

BLS prepares to broaden scope of its white-collar pay survey

The Survey of Professional, Administrative, Technical, and Clerical Pay is being expanded to cover more services industries and small establishments; in 1987 and 1988, test studies also will be conducted to plan for an even broader based survey of pay and benefits for white-collar workers

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Over the last 25 years, the Bureau of Labor Statistics' annual Survey of Professional, Administrative, Technical, and Clerical Pay (PATC survey) has become a key source of information on salaries for a number of occupations. For example, the 1985 survey reported on 25 occupations—ranging from file clerk and drafter to attorney and engineer—by salary and employment. Because occupations typically are divided by BLS into two or more work levels (defined by specific duties and responsibilities), pay variations related to level characteristics are readily identifiable.¹

An expansion of survey coverage over the 1986–87 period will increase the usefulness of PATC findings. Prior to 1986, the survey was limited to medium and large establishments. It covered most private sector industries but excluded important portions of the services industries, such as hotels, hospitals, and educational institutions. By mid-1987, the survey will have expanded to smaller establishments and all private services industries. In addition, BLS is planning test studies in 1987 and 1988 to assist in developing a new, broad-based survey of white-collar pay and benefits in the private and public sectors that will eventually replace the PATC survey.

The 1986–87 coverage enhances the occupational data reported previously in the PATC survey. The expansion also

permits additional occupations to be surveyed, especially in the health-related field, and allows more intensive analysis of findings.²

The 1987–88 test studies will address the following issues: the feasibility of including, in a broad-based survey of occupational pay levels and structures, such important jobs as teachers and salesworkers; ways to implement a probability-based selection of jobs for such a survey; approaches for measuring employee benefits as well as pay; and the feasibility of accounting in an establishment-based survey for the importance of employee characteristics, such as education and experience, as explanations for pay variation among employees in a given occupation.

Survey background

From its inception in 1959–60, the PATC survey has been closely related to the pay-setting process for white-collar employees of the Federal Government. The Federal Salary Reform Act of 1962 established the principle of making salary rates for these employees comparable to those in private industry for the same levels of work. The comparability principle was continued in the Federal Pay Comparability Act of 1970, which currently governs general pay adjustments for Federal white-collar employees.

Under the 1970 Act, a Pay Agent designated by the President (currently, the Secretary of Labor and the directors of the Office of Management and Budget and the Office of

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Personnel Management) sets up comparability procedures and reports annually to the President. The report compares salaries of Federal employees with those paid in private industry for the same levels of work, as determined by the PATC survey.

The Pay Agent calculates the Federal pay adjustment needed to achieve comparability with private industry. If the President decides on a comparability adjustment, it becomes effective automatically the first pay period on or after October 1; if a comparability adjustment is deemed inappropriate because of "national emergency or economic conditions affecting the general welfare," the President must submit an alternative plan to the Congress before September 1. The alternative plan becomes effective unless rejected within 30 days of submission by a majority vote in either the House of Representatives or the Senate. If the Congress rejects an alternative plan, the comparability increase calculated by the Pay Agent becomes effective in October.³

The legislation governing the comparability process calls for a comparison of Federal salaries with those in "private enterprise," but does not define the scope of the comparison. It requires a survey of private industry by the BLS—the PATC

survey—the design of which is determined by the President's Pay Agent. Therefore, the Pay Agent determines the industries and occupations to be studied and the minimum size of surveyed establishments.

In response to decisions of the Pay Agent, the scope of the PATC survey has changed over the years. In the early 1960's, for example, the survey was limited to establishments in specified industries employing at least 250 workers and located in metropolitan areas.⁴ Since then, the survey has expanded to nonmetropolitan areas, more nonmanufacturing industries, and to smaller establishments. (See exhibit 1.)

The occupations included in the PATC survey have also changed. (See exhibit 2.) Of the 19 occupations surveyed in 1960–61, 15 remained in the 1985 survey, although their definitions and work levels have been modified.⁵ Because of modifications in occupational structure and the needs of the comparability process, 10 more jobs were added by 1985.⁶

The 1985 survey provided data for 107 work levels that span the 25 occupations studied.⁷ Industrial coverage and minimum establishment size were as follows: mining and construction, 250 workers; manufacturing, 100 or 250

