

1998 Minnesota Employee Benefits Survey

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EXECUTIVE SUMMARY

Employee benefits play a significant role in today's workplace for both employers and employees. They provide essential assistance to employees as well as assist organizational operations in many ways.

The Minnesota Department of Economic Security began tracking employee benefits in the state in 1996. This year's report is the follow up to the initial effort. This 1998 Benefits Survey is based on the 1996 survey with a few modifications and additions.

Important findings:

- Significant differences exist between benefits offered to full-time and part-time employees, with firms providing full-time employees much higher levels of benefits.
- Employers pay for over half of the benefit program costs such as health and life insurance.
- A number of firms offer emerging programs such as flexible-paid-time-off and flexible medical spending accounts.
- The most common benefits programs are paid vacations and health insurance, with over 70 percent of firms offering them to full-time employees.
- Employee participation rates in benefit programs are quite high, but not all employees who are eligible to receive a benefit enroll in the program.
- A number of questions, new to the 1998 survey, provide information on behind-the-scenes concerns and administrative issues. Survey respondents ranked the rising cost of providing benefits as the most important issue in their firm. Second most important is flexibility in benefit plans. Additionally, 19 percent of respondents have an official review process to evaluate the effectiveness of employee benefit programs.
- Minnesota firms average 10 percent of total payroll cost supporting benefit programs. Minnesota firms on average pay a higher percentage of payroll to provide health and dental benefit programs than the national average.
- Firm size plays an important role in benefit programs. In general, as firm size increases, so do the benefits offered to employees. This is especially evident with health insurance and retirement benefits. Industry variations are also reported, but there is not as clear of a pattern as with firm size. Retirement benefits vary the most across industries.

Benefit Program Information:

PAID TIME OFF

Vacation is the most common paid time off program, offered by an average of 81 percent of firms to full-time employees. Paid holidays are second most common, offered by an average of 77 percent of firms to full-time employees. The majority of firms offer sick leave to full-time employees. Only a few firms offer these benefits through a flexible paid-time off program. Quite often, firms also have paid leave allowances for funerals and jury duty.

HEALTH INSURANCE

An average of 77 percent of firms offer medical insurance to full-time employees, with a much smaller percent of part-time employees offered the benefit. Preferred Provider Organizations (PPO) are the most commonly offered medical plan, followed by Health Maintenance Organizations (HMO). The traditional fee for service plan is the third most commonly offered medical plan.

Almost all firms that offer medical insurance to employees also offer it to dependents, although usually at a slightly lower payment rate. Very few firms that offer medical insurance offer it to employees when they retire.

Only an average of 47 percent of firms offer dental insurance to full-time employees. The majority of firms that offer dental insurance also offer it to dependents of full-time employees. Very few firms offer dental insurance to employees when they retire.

DISABILITY INSURANCE

Thirty-two percent of firms offer short-term disability insurance to their full-time employees, with only seven percent offering the program to part-time employees. The average length of short-term disability coverage for full-time employees is 22 weeks.

Long-term disability insurance is more common than short-term disability insurance with 38 percent of firms offering the benefit to full-time employees. The average waiting period for benefits to go into effect is five months for full-time employees, with benefits most commonly lasting until age 65 or retirement.

LIFE AND ACCIDENTAL DEATH AND DISMEMBERMENT INSURANCE

Life insurance is offered in 60 percent of firms to full-time employees. Participation rates are quite high for this benefit program at an average of 85 percent of full-time employees.

Forty-three percent of firms offer accidental death and dismemberment insurance to full-time employees. In firms where this benefit is offered, there are high employee eligibility rates, with an average of 95 percent of full-time employees eligible to receive accidental death and dismemberment insurance.

RETIREMENT BENEFITS

Sixty-three percent of firms offer retirement benefits to full-time employees, and 27 percent offer the benefit to part-time employees. Minnesota firms most commonly offer defined contribution plans where the financial contribution to the plan is specified. It is most common for employers and employees to share contributions to employee retirement plans. Usually, employees must wait one year before they are eligible to participate in employer-offered programs.

FAMILY BENEFITS

Law requires unpaid time off for family related reasons at Minnesota firms with over 20 employees. A few provide paid and/or unpaid time off beyond these requirements. It is more common for firms to offer some form of childcare benefit than to offer time off beyond the legally required amounts. The most common childcare benefit is a flexible spending account for childcare expenses. Only two percent of firms offering childcare benefits provide on-site childcare centers for their employees' children. A minimal number of firms offer eldercare benefits to employees.

EDUCATION AND TRAINING

Thirty-five percent of firms offer education and training benefits to their full-time employees. The most common education benefit offered by Minnesota firms is tuition payment or reimbursement. The majority of firms that offer education and training benefits pay for short-term training needs for all employees.

BACKGROUND

Benefits are important and valuable to both employers and employees in today's workplace. For employees and their families, benefits provide important assistance and support essential areas of their lives including health, future financial security, time off, and more. Benefits are also an evolving part of the workplace, responding to the changing needs of the workforce and society as a whole.

Benefits are a significant cost to employers but also assist the organization in many ways. On average, benefits are 28 percent of employee compensation cost (1998, Bureau of Labor Statistics). Effective employee benefit programs are a fundamental part of most organizations, large and small, and in any industry. They are especially important in today's workplace as tight labor markets challenge employers' ability to attract and retain the best employees. Benefits also play a role in employee productivity, an important factor in bottom-line success. In today's workplace, two of the most important issues involving both employers and employees are benefit costs and flexibility to accommodate individual needs and situations.

Because of the significance of benefits, government is also involved in terms of enacting legislation and monitoring programs. Legally required benefits include unemployment insurance, workers compensation, Medicare and social security. In addition, government also sets requirements for programs such as family leave.

The Minnesota Department of Economic Security, realizing the fundamental role benefits play in employment, began tracking benefits in 1996 as a part of the Education and Employment Transition System (EETS). This is the follow up to the original 1997 report based on the 1996 survey. The 1998 survey was designed to collect the same basic information as the previous effort including what types of programs are offered, differences between full-time and part-time employees, program costs paid by the employer, and benefits as a percent of payroll. This year's survey also includes expanded information on employee participation rates, family benefits, education programs and firm size differences, as well as program administration. The report is designed to provide basic information on benefits offered to Minnesota employees by firms operating in Minnesota. Using this data, comparisons can be made between firms as well as between Minnesota and other states.

This report provides information on benefit programs for all responding firms with additional sections focusing on benefits offered by firms in different size classes and industries. Data are provided for full-time and part-time employees.

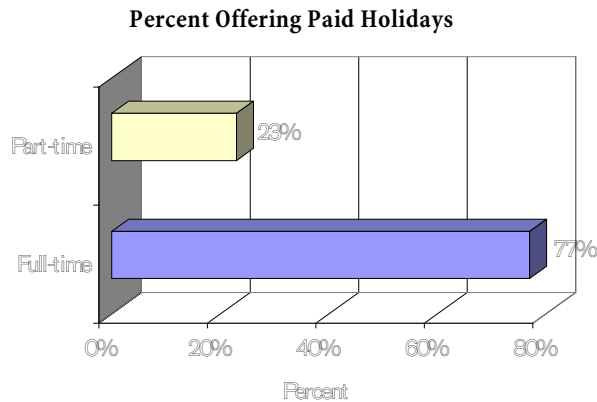
EMPLOYEE BENEFITS

Paid Time Off

There are two general forms of paid time off. The traditional method allocates leave by separate categories such as vacation and sick leave. A more recent trend is toward flexible programs where the leave classifications are combined into one pool from which employees draw when they need time away. This often excludes paid holidays such as Labor Day and Thanksgiving.

Five categories of paid time off were surveyed: paid holidays, flexible paid-time-off, vacation, sick leave and other paid personal time.

PAID HOLIDAYS

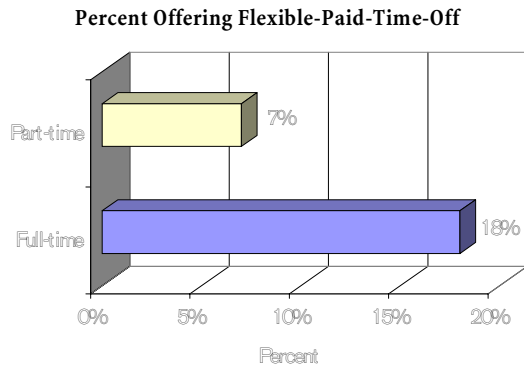


Seventy-seven percent of firms offer paid holidays to full-time employees while only 23 percent of firms offer it to part-time employees. The average number of days off for paid holidays is similar for full-time and part-time employees.

Number of Paid Holidays Offered Per Year				
	Mean (average)	25 th percentile	50 th percentile (median)	75 th percentile
Full-time	8.0	6	8	10
Part-time	7.3	6	7	10

FLEXIBLE-PAID-TIME-OFF

Flexible-paid-time-off is a less common benefit program, with only 18 percent of firms allocating time off in this method for full-time employees. Only seven percent of firms offer the benefit to part-time employees.



Flexible-Paid-Time Off: Days Off Per Year					
Years of Service	Employee	Mean (average)	25 th percentile	50 th percentile (median)	75 th percentile
1 year	Full-time	10.0	5	10	14
	Part-time	8.9	5	7	12
3 years	Full-time	12.8	10	12	15
	Part-time	11.0	5	9	15
5 years	Full-time	15.2	10	15	20
	Part-time	12.5	5	10	18
10 years	Full-time	17.7	12	18	21
	Part-time	13.8	7	10	20
20 years	Full-time	20.3	15	20	26
	Part-time	16.4	9	14	24

Note: Data analyzed for respondents offering benefit to employees at each level

- There are differences between part-time and full-time employees, with full-time employees receiving more days off. Part-time employee days off were often noted as being prorated based on the number of hours worked and years of experience. Workers with more tenure at their place of employment earned more hours per year for paid time off.
- The average waiting period before employees can take paid time off from a flexible account is 20 days for full-time employees and 16 days for part-time employees. The lower number for part-time employees may mean that firms that are able to offer this benefit to their part-time employees provide more benefits in general to their employees.

