

## 2008 Supporting Statement for the National Compensation Survey

### A. Justification

#### Overview

This request is for the approval of earnings and benefit collection for the National Compensation Survey (NCS) 1220-0164. Under the NCS, the Bureau of Labor Statistics (BLS) conducts ongoing surveys of compensation and job characteristics. The NCS is the result of the integration of three former separate surveys: the Employment Cost Index (ECI), 1220-0038, the Employee Benefits Survey, (EBS), 1220-0084, and the Occupational Compensation Survey Program (OCSP), 1220-0007.

The NCS employs a primary sample unit (PSU) design to select metropolitan and other areas to represent the labor force. The sample design is composed of three stages of sampling. During the first stage of sampling, geographic areas are selected. Within each selected geographic area, a second stage sample of establishments is selected. In the third stage of sampling, jobs are sampled within each sampled establishment. The BLS Handbook of Methods describes the sampling process in detail. The NCS chapter may be accessed with the following link: <http://www.bls.gov/opub/hom/pdf/homch8.pdf>.

Prior to 2007, the NCS sample of areas consisted of 80 metropolitan and 72 nonmetropolitan areas. In 2007 the NCS initiated a new sample of 152 areas, consisting of 117 metropolitan areas, 22 micropolitan areas, and 13 clusters of nonmetropolitan counties. In addition to producing data on wages and salaries for the Nation as a whole and for nine broad census divisions, locality data will be published for as many areas as meet publication criteria. Data from the 48 contiguous States will be used by the President's Pay Agent to meet the BLS obligation under the Federal Employees Pay Comparability Act of 1990 (FEPCA), as incorporated in section 529 of Public Law 101-509. NCS will use the OMB area definitions as established through December 2003. To access, click on the following link: [http://www.whitehouse.gov/omb/bulletins/fy04/b04-03\\_appendix.pdf](http://www.whitehouse.gov/omb/bulletins/fy04/b04-03_appendix.pdf)

The NCS determines the work level by classifying each job according to a point-factor method. In 2004, NCS replaced the nine factor method with four factors, giving each job some number of points based on these factors:

1. Knowledge – the amount of knowledge required for the job
2. Job controls and complexity – the type of direction received and the nature of the job
3. Contacts – the nature and purpose of contacts within a job but outside the supervisory chain
4. Physical environment – risks involved and physical demands

The four factor leveling method is the result of a joint effort of BLS and OPM undertaken at the request of the President's Pay Agent. It simplified and modified the NCS procedures for classifying work levels. Tests showed the use of four factors produces more consistent work level occupational matching and has fewer decision points.

In approximately 50 percent of the establishments, the BLS collects additional data on employee benefits. These data include the incidence, costs, and provisions of the benefits. For establishments where benefits are collected, the BLS updates the wage, salary and benefit cost data quarterly. The updating allows for the publication of change in the cost of wages, benefits, and total compensation as well as quarterly levels estimates.

“Field economist” is the BLS title for those who collect data from respondents. To collect NCS data, field economists interview respondents who represent the companies, organizations, and government units within the sample. Field economists conduct these interviews by visiting the company or by phone, or both. Other communication media, such as faxes, mail, websites, and e-mail are used to assist the process, depending on the wishes of the respondents.

When asking questions on earnings and benefits, field economists do not rely on a scripted interview. Instead, they ask probing questions to get the information. Field economists might need to ask different respondents for information in different ways. Some respondents will be experts in the field of compensation, while other respondents merely maintain pay and benefit records. The different levels of respondent knowledge combined with the scope and complexity of NCS data collection makes scripting an interview very difficult.

In the initial collection, the respondent does not complete the collection forms. The field economist asks for the needed information, and uses the collection forms as a note-taking device. This information is then entered into the computer database of the NCS collection system after the completion of the interview with the respondent. Respondents normally give a copy of a recent establishment payroll run either electronically or printed and that payroll data is either electronically reformatted or hand entered into our collection system by the field economist. NCS policy is to collect the data in what ever form is easiest for the respondents to provide and then reformat that data for our use.

When updating the data, the respondent may choose to send the data on forms that the BLS provides. The respondents may respond through e-mail, fax, mail, or phone. Many respondents will send copies of a recent payroll, benefits cost run, or billing statements for various benefits (mostly insurances) by e-mail, fax, or mail in place of using the forms. Respondents may wish to provide the information in a follow-up interview by phone each time they report data and for this option they can call in the information or wait to be called. In such cases, the field economists enter information on the appropriate forms or directly in the computer database.

The published compensation data include the following information:

- Occupational earnings by union or non-union status
- Occupational earnings by full or part time status
- Occupational earnings by incentive or time based wages
- Occupational earnings by establishment employment size
- Occupational earnings by goods producing and service providing industries
- Occupational earnings by mean, median, and quartiles
- Occupational earnings by job level as defined by a point-factor job evaluation
- Occupational earnings by locality, region, and the Nation
- Employer cost of total compensation
- Employer cost of benefits
- Employee cost of selected benefits
- Percent of employees participating in benefit plans
- Provisions of benefit plans
- Percent change in total compensation costs
- Percent change in earnings
- Percent change in selected benefits

The types of benefit information collected include:

- Health, life, and disability insurance
- Retirement plans
- Leave information
- Legally required benefits (Social Security, Medicare, workers' compensation, and unemployment insurance)
- Overtime, shift, and bonus pay
- Other benefits, including child care, health saving accounts, and education assistance

Some of these benefits data are collected to track the emergence of new benefits over time, NCS also asks about the incidence of certain emerging benefits. The BLS only asks whether sampled occupations receive these benefits and periodically drops those that show no growth, supplementing them with other potentially growing benefits.

