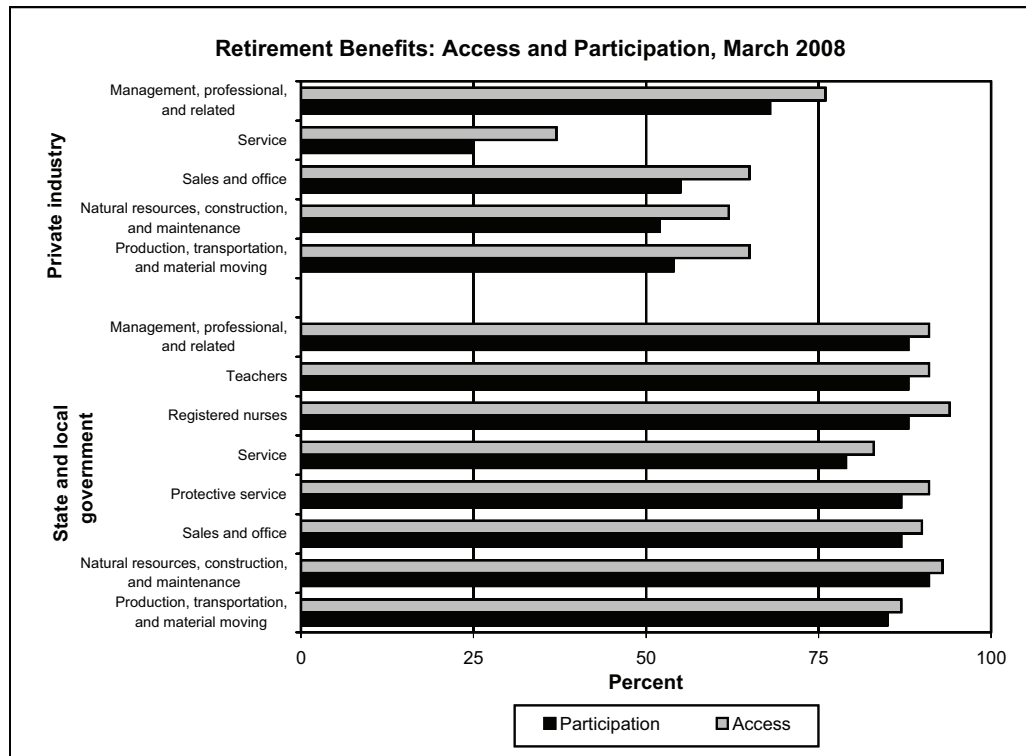


COMPENSATION OF EMPLOYEES

HIGHLIGHTS

This chapter discusses the Employment Cost Index (ECI), which covers changes in wages and salaries and benefits; the Employer Costs for Employee Compensation (ECEC); the experimental estimates of compensation levels and trends for workers in 14 metropolitan areas; employee participation in various benefit plans; occupational wages from the National Compensation Survey (NCS); and hourly wage percentiles.



Sixty-one percent of private industry employees had access to paid retirement benefits, compared with 89 percent of state and local government employees. Eighty-six percent of government employees participated in a retirement plan, significantly greater than the approximately half of private industry workers. (See Table 6-11.)

OTHER HIGHLIGHTS

- From 2001 to 2007, the ECI for wages and salaries rose by 18.6 percent for private industry workers and 18.7 percent for state and local government workers. During the same period, the ECI for benefits rose 29.9 percent in private industry and 42.1 percent in state and local government (See Tables 6-1, 6-4, and 6-5.)
- In goods-producing industries, wages and salaries constituted 66.8 percent of total compensation with benefits making up the remaining 33.2 percent. In service-providing industries, wages and salaries made up 71.8 percent of total compensation while total benefits made up 28.2 percent. (See Table 6-6.)
- Total employer compensation costs per hour varied among the different Census divisions, ranging from \$30.60 in the Pacific states (Alaska, California, Hawaii, Oregon, and Washington) to \$20.20 in the East South Central states (Alabama, Kentucky, Mississippi, and Tennessee). (See Table 6-7.)
- In 2007, the ECI for all private workers increased by 3.0 percent for wages and salaries and 2.4 percent for benefits, increasing the gap from previous years. However, for state and local governments, the increase in benefit costs continued to be considerably higher than the increase for wages and salaries—5.5 percent compared to 3.5 percent. (See Tables 6-1, 6-4, and 6-5.)

