

# Compensation of Employees

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## Coverage and definitions

This account measures U.S. compensation receipts (line 17) from (1) earnings of U.S. residents employed temporarily abroad, (2) earnings of U.S. residents employed by foreign governments in the United States, and (3) earnings of U.S. residents employed by international organizations in the United States, which is the largest of the three categories (see [table 13](#)). This account also measures U.S. compensation payments (line 34) to (1) Canadian and Mexican workers who commute to work in the United States, (2) foreign students studying at colleges and universities in the United States, (3) foreign professionals temporarily residing in the United States, (4) foreign temporary agricultural workers in the United States, and (5) foreign temporary nonagricultural workers in the United States (see [table 13](#)). The largest categories of compensation payments are payments to foreign temporary agricultural workers and to foreign temporary nonagricultural workers. Compensation receipts and payments are recorded before the deduction of U.S. and foreign income taxes.

## Estimation methods overview

The estimates are based on a variety of methods and on source data from foreign statistical authorities,

the Internal Revenue Service, and various demographic and labor market data from the Department of Agriculture and the Department of Labor.

### 1 U.S. Receipts (line 17)

**1.1 Earnings of U.S. residents employed temporarily abroad.**—This item measures the earnings of U.S. residents employed temporarily abroad. Estimates for Germany are provided to BEA by the Deutsche Bundesbank on a monthly basis; estimates for Canada are provided to BEA by Statistics Canada on a quarterly basis; and estimates for the United Kingdom are provided to BEA on an annual basis, based on earlier estimates by the Office of National Statistics of the United Kingdom. Estimates of U.S. residents' earnings abroad for countries other than Germany, Canada, and the United Kingdom are estimated as a share of total foreign-earned income of U.S. taxpayers in each country. The estimates by country are based on data from the U.S. Internal Revenue Service (IRS). Because the IRS data commingle earnings of U.S. taxpayers who are abroad both temporarily (for less than 1 year and are therefore considered U.S. residents) and permanently (for 1 year or more and are therefore not considered U.S. residents), data from selected countries are used to construct an average proportion of U.S. residents' earnings from temporary employment to total foreign-earned income of U.S. taxpayers from both temporary and permanent employment. This average proportion is applied to the IRS data by country to estimate U.S. residents' earnings from temporary employment abroad and then summed to a worldwide total for countries other than Canada, Germany, and the United Kingdom.

**1.2 Earnings of U.S. residents employed by foreign governments in the United States.**—This item measures earnings of U.S. residents employed by foreign

governments in the United States. Earnings are estimated by multiplying the number of U.S. residents employed by average compensation, with the exception of Canada, for which Statistics Canada provides an estimate of earnings of U.S. residents employed by the Canadian government. Estimates are based on earlier studies which are extrapolated forward each year.

**1.3 Earnings of U.S. residents employed by international organizations in the United States.**—This item measures earnings of U.S. residents employed by international organizations in the United States. Earnings are estimated by multiplying the number of U.S. residents employed by average compensation. Estimates are based on earlier studies which are extrapolated forward each year.

## 2 U.S. Payments (line 34)

**2.1 Canadian and Mexican workers who commute to work in the United States.**—This item measures compensation of Mexican and Canadian residents who commute to jobs in the United States. Employment of Mexican workers is generally limited to the United States-Mexican border area; employment of Canadian workers is mostly along the United States-Canadian border. The proximity of the households to the places of employment permits daily trips to and from work.

2.1.1 Compensation of Mexican workers is estimated by combining data on the number of Mexican workers in the United States with their estimated average annual compensation. Both legal and undocumented workers are included.<sup>1</sup> The number of legal workers (that is, those who have employment permits) is tabulated by the U.S. Citizenship and Immigration Service (USCIS) and is obtained by BEA from a USCIS report, "Permanent Resident Alien Commuters and Seasonal Workers." The number of undocumented workers (that is, those who do not have employment permits) is based on discussions with USCIS officials and on the rate of change in total employ-

1. Estimates of undocumented workers are limited to those who work temporarily in the United States-Mexican border area. No estimate is available on the number of permanent undocumented workers elsewhere because they are de facto residents.

ment levels in border area states (California, Texas, Arizona, and New Mexico). Information on wage rates in the U.S. border area is published annually by the U.S. Department of Labor and quarterly by the U.S. Department of Agriculture. Estimates of compensation of undocumented workers are based on border area minimum wage rates.

