BLS regional offices: contribution to wage programs

The regional offices of the Bureau of Labor Statistics have been playing a key role in fulfilling the Bureau's mission since their inception; their vital contribution will continue as the challenges of the future unfold

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In establishing the Bureau of Labor Statistics in 1884, Congress directed Carroll D. Wright, the first BLS Commissioner, "to collect information upon the subject of labor, its relation to capital, the hours of labor, and the earnings of laboring men and women, and the means of promoting their material, social, intellectual, and moral prosperity."[1] With this mandate, the measurement of wages, hours of work, and working conditions became a prime focus of the Bureau from its inception.

The program to measure workers' earnings and benefits, as well as work practices, was conducted in the national office for many years. However, over the past 50 years, the Bureau's regional offices have played a vital role in advancing the Bureau's wage, benefit, and compensation programs. This role includes conducting surveys, assisting in the development of concepts, performing operational research, analyzing and disseminating survey results, assisting and advising data users, and most importantly, developing and maintaining a continuing and mutually beneficial relationship with data providers.

Although regional wage offices were not established until 1942, their inception was anticipated as early as 1884, when Commissioner Wright stipulated principles to be followed in the Bureau's work. These included "firsthand data collection, voluntary reporting, and confidentiality of returns."[2] As data requirements continued to increase dramatically, Wright's insistence on firsthand data collection, that is, gathering data through personal visits to business establishments, necessitated a regional staff to perform the function adequately.

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The early years

In the early years, Bureau surveys of wages and working conditions were conducted irregularly, often in response to economic developments or to meet specific needs. In the late 1800's, surveys were conducted on railroad labor in a period of turbulent work stoppages, on past depressions when poor economic conditions prevailed, and on wages for skilled occupations in selected cities in the United States, Great Britain, France, and Belgium.

These surveys evolved into a regular program focusing on occupations by industry, following a landmark study begun in 1891 for a Senate committee headed by Nelson W. Aldrich, Republican Senator from Rhode Island. Known as the Aldrich report, the study was designed to measure various effects of tariff legislation passed in 1890. With an ambitious scope, taking in developments in consumer expenditures, wages, and prices, the report led to significant advances in methodology, including the use of indexed or relative data for measuring wages. It was followed by a series of surveys conducted by the Bureau that measured actual and relative wages and hours by occupation, relative wages by industry, and wages and hours

for all industries that were covered. These surveys included information on more than 500 occupations that were unique to, and representative of, 67 industries studied over the period 1890–1903.[3]

In presenting the results of these surveys, the Bureau announced that it "would serve as the basis for the regular annual collection and presentation of data from the establishments covered."[4] It served in this regard for a number of years, though on a limited basis. In 1913, the Bureau added the publication of union scales of wages and hours to its wage program.

During World War I, the Bureau's mission was expanded to include assisting the War Industries Board; however, even with the increased workload, all wage studies continued to be conducted from the national office in Washington. The Bureau expanded further during the depression years of 1933 to 1940 to meet the needs of New Deal agencies attempting to cope with massive unemployment problems. Again, data collection was conducted from the national office.

Establishment of regional offices

With the onset of World War II, the vast data needs generated by price controls and the wage stabilization effort led to the establishment of BLS regional offices to advise and assist regional War Labor Boards. The first offices were set up to supply and analyze price information. By November 1942, regional wage offices were established in Boston, Chicago, Cleveland, New York, Philadelphia, and San Francisco. Over the next 5 months, additional offices were opened in Atlanta, Dallas, Denver, Detroit, Kansas City, and Seattle.

During the war years, the War Labor Boards were charged with "establish[ing] sound and tested going rates for decisions in cases involving interplant wage inequity claims."[5] Because wages were low—a carryover from the depression—and skilled workers were suddenly scarce due to wartime personnel needs, employers were anxious to raise wages to retain their work forces.

As a basis for advising the Boards on local wage levels, the Bureau's regional wage offices conducted surveys of some 130 key occupations in all communities with populations of 25,000 or more, as well as in a sampling of smaller areas. The surveys, conducted in about 400 areas altogether, involved about 75,000 visits from mid-1943 to mid-1944. The magnitude of the task can best be understood by comparing it with the Bureau's prewar wage survey workload: between 1938 and 1941, an average of 11 national wage surveys were conducted annually. Even today, the Bureau's occupational wage survey program involves only about one-third as many visits annually as were conducted during each of the war years.

