

CES program: changes planned for hours and earnings series

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The Current Employment Statistics (CES) program produces monthly estimates of nonfarm payroll employment, hours, and earnings for the Nation, States, and major metropolitan areas in considerable industry detail. These data are among the earliest and most closely watched economic indicator series. In addition, the CES publishes monthly series on women workers by industry.

Currently, CES average weekly hours and average hourly earnings series, and their derivatives, such as the index of aggregate hours, are limited to covering production and nonsupervisory workers in the private sector. A production worker concept is used for the goods-producing industries, and a nonsupervisory worker concept for the service-providing industries. The earnings are defined as “regular earnings” and, as such, they exclude bonuses and other irregular payments.

Plans for change

The Bureau of Labor Statistics plans two major changes to the data series available from CES. These changes follow several years of research, testing, and consultation with major data users. The principal aspects of the changes are:

- Expansion of the hours and earnings series to cover all employees rather than just production and nonsupervisory workers.
- Discontinuation of the women worker series.
- Potential addition of a total wages series, that will include nonwage

cash payments such as bonuses and stock options.

Impetus for the changes

All-employee hours and earnings. Virtually all major CES data users have expressed interest in and support for broadening the scope of worker coverage for the CES hours and earnings series. By covering all employees rather than just the production and nonsupervisory workers, the new CES series will provide more comprehensive and therefore more valuable information about trends in the hours and earnings of nonfarm wage and salary workers. In addition, it will provide better information for other economic data series which use CES data as input, especially the BLS productivity series and the personal income segment of the national income and product accounts produced by the Bureau of Economic Analysis. Another impetus for the transition to an all employee definition is the increasing difficulty that many respondents have compiling information for the production and nonsupervisory worker definitions presently used by the CES program. Most payroll recordkeeping does not allow for the easy identification of workers defined by the CES categories of production and nonsupervisory workers. These categories simply are not meaningful to employers and records are not kept for these groupings of workers. This leads to a relatively high item nonresponse rate for payroll and hours data, compared with the all-employee data item. Pilot tests have indicated that most respondents would find it less burdensome to compile payroll and hours information for all employees than for the production/nonsupervisory worker categories.

Women workers. BLS plans to discontinue the collection and publication of women worker series concurrent with the start of all-employee payroll and

hours collection. Eliminating this data item will reduce the response burden for CES sample members at a time when they are being asked to add total payroll and hours information.

There is little demand for the CES women worker series; the major focus of CES data users is for information by industry and geography. CES provides a great amount of industry and geographic detail, but no other demographic breakouts beyond women workers. The Current Population Survey (CPS), which provides monthly data on the labor force and unemployment rate, is a much richer source for demographic information. The CPS is a large household survey which as a result of its detailed respondent interviews, supplies abundant information by gender, age, race, and other demographic characteristics.

Total wages. A third potential change is under consideration for the CES program—addition of a total wages series. A total wages series would include items such as bonuses, stock options, and employer contributions to 401(k) plans—items that currently are not included in the CES average hourly series. Both the currently published average hourly earnings series for production/nonsupervisory workers and the planned series for all employees, measure regular earnings—wages earned and paid each pay period. Bonuses and other nonwage cash payments are excluded unless earned and paid each pay period.

Because it would be a more comprehensive measure of worker compensation, a total wages series would be of particular interest to the Bureau of Economic Analysis for input to its personal income series and to government revenue forecasters who use compensation to predict tax revenues. Presently, BLS is evaluating the feasibility of adding total wages collection to the CES survey, in terms of

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cost and operational issues as well as respondent burden considerations. A final decision has not been made on whether CES will publish a total wages series.

employee average weekly hours and average hourly earnings series.

Timetable for introduction

All-employee hours and earnings. BLS plans to transition from production/nonsupervisory worker hours and earnings to all-employee hours and earnings in two stages. This plan will provide a multiyear overlap between the two series.

Stage 1—The new hours and earnings series added for all employees will be published beginning in early 2006. The current production and nonsupervisory worker series also will continue to be published. The retaining of current concepts should make the transition smoother for data users and for BLS, especially given that there will not be historical time series data available for the new all-employee-based hours and earnings series.

Stage 2—After the all-employee hours and earnings series become well established with users, and there is a sufficient history to permit seasonal adjustment, the production/nonsupervisory worker series will be discontinued. BLS tentatively plans to drop these series in 2009.

Elimination of women worker series. The women worker series will be discontinued after publication of the December 2004 estimates in early 2005. Respondents will be asked to begin reporting all-employee payroll and hours in early 2005 and to drop reporting of women workers.

Potential addition of a total wages series. BLS expects to decide by early 2004 whether to add this series to the CES program. If the decision is positive, the series will likely be added in early 2006, concurrent with the all-