PAID SICK LEAVE

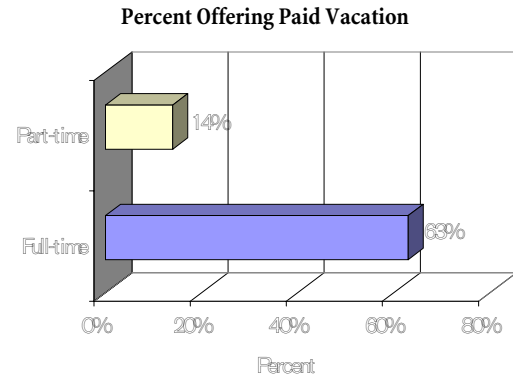
Percent Offering		Number of Days Offered*			
Employee	Yes	Mean (average)	25 th percentile	50 th percentile (median)	75 th percentile
Full-time	46%	9.0	5	6	12
Part-time	11%	7.1	4	6	10

*Note: Data analyzed for respondents offering sick leave

- When data from sick leave and flexible-paid-time-off (which includes sick leave) are combined, 64 percent of full-time employees have a sick leave benefit.
- A higher percentage of full-time employees are offered sick leave than part-time employees. There was not a large difference in number of sick days with pay provided to full-time and part-time employees. If the program is offered, 50 percent of firms offer six or more days of sick leave to both full-time and part-time employees. There may be firms that allow sick leave without pay.
- Fifty-eight percent of full-time and 72 percent of part-time employers who offer sick leave have waiting periods before employees can take sick leave with pay. The average waiting period was about five months for both full-time and part-time employees.

VACATION

Sixty-three percent of firms offer paid vacation to their full-time employees. Only 14 percent of firms offer paid vacation to their part-time employees. When combined with the firms offering vacation through the flexible-paid-time-off program, 81 percent offer paid vacation to their full-time employees. A number of firms commented in this section of the survey that part-time employees receive prorated vacation benefits.



Vacation Days Offered Per Year					
Years of Service	Employee	Mean (Average)	25 th percentile	50 th percentile (Median)	75 th percentile
1 year	Full-time	7.9	5	7	10
	Part-time	6.8	5	5	10
3 years	Full-time	10.5	10	10	10
	Part-time	8.4	5	10	10
5 years	Full-time	12.6	10	12	15
	Part-time	10.4	7	10	15
10 years	Full-time	15.9	15	15	19
	Part-time	12.7	8	14	15
20 years	Full-time	18.7	15	20	20
	Part-time	15.3	10	15	20

Note: Data analyzed for respondents offering benefit to employees at each level

- On average, the longer someone is employed with a company, the more vacation time they earn per year. The average number of days off for those employed one year is eight days, while the average number for those employed 20 years is more than double that at 19 days.
- The average waiting period for vacation is 37 weeks for full-time employees but only 36 weeks for part-time employees. Firms that offer part-time benefits may be able to provide more generous programs, thus accounting for the shorter waiting period. The median waiting period for full-time employees is slightly longer at 52 weeks (one year).

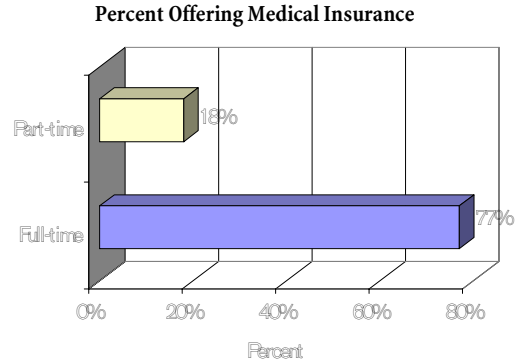
OTHER PAID LEAVE

Funeral and jury duty are the most common paid leave allowances offered by employers for other personal needs. Over 50 percent of employers have these options. Again, there were higher percentages offered for full-time employees compared to part-time employees.

Paid Personal Leave	Employee	Percent Offering
Funeral	Full-time	57%
	Part-time	19%
Military Service	Full-time	25%
	Part-time	10%
Doctor/dentist appointment	Full-time	28%
	Part-time	9%
Jury Duty	Full-time	52%
	Part-time	18%

Health Insurance

Health insurance is one of the fundamental parts of a benefits program. There are two main types of health benefits: medical and dental. There are three components of each program: coverage for employees, dependents and retirees.



MEDICAL INSURANCE

EMPLOYEE MEDICAL INSURANCE

- The majority of full-time employees are eligible for medical insurance, with at least half of firms offering it to 100 percent of their employees. The average waiting period for full-time employees is 7.5 weeks. For part-time employees it is just 6.3 weeks. Firms that offer part-time benefits may be able to provide more generous programs, thus accounting for the shorter waiting period.
- Preferred Provider Organization (PPO) plans are most often offered, provided by 46 percent of firms for full-time employees. Health Maintenance Organization (HMO) plans are offered by 36 percent of firms and traditional fee for service plans are offered by 22 percent (Note: percentages add up to over 100 percent because some firms offer more than one plan type). Similar offerings are made to part-time employees. Most often, employees do not have more than one medical plan option to choose from. Only 10 percent of firms offer more than one choice in medical plans.

Medical Benefits					
	Employee	Mean (average)	25 th percentile	50 th percentile (median)	75 th percentile
Employer	Full-time	77%	65%	85%	100%
Payment Rate	Part-time	61%	50%	70%	90%
Employee	Full-time	68%	50%	80%	100%
Participation Rate	Part-time	44%	0%	38%	80%

- Employers pay an average of 77 percent of the cost of benefits for full-time employees. The figure is somewhat lower for part-time employees at 61 percent.
- Participation rates in medical programs are quite high but are not at the same level as percent of employees who are eligible. On average, 68 percent of full-time employees and 44 percent of part-time employees who are eligible to participate choose to do so.

MEDICAL INSURANCE FOR DEPENDENTS

- The majority of firms that offer medical insurance provide medical care programs to full-time employees' dependents, at 92 percent. Both the employee participation and employer payment rates are much lower for dependent benefits. Forty-six percent of full-time employees participate in the programs. The difference may exist because not all employees have children and those that do may choose to be covered by a spouse's insurance program, further reducing the use of dependent benefits.
- The payment rate by employers is also slightly lower for dependent benefits. Employers only pay for an average of 50 percent of the cost of dependent insurance for full-time employees.

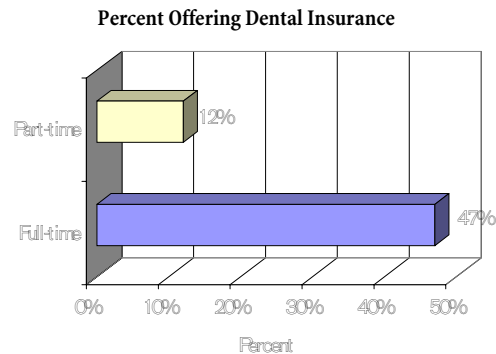
MEDICAL INSURANCE FOR RETIREES

- Only 26 percent of firms offering medical insurance also provide medical insurance to full-time employees when they retire. Five percent of all responding firms offer retiree benefits to part-time workers and 20 percent offer it to full-time workers.
- If retired employees are offered medical insurance, 53 percent participate even though the percent paid by their employer is much lower than with general employee health insurance. The employer only pays for an average of 31 percent of the total cost for former full-time employees.

DENTAL INSURANCE

EMPLOYEE DENTAL INSURANCE

- Only 47 percent of employers offer dental insurance to full-time employees.
- The average waiting period is about two months for full-time workers but ranges from no waiting period to up to a year-and-a-half.



Dental Insurance					
	Employee	Mean (Average)	25 th percentile	50 th percentile (median)	75 th percentile
Employer Payment Rate	Full-time	69%	50%	80%	100%
	Part-time	59%	0%	71%	100%
Employee Participation Rate	Full-time	70%	45%	81%	100%
	Part-time	51%	13%	50%	93%

- On average, the employer pays for 69 percent of the plan costs for full-time employees and 59 percent for part-time employees.
- In firms offering dental benefits, the majority of full-time employees are eligible, at 93 percent. Of those who are eligible, an average of 70 percent of full-time employees participate in dental plans. The number is lower for part-time employees.

DENTAL INSURANCE FOR DEPENDENTS

- Overall, 93 percent of employers who provide dental insurance offer dental coverage to dependents of full-time employees. The number is not much lower for part-time employees at 84 percent.
- Employers pay for an average of 50 percent of dental insurance costs for dependents of full-time employees.
- On average, about half of eligible full-time employees participate in dental dependent programs.

DENTAL INSURANCE FOR RETIREES

- Of those that offer dental insurance, 23 percent offer dental insurance for retirees. Overall, nine percent of firms offer retiree insurance to full-time employees. Only three percent of all firms offer dental insurance to retirees who were part-time workers.
- The average participation rate for retired full-time employees is 36 percent.
- Most employers who offer the program do not contribute to the cost. The average contribution by employers is only 18 percent of the cost for retired full-time employees.

OTHER HEALTH BENEFITS

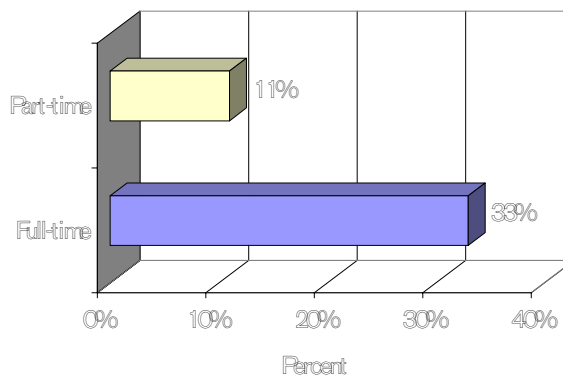
There are health insurance programs that give needed support and assistance to individuals and families beyond basic medical care. Four programs were surveyed: vision programs, prescription drug plans, substance abuse recovery programs, and mental health treatment.

The two programs most commonly offered to full-time employees are the prescription drug plan and the mental health treatment program. Substance abuse programs are the third most commonly offered followed by vision programs.

Other Health Programs		
Program	Employee	% Offering
Prescription Drugs	Full-time	79%
	Part-time	71%
Mental Health	Full-time	66%
	Part-time	63%
Substance Abuse	Full-time	62%
	Part-time	57%
Vision	Full-time	41%
	Part-time	37%

Flexible spending accounts, also known as Section 125 plans, are an innovative option often used as a health benefit. Employees can set aside a specific amount of money, tax-free, into the account for health purposes for the year. The money can then be used for health expenses or insurance payments over the course of the year.

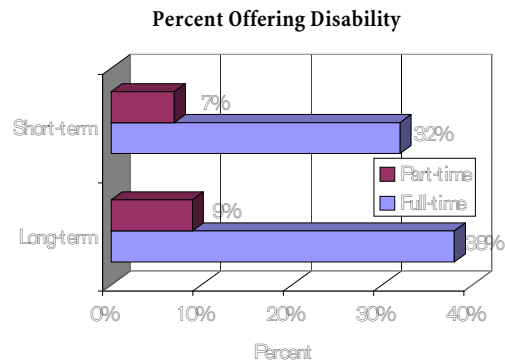
Percent Offering Flexible Spending Account



Overall, 33 percent of firms offer the benefit to full-time workers, and 11 percent offer the option to part-time workers. Forty-two percent of firms offering medical insurance offer the program to full-time employees. Forty-nine percent of firms offering medical insurance to part-time employees offer the program to part-time employees.

