Compensation Costs in State and Local Governments
March 1991 to March 2003

Total Compensation Costs

- Total compensation costs for state and local governments were $32.62 per hour worked in March 2003, up from $22.31 in March 1991, according to data released by the Bureau of Labor Statistics (BLS). Since March 1991, total compensation costs have increased at an average annual rate of 3.2 percent.

- Among occupation groups in state and local governments, teachers had the highest total compensation costs, at $45.97 per hour worked, in March 2003. Administrative support occupations had the lowest total compensation costs, at $21.02 per hour worked.

- Among industry groups, higher education services had the highest total compensation costs, at $38.03 per hour worked in March 2003. Health services had the lowest total compensation costs, at $27.20 per hour worked.

Employee Benefits as a Percentage of Total Compensation Costs

- The cost of employee benefits increased at an average annual rate of 3.1 percent from March 1991 to March 2003. In March 1991, benefit costs were $6.79 per hour worked, or 30.4 percent of total compensation. In March of 2003, benefit costs were $9.77, or 30.0 percent of total compensation.

- From March 1991 to March 1998, employee benefits, as a percentage of total compensation costs, changed only slightly—from 30.4 percent to 30.2 percent. In March 1999, benefit costs declined nearly one percentage point to 29.4 percent of total compensation costs. This decline continued into 2001, with benefits costs declining to 29.0 percent of total compensation in March 2001. By March 2003, benefit costs had increased to 30.0 percent of total compensation costs.

- State and local governments’ health insurance costs, as a percentage of total compensation, increased from March 1991 (6.9 percent) to March 1994 (8.2 percent). Health insurance costs then declined, reaching 7.5 percent by March 1997 and 1998. Since then, health insurance costs have risen again, reaching 9.2 percent of total compensation cost in March 2003.

- Retirement and savings benefits costs have declined steadily for state and local governments. In March 1991, these benefits accounted for 8.3 percent of total compensation costs, and by March 2003 they represented 5.7 percent of these costs.

- BLS data indicate that offering defined contribution plans is a small but growing trend among state and local governments. In March 1991, defined contribution plan costs as a percentage of total compensation amounted to less than 0.1 percent. By March 2003, this percentage had increased to 0.7 percent.

- Service occupations had the highest percentage of total compensation costs accounted for by benefits, 35.8 percent in March 2003. Teachers had the lowest percentage of total compensation costs accounted for by benefits, at 24.8 percent.

- Public administration had the highest percentage of total compensation costs accounted for by benefits, at 34.4 percent in March 2003. Elementary and secondary education services had the lowest percentage of total compensation costs accounted for by benefits, at 26.3 percent.

For more information, contact Ken McDonnell (202) 775-6342.