

Private Sector Employee Benefits, 1996-97

In 1996-97, a majority of private industry workers received paid holidays and vacations, life insurance, and medical care coverage. Few of these workers had paid family leave or were eligible for supplemental unemployment benefits, long-term care insurance, or childcare assistance.

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This article is based on data from the 1996 Employee Benefits Survey (EBS) of small private establishments (those with fewer than 100 employees) and the 1997 EBS of medium and large private establishments (those with 100 employees or more). These surveys cover 100 million employees (78 million full time and 22 million part time) in the private sector. Employee Benefits Surveys are conducted by the Bureau of Labor Statistics to obtain information on the incidence and characteristics of employer-provided benefits.¹

This article first describes benefits and coverage provided to all private industry employees. It then examines differences by employment status (full and part time) and establishment size, both of which have been found to have an impact on employer-provided benefits.

Types of benefits and coverage

The EBS provides detailed information about paid leave, disability, medical and dental care, life insurance, and retirement benefits. This section gives a brief description of the prevalence and details of these benefits, as well as the prevalence of Internal Revenue

Code Section 125 plans and other selected benefits.² The prevalence of each benefit is denoted by the percent of current employees who participate in, or are eligible for, the benefit. Participants in insurance and retirement benefits, shown in tables 1-3, have met minimum length of service requirements and paid any required employee share of the benefit cost. Eligible workers in the remaining benefits programs include all employees in occupations that have been offered the benefit.³

Paid leave. In 1996-97, paid leave plans with the greatest proportion of private sector workers participating were vacations (79 percent) and holidays (73 percent); the lowest were paid family leave (2 percent) and paid personal leave (15 percent). (See table 1.) In 1991-92, participation was 82 percent for vacations, 77 percent for holidays and 14 percent for paid personal leave.⁴

The average number of paid vacation days increased with an employee's length of service, ranging from 8.7 days after 1 year of service to 17.5 days after 20 years of service. (See table 2.)

Forty-four percent of all workers

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TABLE 1. Percent of private sector employees participating¹ in selected benefits, 1996-97

Benefit	All employees	Employment status		Establishment size (number of workers)	
		Full time	Part time	Fewer than 100	100 or more
Paid leave					
Holidays	73	85	29	66	81
Vacations	79	91	35	72	87
Personal leave	15	17	6	12	18
Funeral leave	56	66	22	42	73
Jury duty leave	63	73	28	50	79
Military leave	27	32	7	14	41
Sick leave ²	44	53	13	40	50
Family leave	2	2	1	2	2
Unpaid family leave	62	70	35	42	87
Short-term disability²	31	36	15	25	39
Long-term disability insurance	26	32	2	17	37
Medical care	57	70	11	49	58
Dental care	37	45	8	24	52
Life insurance	61	74	11	48	76
Retirement plans³	53	62	20	37	71
Defined benefit pension	27	32	8	12	45
Defined contribution ⁴	40	47	15	31	51
Savings and thrift	26	31	7	18	34
Deferred profit sharing	11	13	6	10	12
Employee stock ownership	2	3	1	1	4
Money purchase pension	5	6	2	3	7

¹ Only current employees are counted as participants. Participants in insurance and retirement benefits have met minimum length of service requirements and paid any required employee share of the benefit cost. Participants in all other benefits include all employees in occupations offered the benefit.

² The Employee Benefits Survey (EBS) definition of paid sick leave and short-term disability (previously called sickness and accident insurance) changed in 1995. Paid sick leave now includes only plans that specify either a maximum number of days per year or unlimited days. Short-term disability now includes all insured, self-insured, and State-mandated plans avail-

able on a per disability basis, as well as unfunded per-disability plans previously reported as sick leave. Sickness and accident insurance, reported in years prior to the 1995 EBS, included only insured, self-insured, and State-mandated plans providing per-disability benefits at less than full pay.

³ Includes defined benefit pension plans and defined contribution retirement plans. The total is less than the sum of the individual items because some employees participated in both types of plans.

⁴ The total is less than the sum of the individual items because some employees participated in more than one type of plan.