NOTES AND DEFINITIONS

EMPLOYMENT COST INDEX

The National Compensation Survey (NCS) provides data for the Employment Cost Index (ECI), the Employer Costs for Employee Compensation (ECEC), an experimental series, the occupational earnings series, and the incidence of employee benefits. Part one of this chapter concerns the ECI.

The ECI is a measure of the change in the cost of labor, free from the influence of employment shifts among occupations and industries. The compensation series includes changes in wages and salaries and employer costs for employee benefits. The wage and salary series and the benefit cost series are the two components of compensation.

Sample establishments are classified by industry categories based on the 2007 North American Industry Classification System (NAICS). Prior to December 2007, the 2002 NAICS classification system was used. Differences between the two NAICS systems did not affect any of the published ECI series. All industries are classified into two sectors—goods-producing and service-providing. Within a sample establishment, specific job categories are selected and classified into about 800 occupational classifications according to the 2000 Standard Occupational Classification (SOC) system. Individual occupations are combined to represent one of ten intermediate aggregations, such as professional and related occupations, or one of five higher-level aggregations such as management, professional, and related occupations. Both the NAICS and the SOC classification systems are defined by the U.S. Office of Management and Budget (OMB).

To be included in the ECI, employees in occupations must receive cash payments from the establishment for services performed and the establishment must pay the employer's portion of Medicare taxes on that individual's wages. Major exclusions from the survey are the self-employed, individuals who set their own pay (for example, proprietors, owners, major stockholders, and partners in unincorporated firms), volunteers, unpaid workers, family members being paid token wages, individuals receiving long-term disability compensation, and U.S. citizens working overseas.

Concepts and Definitions

Wages and salaries are defined as the hourly straight-time wage rate or, for workers not paid on an hourly basis, straight-time earnings divided by the corresponding hours. Straight-time wage and salary rates are total earnings before payroll deductions, excluding premium pay for overtime and for work on weekends and holidays, shift differentials, and nonproduction bonuses such as lump-sum payments provided in lieu of wage increases. Production bonuses, incentive earnings, commission payments, and

cost-of-living adjustments are included in straight-time wage and salary rates.

Benefits covered by the ECI are: paid leave—vacations, holidays, sick leave, and personal leave; supplemental pay-premium pay for work in addition to the regular work schedule (such as overtime, weekends, and holidays), shift differentials, and nonproduction bonuses (such as referral bonuses and attendance bonuses); insurance benefits—life, health, short-term disability, and long-term disability; 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.

Fixed employment weights are used each quarter to calculate the most aggregate series—civilian, private, and state and local government. These fixed weights are also used to derive all of the industry and occupational series indexes. Beginning with March 2006 estimates, 2002 fixed employment weights from the Bureau's Occupational Employment Statistics survey were introduced. For the series based on bargaining status, census region and division, metropolitan area status, and for series excluding incentive paid occupations, fixed employment data are not available. The employment weights are reallocated within these series each quarter based on the current ECI sample.

The ECI private industry sample is rotated over approximately 5 years, which makes the sample more representative of the economy and reduces respondent burden. The sample is replaced on a cross-area, cross-industry basis.

The ECI state and local government sample consists of 152 areas that represent the Nation's 361 metropolitan statistical areas and 573 micropolitan statistical areas as defined by OMB in December 2003 and the remaining portions of the 50 states. The ECI private industry sample consists of 151 metropolitan areas and nonmetropolitan areas that represent the Nation's 326 metropolitan statistical areas as defined by OMB in 1994 and the remaining portions of the 50 states. Metropolitan areas are defined as Metropolitan Statistical Areas (MSAs) or Consolidated Metropolitan Statistical Areas (CMSAs). Nonmetropolitan areas are counties and other geographic designations that do not fit the metropolitan area definition. The private industry estimates will begin the conversion to December 2003 OMB areas definitions in December 2008.

Sources of Additional Information

Additional information on ECI methodology and more tables are available in Chapter 8 of the *BLS Handbook of Methods* and BLS new releases. The BLS publication *Compensation and Working Conditions* contains articles on all aspects of the NCS. All of these resources are on the BLS Web site at <<http://www.bls.gov>>.

