

Supporting Statement
Report on Occupational Employment and Wages

A. Justification

1. Circumstances that Make the Collection of Information Necessary

The Occupational Employment Statistics (OES) survey is a Federal/State establishment survey of wage and salary workers designed to produce data on current detailed occupational employment and wages for each Metropolitan Statistical Area and Metropolitan Division by detailed industry classification. OES survey data assists in the development of employment and training programs established by the Perkins Vocational Education Act of 1998 and the Workforce Investment Act (WIA) of 1998 (See attachments I and II for pertinent sections of each Act).

The WIA mandates that the Secretary of Labor shall oversee the development, maintenance, and continuous improvement of a nationwide employment statistics system of employment statistics that includes—“(A) statistical data from cooperative statistical survey and projection programs and data from administrative reporting systems that, taken together, enumerate, estimate, and project employment opportunities and conditions at national, State, and local levels in a timely manner, including statistics on—(ii) industrial distribution of occupations, as well as current and projected employment opportunities, wages, benefits (where data are available), and skill trends by occupation and industry, with particular attention paid to State and local conditions;”

In 1996, the OES program modified its collection method to produce prevailing wage data required by Foreign Labor Certification under the Immigration Act of 1990. (See attachment III for pertinent sections of this Act). The current process for obtaining foreign labor certification requires employers to actively recruit U.S. workers for a period of at least thirty days for all job openings for which foreign labor is sought. The employers’ job requirements must be reasonable and realistic, and employers must offer prevailing wages and working conditions for the occupation. Federal regulations provide more information on the determination of a prevailing wage for use in Foreign Labor Certification. (See Attachment IV “Subpart D – Determination of Prevailing Wage” for an elaboration).

2. Uses of Information

Occupational employment data obtained by the OES survey are used to develop information regarding current and projected employment needs and job opportunities. These data assist in the development of State and local vocational education plans. Nation-wide collection of OES wage data can further develop labor market and occupational information at the Federal, State, and sub-State levels. The survey meets the needs of organizations involved in planning and delivering services provided by the WIA and the Perkins Vocational Education Act.

National OES wage data collection can provide a significant source of information to support a number of different Federal, State, and local efforts. For instance, occupational wage data can be extremely useful in the administration of the Unemployment Insurance (UI) system. Generally, UI clients must meet work-search requirements and take jobs that pay equivalent to their previous employment. Wage data by occupation can help employment services identify occupations that meet the requirements of these individuals. Similarly, the dislocated workers program uses previous wages as a guide in preparing

dislocated workers for employment. The OES survey can provide a standard source of occupational wage data to assist these workers.

Wage data at the occupational level can assist States and local authorities in carrying out vocational rehabilitation programs or assist in the Social Security disability adjudication process. The data can support U.S. military interests by providing State and local career information for Department of Defense workers. Minimum wage deliberations can use OES wage data as a source of information.

OES wage data provides vocational trainers and enrollees with information on what occupations are present in the economy as well as their corresponding wage rates. These data will assist the national, State, and local coordinating committees to develop occupational information systems designed to aid job searchers and career counselors. As an example of use of the OES program, America's Job Bank Network provides to individuals and career counselors the OES employment and wage data at its Web site at <http://www.acinet.org/acinet/>.

Reliable wage data has many practical uses. OES wage data can be an important analytical tool with enormous explanatory power. Wage data can be used to understand the direction and quality of the jobs being created in our economy and can play a part in important legal and administrative decisions. More importantly, wage information is a valuable commodity to the general public, whether the data are assembled in the BLS Occupational Outlook Handbook, or released across the country in occupational information systems. The detail, reliability, and applicability of the OES wage survey argues strongly for its expanded support.

The Immigration Act of 1990 mandates that the U.S. Department of Labor (DOL) base Foreign Labor Certification (FLC) on current prevailing wage rates. Under this Act, if employers prove there is an insufficient supply of local workers with occupation-specific skills, State agencies can grant temporary work permits to foreign workers.

