

# News

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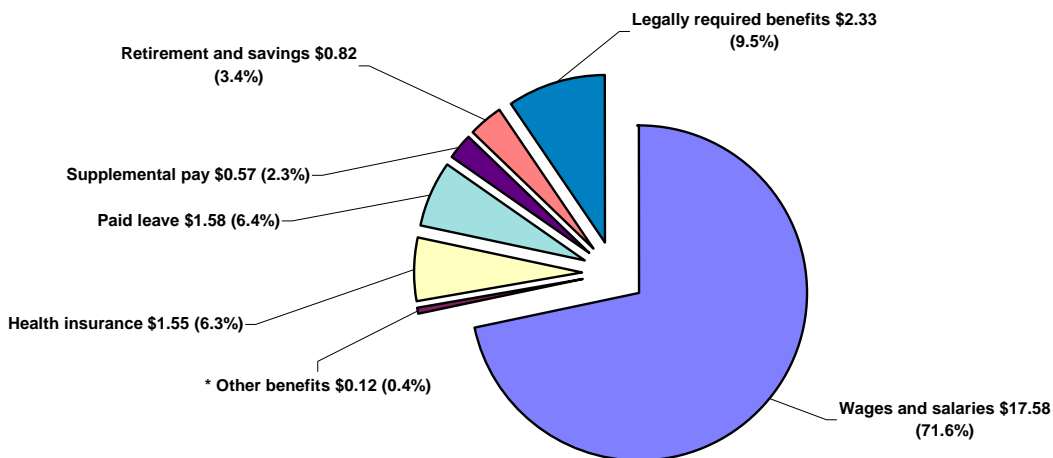
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## EMPLOYER COSTS FOR EMPLOYEE COMPENSATION WEST REGION - MARCH 2004

In the West<sup>1</sup>, the cost to private industry employers for employee compensation averaged \$24.54 an hour in March 2004 according to the Bureau of Labor Statistics of the U.S. Department of Labor. Acting Regional Commissioner Nancy Treadwell noted that compensation costs in the other regions of the country totaled \$26.29 in the Northeast, \$23.26 in the Midwest, and \$20.80 in the South. The national average was \$23.29. (See table 1.)

Beginning with this release, Employer Costs for Employee Compensation data are based on new classifications of industry and occupation: the 2002 North American Industry Classification System (NAICS) and the 2000 Standard Occupational Classification (SOC). These systems replace the 1987 Standard Industrial Classification System (SIC) and the Occupational Classification System (OCS). Effective with this release, estimates for employer costs will no longer be available by SIC and OCS. See page 6 for more details.

**Chart 1. Average employer cost per hour worked,  
West region, private industry, March 2004**



\* For this chart, "Other benefits" also includes life, short-term disability, and long-term disability insurance.

<sup>1</sup> West Region includes: Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington and Wyoming.

Wages and salaries accounted for 71.6 percent of the total compensation costs in the West, averaging \$17.58. Among the other regions, average wage and salary costs per hour worked were \$18.49 in the Northeast, \$16.53 in the Midwest, and \$15.08 in the South. Nationally, wages and salaries averaged \$16.64.

In addition to regional estimates, employer costs for the nine census divisions are also available. Within census divisions, total compensation costs ranged from \$19.98 in the Mountain division, to \$27.18 in the Middle Atlantic division. Total compensation costs in the Pacific division were \$26.40.

Total benefits averaged \$6.97 in the West and accounted for 28.4 percent of all compensation costs. Among the other three regions, the cost of benefits averaged \$7.79 in the Northeast, \$6.73 in the Midwest and \$5.72 in the South. Nationwide, benefit costs averaged \$6.65.

Among the benefit categories, legally required benefits (that is, Social Security, workers' compensation, and unemployment insurance) were the largest non-wage cost to employers averaging \$2.33 per hour worked in the West and representing 9.5 percent of total compensation costs. Social Security and workers' compensation costs, at \$1.18 and 67 cents, respectively, accounted for most of the cost of legally required benefits. (See chart 1 and table 1.)

Paid leave averaged \$1.58 per hour in the West and represented 6.4 percent of total compensation. Vacation pay accounted for half of total paid leave, while about a third went for holiday pay.

Insurance, including health, life, short-and long-term disability, averaged \$1.65 per hour worked, retirement and savings payments, 82 cents, and supplementary pay (premium pay, shift differential and nonproduction bonuses), 57 cents.