Disability Insurance

Both short-term and long-term disability programs were surveyed. Disability insurance provides income replacement in the event that disability renders an individual unable to work.



SHORT-TERM DISABILITY INSURANCE

- Thirty-two percent of employers offer short-term disability insurance to full-time employees, and only seven percent offer it to part-time employees.
- On average, 93 percent of full-time workers in a firm that offers short-term disability insurance are eligible for this benefit. A majority of part-time workers are also eligible for this benefit with average eligibility of 83 percent.
- Most commonly, full-time employees wait seven days for benefits to go into effect although the average waiting period of 21 days signifies that there are employers with much longer limits. Some employers noted different waiting periods depending on the reason for the disability. If the employee had an accident, the coverage often begins the next day. If the disability was due to an illness, there is a longer waiting period.
- The average length of short-term disability coverage is 22 weeks for full-time employees and 23 weeks for part-time employees.
- A significant number of employees participate in this program. In half of the responding firms, all eligible full-time and part-time employees are program participants.

Disability			
	Employee	Short-term	Long-term
Waiting Period Before Benefits Begin (Average)	Full-time	21 days	5 months
	Part-time	18 days	6 months
Employee Participation Rate (Average)	Full-time	83%	80%
	Part-time	71%	72%

LONG-TERM DISABILITY INSURANCE

- Long-term disability benefits are slightly more common than short-term disability insurance with 38 percent of firms offering the benefit to full-time employees.
- If offered by a firm, an average of 88 percent of full-time employees are eligible for this benefit, which is less than the eligibility rate of short-term disability insurance.
- The average participation rate for full-time employees is 80 percent, but in half of all firms, 100 percent participate.
- Seventy-five percent of firms have at least a three-month waiting period before benefits begin for full-time employees. The average waiting period for full-time employees is 5 months. Part-time employees have a longer waiting period averaging 6 months.
- The most common responses to length of long-term benefit coverage are until age 65 and retirement. There was a wide range of responses given starting at one year and lasting until retirement age, including lifetime benefits (this was an open-ended question).

Life and Accidental Death and Dismemberment Insurance

LIFE INSURANCE

- Life insurance is offered in 60 percent of firms to full-time employees. Few part-time employees receive this benefit, with only 15 percent of firms offering life insurance to those workers.
- If life insurance is available, the majority of employees are eligible. The average eligibility rate is 93 percent for full-time employees. At least 75 percent of all firms have employee eligibility rates of 100 percent.
- Rates for employer payment are similar to employee participation. The average payment is 90 percent of the cost for full-time employees. The part-time average is only slightly lower at 85 percent.
- Participation rates in life insurance programs are higher than those for other benefit programs. The average participation rate for full-time employees is 85 percent.

Life Insurance		
	Full-time	Part-time
Percent Offering	60%	15%
Employee Participation Rate	85%	73%
Employer Payment Rate	90%	85%

ACCIDENTAL DEATH AND DISMEMBERMENT INSURANCE

- Accidental death and dismemberment insurance is less common than life insurance. Only 43 percent of firms offer it to their full-time employees.
- In firms where this benefit is offered, there are high employee eligibility rates for the program. An average of 95 percent of full-time employees are eligible for the insurance.
- Employer payment rates are also high for accidental death and dismemberment insurance. On average, employers pay for 85 percent of the cost of the insurance for full-time employees, with only a slightly lower average of 78 percent for part-time employees.
- If offered, the majority of employees participate in the accidental death and dismemberment insurance program. The average for full-time employees is 82 percent.

Accidental Death and Dismemberment Insurance		
	Full-time	Part-time
Percent Offering	43%	10%
Employee Participation Rate	82%	71%
Employer Payment Rate	85%	78%

Retirement Benefits

There are two general categories of retirement benefits: defined benefit and defined contribution. In a defined benefit plan, the benefit amount is pre-determined based on salary or years of service. In a defined contribution plan, the employer or employee contributions are specified, but the benefit amount is not guaranteed and is usually tied to investment returns.

Retirement Programs			
Employee	Percent Offering	Employee Eligibility	Employee Participation
Full-time	63%	91%	78%
Part-time	27%	82%	64%

- Sixty-three percent of firms offer retirement benefits to full-time employees, and 27 percent offer them to part-time employees.
- The majority of full-time employees are eligible to participate in retirement programs with an average rate of 91 percent per firm. The part-time employee eligibility rate is also very high at an average rate of 82 percent per firm.
- The most common retirement benefit waiting period for all employees is one year. The average waiting period for full-time employees is just under 10 months. Some firms base their criteria for eligibility on other factors besides time with the company. For example, some employees have to make a certain salary or be at least 21 years old.
- Not all eligible employees participate in the retirement programs. On average, 78 percent of full-time employees participate. However, half of the firms report full-time employee participation rates of 90 percent or higher.
- Defined contribution plans are more common than defined benefit plans. In firms that have retirement programs, 43 percent of firms offer defined contribution plans and 38 percent offer defined benefit plans to full-time employees. Firms may offer both types of plans to employees.
- In firms offering defined contribution plans, the most common are qualified retirement plans, with 65 percent of firms offering them to full-time employees. These include 401k, 403b, SIMPLE and SEP plans. The second most common defined contribution program is profit sharing.
- In firms offering defined benefit plans, the most common option offered is a government plan, which may be offered to employees of state, local and federal governments.
- In 68 percent of firms, funding for retirement is shared between employers and full-time employees. It is less common for employers to fund the entire program, with only 22 percent paying for all of full-time employees retirement programs. Eleven percent of firms do not contribute to full-time employee retirement plans. The contribution rates may depend on type of program. Some employers offer more than one retirement option and pay differently depending on the program.

Retirement Plan Payment		
	Full-time	Part-time
Employer Only	22%	17%
Employee Only	11%	9%
Shared Contributions	68%	66%

Note: Employers may have more than one payment option. For part-time employees, they may not have specified an option.

Family Benefits

FAMILY LEAVE

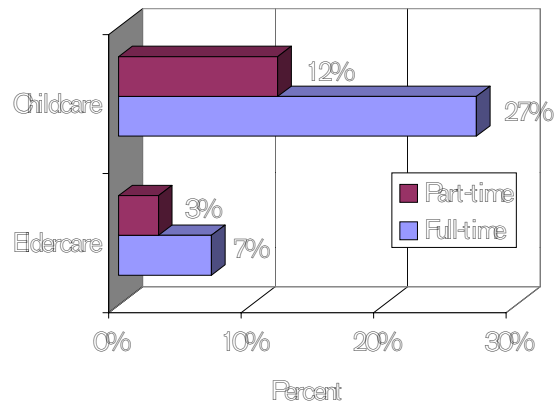
Since 1993, the federal Family Medical Leave Act (FMLA) has required employers with 50 or more employees within a 75-mile area to provide up to 12 weeks of job-protected unpaid leave to eligible workers for the birth or adoption of a child, placement of a foster child in the home, care of a seriously ill family member, or personal health reasons. The Minnesota Parental Leave Act (MPLA) extends coverage of the FMLA to employers with more than 20 employees, requiring them to provide six weeks of unpaid leave to eligible employees.

- There are more firms covered by MPLA than FMLA. Forty-eight percent of firms with full-time employees are covered under MPLA, while 45 percent of firms with full-time employees are covered under FMLA.
- A small number of firms offer maternity benefits beyond what is required by the Acts. Only 15 percent offer longer leave periods to full-time employees than required. At these firms, an average of two weeks of paid leave and 14 weeks of unpaid leave are available.
- Additional paternity leave is even less common. Eight percent of employers offer paternity leave to full-time employees beyond what is required by the government Acts. The average additional paid leave is one week. The average additional unpaid leave offered is 17 weeks.
- Leave for immediate family member care is offered to more employees than paternity leave but less than maternity leave. Twelve percent of firms offer leave beyond what is required to full-time employees. The average additional paid leave is one week. The average additional unpaid leave is 14 weeks.
- Part-time employees also are eligible for additional leave in some firms but at even lower levels than full-time employees.

Additional Family Leave		
	Full-time	Part-time
Maternity		
% Offer	15%	8%
Paid (weeks)	2	2
Unpaid (weeks)	14	14
Paternity		
% Offer	8%	5%
Paid (weeks)	1	1
Unpaid (weeks)	17	18
Family member		
% Offer	12%	7%
Paid (weeks)	1	0.4

DEPENDENT CARE

Percent Offering Dependent Care Benefits



CHILDCARE BENEFITS

- Twenty-seven percent of firms offer childcare benefits to their full-time employees. Twelve percent offer these benefits to part-time employees.
- By far, the most common benefit offered is a flexible spending account for childcare expenses. Of the firms offering childcare benefits, 88 percent offer this option to their full-time employees. Eighty-four percent of part-time employees are offered this benefit. The second most common benefit is childcare expense reimbursement, which is only offered by 10 percent of the firms offering childcare benefits to full-time employees. Two percent of firms offering childcare benefits have on-site childcare centers for employees' children.

ELDERCARE BENEFITS

- Only seven percent of firms offer this benefit to full-time employees. Similar to childcare, the most common benefit offered is a flexible spending account. Of firms offering eldercare, 12 percent offer resource and referral programs to full-time employees. Only six percent offer long-term insurance for employees or their family members.

Education and Training

Education and Training		
Employee	Percent Offering	Percent Eligible
Full-time	35%	93%
Part-time	15%	87%

- Thirty-five percent of firms offer education and training benefits to their full-time employees.
- A vast majority of both full-time and part-time employees are eligible for this benefit in Minnesota firms that offer education and training programs.

- The most common assistance offered to full-time workers by firms providing education benefits is tuition payment or reimbursement, provided by 87 percent of employers. Other options that are less common include work-study arrangements and leaves and sabbaticals.
- Eighty-five percent of firms that offer education benefits require that courses relate to job duties of full-time employees. The percent was slightly less for part-time employees.
- The majority of firms offering education and training benefits pay for short-term training needs for all employees. Ninety-six percent of firms offer the benefit to full-time employees and 89 percent offer it to part-time employees. This includes training such as computer skills and professional development seminars. In firms providing education and training benefits, an average of 96 percent of full-time employees have program eligibility.

Fringe Benefits

In addition to the traditional benefit options, many organizations offer smaller benefit programs to their employees.