The compensation data currently captured includes information on details of benefit services received by employees and their families as well as restrictions and limits to the receipts of these services.

As compensation practices change so too must the NCS. This is accomplished through constant environmental scanning which after testing can result in survey changes when new benefits, provisions or practices are identified.

Examples of provision details in NCS include the following:

- Managed care in health insurance
- Cost sharing arrangements such as typical deductibles and copayments
- Other health plan information such as coverage for hospitalization, alternatives to hospitalization, mental health, substance abuse treatment, surgical care, and physicians visits
- Dental, vision, and prescription drug benefits
- Levels of coverage for life insurance and disability plans
- Pension plan eligibility, benefit formulas, survivor options, and disability provisions
- Defined contribution retirement plan employee and employer contribution rates, investment choices, tax status of employee contributions, and disbursement options
- Number of vacation days, sick days, and holidays

Frozen defined benefits pension plans, a practice that we are currently monitoring and will test in the future, is a currently rising practice.

## **1. Necessity of the Information Collection**

Data on various forms of compensation, including employers' cost for wages and benefits, benefits incidence, and detailed characteristics of benefit plan provisions, are needed to meet the requirements of a number of Federal programs. Earnings data produced from the survey are used in the determination of locality pay and general increases for most Federal workers. The Department of Defense's (DOD's) new National Security Personnel System (NSPS) is considering the use of NCS data for locality pay and general wage increases. Other Federal government organizations investigating the use of NCS estimates for pay purposes include the Administrative Office of the United States Courts and the Government Accountability Office. Total compensation data are needed for the calculation of the ECI, a principal economic indicator used in determining monetary policy. As Federal Reserve Bank Chairman Ben S. Bernanke said "The Employment Cost Index is indispensable to understanding America's economy. It ensures the accuracy of the statistics on employers' compensation costs that we rely on for economic policy making and for successful business planning."

The Centers for Medicare and Medicaid Services (formerly the Health Care Financing Administration) uses the ECI to determine allowable increases in Medicare reimbursements for hospital and physician charges. The Employment Standards Administration uses the ECI to set benefit costs required by the Service Contract Act. The National Center for Education Statistics (NCES) uses NCS data in its research work. Other uses of ECI data include: macro-economic forecasting; collective bargaining and other pay determinations; estimating compensation in the National Income and Product Accounts done by the Bureau of Economic Analysis; contract cost escalation; and studies on the structure of employee compensation.

These estimates are also widely used by the private sector to determine the costs of earnings and benefits, for research in the field of labor economics, and in private contracts for wage escalation. They provide quarterly and annual change in total compensation costs, along with availability of benefit programs.

The collection of employee compensation data is authorized and mandated by several laws and regulations. Links to the appropriate sections of these laws, regulations, or documents listed below. These include:

a. The Bureau of Labor Statistics is authorized to make "... continuing studies of ... labor costs in manufacturing, mining, transportation, distribution, and other industries" under Title 29 of the U.S. Code (29 USC 2b).

<http://law.onecle.com/uscode/29/2b.html>

b. The Federal Employees Pay Comparability Act of 1990 directs the President's Pay Agent to prepare "... a report that -- (A) compares rates of pay under the General Schedule with the rates of pay generally paid to non-Federal workers for the same levels of work within each pay locality, as determined on the basis of appropriate surveys that shall be conducted by the Bureau of Labor Statistics." The Act further specifies that in addition to locality differentials being implemented, the 12-month change in the ECI for earnings and salaries for private industry workers minus 0.5 percentage points be used to adjust the General Schedule. (5 USC 5304)

<http://www.oscn.net/applications/OCISWeb/DeliverDocument.asp?CiteID=185083>

c. The Ethics Reform Act of 1989 specifies that data from the ECI be used to adjust the pay of members of the House of Representatives and the Senate, Federal judges, and senior Government officials. (5 USC 5318)

<http://www.oscn.net/applications/oscn/deliverdocument.asp?lookup=Next&listorder=439&dbCode=FDSTUS05&year=>

d. Compensation of Members of Congress shall be adjusted by an amount, rounded to the nearest multiple of \$100 (or if midway between multiples of \$100, to the next higher multiple of \$100), equal to the percentage of such annual rate which corresponds to the most recent percentage change in the ECI (relative to the date described in the next sentence), as determined under section 704(a)(1) of the Ethics Reform Act of 1989. (2 USC 31)

[http://uscode.house.gov/download/pls/Title\\_02.txt](http://uscode.house.gov/download/pls/Title_02.txt)

e. The ECI is designated a Principal Federal Economic Indicator under OMB Statistical Policy Directive No. 3. 2007 Release date attached:

[http://www.whitehouse.gov/omb/inforeg/pei\\_calendar2007.pdf](http://www.whitehouse.gov/omb/inforeg/pei_calendar2007.pdf)

## 2. Uses of Information

A prominent use of the current NCS data is to determine changes in Federal workers' pay, as mandated in the FEPCA of 1990.

