

## 2011 Supporting Statement for the National Compensation Survey

Justification, Part A.

### Overview

#### **NOTE:** Proposed Changes to the National Compensation Survey

The President's proposed budget for FY 2011 calls for an alternative to the Locality Pay Survey (LPS) component of the National Compensation Survey (NCS), a new approach that uses data from two current BLS programs – the Occupational Employment Statistics (OES) survey and Employment Cost Index (ECI) portion of the NCS. This may allow for the production of additional locality pay data, while still meeting the requirement to provide data to the President's Pay Agent and continuing to produce the other NCS estimates. At the same time, the NCS will implement a new sample design and implement a sample reduction.

Planning for a redesigned NCS is underway. These plans, currently being developed, call for a transition from an area-based survey design to a non-area-based national design, as well as other changes that will better reflect the reduced survey scope. Until the redesign has been fully tested and evaluated, the NCS will continue to select samples using the current design described in Part B. Section B.4.b outlines the primary technical topics, including important notes on data quality, currently being evaluated for the prospective NCS redesign. In addition, Ferguson et al. (2010) provide additional technical detail on the prospective redesign research efforts.

Part A of this package reflects the President's proposed budget in the sample size and respondent burden estimates, outputs, and other aspects of NCS.

Part B of this package reflects the current survey design of the NCS.

This request is for the approval of earnings and benefit collection for the NCS 1220-0164. Under the NCS, the Bureau of Labor Statistics (BLS) conducts ongoing surveys of compensation and job characteristics.

The President's proposed budget for FY 2011 calls for an alternative to the LPS component of the NCS which provides occupational wage data by industry and specific geographic areas. The NCS is currently developing a new survey design that excludes the LPS. Planning and design for these changes are ongoing. The NCS will transition from an area-based survey design to a non-area-based national design and supplemented with modeled wages starting in FY 2011.

Currently, the BLS uses the LPS and the Employment Cost Index (ECI) to deliver data required by the President's Pay Agent to comply with the requirements of the Federal Employees Pay Comparability Act of 1990 (FEPCA). The President's Pay Agent uses these data to recommend pay increases for Federal General Schedule workers; ECI data are used in determining the National adjustment and LPS data are used in determining locality-based adjustments. The LPS

currently covers 31 locality pay areas designated by the Pay Agent plus the “Rest of the United States.”

The BLS will introduce a new approach that uses data from two current BLS programs – the OES survey and ECI program. In the proposed approach, OES data will provide wage data by occupation and by area, while ECI data will be used to specify grade level effects. The new approach also could be used to extend the estimation of pay gaps to areas that are not presently in the LPS sample.

The NCS sample is selected using a 3-stage stratified design with probability proportional to employment sampling at each stage. The first stage of sample selection is a probability sample of areas, the second stage is a probability sample of establishments within sampled areas, and the third stage of sample selection is a probability sample of jobs within sampled areas and establishments. During the selection of establishments, approximately one-half of the establishments, the index portion, are sub-sampled and flagged to support the ECI, ECEC, and NCS Benefits products. The remaining establishments, the wage-only portion, are flagged to support the wage products only. Data from all sampled establishments, both the wage-only portion and the index portion, are used to produce the wage products. The BLS Handbook of Methods describes the current sampling process in detail. The NCS chapter may be accessed with the following link: <http://www.bls.gov/opub/hom/pdf/homch8.pdf>.

