

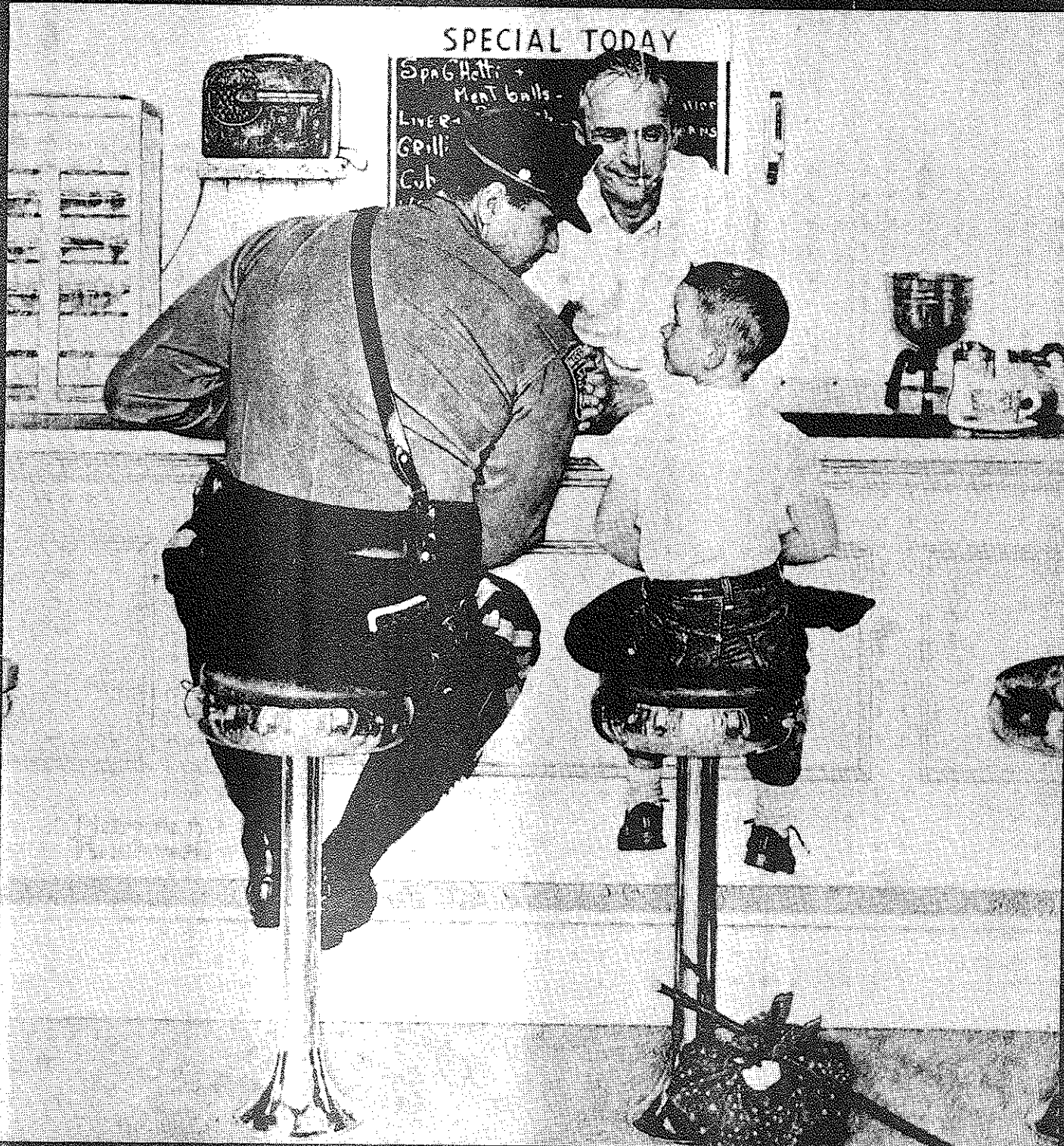
Employee Benefits in State and Local Governments, 1987



