

### **Other Labor Income**

Other labor income consists of the employer contributions to privately administered pension and welfare funds, employer contributions to government employee retirement plans, and a miscellaneous category.<sup>1</sup>

Other labor income accounted for over 6 percent of personal income at the national level in 2001 (table C).

### **Employer contributions to private pension and welfare funds**

Contributions by employers to privately administered benefit funds, which consist of their payments to pension and profit-sharing plans, premiums for private group health and life insurance plans, payments to supplemental unemployment benefit plans, and payments to privately administered workers' compensation plans, accounted for about 81 percent of other labor income in 2001 (table C). For private pension plans, other components of personal income include their investment income, except capital gains (net of losses). However, benefits paid by these plans are not counted as part of personal income.

**Private pension and profit-sharing plans, group health and life insurance, and supplemental unemployment insurance.**--The State and county estimates of the payments to

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1. Other labor income excludes employer contributions paid to social insurance funds, such as those for the Old-age, Survivors, and Disability Insurance (social security) program. Generally, government-administered funds that provide benefits to individuals are classified as social insurance; however, government employee retirement plans are treated similarly to private pension plans. The benefits paid from social insurance funds are counted as part of the transfer payments component of personal income.

For the difference in the treatment of government employee retirement plans and social security, see footnote 10 in Brent R. Moulton, Robert P. Parker, and Eugene P. Seskin, "A Preview of the 1999 Comprehensive Revision of the National Income and Product Accounts," Survey of Current Business 79 (August 1999): 11.

these private benefit plans are prepared for each private industry at the North American Industrial Classification System (NAICS) three-digit subsector level of industrial detail. Because State and county data are not available from the sources used to prepare the national estimates, the payments amount for each industry is allocated to the States--and the State estimates, to counties--in proportion to the estimates of wages and salary disbursements for the industry.<sup>2</sup> However, for the large payments made by two motor vehicle manufacturing firms to previously underfunded pension funds in 1993-95, the contribution made by each firm was allocated to States and counties in proportion to the firm's employment in motor vehicle manufacturing plants.

The State government contributions to private pension plans consist only of contributions to annuity plans made on behalf of selected groups of employees--primarily teachers. The State estimates are based on data from the Teachers Insurance and Annuity Association/College Retirement Equities Fund. The State estimates are allocated to counties in proportion to the county estimates of wages and salaries for State and local government education.

Previous to 2001, local government contributions to private pension plans consisted primarily of contributions made on behalf of D.C. teachers. Beginning with 2001, local government contributions to private pension plans also include contributions to annuity plans made on behalf of Native American tribal councils and employees of Native American establishments.

The national estimates of Federal, State, and local government payments to employee group health and life insurance plans are allocated to States--and the State estimates, to counties--in proportion to ES-202 employment data for each level of government.

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2. Because wage and salary disbursements by industry are used to allocate the national estimates to States and counties, the State and county estimates reflect the various mixes of industries among the States and counties and the wide variation in contribution rates relative to wages among industries, but not the variation in contribution rates among States and counties for a given industry.

**Workers' compensation plans.**--The contributions by employers to privately administered workers' compensation plans consist of net premiums paid by employers to private insurance companies for workers' compensation insurance, benefit payments by self-insured employers, and court-awarded payments by the railroad industry and the water transportation industry for work-related injuries.<sup>3</sup>

The State estimates are prepared in three parts: For railroad transportation, for water transportation, and for all other industries.

State data for the court-awarded payments by the railroad and water transportation industries are unavailable. For the railroad industry, the national estimate of these payments is allocated to States in proportion to the number of workers killed or injured in railroad accidents, as reported in the Annual Accident/Incident Bulletin by the Federal Railroad Administration. For the water transportation industry, the national estimate of the court-awarded payments is allocated to States in proportion to the estimates of wages and salaries for this industry.

The State estimates of the premiums and benefits paid by employers in the other industries are prepared with a dual allocation.<sup>4</sup> In this four-step procedure, first, the national estimate for all industries combined is allocated to States in proportion to the sum of two data series: (1) Earned premium data collected from the National Association of Insurance Commissioners

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3. Programs for workers' compensation insurance are authorized by law in all States, and laws in the District of Columbia and in all but six States authorize programs for private workers' compensation insurance. Federal laws authorize the court-awarded payments by the railroad industry and the water transportation industry. Laws in many States authorize self-insurance. Workers' compensation insurance provided by government-operated funds is classified as social insurance, and the premiums paid to these funds are classified as employers' contributions for social insurance, which is not a component of personal income. The benefits paid by these funds are classified as transfer payments to persons, and are therefore part of personal income.