Other important data users include:

- Private firms that use the data in the administration and evaluation of the compensation packages they offer their workers
- Researchers in academia and consulting

The Bureau continually examines compensation literature and maintains personal contact with relevant associations and researchers. Currently, no other information is available on a probability basis that yields the scope of compensation data found in the NCS surveys. Research performed by outside consultants while the FEPCA of 1990 was developed showed there were no acceptable alternate sources for earnings data that could be used for adjusting Federal pay.

One of the chief products of the NCS is the ECI. The data produced by the ECI are the only source for measures of change in compensation in the broad civilian, non-Federal, and non-farm economy. Other surveys of change in compensation produce data that are valuable for specific purposes, but are limited in scope and coverage.

Another NCS product is the estimation of benefit incidence and detailed provisions. The NCS benefits are the only source of comprehensive data on employer-provided benefits that is based on a statistical sample and covers the broader economy. Other surveys of benefit provisions (mainly pension and health care plan analyses) are not based on a statistical sample, are limited to a tabulation of unweighted data, are not comprehensive in scope, and usually present a picture based mainly on plans of large employers.

In the next few months, NCS plans to add four questions on frozen defined benefit pension plans as this seems a growing trend and area of concern that NCS wants to be able to quantify. NCS plans to introduce these questions with the intent to publish estimates on frozen plans.

Frozen defined benefit pension plans can be:

- Plans that are abolished and the establishment moves the defined benefit participants into a preexisting or new retirement plan
- Plans where current participants stop accruing benefits as of a certain date but will get a (smaller) pension at retirement
- Plans where new employees are not allowed to participate
- Plans that move those employees 40 and younger (due to discrimination issues) into a defined contribution plan, while older employees may or may not continue to accrue benefit from the defined benefit plan.

The new questions will apply to all schedules with a defined benefit plan, including both newly initiated schedules and update schedules already in the system. The proposed new questions are included in Attachment A.

Additionally, over the next few months, NCS plans to drop collection and usage for paid military leave, paid funeral leave, paid jury leave, and unpaid family leave. NCS will put these leaves in a benefit category of “other leave.” The focus will be on collecting paid personal leave. This change will streamline the data collection process and will reduce collection burden. Only the presence of these benefits will be collected. Limiting the collection of other leave to paid personal leave has been recommended because it would reduce respondent and field economist burden. Paid personal leave is easier to collect because BLS assumes 100 percent usage of available leave and does not require actual usage from the respondent. Paid personal leave also accounts for the majority of the cost and usage of the overall other leave benefit category. As a result, omitting the remaining other leave benefits will not greatly impact ECI or ECEC survey estimates.

There is continuing interest in using NCS data files for special research. Many academic, institutional, and government researchers are currently using these data, and other such efforts are in the planning stages. Ongoing examples of these efforts include: examining trends as indicators in health care cost increases and wage increases shown in NCS and how these differ among industries and occupations, analysis of the dispersion of employer-sponsored health insurance actuarial value in the NCS, and which occupational, wage, and firm characteristics are associated with a firm’s decision to offer health insurance?

### **3. Uses of Improved Information Technology**

BLS field economists obtain data from respondents through personal interview, telephone, e-mail, and fax contacts. After the interview, BLS field economists enter these data into a database utilizing a customized computer application. The application is designed for use on both laptop and desktop personal computers, and runs in the Microsoft Windows operating system. Field economists are able to enter information for an establishment and perform a variety of data edits to check the validity of the entries, as this data capture system currently has approximately 650 total edits.

Quarterly Census of Employment and Wages (QCEW) is a relational database of business establishments linked longitudinally and based on the micro data submitted quarterly by States from Unemployment Insurance (UI) tax files. The QCEW serves as a sampling frame for the NCS and other establishment-based surveys. BLS Data elements on these QCEW files include information on monthly employment, quarterly wages, business name and addresses, industry classification, geocodes, and other administrative data. Every business establishment contains a unique identifier that allows for tracking of individual establishments at the micro level across quarters for the United States. The BLS uploads these data into its computer system before the field economist visits the establishment, thereby reducing the burden on respondents to provide this basic information.

The BLS allows responding establishments to provide a computer file of data, rather than recording data on paper. The NCS survey is currently using a program that allows for centralized control of data received over the Internet that helps facilitate data received electronically. This data can then be directly imported to the NCS system or the data can be reformatted by the system if needed. While field economists usually still visit the establishment

during the first collection, respondents now can send initiation and updated data via the Internet, mail, or fax.

By the end of 2007 the NCS will introduce a Web-based system that will allow NCS respondents, using Secure Sockets Layer (SSL) encryption and the establishment's schedule number, to upload data files to a secure BLS server and forwards those files to the assigned field economist.

