

October 3, 2012

Memorandum for: Reviewer of 1220-0100

CC: Carol Rowan

From: Dori Allard

Subject: Expanding universe for two Current Population Survey questions

Beginning in January 1995, two questions were added to the Current Population Survey (CPS) that were designed to determine whether self-employed persons whose businesses were unincorporated had paid employees.

In the monthly CPS, data on the presence of paid employees are collected from the unincorporated self-employed using the following two questions:

- Do you usually have any paid employees?
- Excluding all owners, how many paid employees does your business usually have?

Researchers have long expressed interest in these questions, and we have often been asked why we do not ask these questions of the incorporated self-employed as well as the unincorporated. The Contingent Work supplement, which has not been conducted since 2005, did ask the questions of both incorporated and unincorporated self-employed workers.

Estimates of the presence of paid employees for the unincorporated and incorporated self-employed are included below. The supplement data showed that a higher percentage of incorporated self-employed workers had paid employees than unincorporated self-employed workers. (For the incorporated self-employed, percentages do not sum to 100.0 percent because data are not available for a small number of respondents.)

	Unincorporated 2005 annual averages	Incorporated February 2005
Total, 16 years and over (in thousands)	10,547	5,065
Percent with no paid employees	84.2	41.8
Percent with paid employees	15.8	56.2
Total with paid employees (in thousands)	1,665	2,846
Percent	100	100
1-4 employees	75.9	44.4
5-9 employees	15.0	18.1
10-19 employees	5.2	13.9
20 or more employees	4.0	14.0

At this time, we are proposing that the incorporated self-employed also receive the questions on presence of paid employees in the monthly CPS. This would allow researchers to obtain current information on the presence and number of employees of both incorporated and unincorporated self-employed, and to evaluate differences over time.

Additional respondent burden from expanding the universe is expected to be negligible. Only about 600 additional people would get the first question in a given month, and a much smaller number would be asked the second question.