

Bureau of Labor Statistics takes a new look at employee benefits

Initiated in 1979, annual survey provides a comprehensive study of benefit plan coverage and provisions in medium and large firms

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In 1981, employees in medium and large size establishments received, on average, about 10 paid holidays each year and nearly 16 days of paid vacation annually after 10 years of service. For 3 of 5 participants in a life insurance plan, coverage was based on earnings, with the prevalence of earnings-related plans much higher among white-collar employees. Seventy-one percent of the workers covered by the survey participated in health insurance plans that were fully paid for by their employers, and just under one-half also received employer-paid coverage for their dependents. Eighty-four percent of the employees were covered by private retirement pension plans (in addition to social security); 79 percent were in plans fully paid for by the employer.

As these statistics indicate, benefit plans are important elements in the typical employee compensation package. Employer outlays for legally required and private benefits, including paid leave, constituted about one-fourth of all expenditures for employee compensation in 1977, when this subject was last studied by the Bureau of Labor Statistics.¹ Moreover, the rate of growth in outlays for these benefits has substantially outpaced that for wages and salaries over the 40-year period since benefits began to gain prominence.

For many years, BLS tracked growth of benefit plans by studying both their provisions and their cost to employers.² Recently, BLS initiated an annual survey on the incidence and characteristics of employee benefit plans.

This article describes the design, coverage, output, and availability of results from this new survey, which was first conducted in 1979.

The survey reports detailed characteristics of paid leave, insurance, and pension plans, yielding extensive data on employee benefit plan provisions. In addition, it produces estimates of the percent of employees covered by these plans or eligible for other benefits, such as profit sharing and educational assistance. Data are published for all full-time workers in three occupational groups: professional-administrative, technical-clerical, and production.

The program originally was designed to provide the Office of Personnel Management (OPM) with data on specific provisions of private sector employee benefits for a new approach to evaluating pay and benefits of Federal employees. This approach compares the Federal wage-benefit package with that in private industry.³ (Current legislation requires that pay rates for Federal civilian workers, but not their benefits, be set on a comparability basis.) To meet OPM's needs, BLS developed a survey to provide extensive data on employee benefits, covering the same industry and size scope as the Bureau's annual Professional, Administrative, Technical, and Clerical Pay Survey that is currently used to evaluate Federal white-collar salary rates.⁴

Survey coverage

The employee benefits survey covers medium and large size private sector establishments in the contiguous United States, employing at least 50, 100, or 250 workers, depending on the industry. A subsample of

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1,500 establishments from the Professional, Administrative, Technical, and Clerical Pay Survey, covering a wide range of manufacturing and nonmanufacturing industries, is selected to yield national estimates.⁵ Data are collected by personal visits of Bureau field representatives to the sampled establishments. Respondents are requested to provide data on the coverage and details of selected types of plans for paid time off—lunch time, rest periods, holidays, personal leave, vacations, and sick leave. Rather than ask company officials for extensive information, brochures are collected which contain descriptions of insurance and pension plan characteristics. Data are also obtained from the Department of Labor's Employee Retirement Income Security Act files.⁶ Information on approximately 7,400 paid leave plans and 6,800 insurance and pension benefit plans were collected for analysis in the 1981 survey. The use of brochures for plan analysis eliminates some of the burden put on the respondent's time. Insurance plans included in the survey cover health, life, accident and sickness, and long-term disability benefits. Retirement pension plans are also studied in detail. Besides plan provisions, the number of persons participating in each plan is reported. Information also is collected on the percent of employees eligible for other benefits, such as profit-sharing and stock plans, employee discounts, educational assistance, and parking.

Because of their complexity, insurance and pension plans require the recording of considerable detail on benefit provisions. For each benefit, several common provisions are examined: eligibility requirements, in the form of age or service attainment, or both, which are necessary to join the plan; the waiting period before certain benefits begin; and cost of the plan to the employee. Plans for which an employee pays 100 percent of the cost are not included in the study.

