

## EMPLOYMENT COST INDEX-DECEMBER 2005

Total compensation costs for civilian workers increased 0.8 percent from September to December 2005, seasonally adjusted, the same increase that occurred between June and September, the Bureau of Labor Statistics of the U.S. Department of Labor reported today. Benefit costs between September and December rose 1.1 percent and continued to outpace the gain in wages and salaries for civilian workers, 0.8 percent. 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 civilian workers (non-farm private and State and local government).

### Quarterly changes, seasonally adjusted

Compensation cost gains for civilian, private sector, and State and local government workers were identical in the September to December quarter to their respective gains in the prior quarter. Civilian and private industry compensation costs rose 0.8 percent. For State and local government workers, compensation costs rose 1.1 percent. (See tables A and 1.)

Benefit costs advanced 1.1 percent for civilian workers in the December quarter, compared with a 1.3 percent gain in the September 2005 quarter. Private sector benefit costs rose 0.9 percent for the December quarter, following the 1.3 percent gain in the previous quarter. Benefit costs for State and local government workers increased 1.5 percent in the December quarter, compared with a 1.7 percent gain in the prior quarter.

Wages and salaries of civilian workers rose 0.8 percent in the December quarter, compared with a gain of 0.6 percent during the prior quarter. Private industry workers wages and salaries increased 0.6 percent during the December 2005 quarter, the same increases as in the previous three quarters. Wages and salaries in State and local government advanced 0.9 percent during the September to December 2005 period, following an increase of 0.7 percent in the prior quarter.

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

| Compensation Component            | Mar. 2004 | June 2004 | Sep. 2004 | Dec. 2004 | Mar. 2005 | June 2005 | Sep. 2005 | Dec. 2005 |
|-----------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| <i>Civilian workers</i>           |           |           |           |           |           |           |           |           |
| Compensation costs                | 1.1       | 0.9       | 0.9       | 0.8       | 0.7       | 0.7       | 0.8       | 0.8       |
| Wages and salaries                | 0.6       | 0.6       | 0.7       | 0.5       | 0.6       | 0.6       | 0.6       | 0.8       |
| Benefit costs                     | 2.2       | 1.6       | 1.4       | 1.6       | 1.2       | 0.8       | 1.3       | 1.1       |
| <i>Private industry</i>           |           |           |           |           |           |           |           |           |
| Compensation costs                | 1.1       | 0.9       | 1.0       | 0.8       | 0.6       | 0.6       | 0.8       | 0.8       |
| Wages and salaries                | 0.6       | 0.6       | 0.7       | 0.4       | 0.6       | 0.6       | 0.6       | 0.6       |
| Benefit costs                     | 2.2       | 1.7       | 1.3       | 1.6       | 1.1       | 0.8       | 1.3       | 0.9       |
| <i>State and local government</i> |           |           |           |           |           |           |           |           |
| Compensation costs                | 0.9       | 0.9       | 0.8       | 0.9       | 1.0       | 0.7       | 1.1       | 1.1       |
| Wages and salaries                | 0.6       | 0.5       | 0.4       | 0.6       | 0.8       | 0.5       | 0.7       | 0.9       |
| Benefit costs                     | 1.6       | 1.8       | 1.6       | 1.5       | 1.5       | 1.2       | 1.7       | 1.5       |

### Over-the-year changes, not seasonally adjusted

Annual compensation cost increased moderately for civilian and private industry workers for the year ended December 2005, compared with their over-the-year increases for December 2004. Compensation costs for civilian workers increased 3.1 percent for the year ended December 2005, which was lower than the 3.7 percent over-the-year increase for December 2004. Compensation costs in private industry rose 3.0 percent in the year ended December 2005, slowing from a 3.8 percent increase in December 2004. In contrast, compensation costs increased 4.1 percent for State and local governments for the year ended December 2005, which was greater than the over-the-year gain of 3.5 percent in December 2004.

