

National Compensation Survey: Questions and Answers



Hourly earnings¹ for selected occupations, all workers², Albuquerque, NM, February-March 1996

U.S. Department of Labor
Bureau of Labor Statistics

Occupation ³	All Industries			Private Industry			State and local government	
	Mean	Median	Middle range	Mean	Median	Middle range	Mean	Median
Occupations excluding sales	12.99	10.47	7.21 - 16.48	12.63	10.07	7.00 - 15.14	14.30	11.84
Similar occupations	15.82	13.25	8.95 - 19.59	15.34	12.88	7.93 - 21.53	17.99	15.97
Professional, specialty, and technical occupations	20.63	18.89	15.14 - 24.15	20.85	18.89	15.00 - 25.10	21.40	18.90
Professional specialty occupations	22.66	20.86	16.47 - 26.05	23.48	21.83	16.57 - 30.01	24.43	19.95
Electrical and electronic engineers	21.95	21.92	17.69 - 25.48	21.95	21.92	17.69 - 25.48	-	-
Industrial engineers	25.71	-	-	25.71	-	-	-	-
Computer systems analysts and scientists	20.95	20.39	15.92 - 25.00	20.34	20.34	-	-	-
Registered nurses	18.24	17.76	15.75 - 19.81	17.86	17.24	-	-	-
Social workers	15.20	-	-	-	-	-	-	-
Lawyers	26.66	-	-	-	-	-	-	-
Architectural occupations	15.33	15.38	11.78 - 18.59	15.55	-	-	-	-
Clinical laboratory technologists and technicians	14.25	-	-	-	-	-	-	-
Radiological technicians	15.07	-	-	15.07	-	-	-	-
Licensed practical nurses	12.08	-	-	12.08	-	-	-	-
Health technologists and technicians, N.E.C.	10.90	10.45	8.29 - 11.78	-	-	-	-	-
Electrical and electronic technicians	16.51	-	-	16.51	-	-	-	-
Drafters	10.58	-	-	10.58	-	-	-	-
Legal assistants	16.14	-	-	-	-	-	-	-
Technical and related occupations, N.E.C.	15.15	-	-	15.70	-	-	-	-
Executive, administrative, and managerial occupations	21.34	17.39	14.38 - 26.31	21.84	17.39	14.38 - 26.31	21.84	17.39
Financial managers	20.09	-	-	19.83	-	-	-	-
Administrators, education and related fields	26.27	-	-	26.27	-	-	-	-
Managers, medicine and health	26.70	-	-	26.70	-	-	-	-
Managers, service organizations, N.E.C.	15.03	-	-	14.60	-	-	-	-
Administrative support workers, N.E.C.	10.90	10.45	8.29 - 11.78	10.90	10.45	8.29 - 11.78	10.90	10.45
Production occupations	12.00	10.39	8.29 - 13.18	12.00	10.39	8.29 - 13.18	12.00	10.39
Transportation and material moving occupations	12.21	6.00	3.00 - 13.18	12.21	6.00	3.00 - 13.18	12.21	6.00
Construction occupations	13.70	12.25	10.00 - 20.01	13.70	12.25	10.00 - 20.01	13.70	12.25
Service occupations	11.91	10.47	8.29 - 13.18	11.91	10.47	8.29 - 13.18	11.91	10.47



Transportation and Utilities

Manufacturing

Construction

Preface

The Bureau of Labor Statistics (BLS) is developing a comprehensive compensation program to produce a variety of compensation statistics, which will be fully implemented early in the 21st century to produce a variety of compensation statistics. This comprehensive program, the National Compensation Survey (NCS), will integrate data from three BLS programs—the Occupational Compensation Survey (OCS), the Employment Cost Index (ECI), and the Employee Benefits Survey (EBS). (The original name for this integrated program was COMP2000.)

BLS designed this pamphlet to introduce the National Compensation Survey to the general public. The pamphlet will 1) answer frequently asked questions about the NCS, 2) familiarize users of NCS data with collection methods and appropriate uses of the data, and 3) help users of the NCS better understand the data that will be produced.

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1. What is the National Compensation Survey (NCS)?

The National Compensation Survey is a new BLS survey of employers to collect data on employee salaries, wages, and benefits. This survey is designed to produce data at local levels, within broad regions, and nationwide. The NCS eventually will replace three existing BLS surveys: The Employment Cost Index (ECI), the Occupational Compensation Survey (OCS), and the Employee Benefits Survey (EBS). Presently, the survey sample for NCS is projected to be approximately 25,000 establishments, selected in 154 metropolitan and nonmetropolitan areas. An establishment typically is defined as a single physical location of an employer. When the integration of the three existing surveys is complete early in the 21st century, the National Compensation Survey will publish data on occupational wage rates and employee benefits, as well as an index measuring changes in labor costs.