In FY 2011, NCS will start transitioning from the current sample of 152 areas, which consists 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 are published for all areas that meet publication criteria. Data for the 48 contiguous United States are currently 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. The NCS program started transitioning in FY 2007 to the Metropolitan Statistical Areas, Metropolitan Divisions, Micropolitan Statistical Areas, and Combined Statistical Areas in the United States based on the standards published in the December 27, 2000 Federal Register (65 FR 82228 – 82238.) Current lists of Metropolitan and Micropolitan Statistical Areas and definitions are at this link: <http://www.census.gov/population/www/estimates/metrodef.html>

Starting in FY 2011 the alternative approach to the LPS will affect the two remaining NCS components, the ECI and the Employee Benefits Survey (EBS.) This is due to the integration of the sampling, collection, and estimation processes of the NCS program. When the budget is approved to implement the alternative approach, BLS will stop collecting data from the wage-only establishments in the NCS sample. As soon as feasible after the budget implementation, BLS will revert to a national design in order to preserve the reliability of the ECI and EBS. With a national design, the BLS will reduce the sample size of the ECI and EBS by about 25 percent. Based on prior experience and a preliminary analysis of the proposed design changes, we believe that the ECI and other national estimates from the NCS will be of about the same quality as the current estimates and that we will be able to continue publishing most, if not all, of the current detailed estimates.

The NCS uses a factor evaluation method with four factors to evaluate the work level of jobs. Each factor has several levels reflecting increasing duties and responsibilities, etc. and there are point values associated with each level. The four factors are:

Knowledge – the amount of knowledge required for the job

Job controls and complexity – the type of direction received and the nature of the job

Contacts – the nature and purpose of contacts within a job but outside the supervisory chain

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 to help speed up job evaluation in an interview. Tests showed the use of four factors produces more consistent work level occupational matching and has fewer decision points than the previous methodology.

After the implementation of the alternative to the LPS, the NCS will collect wage and employee benefits for all sampled establishments. These data include the incidence, costs, and provisions of the benefits. For all of these establishments, the BLS updates the wage, salary, and benefit cost data quarterly. This updating allows for the publication of change in the cost of wages, benefits, and total compensation on a quarterly basis.

“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 ask questions in different ways to different respondents. Some respondents will be experts in the field of compensation, while other respondents merely maintain pay and benefit records. Because of the different levels of respondent knowledge, combined with the scope and complexity of NCS data collection, scripting an interview that covers most situations would be 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 those payroll data are either electronically reformatted or hand entered into our collection system by the field economist. NCS policy is to collect the data in whichever form is easiest for the respondents to provide and then reformat those data for our use. This approach could cause some non-sampling error, but ongoing collection training and the quality assurance programs are in place to lessen any impact on data collection.

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, phone, and web-site. 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

Some benefits (called "Other benefits" in NCS) data are collected to track the emergence of new or changing benefits over time, NCS also asks about the incidence of certain other 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 plans: employee and employer contribution rates, investment choices, tax status of employee contributions, and disbursement options
- Number of vacation days, sick days, and holidays

Domestic partner benefits and their coverage is an area NCS just added to collection. NCS has also identified Payroll Deduction IRA plans as an upcoming compensation trend. NCS plans to add this as a subcategory of the currently collected Cash or Deferred Arrangements (CODAs) with no employer contributions and measure access to the new benefit.

The NCS has developed and is testing a set of new Web pages based on its data collection system. Implementation of the new pages will follow successful testing by the BLS Cognitive Laboratory, both in the laboratory and then in the field. Respondent access to these new web pages will be through our existing IDCF system.

#### 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. Leveling data produced from the survey are used and will be used in the determination of locality pay and general increases for most Federal workers. Total compensation data are needed for the calculation of the ECI, a principal Federal 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. 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. The ECI provides quarterly and annual change in total compensation costs, including changes in wage and salary costs and changes in the cost of employer provided benefits.

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 are attached. 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. 2010 Release dates attached:

[http://www.bls.gov/schedule/news\\_release/eci.htm](http://www.bls.gov/schedule/news_release/eci.htm)>

## 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.

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 are based on a statistical sample and cover the broader economy. In 2011, the NCS will produce and publish two benefits products, one for incidence and key provisions and a second for detailed provisions for selected benefits in private industry establishments. The BLS will analyze 5,200 benefits plans out of the sample of 11,400 establishments.

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.

