COMPENSATION GROWTH IN PRIVATE SECTOR LOWEST ON RECORD, BLS FINDS

Total compensation for private sector workers, including wages and benefits, rose 1.2 percent over the year ending in September, marking the lowest annual rate of compensation growth on record, according to the Bureau of Labor Statistics (BLS). In the most recent employment cost index (ECI) report, the BLS states that although the latest over-the-year change was a record low since 1980, when the index began, it was “not statistically different” from the previous record low set in June, when compensation grew 1.5 percent over the year.

Contributing to the record low rate of total private sector compensation growth were meager increases in the cost of wages and benefits. Private industry wages and salaries rose 1.4 percent over the year ending in September, the least since 1975, while the cost of benefits rose 1.1 percent over the same period, the least since 1980. Over the year ending in June 2009, wages and salaries rose 1.6 percent and benefit costs grew 1.3 percent. By comparison, over the year ending in September 2008, total compensation in private industry grew 2.8 percent, boosted by a 2.9 percent rise in wages and a 2.4 percent rise in benefit costs.

Although the ECI does not track the cost of individual benefits, the BLS separately releases unofficial figures on the cost of health insurance, one of the leading drivers of benefit cost increases for employers. Over the year ending in September, the cost of health insurance grew 4.7 percent, compared to a 3.9 percent rise over the year ending in September 2008. Meanwhile, private industry compensation grew 0.5 percent on a seasonally adjusted basis over the third quarter of 2009, more than the 0.2 percent growth posted during the second quarter of the year. Private industry wages and salaries also grew 0.5 percent between July and September, and benefit costs rose 0.3 percent, up from 0.2 percent each in the second quarter.

The total compensation costs for all civilian workers, including those in the private sector and state and local governments, increased 1.5 percent over the year ending in September, as did wages and salaries. Benefit costs, meanwhile, rose 1.6 percent for all civilian workers over the year. Over the year ending in September of last year, total compensation for civilian workers grew 2.9 percent, wages rose 3.1 percent, and benefit costs grew 2.6 percent.

State and local government compensation costs grew 2.4 percent over the year ending in September, while government wages and salaries grew 2.1 percent and benefit costs rose 3.2 percent.

Compensation costs for union-represented workers rose 0.6 percent in the third quarter and 2.9 percent over the year ending September, compared to 0.3 percent growth over three months and 0.9 percent growth over the year for nonrepresented employees. Union wages and salaries grew 0.5 percent in the third quarter, compared to 0.4 percent for nonunion workers, while benefit costs for union-represented workers grew 0.5 percent versus 0.2 percent for nonunion workers.

By industry, total compensation costs fell in the third quarter in administrative, support, waste management, and remediation services (0.2 percent) and wholesale trade (0.1 percent), while the largest quarterly increase was seen in education services (1.1 percent).

Wages and salaries fell in the third quarter in administrative, support, waste management, and remediation services (0.3 percent) and wholesale trade (0.3 percent).


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