

Need Help with Determining Pay Raises?

When considering rates of pay, here are a few resources that might help:

Occupational Employment Statistics (OES)

A good place to start when looking at adjusting pay rates is the Occupational Employment Statistics (OES) survey data. The OES survey is a federal-state cooperative statistical program between the U.S. Department of Labor, Bureau of Labor Statistics (BLS), and state workforce agencies. In Florida, the OES program produces wage estimates for over 750 individual occupations for the state and 23 sub-state areas.

If a business is looking to provide a cost-of-living pay increase, it may be worthwhile to first look at the OES wage estimates to determine what wages are typical for those occupations you employ. Florida Occupational Employment Statistics survey data can be found online at: www.labormarketinfo.com/library/oes.htm or at: www.floridawages.com. More information about the OES program can be found on the Bureau of Labor Statistics web site at www.bls.gov/oes/.

Consumer Price Index (CPI)

The CPI is another data source that can be used to help determine cost-of-living pay raises. According to the Bureau of Labor Statistics (BLS), the agency that produces this index, the CPI "represents changes in prices of all goods and services purchased for consumption by urban households." To produce the index, BLS measures the monthly change in the market price of a predefined basket of consumer goods. The monthly index allows for the analysis of price changes in our economy over time. Information about the CPI can be found on the Bureau of Labor Statistics web site at www.bls.gov/cpi/.

Because it measures prices over time, the CPI is the most widely regarded measure of inflation within our economy. The CPI may be used to help adjust pay rates, but it is important to note that it is not a true cost-of-living measure. For information about using the Consumer Price Index as a cost-of-living index and other frequently asked questions about the CPI, visit www.bls.gov/cpi/cpifaq.htm.

Employment Cost Index (ECI)

The ECI is another index produced by BLS which measures the change in the cost of labor over time. In other words, the ECI measures the actual change in employee compensation over time. Included in this index are data on wages and salaries as well as benefits. The ECI is published quarterly from the results of the National Compensation Survey of employers and

is one of the principal economic indicators used by the Federal Reserve Bank. More information about the Employment Cost Index can be found online at www.bls.gov/ncs/eci/.

Although both the CPI and ECI indexes measure the change in costs in the economy, the ECI specifically monitors changes in employment costs of labor while the CPI measures changes in consumer's costs for products. Also, total compensation data are available from the ECI, as well as separate data on wages and salaries or the benefits component.



Final Thoughts

There are many factors that can go into calculating a cost-of-living pay raise. The OES, CPI, and ECI data are some examples of information that can be used. When deciding which data to use, one must determine which compensation standard is wanted for employees. To increase employees' compensation so that purchasing power is maintained, commonly known as a COLA or cost-of-living adjustment, then the CPI would be a good source of data. However, if one wants employees' salaries to remain competitive within the labor market, then the ECI or OES information could be utilized.