#### **4. Effort to Identify Duplication**

The NCS has eliminated the duplication that used to occur when the BLS had three separate surveys studying compensation. Each establishment is now contacted only one time (in each sample cycle) rather than possibly being visited for more than one survey. Therefore, the burden on respondents has been reduced significantly, especially for those large establishments that get selected in multiple samples.

In developing the NCS, the BLS has undertaken efforts to coordinate the NCS with other survey and other Federal data needs. For example, within the BLS, data collection is coordinated between the NCS and the Bureau's Occupational Employment Statistics (OES) program. For larger selected establishments that are in both surveys sample the NCS program collects the data and it is then used for both surveys.

#### **5. Minimizing the Burden to Small Establishments**

The NCS program is designed to provide compensation data that are representative of the national economy. Therefore, information is collected from establishments of all sizes. Any establishment with at least one employee is a potential respondent. Private industry and State and local government establishments are included in the sample for approximately five years.

The aggregate collection burden on small establishments is significantly less than medium and large establishments. For all establishments, including small establishments, an optimum allocation design will be obtained by sorting establishments within the industry by employment size and sampling the industry with probability proportionate to the amount of employment contained in those industries. Therefore, larger firms will have a larger chance to be selected in the sample. The BLS also collects data on fewer occupations in small establishments. Furthermore, small establishments will have a smaller benefit collection burden because they tend to offer fewer benefits than larger establishments.<sup>1</sup>

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

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<sup>1</sup> For example, according to the most recent NCS Employee Benefits in Private Industry publication (March 2006), 88 percent of establishments of over 100 or more employee have health care benefits, as compared to 45 percent of establishments with fewer than one hundred employees. Just as strikingly, 90 percent of establishments with one hundred or more employees offered retirement benefits, as compared to 47 percent of those in establishments with fewer than one hundred employees.

<http://www.bls.gov/ncs/ebs/sp/ebsm0004.pdf>



The consequences of not collecting the NCS would cause the loss of data series that:

- Are needed to administer Federal workers' pay and other programs
- Are valuable tools to private sector compensation administrators
- Provide data critical to analysis of the US economy

If collection were done less frequently, the following negative ramifications could occur:

- Compensation change data, computed on a semiannual or annual basis instead of quarterly, would make it more difficult to identify the causes of any change in the price of labor in a timely manner.
- The change would impair the ability of companies and government entities that use the ECI as a cost escalator for labor rates.

## **7. Special Circumstances**

There are no special circumstances of the type described.

## **8. Federal Register Notice/Outside Consultation**

### **Federal Register Notice**

No comments were received as a result of the Federal Register Notice published in Volume 72, No. 153 on August 9, 2007.

### **Outside Consultation**

The Bureau solicits input from data users, including survey respondents, on the types of compensation statistics they would like to see produced. To assist in these efforts, a marketing outreach program was developed with the goal of informing users about the NCS and gathering information on the types of statistics users find most valuable. The Bureau also obtained advice on its programs from the Business Research Advisory Council (which is being replaced by a Data Users Advisory Committee) and the Federal Economic Statistics Advisory Committee. The latter provides members of the academic community the opportunity to have input on statistical issues. This Committee is a joint effort of the Bureau of Economic Analysis, the Census Bureau, and the BLS.

In addition, the Bureau speaks, attends, and staff exhibits at the annual WorldatWork, the Society for Human Resources Management, and American Society for Healthcare Human Resources Administration Conferences to describe and publicize the NCS program and products. Getting public feedback from the human resource community helps in survey design and publications.

In an FY 1999 customer preference survey, 72 percent of the respondents were "Very satisfied" with the overall service provided by the NCS program and 26 percent were "Satisfied." Finally, an important part of the feedback the BLS receives comes from the survey respondents and their reactions to the type of data requested, the accessibility of the data, and the value of the results. Field economists relay feedback information from respondents to regional managers, who in turn consult with national office managers to assess respondents' suggestions or concerns and act appropriately.

## **9. Payments to Respondents**

No payments or gifts will be provided to any respondents.

## **10. BLS Confidentiality Policy**

The Commissioner's Order No. 1-06, "Confidential Nature of BLS Statistical Data" and the "Confidential Information Protection and Statistical Efficiency Act of 2002 (Title 5 of Public Law 107-347)" explains the Bureau's policy on confidentiality. The Commissioner's Order No. 1-06 states:

"In conformance with existing law and Departmental regulations, it is the policy of the BLS that:

1. 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.
2. Pre-release economic data, including embargoed data, prepared for release to the public will not be disclosed or used in an unauthorized manner before they officially have been released, and will be accessible only to authorized persons.

The following pledge of confidentiality is used on all materials provided to all non-government respondents:

"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 appears on the private industry collection forms and will be on our new web collection site. For the NCS program, the pledge of confidentiality is not extended to State and local government entities, unless specifically requested, since the data they provide are a matter of public record.

In some instances, respondents are unable to provide certain data elements needed to complete the collection requirements. The data, however, may be available from a secondary source such as an insurer, union, or accounting firm. When this occurs it becomes necessary for the BLS to go to a secondary source for the information. In these cases, BLS requests verbal consent from the establishment to solicit the information from the secondary source (examples: union benefit fund or commercial payroll processing firm.)