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. Recent requests for special research have come from: The Treasury Department, the Statistical Abstract, the Congressional Research Service, the Bureau of Economic Analysis, United States Postal Service, MIT, the Defense Department, the Joint Economic Committee of the U.S. Congress, City of New York. Examples of these requests include (number of requests are for historical data for time series research): Median wages for detailed occupations or data by establishment size in nonprofit organizations. Median values for generic leveling factors, Knowledge and all others, 1997 – 2004. Sick leave by SOC, establishment size, and other categories. Estimates for profit and nonprofit establishments in private industry, Data by 4-digit NAICS, Data by 2-digit SIC since 1982 and 3-digit NAICS to the present Union and nonunion data, and Union and nonunion data for State and local governments by geographical region. Defined benefit and defined contribution retirement plans, and changes in health insurance costs by sector. Access to paid sick leave by employment size for Middle Atlantic region.

### 3. Uses of Improved Information Technology

BLS field economists obtain data from respondents through personal interview, telephone, e-mail, fax, and web-site contacts. After the interview, BLS field economists enter collected 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. This data capture system currently has approximately 650 total edits.

The 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, geo codes, 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. These data can then be directly imported to the NCS system or the data can be reformatted by the system if needed. While field economists may still visit the establishment during the initiation (first) collection, respondents now can send initiation and updated data via the Internet, mail, or fax.

In 2007, the NCS introduced a Web-based system (IDCF) that allows 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. The NCS program is currently working on a more interactive Web page to allow respondents to further refine and break out the detailed data they send NCS using this Web application.

The NCS program started switching to the Standard Occupational Classification (SOC) 2010 from the SOC 2000 beginning on May 5, 2010. The 2010 SOC system contains 840 detailed occupations, aggregated into 461 broad occupations. In turn, the SOC combines these 461 broad occupations into 97 minor groups and 23 major groups. Of the 840 detailed occupations in SOC 2010, 359 remained the same as in SOC 2000.

#### 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 contacted for more than one survey in a quarter. Therefore, the burden on respondents has been reduced significantly, especially for those large establishments that are selected in multiple samples.

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

NCS staff periodically contacts the Agency for Healthcare Research and Quality (Medical Expenditure Panel Survey [MEPS] Insurance Component survey staff) to avoid duplications of benefits collection. A recent example of this contact occurred when NCS was planning to add collection of two domestic partnership benefits. MEPS staff were contacted to verify that they were not currently or planning to collect data on these benefits.

Contact with the MEPS staff also facilitates planning for how each survey plans to deal with the impacts of The Patient Protection and Affordable Care Act (PPACA) on both surveys collection and publication efforts. The last two questions MEPS-IC added were in 2009 on the existence of incentives for those obtaining health insurance coverage elsewhere.

#### 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 (for NCS a small establishment has from 1 to 99 employees). Private industry and State and local government establishments are currently included in the sample for six years. (State and local government establishments sample is currently frozen, the new sample design may change the sample rotation cycle).

The aggregate collection burden on small establishments is significantly less than medium and large establishment burden. For all establishments, including small establishments, an optimum allocation design is 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 and size classes. Therefore, larger firms have a greater chance of being selected. 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>

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<sup>1</sup> For example, according to the most recent NCS Employee Benefits in Private Industry publication (March 2009), 84 percent of establishments of over 100 or more employee have health care benefits, as compared to 59 percent of establishments with fewer than one hundred

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

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

One comment was received as a result of the Federal Register notice published in 75 FR 61178 on October 4, 2010; regarding the addition of two questions on domestic-partner benefits.

Evidence in the labor market and a recent U.S. Department of Labor roundtable discussion, indicate that domestic-partner benefits may be emerging as a component of employer-provided benefit packages in private industry and State and local government. Data users need unbiased information on these benefits offering for research purposes, to project costs, and to make a variety of business decisions.

None of the survey questions are included or worded in such a way as to promote a particular social agenda or compensation policy. The Bureau's goal is to provide the public with unbiased, relevant, accurate, and timely data on the U.S. economy. In accordance with this goal, we attempt to capture labor market data that is relevant and truly reflective of the current practices of employers in the U.S.