Year	Scope	Number of occupational work levels studied
1959–60	An initial experimental survey covered establishments in metropolitan areas employing 100 workers or more in manufacturing; transportation (part), communications, electric, gas and sanitary services; wholesale trade; retail trade; finance, insurance, and real estate; engineering and architectural services; and research, development, and testing laboratories.	77
1961	Minimum establishment size raised from 100 to 250 workers.	68
1965	Nonmetropolitan areas added.	74
1966	Minimum establishment size lowered from 250 to 100 workers in transportation, communications, electric, gas, and sanitary services; wholesale trade; engineering and architectural services; and research, development, and testing laboratories; and to 50 workers in finance, insurance, and real estate. (No change in manufacturing or retail trade.)	82
1972	Minimum establishment size raised from 50 to 100 workers in finance, insurance, and real estate.	77
1977	Added mining, construction, and transportation industries not previously included (250 minimum employment); consumer credit and mercantile reporting and adjustment and collection agencies; computer and data processing services; management, consulting, and public relations services; and noncommercial education, scientific, and research organizations (100 minimum employment). Minimum establishment size lowered from 250 to 100 workers in the chemicals, petroleum refining, machinery, transportation equipment, and measuring, analyzing, and controlling instruments industries.	78
1979	Added accounting, auditing, and bookkeeping services (50 workers minimum).	89
1980–85	No change.	107
1986	Minimum establishment size lowered to 50 workers in all covered industries.	112

workers; transportation, communications, electric, gas, and sanitary services, 100 or 250 workers; wholesale trade, 100 workers; retail trade, 250 workers; finance, insurance, and real estate, 100 workers; and selected services, 50 or 100 workers. Approximately 43,000 establishments were within scope of the survey. They employed a total of 22.7 million workers, 2.1 million of whom were in the surveyed occupations.

Expansion proposals

The adequacy of the scope of the PATC survey has long been a matter of controversy. In 1973, the U.S. General Accounting Office recommended legislative changes that would allow inclusion of State and local governments in the pay comparisons.⁸ The President's Panel on Federal Compensation echoed this suggestion in 1975, as did President Carter's Reorganization Project in 1978, the President's Private Sector Survey on Cost Control in 1984, and the Pay Agent in its report to the President in 1985.⁹ Some of these groups also recommended inclusion of private services industries not covered, while others suggested lowering the minimum employment size of surveyed establishments.

While some changes occurred in 1977 and 1979, several longstanding recommendations were not acted upon until 1985, when the President's Cabinet Council on Management and Administration reviewed Federal pay policy and issued a formal proposal for expanding the PATC survey. The proposal called for bringing within the PATC survey scope: small private sector establishments, that is, units employing as few as 20 workers; services industries, such as hotels, hospitals, and educational institutions; and State and local governments. As indicated in the 1985 Pay Agent's report, information from State and local governments cannot be used in the comparability process without enabling legislation, but can provide a basis for discussing the technical merits of such inclusion.

To conserve resources, the Cabinet Council's proposal called for splitting the PATC survey universe into two parts—(1) the existing (1985) survey scope and (2) all services industries plus State and local governments.¹⁰ These segments were to be surveyed on alternating biennial cycles, with data for the segment not surveyed in a given year estimated by adjusting the previous year's findings by the percentage change in an appropriate component of the BLS Employment Cost Index. This plan was subsequently revised by the Congress, as discussed later.

1986 coverage

In March 1986, BLS began the expansion of the PATC survey proposed by the Cabinet Council. The same industries were surveyed in 1986 as in 1985, but the minimum employment size of establishments covered by the survey was reduced to 50 workers.

Coverage of smaller establishments enhances the usefulness of findings for individual occupations and allows more

Exhibit 2. The changing occupational profile of the PATC survey, 1961 to 1985

Occupation	Work levels studied in 1985
Occupations in the 1961 and 1985 surveys:	
Accountants	6
Auditors	4
Chief accountants	5
Attorneys	6
Chemists	8
Engineers	8
Job analysts	4
Directors of personnel	5
Drafters	5
Accounting clerks	4
File clerks	3
Key entry operators	2
Messengers	1
Stenographers	2
Typists	2
Occupations in the 1961 survey but not in the 1985:	
Managers, office services	4
Bookkeeping machine operators	2
Switchboard operators	2
Tabulating machine operators ..	2
Occupations in the 1985 survey but not in the 1961:	
Public accountants	4
Buyers	4
Computer programmers	5
Computer systems analysts	6
Engineering technicians	5
Computer operators	6
Photographers	5
Secretaries	5
Personnel clerks/assistants	5
Purchasing clerks/assistants	3

detailed analysis of the effect of employment size on establishment pay levels. To permit comparisons with the 1985 survey findings, the 1986 report includes separate data for medium and large firms.¹¹

The 1986 data show that larger establishments (those with 2,500 workers or more) generally pay higher salaries to white-collar employees than do small firms (50 to 999 workers), although the pay advantage varies by occupation and skill level.¹² In roughly three-fourths of the clerical occupational work levels analyzed, average salary levels in large establishments were 10 to 20 percent above those in small establishments. Among professional, administrative, and technical occupations, the large establishment pay advantage was generally less than 10 percent; differentials greater than 10 percent were usually in the lower levels of these occupations. Pay levels for workers in establishments with 1,000 to 2,499 workers generally fell between those of their counterparts in larger and smaller firms.