Table 6-1. Employment Cost Index, Private Industry Workers, Total Compensation¹ and Wages and Salaries, by Industry and Occupation, 2001–2007

(December 2005 = 100.)

Characteristic and year	Total compensation					Wages and salaries				
	Indexes				Percent change for 12 months (ended December)	Indexes				Percent change for 12 months (ended December)
	March	June	September	December		March	June	September	December	
WORKERS BY INDUSTRY										
Total Private										
2001	85.0	85.8	86.7	87.3	4.1	87.6	88.4	89.2	89.9	3.8
2002	88.2	89.2	89.7	90.0	3.1	90.7	91.6	92.0	92.2	2.6
2003	91.4	92.3	93.2	93.6	4.0	93.3	94.0	94.8	95.1	3.1
2004	94.9	95.9	96.7	97.2	3.8	95.7	96.5	97.3	97.6	2.6
2005	98.2	98.9	99.5	100.0	2.9	98.3	98.9	99.5	100.0	2.5
2006	100.8	101.7	102.5	103.2	3.2	100.7	101.7	102.5	103.2	3.2
2007	104.0	104.9	105.7	106.3	3.0	104.3	105.1	106.0	106.6	3.3
Goods-Producing²										
2001	83.9	84.7	85.3	86.0	3.6	87.9	88.8	89.3	90.0	3.6
2002	87.0	87.7	88.2	89.0	3.5	90.7	91.4	91.9	92.6	2.9
2003	90.5	91.5	92.1	92.6	4.0	93.3	94.1	94.6	94.9	2.5
2004	94.5	95.4	96.5	96.9	4.6	95.6	96.2	97.2	97.2	2.4
2005	98.0	99.0	99.8	100.0	3.2	97.9	98.7	99.5	100.0	2.9
2006	100.3	101.3	102.0	102.5	2.5	100.7	101.8	102.3	102.9	2.9
2007	102.9	103.9	104.4	105.0	2.4	103.9	104.7	105.4	106.0	3.0
Service-Providing³										
2001	85.4	86.2	87.1	87.8	4.4	87.4	88.3	89.2	89.8	3.8
2002	88.7	89.7	90.2	90.4	3.0	90.7	91.7	92.0	92.1	2.6
2003	91.7	92.5	93.6	94.0	4.0	93.3	93.9	94.9	95.2	3.4
2004	95.1	96.1	96.8	97.3	3.5	95.8	96.6	97.3	97.7	2.6
2005	98.3	98.9	99.5	100.0	2.8	98.4	99.0	99.5	100.0	2.4
2006	101.0	101.8	102.7	103.4	3.4	100.8	101.7	102.6	103.3	3.3
2007	104.3	105.2	106.1	106.7	3.2	104.4	105.3	106.1	106.8	3.4
WORKERS BY OCCUPATION										
White-Collar⁴										
2001	84.8	85.7	86.5	87.2	4.4	87.0	87.9	88.7	89.3	3.7
2002	88.1	89.1	89.5	89.8	3.0	90.3	91.2	91.6	91.7	2.7
2003	91.3	92.1	93.2	93.5	4.1	92.9	93.7	94.7	94.9	3.5
2004	94.7	95.7	96.5	97.0	3.7	95.6	96.4	97.3	97.5	2.7
2005	98.2	98.9	99.5	100.0	3.1	98.3	98.9	99.5	100.0	2.6
2006	100.9	101.8	102.7	103.3	3.3	100.8	101.8	102.7	103.3	3.3
2007 .....	...	...	...	...	...	...	...	...	...	...
White-Collar, Excluding Sales										
2001	84.8	85.7	86.6	87.2	4.6	87.0	87.9	88.8	89.5	4.1
2002	88.2	89.0	89.4	89.8	3.0	90.5	91.3	91.7	91.9	2.7
2003	91.5	92.2	93.2	93.7	4.3	93.3	93.9	94.7	95.1	3.5
2004	94.9	95.7	96.5	97.1	3.6	95.9	96.5	97.2	97.7	2.7
2005	98.4	99.0	99.6	100.0	3.0	98.5	99.1	99.5	100.0	2.4
2006	101.1	101.9	102.9	103.5	3.5	101.0	102.0	102.9	103.5	3.5
2007 .....	...	...	...	...	...	...	...	...	...	...
Management, Professional, and Related										
2001	85.0	86.0	86.8	87.4	4.5	87.0	88.0	88.9	89.5	4.1
2002	88.3	89.2	89.5	89.7	2.6	90.4	91.3	91.6	91.7	2.5
2003	91.6	92.3	93.3	93.8	4.6	93.3	94.0	94.8	95.3	3.9
2004	94.9	95.7	96.5	97.1	3.5	96.0	96.5	97.3	97.8	2.6
2005	98.5	99.1	99.6	100.0	3.0	98.6	99.2	99.6	100.0	2.2
2006	101.1	101.9	102.9	103.5	3.5	101.1	102.0	103.0	103.6	3.6
2007	104.6	105.5	106.4	106.8	3.2	104.9	105.8	106.7	107.2	3.5
Management, Business, and Financial										
2001	86.1	87.1	87.8	88.5	4.4	87.3	88.3	89.1	89.8	4.1
2002	89.5	90.7	90.7	90.6	2.4	90.8	92.2	92.4	92.1	2.6
2003	93.3	93.9	94.9	95.4	5.3	94.8	95.5	96.4	96.7	5.0
2004	95.9	96.8	97.3	97.9	2.6	96.8	97.5	98.1	98.5	1.9
2005	99.1	99.6	99.7	100.0	2.1	99.2	99.7	99.5	100.0	1.5
2006	101.3	102.0	102.7	103.1	3.1	101.3	102.2	102.8	103.1	3.1
2007	104.3	105.1	106.0	106.3	3.1	104.7	105.5	106.3	106.6	3.4