### Outside Consultation

The BLS 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

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employees. Just as strikingly, 83 percent of establishments with one hundred or more employees offered retirement benefits, as compared to 66 percent of those in establishments with fewer than one hundred employees.

[http://www.bls.gov/ncs/ebs/benefits/2009/ownership\\_private.htm](http://www.bls.gov/ncs/ebs/benefits/2009/ownership_private.htm)>

information on the types of statistics users find most valuable. The BLS also obtains advice on its programs from the Business Research Advisory Council 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 BLS attends, speaks and has 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 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 is on our 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, the 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 or more of the three categories below. Each of these categories with the percentage of establishments expected in each category over the three years is listed below.

1) Establishments where earnings and benefits data are collected and updated quarterly (some of these benefits may only change annually). The BLS collects data on earnings and benefit costs every quarter from all establishments.

2) 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 conducted to improve survey procedures and processes, produce data that are more accurate, investigate compensation practices, and to help lower respondent burden.

3) Follow-up establishment interviews for quality assurance activities on 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.

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

Activity (1b) - Updating of establishments in the NCS sample where earnings and benefits are collected. Data from these establishments are updated quarterly.

Activity (2) - 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 (3a) - Re-interview for quality assurance activities of earnings/benefit initiations.

Activity (3b) - Re-interview for quality assurance activities of earnings/benefit updates.

Estimates of net respondent burden associated with these collection activities in FY 2011, FY 2012, and FY 2013 and broken out by affected publics (private sector, State and local governments) are provided on the following pages.

**Table 1. Anticipated private sector sample burden by activity type for FY 2011 to FY 2013 (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—Initiation of NCS earnings/benefit data	1,960	1	1,960	252.5	8,248
Activity 1b—Updates of NCS earnings/benefit data	9,069	3.7974	34,439	39.88	22,890
Activity 2—Feasibility survey testing	980	1	980	60	980
Activity 3a— Re-interview for quality assurance activities of earnings/benefits initiations	98	1	98	15	25
Activity 3b— Re-interview for quality assurance activities of earnings/benefit updates	490	3.7959	1860	15	465
FY 2011-2013 Totals annually	12,597		39,337		32,608

**Table 2. Anticipated State and local government sample burden by activity type for FY 2011 to FY 2013 (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—Initiation of NCS earnings/benefit data	*		*		*
Activity 1b—Updates of NCS earnings/benefit data	1,596	4	6,384	40.15	4,272
Activity 2—Feasibility survey testing	160	1	160	60	160
Activity 3a— Re-interview for quality assurance activities of earnings/benefits initiations	*		*		*
Activity 3b— Re-interview for quality assurance activities of earnings/benefit updates	80	4	320	15	80
FY 2011-2013 Totals annually	1,836		6,864		4,512

\* = 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: Anticipated private sector average responses and burden by Fiscal Year**

Fiscal Year	Respondents	Average responses per year	Total # of Responses *	Average minutes per response	Total hours
FY 2011	12,597	3.1227	39,337	49.736	32,608
FY 2012	12,597	3.1227	39,337	49.736	32,608
FY 2013	12,597	3.1227	39,337	49.736	32,608
Overall Average	12,597	3.1227	39,337	49.736	32,608

Private sector averages includes both initiation, update of establishment data, and quality assurance contacts.

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

Fiscal Year	Respondents	Average responses per year	Total # of Responses	Average minutes per response	Total hours
FY 2011	1,836	3.7386	6,864	39.44	4,512
FY 2012	1,836	3.7386	6,864	39.44	4,512
FY 2013	1,836	3.7386	6,864	39.44	4,512
Overall Average	1,836	3.7386	6,864	39.44	4,512

State and local government data is an average of updating establishment data and quality assurance contacts.

When earnings and benefits data are collected, a response rate of 74.0 percent is expected. All estimates are based on studies of past experience.