U.S. Department of Labor
Bureau of Labor Statistics

May 1988

Bulletin 2309



Employee Benefits in State and Local Governments, 1987



U.S. Department of Labor
Ann McLaughlin, Secretary

Bureau of Labor Statistics
Janet L. Norwood, Commissioner
May 1988

Bulletin 2309

Preface

This bulletin presents results of a 1987 Bureau of Labor Statistics survey of the incidence and provisions of employee benefit plans in State and local governments. This is the Bureau's first comprehensive study of benefits in State and local governments, providing representative data for 10.3 million full-time employees. Appendix A provides a detailed description of the scope and statistical procedures used in the survey. The analysis in this bulletin was prepared in the Office of Compensation and Working Conditions by the staff of the Division of Occupational Pay and Employee Benefit Levels. The bulletin chapters were written by Adam Bellet, Allan Blostin, Thomas Burke, Avy Graham, Douglas Hedger, Diane Hill, James Houff, Rita Jain, Marc Kronson, Lora Lovejoy, Joseph Meisenheimer, Michael Miller, John Thompson, William Wiatrowski, and Arthur Williams, with

the assistance of Cynthia Thompson and Jerline Thompson. Text was prepared for publication by Margaret Simons. Computer programming and systems design were provided by John Cappello, Mary Constable, Aholivah Maier, and Cheryl Sims of the Division of Directly Collected Periodic Surveys, under the supervision of Leslie Chappel. Larry Huff and Ronald Lambrecht of the Statistical Methods Group were responsible for the sample design, nonresponse adjustments, sample error computations, and other statistical procedures, under the direction of Ronny Schaul. Fieldwork for the survey was directed by the Bureau's Assistant Regional Commissioners for Operations. Pictured on the cover of this bulletin is *The Runaway* by Norman Rockwell, reprinted with permission from *The Saturday Evening Post* (c) 1958 by The Curtis Publishing Company.

Contents

	<i>Page</i>
Chapter 1. Introduction	1
Chapter 2. Highlights	2
Chapter 3. Work schedules, paid time off, and maternity and paternity leave	4
Work schedules	4
Paid lunch and rest periods	4
Paid holidays	4
Paid vacations	4
Paid personal leave	5
Paid funeral leave, jury-duty leave, and military leave	5
Maternity and paternity leave	5
Chapter 4. Disability benefits	13
Paid sick leave	13
Sickness and accident insurance	13
Long-term disability insurance	14
Chapter 5. Health care and life insurance	23
Health care	23
Life insurance	27
Chapter 6. Defined benefit and defined contribution retirement plans	53
Defined benefit plans	53
Defined contribution plans	59
Chapter 7. Other benefits	76
Chapter 8. Plan administration	78
Plan sponsor	78
Flexible benefits plans and reimbursement accounts	78
Charts:	
1. Health care: Coverage for selected types of medical care	26
2. Defined benefit pension plans: Replacement rates based on final yearly earnings of \$25,000 by years of service and Social Security coverage	55
3. Defined benefit pension plans: Monthly benefits—distribution of participants assuming earnings of \$25,000 in the final year of work	56
Tables:	
1. Summary: Participation in employee benefit programs, 1987	3
Work schedules:	
2. Number of hours and days scheduled per week	6
Paid time off:	
3. Lunch time: Minutes per day	6
4. Rest time: Minutes per day	6
5. Holidays and vacations: Average number of days	7
6. Holidays: Number of days provided each year	7