2. Why is BLS merging three existing surveys into one compensation program?

Establishments will no longer be asked to participate in each of the three current surveys. By combining three programs, BLS will be able to: (1) Reduce respondent burden and improve cooperation; (2) eliminate duplicate data collection and processing; (3) develop more efficient and streamlined collection and processing techniques; (4) improve the quality of published data; (5) produce a variety of local and national data; and (6) address budget constraints.

3. How does NCS differ from the Occupational Compensation Survey (OCS)?

The National Compensation Survey will provide a number of advantages for data users over the Occupational Compensation Survey. NCS will feature a greater variety of occupations in each metropolitan area; the occupations will be representative of jobs in establishments within the specific area surveyed. (OCS surveyed only about 45 occupations.) Job levels within each occupation in an area will be comparable with job levels for other occupations in the same, and other, areas. Occupational earnings data in NCS will be tabulated by industry group, full- and part-time status, union and non-union status, time and incentive, and establishment employment size. Eventually, establishments surveyed by NCS will be selected from all private and State and local government establishments, rather than being limited to establishments with 50 or more employees as was the case under OCS.

4. How does BLS collect data for the NCS?

BLS chooses establishments for NCS, using probability techniques based on employment, industry, and geographic location. The list of establishments from which the survey sample is selected (the sampling frame) is developed primarily from State unemployment insurance reports. NCS data come from payroll reports and job descriptions. A BLS field economist initially visits each establishment to be surveyed and records general information about the number

of employees and the type of work performed in the establishment. Detailed data for some occupations in the establishment also are collected. (For each selected occupation, information on job duties and responsibilities, hours worked, and earnings are among the items requested.) After collection, BLS reviews the data for accuracy. To be published, data must meet BLS confidentiality requirements and fall within specified statistical standards. Relative standard errors are provided in area bulletins for selected groups and occupations.

5. Who uses NCS data and how?

NCS data are used by private companies, labor organizations, and government agencies to help determine compensation rates. Private companies utilize these data when considering new locations for their establishments, and to compare their wage and salary levels with those of other firms. Business and labor organizations use NCS as a source of unbiased data. NCS data also are being evaluated for use in determining prevailing wages for certain work done under Federal contract. (See Q and A number 16.) Additionally, economic and academic researchers find NCS data useful.

6. What types of earnings data are produced by NCS?

Hourly earnings (mean, median, and percentiles) are reported by occupation for private industry and for State and local government. Earnings data are also published by occupational group and level, full- and part-time status, union and non-union workers, industry, and establishment employment size. Select

data are broken out for workers whose earnings are based on “time” (hourly or weekly rates) or “incentive” (earnings include productivity payments such as piece rates, commissions, and production bonuses).

7. What items are included in “earnings” for an occupation?

Earnings are the straight-time hourly wages or salaries paid to employees. Earnings include incentive pay, cost-of-living adjustments, and hazard pay. Excluded are premium pay for overtime, vacations, and holidays; nonproduction bonuses; shift differentials; and tips.

8. What do the “mean,” “median,” and “percentiles” of earnings for an occupation represent?

Mean hourly earnings are computed by totaling the straight-time pay of all workers and dividing by the total number of workers, weighted by hours. Mean earnings represent an “average” pay level. The 10th, 25th, 75th, and 90th percentiles designate position in the earnings distribution. At the 50th percentile- the median- half of the workers receive the same as or more than, the rate shown; and half receive the same as or less than the rate shown. At the 25th percentile, one-fourth of the workers earn the same as, or less than, the rate shown. At the 75th percentile one-fourth earn the same as, or more than, the rate shown. The 10th and 90th percentiles follow the same logic.

9. How are occupations classified by NCS?

NCS classifies each occupation into one of 480 occupations that are part of the Census occupational classification system. This is a hierarchical classification system that divides occupations into Major Occupational Groups (MOG’s) and, in some cases, sub-MOG’s. This occupational classification structure was chosen for NCS, because it is currently used in the Employment Cost Index. NCS will switch to the new Standard Occupational Classification (SOC) system over the next several years. The SOC system is undergoing revision; all Federal statistical programs will be required to use that system in the near future.

10. How does NCS select occupations for inclusion in the survey?

Occupations are chosen through probability selection. Probability Selection of Occupations (PSO) is designed to obtain a statistically representative sample of occupations for both a survey area and nationwide. The resulting data are weighted to represent all workers, without bias. This PSO method allows for the possibility of publishing data for any occupation in a survey area- not just those occupations on a preselected list. Data will be published for major occupational groups (MOG’s), sub-MOG’s, and some specific occupations.