2.1.2 Estimates of compensation of Canadian residents working in the United States are provided to BEA by Statistics Canada on a quarterly basis.

**2.2 Foreign students studying at colleges and universities in the United States.**—This item measures wages earned by foreign students studying in the United States. Estimates are based on data taken from an annual survey of about 2,700 accredited U.S. institutions, conducted by the Institute for International Education (IIE), as described earlier in connection with U.S. receipts for education services. Foreign students are defined as individuals enrolled in institutions of higher education in the United States who are not U.S. citizens, immigrants, or refugees. Characteristics of the population used in the estimates include the geographic area of the college or university, type of institution (public or private), enrollment status (part-time or full-time), and academic level of institution. The survey covers students enrolled in undergraduate programs, graduate programs, and other programs, which consist of intensive English language programs and non-degree programs.

**2.3 Foreign professionals temporarily residing in the United States.**—This item measures the compensation of foreign professionals temporarily residing in the United States, including those who are self-employed such as artists, athletes, consultants, and teachers. Estimates are based on data from the U.S. Internal Revenue Service, supplemented by data on visas from the Department of State and on wages from the Department of Labor.

**2.4 Foreign temporary agricultural workers in the United States.**—This item measures compensation of foreign temporary (migrant) agricultural workers in the United States. Estimates cover undocumented workers (that is, workers who are in the United States with no work authorization) who are employed in the

United States 23 weeks a year, on average, to assist in the growing and harvesting of crops. The primary residence of these workers is usually Mexico. The estimates are based on biennial data from the U.S. Department of Labor's National Agricultural Workers Survey (NAWS) and data from the U.S. Department of Agriculture's Quarterly Agricultural Labor Survey (QALS). The NAWS, which is based on interviews with agricultural workers, covers crop workers (nursery, cash grains, field crops, and fruits and vegetables) and excludes livestock, poultry, and animal fodder workers. The QALS is a telephone survey of farm employers taken four times a year.

**2.5 Foreign temporary nonagricultural workers.—** This item measures the compensation of foreign temporary (migrant) nonagricultural workers in the United States. Estimates cover undocumented work-

ers (that is, workers who are in the United States with no work authorization). The primary residence of these workers is usually Mexico. Compensation is calculated by multiplying the number of foreign migrant nonagricultural workers by their annual employment in hours and their average hourly wage. The number of nonagricultural workers is calculated by multiplying the number of undocumented agricultural workers by a ratio of nonagricultural to agricultural workers. Annual employment is estimated at approximately 1,000 hours. The average wage is based on evidence that undocumented workers generally earn above the minimum wage, but below the prevailing wage rate of legal workers in any given occupation. The wage rate is based on an average of wage rates published by the U.S. Bureau of Labor Statistics for occupations often filled by undocumented workers.

**Table 13. Compensation Receipts and Payments, 2009 (Line 17 and Line 34)**  
[Millions of dollars; credits +, debits -]

<b>Receipts.....</b>	<b>2,947</b>
Earnings of U.S. residents employed temporarily abroad.....	1,014
Earnings of U.S. residents employed by foreign governments in the United States .....	324
Earnings of U.S. residents employed by international organizations in the United States	1,609
<b>Payments.....</b>	<b>-10,757</b>
Canadian and Mexican workers who commute to work in the United States .....	-1,682
Foreign students studying at colleges and universities in the United States .....	-1,586
Foreign professionals temporarily residing in the United States.....	-1,201
Foreign temporary agricultural workers in the United States.....	-2,889
Foreign temporary nonagricultural workers in the United States.....	-3,399