



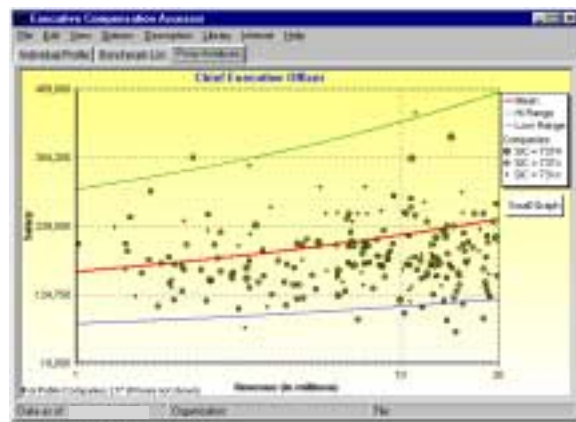
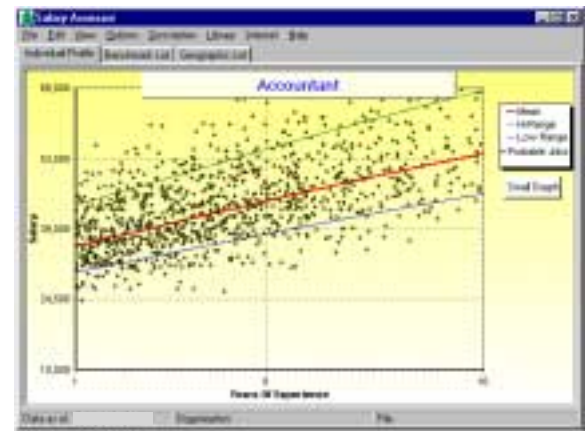
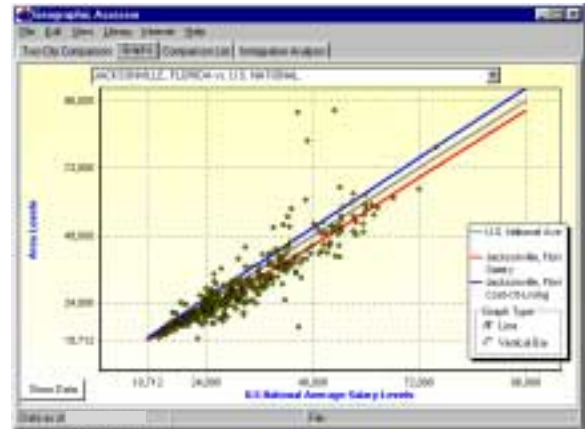
# ERI UPDATE

Quarterly Notes For ERI Subscribers

## Standard Error and Reliability Data

Standard error in regression analyses measures the same variance as standard deviation. That is, one standard deviation either side of the line of prediction can be measured by standard error. However, standard error is expressed in concrete terms of dollars or percentages rather than an abstract, artificial number. To review a standard error calculation, see ERI's [Internet Based Compensation textbook](http://www.eri.com/dlc/onlinetextbook/index.htm) at [www.eri.com/dlc/onlinetextbook/index.htm](http://www.eri.com/dlc/onlinetextbook/index.htm) (Chapter 5). To review variance visually, you need only to "look at the dots"

ERI has been developing dataplots for each of the **Assessor Series** software databases to assist subscribers with understanding ERI methodology. The "plot of dots" found in the **Geographic Assessor** software database shows just two of over 2,000 surveys used in our analyses, but includes all the dataplots from 633 U.S. OES salary surveys. Expressed standard errors are for the datapoints shown by state for OES and by county or subdivision for Canada (via Statistics Canada). The **Salary Assessor** software database is more difficult to describe statistically (as many surveys overlap and report for some of the same companies/employees). The plot of datapoints found in the **Salary Assessor** software database is a statistically derived distribution estimate predicated on the random characteristics of wage and salary surveys so as to create a distribution representing the reported population should just one survey have been used. Standard error is from a single survey. The datapoints displayed in the **Executive Compensation Assessor** software database are derived from proxy compensation and 10-K extracts. Holding your mouse pointer over a dot identifies the corporation, double clicking pulls up that corporation's **Summary Compensation** table. Retrieval of the Full Proxy and 10-K allow peers to reproduce ERI analyses and check all results. The Standard Error shown is an actual calculation of the data shown on the graph depending on the axis measures selected. (Some firms' data may not be shown as it is "off the chart.") To further review company data see ERI [Flat from Library's File | Run a Program | Comparables Assessor](#) menu.