4. See "Dual allocation" in the technical notes.

supplemented with data from the National Council on Compensation Insurance and the American Association of State Compensation Insurance Funds, and (2) data on benefits paid by self-insured employers from the Social Security Administration (SSA) and the National Academy of Social Insurance (NASI).<sup>5</sup> Second, the national estimate for each industry is allocated to States in proportion to the estimates of wages and salaries for the industry. Third, the State estimates from the first step are allocated to the NAICS three-digit subsectors in proportion to the output of the second step.<sup>6</sup> Finally, the national estimate for each industry is allocated to States in proportion to the output of the third step.

Because of the lack of county data, the State estimates of workers' compensation payments in all industries are allocated to counties in proportion to the county estimates of wages and salaries by industry.

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5. The SSA series of employer costs for self-insurance was discontinued after 1995 and succeeded by the NASI series.

6. For West Virginia, the State estimate is allocated to industries in proportion to data from the Annual Report of the West Virginia Workers' Compensation Fund.

### **Employer contributions to government employee retirement plans**

Government employee retirement plans are treated similarly to private pension plans in the national income and product accounts.<sup>7</sup> For the measurement of personal income, employer contributions to the plans are counted as part of other labor income, and the investment income (excluding capital gains) received by the plans is counted as part of personal dividend income or personal interest income. The employer contributions to these plans accounted for over 21 percent of other labor income in 2000. The employee contributions to the plans and the payment of benefits to retired persons and survivors are not reflected in personal income.

**Contributions for Federal civilian employees.**--The government employee retirement plans for Federal civilian employees consist of the Civil Service Retirement System, which covers only employees hired before 1984; the Basic Benefit Plan of the Federal Employees Retirement System, which covers mainly employees hired after 1983; the Thrift Savings Plan; and several plans that cover specified groups of employees, such as the plan for the Foreign Service.

The national estimate of the employer contributions to all of the retirement plans for Federal civilian employees is allocated to States--and the State estimates, to counties--in proportion to Federal civilian wages and salaries.

**Contributions for military personnel.**--The national estimate of the employer contributions for military retirement is allocated to States--and the State estimates, to counties--in proportion to military wages and salaries.

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7. In addition to or instead of coverage under government employee retirement plans, many government employees are covered by the Old-age, Survivors, and Disability Insurance Program (social security); see footnote 1.

**Contributions for State and local government employees**--The government employee retirement plans for State and local Government employees consist of those plans operated by State and local governments. The pension plans for some State and local government employees are operated by private carriers; the employer contributions to these plans are classified as employer contributions to private pension plans. Some local government employees are covered by plans operated by State governments.

The State-level estimates--like the national estimates--are based on data from the Census Bureau's annual Finances of Employee-Retirement Systems of State and Local Governments. The State estimates of the contributions for State government employees are based on the total contributions received by the State-operated plans less the contributions made for local government employees to those plans. The State estimates of the contributions for local government employees are based on the total contributions received by the plans operated by local governments plus the contributions made for local government employees to the State-operated plans.

The State estimates of the contributions made for State government employees and for local government employees are each allocated to counties in proportion to the corresponding estimates of wages and salaries.

**Other**

This category consists of fees paid to jurors and witnesses, compensation of prisoners, and marriage fees paid to justices of the peace.

The national estimates of each of these subcomponents is allocated to States and counties in proportion to the civilian population.

May 6, 2003

Table C.--Relative Importance to Personal Income of Other Labor  
Income by Component, United States, 2001

	Millions of dollars	Percent of personal income
Personal Income..	8,677,490	100.00
Other labor income	565,535	6.52
Employer contributions to private pension and welfare funds..	456,365	5.26
Private pension & profit-sharing plans, group health & life insurance, & supplemental unemployment insurance	417,154	4.81
Workers' compensation plans..	39,211	0.45
Employer contributions to government employee retirement plans..	106,263	1.22
Contributions for Federal civilian employees..	41,540	0.48
Contributions for military personnel..	25,511	0.29
Contributions for State and local government employees	39,212	0.45
Other /1/..	2,907	0.03

1. Consists of compensation to prisoners and judicial fees.

NOTE.--Detail may not add to totals due to rounding.