¹Includes wages, salaries, and employer costs for employee benefits.

²Includes mining, construction, and manufacturing.

³Includes the following industries: wholesale trade; retail trade; transportation and warehousing; utilities; information; finance and insurance; real estate and rental and leasing; professional, scientific, and technical services; management of companies and enterprises; administrative and support and waste management and remediation services; education services; health care and social assistance; arts, entertainment, and recreation; accommodation and food services; and other services, except public administration.

⁴Includes the following occupational groups: management, business, and financial; professional and related; sales and related; and office and administrative support.

... = Not available.

Table 6-1. Employment Cost Index, Private Industry Workers, Total Compensation¹ and Wages and Salaries, by Industry and Occupation, 2001–2007—Continued

(December 2005 = 100.)

Characteristic and year	Total compensation					Wages and salaries				
	Indexes				Percent change for 12 months (ended December)	Indexes				Percent change for 12 months (ended December)
	March	June	September	December		March	June	September	December	
Professional and Related										
2001	84.1	85.0	86.0	86.5	4.7	86.9	87.8	88.7	89.3	4.1
2002	87.3	87.9	88.5	89.1	3.0	90.1	90.5	91.0	91.4	2.4
2003	90.3	91.0	92.0	92.6	3.9	92.1	92.7	93.6	94.2	3.1
2004	94.1	94.8	95.8	96.5	4.2	95.3	95.7	96.7	97.2	3.2
2005	98.0	98.8	99.5	100.0	3.6	98.2	98.8	99.6	100.0	2.9
2006	101.0	101.8	103.1	103.9	3.9	100.9	101.8	103.1	104.0	4.0
2007	104.9	105.9	106.7	107.3	3.3	105.1	106.0	107.0	107.6	3.5
Sales and Office										
2001	84.5	85.4	86.1	86.9	4.1	86.9	87.8	88.4	89.1	3.5
2002	87.8	89.0	89.5	89.8	3.3	90.0	91.2	91.5	91.7	2.9
2003	90.8	91.9	93.0	93.1	3.7	92.4	93.3	94.4	94.3	2.8
2004	94.4	95.7	96.6	96.8	4.0	95.1	96.1	97.2	97.2	3.1
2005	97.8	98.5	99.3	100.0	3.3	97.8	98.5	99.3	100.0	2.9
2006	100.5	101.6	102.3	102.9	2.9	100.4	101.6	102.4	103.0	3.0
2007	103.7	104.7	105.3	106.1	3.1	103.8	104.8	105.3	106.2	3.1
Sales and Related										
2001	84.9	86.0	86.3	87.2	3.3	86.8	88.0	87.9	88.6	2.4
2002	87.7	89.7	89.7	89.7	2.9	89.2	91.0	91.0	90.9	2.6
2003	90.6	91.7	93.2	92.9	3.6	91.5	92.5	94.3	93.8	3.2
2004	94.0	95.4	96.8	96.2	3.6	94.4	95.7	97.4	96.6	3.0