Information garnered from the wage surveys was vital to the War Boards' determination of the validity of industry claims for relief from the strict controls that were in force at the time. The information was also used to measure the effectiveness of wage stabilization decisions and to settle industrial disputes.

Although subject to the general direction of the War Boards, the regional offices exercised considerable latitude in carrying out their mission. For example, because no national program of area-oriented occupational wage surveys existed through much of 1943, the BLS regional wage analysts decided which industries and occupations to survey and analyzed and interpreted the survey results.

The wage surveys the regional offices conducted were highly diverse, ranging from shoe repair shops and tuberculosis sanitoriums in Denver to brokerages and law firms in New York. The technique of surveying key occupations in each industry and using the results as a benchmark for all occupations in the industry was introduced to reduce the analytical workload and lighten the reporting burden. By late 1943, a national program was established, permitting the Bureau to plan and conduct wage surveys in a more systematic manner.

The Bureau's efforts to meet wartime needs led to significant changes in the nature of occupational wage information. Although occupational and union wage data existed prior to the war, the new emphasis on data by locality would prove to be useful. During this period, data on white-collar workers were first developed, as was the Urban Wage Rate Index, a single, unique measure of changes in wages throughout the economy. This index, published from 1941 to 1947, served as a valuable guide to understanding the direction of overall wage trends.

In 1944, the regions' separate wage and price offices were consolidated into single regional offices in eight of the aforementioned cities. This step was taken to provide better service to data users and increase the Bureau's efficiency of operation. Kansas City became a branch office of the Dallas region, Philadelphia a branch of the New York region, Detroit a branch of the Cleveland region, and Seattle a branch of the San Francisco region. Atlanta, Boston, Chicago, and Denver were the sites of the other regional offices.

A broad regional office role evolved during the war years and expanded after consolidation. Private businesses, labor unions, State governments, and local groups became aware of wage data that were being produced, although many of the early surveys were not published in permanent form. Employers and unions sought the results of BLS wage surveys to use in negotiations and for salary administration purposes. Soon, responding to re-

quests for data and analysis of results became important responsibilities of the regional offices. Because numerous data users were also data providers, these informational services represented a valuable link that gave many companies an additional incentive to continue participating in BLS survey programs. As Commissioner Ewan Clague noted, "although these offices were created initially for war purposes—for the servicing of emergency agencies—they also were called upon more and more for information and service by private business companies and local organizations. By the end of the war their permanent value was well established."[6]

The postwar period

The war's end brought renewed interest in broader economic data, as the Nation faced a difficult transition to a civilian economy. Although there was increased demand for the services provided by the Bureau, sharp cutbacks in funding stemming from a large war debt forced widespread reductions in services, including a retrenchment in regional offices. Between 1946 and 1947, the four satellite offices in Detroit, Kansas City, Philadelphia, and Seattle were closed.

As the economy began its dramatic postwar change, important developments occurred in Bureau programs. The wartime work on wage stabilization had established the value of area-oriented data, so, in 1948, a series of surveys measuring pay levels and related practices for office clerical occupations on a cross-industry basis was initiated in 11 large cities. Over the next several years, the program expanded both geographically and occupationally. By 1950, these area-oriented surveys covered "communities," or metropolitan areas, and 40 Community Wage Surveys were conducted. Also, in addition to office clerical occupations, maintenance, custodial, warehouse and trucking jobs were surveyed. The publications resulting from the surveys began incorporating local data from industry wage surveys and union wage scale surveys—data that were important in a particular community, thus providing a comprehensive summary of each area's industrial makeup. In the early 1950's, several professional and technical occupations were added to the program, and the area-specific industry wage data and union wage scales were published separately.

The regional office structure was well suited to conducting Community (later, Area) Wage Surveys. The local BLS presence fostered a sense of continuity with local employers, and the information and advisory services that regional offices continued to provide helped assure the voluntary participation of employers that was crucial to the accuracy and completeness of the surveys.

Several of the regions initiated cooperative efforts with academic, governmental, and industrial groups to avoid duplication of effort, minimize the reporting burden on respondents, and facilitate data collection for the Area Wage Surveys. In the San Francisco region, for example, cooperative efforts were launched with the Bay Area Salary Survey Committee and the Los Angeles Salary Survey Committee in which BLS would collect and provide wage data used for the administration of salaries for State and local government workers. Similar data-sharing arrangements were developed with groups of local private employers in Philadelphia and Pittsburgh. An arrangement was entered into with the State of New York to collect and publish wage data in the State's four metropolitan areas, expanding the list of survey-related jobs to include those of particular interest to its labor market. Coordinated data collection efforts among Federal agencies were instituted in the 1960's, as joint labor-management teams representing various branches of the Department of Defense accompanied BLS field representatives on their visits to establishments in areas in which sizable numbers of defense agency workers were employed.

