South Dakota Pay and Wage Data

The Labor Market Information Center (LMIC) of the South Dakota Department of Labor and Regulation (DLR) produces several indicators of worker earnings. These indicators include the annual pay statistics produced by the Quarterly Census of Employment and Wages (QCEW) program, which is industry focused, and occupational wage data produced by the Occupational Employment Statistics (OES) program. The LMIC works in cooperation with the Bureau of Labor Statistics (BLS), U.S. Department of Labor, to produce the QCEW and OES data for South Dakota.

The QCEW program produces a comprehensive tabulation of employment and wage information for workers covered by state unemployment insurance (UI) laws and federal workers covered by the Unemployment Compensation for Federal Employees (UCFE) program. The QCEW program serves as a near census of monthly employment and quarterly wages for county, state and national areas.

The QCEW data includes information for all covered workers, including all full- and part-time workers The QCEW annual pay statistics produced for South Dakota include average annual pay data for each county by industry. However, as applies to all data production, data is suppressed if publication parameters are not met.

Regarding use of the QCEW data as a wage benchmark for economic development purposes, although the annual pay of workers is readily available by county and industry, there are several unknowns that also limit this data as a gauge for earnings. For any given covered worker reported as a wage earner, it is unknown whether the wages were earned over the course of the entire quarter, part of the quarter, or one day. The occupational classification of each worker is also unknown. Whether workers are employed full- or part-time is also not known. For these reasons, it is difficult to accurately determine a benchmark for occupations for specific industries unless a survey is conducted.

The OES survey data produced in the state includes detailed occupational wage information produced for statewide South Dakota and five sub-state areas including the Rapid City Metropolitan Statistical Area (MSA), the Sioux Falls MSA, and the East, Central and West regions of the state. Although the OES survey gathers information for both full- and part-time workers, the wage data is collected on an hourly basis to represent prevailing wage rates.

Current occupational wage information for South Dakota, including geographic definitions for the substate wage areas, is available on the LMIC website: http://dlr.sd.gov/lmic/menu_occupational_wages.aspx

To provide additional detailed occupational information targeted for workforce development purposes, the Employment and Training Administration (ETA), U.S. Department of Labor, funds the Estimates Delivery System (EDS), which provides the ability to produce occupational wage estimates (using the OES wage data) by industry for specified geographic regions. The LMIC often utilizes the EDS system to produce more detailed occupational wage estimates by industry for the five substate areas defined by BLS. Regional data produced by the EDS would serve as a strong benchmark for industry-specific occupational prevailing wage rates.

The EDS can also produce occupational wage data by industry for a specific county; however, it is likely most of the data would be suppressed. Therefore, for wage requests which require the use of the EDS, it is common

practice to use a bundle of counties which represent the typical labor shed for a particular county. Journey to Work (commuting pattern) data produced by U.S. Census Bureau is referenced for this information.

The main caveat regarding the use of EDS to produce wage data for unique commute sheds is that as the BLS funds the production of the OES worker and wage data, the BLS OES survey sample is designed to represent occupational data for statewide South Dakota and the five sub-state regions, not individual counties or select commute sheds.

Therefore, while it is possible to produce detailed wage information for select commute sheds, including occupational data by industry sector, a high level of data suppression for certain areas may be a concern.

Consequently, if the intent is to set a required wage benchmark for companies receiving economic development funding, the LMIC strongly recommends targeting wage benchmarks specific to industry staffing patterns and corresponding occupational wages for a specific commute shed area. If wage data is suppressed for a specific commute shed area, then the BLS substate regional data would be referenced to determine benchmark wages.

Typical wage data produced through the OES and EDS include:

Number of Workers: represents an estimate of the total wage and salary workers in an occupation across all industries.

Average Wage: represents the arithmetic mean of the wage data collected, calculated by dividing the estimated total wages for an occupation by the number of workers in that occupation. The average wage is also referred to as the mean wage.

Percentile Wages: represents the percentage of an occupation's workers who earn less than or equal to that wage. For certain occupations, the upper percentile wages may not be available because of disclosure concerns or reliability issues. The following percentile wages represent distinct measures of the entire wage range:

- 10th Percentile: 10% earn less than or equal to this amount; 90% earn more
- 25th Percentile: 25% earn less than or equal to this amount; 75% earn more
- 50th Percentile: 50% earn less than or equal to this amount; 50% earn more (median wage)
- 75th Percentile: 75% earn less than or equal to this amount; 25% earn more
- 90th Percentile: 90% earn less than or equal to this amount; 10% earn more

For additional information regarding the QCEW and OES programs, please refer to the online methodologies referenced below.

QCEW methodology and technical notes: http://dlr.sd.gov/lmic/technicalnotes_covered_workers.aspx

OES methodology and technical notes: http://dlr.sd.gov/lmic/technicalnotes_wages.aspx