Fringe Benefit	Percent Offering
Concierge Service	<1%
Domestic partner benefits	1%
Legal services	3%
Transportation (ex: bus pass)	4%
Telecommuting	5%
Job sharing	7%
Relocation benefits	9%
Wellness program	12%
Parking or parking vouchers	15%
Employee counseling services	18%
Prorated benefits for part-time employees	18%
Severance pay	19%
Shift premiums	20%
Employee discount	25%
Flexible benefit/cafeteria plan	30%
Flexible schedules	30%
Incentives/bonuses	42%
Other	4%

Many of these benefits are important components of the overall package provided by a company. Wellness programs assist employees in achieving and maintaining a healthy lifestyle, which then is a plus to both the firm and the employee. Flexibility in benefits is currently a prominent discussion point and concern, especially in relationship to families. Flexible benefit/cafeteria plans, flexible schedules, telecommuting, and job sharing can all fall in this classification. Incentives and bonuses are the most common fringe benefit offered on this list. These may be prevalent because of their relationship to employee productivity. If it is a hiring or retention bonus, the high percentage may be related to the current worker shortage situation.

PROGRAM ADMINISTRATION

Employee benefits are often more complex than just program offering and participation. There are numerous behind-the-scene concerns and administrative issues that are equally important. There were a number of new questions added to the 1998 survey to start gaining a better understanding of the complete employee benefit picture.

Important Issues in Employee Benefits

Gaining an understanding of issues with employee benefits can help to illustrate what drives the benefit choices firms make. Survey respondents were asked to rank benefit issues in order of importance to their firm. The results are (in order of importance with one being most important):

1. Rising costs of providing benefits
2. Flexibility in plans
3. Meeting employee needs
4. Employee responsibility for supporting benefit costs
5. Family friendly benefits
6. Benefit program's competitiveness with those of other companies
7. Communication with employees on benefit issues
8. Diversity of benefit options provided by employers

Program Evaluation

Program evaluation is an important step in understanding how well employee benefits are doing the job they were intended to do. Because of the costs involved, this may be a fundamental step in ascertaining if the investment is paying off.

- Nineteen percent of respondents have a review process to evaluate the effectiveness of employee benefit programs.

Communication

Communication can be a fundamental aspect of benefit programs. If employees do not understand the programs or the systems involved in providing the benefits, it is uncertain if the programs can be as useful and effective as possible.

- At least half of respondents use some method to communicate to employees about benefits. The four most common are memos and fact sheets, one-on-one sessions, new employee orientation, and organization handbooks/guidebooks. Only six percent of firms use electronic media such as the Web to communicate about benefits.
- Most respondents communicate at least once a year with their employees about benefits; only four percent never do. Forty-two percent communicate with employees more than once a year about benefit concerns and issues. A number of firms commented that they have no official communication system but meet with employees as needed. An official benefit communication system may be less important in smaller firms.

Unions

Employers often do not directly determine benefits for unionized employees but provide the necessary financial support to maintain union contracted employee benefit programs.

- Nineteen percent of firms reported union employees. Of these employers, an average of 61 percent of their employees belong to a union.

Program Funding

There are two predominant ways that employers finance employee benefits plans: self-insurance and contracting. With self-insurance, the organization funds the benefit program(s) independently, providing and administering benefits and accepting potential risks. This is in contrast to fully-insured contracting where the organization forms a relationship with an outside entity such as an insurance company or HMO to administer benefits, make and collect payments and accept the risk.

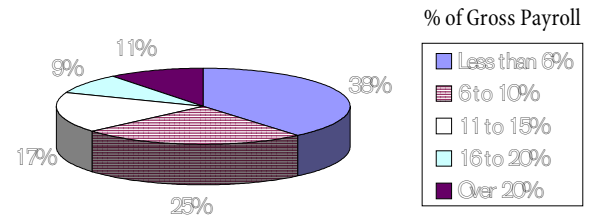
- Fifty-three percent of respondents provide benefits through fully-insured programs. About half that number, 26 percent, self-insure their benefit programs. Some companies use both of the funding options, but for different employee benefit programs.

PROGRAM COSTS

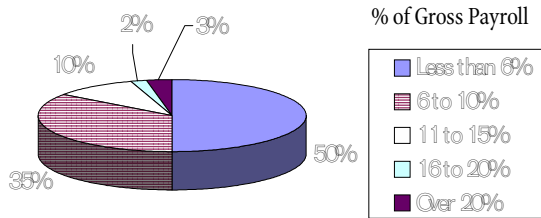
Benefit Programs

Benefits are an average of 10 percent of total payroll in Minnesota firms. The largest percentage of firms pay less than six percent of gross payroll for employee benefits. This is comparable to national percentages. The Bureau of Labor Statistics (BLS) reports an average of 10.1 percent of payroll for insurance benefits and retirement and savings benefits. The Minnesota figure does not include the percent firms are paying for legally-required benefits, which are an average of 8.2 percent of compensation costs according to the BLS. It also does not always include costs for paid time off.

Firms Funding Benefits as % of Gross Payroll



Firms Funding Medical/Dental as % of Gross Payroll



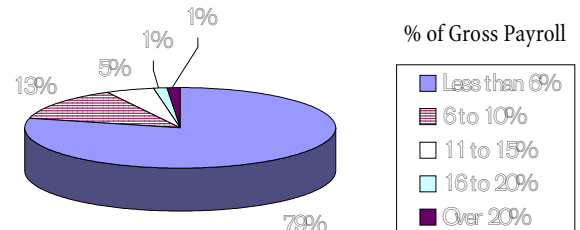
Health Benefits

On average, medical and dental benefits are seven percent of gross payroll for Minnesota firms. This is higher than the 6.3 percent figure reported nationally by the BLS for all insurance benefits. As with benefits in general, the majority of firms pay less than six percent of their payroll to the cost of health and dental insurance.

Retirement Benefits

Although a number of firms provide retirement benefits for employees, it is a program that is not allocated a high percentage of gross payroll. Almost all firms contribute fewer than ten percent of their total payroll to retirement benefit programs, with the majority contributing less than five percent. On average, retirement benefits are four percent of gross payroll. The low level of payroll spent on retirement by employers is supported by the data reporting that a majority of firms share the cost of retirement programs with employees. Some firms offer the programs but do not contribute any financial support.

Firms Funding Retirement Benefits as % of Gross Payroll



SIZE VARIATIONS

Generally, the number of employees an organization has plays an important role in the amount of benefits that employees are provided in the workplace. Fewer small firms offer benefit programs, and as size increases, the number of firms offering a benefit increases. In general, it is more cost effective to provide benefits for a larger number of employees than only a few. There are six size categories: 1-4, 5-19, 20-49, 50-99, 100-249, and 250+ employees. Detailed descriptions are given for full-time employees only. Part-time employees usually have lower benefit levels than full-time employees.

Paid time off

Number of Employees	Number Paid Holidays (Average)		Number of Sick Days (Average)	
	Full-time	Part-time	Full-time	Part-time
1-4	7.1	6.5	8.4	5.8
5-19	7.6	6.7	7.9	5.7
20-49	7.5	6.6	8.5	6.4
50-99	8.0	7.2	8.9	7.5
100-249	8.7	7.7	10.6	7.4
250+	9.3	8.4	9.4	8.3

- There is little variation in paid holidays offered. Most firms offer about eight paid holidays per year to full-time employees with those under five employees offering seven holidays and those with over 250 employees offering nine.
- Sick leave does not increase in a reliable pattern as firm size increases. The lowest number of sick days falls among employers with 5-19 employees, while the highest are among firms with 100-249 employees. There is some variation in days offered, with ranges only from 7.9 days to 10.6 days. Three classifications have about nine sick days per year, and two classifications have eight.
- Flexible-paid-time-off is barely offered in the smallest firms. Program offering is comparable between firm sizes, excluding the very small firms with under five employees, with a range of 17 to 22 percent of firms offering the program. Notably, the highest percentage is not for the largest firms but for those with 50-99 employees.

Health Benefits

Number of Employees	Percent Offering					
	Medical Insurance		Dental Insurance		Flexible Spending Account*	
	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time
1-4	39%	6%	14%	3%	15%	13%
5-19	64%	9%	27%	5%	15%	22%
20-49	85%	17%	45%	9%	37%	40%
50-99	93%	19%	63%	13%	48%	50%
100-249	94%	25%	70%	18%	62%	57%
250+	95%	43%	81%	34%	70%	73%

(*of those offering medical insurance)

- Firm size plays a significant role in medical insurance. Only 39 percent of firms with four or fewer employees offer the benefit to full-time employees while over 90 percent of employers offer the benefit to full-time employees where there are more than 100 employees. If there are over 250 employees, 95 percent of firms offer medical insurance to full-time employees.
- There are similar differences with dental insurance. Only 14 percent of very small firms provide dental insurance, while 81 percent of firms with more than 250 employees have the program. In general, firm size plays an even more important role with dental insurance than health insurance. Even in firms with more than 50 employees, the percentage offering the benefit rises ten percent per employee size grouping.
- Smaller firms pay more of the cost of medical insurance than larger firms do. Firms with 49 or fewer employees pay a higher percentage of medical insurance costs than firms with more than 50 employees. For example, firms with less than five employees pay for 83 percent of the benefit costs, while firms with over 250 employees only pay for 74 percent of the cost.
- Flexible medical spending accounts are much more common in large firms compared to small firms.

