

April 23, 2008

MEMORANDUM FOR: Reviewer of 1220-0164

FROM: Philip Doyle
 Assistant Commissioner
 Office of Compensation Levels and Trends

SUBJECT: Non-Substantive Change Request for the National
 Compensation Survey (NCS)

The National Compensation Survey is seeking approval to:

1. Drop cost collection and usage for paid military leave, paid funeral leave, paid jury leave, and unpaid family leave, only collecting the existence for these leaves.
2. Add four questions on frozen defined benefit pension plans, as these seem to be a growing trend and area of concern that NCS wants to be able to quantify these changes for defined benefit pension plans. NCS will drop two other defined benefit pension questions.
3. Drop the number of collected emerging benefits from 28 to 23. The new list includes some of the benefits previously collected, some new benefits, and some benefits that existed but have been changed, such as Child Care Assistance replacing three different child care benefits. In addition, some of the existing benefits will be dropped. The designation "Other benefits" will replace "Emerging benefits."

NCS plans to implement these changes during the June 2008 NCS collection cycle.

A decrease in burden hours of 559 is expected as a result of these changes.

OMB approval for NCS is not scheduled to expire until January 31, 2011.

If you have any questions about this request, please contact Paul Carney by telephone at 202-691-5180 or by email at Carney_P@bls.gov.

Note to Review of 1220-0164

I. Introduction and Purpose

The National Compensation Survey (NCS) 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.

NCS in addition to producing data on wages and salaries for the Nation as a whole and for nine broad census divisions, locality data is published for as many areas as meet publication criteria. Data from the 48 contiguous States is 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.

In approximately 50 percent of the establishments in the survey, NCS collects additional data on employee benefits. These data include the incidence, costs, and provisions of the benefits. For establishments where benefits are collected, the NCS 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.

NCS is proposing three collection changes. Only the first proposed change should effect respondent burden hours.

II. Burden hours

The burden hours will decrease by 559 hours as a result of these changes.

III. Planned Changes

Change 1 - Change in the collection of "other leave"

NCS has decided to drop cost collection and usage for paid military leave, paid funeral leave, paid jury leave, and unpaid family leave (these leaves have been put in a benefit category of "other leave"). Rather, 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 not their cost.

Limiting the collection of other leave to paid personal leave is recommended, because it will reduce respondent and field economist burden. Paid personal leave is easier to collect because we assume 100 percent usage of available leave and do 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.

Respondent burden impact estimates:

Benefit cost and usage collection is the time consuming part of NCS benefits collection for our NCS respondents, as they must get reports or look up these benefit costs. Typically NCS respondents know the existence and policy for these “Other leave” benefits, but must research to obtain the cost and usage data for these benefits. During schedule initiations this causes a lot of respondent burden.

Dropping the cost and usage from paid military leave, paid funeral leave, paid jury leave, and unpaid family leave data collection from NCS private industry collection will cut approximately 519 hours annually from private industry respondent burden hours.

Government respondent burden collection hours will not be cut as dramatically as there is currently only update collection going on with NCS government sample and the government sample is smaller. It is estimated that 40 hours of government respondent burden will be saved annually.

Private industry burden hours:	Previous 49,644
	New 49,125
	Difference 519

Government burden hours:	Previous 5,980
	New 5,940
	Difference 40

Total burden hours:	Previous 55,624
	New 55,065
	Difference 559

Change 2 - Change to defined benefit pension plan questions

NCS plans to introduce these questions about frozen defined benefit plans with the intent to publish estimates on frozen plans. The new questions about frozen defined benefit plans apply to all schedules with a defined benefit plan, including both newly initiated schedules and update schedules already in the system. (Attachment A contains the new defined benefit pension plan questions)



AttachmentADBplans
.doc

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.

Respondent burden impact estimates:

For Defined Benefits pension plans from 2007 NCS data, only 21% of private industry establishment offer this benefit their workers: So approximately 8,785 private industry firms (taking an approach that establishments and works percentages are similar) in our NCS sample should be asked these questions annually. Most of these 8,785 private industry firms are expected to answer “Yes” to question one and will be finished with these defined benefits provision questions.

For government establishments the 2007 NCS data showed 83% offered this benefit to their workers. So approximately 6,014 government establishment (taking an approach that establishments and works percentages are similar) in our NCS sample should be asked these questions annually. Most of these 6,104 governments are expected to answer “Yes” to question one and will be finished with these defined benefits provision questions.

NCS therefore estimates that these four additional defined benefit pension questions will basically replace the respondent burden of the two defined benefit pension questions dropped. Therefore, no respondent burden change is estimated from this survey modification.

Change 3 -NCS proposed changes to “Emerging benefits”

The National Compensation Survey (NCS) plans to drop the number of collected emerging benefits from 28 to 23. The new list includes some of the benefits previously collected, some new benefits, and some benefits that existed but have been changed, such as Child Care

Assistance replacing three different child care benefits. In addition, some of the existing benefits will be dropped. The designation “Other benefits” will replace “Emerging benefits.”

For these benefits NCS just collects the existence of them. Answers to “Do you offer XXX?” are “Yes”, “No”, and “Not Determinable.”

