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Glossary

of currently used

WAGE TERMS

Bulletin No. 983

UNITED STATES DEPARTMENT OF LABOR

Maurice J. Tobin, Secretary

BUREAU OF LABOR STATISTICS

Ewan Clague, Commissioner

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June 1950

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Washington 25, D. C. - Price 15 cents

Letter of Transmittal

UNITED STATES DEPARTMENT OF LABOR,
BUREAU OF LABOR STATISTICS,
Washington, D. C., May 15, 1950.

The SECRETARY OF LABOR:

I have the honor to transmit herewith a glossary of wage terms in current use. The preparation of the Glossary was undertaken in an effort to clarify the meaning of the many wage and salary terms now employed in such areas as collective bargaining, wage administration, and statistical reporting.

The Glossary was prepared in the Bureau's Division of Wage Statistics. Initial work was undertaken by Philip Arnow and carried through to completion by Charles Rubenstein. Edith M. Olsen also participated at one stage in the preparation of the definitions.

EWAN CLAGUE, *Commissioner.*

Hon. MAURICE J. TOBIN,
Secretary of Labor.

Preface

The Glossary of Currently Used Wage Terms was issued in multilithed form in December 1949. The demand for copies was so great that an early printing appeared advisable. Except for minor revisions, the present edition does not differ from the original multilithed version.

A preliminary draft of the Glossary was made available to numerous individuals in government, labor, business, and universities for critical comment. Many valuable suggestions were received, and the Bureau would like to take this opportunity to thank all of those who gave generously of their time in reviewing the preliminary definitions. No glossary of this type is ever complete, hence additional suggestions will be most welcome.

The present Glossary takes account of the fact that a wide variety of terms relating to wages are used in wage and salary administration, collective bargaining, accounting, government regulation and statistical reporting. In each field, to a certain extent, special-purpose terminology has been developed. Many of the terms now in use are not too clearly defined; some appear to be similar but have different meanings and cannot be readily distinguished.

The variety of terms employed stems largely from the equally wide variety of uses to which wage and salary information is put. In collective bargaining alone, for instance, wage information is used to make various kinds of comparisons between wages in one plant and wages in other plants; to measure the trend of wages in relation to the trend of living costs, production, profits, or other factors; to determine the proper internal alignment of wage structures; and for other purposes. Wage information for these various uses may be required in the form of rates of pay unrelated to the earnings of individual workers, in the form of hourly or weekly earnings of workers regardless of the method of wage payment or rates of pay, or in the form of indexes of wage rates or earnings.

In some instances, differences in the meaning of similar terms are a reflection of differences in systems of wage payment. The basic difference between the concepts of "wages" and "salaries" lies in the method of payment. A "wage" system is ordinarily regarded as one under which payment is made by the hour or day to workers, most of whom do manual work; a "salary" system is one under which payment is usually made on a weekly, semimonthly, or monthly basis to workers, most of whom do "white-collar" or nonmanual work of some sort (some of it supervisory). There are many kinds of wage and salary systems, each giving rise to some new terminology.

Some of the terms used are purely statistical or accounting formulations, somewhat abstractly created, and frequently not found in day-to-day wage administration or collective bargaining. They may have been designed to describe specially constructed series of data, such as the Bureau of Labor Statistics "Urban Wage Rates" series, or to describe a series of estimated data like the Bureau's "Average Hourly Earnings Exclusive of Overtime Payments."

Brief clarifying descriptions of the terms most frequently used are essential to full understanding and accurate use of wage and salary information. The compilation of terms and definitions contained in this glossary was based largely on experience gained in the work of the Bureau of Labor Statistics and other government agencies. The definitions, except in a few cases where official government definitions or regulations are quoted, have been specially prepared for this Glossary, and are designed to indicate current usage and, insofar as possible, variation in usage of individual terms. The definitions are not presented, therefore, as "standard" or "correct" descriptions of usage.

GLOSSARY OF CURRENTLY USED WAGE TERMS

Across-the-Board Increase

A general wage increase affecting simultaneously all or most of the employees within a plant, company, or industry. Such an increase may be granted in uniform percentage or cents-per-hour terms. In the former case, the absolute amount of increase will differ among employees in accordance with their original rate levels.

Advance on Wages

In general, refers to any practice by which employees are entitled to draw wages or salaries in advance of actual work performance; e. g., wage advances to new employees, advances during slack seasons to workers on commission basis of wage payment, etc. Also applies to the payment of wages in advance of the regular pay day for services already rendered.

Allowed Time

Under incentive wage systems, the total time allowed or set as standard to complete a task or element thereof. Also relates to the amount of time permitted a worker for the care of tools, for rest periods, or for other reasons. This time is added

to operating time in computing the standard time allowed for a particular operation as the basis for establishing piece rates or production bonuses.

Annual Earnings

The total amount of compensation received for services by a worker during the year, including wages, salaries, and bonuses. The total annual earnings of a worker may be the result of work performed for a single employer or a number of employers in a given year.

Annual Wage or Employment Guarantee

An arrangement under which any employer guarantees his workers a minimum amount of wages or employment during the year. Under the Fair Labor Standards Act, as amended in October 1949, employers may enter agreements, with certified labor unions, which set a maximum of 2,240 hours of employment in a specified 52-week period and which guarantee not less than 1,840 hours (or not less than 46 weeks at the normal number of hours worked per week, but not less than 30 hours per week) and not more than 2,080

hours. Under such agreements, employers are relieved from the overtime pay requirement for the first 12 hours of work in a day, or 56 in a week, during the guarantee period. Thereafter they are liable for overtime pay at time and one-half for all hours after 40 in a week up to 2,080 hours, and for *all* hours of work after 2,080 hours in the 52-week period. If the 2,240-hour maximum limit is exceeded, the entire agreement is made retroactively ineffective. (*See also* Guaranteed Wage Plan and Wage Advance Plan.)

Apprentice Rate

The schedule of rates applicable to workers being given formal apprenticeship training for a skilled job, in accordance with set standards. The rate schedule is usually established in such a manner as to permit the gradual achievement of the minimum journeyman rate.

Apprentice Scale

(*See* Apprentice Rate.)

Assessment

A charge levied by a union on each member for a purpose not covered by the regular dues. Assessments may be either one-time or periodic charges.

Automatic Progression

A policy by which rates of pay of workers in jobs with established rate ranges are increased automatically and at set time intervals. The

width of the rate ranges and the number of steps within each range may vary among occupations, establishments, and industries, but under all fully automatic plans increments are received at specified time intervals until the maximum rate for the job is reached. Some plans combine automatic progression up to a specific point (for example, the midpoint) within the range, with discretionary increases, usually based on some type of merit review, up to the top of the range. Also refers to the automatic movement from a trainee rate to a job classification single rate or to the minimum of a job classification rate range.