Contents—Continued

	<i>Page</i>
Paid time off—Continued	
7. Holidays: Policy on holidays that fall on a regularly scheduled day off	7
8. Vacations: Amount provided at selected periods of service	8
9. Vacations: Length of service required to take vacation	10
10. Personal leave: Number of days provided per year	10
11. Funeral leave: Number of days available per occurrence	10
12. Jury-duty leave: Number of days available per occurrence	11
13. Military leave: Number of days available per year	11
14. Maternity and paternity leave policy	12
15. Unpaid maternity and paternity leave by duration of benefits	12
Short-term disability coverage:	
16. Participation in sickness and accident insurance plans and paid sick leave plans	15
Paid sick leave:	
17. Type of provision	15
18. By provision	16
19. Annual plans: Average number of days at full pay	17
20. Annual plans: Average number of days at full pay by sickness and accident insurance coordination	17
21. Annual plans by unused sick leave policy and carryover provisions	17
Sickness and accident insurance:	
22. Type and duration of payments	18
23. Percent-of-earnings formula by maximum weekly benefit	20
24. Length-of-service requirements for participation	21
Long-term disability insurance:	
25. Method of determining payment	21
26. Duration of benefits	22
27. Length-of-service requirements for participation	22
28. Limitations on benefits for mental illness	22
Health care:	
29. Coverage for selected categories of medical care	29
30. Overall limitations—amount of deductible	31
31. Overall limitations—coinsurance and out-of-pocket expense limits	32
32. Overall limitations—maximum benefit provisions	34
33. Hospital room and board coverage by type of benefit payments and limits to coverage	35
34. Type of payment for inpatient and outpatient surgical procedures	37
35. Second surgical opinion provisions	39
36. Mental health benefits by extent of benefits	40
37. Drug abuse treatment benefits by extent of benefits	41
38. Alcoholism treatment benefits by extent of benefits	42
39. Dental benefits by extent of coverage for selected procedures	43
40. Dental benefits by deductible provision	44
41. Dental benefits by yearly maximum amount of insurance	44
42. Orthodontic benefits by lifetime maximum amount of coverage	45
43. Vision benefits by extent of benefits	45
44. Coverage for selected special benefits	45
45. Selected cost containment features	45
46. Contributory plans by type and amount of employee contribution	46

Contents—Continued

	<i>Page</i>
Health care—Continued	
47. Length-of-service requirements for participation	46
48. Employer-financed coverage after retirement	46
49. Employer-financed coverage after retirement by benefit provisions and age of retiree	47
50. Employer-financed coverage during a layoff	48
51. Fee arrangement and financial intermediary	49
Life insurance:	
52. Method of determining amount of basic life insurance and frequency of related coverages	50
53. Flat dollar insurance by amount of basic insurance	50
54. Multiple-of-earnings formulas by amount of basic insurance and maximum coverage provisions	51
55. Length-of-service requirements for participation	52
56. Effect of retirement on basic coverage	52
Defined benefit pension plans:	
57. Method of determining retirement payments	60
58. Terminal earnings benefit formulas by type and amount of formula	61
59. Terminal earnings formulas by definition of terminal earnings	62
60. Provision for integration of pension with Social Security benefit	63
61. Maximum benefit provisions	64
62. Average replacement rates, all employees	65
63. Average replacement rates, employees with and without Social Security coverage	66
64. Minimum age and associated service requirements for normal retirement	68
65. Minimum age and associated service requirements for early retirement	69
66. Early retirement by reduction factor for immediate start of payments	70
67. Provisions for disability retirement	70
68. Provision for credit for service after age 65	71
69. Automatic postretirement adjustments	71
70. Ad hoc postretirement increases	72
71. Vesting schedules	73
72. Provision for postretirement survivor annuity	73
73. Provision for preretirement survivor annuity	74
74. Contributory plans by type and amount of employee contribution	74
75. Age and length-of-service requirements for participation	75
Defined benefit and defined contribution plans:	
76. Combinations of retirement and capital accumulation plans	75
77. Salary reduction arrangements	75
Other benefits:	
78. Percent of employees eligible	77
Plan administration:	
79. Type of plan sponsor	80
80. Police and firefighters by plan coverage	80
81. Flexible benefits plans and reimbursement accounts coverage	80
Appendixes:	
A. Technical note	81
B. Availability of the survey's data base	88

Chapter 1. Introduction

The employee benefits survey conducted by the Bureau of Labor Statistics collects data on employee work schedules and develops information on the incidence and detailed characteristics of 14 employee benefits paid for at least in part by the employer. These benefits include lunch and rest periods, holidays, vacations, and personal, funeral, jury-duty, military, and sick leave; sickness and accident, long-term disability, health, and life insurance; and retirement/capital accumulation plans. Because data collection is limited to provisions of formal plans, the extent of such benefits as rest periods and personal leave may be understated.