For those of us who grew up in the conventional wisdom of compensation, it was "known" that small company executive pay data was not available from public sources. Today, companies must report compensation data to the SEC and IRS for a variety of reasons and we are, as the graph at the left illustrates, constantly amazed at the "small company" data available. The **Executive Compensation Assessor** software database, which analyses data for 24,000 publicly traded and non profit organizations, is now effectively the largest "executive compensation survey" ever conducted. The analysis on the left has had its x-axis changed to show only smaller SIC 7374 public companies between \$1 million and \$20 million in size. The "high trend line" reflects the addition of data from surveys of privately-held firms (that do not use stock).

For graphs, click on the "Show Dots" button (an industry must be selected in **ERISA** and **ERIXA**, use the Proxy Analysis for the latter). For Standard Error and populations: View | Reliability Statistics.

For current and lapsed subscriptions, a renewal offer may accompany this [ERI Update](#). To conserve postage and packaging, ERI sends out subscription renewal offers with the last two quarterly releases of each 12-month subscription.

**If you don't know why "rate of error" is now important in our litigious society, see the next page, 1999 Supreme Court Carmichael/Daubert discussion.**

# NOTES AND ERI RESOURCES

## The Daubert Challenge

In 1975, the U.S. Congress passed Federal Rule of Evidence 702 so that a threshold standard for the admission of testimony was standardized for Federal Courts. Based on the concept that experts should use methodologies that are "generally accepted" by a discipline's practitioners, the rule states: "If scientific, technical, or other specialized knowledge will assist the trier of fact to understand the evidence or to determine a fact in issue, a witness qualified as an expert by knowledge, skill, experience, training, or education, may testify thereto in the form of an opinion or otherwise." Following this, the Supreme Court issued an opinion in *Daubert v. Merrill-Dow Pharmaceuticals*, 509 U.S. 579, 113 S. Ct. 2786, 125 L.Ed.2d 469 (1993) that has become the standard for the admission of "general acceptance." This standard is now adopted by Federal and most State Courts and the admittance of expert witness testimony and evidence requires a two-step analysis:

- A) Evidence must be relevant and
- B) Evidence must be reliable.

The "relevance" is a subjective judgment and simple logic may be applied (e.g., salary survey data for use in wage analyses). For "reliability" the Court established four separate, nonexclusive tests:

- 1) illustration that the theory or technique can be tested,
- 2) data has been subjected to peer review and publication,
- 3) there is a known or potential rate of error, and
- 4) there a level of general acceptance in that particular discipline's community.

In March 1999 the United States Supreme Court issued a ruling in the *Camichael vs. Kuno Tire Co.* case that further defined when a *Daubert* reliability challenge applies. In *Camichael* the Supreme Court ruled that reliability must be established in all types of expert testimony, both scientific and non-scientific/technical. The Court held that the role of a trial judge was that of "gatekeeper" regarding both the relevance and reliability of all expert testimony. The Court stated that the *Daubert* case was not intended to be limited to scientific cases only. Instead, it would/should apply to all fields of expert testimony.

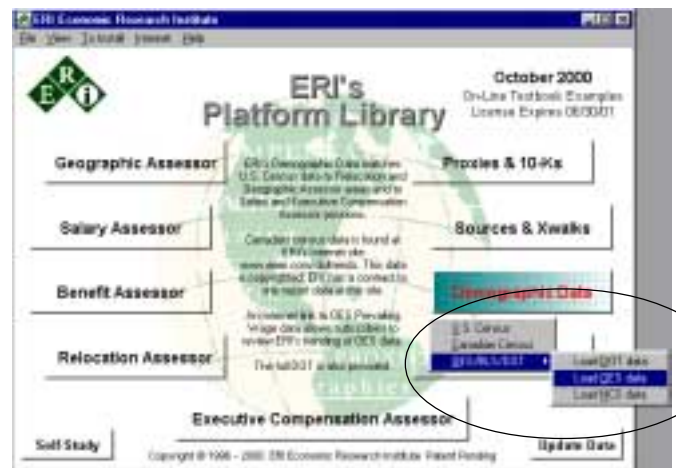
## ERI Distance Learning Center's Text

The ERI DLC team is in the process of rewriting the long used Belcher, Atchison textbook, *Compensation Administration*, blending it together with **Assessor** applications, Internet systems, software, and databases, and filling it with "links" that further define and describe benefit and compensation topics. At the same time, we are completing 46 on-line Internet courses focusing on topics not found from other providers: Black Scholes analyses, lost wages, selection of comparables, maximum reasonable compensation, FAVR, HIPAA's impact, relocating a facility, international labor costs, benchmarks, etc.