## **11. Sensitive Questions**

Aside from the sensitivity attached to payroll information, no other sensitive questions are asked during the survey.

## 12. Estimated Reporting Burden

Estimates of respondent burden are provided in this section for all activities associated with the NCS program. For the purposes of the discussion of respondent burden and BLS cost, collection is divided into two categories: initiations and updates. In an initiation, the respondent is contacted for the first time. The BLS field economist samples the jobs for study, collects the earnings and benefit information, and sets up the updating process. In an update, information is collected on the same jobs that were sampled in initiation. The field economist records any changes to employment characteristics or compensation since the initiation, or since the last update. Thus, updates generally take far less time than initiations.

Broadly stated, both private industry and State/local government establishments in the survey fall into one of the first two categories below. In addition, some of the establishments in the survey will also fall into categories three or four below. Each of these categories with the percentage of establishments expected in each category over the three years is listed below.

- 1) Establishments that only provide earnings data, and the data are updated annually. These represent approximately 50 percent of establishments in the survey.
- 2) Establishments where both earnings and benefits data are collected, and data are updated quarterly (some of these benefits may only change annually). These represent about 50 percent of all establishments in the survey. The BLS collects data on earnings and benefit costs every quarter from these establishments.
- 3) Feasibility testing to determine the best ways to collect compensation. These represent about 10 percent of the estimated establishments in the NCS survey. Tests are intended to improve survey procedures and processes to produce more accurate data than those produced in the past, investigate compensation practices, and to help lower respondent burden.
- 4) Follow-up contacts to establishments to do record checks of the collected data. The NCS has a formal review policy where reviewers select approximately 5 percent of all establishments for recontact.

This relatively simple picture becomes more complex when taking into account the various types of data collected. The following list breaks the activities down into the types of collection. (The “records check” entries below refer to checking back with the respondent, for quality assurance and measurement purposes, to verify a sample of data items collected.)

Activity (1a) - Initiation of establishments in the NCS sample where only earnings are collected.

Activity (1b) - Updates of establishments in the NCS sample where only earnings are collected. Data from these establishments are updated annually.

Activity (2a) - Initiation of establishments in the NCS sample where both earnings and benefits are collected.

Activity (2b) - Updating of establishments in the NCS sample where both earnings and benefits are collected. Data from these establishments are updated quarterly.

Activity (3) - Tests of compensation collection. These tests include studies of new ways to reduce respondent burden and improve the collection of compensation data through enhanced data coverage and data definitions.

Activity (4a) - Records check of earnings-only initiations.

Activity (4b) - Records check of earnings-only updates.

Activity (4c) - Records check of earnings/benefit initiations.

Activity (4d)- Records check of earnings/benefit updates.

Estimates of net respondent burden associated with these collection activities in FY 2008, FY 2009, and FY 2010 and broken out by affected publics (private sector, State and local governments) are provided on the following pages.

**Table 1. Private sector sample burden by activity type for FY 2008 to FY 2010 (annual figures)**

Collection Activity	Number of Respondents Per Activity (Net)	Responses Per Respondent	Total Annual Responses by Activity	Minutes Per Response	Total Hours
Activity 1a—NCS earnings-only initiations	3,033	1	3,033	74	3,741
Activity 1b—Update of NCS earnings data	12,726	1	12,726	20	4,242
Activity 2a—Initiation of NCS earnings/benefit data	3,032	1	3,032	251	12,684
Activity 2b—Updates of NCS earnings/benefit data	11,582	3.35 (avg.)	38,800	39	25,220
Activity 3—Feasibility survey testing	3,037	1	3,037	60	3,037
Activity 4a—Records check of earnings-only initiations	152	1	152	15	38
Activity 4b—Records check of earnings-only updates	636	1	636	15	159
Activity 4c—Records check of earnings/benefits initiations	152	1	152	15	38
Activity 4d—Records check of earnings/benefit updates	579	3.35 (avg.)	1,940	15	485
FY 2008-2010 Totals	34,929		63,508		49,644

**Table 2. State and local government sample burden by activity type for FY 2008 to FY 2010 (annual figures)**

Collection Activity	Number of Respondents Per Activity (Net)	Responses Per Respondent	Total Annual Responses by Activity	Minutes Per Response	Total Hours
Activity 1a—NCS earnings-only initiations	*		*		*
Activity 1b—Update of NCS earnings data	2,164	1	2,164	20	721
Activity 2a—Initiation of NCS earnings/benefit data	*		*		*
Activity 2b—Updates of NCS earnings/benefit data	2,163	3.35 (avg.)	7,246	39	4,710
Activity 3—Feasibility survey testing	432	1	432	60	432
Activity 4a—Records check of earnings-only initiations	*		*		*
Activity 4b—Records check of earnings-only updates	108	1	108	15	27
Activity 4c—Records check of earnings/benefits initiations	*		*		*
Activity 4d—Records check of earnings/benefit updates	108	3.35 (avg.)	362	15	90
FY 2008-2010 Totals	4,975		10,312		5,980

\* = activities not being done in the State and local government for this period.