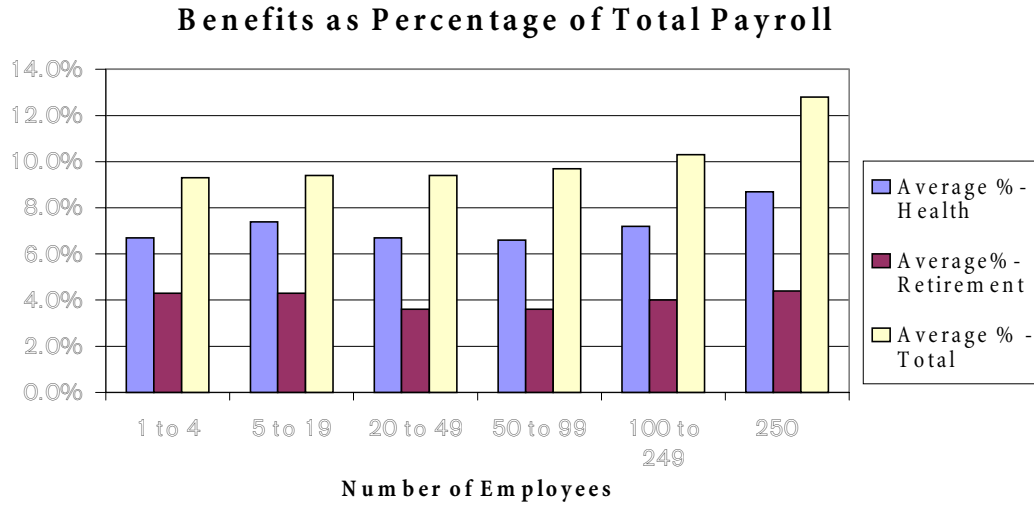
Retirement Benefits

Size	Percent Offering		Financial Contributions for Full-time Employees		
	Full-time	Part-time	Employer	Employee	Shared
1-4	29%	9%	39%	7%	49%
5-19	47%	15%	24%	8%	59%
20-49	68%	28%	17%	12%	68%
50-99	80%	35%	19%	12%	73%
100-249	84%	41%	21%	12%	71%
250+	81%	49%	23%	12%	78%

- An employer's number of employees also plays a role in the retirement benefits it offers. As firm size increases, employers are much more likely to provide a retirement benefit program to their employees.
- As with medical benefits, small employers are more likely to pay for more of the cost of the benefit than are large employers. Thirty-nine percent of very small firms pay for all of retirement program cost, while only 23 percent of larger firms pay for the entire cost. Across all firm sizes, it is most common for contributions to retirement plans to be shared between employer and employee with percentages increasing as firm size increases. Firms may have than one type of retirement program and have different financial payment methods for different programs. As a result, the figures in the financial contributions section will not exactly equal 100 percent.

Benefit Costs

Percentage of payroll costs spent on employee benefits is evenly distributed across all size categories for each benefit program until there are over 100 employees, where percentage paid begins to rise. This is especially true for the 250+ size category where there are the highest percentages paid in each benefit program.

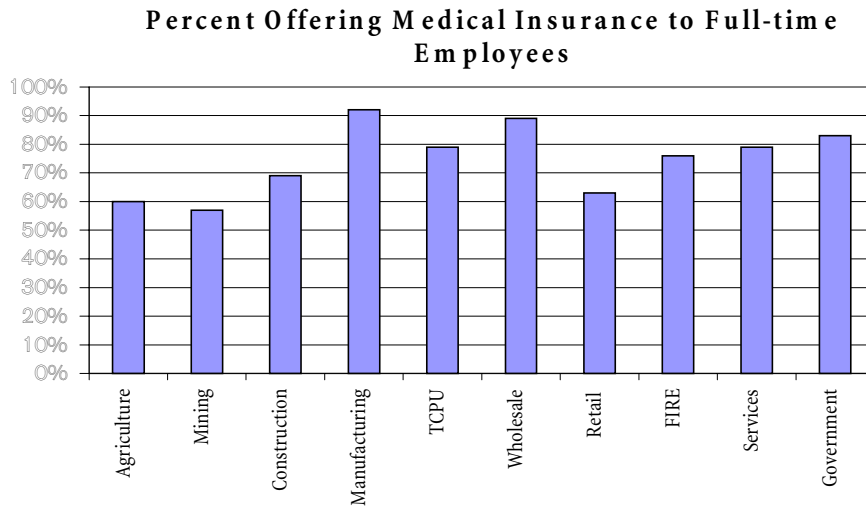


INDUSTRY VARIATIONS

There are variations in benefits offered between industries, but there are not such clear patterns as with firm size.

Medical Insurance

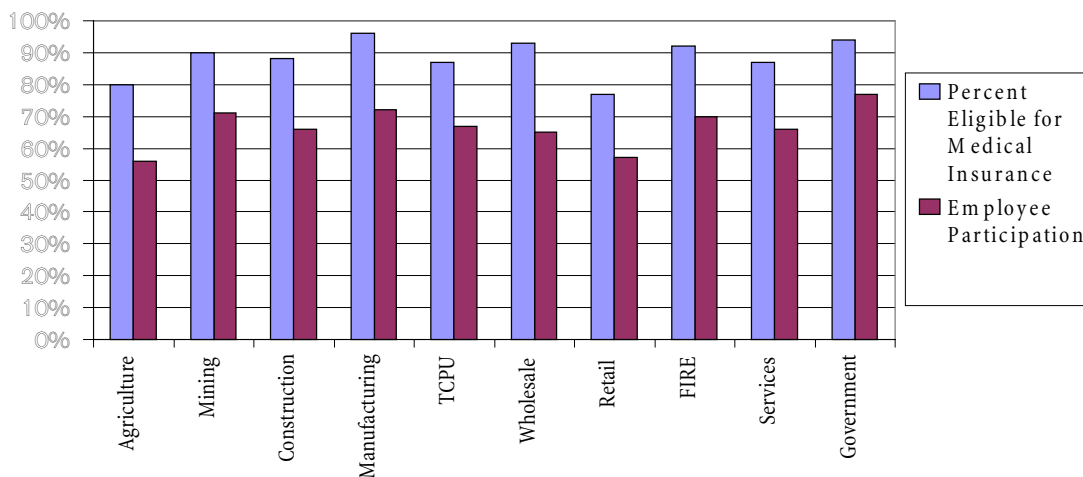
There is quite a variation between industries in terms of firms offering full-time employees medical insurance. The manufacturing (92 percent) and wholesale trade (89 percent) industries have the highest percentage of firms offering insurance to full-time employees. The industry where full-time employees are least likely to receive medical benefits is mining.



*TCPU= Transportation, Communication and Public Utilities Wholesale= Wholesale Trade
FIRE= Finance, Insurance and Real Estate Retail= Retail Trade
Agriculture= Agriculture, Forestry and Fishing

Medical insurance eligibility and participation rates also vary by industry. Eight industries have eligibility rates of at least 80 percent for full-time employees. Employers in the retail trade industry have the lowest eligibility rates for medical benefits, while manufacturing, government and wholesale trade all have high eligibility rates. The lowest participation rates are in the agriculture, forestry and fishing and retail trade industries. Employees in the retail trade industry are not likely to participate in medical insurance programs.

Average Medical Insurance Eligibility and Participation Rates



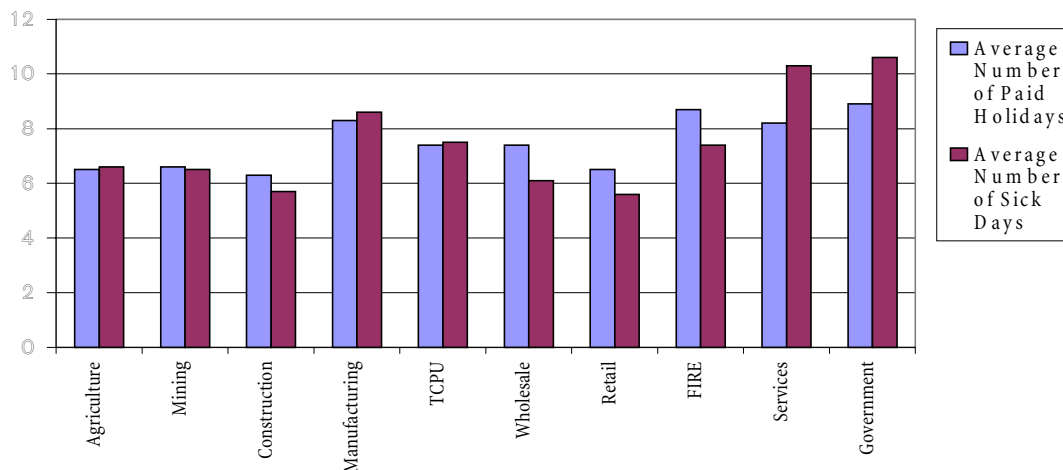
*TCPU= Transportation, Communication and Public Utilities
 FIRE= Finance, Insurance and Real Estate
 Agriculture=Agriculture, Forestry and Fishing

Wholesale= Wholesale Trade
 Retail= Retail Trade

Paid Time Off

Three industries are more generous with paid time off for their employees in comparison to the others. Manufacturing, services and government employees all have more than eight paid days each for both holidays and sick days on average. Services and government average just over 10 sick days for full-time employees. Only two industries average less than six sick days. Construction and retail trade employees average the least time off with only about five sick days per year and slightly above six paid holidays per year.

Number of Paid Holidays and Sick Days for Full-time Employees

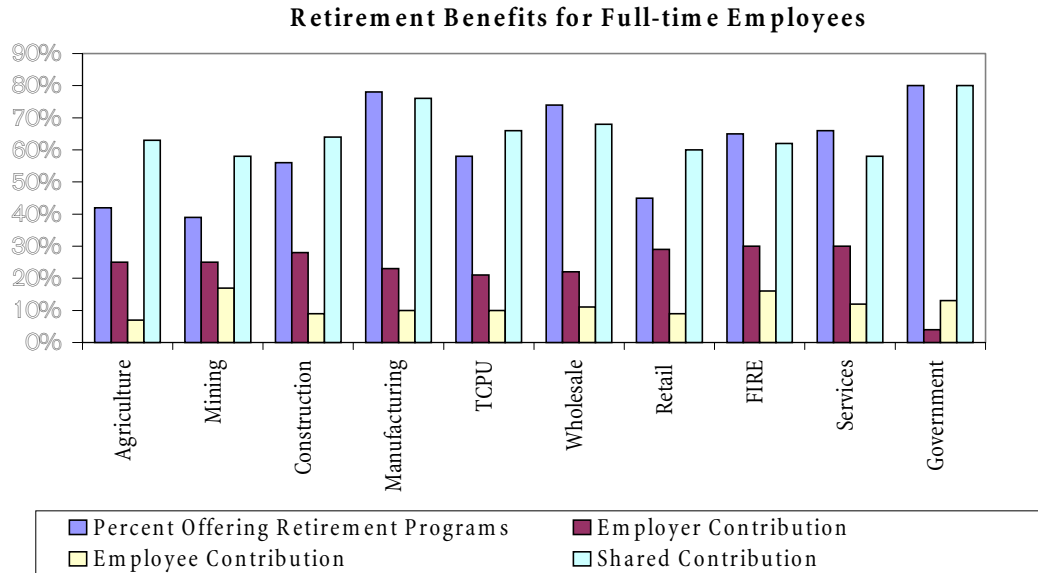


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Wholesale= Wholesale Trade
 Retail= Retail Trade

Retirement Benefits

Retirement benefits are the most varied across industries ranging from 39 percent of firms offering them in the mining industry to 80 percent of firms in government. Employees in the agriculture, forestry and fishing and retail trade industries are less likely to have any retirement benefits. Employees in the services and finance, insurance and real estate (FIRE) industries have the highest rates of employer-only-funded programs, while in most industries, shared contribution retirement programs predominate.



