

## Methodology/Disclaimer

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ERI's salary survey reports contain unique participant data complemented by two additional sections of data collection. The result is up to three survey analyses for each job.

The three sections of data with their own sources are described below:

### 1. Public Databases

Nonprofit executive information is from public domain IRS Form 990 EOs/EZs/PFs and is obtained by ERI's optical character recognition (OCR) or digitization of these forms. Over 2.5 million observations are added each year, and there are now compensation amounts for over 26 million nonprofit employees/directors in the ERI survey database. Data is, in part, also leased for perpetual use from the Urban Institute and GuideStar and may contain industry assignment and other errors.

Non-executive positions are composite results of the US OES Occupational Employment and Wage Survey. ERI parses the job family data into specific jobs reported with the OES' relative standard error. Relative salaries by position within a job family are profiled based upon competitive ranking for these jobs found within ERI's **Salary Assessor**<sup>®</sup>.

### 2. ERI Assessor Data

Information is from ERI's **Salary Assessor** databases as of March 31 of the given survey year. Salary values of the **Salary Assessor** software and databases are the compiled results of licensed Canadian and US salary surveys and datasets collected and analyzed by ERI, as well as analyses derived from millions of data points gathered annually from loan and employment applicant earnings verifications, digitized public records including the US SEC, OCR of US IRS returns, and ERI's industry and job family surveys. ERI's **Salary Assessor** is by far the more robust analysis, but may not satisfy the definition of a "survey" in some governmental regulations. That said, thousands of organizations use ERI's **Salary Assessor** analyses annually to plan salaries.

### 3. Incumbent Information

Participation is solicited from employers in the public, private and nonprofit sectors, as well as government entities in the United States and Canada during the survey participation period of October to March. Submitted information is normalized to a common date before calculations are done. In compliance with FTC regulations, the survey will not report data for positions with less than five respondents.

This survey's incumbent data may vary remarkably from time to time because organizations included in any particular survey population may change. This is different from ERI's **Assessor Series**<sup>®</sup> data that present the results of year-to-year consistent polynomial regression analyses for any position based on the analysis of thousands of surveys and data sources for many years, with some jobs going back to 1977. In contrast, ERI's industry and job function salary survey reports can be considered single pure surveys. They are created for use by those who must see raw data with survey participants and sources disclosed, when survey reports need to be archived and lower cost, non-analytic extracts are required.

Participating organizations' identities and names of organizations in the public domain are presented in the source and participant list at the end of the report. Lists may be truncated due to formatting constraints.

ERI utilizes a file of 19,000 job titles found in the US and Canada to compile the survey job benchmark list. Industry surveys will not show all of ERI's job titles since not all jobs exist in any one industry, and many of these are alternate titles with the same eDOT number (a nine-digit code used in the US since 1939), as for CEO and Chief Executive Officer, for example. An effort is made to provide a wide sampling of titles to assist in benchmarking. Titles may vary from year to year.

For those requiring more flexible analyses, consider ERI's **Assessor Series** applications that allow users to customize analyses by planning date, industry sub-sector, and specific geography, whether it be at the nation, state, or city level. The **Assessor Series** is available for purchase on a subscription basis that includes quarterly data updates.

## Definition of Terms

Each salary survey report contains three distinct compensation data collections. Not all sources have exactly the same definitions or constructs. For example, proxies report unique salary and bonus values for executives, while Form 990s report only direct compensation (the combination of the two). Where differences exist, they are described below:

### Number of Incumbents (Nos of Incumbents)

This count represents the number of individuals reported holding the position. The number of incumbents is reported only from the source materials so that double counting does not occur.

### Mean

The mean or average is the result of dividing the sum of two or more quantities by the number of quantities. For example,  $(a + b + c)/3$  = the mean.

### First Decile

The first decile represents one of nine points, which divides a series of ranked scores into ten equal parts from the lowest to the highest. Each part, therefore, represents one-tenth of the series. The first decile represents the bottom 10% of the population, often termed the tenth percentile.

### First Quartile

A quartile is a value in a ranked continuum that is divided into four parts. The first part is 25%, the second part is 50%, the third part is 75%, and the fourth part is 100%. The first quartile would represent the range of population from zero to 25%, often termed the 25th percentile.