The textbook is free for use in any college classroom or office; it is found at [www.eri.com/dlc/onlinetextbook/index.htm](http://www.eri.com/dlc/onlinetextbook/index.htm).

## OES Salary Survey

The greatest threat to independent salary survey publishers today may be the non traditionally designed OES survey. Now being advanced by state agencies, the OES survey collapses over 36,000 jobs into 778 broad categories. ERI's researchers are troubled by recent changes in the OES job descriptions, methodology, & data collection methods, because these changes make it very difficult to trend analyses. Subscribers who wish to review the historical data for an OES area are invited to review the database via **ERI's Platform Library** (below).



Results will show Level I and Level II data for the previous three years. We know of no state or Federal agency that displays the kind of year-to-year historical analyses shown below.

Search / Report				
Job Group/Class:	Systems Analysts, Electronic Data Processing			
<b>OES Survey Job Group/Class Descriptions</b>				
Analyze business, scientific, and technical problems by application to electronic data processing systems. Exclude persons working primarily as Engineers, Mathematicians, or Scientists. (www.bls.gov/oes/oes.htm)				
Excluded are jobs that may have the title of the profession or level job coded. Supervisory Manager (with first level supervisory status) or the title of the job is professional level coded. Excluded are jobs that do not require substantial post secondary education or its equivalent. Wage/Salary level for this Job Group/Class is a consolidated value from all the jobs listed in the section below.				
Reported City/State:	Minneapolis, Minnesota United States Minneapolis-St. Paul, MN-WI MSA			
Time Series Projection of OES Data:	1996-2000			
Reliability Statistics:				
Survey Type:	Trend of OES Level I Data - MSA, PMSA, or Bureau of Area			
Survey/Source Name:	ERI's Prevailing Wage - DOL Data Analysis			
Survey Data Publisher:	ETA, BLS, OES & State Employment Agencies			
Data Reported/Indexed to:	October 2000			
Data Collection Dates:	October 1996 - August 1999			
OES Job#   ERI Ass#   ERICOTM   U.S. SOC Job#	2050   275120   30107-014   150000			
Salary Survey Area:	ARIZONA, CARRIER, CHICAGO, ILL-ITLA, HENNEPIN, SANDS, RANGER, SCOTT, SHERBURNE, WASHINGTON, WRIGHT, SIBLEY, SAINT CROIX			
Data reported by U.S. Dept. of Labor - Occupational Employment Statistics - used in this analysis				
	Type	Annual Mean	Level I	Level II
1996 OES Data	I	51,825	36,587	59,134
1999 OES Data	I	53,830	39,645	60,003
2000 OES Data	I	60,200	40,961	60,654
The above Level I or II values are to be used except to remain positive toward colleges and universities, and are generally considered for public sector research and development centers, and certain research agencies.				
ERI recommends careful job classification checking verification. For a full and complete ERI data and product fee list contact ERI's main office, call (800) 200-3004 for a free and complete ERI's full research and services. For ERI's full and complete ERI's full research and services. For ERI's full and complete ERI's full research and services.				

Three year historical data are available at [eri.com/cbltrends](http://eri.com/cbltrends). 2001 data will be found at [eri.com/immigration](http://eri.com/immigration).

# ERI PRODUCT ORDER SHEET

www.erieri.com  
(800) 627-3697

**PRODUCT SUITE SERIES**

- Full Analyst's Series** Single User License: \$1,767. \$ \_\_\_\_\_  
 Annual subscription (four quarterly updates) to **ERIGA, ERISA, ERIRA, ERIPL**, an H.R. Intranet site, and the Geographic Reference Report 2001
- Complete Consultant's Series** Single User License: \$2,845. \$ \_\_\_\_\_  
 Annual subscription (four quarterly updates) to all **Assessors** including **ERICA, ERIPL**, an H.R. Intranet site, all current year Reference Reports and ERI's new **Comparables** and **Valuation Assessors** (under development)

**ASSESSOR SERIES** *software databases (annual subscriptions, updated quarterly)*

- Salary Assessor® ERISA** Annual subscription \$689. \$ \_\_\_\_\_
- Relocation Assessor® ERIRA** Annual subscription \$689. \$ \_\_\_\_\_
- Geographic Assessor® ERIGA** Annual subscription \$689. \$ \_\_\_\_\_
- Executive Compensation Assessor™ ERIXA** Annual subscription \$2,189. \$ \_\_\_\_\_
- Benefit Assessor® ERIBA** Annual subscription - free in 2001.  
*(While under development, ERIBA and ERIVA are free to Assessor subscribers)*