FLC requires employers to actively recruit U.S. workers for a period of at least 30 days for all job openings for which foreign workers are sought. The employers' job requirements must be reasonable and realistic, and employers must offer prevailing wages and working conditions for the occupation.

The Employment and Training Administration (ETA) provides occupational wage data from the OES-FLC wage database on the Internet at <http://www.foreignlaborcert.doleta.gov/>.

3. Uses of Improved Information Technology

The BLS has exported microcomputer versions of the survey processing systems to all States. The microcomputer version allows the State analysts to have more direct control over all aspects of survey processing.

Methods of data collection are reviewed on an ongoing basis. Improved information technology, available since 1991, has made it possible for certain large establishments (defined as establishments with employment of 50 or greater) to submit electronic files or printouts of their occupational employment and wages instead of completing the OES survey forms. These files and printouts are then converted into the OES survey format. In our most recent panel collection, twelve percent of the establishments are using electronic reporting methods, compared to just three percent four years ago.

After being rigorously tested in six volunteer states, email collection has been expanded and is now in use in all 50 states. Currently, six percent of establishments submit data by email. These six percent of establishments represent twenty six percent of collected employment and wage data for the most recent panel.

4. Efforts to Identify Duplication

The Decennial Census is the only other source of data available at a similar level of occupational, geographic, and industry detail. Changes in the occupational composition of industries dictate a need for a more frequent collection cycle. The collection of wage data at the OES level of detail eliminates the need for fragmented local collection efforts carried out within the States. These efforts are not only costly, but place a burden on employers, since several different groups may request wage data from the same employers. The OES wage survey produces current and accurate data on occupational employment information by wage range at the National, State and sub-state levels.

5. Minimizing the Burden to Small Establishments

The OES sample design as described in Part B calls for using a variation of the Neymann allocation procedure to allocate sample to each ST/MSA/4-5 digit NAICS cell. Additionally, the establishments within each of these cells are selected using probability proportional to estimated employment size. Both of these procedures result in smaller establishment having a smaller chance or probability of inclusion in the sample than the larger establishments. In other words, the larger the establishment size, the greater the likelihood of being included in the sample. The OES program also uses a selection technique that minimizes the overlap of small sample units in the OES and other BLS surveys.

In addition, two basic types of reporting forms, long and unstructured, are used. The long form contains the full complement of occupations used to record all workers in a three- or four-digit North American Industry Classification System (NAICS) industry code. A shorter unstructured form does not list specific occupations. The size of the establishment determines which of the two OES forms the establishment will receive. Typically, long forms are mailed to establishments with at least 10 employees, and the shorter unstructured form is sent to small establishments.

OES has attempted to offer the States software that will enable them to produce survey forms containing occupation lists tailored to more-specific detailed industries. However, technological problems have postponed implementation. OES will continue efforts to release this software, which should lead to a reduction of respondent burden.

Finally, many smaller establishments find it easy to report the data by phone when states are conducting non-response follow-up. Twelve percent of establishments report data over the phone.

6. Consequences of Not Collecting the Data or Less Frequent Data Collection

The purpose of the Labor Market Information (LMI) program, to which the OES program is vital, is to meet the information needs of the organizations involved in planning and delivering employment and training services at the State and sub-State levels. Therefore, there is a need for a comprehensive LMI system that provides continuous, timely, accurate, and detailed labor supply and demand information. Since the inception of the OES program in 1971, the capability to develop timely, accurate, and detailed occupational estimates and projections has increased substantially. Due to changing staffing patterns, wage rates, and

seasonal fluctuations, the OES survey needs to be conducted on a semi-annual basis at a minimum. Any change to a longer frequency of data collection may adversely affect the existing reliability of OES data.

7. Special Circumstances

There are no special circumstances for this collection of information.

8 Federal Register Notice, Comments and Outside Consultations

One comment was received as a result of the pre-clearance consultation Federal Register notice, Vol. 72, No. 25 published February 7, 2007. The following italicized paragraphs briefly summarize concerns raised by the commenter. After each italicized paragraph, a BLS response is provided.

