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Where—and How Much—Do Employers Spend on Compensation?

WASHINGTON—Employers spent nearly \$8 trillion on total compensation for workers in 2007. Where was that money allocated?

As the chart below shows, *wages and salaries* accounted for the largest share, \$6.4 trillion (or 81.4 percent), while *benefits* made up the remainder, \$1.5 trillion (or 18.6 percent). Also, total employer spending on health benefits is beginning to approach the amount spent on retirement benefits. The chart also contains similar data for selected years going back to 1960. Details appear in the November 2008 *EBRI Notes*, available at www.ebri.org/pdf/notespdf/EBRI_Notes_11-2008.pdf

Employer Spending on Benefits, 1960–2007

	1960	1970	1980	1990	2000	2007
	(\$ billions)					
Total Compensation	\$296.5	\$617.1	\$1,651.1	\$3,337.5	\$5,781.8	7,810.7
Wages and Salaries ^a	272.8	551.5	1,377.4	2,754.0	4,829.8	6,355.7
Total Benefits	23.6	65.5	273.7	583.5	952.6	1,454.9
Retirement income benefits	14.1	40.1	160.1	292.9	458.8	693.9
Social Security (OASDI)	5.6	16.2	55.6	137.3	233.3	307.5
Private employers	4.9	13.1	55.3	63.8	113.5	199.9
Public employers	3.7	10.8	49.2	91.8	112.0	186.4
State and local governments	1.8	5.1	19.1	33.0	39.6	69.2
Federal government	1.9	5.7	30.1	58.8	72.4	117.2
Civilian retirement	0.8	2.0	15.9	28.7	41.3	54.3
Military retirement	0.8	3.2	12.5	27.5	28.2	60.2
Railroad retirement	0.3	0.5	1.7	2.6	2.9	2.7
Health benefits	3.4	14.6	73.0	211.9	399.6	623.1
Medicare hospital insurance	0.0	2.3	11.6	33.5	67.0	88.5
Group health insurance	3.4	12.1	61.0	176.9	331.4	532.1
Military medical insurance ^b	0.0	0.2	0.4	1.5	1.2	2.5
Other Benefits	6.1	10.8	40.6	78.6	94.2	138.0
Unemployment insurance	3.0	3.8	17.2	24.5	29.8	42.5
Workers' compensation	2.0	4.6	19.3	46.9	52.0	78.2
Group life insurance	1.1	2.4	4.1	7.2	12.4	17.3

Source: Employee Benefit Research Institute tabulations of data from the U.S. Department of Commerce, Bureau of Economic Analysis, *National Income and Product Accounts of the United States*. www.bea.doc.gov/bea/dn/nipaweb/index.asp

For additional years of data, see EBRI's *Databook on Employee Benefits*, chapter 2, which contains data in current dollars and inflation-adjusted dollars: www.ebri.org/pdf/publications/books/databook/DB_Chapter%2002.pdf

^a Includes paid holidays, vacations, and sick leave taken.

^b Consists of payments for medical services for dependents of active duty military personnel at nonmilitary facilities.

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