Average Hourly Earnings Exclusive of Overtime Payments

In general, average hourly earnings from which the effect of premium payments for overtime work has been eliminated. Also, a measure of average hourly earnings published by the Bureau of Labor Statistics in which gross average hourly earnings in manufacturing are adjusted statistically to eliminate the influence of premium overtime payments at time and one-half the regular rate of pay after 40 hours of work a week. The adjustment does not compensate for other forms of overtime payment nor for other types of premium pay. (*See also* Average Straight-Time Hourly Earnings and Gross Average Hourly Earnings.)

Average Straight-Time Hourly Earnings

Average wages earned per hour excluding premium overtime payments and shift differentials. Commissions, production bonuses, and cost-of-living bonuses are included, but nonproduction bonuses (such as Christmas, profit-sharing, attendance, and service), tips, and allowances for room or board or other payments in kind are excluded. This concept is used by the Bureau of Labor Statistics in virtually all of its occupational wage rate studies and by numerous private organizations engaged in wage survey work. This definition, however, is not universally accepted. There appears to be general agreement on the elimination of overtime premium payments; but differences are found as to the treatment of shift differentials and the monetary value of some other wage and related practices. (*See also Average Hourly Earnings Exclusive of Overtime Payments and Gross Average Hourly Earnings.*)

Back Pay

Delayed payment of part of the wages for a particular period of time, arising from arbitration awards, grievance procedure regarding particular rates, errors in computation of pay, or current legal interpretation of wage legislation. (*See also Retroactive Pay.*)

Base Rate

The amount of pay for a unit of time; e. g., hour, day, week, month, or year, exclusive of premium pay for overtime or other premium payments. Under incentive wage systems, other than piece-rate systems, the term may refer to the rate to be paid for production at "standard," before the addition of extra earnings for production above standard; more generally, under piece-rate or other incentive systems, the term may refer to the amount guaranteed per hour or other time period. (*See also Guaranteed Rate.*)

Bonus

A broad term which refers to any payment above regular or base rates. It includes extra payments for night work, hazardous work, regular attendance, and overtime, as well as any annual or regular allotment such as a Christmas bonus. It also refers to extra earnings of incentive workers above the base or guaranteed rate. Specific forms of bonuses are usually preceded by descriptive terms such as "Christmas bonus," "attendance bonus," etc. (*See also Nonproduction Bonus and Production Bonus.*)

Bootleg Wages

The wages above those at the prevailing rate or the union scale which an employer may pay in a tight labor market to hold or attract employees. May also refer to wages

at rates below the prevailing or union rate which an employee may accept in order to obtain employment. (*See also* Kick-back.)

Call-Back Pay

The pay (usually at premium rates) received by a worker called back to duty after completing his regular assignment. Union agreements frequently provide for pay for a minimum number of hours for workers called back to duty, usually at premium rates.

Call-In Pay

The amount of pay guaranteed to a worker who is called to work on a day on which he otherwise would not have reported, and finds no work available or is not given a full or half shift's employment. Call-in pay may be higher than the amount of reporting pay, and may be provided for at premium rates on specified premium days, such as Saturdays, Sundays, and holidays. (*See also* Reporting Pay.)

Check-Off

The practice whereby the employer, by agreement with the union, regularly withholds from the wages of his union workers assessments and dues, and transmits these funds to the union. Under the Labor Management Relations Act of 1947, the employer must receive from each employee a written assignment which shall not be irrevocable for a period

of more than 1 year, or beyond the termination date of the agreement, whichever occurs sooner.

Clothing Allowance

An allowance granted by an employer to those of his employees who are required to buy special clothing, such as uniforms and safety garments, in connection with the performance of their work.

Commission Earnings

Compensation to sales personnel based on a percentage of value of sales. Commission earnings may be in addition to a guaranteed salary or may constitute total pay. Sales personnel on straight commission usually have a fixed drawing account which is balanced against actually realized commission earnings at specified periods. (*See also* Drawing Account.)

Common Labor Rate

In general, the hourly rate paid to adult males for physical or manual labor of a general character and simple nature, requiring no special training or skill and requiring little or no previous experience. In some establishments, this rate may apply to a common labor crew or pool who are assigned to specific tasks as required, while in other establishments it may refer to the rate paid for specific unskilled tasks, such as sweeping, hand trucking, loading, and unloading.

Community Wage Survey

A general term used to describe a survey designed to reveal the structure and level of wages within a particular geographical area for a given industry or, more typically, for broad categories of industry.

Comparable Rate

A rate paid for work agreed or determined to be comparable within a plant or within an area. Comparisons of this type may be limited to virtually identical occupations within a specific industry or be broadened to include occupations with similar characteristics in various industries. Such comparisons are used in wage negotiations and wage determinations.

Competitive Wage

In economic theory, the wage within a given labor market required to balance the demand for and supply of labor of a particular type. More popularly, the wage level a company must maintain to compete with other firms in the same labor market for particular types of labor. Also used in the sense of the wage level that is required by a company to maintain a competitive price position with other firms in the same industry.

Contract Wage Payment

An arrangement whereby the worker contracts to perform a specific job for a predetermined amount of compensation.

Contributory Pension Plan

A pension plan for the benefit of the employee under which the cost is shared by both the employer and the employee. (*See also* Noncontributory Pension Plan.)

Cost-of-Living Adjustment

An adjustment of wages or salaries in accordance with changes in the cost of living as measured by an appropriate index of the retail prices of goods and services that enter into the consumption of low- or moderate-income families. Limitations as to the extent of wage adjustment are sometimes provided for. (*See also* Escalator Clause.)

Daily Rate

For a worker hired on a daily rate basis, the rate of pay is normally expressed as a rate for a standard number of work hours per day. Like the hourly rate, the quotation of a daily rate normally excludes premiums that may be paid for late-shift work or overtime hours, as well as bonuses for special conditions of work or for other reasons unrelated directly to production.

Danger Zone Bonus

A bonus paid to employees who are required to work in an area where either the material or machinery is particularly hazardous. Such bonuses are common in the explosives manufacturing industry and in the

work of longshoremen. During the war, special payments were made to members of the merchant marine as war-risk bonuses.

Deadheading Pay

A special payment to a transportation worker who is required to report for work at a point far removed from his home terminal. "Deadheading" refers to the extra time consumed in traveling to and from the place of work.

Dead Time

Time lost by a worker because of lack of materials, a break-down of machinery, or from other causes beyond his control. An incentive worker usually receives his guaranteed or base rate during this period. (*See also* Down Time.)

Dead Work

A term used in mining, referring to nonproductive work, including the removal of rock, debris, and other waste matter from the product mined.

Dismissal Compensation

A specific payment, in addition to regular wages, which is given an employee upon permanent termination of employment through no fault of his own. The dismissal compensation, or wage, may be paid in one sum at the time employment is terminated, or it may be spread over

a period of time. The amount of the payment to any one employee is usually related to the amount of his regular wages and his length of service.

Dismissal Pay

(*See* Dismissal Compensation.)

Disposable Income

(*See* Spendable Earnings *and* Take-Home Pay.)

Doubleheading Pay

Refers to the extra compensation given the railroad engineer where very steep grades require the use of more than one engine for some distance. The specific rules regulating payment under these conditions are found in the various union agreements.