Expansion of survey scope also permitted study of additional occupations which, in terms of employment, are important in both the Federal Government and private industries. Additions to the 1986 survey included a general clerk occupation (with 4 work levels) and a new bottom level for the already surveyed purchasing clerk/assistant job.

1987 coverage

As mentioned earlier, plans for a 1987 survey covering all services industries plus State and local governments were revised as a result of congressional action. The Congress directed that the BLS develop a broad-based national white-collar salary and benefits survey "... that meets not only the needs of the Federal pay agent but also provides general information about the levels of compensation of all segments of the white-collar workforce."¹³ Furthermore, the BLS was requested to submit to the Congress, by August 1987, plans for implementing this new, broad-based white-collar survey.

As a result, the March 1987 PATC survey will be conducted in the private services industries only, but will cover all establishments with at least 20 workers. Additionally, a series of research and test studies will be conducted that address a wide range of issues and concerns pertinent to the development of a broad-based white-collar salary and benefits survey.

The 1987 PATC survey will permit, for the first time, separate analysis of occupational pay and staffing patterns in all private services industries. Where possible, data by size of establishment and for all metropolitan areas combined will be published. Also, data for two key service sectors—business services and health services—will be published. The 1987 survey will add the following occupations: registered nurse (4 levels), licensed practical nurse (3 levels), nursing assistant (4 levels), and civil engineering technician (5 levels).

There will be a dramatic increase in employment coverage stemming from PATC survey expansions. Consequently,

data available to the Pay Agent will represent salaries in about 300,000 establishments (1986 plus 1987 survey coverage) that employ a total of 47 million workers, compared with 43,000 establishments and 23 million workers in 1985 (of which 2 million workers were classified in PATC survey occupations). At the time of the 1985 survey, 51 percent of the 23 million workers within the scope of the survey were employed in manufacturing industries and 49 percent in nonmanufacturing. After the 1987 survey expansion, the proportions will be 68 percent in nonmanufacturing and 32 percent in manufacturing, more closely paralleling the industrial composition of the U.S. private, nonfarm economy.

Test studies. The 1987 test studies will be coordinated with portions of ongoing Bureau surveys, such as the Employee Benefits Survey in State and local governments and, in the private sector, Area Wage Surveys which provide occupational pay data on a locality basis. These studies will examine such issues as: (1) pay, benefits, and work arrangements for white-collar jobs not currently surveyed; (2) testing methods to identify work levels (for example, trainee, fully qualified, supervisory) within a broad spectrum of professional/managerial occupations; (3) handling classification and pay practices (for example, commissions) for a wide variety of sales occupations; (4) determining whether employee characteristics, such as education and experience, can be readily identified in an establishment-based survey; and (5) evaluating which statistical methods and survey designs (for example, probability selection of occupations) are appropriate for the broad-based survey of occupational pay levels and structures.

PLANS FOR THE PATC SURVEY are indefinite beyond 1987, as the new broad-based white-collar survey develops to take its place. The scope of the PATC survey during the transition period will probably alternate between the 1986 and 1987 coverage; some adjustments will be made to the minimum requirements on establishment employments. □

—FOOTNOTES—

¹ The surveys have usually found larger pay differences between the various skill levels of the same occupation than across occupations at the same skill level. For example, in March 1986, average annual salaries in the following occupational work levels (all evaluated as equivalent to level 13 occupations in the Federal Government's General Schedule) fell within a 9-percent range: Engineer VI (\$58,883), Chemist VI (\$60,796), Accountant VI (\$61,546), Attorney IV (\$63,933), and Chief Accountant III (\$62,880). Meanwhile, pay averages within these occupations commonly differed by 15 to 25 percent between adjacent skill levels.