Data are also collected on the incidence of 16 other benefits, including severance pay, educational assistance, subsidized parking, subsidized child care, and sabbatical leave. Information on flexible benefit plans, reimbursement accounts, and paid and unpaid maternity and paternity leave complete the list of benefits studied.

The 1987 survey covered full-time employees in State and local governments.¹ Data are presented separately for three occupational groups—regular employees, teachers, and police and firefighters.²

Respondents provide information on the number of workers covered by the various benefit plans. From this, incidence tables are developed, showing the percent of employees in the survey who can receive the benefits examined. Workers covered by a plan are labeled "participants" whether or not they make use of a benefit. Thus, while the tables in this bulletin describe the provisions of, for example, sick and maternity leave plans, they do not indicate the number of employees using these benefits or the amount of leave time actually taken.

Workers are considered as covered by a benefit plan only

if the employer pays all or part of the cost of the plan.³ Plans for which only administrative costs are paid by the employer and completely employee-financed plans are excluded from the tabulations.

Workers are counted as covered by wholly employer-financed plans that require a minimum amount of service before receiving benefits even if the workers had not met the minimum service requirement at the time of the survey. Where plans—such as health or life insurance—require an employee to pay part of the cost (contributory plans), workers are counted only if they elect the plan and pay their share of the cost.

¹ The previous surveys, conducted annually since 1979, covered medium and large firms in a wide variety of private industries. For a report on the 1986 survey, see *Employee Benefits in Medium and Large Firms, 1986*, Bulletin 2281 (Bureau of Labor Statistics, 1987). The 1988 and 1989 employee benefits surveys will be studies of establishments with 100 or more employees in all private industries. Plans for 1990 call for resurveying State and local governments and studying small private establishments for the first time.

² *Regular employees* include all white-collar employees (professional, administrative, technical, and clerical occupations) and blue-collar employees (production and service occupations) *except* those classified as teachers or police and firefighters. Of the full-time regular employees, approximately 63 percent were white-collar workers and 37 percent were blue-collar workers. *Teachers* include all personnel in primary and secondary schools, junior colleges, colleges, and universities whose primary duty is teaching or closely related activities, such as research or counseling. *Police and firefighters* include firefighters; personnel whose main duty is law enforcement, such as State and local uniformed police, detectives, and sheriffs; and personnel engaged in the administration of law enforcement, such as desk sergeants, lieutenants, and captains.

³ An exception, however, is made in table 56, which tabulates postretirement life insurance coverage. Plans under which retirees pay the full cost are included since the guarantee of insurability at group rates is, in itself, considered a benefit. In addition, tables 14 and 15 present data on unpaid maternity and paternity leave.

Chapter 2. Highlights

The great majority of full-time workers within the scope of the survey were provided with health and life insurance and retirement plans as well as paid holidays and vacations (table 1). Provisions of many employee benefits differed among occupational groups.

Most paid leave provisions applied to a majority of employees. On the average, covered employees could expect to have available:

- Rest periods of 29 minutes a day
- 11 holidays each year
- Vacations of 12 days at 1 year of service and 21 days at 20 years
- 4 days of funeral leave per occurrence
- 17 days of military leave per year
- Jury-duty leave as needed
- Sick leave of 13 days per year with full pay at 1 year of service.