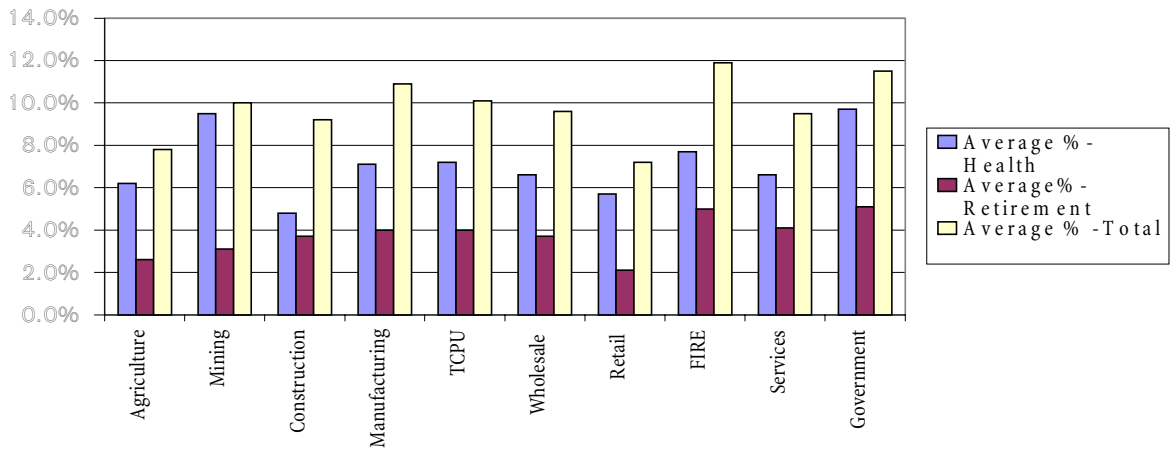
*TCPU= Transportation, Communication and Public Utilities
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Wholesale= Wholesale Trade
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Benefit Cost

Benefit cost as a percent of payroll varies across industries. Finance, insurance and real estate (FIRE) and government spend the highest percent on benefits, while retail trade and agriculture, forestry and fishing spend the lowest proportion. The low level for retail trade fits with the lower benefit levels provided by the employers, and the higher percent for government also coincides with the higher levels of benefit programs.

Benefits as Percent of Total Payroll



*TCPU= Transportation, Communication and Public Utilities
 FIRE= Finance, Insurance and Real Estate
 Agriculture=Agriculture, Forestry and Fishing

Wholesale= Wholesale Trade
 Retail= Retail Trade

State Government Benefits

State of Minnesota employee benefit programs are somewhat different than local and federal government benefits and more difficult to collect information on from this survey. Benefits are provided through union contracts. Benefits vary depending on job classification, years of experience and union, especially in terms of vacation. Full-time state employees receive 13 sick days per year. There are 10 paid holidays and one floating holiday (for use when the employee decides) per year for full-time employees. Part-time employee paid time off is prorated. Retirement benefits are offered through the Minnesota State Retirement Association. In 1998, there were six defined benefit plans and one defined contribution plan. The State and employees contribute different percentages depending on employee type such as state employee, state patrol, legislature, etc. The State provides health and dental insurance, life insurance, accidental death and dismemberment insurance, short-term disability insurance, and long-term disability insurance. In addition, there are a number of fringe benefits offered. The State reports that benefits are about 25 percent of employee salary.

APPENDIX A: METHODOLOGY

Survey design was based on the 1996 Benefits Survey and 1997 Benefits Report, “Minnesota Employee Benefits Survey.” After some research and modification, a pre-test of the survey was mailed to about 250 respondents. The 1998 Benefits Survey was developed using the results obtained from the pre-test. An introduction letter was mailed in November to inform respondents about the survey and the importance of their response. One week later, the survey itself was mailed out. Reminder cards were mailed in the middle of December to increase the response rate. A second mailing of surveys was sent out to all non-respondents in the beginning of January. Forty-two percent (2,234) of the surveys were returned as of mid-May.

The sample is randomly selected and stratified by major industry and firm size. There are twelve major industry classes. Ten are defined by the 1987 Standard Industrial Classification (SIC) Manual (agriculture, forestry, and fishing; mining; construction; transportation, communication and public utilities (TCPU); wholesale trade; retail trade; finance, insurance and real estate (FIRE); services; and public administration), and the other two are local and state government. Public administration, local and state government were combined into one general category called government for the analysis, which mostly consists of local government. Firm size was stratified into six classes defined as: firms with 1 to 4 employees, 5 to 19 employees, 20 to 49 employees, 50 to 99 employees, 100 to 249 employees, and 250 or more employees.

The list of active firms during the second, third, and fourth quarters of 1997 as recorded under the Covered Employment and Wages Program (ES-202) was used as the sample population. The ES-202 program represents a quarterly census of nonagricultural employment from employers subject to Minnesota Reemployment Insurance Laws, and includes information on employers by establishment. Employers with only one establishment are represented with only one record in the ES-202 program. Employers with multiple establishments get as many records as the number of different operating locations. Only the single establishment and parent organizations of the multiple establishments were considered for sampling.

In addition, the study also excluded from sampling some of the firms in the 250+ size class that were also selected for the Occupational Employment Statistics (OES) Survey. This was done to minimize the effects of survey non-response from this group of firms. After the exclusions, the population size was 101,313 parent firms.

The sample size was determined in three steps. First, the sample size was obtained at the major industry stratum level. Second, the sample size was obtained at the firm size stratum level, adjusting for the required sample size at the major industry stratum level. Finally, the sample size was obtained by determining the sample size at the different combinations of the major industry and firm size classes.

There were different sampling rates at the major industry and firm size strata due to the size of their populations. Firms in the major industries of mining (144 parent firms), public administration (59 parent firms), and state government (106 parent firms) were all selected in the sample. The sampling rate in the remaining industries varied between two percent in the services and 30 percent in local government. By firm size, the sampling rate increased as size class increased.

Using a 95 percent confidence level, a five percent margin of error, and a 50 percent response rate, the sample size was 5,322 parent firms. The sample was selected using a random number generator. Three firms were repeated in this sample. The duplicates are excluded from the survey. The total sample is then 5,319.

Sample By Firm Size					
# Employees	Total	Sample	% Sampled	Returned	% Returned
1-4	52,867	986	2.0%	313	31.7%
5-19	32,866	992	3.0%	370	37.0%
20-49	9,081	949	10.0%	437	46.0%
50-99	3,316	863	26.0%	388	39.0%
100-249	2,130	811	38.0%	345	42.5%
250+	1,107	722	65.0%	140	19.4%

Sample By Industry					
Industry	Total	Sample	% Sampled	Returned	% Returned
Agriculture, forestry, and fishing	2,605	490	18.8%	233	47.6%
Mining	144	144	100%	63	43.8%
Construction	10,797	529	4.9%	222	42.0%
Manufacturing	7,213	697	9.7%	286	41.0%
Transportation, communication and public utilities	4,347	513	11.8%	204	39.8%
Wholesale Trade	11,796	542	4.6%	201	37.0%
Retail Trade	17,586	608	3.5%	186	30.6%
Finance, insurance and real estate	9,054	534	5.9%	183	34.3%
Services	36,088	639	1.8%	275	43.0%
Public Administration	59	59	100%	6	10.2%
Local government	1,518	460	30%	274	59.6%
State government	106	106	100%	25	23.6%

Most survey questions were analyzed for those that completed the survey, except for vacation, sick, and paid time off. These were analyzed by those that had responses greater than zero to make them comparable. For all other sections, data for sub-questions within benefit categories were also analyzed according to whether the firm reported having the benefit. For example, if a firm responded that they have medical benefits, they were then selected for analysis in employee participation rate in the program.

Information on vacation and paid time off by year of employment was not covered in industry and size sections due to the fact that there were a small number of firms reporting for each category, making any results questionable.

There were 2,166 usable surveys returned. A few were excluded for various reasons such as repeats, unusable data, or stating that they were unable/unwilling to complete the survey.

BENEFIT RESEARCH

A review of other benefits surveys and information was conducted. Labor Market Information departments in other states were surveyed to gather information on benefits information produced or studied. A letter was sent to department directors asking if they had conducted any research into this area and if they were willing to share the information and survey instrument, if any. Fourteen states responded to the request, with eight of them able to provide helpful information such as reports they have conducted or were aware of from other sources.

General research on benefits was also conducted to prepare for the survey design, analysis and report. This included research into benefit programs, ongoing and developing issues, employee and employer concerns, other relevant surveys and discussions with benefit professionals.

APPENDIX B: SURVEY INSTRUMENT

This section contains averages and number of responses (n) per question.

Part 1: Employee Benefits Plan Components

This section covers basic employee benefits that are predominantly offered as part of an employer's compensation system. Please answer questions for this section in the appropriate column according to benefits offered to full-time and part-time employees.

Paid Leave

	FULL-TIME	PART-TIME
1a. How many paid holidays does the employer provide per year ?	8 DAYS n=1677	7 DAYS n=507

General Information:

Paid leave plans can take two forms. The traditional method allocates leave by separate classifications such as vacation, sick, personal days and other time off. There also is a growing trend towards flexible benefit plans. For paid leave, this emerges as the paid time off program. It combines leave into one account from which employees draw to meet their needs. Please answer the following questions according to whether the employer offers a paid time off or traditional paid leave program.

	18%		77%		n=2165
	YES	NO	YES	NO	
1b. Does the organization have a flexible paid time off program?					
☞ <i>If yes, answer the next questions. If no, go to 1e.</i>					
1c. How many days off do employees accumulate per year after:					
1 year of service?	10.0 DAYS		8.9 DAYS		n=104
3 years of service?	12.8 DAYS		11 DAYS		n=104
5 years of service?	15.2 DAYS		12.9 DAYS		n=106
10 years of service?	17.7 DAYS		13.8 DAYS		n=98
20 years of service?	20.3 DAYS		16.4 DAYS		n=97
1d. How long is the waiting period before employees become eligible for paid time off? (please put zero if none)	20 WEEKS		16 WEEKS		n=143

If you allocate employee leave in separate classifications, please answer the following questions. If not, skip to Health Benefits.

