

A Look at Temporary Help Wage Rates

BY ELIZABETH DIETZ

In recent years, the temporary help supply industry has enjoyed a surge of growth that may be attributed to a growing economy, increased governmental regulations of employers, and the increased use of technology. Businesses can respond to increases in demand, avoid many of the legal and regulatory concerns of hiring new staff, and locate skilled workers through the use of temporary help agencies. Furthermore, temporary help agencies are providing more variety in the services they offer. Management services, professional services, long-term staffing, and temporary-to-full-time placement are some of the services the temporary help industry has offered and businesses have employed.¹ Furthermore, businesses are demanding more variety in temporary help services. Although clerical work traditionally dominated industry demand, in recent years the demand for temporary workers in industrial and professional segments has been gaining in proportion to the clerical segment.²

What are the wage rates of these temporary occupations? Have temporary help wages and industry composition changed over time? If so, how do wages of temporary workers compare to wages of workers in comparable permanent positions? BLS surveyed the temporary help industry in 1994 and found some interesting results.³

Findings from the 1994 survey

Temporary help supply workers earned an average of \$7.74 per hour, according to the November 1994 survey. (See table 1.) However, because of the variety of occupations available in the industry, wages vary considerably among occupations. Generally, white-collar jobs paid the most, blue-collar jobs paid in the middle range, and service

jobs paid the least. But there was a great deal of variation in wages among occupations within these categories. The higher paying occupations tended to have the fewest workers, while the greatest number of workers generally were concentrated in lower paying occupations.

White-collar workers. White-collar workers comprised almost half of all temporary help supply workers. This group averaged \$9.37 per hour, but the occupations within this category were as diverse as the wages paid to these workers. The 1994 survey grouped white-collar occupations into four categories:

- Professional specialty and technical occupations;
- Executive, administrative, and managerial occupations;
- Marketing and sales occupations; and
- Clerical and administrative support.

Within these categories, the survey reported the wages of several specific occupations.

Professional specialty and technical occupations generally earned the highest hourly wages. Among the occupations represented in this category were computer systems analysts, designers, engineers, registered nurses, technical writers, and computer programmers; these occupations also represent the highest paid temporary help workers surveyed, with national average wage rates from \$21.98 to \$28.75 per hour. Within this category, engineers comprised the most populous occupational group, at over 10,200. Computer systems analysts earned the highest national average wage of any temporary occupation surveyed, at \$28.75 per hour. Wages varied among cities, with computer programmers in Boston earning the highest city average wage rate

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Table 1: Employment and average hourly wages of temporary workers by occupation and occupational category, November 1994

	Number of workers	Average hourly wage
All workers	1,122,165	\$ 7.74
White-collar occupations	547,671	9.37
Professional specialty occupations	33,236	24.11
Commercial/graphic artists	1,712	17.63
Computer systems analysts	1,779	28.75
Engineers	10,243	28.54
Registered nurses	6,164	21.98
Technical writers	1,377	22.71
Technical and related support occupations	42,029	12.60
Computer programmers	2,492	25.40
Drafters	5,821	13.64
Electrical and electronic technicians	6,853	10.32
Licensed practical nurses	4,908	14.30
Executive, administrative, and managerial occupations	9,124	17.22
Accountants and auditors	4,323	13.96
Marketing and sales occupations ..	31,513	6.61
Cashiers	3,397	5.72
Product promoters	9,082	6.43
Telemarketing sales workers	9,041	7.18
Clerical and administrative support ..	431,769	7.96
Bookkeepers, accounting, and auditing clerks	18,332	8.30
Computer aides	249	9.44
Computer operators and printer operators	4,217	10.63
Customer service workers	18,068	7.81
Data entry operators	57,416	7.15
General office clerks	90,182	6.78
Inventory clerks	4,683	6.59
Receptionists	39,733	7.07
Secretaries	61,353	9.49
Typists and word processors	57,173	9.85
Blue-collar occupations	444,895	6.02
Precision production, craft, and repair	47,354	7.23
Machine operators, assemblers, and inspectors	111,593	6.26
Transportation and material movement	10,853	7.03
Handlers, equipment cleaners, helpers, and laborers	275,095	5.67
Construction laborers	10,503	5.39
Laborers, other than construction	194,030	5.64
Service occupations	56,624	6.28
Janitors and cleaners	10,220	5.67
Maids and housekeepers	2,912	5.26
Nurses aides, orderlies, and attendants	28,387	7.01

at \$36.68 per hour. The professional specialty and technical occupations, although well paid, comprise only 14 percent of all white-collar workers.

Executive, administrative, and managerial occupations account for only 2 percent of all temporary white-collar workers. About half of these were accountants and auditors, who earned an average of \$13.96 per hour.