Unpaid maternity leave was available to three-fifths of the employees, averaging 12 months. Three-tenths of the employees had unpaid paternity leave available. (Paid maternity and paternity leave was rare.) Ninety-seven percent of the employees had some protection against temporary loss of income due to illness or accident through either sick leave, sickness and accident insurance, or both.

Most employees also had some protection against extended loss of income due to disability:

- 81 percent were covered under pension plans that provided immediate disability benefits
- 31 percent had long-term disability insurance.

Most employees were participants in health and life insurance programs. Of the participants in these plans:

- 99 percent had coverage for hospitalization, surgical care, and diagnostic testing
- 65 percent paid nothing for their own health insurance, and 29 percent paid nothing for family coverage
- 62 percent had dental care plans
- 24 percent were enrolled in health maintenance organizations, and 7 percent were enrolled in preferred provider organization plans
- 53 percent were covered by a flat amount of life insurance, averaging \$11,000; 10 percent had insurance coverage on the lives of their dependents.

Ninety-eight percent of employees had some retirement income protection, either through defined benefit pension plans, defined contribution plans, or both.

Ninety-three percent of the employees were covered by defined benefit pension plans, which have formulas for determining an employee's annuity:

- Nearly all participants were in plans with formulas gearing pensions to prior earnings, most frequently earnings during the last 3 years of employment
- Pension plans replaced, on average, about 43 percent of preretirement earnings for regular employees and teachers with 25 years of service; the average was nearly 52 percent for police and firefighters with the same length of service
- Police and firefighters could commonly retire with full benefits before age 55 with 20 to 30 years of service
- Teachers could generally retire at any age, but were required to have 30 or 35 years of service
- Regular employees had somewhat stricter requirements, although 58 percent could retire by age 55, generally with 30 years or more of service.

Nine percent of the employees participated in one or more defined contribution plans. These were either savings and thrift or money purchase pension plans. Defined contribution plans that restricted employee access to employer contributions were considered retirement plans in the survey.

Nearly 3 out of 10 employees were in plans with salary reduction arrangements authorized by several sections of the Internal Revenue Code. These arrangements allow participants to channel current income to a retirement plan and defer taxes on that income until benefits are distributed.

The survey also investigated the incidence of several additional benefits:

- Free or subsidized parking was available to 73 percent of the employees
- Sabbatical leave was available to 57 percent of the teachers
- 53 percent of the employees were eligible for job-related educational assistance.

Employee benefits may be provided to workers as separate plans or may be offered as part of a flexible benefits program. Nine percent of the employees in State and local governments were eligible for flexible benefits plans or reimbursement accounts. A flexible benefits plan was defined in the survey as a plan giving employees a choice among two or more types of benefits. Reimbursement accounts are used to pay for expenses not covered by the employer's regular benefits package, such as insurance premiums, child care, or health care deductibles.

Table 1. Summary: Percent of full-time employees by participation¹ in employee benefit programs, State and local governments,² 1987

Employee benefit program	All employees ³	Regular employees ³	Teachers ³	Police and firefighters ³
Paid:				
Holidays	81	95	45	93
Vacations	72	93	13	100
Personal leave	38	32	56	36
Lunch period ⁴	17	10	32	39
Rest time ⁴	58	74	16	48
Funeral leave	56	56	52	75
Jury-duty leave	98	99	97	92
Military leave	80	85	65	86
Sick leave	97	97	95	97
Sickness and accident insurance				
Wholly employer financed	14	18	5	14
Partly employer financed	12	15	4	11
Partly employer financed	2	3	1	3
Long-term disability insurance				
Wholly employer financed	31	28	41	18
Wholly employer financed	28	25	38	15
Partly employer financed	3	3	3	3
Health care				
Medical insurance	94	94	95	96
Employee coverage:	93	93	93	95
Wholly employer financed	60	59	61	70
Partly employer financed	33	34	32	25
Family coverage:				
Wholly employer financed	27	25	27	37
Partly employer financed	66	68	65	58
Dental insurance	59	58	61	59
Employee coverage:				
Wholly employer financed	38	37	40	43
Partly employer financed	21	21	21	15
Family coverage:				
Wholly employer financed	19	18	20	25
Partly employer financed	39	39	40	33
Life insurance				
Wholly employer financed	85	85	82	91
Wholly employer financed	69	70	66	73
Partly employer financed	16	16	16	18
Defined benefit pension				
Wholly employer financed	93	92	95	93
Wholly employer financed	20	22	17	17
Partly employer financed	73	70	78	76
Defined contribution⁵				
Retirement	9	9	8	13
Wholly employer financed ⁶	9	9	8	12
Wholly employer financed ⁶	4	4	5	4
Partly employer financed	4	5	3	8
Capital accumulation ⁷	(⁸)	(⁸)	(⁸)	(⁸)
Partly employer financed	(⁸)	(⁸)	(⁸)	(⁸)
All retirement	98	97	99	98