2005	97.2	97.9	99.2	100.0	4.0	97.3	97.8	99.2	100.0	3.5
2006	99.9	101.1	101.7	102.3	2.3	99.8	101.3	102.0	102.6	2.6
2007	102.4	103.6	104.2	105.2	2.8	102.8	104.0	104.4	105.5	2.8
Office and Administrative Support										
2001	84.2	84.9	85.9	86.6	4.6	87.0	87.7	88.8	89.4	4.2
2002	87.9	88.6	89.3	89.9	3.8	90.7	91.3	91.8	92.4	3.4
2003	91.0	92.0	92.8	93.3	3.8	93.1	93.9	94.4	94.7	2.5
2004	94.7	95.8	96.5	97.2	4.2	95.6	96.4	97.1	97.6	3.1
2005	98.1	98.9	99.5	100.0	2.9	98.2	99.0	99.4	100.0	2.5
2006	100.9	101.9	102.7	103.4	3.4	100.9	101.9	102.6	103.3	3.3
2007	104.5	105.4	106.0	106.7	3.2	104.5	105.4	106.0	106.7	3.3
Blue-Collar⁵										
2001	84.3	85.0	86.4	86.6	3.8	87.6	88.4	89.9	90.0	3.9
2002	87.4	88.5	89.3	89.7	3.3	90.5	91.7	92.3	92.6	2.6
2003	90.8	92.0	92.8	93.3	3.9	93.2	94.1	94.8	95.2	2.5
2004	94.8	96.1	96.5	97.1	4.3	95.8	96.7	97.1	97.5	2.5
2005	97.9	98.9	99.5	100.0	2.6	97.8	98.7	99.4	100.0	2.4
2006	100.8	102.1	103.0	103.6	2.8	100.7	101.8	102.8	103.4	2.8
2007 .....	...	...	...	...	...	...	...	...	...	...
Natural Resources, Construction, and Maintenance										
2001	104.0	105.0	105.9	106.7	4.0	104.2	105.1	106.2	107.1	3.8
2002	84.2	85.1	86.2	86.4	3.6	87.8	88.9	89.8	90.0	2.9
2003	87.3	88.1	88.8	89.5	4.0	90.6	91.3	91.9	92.4	2.8
2004	90.3	91.6	92.5	93.1	4.1	92.7	93.7	94.6	94.9	2.4
2005	94.7	95.8	96.4	97.2	3.0	95.8	96.6	96.9	97.5	2.6
2006	97.7	98.7	99.5	100.0	3.6	97.8	98.5	99.3	100.0	3.4
2007	100.7	102.2	103.1	103.7	3.0	100.7	102.0	103.0	103.7	3.6
Construction, Extraction, Farming, Fishing, and Forestry										
2001	104.4	105.7	106.5	107.4	3.8	104.7	105.8	106.7	107.8	3.6
2002	84.8	85.5	86.6	87.1	3.6	88.2	89.0	90.1	90.6	2.7
2003	88.0	88.9	89.5	90.0	4.0	91.3	92.1	92.6	93.0	2.7
2004	91.2	92.2	93.0	93.5	4.4	93.7	94.4	95.0	95.3	2.7
2005	95.2	96.3	97.1	97.5	2.9	95.9	96.7	97.4	97.7	2.6
2006	98.2	99.0	99.6	100.0	3.7	98.1	98.8	99.5	100.0	3.7
2007	100.6	101.5	102.3	102.8	3.6	100.6	101.5	102.2	102.8	4.0
Installation, Maintenance, and Repair										
2001	84.4	84.9	86.8	86.8	4.1	87.4	87.9	90.1	90.1	4.3
2002	87.4	89.1	90.0	90.1	3.8	90.4	92.2	92.9	92.9	3.1
2003	91.4	92.5	93.1	93.6	3.9	93.8	94.6	95.1	95.5	2.8
2004	95.0	96.3	96.7	97.0	3.6	95.9	96.8	97.3	97.4	2.0
2005	98.1	99.3	99.6	100.0	3.1	97.8	99.1	99.5	100.0	2.7
2006	100.9	102.1	103.0	103.4	3.4	100.7	101.6	102.6	103.0	3.0
2007	103.5	104.1	105.2	105.8	2.3	103.7	104.2	105.6	106.1	3.0