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 re-interviews for quality assurance activities will have a response rate approaching 100 percent of those who participate in each survey.

The BLS estimates that for NCS earnings and benefits schedules, an anticipated 4.21 hours of respondent time will be required for initial earnings collection: 1.23 hours for the completion of the earnings component and 2.98 hours for the completion of benefits. The BLS estimates that updates for the NCS schedules will take 39.9 minutes for establishments where both earnings and benefits are collected.

The BLS estimates that follow-up re-interview for quality assurance activities will take 15 minutes. Because of the nature of a quality assurance re-interview, the time required is not dependent on the time required for initial collection.

Estimates of net respondent burden associated by collection activities in FY 2011, FY 2012, and FY 2013 are provided on the following pages.

Table 5. Anticipated burden by activity type in FY 2011 – October 2010 to September 2011

Collection Activity	Number of Respondents Per Activity (Net)	Responses Per Respondent	Total Annual Responses by Activity	Minutes Per Response	Total Hours
Activity 1a—Initiation of NCS earnings/benefit data	1,960	1	1,960	252.5	8,248
Activity 1b—Updates of NCS earnings/benefit data	10,665	3.8278	40,823	39.92	27,162
Activity 2—Feasibility survey testing	1,140	1	1,140	60	1,140
Activity 3a— Re-interview for quality assurance activities of earnings/benefits initiations	98	1	98	15	25
Activity 3b— Re-interview for quality assurance activities of earnings/benefit updates	570	3.8246	2,180	15	545
FY 2011 Total	14,433		46,201		37,120

Table 6. Anticipated burden by activity type in FY 2012 – October 2011 to September 2012

Collection Activity	Number of Respondents Per Activity (Net)	Responses Per Respondent	Total Annual Responses by Activity	Minutes Per Response	Total Hours
Activity 1a—Initiation of NCS earnings/benefit data	1,960	1	1,960	252.5	8,248
Activity 1b—Updates of NCS earnings/benefit data	10,665	3.8278	40,823	39.92	27,162
Activity 2—Feasibility survey testing	1,140	1	1,140	60	1,140
Activity 3a— Re-interview for quality assurance activities of earnings/benefits initiations	98	1	98	15	25
Activity 3b— Re-interview for quality assurance activities of earnings/benefit updates	570	3.8246	2,180	15	545
FY 2012 Total	14,433		46,201		37,120

Table 7. Anticipated burden by activity type in FY 2013 – October 2012 to September 2013

Collection Activity	Number of Respondents Per Activity (Net)	Responses Per Respondent	Total Annual Responses by Activity	Minutes Per Response	Total Hours
Activity 1a—Initiation of NCS earnings/benefit data	1,960	1	1,960	252.5	8,248
Activity 1b—Updates of NCS earnings/benefit data	10,665	3.8278	40,823	39.92	27,162
Activity 2—Feasibility survey testing	1,140	1	1,140	60	1,140
Activity 3a— Re-interview for quality assurance activities of earnings/benefits initiations	98	1	98	15	25
Activity 3b— Re-interview for quality assurance activities of earnings/benefit updates	570	3.8246	2,180	15	545
FY 2013 Total	14,433		46,201		37,120

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

**Table 8: Anticipated average responses and burden by Fiscal Year**

Fiscal Year	Respondents	Average responses per year	Total # of Responses	Average minutes/seconds per response	Total hours
FY 2011	14,433	3.2011	46,201	48.2067	37,120
FY 2012	14,433	3.2011	46,201	48.2067	37,120
FY 2013	14,433	3.2011	46,201	48.2067	37,120
Overall Average	14,433	3.2011	46,201	48.2067	37,120

#### Overview of NCS collection forms

The NCS has 12 different forms for data collection as different activities during data collection calls for unique forms, both private industry and government versions exist for 5 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 (BLS staff). 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 quality assurance re-interviews the field economists will ask for specific items of data in a prescribed manner from data stored in the electronic database. NCS considers the establishment data in the electronic database 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 4-6. In those tables, a respondent who provided information for multiple forms would be counted as one respondent and one response. Table 9, counts such a situation as multiple respondents and multiple responses and relates forms to initiation and update data collection. Data on Table 9 are annualized averages for FY 2011, FY 2012, and FY 2013.