“Proposed” Other benefits list

Title	Kept/Added	Needs new definition?
Wellness Programs	Kept	No
Employee Assistance Program	Kept	No
Subsidized Commuting	Kept	No
Long-term Care Insurance	Kept	No
Flexible workplace New definition/title	Kept	Yes
Health Savings Account	Kept	No
OOS Salary Reduction*	Kept	No
Flexible Benefits	Kept	No
Health Care Reimbursement Account	Kept	No
Dependent Care Reimbursement Account	Kept	No
Stock Option – Other	Kept	No
Stock Option – Performance	Kept	No
Stock Option – Signing	Kept	No
Paid Funeral Leave	Kept	No
Paid Jury Duty	Kept	No
Paid Military Leave	Kept	No
Paid Personal Leave	Kept	No
Paid Family Leave	Kept	No
Unpaid Family Leave	Kept	No
Child Care Assistance	Added/amended	Yes
Retiree Health – under age 65	Added	Yes
Retiree Health – age 65 and over	Added	Yes
Financial Planning	Added	Yes

*OOS Salary Reduction will have a new title, “Cash or Deferred Arrangements with no Employer Contribution,” with the old definition. The old title is retained for space reasons.

Changed definitions for “Other benefits”

Listed below are the five new or revised “Other benefits” definitions. Definitions for the other 18 benefits are in Volume 2 of the current NCS Procedures Manual.

Flexible Workplace: This benefit, formerly Flexible Work Site, is also known as flexiplace or telecommuting. It allows employees who traditionally work at the establishment to regularly work an agreed-upon portion of their work schedule at home or other approved location, such as a regional work center. Exclude one time or other temporary arrangements.

Examples:

An employee with a chronic back problem for years expects no improvement. Arrangements are made for him to work at home 2 days a week indefinitely. This is an in-scope flexible workplace arrangement.

An employee's work responsibility involves review of documents and spreadsheets on the computer and email with clients to resolve issues. Work can be done away from the office as long as the employee has computer access. The employee has production quotas to meet each day. The company allows the employee to work from home one day per week as long as the production quotas are maintained. This also is an in-scope flexible workplace arrangement.

Another employee breaks a leg and can't drive for 3 months. His company allows him to telecommute from home during the recuperation, with the understanding that the telecommuting would end after 3 months. This is an out-of-scope flexible workplace arrangement.

Child Care Assistance: A workplace program that provides for either the full or partial cost of caring for an employee's children in a nursery, day care center, or by a baby-sitter. Provided care can be in facilities either on or off the employer's premises. Include plans that provide assistance in the form of funds only. Exclude plans that provide referral services only.

Examples:

A company has an arrangement with a nearby child care center. However, the company covers only 10 percent of regular fees, and the employee pays the rest.

Since the company makes a monetary contribution, no matter how small, this is an in-scope plan.

A company provides all new employees with a handbook that includes a list of employee benefits. A section on child care provides information on child care services in the area and the approximate cost per child. The company provides no financial assistance but, if the employee wants more information, the company makes available a human services staffer for consultation. This is an out-of-scope flexible workplace arrangement.

Retiree Health: Retiree health care is a health plan that provides coverage to a retiree beyond what is mandated by COBRA or other health continuation laws. Coverage must include items typically found in a medical plan (such as hospitalization and doctors' care). If a retiree plan exists, it doesn't matter whether it is the same as the plan for active employees, nor does it matter who pays the premiums – even if the retiree pays 100 percent. Plans that only cover dental, vision, or drugs are not considered retiree health coverage. Code access to retiree health coverage for two age groups:

Retirees under age 65
Retirees age 65 and over

Example:

Retirees under 65 years of age can remain in the company’s blue Cross/BlueShield plan until they become Medicare eligible at 65, after which they are dropped. Code Yes for Retirees under 65 and No for 65 and over.

Financial Planning: A free or subsidized financial service for employees to help make decisions related to savings, borrowing, investing, home purchase, education expenses, and/or retirement income. The definition of financial planning does **not** include investment education that is part of a defined contribution plan.

Examples:

Each year the employer arranges for Financial Consultants, & Co to conduct a 2-day seminar on how best to manage the large lump-sum retirement payment employees get at retirement. The employer provides no other financial advice. It does specify in its contract with the consultants that the topic of defined contribution plans should not be discussed. This is an in-scope benefit.

The owner of a small establishment knows employees on a first name basis, and, at quarterly staff meetings, occasionally dispenses financial advice at the end of the meetings. Because of the informal nature of the advice given, this is an out-of-scope benefit.

Dropped benefits

The following is the list of “Other benefits” that NCS proposes to drop.

Other benefits dropped from NCS

Title
Education Assist. - Work Related
Education Assist. – Nonwork Related
Fitness Centers
Travel Accident Insurance
Child Care – Funds
Child Care – On-site or Off-site
Child Care – Resource or Referral
Adoption Assistance
Employer-provided home computers

Respondent burden impact estimates :

41,832 private industry benefit collection firms annually will now be asked these 23 “yes/no/not determinable” questions from formerly being asking 28 questions for “Other benefits” by NCS. Most NCS respondents (personnel or benefit manager know the answers to these questions without looking them up) so NCS is estimating there will be no change in respondent burden.

7,246 government establishments will also be asked about whether they offer these 28 “Other benefits” to their employees. NCS does not expect the dropping of five “yes/no/not determinable” questions will have an effect on respondent burden.