TABLE 2. Average¹ days per year provided to participants in selected paid leave plans, 1996-97

Benefit	All participating employees	Employment status		Establishment size (number of workers)	
		Full time	Part time ²	Fewer than 100	100 or more
Holidays	8.3	8.5	6.8	7.5	9.1
Vacation days by minimum length of service requirement (in years)					
1	8.7	8.9	6.7	7.9	9.5
10	15.0	15.4	11.3	13.4	16.6
15	16.5	16.9	12.5	14.4	18.5
20	17.5	17.9	13.1	14.9	19.9
Personal leave	3.3	3.3	2.8	3.0	3.4
Funeral leave³	3.4	3.5	2.5	2.9	3.7
Military leave	14.4	14.6	10.4	11.7	15.2

¹ The average shown is for covered workers only.

² Leave provisions for part-time employees usually are pro-

rated based on their work schedules.

³ Funeral leave averages are per occurrence.

participated in paid sick leave plans that provide employees with a number of fully paid days per year to cover absences due to illness or injury.⁵

Disability. Short-term disability (STD) benefits provide for salary replacement, most often partial, for a 6- to 12-month period. Thirty-one percent of all employees participated in short-term disability plans.

Long-term disability (LTD) benefits, in which 26 percent of all workers participated, replace a portion of an employee's salary, but for a longer period than STD. LTD benefits are generally paid until the disability ends or until retirement.

Medical and dental care. In 1996-97, 57 percent of all employees were covered by a medical care plan, compared with 65 percent in 1991-92. Among workers with coverage, 39 percent were in plans with fully employer-paid individual coverage, while 22 percent were in plans with fully employer-paid family coverage. (See table 3.) In 1991-92, these proportions were 51 percent and 29 percent, respectively. Thirty-seven percent of all employees had dental care coverage, compared with 43 percent in 1991-92.⁶

Life insurance. A substantial majority (61 percent) of all workers had life insurance coverage in 1996-97. The amount provided was often a flat amount or a multiple of the employee's earnings. For most covered employees (84 percent), benefits were entirely employer financed. In 1991-92, however, 67 percent of all private sector workers had life insurance coverage. The proportion of covered workers with fully employer-paid coverage was the same in both periods.⁷

Retirement. In 1996-97, 53 percent of all workers were covered by at least one retirement plan, similar to the 54 percent reported in 1991-92. The types of retirement plans in which covered workers participated, however, differed in the two periods. Defined ben-

efit pension plans, which use predetermined formulas to calculate retirement benefits, were available to 27 percent of all workers in 1996-97, compared with 34 percent in 1991-92. In both periods, almost all (96 percent) of those covered were in plans that were entirely employer financed.

Defined contribution retirement plans, which specify employer and employee contributions, but not the level of future benefits, were available to 40 percent of all workers in 1996-97, compared with 35 percent in 1991-92. In both periods, savings and thrift plans and deferred profit-sharing plans were the most prevalent defined contribution plans.⁸

Section 125 plans. Section 125 of the Internal Revenue Code governs flexible benefits plans, flexible spending (reimbursement) accounts, and premium conversion plans.⁹ In 1996-97, Section 125 plans were available to 31 percent of all workers. (See table 4.)

Section 125 flexible benefits plans, often called cafeteria plans, were available to 7 percent of all employees.¹⁰ Flexible benefits plans allow employees to determine how their employers' contributions will be allocated among the benefits offered. Employees often are able to purchase additional benefits on a salary reduction basis.¹¹

Other benefits. The EBS provides information on the percent of workers eligible for a number of benefits as shown in table 4. Of these benefits, job-related education assistance, such as reimbursing a secretary for taking a word processing course, was available to the greatest proportion (45 percent) of all workers in 1996-97.¹²

Two employer-subsidized health improvement benefits—employee assistance programs and wellness programs—were available to 33 percent and 19 percent, respectively, of all workers. Employee assistance programs generally provide counseling and referral services for acute conditions, such as alcohol and drug abuse and emotional and financial problems, that might affect job performance.

Wellness programs, which include physical fitness, smoking cessation, stress management and weight loss programs, emphasize prevention of problems that can lead to poor health.

Few workers were eligible for supplemental unemployment benefits (2 percent), long-term care insurance (4 percent), and childcare assistance (5 percent).

Employment status

Part-time employees¹³ were less apt to participate in employer-provided benefits than were full-time employees. (See table 1.) Paid vacations and holidays were among the most prevalent benefits available to part-time workers. When these benefits were available, fewer days, on average, were provided to part-time workers than to full-time workers. In addition, time off was generally prorated based on the part-time worker's schedule. Part-time employees with paid holidays averaged 6.8 days per year, compared with 8.5 for full-time employees. For part-time employees with vacation benefits, the average days available ranged from 6.7 after 1 year of service to 13.1 after 20 years of service. For full-time employees, these figures were 8.9 and 17.9 days, respectively.