Table 1. Employer costs per hour worked for employee compensation and costs as a percent of total compensation: Private industry workers, by census region and division, March 2004

Compensation	National		Census region and division <sup>1</sup>							
			West		West divisions				Northeast	
	Cost	Percent	Cost	Percent	Mountain		Pacific		Cost	Percent
					Cost	Percent	Cost	Percent		
Total compensation.....	\$23.29	100.0%	\$24.54	100.0%	\$19.98	100.0%	\$26.40	100.0%	\$26.29	100.0%
Wage and salaries.....	16.64	71.5	17.58	71.6	14.61	73.1	18.79	71.2	18.49	70.4
Total benefits.....	6.65	28.5	6.97	28.4	5.37	26.9	7.62	28.8	7.79	29.6
Paid leave.....	1.50	6.4	1.58	6.4	1.17	5.9	1.75	6.6	1.83	6.9
Vacation.....	0.74	3.2	0.80	3.2	0.58	2.9	0.88	3.3	0.88	3.3
Holiday.....	0.52	2.2	0.53	2.2	0.38	1.9	0.59	2.2	0.64	2.4
Sick.....	0.18	0.8	0.20	0.8	0.17	0.8	0.21	0.8	0.23	0.9
Other.....	0.06	0.3	0.05	0.2	0.04	0.2	0.06	0.2	0.08	0.3
Supplementary pay.....	0.66	2.8	0.57	2.3	0.47	2.4	0.61	2.3	0.92	3.5
Overtime and premium <sup>2</sup> .....	0.24	1.0	0.24	1.0	0.21	1.1	0.25	1.0	0.22	0.8
Shift differentials.....	0.06	0.2	0.05	0.2	0.05	0.2	0.05	0.2	0.06	0.2
Nonproduction bonuses.....	0.36	1.6	0.28	1.2	0.21	1.1	0.31	1.2	0.64	2.4
Insurance.....	1.65	7.1	1.65	6.7	1.33	6.6	1.78	6.7	1.87	7.1
Life.....	0.04	0.2	0.04	0.1	0.03	0.1	0.04	0.2	0.05	0.2
Health.....	1.53	6.6	1.55	6.3	1.25	6.3	1.67	6.3	1.72	6.5
Short-term disability.....	0.05	0.2	0.03	0.1	0.02	0.1	0.03	0.1	0.06	0.2
Long-term disability.....	0.03	0.1	0.03	0.1	0.02	0.1	0.04	0.1	0.04	0.1
Retirement and savings.....	0.80	3.4	0.82	3.4	0.57	2.9	0.92	3.5	0.94	3.6
Defined benefit.....	0.37	1.6	0.38	1.6	0.19	0.9	0.46	1.7	0.40	1.5
Defined contribution.....	0.43	1.8	0.44	1.8	0.38	1.9	0.47	1.8	0.54	2.0
Legally required benefits.....	2.01	8.6	2.33	9.5	1.82	9.1	2.53	9.6	2.19	8.3
Social Security & Medicare.....	1.39	6.0	1.47	6.0	1.24	6.2	1.56	5.9	1.56	5.9
Social Security <sup>3</sup> .....	1.12	4.8	1.18	4.8	1.00	5.0	1.25	4.8	1.25	4.7
Medicare.....	0.27	1.2	0.29	1.2	0.24	1.2	0.31	1.2	0.31	1.2
Federal unemployment insurance.....	0.03	0.1	0.03	0.1	0.03	0.2	0.03	0.1	0.03	0.1
State unemployment insurance.....	0.13	0.6	0.16	0.6	0.10	0.5	0.18	0.7	0.18	0.7
Workers' compensation.....	0.45	1.9	0.67	2.7	0.45	2.2	0.76	2.9	0.42	1.6
Other benefits <sup>4</sup> .....	0.04	0.2	0.02	0.1	(5)	(6)	0.02	0.1	0.05	0.2

See footnotes at end of table.

Table 1. Employer costs per hour worked for employee compensation and costs as a percent of total compensation: Private industry workers, by census region and division, March 2004 (Continued)