¹Includes wages, salaries, and employer costs for employee benefits.⁵Includes the following occupational groups: farming, fishing, and forestry; construction and extraction; installation, maintenance, and repair; production; and transportation and material moving.

... = Not available.

Table 6-1. Employment Cost Index, Private Industry Workers, Total Compensation¹ and Wages and Salaries, by Industry and Occupation, 2001–2007—Continued

(December 2005 = 100.)

Characteristic and year	Total compensation					Wages and salaries				
	Indexes				Percent change for 12 months (ended December)	Indexes				Percent change for 12 months (ended December)
	March	June	September	December		March	June	September	December	
Production, Transportation, and Material Moving										
2001	85.3	85.8	86.7	87.4	3.6	88.7	89.4	90.2	91.0	3.9
2002	88.4	89.1	89.7	90.3	3.3	91.9	92.4	92.8	93.3	2.5
2003	91.5	92.4	93.2	93.6	3.7	94.0	94.6	95.1	95.4	2.3
2004	95.5	96.5	97.4	97.8	4.5	96.0	96.7	97.6	97.8	2.5
2005	98.5	99.0	99.7	100.0	2.2	98.3	98.9	99.6	100.0	2.2
2006	100.4	101.1	101.7	102.3	2.3	100.6	101.2	101.8	102.4	2.4
2007	102.5	103.3	103.9	104.5	2.2	103.1	103.8	104.5	105.0	2.5
Production										
2001	84.9	85.2	86.0	86.7	3.2	88.4	89.1	89.7	90.5	3.7
2002	87.7	88.3	88.8	89.4	3.1	91.3	91.8	92.3	92.8	2.5
2003	91.0	91.7	92.5	93.0	4.0	93.6	94.1	94.8	95.1	2.5
2004	95.3	96.4	97.4	97.7	5.1	95.6	96.5	97.4	97.5	2.5
2005	98.6	99.1	99.6	100.0	2.4	98.3	98.9	99.5	100.0	2.6
2006	100.4	101.0	101.6	102.0	2.0	100.7	101.2	101.7	102.2	2.2
2007	102.1	102.8	103.2	104.0	2.0	103.1	103.6	104.2	104.6	2.3
Transportation and Material Moving										
2001	87.1	87.7	88.2	89.4	4.2	89.0	89.9	90.8	91.6	4.1
2002	90.2	90.6	91.5	92.0	3.3	92.6	93.1	93.6	94.0	2.6
2003	93.0	93.4	94.4	95.0	3.3	94.7	95.3	95.6	95.8	1.9
2004	95.9	96.7	97.2	97.7	3.7	96.4	97.1	97.9	98.2	2.5
2005	98.5	99.0	99.5	100.0	2.1	98.5	98.9	99.7	100.0	1.8
2006	100.8	101.5	102.3	103.1	2.6	100.4	101.2	102.0	102.6	2.6
2007	104.5	105.2	106.4	107.0	2.6	103.2	104.1	105.0	105.4	2.7
Service										
2001	85.8	86.7	87.7	88.5	3.8	89.7	90.2	90.6	91.7	3.4
2002	89.5	90.2	90.9	91.4	2.9	92.5	92.8	93.4	93.9	2.4
2003	92.4	93.4	94.0	94.4	3.3	94.5	94.8	95.6	96.1	2.3
2004	95.7	96.7	97.5	97.9	2.8	96.4	96.9	97.4	97.9	1.9
2005	98.3	99.0	99.8	100.0	2.4	98.6	99.0	99.6	100.0	2.1
2006	100.4	101.2	102.0	102.6	3.1	100.6	101.3	102.0	102.9	2.9
2007	103.1	104.1	104.9	105.3	3.8	104.6	105.3	106.5	107.1	4.1

¹Includes wages, salaries, and employer costs for employee benefits.