In addition to the Area Wage Surveys, the Bureau continued its longstanding program of studying wages in specific industries that were of importance to the national economy. During the immediate postwar period, this program focused mainly on manufacturing industries. However, as a result of ongoing structural changes in the economy, including the increasing relative importance of the service sector, the Bureau expanded the program to take in important service industries, such as banking and hospital care. In the early 1980's, the number of industry wage studies was reduced substantially, as a result of budget problems. Another casualty of this cutback was the Bureau's oldest wage survey, the union wage scales program.

Also emerging in the postwar economy was the increasing importance of white-collar jobs. In the Federal sector, this resulted in new legislation, the Federal Salary Reform Act of 1962, mandating that Federal white-collar workers be compensated at a level comparable to that of workers in the private sector. The limited amount of wage data on professional and technical occupations included in the Community Wage Surveys was not adequate for this purpose, and in 1962, the National Survey of Professional, Administrative, Technical and Clerical Pay (PATC) was instituted.

The PATC survey was national in scope, reflecting the belief that labor markets for professional jobs were not substantially different across the country; a national survey also met the administrative requirements of the Federal Salary Reform Act.

The national market theory did not preclude the need of local users for data on white-collar pay levels in their area of concern. The New York regional office was involved in this development, as the New York State Department of Labor contracted with the BLS regional office to obtain pay data on professional, administrative, technical, and clerical occupations located within the State. This contract work began in 1968 and was terminated in 1979.

The regional offices also contributed to the success of the PATC program by conducting operational research and eliciting participation in the survey by important respondents. The regions' research on the nature of company structures and policies affecting the classification and pay levels of white-collar workers was an important element in the program's design; and the regions' long record of establishing excellent working relationships with key survey respondents, along with the Bureau's reputation for holding survey information strictly confidential, as originally stipulated by Commissioner Wright, helped to overcome the initial reluctance on the part of many important potential participants to provide wage data for high-level positions.

Although there was still substantial interest in broad economic indicators, the Urban Wage Rate Index was discontinued in 1947, when wage stabilization ended and budget cutbacks were imposed. It was not until 1976 that a comparable measure, called the Employment Cost Index (ECI), was published. The ECI was expanded into a total compensation measure, including not only wages, but also salaries and benefits, in 1980. The research that went into developing the ECI drew heavily on the earlier wartime work and on various studies that were conducted in the 1960's and early 1970's on the cost of benefits. The regional offices played an active role in the developmental stages of the ECI program, as well as serving as a testing ground for many of the concepts and data collection methods that were eventually incorporated into this important measure.

In the early stages of the program, considerable difficulty was experienced in devising workable survey plans. Drawing upon their wide expertise with occupational pay and benefit cost programs, the regional offices became involved in the conceptual and methodological, as well as the data collection, aspects of the study. The regions were instrumental in the development of new survey forms, training materials, and the design of a viable processing system. Although initially, the study was designed as a mail survey, the regions were able to demonstrate the viability of collecting quarterly wage and benefits data by telephone for a large portion of the sample. Not only did this methodology decrease costs and increase timeliness; it also helped to ensure the collection of high-quality data through continuous contact with respondents.

Obtaining cost data for 21 different benefits from various source materials presented a great challenge for ECI field staff. The large variety of data sought often demanded multiple contacts inside and outside of an establishment, as company personnel and compensation specialists, as well as unions and private accounting firms, retained different pieces of information needed to obtain a complete picture of the distribution of benefits in the workplace. Compounding the challenge for the regional field staff was the necessity to obtain a commitment from the survey respondent not only to furnish the substantial amounts of data initially requested, but also to continue to participate in the survey on a quarterly basis for at least the next 4-1/2 years. To accomplish the goals of the complex and dynamic ECI program in the best manner possible, the regions established dedicated teams focused solely on the ECI, as opposed to using cross-trained staff who worked on several programs.

Processing data in a timely fashion presented an additional challenge to the regional offices, as all of the ECI survey establishments had to be accurately updated, edited, and corrected in a compact 6-week period. This procedure was carried out four times a year to maintain the program's currency. Regional staff were also instrumental in the development of the Summary of Benefits system, which enhanced the accuracy of the updated data, and the on-line processing capabilities of the Wage Update and Benefit Update systems.