Part-time employees were less apt to participate in insurance benefit plans than were full-time employees. For example, 70 percent of full-time employees participated in a medical care plan, compared with 11 percent of part-time employees. Forty-five percent of full-time employees participated in a dental care plan, compared with 8 percent of part-time employees.

Part-time employees were also less likely to participate in retirement plans. For example, defined benefit plan participation was 32 percent for full-time and 8 percent for part-time employees; for defined contribution plans, these figures were 47 percent and 15 percent, respectively.

Lower participation among part-time workers may result from their not having been offered the benefit. For insurance and retirement benefits,

TABLE 3. Percent of private sector participants in selected benefits by source of financing, 1996-97

Benefit	All participating employees	Employment status		Establishment size (number of workers)	
		Full time	Part time	Fewer than 100	100 or more
Short-term disability coverage	100	100	100	100	100
Wholly employer financed	73	75	46	66	78
Partly employer financed	23	21	40	26	20
Not determinable	5	4	14	9	2
Long-term disability insurance	100	100	100	100	100
Wholly employer financed	79	79	64	81	78
Partly employer financed	19	19	33	17	20
Not determinable	2	2	3	2	2
Medical care:					
Employee coverage	100	100	100	100	100
Wholly employer financed	39	39	43	48	33
Partly employer financed	61	61	57	52	67
Not determinable	(¹)	(¹)	(¹)	—	(¹)
Family coverage	100	100	100	100	100
Wholly employer financed	22	22	34	25	22
Partly employer financed	77	78	65	74	78
Not determinable	(¹)	(¹)	(¹)	1	(¹)
Life insurance	100	100	100	100	100
Wholly employer financed	84	84	85	81	86
Partly employer financed	15	15	12	17	13
Not determinable	1	1	2	2	1
Defined benefit pension	100	100	100	100	100
Wholly employer financed	96	95	98	97	95
Partly employer financed	4	4	2	3	4

¹ Less than 0.5 percent.

NOTE: Because of rounding, sums of individual items may

not equal totals. Dash indicates no employees in this category.

TABLE 4. Percent of private sector employees eligible¹ for selected benefits, 1996-97

Benefit	All eligible employees	Employment status		Establishment size (number of workers)	
		Full time	Part time	Fewer than 100	100 or more
Section 125 plans ²	31	37	8	18	46
Flexible benefits plans	7	8	2	3	11
Severance pay	21	25	5	11	32
Supplemental unemployment benefits	2	2	(³)	(³)	4
Childcare assistance	5	5	4	2	9
Long-term care insurance	4	4	1	1	7
Employee assistance programs	33	37	18	13	57
Wellness programs	19	22	10	7	33
Job-related travel accident insurance	23	27	9	10	38
Nonproduction bonuses	39	43	23	39	38
Job-related education assistance	45	52	20	32	61
Nonjob-related education assistance	11	13	3	4	18

¹ Eligible employees have the benefit available to them, whether or not they actually take advantage of it.

² Includes all plans under Internal Revenue Code Section 125.

³ Less than 0.5 percent.

however, lower participation also may stem, among other reasons, from the fact that the lower pay of part-time workers would make them less able to pay for their share of an employer-provided benefit, causing them to decline coverage.

It should be noted that multiple regression analysis of data from the 1994 Employer Costs for Employee Compensation Survey found that part-time workers in the same establishment and occupation had lower wage rates and lower employer outlays for benefits than their full-time counterparts.¹⁴ A nationwide survey of employers by the W.E. Upjohn Institute for Employment Research also found that employers were more likely to provide benefits to full-time workers than to part-time workers.¹⁵

Establishment size

Table 1 provides benefit plan participation information for employees in small establishments (fewer than 100 employees) and medium and large establishments (100 employees or more). For example, in small establishments, only 12 percent of workers participated in a defined benefit pension plan, and 31 percent participated in a defined contribution retirement plan in 1996-97. In larger establishments, these proportions were 45 percent and 51

percent, respectively.¹⁶

Leave plans for employees in small establishments were less generous than those for employees in larger establishments. (See table 2.) In 1996-97, employees in establishments with fewer than 100 workers were provided an average of 7.5 paid holidays a year, compared with 9.1 for their counterparts in larger establishments. Vacation days for employees in small establishments ranged from an average of 7.9 after 1 year of service to 14.9 after 20 years of service. For employees in larger establishments, these averages were 9.5 and 19.9, respectively.