11. What do the “levels” under selected occupations represent?

Generic leveling is a method BLS uses to rank and compare all occupations for publication. Job levels represent different duties and responsibilities within an occupation. Levels are derived from generic standards used for all occupations, so occupational pay can be compared at each job level. A common point-factor analysis is applied to each occupation to measure the requirements of the position and derive the job levels. Each selected job can be slotted into a work level based on 10 factors: Knowledge, supervision received, guidelines, complexity, scope and effect, personal contacts, purpose of contacts, physical demands, work environment, and supervisory duties. BLS has available a booklet that describes how businesses can use the generic leveling system to determine the work level of their own particular jobs. This booklet, “Evaluating Your Firm’s Jobs and Pay,” may be obtained free of charge from the Bureau of Labor Statistics, Division of Information Services, 2 Massachusetts Avenue, NE, Room 2860, Washington DC 20212. Similar information is available in each published NCS bulletin and also will be available on the Internet in early 1998.

12. What geographic detail will NCS data provide?

The answer to this is still uncertain. There are 154 metropolitan and nonmetropolitan areas included in the NCS sample. The current plan is to aggregate individual area data into data for the 9 Census regions (New England, Middle Atlantic, East South

Central, South Atlantic, East North Central, West North Central, West South Central, Mountain, and Pacific) and to aggregate all areas into a total for the U.S. As the program is implemented, data for each individual area will be evaluated; and data will be published for as many of the 154 areas as possible.

13. Can occupational earnings be compared across geographic areas?

Yes, earnings for occupational groups, occupational levels, and specific occupations all can be compared across geographic areas. These comparisons allow data users to determine differences in pay rates for similar work between metropolitan areas. However, users must be sure to compare the same occupational groups and category of workers when observing differences in pay rates by geographic area, and be aware that occupational differences among areas may reflect a different set of economic and industrial characteristics.

14. If earnings data for an occupation are not published for a particular metropolitan area, what other options are available to determine wage rates for the occupation?

Two methods are available: (1) Check the specific metropolitan area bulletin for jobs comparable to the jobs in your organization. If the specific job is not available, look for data by job group (MOG or sub-MOG), or (2) use the point-factor analysis on jobs in your own organization to determine the generic levels of those jobs; then compare the compensation at

that generic level to local and national averages. For each selected occupation, NCS produces data for the "generic level"- a system that applies to all jobs and permits employers to determine the work level of their own selected jobs.

15. How can NCS data be used to to negotiate wage contracts?

Mean and median wages for occupations and for occupational groups in an area can be used as a point of departure for wage negotiations. If certain occupations are not published, data on "benchmark occupations"— those occupations that may be common in a number of establishments—may be used to compare an employer's pay to pay in the area. In the future, NCS indexes, providing the rate of change in wages, may be used for similar purposes..

16. How do NCS earnings data relate to the "prevailing wage rate" some employers are obligated to pay in a metropolitan area?

Legislation such as the Service Contract Act and the Davis-Bacon Act requires employers to pay the "prevailing wage rate" of the area for certain types of work. In such cases, a Government agency, such as the Employment Standards Administration (ESA), may use BLS survey data as a tool in determining the prevailing rate; but the survey results are not automatically "the prevailing rate." The Bureau does not set, nor enforce, prevailing wage rates. At this time, ESA is evaluating the results of NCS tests to determine how the data can be used in its wage determination process.

17. How can NCS average hourly rates be less than the minimum wage?

NCS does not automatically exclude workers paid less than the minimum wage by their employer. Several factors contribute to certain average hourly rates being less than the minimum wage: (1) Tipped workers have a lower wage than most other workers and frequently are paid less than the minimum wage; (2) at this time, tips are not included in reported earnings; and (3) some workers are exempt from Federal minimum wage laws.

18. Are NCS results available on the Internet?

NCS results are available in a variety of formats. Published data are available on the NCS Internet page (<http://www.bls.gov/comhome.htm>). Data also are available in bulletins and news releases published regularly by the Bureau of Labor Statistics.

19. What future developments does BLS have planned for NCS?

BLS is testing the collection and publishing of benefit data, wage trend data, and other compensation characteristics. Following this testing, BLS will begin collection of wage and benefit information including employer costs, employee costs, number of workers covered, and plan provisions to produce compensation indexes and statistics on benefit provisions and incidence. These new series will supplant the current ECI and EBS programs. Some types of data that may be available from NCS in the future include

information on the number of union and non-union workers, pay practices of establishments, and other establishment practices, such as training or wellness programs.

20. Where can I get more information on NCS?

Further information may be obtained from the BLS Division of Information Services or any of the eight BLS regional offices (listed at the end of this pamphlet). Survey specialists are available by contacting the NCS program office at (202) 606-6220. Information on the National Compensation Survey is available on the Internet (<http://www.bls.gov/comhome.htm>). Send e-mail to ocltinfo@bls.gov concerning any questions, concerns, or suggestions regarding the NCS.

Your Contacts For Labor Statistics

Bureau of Labor Statistics Regional Offices can help meet your economic information needs and can answer questions about participating in BLS surveys.

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