¹ Participants are workers covered by a paid time off, insurance, retirement, or capital accumulation plan. Employees subject to a minimum service requirement before they are eligible for benefit coverage 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. Only current employees are counted as participants; retirees are excluded.

² See appendix A for scope of study.

³ See appendix A for definitions of the occupational groups.

⁴ Data for teachers relate only to primary and secondary school teachers. Paid lunch and rest time for teachers in colleges and universities were not surveyed because of difficulties in defining and measuring work time for these employees.

⁵ Defined contribution plans include money purchase pension and savings and thrift plans. Savings and thrift plans were counted as retirement plans if employer contributions must remain in the participant's account until retirement age, death, disability, separation from service, age 59 1/2, or hardship.

⁶ Employees participating in two or more plans are counted as participants in wholly employer-financed plans only if all plans are noncontributory.

⁷ Includes plans in which employer contributions may be withdrawn from participant's account prior to retirement age, death, disability, separation from service, age 59 1/2, or hardship.

⁸ Less than 0.5 percent.

NOTE: Because of rounding, sums of individual items may not equal totals.

Chapter 3. Work Schedules, Paid Time Off, and Maternity and Paternity Leave

Time off with pay is available to employees in several different forms—from daily rest periods to annual vacations of several weeks. In 1987, survey coverage of paid leave benefits included provisions for lunch and rest periods; holidays and vacations; and personal, funeral, jury-duty, and military leave. Paid and unpaid maternity and paternity leave was also surveyed. (Information on paid sick leave appears in chapter 4.)

Work schedules (table 2)

The number of work hours per week varied significantly by occupational group. Nearly 3 out of 4 regular employees worked a 40-hour week; the remainder generally worked 35 or 37.5 hours (7- or 7.5-hour days). Two percent of the regular employees worked other than a 5-day week. Virtually all elementary and secondary school teachers worked 5 days per week, although their hours varied from 30 to 40 per week. Scheduled work hours included paid lunch and rest periods, as well as preparation and grading time if such activities were considered by the school to be a part of the teacher's workday. Additional hours for extracurricular activities were included only if considered part of the regular work schedule. Work schedules were not collected for junior college, college, and university teachers because records generally were unavailable.

Two-thirds of police and firefighters worked 5-day weeks, and 56 percent worked 40 hours per week. The remainder, mostly firefighters, often worked unusual hours, with very long shifts followed by several days off. A firefighter schedule, for example, might require: 24 hours on duty, 24 hours off, 24 hours on, and 72 hours off. Then the cycle repeats. For the survey, an average work schedule was computed for these employees by converting the number of days in the cycle to a 7-day week. This converted the above example to a schedule of 56 hours and 2.3 days per week.

Paid lunch and rest periods (tables 3 and 4)

Ten percent of regular employees received formal paid lunch periods, and 74 percent were provided formal rest time, such as coffee breaks and cleanup time. In contrast, 32 percent of elementary and secondary school teachers received paid lunch time, and 16 percent received paid rest time. Paid

lunch and rest periods were not tabulated for college and university teachers. In the police and firefighters category, 39 percent received a paid lunch period, and nearly half received paid rest time.

