

Part B, Chapter 5

Earnings and Union Membership Concepts

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PART B, CHAPTER 5

EARNINGS AND UNION MEMBERSHIP CONCEPTS

5.A INTRODUCTION

The purpose of this chapter is to explain the concepts related to earnings and union membership and to give an overview of the section of the CPS instrument that contains earnings and union membership questions. Detailed earnings information can be found in Part C, Chapter 4.

You collect earnings and union membership information for employed civilian household members (15 years of age or older) who are wage and salary workers in private industry, or at any level of government, or self-employed in an incorporated business. You collect this information only during the household's interview numbers 4 and 8.

Few respondents are enthusiastic about providing information on earnings. A fair number will want to know **why we collect earnings data in an employment survey**. The answer is that the Federal government (for example, Council of Economic Advisors, Federal Reserve Board) and various business and labor organizations need timely data on earnings for different segments of the population. They use earnings data to compare the weekly earnings of individuals in different population groups (for example, men, women, young workers, elderly workers, whites, blacks, Hispanics) or occupation categories (for example, bakers, carpenters, nurses, and teachers). These data are also used to track increases in earnings over time in order to assess how well earnings are performing relative to changes in living costs (as measured by the Consumer Price Index). The data also allow us to determine

how many Americans are working at or below the minimum wage. Accurate and timely data of this type are essential for successfully managing our economy.

Only about one-fourth of the sample is eligible to answer these questions each month. This means that it is important that you attempt to convert refusals and get accurate responses for these items. **High nonresponse rates seriously reduce the reliability of the data.**

5.B EARNINGS CONCEPTS AND PROCEDURES

During interview numbers 4 and 8, you collect earnings for all eligible household members. You ask for the easiest way for them to report earnings (for example, hourly, weekly, annually, etc.). The instrument will then tailor additional earnings questions for the specified person on that basis.

5.B.1 Amount of Earnings

You must collect earnings information on **gross pay**.

Gross pay. The total dollar amount usually received by the wage earner before deductions for federal/state income taxes, social security, union dues, etc.

Be alert to cases where the respondent is thinking of net or take-home pay (gross pay minus deductions). If (s)he knows only take-home pay, try to get the total salary or gross pay by asking the respondent to estimate payroll deductions.

Include piece rate income as earnings. Persons working in garment making or food packaging often receive this type of income. Also count college assistantships and fellowships and on the job training as earnings.

Do not include pay in kind, such as food or lodging for work, or expense accounts as earnings.

5.B.2 Hourly Workers

Hourly earnings. Hourly earnings is the hourly rate as stated by the employer, expressed precisely in dollars and cents. It does not include tips, commissions, or any other non-hourly wages. Try to get as precise a figure as possible.

From hourly workers, you obtain hourly rate of pay, the usual number of hours worked at that rate and the amount and periodicity of overtime, tips, and commissions usually received in order to calculate an estimated weekly earnings amount. You then verify this amount with the respondent.

In some cases, a person's hours may vary considerably. Try to get an average number of hours worked per week for persons whose schedule varies from week to week.

5.B.3 Non-Hourly Workers

Earnings not reported as hourly. Round to the nearest whole dollar. If the respondent reports 50 cents or more beyond a whole dollar, round up to the next dollar. If (s)he reports a value that is a multiple of \$50, ask if it is an exact value.

As stated earlier, the instrument will tailor the earnings questions to whatever periodicity the respondent reports is easiest for each household member (weekly, monthly, etc.).

However, the BLS needs estimates of hourly wage workers so they can study minimum-wage workers. Therefore, you ask an additional question of persons who do not report that it is easiest to report their earnings hourly to determine if they are paid at an hourly rate.

5.B.4 Overtime Pay, Tips, and Commissions

You will also ask if persons usually receive overtime pay, tips, or commissions. Persons paid by the hour will be asked how much they usually receive.

5.C UNION MEMBERSHIP AND COVERAGE CONCEPTS

During interview numbers 4 and 8, you ask about labor union or employee association membership on the person's sole or main job. Select "yes" for these questions if the person is a member of a labor union or an association that serves as a collective bargaining representative for the person.

You will ask persons who are not members of a union or employee association whether or not (s)he is covered by a union or employee association contract at their sole or main job. **Covered** means: there is a contract between their employer and a union or association that affects the wages, working conditions, and/or benefits at the job.

Associations that engage in the activities performed by unions, but are not identified as such, can be categorized into two types:

- professional associations, (for example, the National Education Association, American Nurses Association)
- government employee associations, (for example, state employee associations)

END OF PART B

The next section of this manual contains details on conducting a CPS interview and provides additional instructions for questions that may give you difficulty.