1e. How many days of sick leave are offered to employees per year ?	9 DAYS	7 DAYS	n=235
1f. How long is the waiting period before employees become eligible for sick leave? (please put zero if none)	19 WEEKS	20 WEEKS	n=170
1g. How many vacation days do employees earn per year after:			
1 year of service?	7.9 DAYS		6.8 DAYS n=310
3 years of service?	10.5 DAYS		8.4 DAYS n=305
5 years of service?	12.6 DAYS		10.4 DAYS n=299
10 years of service?	15.9 DAYS		12.7 DAYS n=294
20 years of service?	18.7 DAYS		15.3 DAYS n=289
1h. How long is the waiting period before employees become eligible for vacation? (please put zero if none)	37 WEEKS		36 WEEKS n=332
1i. Does the organization offer paid personal leave time for any of the following short-term needs? (please check all that apply)	n=2165	n=2165	
Funeral	57% <input type="checkbox"/>	<input type="checkbox"/>	19%
Military service	25% <input type="checkbox"/>	<input type="checkbox"/>	10%
Doctor /dentist appointments	28% <input type="checkbox"/>	<input type="checkbox"/>	9%
Jury duty	52% <input type="checkbox"/>	<input type="checkbox"/>	18%
Other (please specify)	9% <input type="checkbox"/>	<input type="checkbox"/>	3%

Health Benefits

FULL-TIME

PART-TIME

2. Medical Insurance:

77%

18%

2a. Does the organization offer medical insurance to employees? n=2165 YES NO

YES NO n=2165

If yes, please continue to answer the questions in this section. If no, skip to Dental Insurance.

2b. What types of medical insurance plans are available? (please check all that apply) n=1662

n=385

Health Maintenance Organization (HMO) 36%

38%

Preferred Provider Organization (PPO) 46%

45%

Traditional fee-for-service 22%

23%

Other (please specify) 9%

8%

2c. How many choices of plans are offered? (This can be a combination of those previously listed or choices among one type.) n=1633 1.4

1.7 n=381

2d. What percentage of employees are eligible for health insurance coverage? n=1645 89 %

70 % n=367

2e. How long is the waiting period before employees are eligible to participate? (please put zero if none). n=1649 7.5 WEEKS

n=374 6.3 WEEKS

2f. What percentage of total plan cost does the employer pay? n=1609 77 %

61 % n=348

2g. What percentage of employees participate? n=1631 68 %

44 % n=363

2h. Is dependent coverage available to employees? n=1662 YES 92% NO

YES 83% NO n=385

If yes, continue. If no, go to 2k.

2i. What percentage of dependent insurance cost does the employer pay? . n=1486 50 %

41 % n=294

2j. What percentage of employees participate in dependent coverage? . n=1485 46 %

37 % n=245

2k. Is retiree health coverage available? n=2165/1662 YES 20%/26% NO

YES 5%/29% NO n=2165/385

If yes, continue. If no, go to 3.

2l. What percentage of retiree health insurance cost does the employer pay? . . n=323 31 %

n=76 26 % n=76

2m. What percentage of retired employees participate? n=310 53 %

43 % n=59

3. Dental Insurance:

47%

12%

3a. Does the organization offer dental insurance to employees? n=2165 . YES NO

YES NO n=2165

If yes, please continue to answer the questions in this section. If no, skip to Other Health Insurance.

3b. What percentage of employees are eligible for dental insurance coverage? n=976 93 %

77 % n=238

3c. How long is the waiting period before employees are eligible to participate? (please put zero if none). n=964 7.8 WEEKS

8.4 WEEKS n=237

3d. What percentage of dental insurance cost does the employer pay? n=916 69 %

59 % n=220

3e. What percentage of employees participate? n=924 70 %

51 % n=206

3f. Is dependent coverage available? n=1015 YES 93% NO

YES 84% NO n=257

If yes, continue. If no, go to 3i.

3g. What percentage of dependent insurance cost is paid by the employer? . . n=802 50 %

n=178 38 %

3h. What percentage of employees participate in dependent coverage? . n=815 51 %

35 % n=169

3i. Is retiree coverage available? n=1015/2165 YES 18/9% NO

YES 23/3% NO n=257/2165

If yes, continue. If no, go to 4.

3j. What percentage of retiree dental insurance does the employer pay? . n=133 18 %

NA % n=NA

3k. What percentage of retirees participate? n=129 36 %

NA % n=NA

note: data unusable due to database error health insurance/all n=385/2165

4. Other Health Insurance:

4a. Are any of the following benefits offered to employees through health insurance? (please check all that apply) n=1662/2165

Vision program 41%/32%

37%/7%

Prescription drug plan 79%/61%

71%/14%

Substance abuse recovery programs 62%/49%

57%/11%

Mental health treatment 66%/52%

63%/12%

4b. Does your organization offer a flexible medical spending account? n=1662/2165. YES 42/33% NO

YES 49/11% NO n=385/2165

	<u>FULL-TIME</u>	<u>PART-TIME</u>
Disability		
5. Short-term Disability:	n=2165	n=2165
5a. Does the organization offer short-term disability insurance to employees? . . . YES 32% NO		YES 7% NO
<i>If yes, continue. If no, go to 6.</i>		
5b. What percentage of employees are eligible for short-term disability? n=667 <u>93</u> %		<u>83</u> % n=147
5c. What percentage of employees participate? n=629 <u>83</u> %		<u>71</u> % n=131
5d. What is the waiting period from the onset of disability until short-term coverage is effective? n=618 <u>21</u> DAYS		<u>18</u> DAYS n=129
5e. How long does short-term disability coverage last? n=593 <u>22</u> WEEKS		<u>23</u> WEEKS n=127
6. Long-term Disability:		
	n=2165	n=2165
6a. Does the organization offer long-term disability insurance to employees? . . . YES 38% NO		YES 9% NO
<i>If yes, continue. If no, go to 7.</i>		
6b. What percentage of employees are eligible for long-term disability. . n=790 <u>88</u> %		<u>80</u> % n=166
6c. What percentage of employees participate? n=751 <u>80</u> %		<u>72</u> % n=152
6d. What is the waiting period from the onset of disability until long-term coverage goes into effect? n=739 <u>4.9</u> MONTHS		<u>5.8</u> MONTHS n=155
6e. How long does long-term disability coverage last?		
	See long-term disability section in report	

Life Insurance

7. Life Insurance:	60%	15%
7a. Does the organization offer life insurance to employees? n=2164 YES NO		YES NO n=2164
<i>If yes, continue. If no, go to 8.</i>		
7b. What percentage of employees are eligible for life insurance? n=1258 <u>93</u> %		<u>81</u> % n=279
7c. What percentage of life insurance cost does the employer pay? . . n=1240 <u>90</u> %		<u>85</u> % n=274
7d. What percentage of employees participate? n=1223 <u>85</u> %		<u>73</u> % n=268
8. Accidental Death and Dismemberment Insurance:		
8a. Does the organization offer accidental death and dismemberment insurance to employees? n=2164 YES NO	43%	10%
<i>If yes, continue. If no, go to 9.</i>		
8b. What percentage of employees are eligible for accidental death and dismemberment insurance? n=899 <u>95</u> %		<u>83</u> % n=190
8c. What percentage of total plan does the employer pay? n=885 <u>85</u> %		<u>78</u> % n=181
8d. What percentage of employees participate? n=872 <u>82</u> %		<u>71</u> % n=178

Retirement Benefits

	63%	27%
9. Does the organization offer a retirement plan? n=2164 YES NO		YES NO n=2164
<i>If yes, please continue to answer the questions in this section. If no, skip to Family Benefits.</i>		
9a. What percentage of employees are eligible for retirement benefits? . . . n=1285 <u>91</u> %		<u>82</u> % n=496
9b. What is the waiting period from the start of employment until employees are allowed to participate in the plan? n=1266 <u>9.8</u> MONTHS		<u>8.6</u> MONTHS n=507

General Information:

Retirement plans fit into two general categories: defined benefit and defined contribution. In a defined benefit plan, the benefit amount is pre-determined based on salary or years of service. In a defined contribution plan, employer or employee contributions are specified, but the benefit amount is predetermined and is usually tied to investment returns, which are not guaranteed.

	<u>FULL-TIME</u>	<u>PART-TIME</u>
9c. What type of programs does the employer offer? (please check all that apply)		
<i>Defined benefit:</i>	n=1367	n=586
Terminal earnings formula	6% <input type="checkbox"/>	<input type="checkbox"/> 6%
Deferred profit sharing	6% <input type="checkbox"/>	<input type="checkbox"/> 4%
Government plan (please specify) _____	15% <input type="checkbox"/>	<input type="checkbox"/> 20%
Other (please specify) _____	7% <input type="checkbox"/>	<input type="checkbox"/> 5%
Don't know	3% <input type="checkbox"/>	<input type="checkbox"/> 2%
<i>Defined contribution:</i>	n=1367	n=586
Savings and thrift	2% <input type="checkbox"/>	<input type="checkbox"/> 1%
Qualified retirement plans (401k/403b/SIMPLE/SEP)	66% <input type="checkbox"/>	<input type="checkbox"/> 59%
Profit sharing	20% <input type="checkbox"/>	<input type="checkbox"/> 17%
Employee stock ownership	6% <input type="checkbox"/>	<input type="checkbox"/> 5%
Government plan (please specify) _____	9% <input type="checkbox"/>	<input type="checkbox"/> 11%
Other (please specify) _____	4% <input type="checkbox"/>	<input type="checkbox"/> 4%
Don't know	2% <input type="checkbox"/>	<input type="checkbox"/> 2%
9d. Who funds the plan?.....	n=1367	n=586
Employer only	22% <input type="checkbox"/>	<input type="checkbox"/> 17%
Employee only	11% <input type="checkbox"/>	<input type="checkbox"/> 9%
Shared contributions	68% <input type="checkbox"/>	<input type="checkbox"/> 66%
9e. Is the employee allowed to make voluntary post-tax contributions to the plan after the initial contribution has been made?.....	n=1367 YES 25% NO	YES 19% NO n=586
9f. Does the employer match contributions of employees?.....	n=1367 YES 59% NO	YES 57% NO n=586
9g. What percentage of employees participate in the retirement program? n=1197	<u>78</u> %	<u>64</u> % n=451

Family Benefits

General Information:

Since 1993, the federal Family Medical Leave Act (FMLA) has required employers with 50 or more employees within a 75-mile area to provide up to 12 weeks of job-protected unpaid leave to eligible workers for the birth or adoption of a child, placement of a foster child in the home, care of a seriously ill family member or for personal health reasons. The Minnesota Parental Leave Act (MPLA) extends coverage of the FMLA to employers with more than 20 employees, requiring them to provide six weeks of unpaid leave to eligible employees.

Questions 10c-10k deal with benefits the organization may offer beyond what is required by FMLA or MPLA. For example, if the organization does not offer maternity leave beyond what is required by FMLA or MPLA, you would answer no to question 10c. If the organization does offer maternity leave beyond what is required by FMLA or MPLA, circle yes for question 10c and indicate how much time is offered in question(s) 10d and/or 10e. If the organization is not covered by FMLA or MPLA but provides benefits anyway, you should answer all relevant questions 10c-10k.