Paid lunch periods averaged 34 minutes per day, as shown in the tabulation below. Paid rest time, averaging 29 minutes a day, was provided most commonly as two daily breaks of 15 minutes each.

	All participants	Regular participants	Teachers	Police and firefighters
Lunch time—minutes per day	34	36	32	34
Rest time—minutes per day	29	29	28	29

Paid holidays (tables 5-7)

Virtually all full-time regular employees and police and firefighters were provided paid holidays, averaging 11.1 days per year. For police and firefighters working nonconventional schedules, the number of holidays was adjusted to represent an 8-hour workday.

Forty-five percent of teachers received formal paid holidays. Only when benefit documents specifically stated that teachers received paid holidays was the information tabulated as such. Teachers are typically employed for a fixed number of days—for example, 180—over a 9- or 10-month contract. For many of these employees, school holidays are not included in the days contracted for and are therefore not designated as paid holidays.

When a holiday fell on a scheduled day off, such as a Saturday or Sunday, another day off was regularly granted to 87 percent of the affected employees. Most of the remaining workers received either another day off or an additional day's pay, depending on when the holiday fell.

Paid vacations (tables 5, 8, and 9)

Nearly all regular employees and all police and firefighters were provided paid vacations. The incidence of vacations among teachers was low (13 percent), because most were employed on a 9- or 10-month basis. As with holidays, data

on vacation provisions for police and firefighters were adjusted to represent a conventional work schedule.

The average vacation time was 12.0 days at 1 year of service for all participants, 17.7 days at 10 years, and 21.4 days at 20 years. Vacations for regular employees and police and firefighters were similar, increasing steadily as years of service increased, and leveling off after 20 years of service. Teachers receiving paid vacations generally had uniform benefits regardless of years of service.

All but 1 percent of the employees received their regular salaries or earnings during vacation periods; the others were provided vacation payments based on a percentage of annual earnings. Four out of five employees under vacation plans had to work a minimum period, commonly 6 months, before being able to take a vacation.

Sixty-eight percent of plan participants could carry over their unused vacation days to future years; 2 percent could cash-in some or all of their vacation days at the end of the year; and 7 percent had both cash-in and carryover provisions. The remaining 22 percent lost vacation days that were unused at the end of the year.

Paid personal leave (table 10)

Formal personal leave, which allows paid absences from work for a variety of reasons not covered by other specific leave plans, covered 38 percent of the employees. About one-third of the regular employees and police and firefighters received personal leave, while just over half of the teachers had the benefit. Most commonly, personal leave plans allowed 2 or 3 days, averaging 2.7 days per year. In cases where personal leave was part of an "annual leave" plan (combined vacation and personal leave) and could not be shown separately, it was reported as vacation time. The survey did not cover the extent of informal personal leave.

Paid funeral leave, jury-duty leave, and military leave (tables 11-13)

Just over half of the regular employees and teachers were eligible for paid leave to attend funerals of family members, while three-fourths of police and firefighters were eligible. Of those eligible, nearly all received a set number of days per occurrence, averaging 3.7 days, as shown below:

All participants	3.7
Regular participants	3.6
Teachers	4.1
Police and firefighters	3.5

One in six employees, however, was in a plan where the number of days off varied by relationship to the deceased. These workers were included with those having a set number of days and tabulated at the maximum number of days off under their plans. (For employees not provided a separate funeral leave plan, employers often provided an informal

benefit or allowed employees to use paid sick leave days to attend a funeral.)

Virtually all of the workers were eligible for paid leave while serving as a juror. Paid time off for jury duty was almost universally provided "as needed"; employer payments commonly made up the difference between the employee's regular pay and the court's jury allowance.