Downgrading

The reassignment of workers to tasks with lower skill requirements and lower rates of pay. Usually resorted to when a marked change in products or in methods of production occurs and a lesser degree of skill in work performance is required; also applied in reductions of force which require reassignments of workers to jobs of lower skills. Downgrading was used by some establishments after World War II when conversion from war work to the manufacture of civilian goods required less skilled operations. (*See also* Upgrading.)

Down Time

Brief periods of idleness while waiting for repair, set-up, or adjustment of machinery. (*See also* Dead Time.)

Drawing Account

A weekly allowance given to sales personnel working on a straight commission basis in retail and wholesale trade. The drawing account is balanced against total commission earnings at specified periods, in some cases 6 months or more. The anticipated earning power of sales personnel is usually the determining factor in establishing the amount of the drawing account. (*See also* Commission Earnings.)

Dual Pay

A system of wage payment used by railroads under which employees are paid on a mileage or hours basis. A standard mileage is defined as a basic day, usually 8 hours, for the purpose of determining the daily rate. Wages are computed on the number of hours or miles, whichever yields the greater compensation to the employee.

Earnings

The total remuneration of a worker or group of workers for services rendered, including wages, overtime pay, bonuses, commissions, etc.

Entrance Rate

The hourly rate which a worker receives upon being hired into an

establishment. In the case of a skilled worker, the rate may be slightly less than or equivalent to the minimum job rate; it may also be identical with the probationary rate. The entrance rate for unskilled workers may be synonymous with the minimum plant rate, and may be increased after designated time intervals. (*See also* Minimum plant rate *and* Probationary Rate.)

Equal Pay for Equal Work

The payment of equal compensation to all employees within an establishment or other unit performing the same kind and amount of work, regardless of race, sex, or other characteristics of the individual workers.

Escalator Clause

A provision in a union agreement allowing for the adjustment of wages in accordance with specified changes in the cost of living as measured by an appropriate index, or in the price of materials used in production, or in accordance with some other agreed-upon criterion, such as production index or price of product. (*See also* Cost-of-Living Adjustment.)

Expected Earning Level

(*See* Target.)

Expense Account

An account of expenses paid or incurred by an employee in connec-

tion with the performance of his services, usually covering such items as transportation, meals, and lodging while in a travel status and away from home. These expenses are reimbursable to the employee; payment is usually made after the expense account has been audited.

Explosive Trucking Bonus

A bonus paid to workers in the explosives manufacturing industry who are engaged in moving highly dangerous explosives by means of hand trucks.

Finish-Go-Home Basis of Pay

A practice under which employees are permitted to go home after completing a specific work assignment generally considered a standard day's work. An example of the "finish-go-home" basis of pay may be found in nonferrous smelters. Charging the furnace in less than 8 hours permits more time for the actual smelting process and workers are encouraged to complete charging in less than 8 hours but are paid for a full shift. Similar standards for a day's work are set up in unloading of railroad cars or other shipping facilities, in shake-out work in foundries, and in other industries. Essentially, this may be considered an incentive method of pay; it generally involves making costly facilities available for use as quickly as possible.

Fixed Shift

The term applied to the type of shift on which a group of workers maintains the same schedule of hours week after week rather than rotating time-of-day assignments periodically with other groups. (*See also* Rotating Shift, Shift, Split Shift, and Swing Shift.)

Flat Rate (Auto Repair)

A system of remuneration used in auto repair shops. The flat rate refers to the labor charge made for a repair job and is usually based on the standard time specified in an official automobile repair manual. The auto mechanic receives a percentage of the total labor cost, which is computed at a rate which allows a margin of profit for the employer. If the actual time spent on a job is greater than the standard allowance, the actual time is the determining factor in computing the labor cost.

Floor Under Wages

(*See* Minimum Wage.)

Fringe Benefit

A benefit supplemental to wages received by workers, at a cost to employers. Among these benefits, commonly designated as "fringe," are paid holidays, paid vacations, pensions, and insurance benefits (life, accident, health, hospitalization, and medical). The term "fringe" was widely applied to

benefits of this type during World War II in connection with the wage stabilization program.

Full-Time Earnings

Earnings received for working a regular schedule of hours over a stated period of time. Full-time earnings may be defined in terms of a day, week, month, or other period.

Full-Time Worker Rate

A rate paid to a full-time or regular worker, as distinguished from that paid to a part-time or temporary worker.

Garnishment of Wages

The practice of legally attaching the wages of a debtor and collecting the debt directly from his employer.

Going Rate

(See Prevailing Rate.)

Gross Average Hourly Earnings

As used by the Bureau of Labor Statistics, a measure of hourly wages obtained by dividing total compensation prior to pay-roll deduction for taxes, social security, or other purposes for a given pay-roll period by man-hours worked plus hours paid for sick leave, holidays, and vacations. Total compensation includes premium payments for overtime and late shift work, as well as recurrent production and nonproduction bonuses. Computed monthly on an

industry basis for comprehensive groups of manufacturing and non-manufacturing industries by the Bureau of Labor Statistics in its employment and pay-roll reporting program. (See also Average Straight-Time Hourly Earnings and Average Hourly Earnings Exclusive of Overtime Payments.)

Gross Average Weekly Earnings

A measure of weekly wages typically obtained by dividing total compensation prior to pay-roll deductions for taxes, social security payments, or other purposes for a given weekly pay-roll period (or, by the use of a conversion factor for a period of longer duration) by total employment or, alternatively, by multiplying average hourly earnings by average weekly hours. Computed monthly on an industry basis for comprehensive groups of manufacturing and nonmanufacturing industries by the Bureau of Labor Statistics in its employment and pay-roll reporting program.

Guaranteed Rate

The rate of pay guaranteed to an incentive worker. In the case of a production bonus worker, this rate may be equivalent to or higher than the base rate. When earnings at incentive are lower than the guaranteed rates, allowances are made to bring earnings up to the guaranteed levels. (See also Base Rate.)

Guaranteed Wage Plan

An arrangement, written or unwritten, by which an employer guarantees or assures to some or all of his employees, in advance, a definite period of employment or a specific amount of wages. In a study conducted by the Bureau of Labor Statistics in 1945 and 1946, this term was defined to include guarantees of employment for at least 3 months a year or an equivalent amount of wages. (*See also Annual Wage or Employment Guarantee and Wage Advance Plan.*)

Guarantee on Trial Rate

A minimum guaranteed rate that remains in effect during the time that trial runs are made on new work and a trial or temporary piece rate is in effect. The level of these guaranteed rates is usually higher than plant minimum job or base rates and is related to past earnings of the individual or the group of workers affected. In order to provide an inducement to the worker to return on an incentive basis as soon as possible, the trial rate is frequently set at 95 or 98 percent of the average earnings of the worker for a given number of weeks prior to the trial run. (*See also Temporary Rate.*)

Handicapped Worker Rate

A lower rate of pay for a worker whose efficiency is impaired because of physical or mental handicaps.