Marketing and sales occupations, which made up 6 percent of the temporary white-collar work force, generally

had low wage rates. Among the occupations in this category, telemarketing sales workers earned a national average of \$7.18 per hour; product promoters, \$6.43 per hour; and cashiers, the lowest paid of the temporary white-collar occupations, \$5.72 per hour.

The largest category, clerical and administrative support workers, comprised about 80 percent of temporary white-collar workers. Their wage rates, although generally lower than those of professional and technical occupations, varied considerably. Computer operators and printer operators earned the most at \$10.63 per hour. Typists and word processors had the second highest wage rate, at \$9.85 per hour, followed by secretaries and computer aides, who earned \$9.49 and \$9.44 per hour, respectively. At the lower end of the wage scale, inventory clerks and general office clerks earned \$6.59 and \$6.78 per hour, respectively. General office clerks were the most populous of any specific occupation, with 90,182 workers, 16 percent of all temporary white-collar workers.

Blue-collar workers. Blue-collar workers were a large occupational group in the industry, accounting for 40 percent of the temporary help supply work force. Their wage rates varied less than did rates for white-collar occupations. The survey grouped blue-collar occupations into four categories:

- Precision production, craft, and repair workers;
- Machine operators, assemblers, and inspectors;
- Transportation and material movement workers; and
- Handlers, equipment cleaners, helpers, and laborers.

Precision production, craft, and repair workers had the highest average wages among blue-collar occupations, at \$7.23. Of all cities surveyed, they earned the most in Boston at \$10.06 per hour and in Baltimore at \$9.19. Although their average wage rate was the highest for blue-collar workers, precision production, craft, and repair workers held only 11 percent of all temporary blue-collar jobs.

The next highest paying category of temporary blue-collar occupations was transportation and material movement, with an average of \$7.03 per hour. In several cities, these workers earned more per hour than precision production, craft, and repair workers. For example, in Charlotte, NC temporary transportation workers earned \$9.28 per hour, while temporary precision production, craft, and repair workers earned \$7.05 per hour. Workers in transportation and material movement occupations held only 2 percent of all temporary blue-collar jobs.

At more than 111,500 workers, machine operators, assemblers, and inspectors accounted for 25 percent of all

temporary blue-collar workers. These workers earned a national average of \$6.26 per hour, with a high of \$7.08 in New York and a low of \$5.06 in St. Louis.

Handlers, equipment cleaners, helpers, and laborers accounted for 62 percent (275,000) of temporary blue-collar jobs in 1994. These workers earned a national average of \$5.67 per hour, with a high of \$7.15 in Washington, DC and a low of \$4.72 in Tampa, FL. Of all temporary blue-collar workers, the most highly populated categories, machine operators, assemblers, and inspectors and handlers, equipment cleaners, helpers, and laborers, generally earned the least per hour in all the cities surveyed.

Service workers. About 5 percent of temporary help supply workers were employed in service occupations, which included janitors and cleaners, maids and housekeepers, and nursing aides, orderlies, and attendants. These workers earned a national average of \$5.67, \$5.26, and \$7.01 per hour, respectively. As in the other categories, there was a great deal of variation in wages across cities. For example, janitors and cleaners earned a low of \$4.85 per hour in Orlando, and a high of \$6.75 in Boston. Nursing aides, orderlies, and attendants earned a low of \$7.35 per hour in Baltimore and a high of \$8.96 in Seattle. Nursing aides, orderlies, and attendants were the most numerous of the temporary service occupations, with 28,400 workers in 1994, or about half of all temporary service workers.

Changes over time

How much have temporary workers' wages changed over time? Some broad comparisons can be made using a September 1987 Industry Wage Survey of temporary workers and the 1994 survey.⁴ To compare wages from the two surveys, the Consumer Price Index (CPI) was used to adjust the 1994 wages to constant 1987 dollars. (See table 2.) From September 1987 to November 1994, the CPI increased 30.2 percent.⁵ Adjusting the 1994 wage averages downward 30.2 percent would reflect the buying power of the 1994 wages in terms of 1987 dollars. The adjusted 1994 wages are referred to hereafter as "real" wages. The 1987 survey reported that all temporary workers earned an average of \$6.42 per hour, while the 1994 survey reported average hourly earnings of \$7.74. Looking at these nominal wages, it appears that temporary workers' earnings increased 21 percent. But, based on the CPI, the comparable buying power of these wages based on 1987 dollars decreased more than 7 percent.