The table below summarizes the data, including figures on the actual number of respondents to be contacted each year.

**Table 3: Private sector average responses and burden by Fiscal Year**

Fiscal Year	Respondents (Number of individual establishments)	Average responses per year	Total # of Responses	Average minutes per response	Total hours
FY 2008	34,929	1.81	63,508	47	49,644
FY 2009	34,929	1.81	63,508	47	49,644
FY 2010	34,929	1.81	63,508	47	49,644
<b>Overall Average</b>	34,929	1.81	63,508	47	49,644

**Table 4: State and local government average responses and burden by Fiscal Year**

Fiscal Year	Respondents (Number of individual establishments)	Average responses per year	Total # of Responses	Average minutes per response	Total hours
FY 2008	4,975	2.07	10,312	35	5,980
FY 2009	4,975	2.07	10,312	35	5,980
FY 2010	4,975	2.07	10,312	35	5,980
<b>Overall Average</b>	4,975	2.07	10,312	35	5,980

When only earnings are collected, the BLS estimates a response rate of 78.0 percent at initiation for purposes of calculation of burden. When benefits are also collected, a response rate of 74.0 percent is expected. All estimates are based on studies of past experience.

The BLS estimates that 93 percent of those who respond at initiation will respond at updates for a survey collected once per year.

For surveys collected quarterly, the BLS estimates that 90 percent of establishments that provide initial data will continue to provide data.

The BLS estimates that NCS feasibility special studies will have a response rate of 85 percent. Finally, the BLS estimates that records check work will have a response rate approaching 100 percent of those who participate in each survey.

The BLS estimates that 1.23 hours of the respondent's time will be required to complete initial collection for NCS earnings-only schedules. For NCS earnings and benefits schedules, an anticipated 4.18 hours of respondent time will be required for initial earnings collection: 1.23 hours for the completion of the earnings component and 2.95 hours for the completion of



benefits. The BLS estimates that updates for the NCS schedules will take 20 minutes for establishments where only earnings are collected and 39 minutes for establishments where both earnings and benefits are collected.

The BLS estimates that follow-up contacts for records check will take 15 minutes. Because of the nature of a records check, the time required is not dependent on the time required for initial collection.

**Table 5. Description and uses of NCS forms**

The NCS has 14 different forms for data collection as different activities during data collection calls for unique forms, both private industry and government versions exist for 7 form types. Copies of these forms are included in this clearance package.

These forms are primarily used as note-taking devices by the field economists. The field economists ask probing questions that will vary depending on the knowledge level of the respondent. The forms provide the field economist with a list of the required information needed for the survey, not a list of questions. For the records check, the field economists will ask for specific items of data in a prescribed manner from data stored in the electronic data base. NCS considers the establishment data in the electronic data base the official copy of the establishment data for survey purposes.

The following table gives the burden level of each form. Since one respondent will often be asked information for multiple forms, the number of total respondents and responses is higher than the figures given in Tables 1-2. In those tables, a respondent who provided information for multiple forms would be counted as one respondent and one response. Table 6, on the next page counts such a situation as multiple respondents and multiple responses and relates forms to initiation and update data collection. Data on Table 6 are annualized averages for FY 2008, FY 2009, and FY 2010.

<b>Form</b>	<b>Function</b>	<b>Activities used</b>	<b>Time</b>
Establishment collection form (NCS Form 04-1G )	Government General Establishment Information; records check of this data	Earnings-only initiation (1a); Earnings/benefit initiation (2a); Records check earnings only initiation (4a); Records check earnings/benefit initiation (4c)	19 minutes for activities 1a and 2a. 5 minutes for activities 4a and 4c
Establishment collection form (NCS Form 04-1P)	Private Industry General Establishment Information; records check of this data	Earnings-only initiation (1a); Earnings/benefit initiation (2a); Records check earnings only initiation (4a); Records check earnings/benefit initiation (4c)	19 minutes for activities 1a and 2a. 5 minutes for activities 4a and 4c

<b>Form</b>	<b>Function</b>	<b>Activities used</b>	<b>Time</b>
Earnings form (NCS Form 04-2G)	Government Earnings data; records check of earnings data	Earnings-only initiation (1a); Earnings/benefit initiation (2a); Records check earnings only initiation (4a); Records check earnings/benefit initiation (4c)	20 minutes for activities 1a, 2a. 5 minutes for activities 5a, 5c
Earnings form (NCS Form 04-2P)	Private Industry Earnings data; records check of earnings data	Earnings-only initiation (1a); Earnings/benefit initiation (2a); Records check earnings only initiation (4a); Records check earnings/benefit initiation (4c)	20 minutes for activities 1a, 2a. 5 minutes for activities 4a, 4c
Wage only–Government (computer generated earnings update form)	Updating earnings data; records check of earnings data	Earnings-only update (1b); Earnings/benefit update (2b); Records check earnings only update (4b); Records check earnings/benefit update (4d)	20 minutes for activities 1b, 2b. 5 minutes for activities 4b, and 4d
Wage only –Private Industry (computer generated earnings update form)	Updating earnings data; records check of earnings data	Earnings-only update (1b); Earnings/benefit update (2b); Records check earnings only update (4b); Records check earnings/benefit update (4d)	20 minutes for activities 1b, 2b. 5 minutes for activities 4b, and 4d
Work Level Form (NCS 04-3G)	Government Documenting work level of occupation; records check of this collection	Earnings-only initiation (1a); Earnings/benefit initiation (2a); Records check earnings only initiation (4a); Records check earnings/benefit initiation (4c)	25 minutes for activities 1a and 2a. 5 minutes for activities 4a and 4c
Work Level Form (NCS 04-3P)	Private Industry Documenting work level of occupation; records check of this collection	Earnings-only initiation (1a); Earnings/benefit initiation (2a); Records check earnings only initiation (4a); Records check earnings/benefit initiation (4c)	25 minutes for activities 1a and 2a. 5 minutes for activities 4a and 4c
Work Schedule Form (NCS 04-4G)	Government Initiation collection of regular work schedule; records check of this collection	Earnings-only initiation (1a); Earnings/benefit initiation (2a); Records check earnings only initiation (4a); Records check earnings/benefit initiation (4c)	10 minutes for activities 1a and 2a. 2 minutes for activities 4a and 4c

