

Technical Contact:
(202) 691-6199 ocltinfo@bls.gov
Media Contact:
(202) 691-5902 hoyle_k@bls.gov
Internet address:
<http://www.bls.gov/ncs/ect/home.htm>

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EMPLOYMENT COST INDEX-JUNE 2003

The Employment Cost Index for total compensation for civilian workers rose 0.9 percent from March to June 2003, following a 1.3 percent gain from December 2002 to March 2003, seasonally adjusted, the Bureau of Labor

Statistics of the U.S. Department of Labor reported today. Benefit costs increased 1.4 percent and continued to substantially outpace the 0.6 percent gain in wages and salaries for civilian workers in June. The Employment Cost Index (ECI), a component of the National Compensation Survey, measures quarterly changes in compensation costs, which include wages, salaries, and employer costs for employee benefits, for nonfarm private and State and local government workers.

Employer costs for wages and salaries, accounting for over 70 percent of compensation costs, rose 2.7 percent for the year ending June 2003. Year ending wage and salary increases from June 1983 through June 2003 have ranged from 2.8 in June 1993 to 5.7 percent in June 1983. Benefit costs rose 6.3 percent for the year ending June 2003. Much of the increase in benefit costs again stemmed from the continuing rise in the costs for health insurance. Year-ending benefit increases from June 1993 through June 2003 have ranged from 1.8 percent in June 1996 to 5.5 percent in June 1993.

Quarterly changes, seasonally adjusted

Compensation costs for private sector workers rose 0.8 from March to June, after jumping 1.4 percent in the prior quarter. For State and local government workers, the increase in compensation costs was 1.0 percent from March to June, compared with the gain of 0.9 percent for the quarter ended in March. Gains in private sector compensation costs were led by large increases in nondurable manufacturing; transportation and public utilities; and construction. Private sector compensation gains were dampened by retail trade and wholesale trade. (See tables A and 1.)

Benefit costs moderated during the quarter, advancing 1.4 percent for

civilian workers (nonfarm private industry and State and local government)

in the June 2003 quarter following a sharp gain of 2.2 percent in the March quarter. In the private sector, benefit costs rose 1.3 percent for the June quarter, slowing significantly from the 2.4 percent gain of the previous quarter. By contrast, the increase for State and local governments was 1.3 percent in the June quarter, following a 1.5 percent increase in March 2003.

Gains in wages and salaries also moderated during the quarter, increasing 0.6 percent for both civilian and private sector workers during the June quarter, each following a 1.0 percent rise in the March quarter. Private sector wage gains were led by construction and nondurable manufacturing industries. Wage and salaries in the private sector were slowed by wholesale trade and retail trade, and service workers. Wages and salaries in State and local government advanced 0.8 percent during the March to June 2003 period, after gaining 0.7 percent in the December 2002 to March 2003 quarter.

Table A. 3-month percent changes in Employment Cost Index, seasonally adjusted

Compensation Component	Sep. 2001	Dec. 2001	Mar. 2002	June 2002	Sep. 2002	Dec. 2002	Mar. 2003	June 2003
Civilian workers								
Compensation costs	1.0	1.0	0.9	1.0	0.8	0.7	1.3	0.9
Wages and salaries	0.9	0.9	0.8	0.9	0.6	0.5	1.0	0.6
Benefit costs	1.4	1.2	1.0	1.3	1.2	1.3	2.2	1.4
Private industry								
Compensation costs	1.0	1.1	0.9	1.1	0.6	0.7	1.4	0.8
Wages and salaries	0.8	0.9	0.9	0.9	0.4	0.5	1.0	0.6
Benefit costs	1.4	1.3	1.1	1.3	1.1	1.2	2.4	1.3
State and local government								
Compensation costs	1.1	0.7	0.8	0.9	1.3	1.0	0.9	1.0
Wages and salaries	1.0	0.6	0.8	0.8	0.8	0.7	0.7	0.8
Benefit costs	1.6	0.9	1.0	1.1	2.2	1.7	1.5	1.3

Over-the-year changes, not seasonally adjusted

Annual compensation costs for civilian workers (not seasonally adjusted) increased 3.7 percent for the year ended June 2003, compared with a 4.0 percent over-the-year increase for June 2002. Compensation costs in private industry rose 3.5 percent in the year ended June 2003, compared with greater increases of 4.0 percent for years ending June 2002 and June 2001. In contrast, State and local government compensation

costs

increased 4.1 percent for the year ended June 2003; over-the-year gains were a more modest 3.6 percent in June 2002 and June 2001. (See tables B, 2, and 3.)

Although over-the-year compensation gains remained relatively constant

for the years ending June 2002 and June 2003, the components of compensation showed significant differences. While increases in wages and

salaries slowed, benefit costs rose sharply during the year ending June 2003. For civilian workers, wages and salaries rose 2.7 percent in the year ended June 2003, compared with a gain of 6.3 percent for benefits. Benefit costs for State and local government rose sharply, increasing 6.8 percent for the year ending June 2003, compared with an increase of 4.6 percent for the year ending June 2002. (See tables B, 5, 6, and 8.)