The latest ECI-related challenge for the regions began in 1989, when data collection was integrated with the Employee Benefits Survey. The survey originated in 1980 and has become a widely used measure of the incidence and characteristics of employee benefits. During the past 2 years, the regions have achieved the goal of collecting the two surveys jointly, despite their conceptual differences. When the ECI becomes fully integrated with the Employee Benefits Survey, the expected result will be a powerful analytic tool to study benefit plan provisions and costs in relation to each other.

As a result of this high level of past and continuing cooperative efforts between the national office and regional staff, the ECI has been able to flourish, gaining wide acceptance among Federal policymakers and in the business and economic communities and leading to its designation as one of the Federal Government's major economic indicators.

In addition to their roles in program development and data collection, regional offices responded to the charge, specified at the time of their

inception, to provide "data and analysis based on economic needs for information that are peculiar to individual areas."[7] Wide-ranging programs of regional interest were launched, resulting in reports that numbered in the hundreds and that encompassed many of the Bureau's already existing programs. Among the reports produced were a study of "Working Rules in West Coast Longshoring" that appeared in the January 1961 issue of the *Monthly Labor Review* (pp. 1–10).

Regional reports also became the vehicle for disseminating information on wages paid to municipal workers in the Nation's large cities. A program of Municipal Government Wage Surveys was begun in 1970 that ultimately supplied valuable information on the wages, benefits, and work practices of municipal employees, a subject of considerable interest in that many municipalities were facing severe budgetary shortfalls at the time. Although municipal expenditures are once again a matter of concern, these data are no longer being produced by BLS, because of a 1981 budget reduction that ended the program.

In the postwar period, the configuration of regional offices went through several changes. The number of offices declined from eight to five and then returned to eight under a 1968 reorganization. As a result of the reorganization, offices were established in Dallas and Philadelphia, following the relocation of an office from Cleveland to Kansas City 1 year earlier. These three offices were added to the longstanding offices in Atlanta, Boston, Chicago, New York, and San Francisco in a configuration that has remained constant since that time.

Future challenges

With the passage of the Federal Employees Pay Comparability Act of 1990, the Bureau's wage survey program is again facing a substantial new responsibility that will challenge the ingenuity and expertise of the regional offices. The Act mandates adjustments to Federal employees' salaries on the basis of comparability with pay levels of non-Federal employees *by locality*. The Bureau's current program dealing with salaries, consisting of national surveys of professional, administrative, and technical pay and local surveys of clerical, maintenance, and custodial pay, will no longer suffice in providing the relevant information to policymakers.

To meet the requirements of the latest Federal pay legislation, the Bureau will conduct annual local surveys of professional, administrative, technical, clerical, maintenance, and custodial workers. These will replace the national white-collar pay survey and will incorporate many of the Area Wage Surveys conducted in the past.

Once again, the regional offices are serving as a testing ground, this time for automated techniques of data collection and transmission. A system of entering data directly to a computer in the field and transmitting the data to a national data base for processing is now being tested. This automated system, called Computer-Assisted Data Collection and Processing, will save resources and increase efficiency when it is fully operational.

In this effort, and in future activities of the Bureau, the regional offices will continue to play a key role in providing authoritative and reliable information on the compensation practices for and working conditions of the Nation's workers. The experience of the last 50 years has shown that regional offices make a substantial contribution—successfully soliciting participation in surveys across the broad spectrum of U.S. employers, providing expertise in data collection and processing techniques, testing and perfecting various methodological approaches, and advising and assisting data providers and data users—in achieving the Bureau's mission "to collect information on social and economic conditions and . . . through fearless publication of the results, let the people assess the facts and act on them."[8] □

Footnotes

[1] "Activities of the Bureau of Labor Statistics in World War II," *Historical Reports of War Administration*, No. 1, June 1947, p. 2.

[2] Joseph P. Goldberg and William T. Moye, *The First 100 Years of the Bureau of Labor Statistics* (Washington, U.S. Government Printing Office, September 1985), p. 12.

[3] *Ibid.*, p. 37.

[4] *Ibid.*

[5] *Ibid.*, p. 161.

[6] "Activities of the Bureau," p. 157.

[7] *Guide for Regional Directors* (Washington, U.S. Department of Labor, April 1947), p. 2.

[8] Goldberg and Moye, *The First 100 years*, p. 258.