Compensation	Census region and division <sup>1</sup>									
	Northeast divisions				South		South divisions			
	New England		Middle Atlantic		Cost	Percent	South Atlantic		East South Central	
	Cost	Percent	Cost	Percent			Cost	Percent	Cost	Percent
Total compensation.....	\$24.19	100.0%	27.18	100.0%	\$20.80	100.0%	\$21.33	100.0%	\$20.29	100.0%
Wage and salaries.....	17.41	72.0	18.95	69.7	15.08	72.5	15.61	73.2	14.30	70.5
Total benefits.....	6.77	28.0	8.23	30.3	5.72	27.5	5.71	26.8	5.98	29.5
Paid leave.....	1.52	6.3	1.96	7.2	1.29	6.2	1.36	6.4	1.26	6.2
Vacation.....	0.73	3.0	0.94	3.5	0.64	3.1	0.68	3.2	0.64	3.2
Holiday.....	0.55	2.3	0.68	2.5	0.44	2.1	0.46	2.2	0.42	2.1
Sick.....	0.18	0.7	0.25	0.9	0.15	0.7	0.16	0.8	0.14	0.7
Other.....	0.06	0.3	0.09	0.3	0.05	0.3	0.05	0.3	0.06	0.3
Supplementary pay.....	0.68	2.8	1.02	3.8	0.52	2.5	0.48	2.2	0.69	3.4
Overtime and premium <sup>2</sup> .....	0.22	0.9	0.22	0.8	0.22	1.1	0.21	1.0	0.24	1.2
Shift differentials.....	0.06	0.3	0.06	0.2	0.05	0.2	0.05	0.2	0.07	0.3
Nonproduction bonuses.....	0.40	1.6	0.74	2.7	0.26	1.2	0.23	1.1	0.39	1.9
Insurance.....	1.61	6.7	1.97	7.3	1.46	7.0	1.43	6.7	1.60	7.9
Life.....	0.04	0.2	0.05	0.2	0.04	0.2	0.04	0.2	0.04	0.2
Health.....	1.50	6.2	1.81	6.7	1.34	6.5	1.31	6.2	1.48	7.3
Short-term disability.....	0.04	0.2	0.07	0.3	0.04	0.2	0.04	0.2	0.05	0.3
Long-term disability.....	0.03	0.1	0.04	0.2	0.03	0.2	0.03	0.2	0.03	0.1
Retirement and savings.....	0.81	3.4	0.99	3.7	0.66	3.2	0.63	3.0	0.65	3.2
Defined benefit.....	0.32	1.3	0.44	1.6	0.29	1.4	0.23	1.1	0.28	1.4
Defined contribution.....	0.50	2.1	0.55	2.0	0.38	1.8	0.40	1.9	0.37	1.8
Legally required benefits.....	2.11	8.7	2.23	8.2	1.76	8.4	1.79	8.4	1.75	8.6
Social Security & Medicare.....	1.48	6.1	1.59	5.8	1.27	6.1	1.31	6.2	1.23	6.0
Social Security <sup>3</sup> .....	1.19	4.9	1.27	4.7	1.02	4.9	1.06	5.0	0.99	4.9
Medicare.....	0.29	1.2	0.32	1.2	0.25	1.2	0.26	1.2	0.24	1.2
Federal unemployment insurance.....	0.03	0.1	0.03	0.1	0.03	0.2	0.03	0.2	0.03	0.2
State unemployment insurance.....	0.19	0.8	0.18	0.7	0.09	0.4	0.08	0.4	0.10	0.5
Workers' compensation.....	0.40	1.7	0.43	1.6	0.36	1.7	0.36	1.7	0.39	1.9
Other benefits <sup>4</sup> .....	0.03	0.1	0.06	0.2	0.03	0.1	0.03	0.1	0.02	0.1

See footnotes at end of table.

Table 1. Employer costs per hour worked for employee compensation and costs as a percent of total compensation: Private industry workers, by census region and division, March 2004 (Continued)

Compensation	Census region and division <sup>1</sup>							
	South divisions		Midwest		Midwest divisions			
	West South Central		Cost	Percent	East North Central		West North Central	
	Cost	Percent			Cost	Percent	Cost	Percent
Total compensation.....	\$20.16	100.0%	\$23.26	100.0%	\$23.88	100.0%	\$21.79	100.0%
Wage and salaries.....	14.55	72.2	16.53	71.1	16.76	70.2	16.00	73.4
Total benefits.....	5.61	27.8	6.73	28.9	7.13	29.8	5.80	26.6
Paid leave.....	1.20	5.9	1.44	6.2	1.52	6.4	1.27	5.8
Vacation.....	0.58	2.9	0.71	3.1	0.74	3.1	0.64	2.9
Holiday.....	0.43	2.1	0.50	2.2	0.53	2.2	0.43	2.0
Sick.....	0.14	0.7	0.16	0.7	0.17	0.7	0.14	0.7
Other.....	0.05	0.2	0.07	0.3	0.08	0.3	0.05	0.2
Supplementary pay.....	0.52	2.6	0.71	3.0	0.78	3.3	0.54	2.5
Overtime and premium <sup>2</sup> .....	0.23	1.1	0.28	1.2	0.30	1.3	0.24	1.1
Shift differentials.....	0.04	0.2	0.07	0.3	0.08	0.3	0.06	0.3
Nonproduction bonuses.....	0.25	1.2	0.35	1.5	0.40	1.7	0.24	1.1
Insurance.....	1.44	7.1	1.75	7.5	1.86	7.8	1.48	6.8
Life.....	0.04	0.2	0.04	0.2	0.05	0.2	0.04	0.2
Health.....	1.33	6.6	1.62	7.0	1.73	7.2	1.37	6.3
Short-term disability.....	0.04	0.2	0.05	0.2	0.05	0.2	0.05	0.2
Long-term disability.....	0.03	0.1	0.03	0.1	0.03	0.1	0.03	0.1
Retirement and savings.....	0.72	3.6	0.84	3.6	0.90	3.8	0.69	3.2
Defined benefit.....	0.38	1.9	0.45	1.9	0.49	2.1	0.34	1.6
Defined contribution.....	0.34	1.7	0.39	1.7	0.41	1.7	0.35	1.6
Legally required benefits.....	1.71	8.5	1.94	8.3	2.00	8.4	1.78	8.2
Social Security & Medicare.....	1.22	6.0	1.38	5.9	1.42	5.9	1.27	5.8
Social Security <sup>3</sup> .....	0.98	4.9	1.10	4.7	1.14	4.8	1.00	4.6
Medicare.....	0.24	1.2	0.27	1.2	0.28	1.2	0.27	1.2
Federal unemployment insurance.....	0.03	0.2	0.03	0.1	0.03	0.1	0.03	0.2
State unemployment insurance.....	0.11	0.5	0.13	0.6	0.14	0.6	0.11	0.5
Workers' compensation.....	0.36	1.8	0.40	1.7	0.41	1.7	0.37	1.7
Other benefits <sup>4</sup> .....	0.02	0.1	0.05	0.2	0.06	0.3	0.03	0.1