Health insurance plan analysis includes provisions for hospital room and board, surgical care, doctor visits, diagnostic x-ray, prescription drugs, private duty nursing, and mental health care. In each of these areas, analysis covers such limitations on benefits as deductible and co-insurance provisions, maximum dollar amount payable, and maximum numbers of days covered. In addition, each plan is carefully studied for details of dental coverage, maternity care, and scheduled dollar amounts payable for certain surgical procedures.

In the examination of pension plans, age and service requirements are studied for normal, early, and disability retirement and for pension vesting (the point at which an employee has the legal right to some pension benefit regardless of any further service under the plan). The most significant feature of pension analysis is the review of the benefit formulas. A variety of formulas is used to determine retirement payments; for example, percentage of the employee's career or terminal earn-

ings, or a dollar amount for each year an employee is covered under the plan. Other pension provisions analyzed are survivor benefits, reductions in pensions for early retirement, supplemental payments provided in addition to normal retirement benefits, and cost-of-living adjustments.

Life insurance plans are reviewed for the amount of insurance, effects of disability on the insurance contract, and payment for accidental death. Accident and sickness insurance analysis includes the weekly benefit formula and duration of benefits, while for long-term disability insurance, the analysis includes benefit amounts and the integration of long-term disability insurance payments with other sources of income, such as social security, workers' compensation, and railroad retirement.

As for paid time off, the amount of lunch and rest time is recorded, together with the number of holidays and personal leave days granted each year. Analysis of vacation plans includes development of a schedule showing the variations in vacation time and payments by length of service. A similar schedule reports sick leave benefits, showing the number of days paid at full pay, partial pay, or both, as well as any waiting period before benefits may begin. For both vacation and sick leave, the incidence of cash-in or carry-over provisions, or both, for unused benefits is noted.

Limited data are collected on a number of other benefit plans which may add significantly to employee com-

Table 1. Full-time employees participating in selected benefit plans, medium and large establishments, 1981

[In percent]

Plan	All employees	Professional and administrative employees	Technical and clerical employees	Production employees
Paid time off:				
Holidays	99	100	100	99
Vacations	99	100	100	99
Personal leave	23	31	32	14
Lunch period	10	4	4	15
Rest time	75	60	76	82
Sick leave	65	92	92	41
Accident and sickness insurance	50	30	35	66
Fully paid by employer	41	22	26	55
Long-term disability insurance	41	61	52	28
Fully paid by employer	32	47	40	23
Health insurance for employee	97	98	96	97
Fully paid by employer	71	67	58	79
Health insurance for dependents	94	96	91	94
Fully paid by employer	48	45	36	55
Life insurance	96	98	95	96
Fully paid by employer	81	81	78	82
Retirement pension	84	88	85	82
Fully paid by employer	79	81	80	77

Note: Participation is defined as coverage by a paid leave, insurance, or pension plan. Employees subject to a minimum service requirement before they are eligible for a benefit are counted as participants even if they have not met the requirement at the time of the survey. If employees are required to pay part of the cost of a benefit, only those who elect the coverage and pay their share are counted as participants. Benefits for which the employee must pay the full premium are outside the scope of the survey.

pensation, such as profit-sharing, savings, and stock plans. The incidence of these benefits is examined separately for each employee group in each establishment. In addition, data are collected on the full or partial defrayment of cost for relocation allowance, recreation facilities, subsidized meals, parking, educational assistance, and employer-provided automobiles.

Availability of results

Major survey findings are reported annually in a bulletin published by BLS. The data and analysis center on the extent of employee participation in specified benefit plans and the provisions of these plans. The results of the pilot survey (in 1979) were published in 1980 in a report entitled *Employee Benefits in Industry: A Pilot Survey*.⁷ This report contained 20 tables on worker coverage under various types of provisions for paid leave, insurance, and pension plans. Data collected in 1980 are contained in a more comprehensive bulletin, *Employee Benefits in Industry, 1980*, and reflect improvements in survey procedures and techniques, as well as changes in benefit practices in private industry.

