

## FORECASTED EMPLOYMENT COST INCREASED



Everyone dreads the word inflation but the forecasted employment cost increased more than experts thought it would, which is going to cause inflation to stay increased. July through September showed a .3% increase in the cost of employment. A Bloomberg news survey showed that there are many more increases scheduled to occur in employment costs. There are tons of people in America unemployed and there are no signs of mercy. The past 30 months have shown at least a 9% unemployment rate. "Labor costs remain well-contained, as we would expect during a period of high unemployment. That factors positively for corporate profits, but it also suggests that wages are suffering, and that is contributing to stagnate real disposable income." Stated Robert Dye is the top economist at Comerica Inc. However, although the cost of employment keeps rising people are still hoping that something changes. The cost of employment in the second quarter is supposed to increase by at least .4%. What is the cost of employment for? The cost of employment is actually what it costs an employer to keep employees. **More About Wages & Salaries** When a company hires employees most of their money goes towards wages and expenses. This might be why a lot of times you see owners working a lot of shifts themselves. The total amount companies spend on wages totals out to around 70% of their overall expenses. The cost of benefits continues to increase. The past quarter showed an increase of around 0.4%. The cost of wages also improved to 1.6%. Other areas like benefit expenses have also increased, which means it is costing more money for companies to provide benefits to their employees. Government workers are seeing a major issue in job losses. The most recent job loss in government positions was the biggest since 1982. **Details with Railroad** Union Pacific Corporation has seen a large increase in employment costs. Some costs of labor were thrown on companies when they did not expect this for another few years. It is hard to remain prepared because more companies are seeing expenses now in the labor force that they did not expect to see for many years to come. "Some companies saw large gains in labor-related costs that they expect to ease in the coming year. Union Pacific Corp., the biggest railroad in North America by sales, had a 9 percent increase in compensation and benefits costs in the third quarter from a year earlier", chief financial officer Robert Knight. The little things are adding up like pension and healthcare and this is adding to the overall cost of employment for businesses and companies. There is nothing a company can do to stop these costs because they are vital to the employees. Although employment costs are going up, most companies have to sit back and pay the fees.