

At A Glance

Data are Fundamental

Overview

The ability to manage and analyze large, complex datasets is a core skill at NERA. We use sophisticated data processing techniques to assist clients facing potential liabilities due to wage and hour claims, and allegations of employment discrimination or disparities in public sector contracting. We bring together the required disciplines—including economics, statistics, computer programming, claims management, and accounting—to address the most complex problems of assessment and valuation of liability claims. Our experts have extensive experience with the most up-to-date econometric modeling. These analytical skills, combined with our state of the art computing capacity and technical expertise, allow us to respond quickly and tailor our projects to meet the needs of individual clients. Our work has encompassed a broad array of industries including:

- Services (business, financial, health, education, and technical)
- Construction
- Defense
- Government
- Manufacturing
- Public safety (police, fire, and corrections)
- Sports & entertainment
- Transportation
- Wholesale and retail sales

Key Areas of Expertise

Expertise in Complex Econometric Modeling

NERA economists employ a wide range of advanced statistical tools in our approach to problem solving. For example, regression analysis allows us to describe the relationship between a dependent variable (such as wages) and one or more explanatory factors (such as years of education). This powerful analytical tool enables us to control for multiple explanatory factors simultaneously, and to then evaluate whether the challenged decisions were affected by membership in any protected class. The methodology allows us to estimate both the relative size and statistical significance of the explanatory factors.

Managing Large and Complex Electronic Datasets

Our cases often require that we develop statistically reliable

estimates using proprietary data. Our experts have worked with proprietary data comprised of more than 900 million records, compiling data from upwards of 600 interlinked tables. NERA has the programmer expertise and in-house technology to construct and analyze these large datasets and we are resource-flexible, meaning that we can scale up to meet the individual demands of any project.

Expertise in Data Sets from the US Census and Other Agencies

NERA experts routinely work with large government datasets such as decennial censuses, the American Community Survey, and the Current Population Survey. These data are the primary source of labor market information (such as income, employment status, and



occupation) for policymakers and economists. All of these data are available at the individual level and can be tailored—by industry, occupation, gender, race, geographic area, and more—to address specific issues.

Managing and Coding Hard Copy Claim and Employment Files

NERA experts have mastered all aspects of managing, capturing, coding, and organizing information from claims and personnel files to generate electronic databases. We develop a coding protocol to capture the information required for claims resolution and analysis; establish clear rules to avoid error or bias; and apply double-entry and reconciliation to ensure accuracy.

Statistical Sampling and Data Analysis

Where relevant records or data are not easily accessible or would be time-consuming and expensive to review in full, NERA experts use well-designed statistical sampling techniques to extract reliable subsets of the relevant population for review and analysis. Our experts are experienced at testifying on the appropriate design and use of sampling methods.

IT and Programming Capabilities

NERA works continuously to upgrade our data analysis capabilities. We have a core group of expert programmers, dedicated in-house high capacity servers, and close relationships with major vendors such as SAS and EMC to bring the latest technology to bear on our work.

Client Experience

- For a large national retailer, NERA experts investigated allegations that employees failed to receive all of their scheduled meals and breaks and had not been compensated for time worked off the clock. Using electronic payroll, timecard, and cash register data, we assembled multi-million observation datasets that recorded employee activity and assessed patterns of employee behavior reflected in different data systems. We concluded that a mechanical review of the data could not be used to analyze plaintiffs' claims and that the plaintiffs' expert's approach was unreliable.
- In a class action lawsuit, NERA was retained by a major municipality to provide statistical evidence and to estimate damages arising from alleged failure to pay for time worked and miscalculation of pay rates. Working with a database of several million daily time records, we showed the inconsistency of the data with certain of plaintiffs' claims and quantified the damages for remaining claims. Following NERA's expert report, plaintiffs' expert amended his report to seek a fraction of his original claim and the case settled for less than one percent of the original claim.
- In a suit filed by a contractor against the Illinois DOT Disadvantaged Business Enterprise (DBE) Program, NERA was retained by the IDOT to conduct a study to meet the constitutional and regulatory requirements of its DBE Program and to testify at trial. NERA conducted a "custom census" of DBE availability and analyzed data from 135,000 distinct pay items totaling \$2.5 billion. The district court ruled in favor of IDOT and the Seventh Circuit re-affirmed the decision—based largely on the NERA report—that IDOT's program "was narrowly tailored to the compelling interest identified by the federal government—remediating the effects of racial and gender discrimination in the highway construction market."

About NERA

NERA Economic Consulting (www.nera.com) is a global firm of experts dedicated to applying economic, finance, and quantitative principles to complex business and legal challenges. For half a century, NERA's economists have been creating strategies, studies, reports, expert testimony, and policy recommendations for government authorities and the world's leading law firms and corporations. With its main office in New York City, NERA serves clients from more than 20 offices across North America, Europe, and Asia Pacific.

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