Under the Federal Fair Labor Standards Act, rates below the legal minimum wage may be established for handicapped workers in accordance with regulations issued pursuant to section 14 of the Act. (*See also Substandard Rate.*)

Historical Wage Differential

(*See Wage Differential.*)

Holiday Pay

Pay to workers, typically at regular rates, for holidays not worked. For work on such days payments are often provided at premium rates.

Hourly Rate

Typically, the rate of pay expressed in terms of cents-per-hour, usually thought of as applying to manual and other workers remunerated on a time basis. Hourly rates are normally basic rates; i. e., exclusive of extra payments for shift work and overtime, and exclusive of production or nonproduction bonus payments. However, the term "hourly rate" is sometimes interpreted to mean "earned rate per hour" under incentive methods of wage payment.

Improvement Factor

A term used in an agreement negotiated by the United Automobile Workers (CIO) with the General Motors Corporation in May 1948, describing an annual increase in wages of a stipulated amount during

the life of the agreement. The improvement factor is designed to enable the wage earner to share in the benefits resulting from increased productivity in the economy. Cost-of-living adjustments were also provided for in this contract.

Incentive Rate

The term "incentive rate" may apply to a piece rate, a rate of pay per unit for production above a predetermined minimum standard of output, a ratio of management-labor sharing of labor cost savings resulting from the operation of an incentive system, etc. The incentive plan may contain as an integral part of its operation one or more kinds of special rates which also influence the worker's pay: a guaranteed rate, a base rate, a down time rate, special rates for try-out on experimental work, etc.

Individual Rate

In many establishments, there is no formal wage structure (either job rates or rate ranges), and the rates paid are known as individual rates. These rates may be based in a loose way upon the job being done, or may be related to the training, ability, skill, and bargaining power of the individual worker. The term "individual rate" is also used to indicate the rate actually received by the individual worker, as distinguished from the job rate shown in the rate structure maintained by an employer.

Intercity Differential

Differences in prevailing wage levels among a group of cities. Usually such differences are measured by rates for comparable occupations and industries from city to city, but more general measures are sometimes employed. In particular negotiations, historical relationship in rates between various cities may be of prime importance. In such instances, the rank of a particular city with respect to other cities may be of more significance than the percentage relationships among the cities over a period of years.

Job Classification

An arrangement of jobs in an establishment or industry into a series of categories, each of which is based on progressively higher requirements in terms of skill, experience, training, and similar considerations. Essentially, this process results in a rough grouping of occupations where distinctions between jobs are clear and sharp. Usually job descriptions are used as a basis for classification. (*See also* Job Evaluation *and* Labor Grade.)

Job Description

A written statement listing the elements of a particular job or occupation.

Job Evaluation

The evaluation or rating of jobs to determine their position in a job

hierarchy. The evaluation may be achieved through the assignment of points or the use of some other systematic rating method for essential job requirements such as skill, experience, and responsibility. Job evaluation is widely used in the establishment of wage rate structures and in the elimination of wage inequalities. It is always applied to jobs rather than the qualities of individuals in the jobs. (*See also Job Classification and Labor Grade.*)

Job Rate

(*See Minimum job rate and Standard Rate.*)

Joint Rate Setting

The process of establishing rates jointly by representatives of management and labor. The extent of labor participation in the actual process of rate setting varies from industry to industry and from establishment to establishment. In some of the apparel industries, the unions have achieved a relatively high degree of participation through formal joint organizational machinery. At the other extreme are situations where management alone sets rates, but labor through its grievance machinery has the right to "protest" specific rates, and to adjust them in conference with management if the grievance is found to have validity.

Journeyman Rate

The rate of pay for a journeyman or a fully qualified worker in a

skilled trade or craft, who has completed an apprenticeship or equivalent training. Typically, such rate is a minimum rate for the trade in a particular area or a union scale; some journeymen, however, may receive rates above or below the union scale. The latter are generally paid to certain employees (superannuated or handicapped) by special arrangement with the respective unions.

Kick-back

A practice by which an employer or his representative arranges with his workers for a return of a part of their wages, established by union contract or by law, as a condition of employment. A Federal anti-kick-back law was enacted in 1934, prohibiting kick-backs by workers employed on public construction work or on any work financed wholly or in part by Federal funds. (*See also Bootleg Wages.*)

Labor Grade

One of a series of rate steps (single rate or rate ranges) in the wage rate structure of an establishment. Labor grades are an outcome typically of some form of job evaluation in which various occupational classifications are rated on the basis of such labor requirements as skill, experience, training, working conditions, etc. The occupations are then grouped into a limited number of steps or grades, so that occupations of ap-

proximately equal "value" or "worth" fall into the same grade. (*See also* Job Classification and Job Evaluation.)

Learner Rate

The rate or, more frequently, the schedule of rates applicable to workers inexperienced in the job for which they are employed, during their period of training. The schedule of rates is usually established in such a manner as to permit the gradual achievement of the minimum job rate as the learner develops competence on the job. Under the Fair Labor Standards Act, an employer may be permitted to employ learners in a specified plant at a wage lower than the legal minimum, whenever employment of learners at such lower rate is believed necessary to prevent curtailment of employment opportunities. Hearings are held by the Administrator to determine under what limitations as to wages, time, number, proportion, and length of service, special certificates authorizing the employment of learners at subminimum rates may be issued to an employer for certain occupations in his plant.

Loose Rate

(*See* Runaway Rate.)

Make-up Pay

Allowances given by employers to piece workers to make up differences between actual piece-work earnings and earnings at guaranteed rates or statutory minimum rates. At times,

the term is also associated with the practice of permitting employees to earn a full week's wages by making up for lost time.

Merit Increase

An increase in the wage rate of an individual worker on the basis of performance or service. This is widely used as a method of advancing workers within established rate ranges, sometimes in conjunction with a provision for automatic increases over part of the range. Merit increases may be administered informally at the discretion of the employer, or provision may exist for the periodic review of the performance of employees for granting of merit increases. (*See also* Wage Review.)

Minimum Rate

There are several kinds of minimum rates, those that are applicable to specific jobs and those that are applicable to entire establishments. Normally, those that are applicable to specific jobs are called *minimum job rates* and those applicable to entire establishments are called *minimum plant rates*. In addition, there are several varieties of guaranteed minimum rates, usually applicable to individual jobs under wage incentive systems.

Minimum job rate.—The minimum rate of pay for experienced workers on a given job. The minimum rate may be either a single rate

or the minimum of a rate range. Union rates or union scales are usually minimum job rates. Normally, entrance rates, probationary rates, or learner rates fall below the minimum job rates.

Minimum plant rate.—Normally the minimum rate of pay for experienced workers in the lowest-paid job in the establishment. The term may, however, mean different things in plants with differently organized wage structures. In some plants, the term refers to the rate for the lowest-paid production job, although lower rates may exist for such jobs as common labor or janitor. In some plants, there are different minimum rates for men and women workers, or for white and Negro workers. In some plants, the so-called minimum rate may actually be a hiring or probationary rate. (*See also Entrance Rate.*)

Minimum Wage

Rates of wages, established legally or through collective bargaining, below which workers cannot be employed. The Fair Labor Standards Act establishes the legal minimum wage to be paid to workers engaged in interstate commerce, unless such workers are covered by State laws which provide for higher minimum wages. Minimum rates are also established through collective bargaining and are applicable to individual plants, or to groupings of plants within an area or an industry.