<b>Form</b>	<b>Function</b>	<b>Activities used</b>	<b>Time</b>
Work Schedule Form (NCS 04-4P)	Private Industry Initiation collection of regular work schedule; records check of this collection	Earnings-only initiation (1a); Earnings/benefit initiation (2a); Records check earnings only initiation (4a); Records check earnings/benefit initiation (4c)	10 minutes for activities 1a and 2a. 2 minutes for activities 4a and 4c
Benefits Collection Form (NCS 04-5G)	Government Collection of benefits for new government units; records check of this collection	Earnings/benefit initiation (2a); Records check earnings/benefit initiation (4c)	177 minutes for activity 2a. 5 minutes for activity 4c
Benefits Collection Form (NCS 04-5P)	Private Industry Collection of benefits for new private industry establishments; records check of this collection	Earnings/benefit initiation (2a); Records check earnings/benefit initiation (4c)	177 minutes for activity 2a. 5 minutes for activity 4c
Index benefits summary only- Government	Update of benefits data for all establishments; records check of this collection	Earnings/benefit update (2b); Records check earnings/benefit initiation (4d)	19 minutes for activities 2b. 5 minutes for 4d
Index benefits summary only- Government	Update of benefits data for all establishments; records check of this collection	Earnings/benefit update (2b); Records check earnings/benefit initiation (4d)	19 minutes for activities 2b. 5 minutes for 4d
Index wage and benefits- Government	Update of benefits data for all establishments; records check of this collection	Earnings/benefit update (2b); Records check earnings/benefit initiation (4d)	39 minutes for activities 2b. 10 minutes for 4d
Index wage and benefits- Private industry	Update of benefits data for all establishments; records check of this collection	Earnings/benefit update (2b); Records check earnings/benefit initiation (4d)	39 minutes for activities 2b. 10 minutes for 4d

**Table 6: Annual respondent collection burden by form average of FY 2008-2010**

<b>Form</b>	<b>Total Respondents Per Form</b>	<b>Frequency</b>	<b>Total Annual Responses</b>	<b>Avg. Minutes for the Predominant Form Use</b>	<b>Total Hours</b>
Establishment collection form (NCS Form 04-1G)	*		*	19	*
Establishment collection form (NCS Form 04-1P)	6,065	Annual	6,065	19	1,921
Earnings form (NCS Form 04-2G)	*		*	20	*
Earnings form (NCS Form 04-2P)	6,065	Annual	6,065	20	2,022
Wage only– Government	2,272	Annual or quarterly	2,526	20	842
Wage only –Private Industry	15,042	Annual or quarterly	20,486	20	6,828
Work Level Form (NCS Form 04-3G)	*		*	25	*
Work Level Form (NCS FORM 04-3P)	6,065	Annual	6,065	25	2,527
Work Schedule Form (NCS 05-4G)	*		*	10	*
Work Schedule Form (NCS 04-4P)	6,065	Annual	6,065	10	1,011
Benefits Collection Form (NCS 04-5G)	*		*	177	*
Benefits Collection Form (NCS 04-5P)	3,032	Annual	3,032	177	8,944
Index benefits summary only- Government	108	Quarterly	362	19	115
Index benefits summary only- Private industry	2,316	Quarterly	7,759	19	2,457
Index wage and benefits- Government	2,055	Quarterly	6,884	39	4,475
Index wage and benefits- Private industry	9,266	Quarterly	3,1040	39	20,176
Collection not tied to a specific form for private industry and government (testing, QA/QM, etc.)	5,204	Unknown	6,819	38	4,319

\*Most NCS Government forms (NCS 04-XG), are only used for government sample initiations, but if any new metropolitan or non-metropolitan areas are added during collection period NCS Government initiation forms would be used.