**REFERENCE SERIES** *(single, annual hardcopy editions)*

- Geographic Reference Report \$389. (Released 11/15/2000) \$ \_\_\_\_\_
- International Reference Report \$1,189. (Released 08/20/2000) \$ \_\_\_\_\_

**LAN/WAN SUBSCRIPTIONS**

- Single LAN/WAN Subscription with # of users = \_\_\_\_\_ \$ \_\_\_\_\_  
*Additional 50% for a LAN license. Additional 25% for each additional LAN user above 2.*

**Standard Shipping & Handling** to U.S.: \$19.50, to Canada: \$44.50 \$ \_\_\_\_\_  
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 Additional charges for **Overnight Shipping** to my UPS or FedEx acct. # \_\_\_\_\_ \$ \_\_\_\_\_  
*or for ERI's **Standard Overnight Shipping** additional \$64.00*  
*Additional charges for initial shipment only*

**SUB-TOTAL** \$ \_\_\_\_\_

Downloads are available via the Internet [www.erieri.com/order](http://www.erieri.com/order) or Sales to State of WA subscribers add applicable Sales Tax: \$ \_\_\_\_\_

- Credit Card below
  - Payment Enclosed
- TOTAL** \$ \_\_\_\_\_

**International orders:**  
*Foreign duties and taxes are the subscriber's responsibility.*

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# INSTALLATION GUIDELINES

(See: INSTALLCD.TXT)

**ERI's Platform Library** software database will self-install programs and updates with a valid license code for the current subscription year. **Assessor** software databases may be installed using Windows 95, 98 or NT. Keep the diskettes or CD-ROM as backup. If the CD-ROM does not self-install, double click on the **eri.exe** file.

You may also refer to the **Technical Support FA Q** page at [www.eri.eri.com](http://www.eri.eri.com) or to the appropriate section below:

Installation of ERI's **Assessors** from CD-ROM Using a License Code  
Update ERI's **Assessors** from CD-ROM  
Installation of **ERI's Platform Library**  
Running ERI's **Assessors**  
Running **ERI's Platform Library**

## INSTALLATION OF ASSESSOR SOFTWARE DATABASES FROM THE CD-ROM USING A LICENSE CODE

**These are instructions for new subscribers and renewing subscribers who HAVE NOT yet entered a valid license code for the current subscription year.** Note: If you are prompted to "update" **Assessor** software databases at any time during the following procedure, please click **N O**.

1. Run **ERI's Platform Library** from the latest quarterly CD-ROM. (See Running ERI's Platform Library)
2. Select **To Install | Install Assessors Using License Code**.
3. In the License Code field, type the license code found on the invoice or instruction sheet mailed with the latest quarterly update.
4. In the **Company or User Name** field, type the name of your organization or your name.
5. Click the **Apply** button.
6. Click the **OK** button.
7. Follow the instructions on the installation screens that follow.

If you have a LAN subscription for multiple **Assessors**, and the quantity of subscriptions for each **Assessor** is not the same—i.e., you have eight (8) **Salary Assessor** subscriptions, but only one (1) **Relocation Assessor** subscription—you will have multiple license codes. First type in one of the license codes, then repeat steps 2-7 using the other code.

You must enter a License Code within 8 weeks of receiving it. If you do not enter the License Code within 8 weeks, it will no longer be valid. Also, if sometime during the subscription year you change computers, get a new hard drive, or delete the **Assessors**, you will need to contact **ERI** for a new License Code in order to reinstall.

**LAN Users:** Please enter the License Code and install all four quarterly updates from the same PC! Otherwise, you will need to contact ERI for a new License Code.

## UPDATE YOUR LICENSE CODE

If you renew or upgrade your subscription, you will need to enter a new license code for the new subscription. Your new license code may be found on an accompanying invoice or instruction sheet.

1. From any **Assessor** or **ERI's Platform Library**, select **Help | License Code**.
2. Click the **View/Modify** button.
3. In the **License Code** field, type the License Code printed on your renewal invoice.
4. In the **Company or User Name** field, type your organization name or your name.
5. Click the **Apply** button.
6. Click the **OK** button.
7. Click the **Close** button.

## UPDATE ASSESSOR SOFTWARE DATABASES FROM THE CD-ROM

**These are instructions for subscribers who HAVE entered a valid license code for the current subscription year.**

1. Run **ERI's Platform Library** from the latest quarterly CD-ROM. (See "Running ERI's Platform Library" at the right.)
2. A dialogue box should appear asking if you want to update **Assessors** already installed on your PC. (If you are not prompted to update your **Assessors**, select **To Install | Update Assessors already installed on your computer**.) Click **YES**.