Noncontributory Pension Plan

A pension plan for the benefit of the employee under which the entire cost is borne by the employer. (*See also Contributory Pension Plan.*)

Nonproduction Bonus

A bonus that depends on factors other than the output of an individual worker or a group of workers. Profit-sharing, safety, attendance, waste elimination, and Christmas bonuses are examples of nonproduction bonuses. (*See also Bonus and Production Bonus.*)

Occupational Rate

Rates (single or ranges) that are designated for particular occupations in an establishment, area, or industry. Generally, these rates are formal rates, and are paid to any worker who is qualified to perform the work of the occupation.

Occupational Wage Relationship

The relationship of wage rates among occupations representative of a range of duties, skills, and responsibilities. Relationships may be analyzed within an individual plant, a community or region, or on an industry basis.

One-Man Car Differential

In the transportation industry, a premium paid to streetcar operators who operate vehicles without the assistance of conductors.

Out-of-Line Rate

(See Runaway Rate.)

Overtime Premium Pay

Payment of wages at a premium rate for time worked beyond the regular hours of employment established by union agreement, employer or industry practice, or law. In the United States, payment is typically made at one and a half times the regular rate of pay. Higher premium rates are found to a limited extent. (See also Premium Rate.)

Pace Setter

A worker who is better than average on a particular job, and whose production is used by the employer as a standard for measuring the amount of work which can be done in a given period of time.

Package

A term used to describe a combination of benefits received by workers as a result of collective bargaining. A package may include wage increases and other benefits of monetary value, such as insurance, paid holidays, paid vacations, and sick leave. The term generally implies that during the bargaining process the parties agreed that a specified amount of increase was to be applied partly to rates of pay and partly to the financing of the related benefits.

Part-Time Worker Rate

A rate paid to a part-time, temporary, or contingent worker, as distinguished from that paid to a regular or full-time worker. Part-time rates may be equal to, or lower or higher than, regular or full-time rates. During periods of ample labor supply, part-time rates are usually lower, but may become equivalent or higher when the labor market is tight because of keen competition for such help. Retail trade establishments and restaurants are among the industries dependent on part-time or temporary help to carry on their normal functions.

Payment by Result

Refers to any method of wage payment where the amount of the wage depends upon the amount of output. The term applies to straight piecework or other types of incentive systems. The production to which wages are related may be the output of an individual worker or the output of a group of workers.

Pay-Roll Deduction

A deduction from an employee's gross earnings made by his employer for social security, unemployment insurance, Federal income tax, local government pay-roll tax, union dues, special union assessments, group insurance premiums, etc.

Pay-Roll Period

The established frequency with which workers are paid in a particular

industry, regardless of the time to which the rate applies. Thus, hourly rated workers may be paid weekly, biweekly, semi-monthly, or monthly. Similarly, workers on an annual or monthly rate basis may be paid weekly; the pay-roll period in this case is a week. The minimum frequency of pay-roll periods is often specified in State legislation.

Pay-Roll Tax

Taxes levied by the Government and paid by employers, employees, or both, creating funds from which employees receive retirement, unemployment, or other benefits. Also may refer to employer contributions, based on fixed percentages of total pay roll, to union or other private health and welfare and vacation funds, and to pay-roll taxes levied by cities.

Peg Point

An occupational rate for a key unskilled, semiskilled, or skilled job, establishing differentials within the wage structure. Term first used by the National War Labor Board in its decision on wages in the cotton textile industry in 1945 (*see* 21 W. L. B. 882), and thereafter applied to the wage structure through collective bargaining.

Penalty Rate

An extra rate which is paid for hazardous jobs, late-shift work, Sunday and holiday work, or for overtime. (*See also* Premium Rate.)

Permanent Piece Rate

A rate established for a piece-work job calculated to yield an appropriate level of earnings and based, generally, on experience with trial rates for the job assignment; such rates are expected to persist until basic conditions change.

Perquisite

Relates to the furnishing by employers of food, lodging, and other payments in kind to workers in addition to monetary compensation. Thus, waitresses are generally allowed a certain number of meals, depending upon the length of the shift; board and lodging are usually supplied to workers in lumber camps and in some cases to farm labor.

Piece Rate

Under an incentive wage system, the predetermined amount paid to a worker for each unit of output. Rates may be based on individual or group output. (*See also* Incentive Rate.)

Piece Scale

(*See* Price List.)

P. M.

An incentive payment to sales personnel in retail trade to push and sell items on which the margin of profit is large, to dispose of slow moving items, or to clear out old stock. Also referred to as "premium money," and "push money."

Portal-to-Portal Pay

In mining, the computation of hours worked and paid for so as to include travel time between the mine entry and the place of work at the start and completion of the work shift. Also applies to payments made by other industries for time spent on company premises in getting to and from the working places.

Premium Money

(See P. M.)

Premium Rate

An extra rate paid for overtime, work on late shifts, holiday and Sunday work, or for work in particularly dangerous or unpleasant occupations. The term is also used in reference to extra rates paid to employees, usually because of exceptional ability or skill in the occupation. (See also Overtime Premium Pay, Penalty Rate, and Skill Differential.)

Prevailing Rate

Typically, the predominant or more common rate paid to a group of workers, usually with reference to specific occupations in an industry or labor market area. In actual application, the term "prevailing rate" is used in a variety of ways. Some of the variations arise from differences in the concept of the geographic unit or industry that is pertinent to a particular situation. For example, where comparable occupations are

found in an area in numerous establishments, the geographic unit may be narrow as, for example, the metropolitan area. If labor has to be induced to migrate to the area where the prevailing rate is to be set, and no local labor is available, the geographic unit upon which determination is made may be a locality far removed from the site under consideration; at times, additional pay may be provided to induce labor to move. Such situations frequently arise under Davis-Bacon Act determinations. Under Public Contracts Act determinations, prevailing minimum wage determinations usually refer to an entire industry in the United States as a whole.

Another set of variations in the application of the term "prevailing rate" arises from differences in industry limits used as a reference. Thus, certain occupations are found only in metalworking establishments, and prevailing rates for engine lathe operators in an area, for example, are in effect rates found in that portion of industry that employs such workers, whether or not the limits are specified in the determination. Other occupations, on the other hand, may be found in all industries in an area.

Frequently, variation in the concept of prevailing rate arises from differences in rate structure in particular occupations and in bargaining conditions. Thus, in the

building trades and in some of the metal trades, there is a tendency toward single rate formation in an area, even though bargaining is conducted with reference to a minimum rate only, or a union scale.

Another source of variation in the use of prevailing rate concept arises from the use of quantitative or statistical descriptions of prevailing rates. Some of these terms are rather loosely conceived as, for example, "going rate," when reference is made to the rate received by a substantial number of workers, possibly the modal rate. In some situations, notably locality wage surveys, measures of prevailing rates relate to the arithmetic mean or to the median.