Individual respondent cost per year (for all responses) is expected to be an average of \$28.06 for FY 2008, \$28.06 for 2009, and \$28.06 for 2010. This amount is based on an average cost of \$37.69 per hour per respondent. The estimate, based on past experience, is that 70 percent of reporting time comes from professional and related workers, and the remaining 30 percent comes from office and administrative support workers. Professional and related specialty earned an average of \$44.48 per hour in total compensation; office and administrative support workers earned an average of \$21.84 per hour in total compensation. (Hourly costs of earnings and benefits as measured by the Employer Cost for Employee Compensation data series for Civilian workers in March 2007.) <http://www.bls.gov/news.release/pdf/ecec.pdf> The figure of \$37.69 is a weighted hourly average.

Estimated annualized cost to all respondents for all activities is \$2,096,469 in FY 2008, \$2,096,469 in FY 2009, and \$2,096,469 in FY 2010. These totals are based on an average hourly cost of \$37.69 to the respondent.

### **13. Cost Burdens to Respondents**

There are no capital and start-up costs or operation and maintenance and purchase of service costs resulting from the collection of this information.

### **14. Estimated Cost of the Survey**

Collection costs for the NCS survey are totally funded by the Federal government. The total estimated cost of the NCS survey is \$58.1 million for FY 2008. The NCS survey is directly collected by Bureau of Labor Statistics collection staff (mostly in an interview format) and \$27.1 million is the FY 2008 estimated costs for collection activities. Estimated cost for FY 2008 non-collection expenses of \$31.0 million is being incurred by the BLS, for the purpose of providing and maintaining the computers, telecommunications capacity, and software needed to capture the data, as well as retaining the staff who refine the design of the survey, develop collection procedures, select new survey samples each year, maintain data quality standards, produce and distribute estimates, and publish the Employment Cost Index, ECEC, benefit provisions, local, and national wage level data.

### **15. Program Changes or Adjustments**

Currently approved respondent burden hours of 55,590 and projected new respondent burden hours of 55,624 for NCS collection are similar; change would reflect our larger government sample. The BLS will submit a non-substantive change request to OMB in the next few months to obtain approval for the changes described in item two of this document.

### **16. Plans for Tabulation, Statistical Use, and Publication**

Reports are published each year for large metropolitan areas and smaller areas. Data collection for the various areas is staggered throughout the year. The time allotted for collection publication varies with the size of the area under study.

The reports contain tables of earnings by various levels of occupation classification (e.g., sales and office, sales related, and cashiers) and corresponding occupational work level. It is impossible to know in advance which particular series can be published for a specific area, due to the nature of the probability-proportional-to-size selection technique for occupations being used. In general, the more common an occupation, the greater the chance the BLS will be able to publish detailed data on that occupation.

Data also are classified by ownership (private or State and local government), industry, establishment size, union or nonunion status, full-time or part-time work schedule, and whether their pay was based on time or incentive.

Earnings information will also be published (both electronically and paper) for the U.S. and the 9 Census Divisions annually. In addition, data will be available for nationwide quarterly change in compensation. These data will be released shortly after the close of collection for each quarter. In FY 2008 ECI and ECEC data will be published on a locality basis for the first time. Finally, detailed information will be available annually on employer costs of benefits, the incidence of benefits, and benefit provisions.

Employee benefits news releases and publication have a large number of tabulations. Including tabulations linking of wage levels to benefit incidence rates, counts of establishments offering major benefits to at least one employee, Census division breakouts, and new benefit items.

All published estimates from the NCS are available on the BLS internet site, [WWW.BLS.GOV](http://WWW.BLS.GOV). Included on this site are several query tools that allow users to indicate the type of data desired. Customized tabulations are returned.

Data will be adjusted for nonresponse. (Establishments may either refuse to provide any data or may refuse to provide data for certain occupations or benefits items.) The adjustment consists of revising the weights used to aggregate the individual establishments and occupations. Also, the BLS imputes missing items on earnings, benefits costs, participation rates, and provisions.

The BLS also adjusts the weights in a process known as benchmarking. This process adjusts weights to reflect changes in employment that occur between the compilation of the universe from which the sample is drawn and the reference date of publication.

In March 2006 NCS eliminated both severance pay and supplemental unemployment benefits (SUB) from the NCS survey. The combined cost for these two benefits accounted for about one-tenth of one percent of total compensation or about \$0.04 per hour worked as shown in the June 2005 Employer Cost for Employee Compensation (ECEC) press release from BLS. Dropping these two benefits has virtually no impact on the Employment Cost Index (ECI) or ECEC data. At the same time, however, while various items (such as severance and SUB) alone contribute little to respondent burden, in the aggregate their elimination provides some relief.

The NCS had dual industrial coding of sample units for both North American Industry Classification System (NAICS)/Standard Industrial Classification (SIC), as well as dual coding occupational data for both the Standard Occupational Classification (SOC)/Occupational Classification System Manual (OCSM). The March 2004 Employer Costs for Employee

Compensation (ECEC) news release was the first NCS publication to use NAICS and SOC coding; by the end of 2007 all NCS data series will be NAICS and SOC based.

A detailed description of the statistical procedures used in compiling the data is presented in section B.

**17. Approval to not Display the OMB Expiration Date**

Approval to not display the expiration date for OMB approval is not being sought.

**18. Exceptions to the Certification Statement**

No exceptions to the certification statement are requested.