Table 9. Functions and uses of NCS forms

Form	Function	Activities used	Time
Establishment collection form (NCS Form 11-1G )	Government General Establishment Information; records check of these data	Earnings/benefit initiation (1a); Quality assurance checks earnings/benefit initiation (3a)	Time 19 minutes for activity 1a. Time 5 minutes for activity 3a
Establishment collection form (NCS Form 11-1P)	Private Industry General Establishment Information; records check of these data	Earnings/benefit initiation (1a); Quality assurance checks earnings/benefit initiation (3a)	Time 19 minutes for activity 1a. Time 5 minutes for activity 3a
Earnings form (NCS Form 11-2G)	Government Earnings data; records check of earnings data	Earnings/benefit initiation (1a); Quality assurance checks earnings/benefit initiation (3a)	Time 20 minutes for activity 1a. Time 5 minutes for activity 3a
Earnings form (NCS Form 11-2P)	Private Industry Earnings data; records check of earnings data	Earnings/benefit initiation (1a); Quality assurance checks earnings/benefit initiation (3a)	Time 20 minutes for activity 1a. Time 5 minutes for activity 3a
Wage Shuttle form (the computer generated earnings update form )	Updating earnings data; records check of earnings data	Earnings/benefit update (1b); Quality assurance checks earnings/benefit update (3b)	Time 20 minutes for activity 1b., Time 5 minutes for activity 3b
Work Level Form (NCS 11-3G)	Government Documenting work level of occupation; records check of this collection	Earnings/benefit initiation (1a); Quality assurance checks earnings/benefit initiation (3a)	Time 25 minutes for activity 1a. Time 5 minutes for activity 3a
Work Level Form (NCS 11-3P)	Private Industry Documenting work level of occupation; records check of this collection	Earnings/benefit initiation (1a); Quality assurance checks earnings/benefit initiation (3a)	Time 25 minutes for activity 1a. Time 5 minutes for activity 3a

Form	Function	Activities used	Time
Work Schedule Form (NCS 11-4G)	Government Initiation collection of regular work schedule; records check of this collection	Earnings/benefit initiation (1a); Quality assurance checks earnings/benefit initiation (3a)	Time 10 minutes for activity 1a. Time 2 minutes for activity 3a
Work Schedule Form (NCS 11-4P)	Private Industry Initiation collection of regular work schedule; records check of this collectionFunction	Earnings/benefit initiation (1a); Quality assurance checks earnings/benefit initiation (3a)	Time 10 minutes for activity 1a. Time 2 minutes for activity 3a
Benefits Collection Form (NCS 11-5G)	Government Collection of benefits for new government units; records check of this collection	Earnings/benefit initiation (1a); Quality assurance checks earnings/benefit initiation (3a)Earnings/benefit initiation Quality assurance checks benefit initiation	Time 177 minutes for activity 1a. Time 5 minutes for activity 3a.
Benefits Collection Form (NCS 11-5P)	Private Industry Collection of benefits for new government units; records check of this	Earnings/benefit initiation (1a); Quality assurance checks earnings/benefit initiation (3a)Earnings/benefit initiation ; Quality assurance checks of benefit initiation (3a)	Time 178.5 minutes for activity 1a. Time 5 minutes for activity 3a. Time 10 minutes for activity 1a.
Summary of Benefits (Benefit update form SO-1003)	Update of benefits data for all establishments; records check of this collection	Earnings/benefit update (1b); Quality assurance checks earnings/benefit update (3b)	Time 19.92 minutes for activity 1b. 5 minutes for activity 3b
IDCF Government	Entry screens for SSL Website	Establishment identification and up load of update data (1b) for firms that use this option	Time 4 minutes for activity 1b.
IDCF Private	Entry screens for SSL Website	Establishment identification and up load of update data (1b) for firms that use this option	Time 4 minutes for activity 1b.