- *Data users in northern Michigan Counties and its thumb area sometimes believe their economy is substantially different from a “nearby” MSA, mentioning “expansion to other regions” so OES data would be even more meaningful if they could show smaller geographic divisions (county-level, for example).*

County level breakdown of OES data would not be possible without a larger sample. In order to address the needs of non MSA data users, the OES program creates employment and wage estimates for up to six non-metropolitan areas per state.

- *Employers are very interested in “starting” wages (as opposed to averages) and could use more detailed breakout within occupations, such as the difference between skill and experience levels.*

In order to address user needs regarding the variability of wages within an occupation, OES produces percentile wages (10th, 25th, 50th, 75th and 90th) which can be used as a measure of skill or experience. Information on starting wages, tenure, skill, or experience level for workers is not always available from employers. Furthermore, if that information were available and collected, it would require major changes to the survey instrument and add to respondent burden because the data is not available from the same source as the employment and wage data.

- *The survey schedule presents all manager titles at the front of the form, and respondents tend to categorize too many workers as managers instead of by the specific type of work they actually do; data quality can be compromised when titles are too generalized into “oversight” occupations.*

OES has conducted several tests to study the impact of the location of management occupations on the survey forms. Tests show the location had very little impact on the staffing pattern reported by the establishment.

Outside Consultations

The names and phone numbers of occupational experts consulted include:

Ms. Pamela Frugoli
Office of Workforce Investment
U.S. Department of Labor
202-693-3643

Ms. Rebecca Rust
Labor Market Statistics
Florida Agency for Workforce Innovation
850-245-7254

9. Respondent Payments.

The OES program does not pay employers to complete the questionnaire.

10. BLS Confidentiality Policy

Commissioner's Order No. 1-06 "Confidential Nature of BLS Statistical data" explains the Bureau's policy on confidentiality: "Respondent identifiable information collected or maintained by, or under the auspices of, the BLS for exclusively statistical purposes and under a pledge of confidentiality shall be treated in a manner that will ensure that the information will be used only for statistical purposes and will be accessible only to authorized persons."

The Confidentiality pledge on the current OES collection form in use is as follows:

"The Bureau of Labor Statistics, its employees, agents, and partner statistical agencies, will use the information you provide for statistical purposes only and will hold the information in confidence to the full extent permitted by law. In accordance with the Confidential Information Protection and Statistical Efficiency Act of 2002 (Title 5 of Public Law 107-347) and other applicable Federal laws, your responses will not be disclosed in identifiable form without your informed consent." This statement is included on page 2 of the OES collection form which is included in the package.

Respondents that submit data by email are provided the following Email Risk Statement:

"As a participant in a U.S. Bureau of Labor Statistics (BLS) statistical survey, you should be aware that use of electronic transmittal methods in reporting data involves certain inherent risks to the confidentiality of those data. Further, you should be aware that responsible electronic transmittal practices employed by the BLS cannot completely eliminate those risks. The BLS is committed to the responsible treatment of the data you report and will take appropriate steps within their ability to protect the confidentiality of those data."

11. Sensitive Questions

No questions of a sensitive nature are requested by the OES program.

12. Estimated Reporting Burden

Based upon the results from the 1989 OES Wage Pilot survey and a Response Analysis Survey conducted early in 2000 to determine respondent burden, OES respondents take an average of $\frac{3}{4}$ employee-hour (from 30 minutes to 6 hours) to furnish the desired occupational employment and wage information. In order to calculate annual burden hours, the BLS used $\frac{3}{4}$ hour as the basis for the calculation. Each employer is contacted only once during the year.