In view of these variations, the use of the term "prevailing rate" requires specific mention of the area, occupation, industry, rate, and type of quantitative measure involved to have definite meaning.

Price List

A listing of piece prices or rates to be paid by a company or a group of companies making similar products. In unionized establishments, price lists are established typically upon agreement between the union and the employer.

Probationary Rate

The rate of pay for an experienced and otherwise qualified worker during the initial period of his employ-

ment on a new job or in a new plant. The probationary rate is usually lower than the minimum rate for the job (in which case it is usually indistinguishable from the hiring rate for the job), although it may sometimes be the minimum rate applicable to the individual job. (*See also Entrance Rate.*)

Production Bonus

A bonus payment directly related to the output of an individual worker or a group of workers. Usually paid for production in excess of a quota or for the completion of a job in less than standard time. The bonus may be a flat amount paid for all production above standard or it may increase in various proportions as production increases. (*See also Bonus and Nonproduction Bonus.*)

Protest Price

In some industries, notably pottery and women's dresses, piece rates on new work are determined on the basis of previously developed time elements. A worker may not be able to earn an appropriate amount under such estimated time allowances and piece rates. If he does not earn enough, he enters a protest but continues to work at these rates until a review is made and new rates are set. Any adjustment in rates is usually retroactive to the time of protest or to the time the worker was started on the new work. (*See also Temporary Rate.*)

Push Money

(See P. M.)

Race Differential

Differentials in rates paid to workers of different races in the same occupation for similar or identical duties and responsibilities.

Rate Cutting

Term generally refers to reduction by employers of established incentive or time rates in the absence of changes affecting job content. May also refer to rate reductions in cases in which technological or other changes have altered job content and methods, or in which incentive rates were set "too high" in terms of earnings levels for similar work in the industry or area.

Rate Range

A range of rates for the same job, with the specific rates of individual workers within the range determined by merit, length of service, or a combination of various concepts of merit and length of service. Rate ranges may be set up with various degrees of formality and more or less rigid rules respecting the position within the range at which new workers are hired and the rules concerning their automatic or nonautomatic advancement to the maximum rate. The range may be expressed as a spread from a set minimum to a set maximum rate (e. g., a spread of \$1.40 to \$1.60) or as a series of

specific rates between a set minimum and a set maximum rate (\$1.60—A rate, \$1.55—B rate, \$1.50—C rate, \$1.45—D rate, \$1.40—E rate). In the latter case, the individual A-B-C-D-E-points within the range may actually represent different jobs or classes or grades within jobs rather than parts of the same range. This would be the case, for instance, if the requirements for the rates related to job content rather than to the merit and ability of the individual worker.

A rate range, like a single rate, is usually established for experienced workers, and the minimum rate of the range is not intended for workers who are not at all experienced in the job. A complete and separate rate structure below the minimum rate of the range, including learner or apprenticeship schedules, is frequently established for workers not fully qualified for the full job rates. Automatic progression from the minimum to the maximum of the range after specified periods of service is common.

Rate Setting

The process of establishing rates through joint union-management action or by management alone. May involve use of job evaluation and, in the case of incentive plans, time and motion study. Job evaluation is used primarily for setting time rates or incentive base rates in proper relation to each other, taking into

account for each job such factors as skill, responsibility, and working conditions. Incentive rate-setting involves the establishment of a production standard by time or other study methods. Rate setting may also involve comparison with rates for similar work in the industry or local labor market.

Real Wages

Real wages are represented by the goods and services typically consumed by workers that can be purchased with money wages; i. e., real wages are an expression of the purchasing power of money wages. Over periods of time, changes in real wages are obtained by dividing indexes of money wages by an appropriate index of consumers' prices. Thus, if wages increase by 5 percent and consumers' prices by 10 percent, real wages have declined by 4.5 percent ($105 \div 110 \times 100 = 95.5$, the new level of real wages). The Bureau of Labor Statistics maintains a series on Gross Average Weekly Earnings in Current and 1939 Dollars, which indicates changes in the level of weekly earnings prior to and after adjustment for changes in purchasing power as determined from the Bureau's Consumers' Price Index, the year 1939 having been selected for the base period.

Regional Differential

Differences in wage levels among several broad geographic sub-divi-

sions. In the United States, attention has tended to focus on differentials that prevail between the South and the North. Such differences have particular significance in individual industries that are found in the South and in other parts of the United States. Important examples are: hosiery, textiles, lumber, furniture, and cotton garments. There are also significant differences in wage levels among other regions in the United States (New England, Pacific Coast, Middle West, etc.).

Regular Rate

The rate of pay received by a worker for all hours of work performed at straight-time rates. Also refers to the rate of pay at which a worker is predominantly engaged when he is subject to assignments at varying rates.

Reporting Pay

The amount of pay guaranteed to a worker who reports for work at the usual hour, without notification to the contrary, and finds no work available or is not given a full shift's employment. Typically, pay for a minimum number of hours at regular rate is provided for in union agreements. (*See also Call-In-Pay.*)

Retroactive Pay

Delayed payment of part of the wages for a particular period, resulting from a retroactive applica-

tion of wage increases arising from wage negotiations. (*See also* Back Pay.)

Rotating Shift

The system of rotating the crews where two or more shifts are worked in an establishment. This system is designed to distribute day and night work on an equal basis among the various workers. In some industries, where 7-day operations are common, the work schedules may be arranged so that workers are given different days off in each week. (*See also* Fixed Shift, Shift, Split Shift, and Swing Shift.)

Round of Wage Increases

A term widely used after the end of World War II to describe broad wage movements affecting large segments of the economy. Thus, the "first round" of postwar wage increases is identified largely with the period between VJ-day and the autumn of 1946; the "second round" with 1947, etc. Actually, these wage movements exhibited great internal diversity and were in no sense uniform among industries or occupational groups or even, in many cases, among establishments in the same industry.

Royalty

In relation to wages, the payments to union health and welfare funds, such as those benefiting members of the United Mine Workers

and the American Federation of Musicians, although the term is not the official designation for such payments. In these cases, the application of the term stems, at least in part, from the fact that employer contributions are based on tons of coal mined and number of musical records produced.

For some types of professional workers, such as musicians, singers, and writers, payment for work is frequently based on a percentage on sales of the final product (book, article, or song). Such payments are referred to as royalties.

Runaway Rate

A piece rate or other incentive rate which results in earnings that are out of line with earnings in other jobs of similar requirements. This situation may occur because of changed technology or from faulty rate setting and may cause earnings to reach levels beyond normal expectations.

Salary and Commission

(*See* Commission Earnings.)

Salary Rate

For workers hired on a weekly, monthly, or annual basis, the rate of pay is normally expressed in terms of dollars per week, month, or year. Workers employed on a monthly or annual salary basis may actually be paid monthly, semi-monthly, or more frequently. Usually, the

length of the workweek is specified and a policy is established for compensation in the event that longer or shorter hours than a full week are worked.

Severance Pay

(See Dismissal Compensation.)