Changes over time, particularly for general categories of workers, must be interpreted with caution for several reasons. First, comparisons are muddled by an industry's growth (or decline). Employment rose by over 75 percent in this industry, from 629,000 workers in 1987 to 1.1 million workers in 1994, and neither survey attempted to track individual workers' wage rates over this period. With this growth came a dramatic shift in the composition of the tem-

Table 2: Average hourly wage rate comparisons for selected occupations using the Consumer Price Index-All Urban Consumers

	1987 wages	1994 wages in 1987 dollars	Percent change from 1987 to 1994
All workers	\$ 6.42	\$ 5.95	-7.38
White-collar occupations			
Computer systems analysts ...	18.17	22.09	21.55
Engineers	24.74	21.92	-11.38
Registered nurses	14.99	16.89	12.64
Computer programmers	15.96	19.51	22.26
Electrical and electronic technicians	10.30	7.93	-23.03
Licensed practical nurses	10.03	10.99	9.52
Cashiers	4.54	4.39	-3.21
Telemarketing sales workers ..	5.26	5.52	4.86
Product promoters	5.51	4.94	-10.35
Bookkeepers, accounting, and auditing clerks	6.61	6.38	-3.54
Computer operators and printer operators	7.83	8.17	4.29
Data entry operators	6.11	5.49	-10.10
General office clerks	5.11	5.21	1.93
Secretaries	7.66	7.29	-4.83
Typists and word processors ..	7.89	7.57	-4.10
Blue-collar occupations			
Precision production, craft, and repair	8.14	5.55	-31.77
Machine operators, assemblers and inspectors	4.78	4.81	0.61
Transportation and material movement	7.78	5.40	-30.59
Handlers, equipment cleaners, helpers, and laborers	4.42	4.36	-1.45
Construction laborers	3.72	4.14	11.31
Laborers, other than construction	4.33	4.33	0.06
Service occupations			
Janitors and cleaners	4.36	4.36	-0.10
Nurses aides, orderlies, and attendants	5.50	5.39	-2.09

NOTE: Information in this table is based on the 30.2 percent change in Consumer Price Index from September 1987 to November 1994.

porary help supply work force. In 1987, white-collar jobs accounted for 61 percent of workers in the industry, and blue-collar jobs, 27 percent; by 1994, white-collar employment comprised only 49 percent of all temporary workers, while blue-collar employees rose to 40 percent. Thus, overall changes in wage rates could primarily be the effect of the changes in the industry's occupational composition.

Another caveat is that the 1987 survey selected establishments with 50 or more employees; the 1994 survey selected establishments with 20 or more employees. Since firm size may affect wage rates, the differences in scope may make the two surveys incompatible to some degree. It is uncertain as to whether average wages would have been significantly different if the 1987 survey had included establishments with as few as 20 employees.

Looking at specific occupations, temporary jobs experienced mixed results in terms of wage changes from 1987 to 1994. The wage rates of some jobs increased substantially

over time. However, the greatest wage increases were seen in occupations with relatively few workers. Highly populated occupations registered fairly unchanging wage rates or, in some cases, losses over the 1987-94 period.

White-collar workers. Computer occupations fared best. Nominal wage rates of temporary computer systems analysts increased from \$18.17 per hour to \$28.75 per hour; after taking inflation into account, they netted a greater than 21 percent increase from 1987 to 1994. During the same period, the real wages of temporary computer programmers increased over 22 percent, and those of temporary computer equipment operators and printer operators, 4 percent. While these increases are impressive, these computer-related occupations have continued to be a small portion of temporary white-collar workers.

The average wage of temporary registered nurses increased from \$14.99 per hour to \$21.98 per hour. Taking inflation into account, this was a real increase of more than 12 percent. Licensed practical nurses' real wages increased almost 10 percent from 1987 to 1994. The number of temporary registered and licensed practical nurses was up over 100 percent during this period, but in 1994, they comprised a combined total of only 2 percent of all temporary white-collar workers.

Average pay for temporary bookkeepers, accounting clerks, and auditing clerks lost ground, with almost a 4-percent decline in real wages. The proportion of workers in these occupations stayed about the same from 1987 to 1994, at about 3 percent of all temporary white-collar workers.

The number of temporary cashiers increased more than 470 percent; product promoters, more than 250 percent; and telemarketing sales workers, over 230 percent during the 1987-94 period. These marketing occupations are a small but growing segment of the temporary help industry, accounting for about 6 percent of all temporary white-collar workers in 1994. Cashiers, product promoters, and telemarketing sales workers registered moderate wage changes over the period.

Secretaries, general office clerks, data entry operators, and typists and word processors were the most numerous of temporary help workers. Their combined numbers represent almost half of all temporary white-collar workers. Real wages of general office clerks increased only about 2 percent, while the real wages of secretaries, typists and word processors, and data entry operators declined about 5, 4, and 10 percent, respectively.