A bulletin with estimates from the 1981 survey, entitled *Employee Benefits in Medium and Large Firms, 1981*, will be available in early September.⁸ The bulletin contains details on three employee groupings demonstrated in accompanying tables: all employees covered by the survey (table 1); employees who participated in a particular type of benefit plan (table 2); and employees covered by a particular type of provision within a benefit area to provide a closeup look at an important feature (table 3). In addition, articles on the results of additional research on various benefit plan provisions, such as the article on disability retirement in this issue, are occasionally published in the *Monthly Labor Review*. Other articles in preparation include the growth of major medical insurance coverage and spouse benefits in pension plans.

Employee benefit data collected during the annual survey, including detailed plan provisions and participant figures, are available on magnetic data tapes.⁹ In accordance with a pledge of confidentiality to survey respondents, all information that could identify a specific reporting establishment is removed. The tapes may be used to derive national estimates, similar to those presented in the bulletin, for those provisions on the data base that are not regularly tabulated by BLS.

Future direction

This research program on incidence and characteristics of employee benefits evolved from a pilot study to an annual survey and is continuing to expand. More intensive methods of analysis, as well as an increased number of data items, will lead to the publication of more comprehensive findings. Currently, such subjects

Table 2. Participants in a pension plan by age and associated service requirements for normal retirement, medium and large establishments, 1981

[In percent]

Age and service requirements ¹	All participants	Professional and administrative participants	Technical and clerical participants	Production participants
No age requirement	14	6	7	22
Fewer than 30 years of service	(²)	(²)		(²)
30 years of service	14	5	7	21
More than 30 years of service	(²)	(²)	(²)	(²)
Age 55	4	7	4	3
20 years of service	2	6	3	(²)
25 years of service	(²)	(²)	(²)	(²)
30 years of service	2	1	1	3
Age 56 to 59	2	1	1	2
15 or 20 years of service	1	(²)	(²)	1
30 or more years of service	1	1	1	1
Age 60	⁴ 10	³ 13	¹ 13	³ 6
No service requirement	2	4	3	1
10 years of service	2	2	3	2
15 years of service	1	2	2	1
20 or 25 years of service	(²)	(²)	1	(²)
30 years of service	3	3	3	2
More than 30 years of service	(²)	1	1	(²)
Age 62	⁴ 18	⁴ 19	⁴ 18	⁴ 19
No service requirement	4	4	5	3
5 years of service	1	1	1	1
10 years of service	8	7	6	10
15 years of service	2	2	2	1
20 or 25 years of service	2	2	1	2
30 years of service	2	2	2	1
Age 63 to 64	1	1	3	1
No service requirement	1	1	3	(²)
30 years of service	(²)	(²)	(²)	(²)
Age 65	⁴ 44	⁴ 44	⁴ 47	⁴ 42
No service requirement	39	42	45	35
5 years of service	1	1	(²)	1
10 years of service	3	1	2	5
15 years of service	(²)	(²)	(²)	(²)
Sum of age plus service	7	9	7	6
Equals less than 80	2	2	2	2
Equals 80	(²)	1	(²)	(²)
Equals 85	3	6	3	3
Equals 90 or more	1	1	2	1

¹ If a plan had more than one age and service requirement, the earliest age and associated service requirement was tabulated.

² Less than 0.5 percent.

³ Includes 0.5 percent or fewer participants who were in plans with service requirements other than specified.

⁴ Includes 0.7 percent or fewer participants who were in plans with service requirements other than specified.

⁵ Includes 0.1 percent or fewer participants who were in plans with service requirements other than specified.