Except for nonproduction bonuses, employees in small establishments were less likely to have access to the benefits shown in table 4 than were employees in larger establishments. For example, job-related education assistance was available to 61 percent of employees in establishments with 100 workers or more, compared with 32 percent of workers in smaller establishments.

Research using data from the BLS Jacksonville, FL, Construction Industry Test Survey found that, as establishment size increased, so did the percent of employees with access to and participation in insurance and paid sick leave plans.¹⁷ Data from the BLS Employer Costs for Employee

Compensation Survey also show that in private industry, employers' outlays for benefits, both in dollar amounts and as a percent of total compensation, increase with establishment size.¹⁸

Conclusions

In 1996-97, a majority of private industry workers received paid holidays and vacations, life insurance, and medical care coverage. Few of these workers had paid family leave or were eligible for supplemental unemployment benefits, long-term care insurance, or childcare assistance. Benefit availability differed by employment status (full and part time) and by establishment size. Part-time employees were less apt to participate in, or have access to, the benefits examined.¹⁹

Benefit participation among workers in small establishments was lower than that among their counterparts in larger establishments. Part of the difference may be because small employers have been found to be less apt than larger employers to offer benefits. Another part of the difference may be the fact that small employers who offer benefits may not defray as much of the cost as larger employers, so that their employees may decline coverage because of the size of their share of the benefit cost.²⁰ ■

¹ For more information, see *Employee Benefits in Small Private Establishments, 1996*, Bulletin 2507 (Bureau of Labor Statistics, 1999); and *Employee Benefits in Medium and Large Private Establishments, 1997*, Bulletin 2517 (Bureau of Labor Statistics, 1999). The EBS also provides information for State and local government employees. The most recent information may be found in *Employee Benefits in State and Local Governments, 1994*, Bulletin 2477 (Bureau of Labor Statistics, 1996), but data for 1998 will be published in late spring 2000. In 1999, the BLS began integrating the EBS into the National Compensation Survey (NCS) Program. For more information, see Allan P. Blostin, "An Overview of the EBS and NCS," *Compensation and Working Conditions*, Spring 1999, pp. 2-5.

² Section 125 of the Internal Revenue Code governs flexible benefits plans, flexible spending (reimbursement) accounts, and premium conversion plans.

³ Because the EBS data in this article are estimates derived from a sample of usable occupation quotes selected from responding establishments, the data are subject to sampling errors. These errors are the differences that can arise between results derived from a sample and those computed from all observations in the population being studied. Because standard errors were not calculated for EBS data, the results presented in this article should be interpreted with caution. For more information on the reliability of EBS estimates, see *Employee Benefits in Small Private Establishments, 1996* or *Employee Benefits in Medium and Large Private Establishments, 1997*.

⁴ Information on family leave benefits is not available for 1991-92. However, EBS data show that in 1991-92, 2 percent of private sector workers participated in paid maternity leave plans and 1 percent participated in paid paternity leave plans. For additional information on paid leave, medical

and dental care benefits, life insurance benefits, and retirement plans, see Ann C. Foster, "Employee Benefits in the United States, 1991-92," *Compensation and Working Conditions*, July 1994, pp. 1-6.

⁵ The EBS definition of paid sick leave and short-term disability (previously called sickness and accident insurance) changed in 1995. Paid sick leave now includes only plans that either specify a maximum number of days per year or unlimited days. Short-term disability now includes all insured, self-insured, and State-mandated plans available on a per-disability basis, as well as unfunded per-disability plans previously reported as sick leave. Sickness and accident insurance, reported in years prior to the 1995 EBS, included only insured, self-insured, and State-mandated plans providing per-disability benefits at less than full pay. For more information, see *Employee Benefits in Medium and Large Private Establishments, 1997*.

⁶ More detailed information on dental care coverage may be found in Ann C. Foster, "Dental Care Benefits, 1995," *Compensation and Working Conditions*, Summer 1998, pp. 45-49.

⁷ More detailed information on life insurance benefits may be found in Ann C. Foster, "Life Insurance," *Compensation and Working Conditions*, Winter 1997, pp. 47-50.

⁸ For more information on defined contribution plans, see Ann C. Foster, "Defined Contribution Retirement Plans Becoming More Prevalent," *Compensation and Working Conditions*, June 1996, pp. 42-44. More information on defined contribution plans in 1991-92 may be found in Foster, "Employee Benefits in the United States, 1991-92."

