

Stock Options: National Compensation Survey Update

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In June 2000, the BLS [National Compensation Survey \(NCS\)](#) conducted its first statistically valid survey on the incidence of stock options among U.S. workers. The Pilot Survey on the Incidence of Stock Options in Private Industry in 1999 collected data from a representative sample of establishments in all 50 States and the District of Columbia. The survey covered only the incidence of stock options granted during the 1999 calendar year. The initial results of the pilot study were published in an October 2000 [news release](#),¹ and more detailed information (including data on provisions or plan features) was made available the following spring in Compensation and Working Conditions.² As a result of the pilot survey, BLS included data on access to stock options³ in its [April 2004 summary](#) of employee benefits.⁴ The data in that summary show the percent of employees with access to stock options in March 2003.⁵ The discussion that follows provides highlights from the 2003 survey, as well as collection distinctions and data comparisons between the 2003 and 1999 surveys.⁶

In March 2003, 8 percent of private industry workers had access to stock options. Workers in white-collar occupations had greater access to stock options (12 percent) than did those in blue-collar occupations (6 percent). In addition, stock options were more available to full-time workers (10 percent), workers in metropolitan areas (9 percent), and workers in the Pacific census region (13 percent) than they were to, respectively, part-time workers (4 percent), workers in nonmetropolitan areas (3 percent), and workers in other census regions (3 to 10 percent). Employees of establishments with 100 or more workers had greater access (14 percent) to stock options than did employees of smaller establishments (4 percent), and workers who earned at least \$15 per hour had greater access (13 percent) than those who earned less than \$15 per hour (6 percent). The data show little difference in stock option accessibility between workers in goods- and service-producing industries or between workers in union and nonunion jobs. (See table.)

The 1999 pilot study showed the percentage of employees who actually received a stock option grant in 1999, whereas the more recent data show the percentage of employees who had access to a stock option plan in 2003, regardless of whether or not they actually received such a benefit in that year. Because having access to stock options differs considerably from actually receiving them (incidence), direct comparisons between the 1999 and 2003 data are not appropriate. At the same time, however, both sets of data show similar patterns within worker and establishment characteristics.

As previously mentioned, the 2003 survey showed that more highly paid workers had greater access to stock options than less highly paid workers: 13 percent of those earning at least \$15 per hour had access to stock options, compared with only 6 percent of those earning less than \$15 per hour. Similarly, in the 1999 pilot survey, the percentage of workers receiving stock option grants increased with earnings: 0.7 percent of those earning less than \$35,000 per year received stock option benefits, whereas 1.5 percent of those earning \$35,000 to \$49,999 per year, 4.2 percent of those earning \$50,000 to \$74,999 per year, and 12.9 percent of those earning \$75,000 or more per year received stock option grants in 1999.

Similar comparisons can be made with regard to establishment size: Both surveys indicate that stock option benefits are more readily available to employees of larger establishments than they are to employees of smaller establishments. In the 2003 survey, 14 percent of workers in establishments with 100 or more employees had access to stock options, while only 4 percent of workers in establishments with fewer than 100 employees had such access. In the 1999 pilot study, 2.5 percent of workers in the larger establishments received stock option grants, while less than 1 percent of workers in the smaller establishments received that kind of benefit.

Stock Options In The News

Stock option costing has remained a complex and difficult issue. In March 2004, the Financial Accounting Standards Board (FASB) proposed that publicly traded companies be required to list the value of stock options as an expense on their financial

statements.⁷ Some companies have already agreed voluntarily to expense stock options in their financial statements. The NCS is monitoring FASB and Congressional measures pertaining to the possible expensing of stock option costs on financial statements. NCS may revisit capturing employer costs for stock options in its surveys once an option costing standard has been agreed upon. NCS will continue to publish annual stock option access results.

NOTE: This is a revised version of a For Your Benefit piece that originally was posted on June 30, 2004. This version includes corrected estimates of the 2002-03 National Compensation Survey benefits data. Corrections have been made to the original estimates showing the percent of workers who had access to stock options in the following groups: all workers, white-collar workers, blue-collar workers, full-time workers, workers in metropolitan areas, workers in establishments with 100 or more employees, workers who earned at least \$15 per hour, union and nonunion workers, workers in goods-producing and in service-producing industries, and workers in the following census regions: New England, Middle Atlantic, East North Central, South Atlantic, East South Central, West South Central, Mountain, and Pacific.

Notes

- 1 [Pilot Survey on the Incidence of Stock Options in Private Industry in 1999](http://www.bls.gov/ocs/sp/ncnr0001.pdf), USDL 00-290 (U.S. Department of Labor), October 11, 2000; available on the Internet at <http://www.bls.gov/ocs/sp/ncnr0001.pdf>.
- 2 Beth Levin Crimmel and Jeffrey L. Schildkraut, "Stock Option Plans Surveyed by NCS," Compensation and Working Conditions, Spring 2001, pp. 3-21; available on the Internet at <http://stats.bls.gov/opub/cwc/archive/spring2001art1.pdf>.
- 3 By NCS data collection definition, an employee has access to a benefit plan if the employee is in an occupation that is offered the plan; either all employees in an occupation have access to a benefit, or none has access. Stock option access refers to the percentage of employees that have stock options available for their use but have not necessarily received a stock option grant.
- 4 [National Compensation Survey: Employee Benefits in Private Industry in the United States, March 2003](http://www.bls.gov/ncs/ebs/sp/ebsm0001.pdf), Summary 04-02 (Bureau of Labor Statistics, April 2004), pp. 2, 15 (table 12); available on the Internet at <http://www.bls.gov/ncs/ebs/sp/ebsm0001.pdf>. BLS plans to continue publishing data on stock options in future publications on employee benefits.
- 5 March 2003 was the average reference period for this publication of the NCS data on access to stock options.
- 6 Standard errors have not been calculated for the 1999 pilot survey or for the 2003 data on stock options; therefore, none of the comparisons by various occupational and establishment characteristics in this article could be verified by a statistical test.
- 7 Currently, most publicly traded corporations place a footnote in their financial statements to document the cost of stock option grants, using an appropriate option costing model such as Black-Scholes. The Black-Scholes model is a pricing model used to calculate the value of an option by considering the stock price, grant price and expiration date, risk-free return, and the standard deviation of the stock's return.

Table. Percent of workers with access to stock options, by selected characteristics, private industry, National Compensation Survey, March 2003.

Characteristics	Percent
All workers	8
Worker characteristics:	
White-collar occupations	12
Blue-collar occupations	6
Service occupations	2
Full time	10
Part time	4
Union	8
Nonunion	8
Average wage less than \$15 per hour	6

NOTE: For more information, including definitions of terms used in this table, see the notes to table 12 and the technical note in National Compensation Survey: Employee Benefits in Private Industry in the United States, March 2003, Summary 04-02 (Bureau of Labor Statistics, April 2004), pp. 15 (table 12), 16-17 (technical note); available on the Internet at <http://www.bls.gov/ncs/ebs/sp/ebsm0001.pdf>.

Characteristics	Percent
Average wage \$15 per hour or higher	13
Establishment characteristics:	
Goods producing	9
Service producing	8
1-99 workers	4
100 or more workers	14
Geographic areas:	
Metropolitan areas	9
Nonmetropolitan areas	3
New England	8
Middle Atlantic	7
East North Central	7
West North Central	3
South Atlantic	10
East South Central	7
West South Central	10
Mountain	7
Pacific	13

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