NOTE: Normal retirement is the point at which the participant could retire and immediately receive all accrued benefits by virtue of service and earnings, without reduction due to age. Because of rounding sums of individual items may not equal totals. Dashes indicate no employees in this category. Data are for full-time workers only.

as Health Maintenance Organization coverage, social security offset and integration with pension benefits, and differences in benefits for production and white-collar workers are being researched on the basis of data collected in the 1981 survey.

Collection of benefit data for 1982 includes, for the first time, information on post-retirement pension increases. In addition, more detailed information is being secured on health and life insurance coverage for retir-

Table 3. Participants in health insurance plans with dental benefits, by type of procedure and extent of coverage, medium and large establishments, 1981

[In percent]

Type of dental procedure	Total	Scheduled cash allowance	Incentive schedule ¹	Percent of reasonable and customary charge										Not covered
				Total	50	60	61-74	75	80	85	90	91-99	100	
All participants														
Examinations	100	17	3	80	1	1	1	4	25	(²)	2			47
Dental x-rays	100	18	3	79	1	1	1	4	27	7	10			28 (²)
Fillings	100	29	3	68	3	1	1	5	33	8	10			7 (²)
Dental surgery	100	27	3	69	3	2	1	5	33	7	10			9 (²)
Periodontal care	100	26	3	68	5	2	1	4	31	8	10			7 3
Inlays	100	28	1	68	31	4	1	1	14	6	7			3 3
Crowns	100	29	1	68	32	4	1	1	13	6	7			3 2
Orthodontia	100	14		53	44	3	(²)	(²)	2	(²)	(²)	(²)		3 34
Professional and administrative														
Examinations	100	19	4	77	1	1	1	3	27	(²)	1			43
Dental x-rays	100	20	4	76	1	1	1	3	29	4	6			31 (²)
Fillings	100	31	4	65	4	2	1	3	38	6	6			5 (²)
Dental surgery	100	29	3	68	4	2	1	3	37	6	6			9 (²)
Periodontal care	100	28	3	67	6	3	(²)	3	35	7	6			7 2
Inlays	100	30	1	66	35	5	1	1	13	4	3			3 3
Crowns	100	30	1	66	35	6	1	1	13	4	3			3 2
Orthodontia	100	16		54	46	4	(²)		1	(²)	(²)	(²)		3 29
Technical and clerical														
Examinations	100	19	4	77	(²)	1	1	4	27	(²)	2			42
Dental x-rays	100	20	4	76	(²)	1	1	4	30	3	5			31 (²)
Fillings	100	34	4	62	3	2	1	4	35	4	5			6 (²)
Dental surgery	100	33	4	63	3	2	1	4	35	4	5			8 (²)
Periodontal care	100	30	4	63	5	3	(²)	4	33	4	5			8 2
Inlays	100	32	1	63	32	5	2	1	13	3	3			3 3
Crowns	100	33	1	63	32	6	2	1	13	3	3			2 3
Orthodontia	100	16		47	37	3	(²)	2	2	(²)	(²)	(²)		2 37
Production														
Examinations	100	15	2	83	1	1	(²)	5	23	(²)	2			51
Dental x-rays	100	15	2	82	1	1	(²)	5	25	10	15			26
Fillings	100	26	2	72	2	1	1	6	30	11	14			7 (²)
Dental surgery	100	24	2	73	2	1	1	6	30	9	14			10 (²)
Periodontal care	100	23	2	71	4	1	1	6	29	11	14			7 3
Inlays	100	25	1	72	29	3	1	1	14	9	11			3 3
Crowns	100	26	1	72	29	3	1	1	14	9	11			3 2
Orthodontia	100	12		54	47	2	(²)	(²)	2	(²)	(²)			3 34

¹ Reimbursement arrangement in which the percentage of dental expenses paid by the plan increases if regular dental appointments are scheduled.
² Less than 0.5 percent.