⁹ Flexible spending accounts help employees pay for expenses, such as childcare and medical care deductibles, not covered by other benefit plans. Accounts may be financed with employer funds, employee pretax funds, or both. Premium conversion plans are established solely for medical care plan participants to pay their share of plan premiums with pretax dollars. For more information, see Ann C. Foster, "Employee Contributions for Medical Care Coverage," *Compensation and Working Conditions*, September 1996, pp. 51-53.

¹⁰ Technically, a cafeteria plan is an employee benefit plan that offers an employee certain choices in accordance with IRC Section 125. The term cafeteria plan often is used interchangeably with flexible benefits plan. However, a flexible benefits plan does not necessarily need to be a Section 125 (tax advantaged) cafeteria plan, but a cafeteria plan is a type of flexible benefits plan. For more information, see *Fundamentals of Employee Benefit Programs*, 5th ed., (Washington, Employee Benefit Research Institute, 1997).

¹¹ Plans that use salary reduction enable employees to use pretax dollars to fund certain benefits. When an employee agrees to a salary reduc-

tion, the reduction amount is not part of the employee's taxable income. More information on the use of salary reduction to fund flexible benefits plans may be found in *Fundamentals of Employee Benefit Programs*. For more information on flexible benefits plans in medium and large private establishments, see Joseph R. Meisenheimer and William J. Wiatrowski, "Flexible Benefits Plans: Employees Who Have a Choice," *Monthly Labor Review*, December 1989, pp. 17-23.

¹² Education assistance refers to allowances provided to employees for full or partial payment for tuition, books, and other related expenses. Information is collected on the availability of allowances for education leading to: 1) Particular knowledge or skills that are job-related; or 2) general knowledge that is nonjob-related.

¹³ Employees are classified as full time or part time according to the practices of surveyed establishments. Part-time employees are typically scheduled to work fewer hours than are full-time employees in the same work activity.

¹⁴ For more information, see Michael K. Lettau, "Compensation in part-time jobs versus full-time jobs: What if the job is the same?" *Economics Letters*, vol. 56, 1997, pp.101-06.

¹⁵ See Susan N. Houseman, *Temporary, Part-time, and Contract Employment in the United States: A Report on the W.E. Upjohn Institute's Employer Survey on Flexible Staffing Policies*. Report prepared for the U.S. Department of Labor, Office of the Assistant Secretary for Policy, 1997.

¹⁶ Research using data from the Small Business Administration 1991 SBA Retirement Plan Survey, a nationally representative sample of almost 600 firms, found that, holding other factors constant, small firms were less apt to offer pension benefits than were larger firms. For more information, see Jules H. Lichtenstein, "Factors Af-

fecting Pension and Health Benefits Availability in Small and Large Business," *Benefits Quarterly*, first-quarter, 1998, pp. 55-61.

¹⁷ For more information, see Ann C. Foster, "Insurance Benefits in the Jacksonville, Florida Construction Industry," *Compensation and Working Conditions*, Fall 1999, pp. 19-25.

¹⁸ In March 1999, for example, employers' outlays for paid leave benefits averaged 83 cents per hour (5.1 percent of total compensation) in establishments with fewer than 100 workers and \$1.58 per hour (7.2 percent of total compensation) in establishments with 100 workers or more. For more information, see *Employer Costs for Employee Compensation-March 1999*, USDL 99-173 (Bureau of Labor Statistics, June 24, 1999).

¹⁹ One exception was nonproduction bonuses. In 1996-97, similar proportions of full- and part-time workers (38 percent and 39 percent, respectively) were eligible for nonproduction bonuses. In 1991-92, 41 percent of full-time and 27 percent of part-time employees had access to the benefit.

²⁰ Findings of a nationwide household survey show that, between 1987 and 1996, access to employer-provided health insurance increased among employees in firms with fewer than 100 workers. The participation rate among employees with access, however, declined over this period. Although participation among workers with access also declined among those working in firms with more than 100 workers, unpublished data from the study show that the greatest proportion (81 percent) of those declining coverage were employed in smaller establishments. For more information, see Philip S. Cooper and Barbara S. Schone, "More Offers, Fewer Takers for Employment-based Health Insurance: 1987 and 1997," *Health Affairs*, November/December 1997, pp. 142-48.