Current BLS plans for form BLS 2877 by Fiscal Year are summarized below:

Survey year	Mandatory / voluntary	Ownership	NAICS Coverage	Estimated Responding Units	Estimated burden hours	Percent reporting electronically
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FY 2007	Voluntary	private	1133, 1151, 1152, 21-81 (exc. 814)	285,099	213,824	10%
	Voluntary	government	State and local government	13,361	10,021	44%
	Mandatory	private	1133, 1151, 1152, 21-81 (exc. 814)	16,356	12,267	10%
	Mandatory	government	State and local government	1,084	813	30%
	Total			315,900	236,925	

Survey year	Mandatory / voluntary	Ownership	NAICS Coverage	Estimated Responding Units	Estimated burden hours	Percent reporting electronically
FY 2008	Voluntary	private	1133, 1151, 1152, 21-81 (exc. 814)	285,099	213,824	10%
	Voluntary	government	State and local government	13,361	10,021	44%
	Mandatory	private	1133, 1151, 1152, 21-81 (exc. 814)	16,356	12,267	10%
	Mandatory	government	State and local government	1,084	813	30%
	Total			315,900	236,925	

Survey year	Mandatory / voluntary	Ownership	NAICS Coverage	Estimated Responding Units	Estimated burden hours	Percent reporting electronically
FY 2009	Voluntary	private	1133, 1151, 1152, 21-81 (exc. 814)	285,099	213,824	10%
	Voluntary	government	State and local government	13,361	10,021	44%
	Mandatory	private	1133, 1151, 1152, 21-81 (exc. 814)	16,356	12,267	10%
	Mandatory	government	State and local government	1,084	813	30%
	Total			315,900	236,925	

The BLS estimates the annual cost to respondents for FY 2007 at \$5.89 million. To arrive at this figure, the average annual burden hours of 236,925 were multiplied by \$24.88 per hour. The BLS derives this wage figure from the mean hourly wage of a “Compensation, Benefits, and Job Analysis Specialist” as reported by the 2005 OES survey. (Source: <http://www.bls.gov/oes/current/oes131072.htm>)

Note that the “Number of Reporting Units” and “Annual Burden Hours Average” figures are the same from the previous clearance package.

13. Annual cost burden to respondents

The OES program does not require respondents to keep special records, or to purchase and install any equipment such as special hardware or software. Employers use traditional payroll and personnel records as a source to complete the questionnaire.

14 Estimated Cost of the Survey

The approximate cost to the Federal Government for Fiscal Year 2007 is estimated to be \$29.5 million. This amount includes grants to the cooperating State agencies to collect the data. The U.S. Department of Labor will expend a portion for survey materials, planning, development, and training of State staff, technical assistance, and customer service.

15. Change in Burden and Respondent Costs

The current Office of Management and Budget (OMB) inventory for FY 2006 is 239,425 burden hours. For Fiscal Years 2007 through 2009, the average annual burden will be 236,925. The burden is decreasing by 2,500 hours due to the completion of the brochure letter experiment.

16. Plans for Tabulation and Publication

The reference dates for the OES survey will be the payroll periods that includes the 12th day of either November or May. Data collection will begin during the third week of the reference month and will end approximately eight to ten months later. Four mailings (an initial and up to three follow-ups) are planned. Telephone and field follow-ups of nonrespondents are conducted throughout the collection period. States are requested to transmit a clean “master file” to the BLS about 9 months after the payroll reference period. Exact deadlines for States to complete specified tasks are negotiated each year as part of the LMI Cooperative Agreement process.

National, State, and sub-State estimates from the survey will be available to customers May in the year following the survey reference date.

17. Display of Expiration Date

The OES program is requesting that it continue to omit the expiration date on the OES collection instruments. In order to ensure the high quality of OES data, State Workforce Agencies will need to continue to collect data past the expiration date on the form. For at least 10 years, the OES program has made steady progress in improving its response rate. In order to maintain and improve on its current 78-percent response rate, SWAs will need to obtain data from late reporters. These delayed responders are crucial to achieving response rates allowing for production of estimates for detailed occupations in every U.S. metropolitan area. The BLS and SWA staffs are concerned that some will not cooperate because the OMB expiration date falls in the middle of the data-collection period.

18. Certification for Paperwork Reduction Act Submissions

There are no exceptions to the certification.