NOTE: Because of rounding, sums of individual items may not equal totals. Dashes indicate no employees in this category. Data are for full-time workers only.

ees. Unscheduled post-retirement pension increases are being analyzed along with pension formula provisions. Retiree health and life insurance coverage is now studied as well as the cost of this insurance to the retiree.

Information from this survey is helpful to a range of users, including personnel managers, employee benefit administrators, and industrial relations managers in private industry; unions; government agencies; academic

researchers; and consultants, to name a few. To provide more comprehensive information to these users, BLS is investigating the possibility of expanding the scope of the survey to include small establishments and to cover some of the currently excluded industries. The survey's content and procedures will be evaluated continuously and additional analysis on private sector employee benefits will be developed as appropriate. □

— FOOTNOTES —

¹ *Employee Compensation in the Private Nonfarm Economy, 1977*, Summary 80-5 (Bureau of Labor Statistics, 1980), p. 3, table 1.

² For example, major provisions of benefit plans were summarized periodically and published in the Bureau of Labor Statistics' *Digest of Selected Health and Insurance Plans* and *Digest of Selected Pension Plans*. The series ran from 1955 to 1979. In addition, surveys of expenditures for employee compensation were conducted in the 1959-77 period. These programs have been discontinued because of budget constraints. The Bureau's Employment Cost Index, a quarterly mea-

sure of change in the rate of compensation, includes benefits as well as wages and salaries.

³ The Office of Personnel Management processed the Bureau's 1979 and 1980 employee benefits data base through their total compensation comparability computer system. See Office of Personnel Management, *Total Compensation Comparability: Background, Method, and Preliminary Results*, July 1981, for a description of the total compensation comparability program.

⁴ Technical specifications for the salary survey are in *National Sur-*

vey of Professional, Administrative, Technical, and Clerical Pay, March 1981, Bulletin 2108 (Bureau of Labor Statistics, 1981). The survey collects pay data for occupations defined to reflect duties and responsibilities of employees in private industry and that correspond to specific General Schedule grades in the Federal sector. Hence, the establishments selected for the survey are limited to those likely to have positions similar to those in the Federal service. For this reason, small establishments (fewer than 50, 100, or 250 employees, depending on the industry) and some industries (primarily in the services sector) are excluded from the scope of the PATC survey. Industrial coverage includes: manufacturing; mining; construction; transportation, communications, electric, gas, and sanitary services; wholesale trade; retail trade; finance, insurance, and real estate; and selected services. The selected services are limited to business services such as advertising, credit reporting and collection agencies, computer and data processing services, research and development laboratories, commercial testing laboratories, and management and public relations services; engineering and architectural services; noncommercial research organizations; and accounting, auditing, and bookkeeping services.

⁴ For an account of the sampling techniques, see the Technical Note in *Employee Benefits in Industry, 1980*, Bulletin 2107 (Bureau of Labor Statistics, 1981).

⁵ The Employee Retirement Income Security Act of 1974 requires benefit plan administrators to file summary plan descriptions with the Department of Labor. A summary plan description gives information on what the plan provides and how it operates and must be updated within 210 days after the end of the plan year (calendar or fiscal) in which the change is adopted.

⁶ *Employee Benefits in Industry: A Pilot Survey*, Report 615 (Bureau of Labor Statistics, 1980).

⁷ *Employee Benefits in Medium and Large Firms, 1981*, Bulletin 2140 (Bureau of Labor Statistics, forthcoming), for sale by the Superintendent of Documents, Washington 20402, or by BLS regional offices listed on cover.

⁸ The tapes may be purchased from the Office of Wages and Industrial Relations, Bureau of Labor Statistics, Washington, D.C. 20212.

A note on communications

The *Monthly Labor Review* welcomes communications that supplement, challenge, or expand on research published in its pages. To be considered for publication, communications should be factual and analytical, not polemical in tone. Communications should be addressed to the Editor-in-Chief, *Monthly Labor Review*, Bureau of Labor Statistics, U.S. Department of Labor, Washington, D.C. 20212.