Sex Differential

Differences in rates paid to men and women in the same occupation for work of comparable quality and quantity. Where quality or quantity of output differs as between men and women, differences in pay are not necessarily differentials based on sex.

Shift

A term applied to a work period where two or more groups of workers are employed at different hours during the operating time of an establishment; e. g., an establishment may operate two shifts of 8 hours each or 16 hours a day. In some industries, the term "trick" or "tour" is used instead of "shift." (See also Fixed Shift, Rotating Shift, Split Shift, and Swing Shift.)

Shift Differential

Added compensation to workers who are employed on a work schedule other than the regular daytime schedule. Shift differentials may be paid in a number of ways: (1) a fixed amount per hour above the rate paid on the regular day shift;

(2) a percentage over earnings at the regular day shift rates; (3) shorter hours with full daily pay, or (4) both shorter hours and additional monetary compensation above full daily pay.

Single Rate

A rate which is the same for all workers on the same job or in the same job classification, and under which the individual worker on a job receives the same rate during the entire time that he is holding the job. The single rate usually is paid to experienced workers in jobs requiring varying degrees of skill. Learners or apprentices may be paid according to rate schedules which start below the single rate and permit the worker to achieve the full job rate over a period of time. In the less skilled jobs, the rates for beginners and experienced workers may be identical because the period of time necessary to become familiar with all phases of the work is relatively short. Individual workers may occasionally be paid above or below the single rate for special reasons, but such payments are regarded as exceptions to the usual rule. The definition of a "job" or "classification" may be very narrow or very broad, and the single rate may therefore be applicable to as few as one or two workers doing identical jobs, or as many as several thousands performing a number of essentially different jobs which are

nevertheless regarded as meriting the same rate of pay.

Skill Differential

Differences in wage rates paid to workers engaged in occupations requiring varying levels of skill in work performance. May also refer to differentials in rates of workers in the same occupation, higher rates being paid to those who usually perform the more complex tasks. (*See also* Premium Rate.)

Sound and Tested Going Rate

(*See* Wage Rate Bracket.)

Special Permit Rate

A rate paid to a union worker who comes from another city and is employed under a special permit because of local labor shortages. The rate received is the same as that paid to a permanent worker in the area. In the unionized brewery industry, this term refers to the rates paid to special workers who are temporarily employed during the peak summer period. These rates are usually lower than those received by "regular" union workers.

Spendable Earnings

In general, the money earnings of workers less various amounts deducted for taxes and other purposes from pay rolls; hence, "spendable earnings" may be identified broadly with "take home" earnings. Term also used in the sense of the earnings

available for private spending or saving, but this usage would include certain types of deductions (e. g., union dues) as spendable earnings. "Net spendable average weekly earnings" is a series developed by the Bureau of Labor Statistics in which Federal social security and income taxes are deducted from gross average weekly earnings for workers with specified number of dependents. (*See also* Take-Home Pay.)

Split Shift

The daily working time that is not continuous but split into two or more working periods. "Split shifts" are usually found in industries such as local transportation, which is affected by peaks or rush periods at various times of the day. (*See also* Fixed Shift, Rotating Shift, Shift, and Swing Shift.)

Standard Rate

A basic rate of pay established for an occupation in a plant, industry, or community through collective bargaining, company regulation, or by law. May also refer to established rates for services rendered in a community in connection with maintenance and repair of automobiles, appliances, buildings, etc.

Starting Rate

(*See* Entrance Rate.)

Style Development Rate

Similar to temporary, experimental, or trial rate. The term is used in

the hosiery manufacturing industry and relates to work on new styles for which no piece rates have yet been set. Generally, hourly rates are paid on such work. Usually these hourly rates average close to the workers' previous piece-rate earnings. The style development rates are in effect for a specified time and are then replaced by new piece rates.

Subminimum Rate

A rate below the minimum established for an occupation, establishment, industry, or area by union agreement, law, or policy. Such rates may be paid to learners and to substandard, superannuated, probationary, or special permit workers.

Subsistence Allowance

A payment to a worker for expenses covering meals, lodging, and transportation while in a traveling status for his employer. Such allowances may be based on a fixed amount for meals and lodging plus other expenditures or on the actual expenses incurred for all items. There are also cases where institutional workers (e. g., nurses) receive a subsistence allowance for living outside the institution, since free room and board are incorporated into the wage structure.

Substandard Rate

A rate of pay below the prevailing or standard level for a worker whose

efficiency is impaired because of physical or mental handicaps. The term is also used to refer to rates below Federal or State minimum wage levels or below prevailing levels for an occupation in an industry or area. (*See also* Handicapped Worker Rate.)

Superannuated Rate

A rate of pay below the prevailing level for a worker above a certain age. Such rates are frequently allowed in union agreements. At times, the agreement requires the employment of a certain ratio of older workers at superannuated rates. Superannuated workers with long service are sometimes retained in an employed status because of their economic need; also, their services are sometimes sought during periods of labor shortages.

Supplements to Wages and Salaries

As defined by the U. S. Department of Commerce for national income purposes: "Supplements to Wages and Salaries is the monetary compensation of employees not commonly regarded as wages and salaries. It consists of employer contributions for social insurance, employer contributions to private pension and welfare funds, compensation for injuries, directors' fees, pay of the military reserve, and a few other minor items of labor income." Term sometimes used more broadly to

refer to all supplements to basic wage or salary rates.

Swing Shift

An extra or "swing" shift of workers required in establishments where continuous or seven-day operations are scheduled, to provide the other crews with days off. The "swing crew" usually rotates among all of the other shifts. Also refers to the practice of one of three rotating shifts staying on the job through two shift periods, thus "swinging" the shifts into their new assignments. (See also Fixed Shift, Rotating Shift, Shift, and Split Shift.)

Take-Home Pay

Typically, earnings for a pay-roll period, less required deductions. (See also Spendable Earnings.)

Target

In piece-rate systems, a rate is set with the objective of making it possible for a worker to earn, on the average, 10, 15, or some other percentage above the base rate. The expected earnings to which the piece rate is geared is referred to as a target.

Temporary Rate

A rate set tentatively on new work. When new work is started under piece rates in some industries and it is not known whether or not the initial rates can be properly set for the tasks involved, temporary

rates are established. These rates are later revised and are made permanent when found to be satisfactory. Sometimes they are called "experimental" or "trial" rates. These are alternate designations in various industries. (See also Guarantee on Trial Rate and Protest Price.)

Tip

A gratuity given by a customer or patron in recognition of satisfactory personal service or through custom. Tips are considered as compensation by the Bureau of Internal Revenue, thus constituting taxable income. A substantial proportion of the earnings of some categories of workers in hotels, restaurants, steamships, and barber and beauty shops is realized from tips.

Tonnage Rate

Pay for a unit of work applicable to incentive workers, and common in such industries as coal mining and basic iron and steel, where output for important categories of workers can be measured on a tonnage basis.

Tool Maintenance Time

(See Allowed Time.)