Blue-collar workers. The real wages of blue-collar occupations showed mixed results during the 1987-94 period. Precision production, craft, and repair workers experienced a 32-percent decline in real wages. Transportation and material movement workers lost 31 percent in real wages as well. The wages of machine operators, assemblers, and

inspectors kept pace with rising prices, while the real wages of handlers, equipment cleaners, helpers, and laborers' wages remained fairly constant.

Service workers. The wages of temporary service workers almost kept pace with rising prices. Temporary janitors and cleaners, who earned close to minimum wage in 1987, did see a 30-percent increase in nominal wages by 1994, from \$4.36 to \$5.67. However, in real terms, they stayed about even with increases in the CPI. Temporary nursing aides, orderlies, and attendants' real wages decreased about 2 percent from 1987 to 1994.

Comparing wages in temporary and permanent positions

How do the wages of temporary workers compare to those of permanent workers? Caution must be exercised when making comparisons. Permanent workers have more firm-specific knowledge and may have more on-the-job experience because of their longer tenure with the firm, and their wage rates often reflect this difference. Also, wages are only one component of compensation; the benefits earned by permanent and temporary workers should be examined as part of a more in-depth comparison.

Wage data on permanent workers from the 1994 Occupational Compensation Survey were used to compare wage data from the 1994 Temporary Help Supply survey.⁶ The differing scope and methodology between the two surveys introduce factors complicating the comparison. The temporary job descriptions were broader than the permanent job descriptions, and in some cases included job duties not found under permanent job descriptions. The temporary help jobs included full-time, part-time, and seasonal workers, whereas the permanent jobs included only full-time, year-round workers. Finally, only a few occupations were similar enough to compare. However, the two surveys had some features in common, which helped reinforce the comparisons: the same areas were selected in both surveys, and the reference periods (September versus November) were fairly close. With these differences and similarities taken into account, some comparisons can be made.

Among the occupations where comparisons were possible, permanent workers generally earned more per hour than their temporary counterparts. Of the 13 comparable occupations in the two surveys, engineers, registered nurses, licensed practical nurses, and computer programmers were exceptions to this pattern.

Because of these findings, can it be said that temporary workers are cheaper for firms to hire? Unfortunately, there hasn't been enough analysis of the industry to make that statement. The permanent wages shown in table 3 do not include the total cost of compensation to the employer. Across the economy as a whole, benefits tend to account for

about 30 percent of total compensation costs. And, the temporary wages shown indicate only what temporary workers earn per hour; clients pay an additional fee to the temporary help supply firm for providing workers. It is unknown what the average fee costs clients per hour. What is known is that, in general, the real wages of temporary help workers have not increased in recent years, and firms are increasingly choosing temporary help workers to fill their human resource needs.

Table 3. Average wage rates of comparable permanent and temporary occupations¹

Occupation	Temporary wage	Permanent wage
Engineers	\$28.54	\$26.89
Registered nurses	21.98	18.05
Computer programmers	25.40	18.37
Licensed practical nurses	14.30	11.35
Accountants and auditors	13.96	19.27
Bookkeepers, accounting, and auditing clerks	8.30	10.29
Computer operators and printer operators	10.63	12.52
Data entry operators	7.15	8.92
General office clerks	6.78	10.01
Inventory clerks	6.59	9.11
Secretaries	9.49	12.70
Typists and word processors	9.85	11.50
Janitors and cleaners	5.67	7.74

¹ Based on data from the 1994 Occupational Compensation Survey, National Summary and the 1994 Temporary Help Supply Survey.

—Endnotes—

¹ The temporary help supply industry has experienced marked growth in annual receipts, payroll, and daily employment since 1990. National Association of Temporary and Staffing Services, News Release, March 17, 1995, Alexandria, Virginia.

² Between 1991 and 1994, office and clerical work has declined from 47.6 to 40.2 percent of industry demand; industrial work increased from 27.4 to 34.1 percent; and professional work increased from 2.4 to 4.8 percent. See National Association of Temporary and Staffing Services.

³ See *Occupational Compensation Survey: Temporary Help Supply*

Services, United States and Selected Metropolitan Areas, November 1994, Bulletin 2482, Bureau of Labor Statistics, August 1996.

⁴ See *Industry Wage Survey: Temporary Help Supply, September 1987*, Bureau of Labor Statistics, September 1988, Bulletin 2313.

⁵ The index used was the Consumer Price Index—All Urban Consumers (CPI-U), U.S. City Average, All Items, 1982-84=100. In September 1987 the index was 115.0, and in November 1994, it was 149.7.

⁶ See *Occupational Compensation Survey, National Summary, 1994*, Bulletin 2479, Bureau of Labor Statistics, June 1996.