure changes in the rate of compensation of a standardized mix of labor services, much like the fixed weight market basket of the Consumer Price Index. The Employment Cost Index is a measure of change in the price of labor. It is not intended as a measure of the level of well-being of workers.

The scope of the measure will be expanded to total compensation, covering employee benefits as well as wages and salaries, and to broader industrial coverage, resulting in an index of changes in all compensation. Publication of compensation statistics including employee benefits is expected to begin in about a year, followed by statistics for the total civilian economy in subsequent years. A long-term program objective is to increase the amount of industry, occupation, and area detail and the frequency of publication. Seasonally adjusted statistics will become available as soon as sufficient experience is accumulated to compute adjustment factors.

The Employment Cost Index statistics are now computed from occupational wage and salary data collected quarterly from approximately 2,000 respondents representing, with certain exclusions, the occupational employment composition of the private nonfarm economy. Respondents in the quarterly survey are establishments or groups of establishments composing a reporting unit. Establishments of all sizes are within the scope of the survey. The major exclusions are the self-employed, unpaid family workers, private household employees, and workers in Alaska, and Hawaii. Except for the self-employed and unpaid family workers, these exclusions are temporary. It is intended that agricultural employees will also eventually be within the scope of the survey.

Straight-time hourly earnings are used in the Employment Cost Index as a proxy

for a measure of wage and salary rates. All occupational wage and salary data are collected as, or converted into, straight-time hourly earnings for the survey occupations. Straight-time earnings are total earnings before deductions, excluding premium payments for overtime and for work on weekends and holidays and shift differentials. Production bonuses and cost-of-living allowances are included in straight-time earnings. Data pertain to the pay period including the 12th of the survey months of March, June, September, and December.

The Index occupations conform to the Bureau of Census occupational classification system which consists of 441 occupations grouped into 12 broad occupational categories. Nine of these groups are now in the scope of the survey. These major occupational groups are:

professional and technical workers

These occupations are concerned with the theoretical or practical aspects of such fields of human endeavor as art, science, engineering, education, medicine, law and business relations. Included are such highly trained personnel as teachers, dentists, accountants, attorneys, chemists, engineers, physicians and the clergy. Computer specialists, political scientists, writers, artists and entertainers are also in this category.

managers and administrators

This group includes those positions charged with the direction and responsibility of a given activity. Top and middle management, and all other supervisory personnel above first-line supervisory level are included.

sales workers

These workers include sales clerks as well as insurance and real estate agents, stock and bond sales agents, and manufacturing sales representatives.

clerical workers

Within this category are workers who type, operate computer and office machines,

keep records, take dictation, and deliver mail.

craft and kindred workers

Work activities in this group primarily involve fabricating, processing, inspecting or repairing material, products or structural units. Included are a variety of occupations such as carpenters, tool and die makers, instrument makers, jewelers, electricians and typesetters. Apprenticeship is usually a prerequisite for entry into these occupations.

operatives, except transport

Operatives in this grouping are engaged in such activities as assembling goods in factories, operating or tending machinery, and photographic processing. Occupations such as solderers, welders, meat cutters and gas station attendants are also included.

transport equipment operatives

Truck, bus, and taxi drivers fall within this group.

nonfarm laborers

Laborers move, lift and carry materials and tools in the nation's work-places. These include freight and material handlers, longshore workers, and construction laborers.

service workers

This group includes those who maintain law and order, serve individuals in institutional, commercial and other establishments. Some of the occupations are janitors, bartenders, waiters, dental assistants, practical nurses, flight attendants, barbers, police and fire fighters. Private household workers are excluded.

A complete listing of ECI occupations may be found in the Employment Cost Index--Occupation Classification System Manual, Bureau of Labor Statistics, January 1975.

The published industry and occupational statistics do not pertain to mutually

exclusive groups of employees. Workers from all industry divisions may be represented in a major occupational group; conversely workers from all occupational groups may be represented in a major industry division. For example, statistics for the industry "Services" are based on occupational pay data for professionals, managers, clerical workers, service workers, etc. Similarly, statistics for the occupational group "Service workers", cover such workers as janitors, waiters, practical nurses, flight attendants, and guards; these may be found in real estate, retail trade, transportation, and other industries as well as services.

The Employment Cost Index statistics, although computed from levels of occupational pay, are measures of change. The pay level data collected from sample reporting units are weighted into occupational averages, by industry, using weights essentially derived from a 1974 occupational employment survey. These industry pay averages are aggregated for index computation using fixed weights obtained from the 1970 decennial census. Average pay levels for the overall measure and its components are not explicitly calculated as part of the computational process. Although pay levels can be obtained by dividing the wage and salary aggregates by the fixed index weights, these data do not correspond to actual average pay levels at any point in time. However, because of interest expressed in the statistical design of this new series, average pay levels have been computed for the overall and component published series for September 1975, and these are available upon request.

In addition to the occupational groups and industries shown in the table, published statistics cover sales workers, mining, and finance, insurance, and real estate, but insufficient data preclude separate publication of these results. Augmentation is now underway to enable publication of statistics for sales workers. Series for which statistics are published comprise over 90 percent of the total sample. The relative importance of the industrial and other component submeasures,

as of December 1976, and estimates of relative sampling errors are also available on request.

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

A description of the survey design is provided in the chapter on the Employment Cost Index in the BLS Handbook of Methods, BLS Bulletin 1910.

Releases are scheduled for February, May, August, and November--2 months after each quarter. Statistics in these releases pertain to the preceding quarter and 12-month period ended in that quarter. The Employment Cost Index statistical series, from September 1975, is available in Current Wage Developments.