10a. Is the organization covered by FMLA?.....	n=2164 YES 45% NO	YES 27% NO n=2164
10b. Is the organization covered by MPLA?.....	n=2164 YES 48% NO	YES 29% NO n=2164
10c. Does the organization offer maternity leave to employees beyond what FMLA or MPLA requires?.....	n=2164 YES 15% NO	YES 8% NO n=2164
<i>If yes, continue. If no, go to 10f.</i>		
10d. How much additional paid leave is offered?.....	n=212 <u>2.3</u> WEEKS	<u>1.5</u> WEEKS n=135
10e. How much additional unpaid leave is offered?.....	n=196 <u>13.7</u> WEEKS	<u>14.1</u> WEEKS n=121

	<u>FULL-TIME</u>	<u>PART-TIME</u>
10f. Does the organization offer paternity leave to employees beyond what FMLA or MPLA requires?n=2164 YES 8% NO	YES 8% NO	YES 5% NO n=2164
<i>If yes, continue. If no, go to 10i.</i>		
10g. How much additional paid leave is offered?..... n=117 <u>1.3</u> WEEKS	<u>1.3</u> WEEKS	<u>1.1</u> WEEKS n=77
10h. How much additional unpaid leave is offered?..... n=97 <u>16.5</u> WEEKS	<u>16.5</u> WEEKS	<u>18.2</u> WEEKS n=59
10i. Does the organization offer leave for an employee to care for an immediate family member with a serious health condition beyond what FMLA or MPLA requires?.....n=2164 YES 12% NO	YES 12% NO	YES 7% NO n=2164
<i>If yes, continue. If no, go to 11.</i>		
10j. How much additional paid leave is offered?..... n=136 <u>1.1</u> WEEKS	<u>1.1</u> WEEKS	<u>0.4</u> WEEKS n=92
10k. How much additional unpaid leave is offered?..... n=107 <u>12.8</u> WEEKS	<u>12.8</u> WEEKS	<u>14.8</u> WEEKS n=68
11. Dependent Care Benefits:		
11a. Does the organization offer child care benefits?..... n=2164 YES 27% NO	YES 27% NO	YES 12% NO n=2164
<i>If yes, continue. If no, go to 11c.</i>		
11b. What type of child care benefits are offered? (please check all that apply) n=574		n=249
Reimbursement 10% <input type="checkbox"/>		<input type="checkbox"/> 10%
On-site care 2% <input type="checkbox"/>		<input type="checkbox"/> 3%
Resource and referral 7% <input type="checkbox"/>		<input type="checkbox"/> 11%
Flexible spending accounts 88% <input type="checkbox"/>		<input type="checkbox"/> 84%
Vouchers or off-site subsidies 0.5% <input type="checkbox"/>		<input type="checkbox"/> 2%
Sick-child care or referral 3% <input type="checkbox"/>		<input type="checkbox"/> 5%
Other (please specify) _____ 3% <input type="checkbox"/>		<input type="checkbox"/> 4%
11c. Does the organization offer elder care benefits?.....n=2164 YES 7% NO	YES 7% NO	YES 3% NO n=2164
<i>If yes, continue. If no, go to 12.</i>		
11d. What type of elder care benefits are offered? (please check all that apply) n=157		n=71
Reimbursement 3% <input type="checkbox"/>		<input type="checkbox"/> 4%
Resource and referral 12% <input type="checkbox"/>		<input type="checkbox"/> 24%
Flexible spending accounts 82% <input type="checkbox"/>		<input type="checkbox"/> 80%
Long-term insurance (employees or family members) 6% <input type="checkbox"/>		<input type="checkbox"/> 3%
Other (please specify) _____ 3% <input type="checkbox"/>		<input type="checkbox"/> 3%

Education and Training

12. Does the organization have an educational assistance plan?..... n=2164 YES 35% NO	YES 35% NO	YES 15% NO n=2164
<i>If yes, continue. If no go to 13.</i>		
12a. What percentage of employees are eligible for educational assistance? .. <u>93</u> %	<u>93</u> %	<u>87</u> %
12b. What types of assistance are available to help employees gain additional education? (please check all that apply) n=765		n=267
Tuition payment or reimbursement 87% <input type="checkbox"/>		<input type="checkbox"/> 77%
Employee scholarships and loans 7% <input type="checkbox"/>		<input type="checkbox"/> 8%
Leaves and sabbaticals 10% <input type="checkbox"/>		<input type="checkbox"/> 14%
Work-study arrangements 13% <input type="checkbox"/>		<input type="checkbox"/> 11%
Other (please specify) _____ 8% <input type="checkbox"/>		<input type="checkbox"/> 8%
12c. Must educational courses relate to job duties to be covered by the plan? .YES 85%NO	YES 85%NO	YES 76% NO n=321
12d. Does the employer pay for short-term job training needs (such as computer skills, professional development seminars, etc.)?..... n=765...YES 96% NO	YES 96% NO	YES 89% NO n=321

Part 2: Fringe Benefits and Emerging Issues

13. Does the organization offer any benefits in addition to those previously listed? (please check all that apply)

n=2166

- | | | | |
|----|--------------------------|---|------|
| a. | <input type="checkbox"/> | Wellness program | 12% |
| b. | <input type="checkbox"/> | Concierge service | 0.3% |
| c. | <input type="checkbox"/> | Domestic partner benefits | 1% |
| d. | <input type="checkbox"/> | Flexible benefit/cafeteria plans | 30% |
| e. | <input type="checkbox"/> | Flexible schedules | 30% |
| f. | <input type="checkbox"/> | Telecommuting | 5% |
| g. | <input type="checkbox"/> | Job sharing | 7% |
| h. | <input type="checkbox"/> | Parking or parking vouchers | 15% |
| i. | <input type="checkbox"/> | Transportation (ex: bus pass) | 4% |
| j. | <input type="checkbox"/> | Shift premiums | 20% |
| k. | <input type="checkbox"/> | Employee counseling services | 18% |
| l. | <input type="checkbox"/> | Legal services | 3% |
| m. | <input type="checkbox"/> | Incentives/bonuses | 42% |
| n. | <input type="checkbox"/> | Severance pay | 19% |
| o. | <input type="checkbox"/> | Employee discount | 25% |
| p. | <input type="checkbox"/> | Relocation benefits | 9% |
| q. | <input type="checkbox"/> | Prorated benefits for part-time employees | 18% |
| r. | <input type="checkbox"/> | Other (please specify) _____ | 4% |

14. Is the organization considering offering additional benefits in the next year? (Please list any benefits currently being considered.)

_____ Question not used _____ BENEFITS BEING CONSIDERED

15. Which is the single most important employee benefits issue in the organization today? (This may include issues or benefits listed in the survey or any additional considerations.)

_____ Question not used _____ MOST IMPORTANT ISSUE

16. Which employee benefits issues are most increasing in importance in the organization? (Please pick the top four from the list below and rate them from 1 to 4, with 1 being the most important and 4 the least important.)

n=1586 See Important Issues in Employee Benefits in report

- _____ Family friendly benefits
- _____ Employee responsibility for supporting benefit costs
- _____ Rising costs for providing benefits (ex: health insurance)
- _____ Diversity of benefit options provided by employers
- _____ Flexibility in plans (ex: flextime, paid time off)
- _____ Communication with employees on benefit issues
- _____ Meeting employee needs
- _____ Benefit program's competitiveness with those of other employers
- _____ Other (please specify) _____

Part 3: Benefits Program Administration

Program Costs

17. What is the **total dollar amount** (not per employee) spent by the organization **in the past year** on employer sponsored benefits?
- a. Health insurance (including dental). \$ 471,477 PAST YEAR (TOTAL) percent health 7% n=1378
 - b. Retirement plans. \$ 224,965 PAST YEAR (TOTAL) percent retirement 4% n=1199
 - c. Total amount organization spent on employee benefits (excluding legally mandated). \$ 785,840 PAST YEAR (TOTAL) percent total 10% n=1253
18. What is the **total dollar amount** (not per employee) spent by the organization **in the past year** on legally mandated benefit program costs not provided directly to the employee? These include social security (FICA), workers compensation, and unemployment insurance.
- \$ 466,748 PAST YEAR (TOTAL) percent legal 15% n=1451
19. What is the total gross payroll for the organization **in the past year**? (Payroll before deductions for income and payroll taxes, insurance and other deductions.)
- \$ 5,605,432 PAST YEAR (TOTAL) n=1602

Benefit Program Evaluation

20. Does the employer have a process to evaluate the effectiveness of the employee benefits program?
- 19% YES NO n=2165

Communication Between Employees and Employers

21. What methods does the employer use to communicate with employees about benefits offered by the organization? (please check all that apply) n=2165
- Memos and fact sheets 59%
 - One-on-one sessions 59%
 - Organization handbooks/guidebooks 53%
 - New employee orientation 58%
 - Benefits question/answer line 7%
 - Electronic media (ex: web page) 6%
 - Benefit fairs 3%
 - Don't know 2%
 - Other (please specify) _____ 10%
22. How often does the employer communicate with employees about their benefits? (Please check the option closest to what currently takes place.) n=2165
- Never 4%
 - Monthly 8%
 - Quarterly 17%
 - Twice a year 17%
 - Yearly 36%
 - Don't know 7%

Program Administration

23. There are two predominant ways that employers finance employee benefits plans, self-insurance and contracting. With self-insurance, the organization funds the benefit program(s) independently, providing and administering benefits and accepting potential risks. This is in contrast to fully insured contracting where the organization forms a relationship with an outside entity such as an insurance company or HMO to administer benefits, make and collect payments and accept the risk.

23a. How does the organization fund employee benefits? n=2165

- Self-insurance 26%
- Fully-insured (contract(s) with insurance companies or HMO's) 53%
- Don't know 6%

24. If the organization is a branch of the government (ex: state, local), which purchasing group provides benefits? n=310

- State Employees Group Insurance Program (SEGIP) 4%
- Public Employees Insurance Program (PEIP) 8%
- Minnesota Employees Insurance Program (MEIP) 0.3%
- Other (please specify) _____ 40%
- None 11%%
- Don't know 4%%

Part 4: Organization Information

25. How many employees does the organization have who are:

a. FULL-TIME 162 ? b. MALE 102 ?
PART-TIME 70 ? FEMALE 82 ?

26. How long has the organization been in existence?

38 YEARS

27. What percent of organization employees are covered by a collective bargaining agreement (in a union)?
(please put zero if none)

61%/14% % n=428/1807
firms with union/all

APPENDIX C: BIBLIOGRAPHY

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