

## Report Shows Employer Total Compensation Costs Increased in Late 2023

A [recent report](#) from the U.S. Bureau of Labor Statistics (BLS) found that employers spent 3.8% more on total compensation in December 2023 than in September 2023. This increase is a sizable jump in just a three-month period. Total compensation factored into this report includes both wages and benefits (e.g. paid leave, health insurance, legally required benefits).

In December 2023, total employer compensation costs for private-industry workers averaged \$43.11 per hour worked. Wages and salaries accounted for \$30.33 of this total, while benefit costs averaged \$12.77. Of the benefits costs, employers spent the following per hour for private-industry workers:

- Paid leave: \$3.26
- Legally required benefits: \$3.17
- Insurance: \$3.14
- Supplemental pay: \$1.71
- Retirements and savings: \$1.50

As expected, employers are increasing their compensation packages to meet employee demands. In 2023, the Salary Budget Planning Survey by WTW found that U.S. employers planned an average salary increase of 4% in 2024.

While employers continue to increase their total compensation, these raises are not making a

meaningful impact on workers. A report from the American Staffing Association and the Harris Poll found that 53% of surveyed workers did not feel their paychecks were keeping up with the pace of inflation. This finding stays consistent with other recent reports, such as a poll from Bankrate in late 2023 that found that over half of workers (53%) say their earnings lost ground against inflation.

**“While inflation has come down, broadly speaking, prices have not. There is a kind of continuing, virtual sticker shock that continues to weigh on the minds and pocketbooks of consumers that is meaningful.”**

- Mark Hamrick, Bankrate senior economic analyst

To illustrate this, the February [Consumer Price Index Summary](#) from the BLS reported a year-over-year increase of 3.2% for the all-items index. This level of inflation is a decrease from the pandemic-era peak of a 9.1% increase in June 2022 but still impacts workers who are struggling to keep up with increasing costs.

### Employer Takeaway

This report confirms what most employers have experienced. Many employers are raising pay and striving to offer a competitive total compensation package, but the market remains difficult amid changing worker demands, continued inflation and rising health care costs.

Employers should continue to monitor market trends regarding wages and benefits and consider strategies to maximize costs. Contact us today for more resources.