<sup>1</sup>The States that comprise the census divisions are: New England: Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont; Middle Atlantic: New Jersey, New York, and Pennsylvania; South Atlantic: Delaware, District of Columbia, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, and West Virginia; East South Central: Alabama, Kentucky, Mississippi, and Tennessee; West South Central: Arkansas, Louisiana, Oklahoma, and Texas; East North Central: Illinois, Indiana, Michigan, Ohio, and Wisconsin; West North Central: Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, and South Dakota; Mountain: Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, and Wyoming; and Pacific: Alaska, California, Hawaii, Oregon, and Washington.

<sup>2</sup>Includes premium pay for work in addition to the regular work schedule (such as overtime, weekends, and holidays).

<sup>3</sup>Comprises the Old-Age, Survivors, and Disability Insurance (OASDI) program.

<sup>4</sup>Includes severance pay and supplemental unemployment benefits.

<sup>5</sup>Cost per hour worked is \$0.01 or less.

<sup>6</sup>Less than .05 percent.

Note: The sum of individual items may not equal totals due to rounding.

## **EXPLANATORY NOTES**

Employer Costs for Employee Compensation (ECEC) measures the average cost per employee hour worked that employers pay for wages and salaries and benefits.

Employer costs for employee compensation cover all occupations in private industry, excluding farms and households. The March 2004 levels of employer costs for employee compensation were calculated using March 2004 employment counts from the Bureau of Labor Statistics' Current Employment Statistics (CES) program, benchmarked to the 2003 universe of all private nonfarm establishments.

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 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, non-production bonuses, and 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 are: paid leave -- vacations, holidays, sick leave, and other leave; supplemental pay -- premium pay for work in addition to the regular work schedule (such as overtime, weekends, and holidays), shift differentials, nonproduction bonuses, and lump-sum payments provided in lieu of wage increases; insurance benefits -- life, health, short-term disability, and long-term disability insurance; retirement and savings benefits -- defined benefit and defined contribution plans; legally required benefits -- Social Security and Medicare, Federal and state unemployment insurance, and workers' compensation; and other benefits -- severance pay and supplemental unemployment plans.

Beginning with the March 2004 estimates, the ECEC percent of total compensation estimates are calculated from dollar aggregates and then rounded to the published level of precision. This change in method will provide the most precise estimates of the percent of total compensation; however, estimates of the percentage of total compensation calculated from the published cost estimates may differ slightly from those calculated from the unpublished dollar aggregates.

Sample establishments are classified by industry categories based on the 2002 North American Industry Classification (NAICS) system, as defined by the U.S. Office of Management and Budget. 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. For more detailed information on NAICS and SOC, including background and definitions, see the BLS websites: (<http://www.bls.gov/bls/naics.htm> and <http://www.bls.gov/soc/home.htm>).

Historical data and related articles on the ECEC are included in the bulletin, Employer Costs for Employee Compensation, 1986-99 (Bulletin 2526). An historical summary from 1986 through 2002 is also being prepared and will be available in the future on the Internet site (<http://www.bls.gov/ncs/ect>) or upon request. Information on how costs are calculated appears in "Measuring Trends in the Structure and Levels of Employer Costs for Employee Compensation," Compensation and Working Conditions, Summer 1997. An article on changes in employer

compensation costs appears in "Tracking Changes in Benefit Costs," Compensation and Working Conditions, Spring 1999.