Table 10: Anticipated annual respondent collection burden by form average of FY 2011-2013

Form	Total Respondents Per Form	Frequency	Total Annual Responses	Average Minutes for the Predominant Form Use	Total Hours
Establishment collection form (NCS Form 11-1G)	*		*	19	*
Establishment collection form (NCS Form 11-1P)	1,960	At initiation	1,960	19	621
Earnings form (NCS Form 11-2G)	*		*	20	*
Earnings form (NCS Form 11-2P)	1,960	At initiation	1,960	20	653
Wage Shuttle form computer generated earnings update form#	10,665	Quarterly (3.83 avg.)	40,847	20	13,616
Work Level Form (NCS Form 11-3G)	*		*	25	*
Work Level Form (NCS FORM 11-3P)	1,960	At initiation	1,960	25	817
Work Schedule Form (NCS 11-4G)	*		*	10	*
Work Schedule Form (NCS 11-4P)	1,960	At initiation	1,960	10	327
Benefits Collection Form (NCS 11-5G)	*		*	177	*
Benefits Collection Form (NCS 11-5P)	1,960	At initiation	1,960	178.5	5,831
Summary of Benefits (Benefit update form SO-1003) is computer generated #	10,665	Quarterly (3.83 avg.)	40,847	19.90	13,548
Collection not tied to a specific form (testing, Quality Assurance/Quality Measurement, etc.)**	1,808	1.89	3,417	30	1,709
TOTALS	32,938		94,911		37,122

# Includes IDCF form time (Web based screen for SSL encryption web-site secure.)

\*NCS Government forms (NCS 11-XG), are only used for government sample initiations, none going on during this period

Individual respondent cost per year (for all responses) is expected to be an average of \$31.33 for FY 2011, \$31.33 for 2012, and \$31.33 for 2013. This amount is based on an average cost of \$39.00 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 \$45.84 per hour in total compensation; office and administrative support workers earned an average of \$23.06 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 December 2009.) <http://www.bls.gov/news.release/pdf/ecec.pdf> The figure of \$39.00 is a weighted hourly average.

Estimated annualized cost to all respondents for all activities is \$1,447,758 in FY 2011, \$1,447,758 in FY 2012, and \$1,447,758 in FY 2013. These totals are based on an average hourly cost of \$39.00 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

The estimated cost of the survey is \$52 million for FY 2011. NCS collection cost is \$ 23 million and non-collection cost is \$29 million. The BLS, with the implementation of an alternative to LPS, will have reduction in respondent burden and survey collection time per establishment over the NCS survey cycle for the following reasons:

The BLS is implementing technological changes.

The sample will be further reduced with the loss of the LPS sample.

### 15. Program Changes or Adjustments

The NCS sample for FY 2011 and beyond has been reduced 64% to reflect loss of the LPS sample and some cuts to the ECI sample. In 2011, the implementation of the alternative to the LPS will result in a loss of 20,400 establishments from the sample. The ECI sample will lose 4,000 establishments (approximately a 25% sample loss.) In 2011, the BLS will publish 323 indexes and 278 levels quarterly, using a sample of 11,400 establishments and 50,500 occupations. The NCS sample of 11,400 establishments will have collection done for both wage and benefit collection and are to be on a quarterly data collection cycle.

All current NCS data series are NAICS and SOC based, during 2010-2011 NCS will convert to SOC 2010.

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

Nationwide and locality based quarterly change in compensation data are released shortly after the close of collection for each quarter. ECI and Employer Costs for Employee Compensation (ECEC) are published on a national and a locality basis. Finally, detailed information will be available annually on the incidence of benefits, and benefit provisions.

Employee benefits news releases and publications 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 non-response. (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. In addition, 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.

A detailed description of the statistical procedures used in compiling the data is presented in Part 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

There are no exceptions to the certification statement.