Trainee

The term "trainee" applies to workers who receive formal training for occupations requiring a limited degree of skill. The training may include some classroom work. A trainee differs from a learner in that a learner does not receive formal

training but learns his job through actual performance, under supervision.

Travel Time

The time spent traveling to and from a designated point and place of work. Such travel includes portal-to-portal in mining, deadheading on railroads, and out-of-town work performed by building tradesmen, mechanics, musicians, etc.

Union Rate

An hourly rate, usually a single rate for an occupation or trade, established by agreement reached through collective bargaining. A union rate or scale is usually the minimum rate that may be paid to qualified persons in the job; there are usually no restrictions prohibiting the employer from paying higher rates.

Union Scale

(See Union Rate.)

Upgrading

The process of a more rapid than normal advancement of workers to jobs having greater skill requirements and commanding higher rates of pay. This measure is largely resorted to when experienced help is difficult to secure, as was the case during World War II, and when new work of long or permanent duration is undertaken requiring higher degrees of skill on the part of the labor force. (See also Downgrading.)

Urban Wage Rate Index

Series maintained by the Bureau of Labor Statistics, beginning in 1943, to measure the movement of wage rates in urban areas in manufacturing, major manufacturing industry groups, and selected nonmanufacturing industries.

Vacation Pay

Payment for a period of time received by workers for vacation purposes. The time period frequently varies with length of service. During busy times or in a tight labor market, workers may be given the option of accepting vacation pay in lieu of time off.

Wage Advance Plan

Advancing of wages in workweeks of short duration under plans obligating employers to maintain weekly wages up to a specified minimum level. Wages must be repaid during later weeks in which regular or longer hours are worked. No repayment is required unless the employer provides sufficient work to enable the advance to be repaid. (See also Annual Wage or Employment Guarantee and Guaranteed Wage Plan.)

Wage Arbitration

The referral of wage disputes between employers and unions to an arbitrator or board of arbitration. The arbitrator's award or decision is customarily binding upon both par-

ties. Arbitration is usually voluntary, both parties having agreed to refer the dispute to a third party for a decision. (*See also* Wage Mediation.)

Wage Assignment

A voluntary transfer by a worker of some of his earned wages or commissions to another party or parties. Such assignments may be used for payment of purchased goods and debts, purchase of savings bonds, and payment of union dues and assessments.

Wage Determination

The process of establishing wage rates and wage structures through collective bargaining, arbitration, individual employer determination, etc. The process may involve comparisons with rates paid by other firms, the use of job evaluation, or other techniques. The term is also applied to findings, orders, or decisions of wage regulatory bodies such as minimum wage boards.

Wage Differential

Differences in wages among occupations, industries, or areas. Historical wage differentials, to which frequent reference is made, are those which have existed over long periods of time.

Wage Inequality

An unjust disparity between rates of workers whose duties and responsibilities are similar or identical.

Wage inequalities can be considered either on an intraplant or interplant basis. The elimination of wage inequalities is often accomplished through job review or the adoption of job evaluation plans. During World War II, the concept was a major basis upon which the National War Labor Board was authorized to permit exceptions from the general stabilization of wages. The "wage rate bracket" procedure was an application of the inequality policy. (*See also* Wage Inequity.)

Wage Inequity

An unjust relationship between the wage rates of workers or of job classifications. The concept was a major basis upon which the National War Labor Board was authorized to permit exceptions from the general stabilization of wages during World War II. (*See also* Wage Inequality.)

Wage Leadership

The influence exercised by the wage settlements reached by a large firm or group of firms on other settlements in an industry or labor market. "Follow-the-leader" wage adjustments appear to be particularly significant in some industries. May also relate to a policy adopted by a firm of maintaining a position of wage leadership in an industry or area.

Wage Level

The level of wages received by workers in an occupation, establishment, industry, or area. Wage

levels are generally indicated by average rates.

Wage Mediation

The entrance of a disinterested third party into a wage dispute in an effort to effect a settlement. Unlike arbitration, the mediator merely makes recommendations and assists the disputant parties in reaching a settlement. This is the principal function of the Federal Mediation and Conciliation Service. (*See also* Wage Arbitration.)

Wage Policy

A formalized practice of an establishment or industry relating to elements of wages, such as wage rate scales, shift differentials, overtime provisions, nonproduction bonuses, automatic increments, paid holidays, paid vacations, pensions, and insurance benefits. In a broader sense, criteria for wage adjustments are stated in terms of objectives (e. g., stabilization, rising standard of living, etc.) or in terms of prevailing economic conditions.

Wage Rate

The monetary compensation for a given unit of time or effort by which a worker's pay is calculated. There are several kinds of wage rates, related to the system of wage payment used in an establishment. The principal kinds are hourly rates, daily rates, weekly rates, monthly rates, annual rates, and various kinds of incentive rates.

Wage Rate Bracket

In the administration of wartime wage stabilization policy by the National War Labor Board, the term referred to a range of "sound and tested going rates" for an occupation in a labor market area. The minimum of the range or bracket, the most important point in actual wage administration, was frequently set at the level of the first substantial cluster of rates in a wage distribution. The minimum of the bracket was the point up to which the War Labor Board would permit adjustments in interplant inequity cases.

Wage Reopening

A provision or clause in a union agreement permitting the question of wages to be reopened for negotiation before the expiration of the agreement.

Wage Review

A periodic review of the performance of workers to determine or select those who deserve merit increases or advancement to higher paying jobs. (*See also* Merit Increase.)

Wage and Salary Administration

The managing and supervision of the wage structure of an employer. It involves the application of wage and salary adjustments, according to established policies, and the analysis of data such as cost of living,

prices, wage and salary surveys, which have a direct bearing on the wage structure and are used in wage negotiations. May also involve the establishment of new rates through job evaluation, job analysis, and time studies.

Wage and Salary Receipts

As defined by the U. S. Department of Commerce for national income purposes: "Wage and Salary Receipts is equal to wages and salaries less employee contributions for social insurance, except that retroactive wages are counted when paid rather than when earned."

Wage Structure

The sum total of the various elements and considerations that characterize a specific rate schedule in an establishment, industry, area, or country as a whole. Typical of such elements are: (1) relationship between rates of occupations of different skills; (2) relationship between rates of pay for men, women, and workers of different races and color in the same occupations; (3) provisions for extra pay for late shift work, overtime, hazardous, unpleasant, or unhealthful work; (4) inter-

area and interregional variations in rates of pay; (5) methods of pay; (6) provisions for lunch and rest periods; and (7) supplementary benefits, such as vacations, insurance, sick leave, and holiday provisions.

Wage Survey

A general term used to describe a wage study based on the collection, tabulation, and analysis of original data. Wage surveys are of many types, and the kinds of data collected depend upon the uses to which the surveys are put.

Wages and Salaries

As defined by the U. S. Department of Commerce for national income purposes: "Wages and Salaries consists of the monetary remuneration of employees commonly regarded as wages and salaries, inclusive of executives' compensation, commissions, tips, and bonuses, and of payments in kind which represent income to the recipients." More generally, this term refers to remuneration to individuals for productive effort.

Waiting Time

(See Dead Time.)

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