### Median

Median compensation is the estimated 50th percentile of the distribution of remuneration. Fifty percent of incumbents in an occupation earn compensation below, and 50% earn compensation above the median earnings.

### Third Quartile

A quartile is a value in a ranked continuum that is divided into four parts. The first part is 25%, the second part is 50%, the third part is 75%, and the fourth part is 100%. The third quartile would represent the range of population from zero to 75%, often termed the 75th percentile.

### Ninth Decile

The ninth decile represents one of nine points, which divides a series of ranked scores into ten equal parts from the lowest to the highest. Each part, therefore, represents one-tenth of the series. The ninth decile represents 90% of the population, often termed the 90th percentile.

### Rate of Error

Each position will have a rate of error displayed for each applicable database. Compensation levels paid may differ remarkably between these categories. Rather than combine these databases, each database is reported separately with its own rate of error to allow the user to make his or her own determinations.

#### 1. 990 Tax-Exempt Database

Data is shown on the graph using a power curve (polynomial regression analyses). A standard error is reported based upon the actual data shown in this survey data population.

#### 2. Public Databases

Information is principally from government and nonprofit organizations, using composite results of the US OES Occupational Employment and Wage Survey. This US government survey reports a Relative Standard Error which is reproduced for the year, area, and job family requested.

### 3. U.S. Proxy & ERI Executive Databases

Data is shown on the graph using a cubic spline curve through both observed and survey data. The standard error is calculated only from measurements of variance from the predicted mean displayed.

### 4. ERI Industry Database

This information on primarily for-profit company employees is from ERI's patented online, interactive salary surveys and **Assessor Series** databases. The calculation provides a Standard Deviation measure because data are collected for individual jobs and are not reported by years of experience, level, or organizational size, as in **Assessor Series** analyses.

### 5. Survey Participant Database

Standard errors are calculated via the traditional formula of dividing the sample standard deviation by the square root of the sample size. The error value shown is a Relative Standard Error, which is the Standard Error divided by the Mean expressed as a percentage.

A rate of error will not be shown where more than one source of data exists. The mixing of OES Relative Standard Error from nonprofit/public sources, regression-derived Standard Errors, and ERI's Standard Deviations does not present a meaningful, defensible statistical measure, as it might combine three different types of error measure. If shown, the rate of error is derived as described above from the individual data source reported.

## Total Direct Annual Compensation

The Total Direct Annual Compensation is the sum of Annual Salary and Incentive/Variable Pay.

### Annual Salary

Annual Salary is straight-time, gross pay and exclusive of premium pay. This includes base rate, cost-of-living allowances, guaranteed pay, hazardous-duty pay, and on-call pay, but not incentive pay, such as commissions and production bonuses or rewards from variable pay plans and/or retirement or benefit plan matches.

### Incentive/Variable Pay

The annual Incentive/Variable Pay includes annual bonuses, commissions, and production bonuses or rewards from variable pay plans.

## Total Annual Compensation

The Total Annual Compensation is the sum of Direct Compensation and Allowances and Benefits.

### Direct Compensation

Direct Compensation includes salary, fees, bonuses, and severance payments paid, along with payments of amounts reportable as deferred compensation.

### Allowances & Benefits

Allowances & Benefits include all welfare benefit plan payment, all other forms of deferred compensation and future severance payments, both taxable and nontaxable fringe benefits, expense allowances, and reimbursements that recipients must report as income.

## Selected Characteristics of Occupations (SCOs)

Selected Characteristics of Occupations or work measures are derived from ERI's **eDOT Skills Project**, a cybernetic job analysis system utilizing, in part, ERI's **Occupational Assessor**<sup>®</sup>.

## Regions

Our compensation surveys are available with data cuts by US region. States included in each region are as follows:

Northeast Region: Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont

Southeast Region: Alabama, District of Columbia, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, Tennessee, Virginia, West Virginia

North Central Region: Idaho, Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Montana, Nebraska, North Dakota, Ohio, South Dakota, Wisconsin, Wyoming

South Central Region: Arizona, Arkansas, Colorado, Louisiana, New Mexico, Oklahoma, Texas, Utah

West Coast Region: Alaska, California, Hawaii, Nevada, Oregon, Washington

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