Table B. 12-month percent changes in Employment Cost Index, not seasonally adjusted

Compensation Component	June 1998	June 1999	June 2000	June 2001	June 2002	June 2003
Civilian workers						
Compensation costs	3.5	3.2	4.4	3.9	4.0	3.7
Wages and salaries	3.8	3.6	4.0	3.7	3.5	2.7
Benefit costs	2.4	2.5	5.3	4.5	5.0	6.3
Private industry						
Compensation costs	3.5	3.3	4.6	4.0	4.0	3.5
Wages and salaries	4.0	3.6	4.1	3.8	3.6	2.6
Benefit costs	2.6	2.5	5.7	4.8	5.1	6.1
State and local government						
Compensation costs	2.7	3.0	3.5	3.6	3.6	4.1
Wages and salaries	3.0	3.1	3.7	3.7	3.2	3.1
Benefit costs	2.1	2.6	3.1	3.4	4.6	6.8

Nonfarm private industry

For the year ended June 2003, compensation costs in private industry increased 4.4 percent for goods-producing industries, higher than the 3.6 percent advance for the year ended June 2002. Compensation costs for manufacturing advanced 4.6 percent in June 2003, after increasing 3.6 percent in June 2002. Compensation costs for construction rose 3.8 percent in June 2003 compared with a 3.3 percent rise in June 2002. (See table 3.)

The over-the-year increase in compensation for service-producing industries slowed to 3.2 percent, compared with a 4.2 percent gain for the year ended June 2002. Among service-producing industries, the 12-month increase for finance, insurance, and real estate was 6.6 percent for the year ended in June 2003, led by increases in banking, savings and loan, and other credit agencies. Compensation costs were 1.2 percent for retail trade and 1.6 percent in business services in the year ended June 2003.

Over-the-year compensation cost increases were 3.4 percent for white-collar occupations, 4.1 percent for blue-collar occupations, and 3.3 percent for service occupations for the year ended June 2003. Among white-collar occupational groups, compensation changes ranged from 2.2 percent for sales workers to 4.1 percent for administrative support, including clerical workers. Among blue-collar workers, compensation cost increases ranged from 3.7 percent for transportation and material moving workers to 4.3 percent for handlers, equipment cleaners, helpers, and laborers. (See table 3.)

Compensation costs for union workers advanced 5.0 percent over the year ending June 2003, greater than the 3.3 percent increase for nonunion workers. Compensation costs among blue-collar union workers rose 5.1 percent, higher than the gain of 3.4 percent for blue-collar nonunion workers. In goods-producing industries, the 5.6 percent increase for union workers was greater than the 4.0 percent advance for nonunion workers. (See tables C and 4.)

Wages and salaries for union workers rose 3.0 percent for the 12 months ended in June 2003. This compares with an over-the-year increase of 2.5 percent for nonunion workers. Benefit costs for union workers rose sharply, 8.7 percent, greater than the increase of 5.5 percent for nonunion workers in June 2003. (See tables C, 7, and 8.)

Compensation costs, led by higher benefit costs, accelerated for union workers, rising 5.0 percent for the year ending June 2003 compared with a 4.5 percent gain in June 2002. Compensation for nonunion workers increased 3.3 percent for the year ending June 2003 compared with an over-the-year gain of 3.9 percent in June 2002.

Table C. 12-month percent changes in Employment Cost Index, not

seasonally
adjusted

Compensation Component	June 1998	June 1999	June 2000	June 2001	June 2002	June 2003
Union workers						
Compensation costs	2.7	2.7	3.9	3.5	4.5	5.0
Wages and salaries	3.0	3.1	2.8	3.8	4.2	3.0
Benefit costs	2.1	2.2	5.9	3.0	5.0	8.7
Nonunion workers						
Compensation costs	3.8	3.4	4.6	4.2	3.9	3.3
Wages and salaries	4.1	3.7	4.3	3.7	3.5	2.5
Benefit costs	2.6	2.6	5.7	5.3	5.1	5.5

Among the four geographic regions, increases in compensation costs ranged from 2.5 percent in the South to 4.8 percent in the Midwest for the year ended in June 2003. Compensation costs rose 3.3 percent in the Northeast and 4.1 percent in the West. (See table 4.)

State and local government

In State and local government, the June 2003 over-the-year increase in wages and salaries was 3.1 percent, compared with a gain of 3.2 percent for June 2002. Among occupational groups, wages of service and blue-collar workers rose 2.9 percent for the year ended June 2003; wages for white-collar workers rose 3.1 percent. Benefit costs jumped 6.8 percent for June 2003, significantly higher than the June 2002 gain of 4.6 percent. (See tables B, 5, and 8.)

NOTES:

The ECI for September 2003 is scheduled to be released Thursday, October 30, 2003, at 8:30 a.m. (EST).

Supplemental data from the ECI, providing 12-month percent changes in employer costs for health insurance in private industry from June 1982 to June 2003, will be available shortly after publication of this news release on the Internet site <http://www.bls.gov/ect/home.htm> or upon request.

The costs per hour worked of compensation components, based on data from the ECI, were published on June 11, 2003, in a news release titled

"Employer Costs for Employee Compensation-March 2003."

ECI data are available on the Compensation Cost Trends page at <http://www.bls.gov/ncs/ect/home.htm>. To access data using Anonymous FTP, use the Internet address <ftp://ftp.bls.gov>.

For technical assistance in using the BLS Internet site, send e-mail to webmaster@bls.gov. For ECI data requests, send e-mail to ocltinfo@bls.gov.

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Text	4110
Tables 1-4	4115
Tables 5-7	4120
Table 8	4125
Explanatory notes	4190

Table 1. Employment Cost Index for total compensation(1), wages and salaries, and benefit costs by industry and occupational group

(Seasonally adjusted data)