² For analyses based on PATC survey data, see Martin E. Personick and Carl B. Barsky, "White-collar pay levels linked to corporate work force size," *Monthly Labor Review*, May 1982, pp. 23–28; Martin E. Personick, "White-collar pay determination under range-of-rate systems," *Monthly Labor Review*, December 1984, pp. 25–30; and Mark S. Sieling, "Staffing patterns prominent in female-male earnings gap," *Monthly Labor Review*, June 1984, pp. 29–33.

³ The provision for legislative veto of the alternative plan by a single House of the Congress is currently being litigated. For a more detailed description of the pay comparability process, including the role of the BLS survey, see George L. Stelluto, "Federal pay comparability: facts to temper the debate," *Monthly Labor Review*, June 1979, pp. 18–28.

⁴ The scope, occupational definitions, and data for the 1960–61 survey are presented in *National Survey of Professional, Administrative, Technical, and Clerical Pay, Winter 1960–61*, Bulletin 1310 (Bureau of Labor Statistics, 1961). The initial PATC survey, for the winter of 1959–60, was experimental and applied to establishments with 100 or more workers. Industrial coverage, however, was the same as in 1960–61.

⁵ All but one of the occupations surveyed in 1985—messenger—were divided into two or more work levels. Definitions of these work levels, as well as occupational descriptions, are developed by the Pay Agent, with technical assistance from BLS, to permit salary comparisons between the

private and Federal sectors at narrowly defined levels of work. Each occupational work level in the PATC survey can be equated to a specific grade level in the Federal Government's General Schedule pay system.

⁶ Although PATC sample establishments are selected on a probability basis, survey occupations are picked judgmentally by the Pay Agent. The occupations appropriately span a broad range of Federal white-collar occupations and work levels; they are not chosen, however, to be a representative sample of all these occupations. The BLS Employment Cost Index, also occupationally based, uses probability techniques to select jobs for a study of pay and compensation trends outside the Federal Government.

⁷ See *National Survey of Professional, Administrative, Technical, and Clerical Pay, March 1985*, Bulletin 2243 (Bureau of Labor Statistics, 1985).

⁸ See *Improvements Needed In the Survey of Non-Federal Salaries Used As Basis for Adjusting Federal White-Collar Salaries*, B-167266 (U.S. General Accounting Office, May 11, 1973).

⁹ See *Report to The President of the President's Panel on Federal Compensation* (December 1975); *The President's Reorganization Project, Personnel Management Project, Final Staff Report*, Vol. I (December 1977); *President's Private Sector Survey on Cost Control, A Report to The President* (January 1984); and *Comparability of the Federal Statutory Pay*

Systems With Private Enterprise Pay Rates, Annual Report of The President's Pay Agent (Aug. 20, 1985).

¹⁰ Prior to the expansion, surveyed services industries were limited to engineering, architectural, and surveying services; commercially operated research, development, and testing laboratories; credit reporting and collection agencies; computer and data processing services; management, consulting and public relations services; noncommercial educational, scientific, and research organizations; and accounting, auditing, and book-keeping services. These industries would be included in the all services portion of future surveys.

¹¹ See *National Survey of Professional, Administrative, Technical, and Clerical Pay, March 1986*, Bulletin 2271 (Bureau of Labor Statistics, 1986).

¹² The PATC survey data relate to straight-time salaries, excluding premium pay for overtime and for work on weekends, holidays, and late shifts. Also excluded are performance bonuses and lump-sum payments of the type negotiated in the auto and aerospace industries, as well as profit-sharing payments, attendance bonuses, Christmas or year end bonuses, and other nonproduction bonuses. Pay increases—but not bonuses—under cost-of-living allowance clauses, and incentive payments are included.

¹³ See *Departments of Labor, Health and Human Services, and Education and Related Agencies Appropriation Bill, 1987*, Report 99-711 (U.S. House of Representatives, 99th Cong. 2d Sess., July 27, 1986), p. 18.

Setting wage rates

One result of having an internal labor market is that occupational wage rates are not set by the free market as in the basic supply/demand model. In this case, a method has to be devised to set wage rates for the hierarchy of occupations employed. This method has to provide rates that are perceived as fair and will motivate workers to acquire skills and work hard for promotions. One such method is "job evaluation" in which the various factors that people consider important in determining a fair wage structure are scored for each occupation and the relative wage rates are determined by each occupation's total score. Among the factors considered are the level of skill required by the occupation, the level of responsibility, use of expensive equipment, and hazards or discomfort in working conditions. In this way, a wage rate structure is developed for all the occupations in the internal labor market.

—*Using Labor Market Information in Career Exploration and Decision Making: A Resource Guide* (Garrett Park, MD, Garrett Park Press, 1986), p. 64.