Once **Assessors** for the current year are found, they will be automatically updated. If **Assessors** for the current year are not found in the default directories, you will be prompted to direct the software to the drive where the **Assessors** are installed. Follow the instructions on the screen. After updating the **Assessors**, you will automatically be prompted to install all the **Platform Library**.

The **Platform Library** and the additional databases can be run from the CD-ROM and do not have to be installed. If you do not want to install the **Platform Library**, click the **Cancel** button, then click the **Yes** button to abort the installation. If you do want to install the **Platform Library**, follow the instructions on the installation screens.

There are several different ways that an **Assessor** may be run (see "Running ERI's **Assessors**" at the right). If running the **Assessors** via an installed **Platform Library**, then you must also update **ERI's Platform Library**. **Assessors** may not be run via **ERI's Platform Library** when the CD-ROM is from a previous quarter. Example, if you update **Assessors** with a data date of 01/01/2001 and an expiration date of 12/31/2001, you may only run them from **ERI's Platform Library** dated January 2001.

## UPDATE ASSESSOR SOFTWARE DATABASES FROM THE INTERNET

**These are instructions for subscribers who have browser access to [www.eri.eri.com](http://www.eri.eri.com).**

1. Click on "Subscriber Updates"
2. Click on a "Single Quarterly Dataset Update"

## INSTALLATION OF ERI'S PLATFORM LIBRARY

Although ERI's **Assessors** must be installed/updated each quarter, **ERI's Platform Library** does not have to be installed. You may run the latest **Platform Library** (including the shortcut screen and the non-copyrighted databases) directly from the CD-ROM. The CD-ROM may be located in your PC's CD-ROM drive or a CD-ROM tower linked to your network. To install **ERI's Platform Library**:

1. Run **ERI's Platform Library** from the latest CD-ROM. (See "Running ERI's Platform Library" below)
2. Select **To Install | Copy All Programs and Data from CD to a hard drive/disk**.
3. Follow the screens' instructions. You will be given the option of whether or not to install the maps, as well as where to install the **Platform Library**. If you must change the destination directory, be sure to retain the **Platform** folder at the end of the selected path.

You will also be informed as to how much disk space is required and how much you will have left after installation. If a message appears saying you do not have enough disk space, but you have a previous version of the **Platform Library** installed and you have directed the software to install over the old **Platform Library**, then chances are you will have enough space. Click the **Ignore** button. The software does not take into account that you will be copying over the old **Platform Library**.

## RUNNING ASSESSOR SOFTWARE DATABASES

### To Execute an Assessor from ERI's Platform Library

Click on the icon of the **Assessor** software database or Select **File | Run a Program** and the **Assessor** name. To Execute an **Assessor** software database from the Windows Start Menu Select **Start | Programs | Economic Research Institute** and the **Assessor** name. To Execute an **Assessor** software database from a Windows Desktop Shortcut Icon:

1. Create a shortcut icon for the **Assessor**. (See Windows Help files for instructions about creating shortcuts.)
2. Click on the icon to run the **Assessor**.

## RUNNING ERI'S PLATFORM LIBRARY

### To Run ERI's Platform Library from the Latest CD-ROM

1. Check the date printed on the front of the CD-ROM to make sure that it is for the most recent quarter.
2. Place the CD-ROM in your CD-ROM drive and shut the drive door.
3. If after 30 seconds the CD-ROM does not auto-run, check your drive or the device drivers (as they may not be running correctly). In the meantime try this alternative:
  1. Click the Windows Start button.
  2. Click Run.
  3. Type **d:\eri.exe** (assuming that D:\ is your CD-ROM drive).
  4. Click the **OK** button.

## RUNNING ERI'S PLATFORM LIBRARY

### To Run ERI's Platform Library from the Installed Files

If **ERI's Platform Library** is installed to your PC, you have several options for running the installed **Library**: 1) Use the shortcut created on your Programs List (**Start | Programs | Economic Research Institute | Platform**); or 2) Run the executable file. (In Windows Explorer, double-click **platform\eri.exe**); or 3) Use a shortcut icon on your Windows Desktop (if one was created). For LAN Users, the first option may not be available if the **Platform Library** was installed to a network drive.

## WHAT'S NEW!

If you have the time, please see:

[www.naspp.com/vendors/html/eri.htm](http://www.naspp.com/vendors/html/eri.htm)  
[www.aicpa.org/members/afinity/index.htm](http://www.aicpa.org/members/afinity/index.htm)  
[www.salaryreview.com](http://www.salaryreview.com)



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