Military leave, providing pay for absence from work to fulfill military training or duty commitments, was available to 86 percent of police and firefighters, 85 percent of regular employees, and 65 percent of teachers. (The number is lowest for teachers because they often have unpaid time off in the summer.) Provisions usually allowed 2 to 6 weeks off per year, but one-tenth of the workers were in establishments providing military leave as needed. For workers with a specified number of days off, military leave averaged about 17 workdays per year, as shown below:

All participants	17.2
Regular participants	17.1
Teachers	17.4
Police and firefighters	17.1

Pay for military leave was either regular pay or the difference between regular pay and military pay.

Maternity and paternity leave (tables 14 and 15)

Fifty-seven percent of State and local government employees were covered by plans providing unpaid maternity leave; 30 percent were eligible for unpaid paternity leave. Only 1 percent of the workers had paid maternity or paternity leave coverage. These plans were defined by BLS as separate from an employee's other leave plans, such as short-term disability and paid vacations, which might be used by a new mother or father. Unpaid maternity and paternity leave generally could be taken after regular paid leave was used, and could continue up to a fixed period of time. Employees had a reasonable expectation of returning to their own or a similar job following leave, although this was not always specifically guaranteed.

For plans that provided a fixed number of days of unpaid maternity or paternity leave, duration averaged nearly 12 months for maternity and nearly 15 months for paternity. But plans differed considerably in the number of months allowed, ranging from under 1 to 48 months. Nearly all plans with both maternity and paternity leave allowed the same length of time off for each reason. The higher average for paternity leave results from the fact that plans with both maternity and paternity leave often provided more days off than plans granting only maternity leave.

Employees on unpaid maternity or paternity leave usually could continue coverage under employer-sponsored health and life insurance, but often at the employee's expense. In some cases, however, the employer paid the premium for an initial period, after which the employee was responsible.

Table 2. Work schedules: Percent of full-time employees by number of hours and days scheduled per week,¹ State and local governments, 1987

Work schedule	All employees	Regular employees	Teachers ²	Police and firefighters ³
Total	100	100	100	100
Hours per week:				
Under 30	1	1	3	(⁴)
30	2	1	7	-
Over 30 and under 35	4	1	13	(⁴)
35	10	7	19	1
Over 35 and under 37.5	6	4	14	2
37.5	12	10	21	2
Over 37.5 and under 40	1	(⁴)	2	1
40	59	73	21	56
Over 40 and under 50	2	1	1	⁵ 17
50 and under 56	(⁴)	(⁴)	-	2
56	1	(⁴)	-	17
Over 56	(⁴)	(⁴)	-	1
Hours per week not available	1	1	(⁴)	1
Days per week:				
Under 2.3	(⁴)	(⁴)	-	3
2.3	1	(⁴)	-	14
Over 2.3 and under 4	1	(⁴)	-	6
4	1	(⁴)	(⁴)	5
Over 4 and under 5	1	(⁴)	-	5
5	96	98	100	66
Over 5	(⁴)	(⁴)	-	1
Days per week not available	1	1	(⁴)	1

¹ Work schedule data include regularly scheduled overtime, paid lunch, and paid rest periods.

² Data relate only to work schedules for primary and secondary school teachers. Work schedules for teachers in colleges and universities were not surveyed because of difficulties in defining and measuring work time for these employees.

³ Some police and firefighters have unusual work schedules such as 24 hours work, 24 hours off, 24 hours work, and 72 hours off. For the survey, an average work schedule was computed for these employees by converting the number of days in the cycle to a 7-day week. This converts the above schedule to 56 hours and 2.3 days per week.

⁴ Less than 0.5 percent.

⁵ Most of these employees were on a 42-hour work schedule.

NOTE: Because of rounding, sums of individual items may not equal totals. Dash indicates no employees in this category.

Table 3. Paid lunch time: Percent of full-time employees by minutes of paid lunch time per day, State and local governments, 1987

Minutes per day	All employees	Regular employees	Teachers ¹	Police and firefighters
Total	100	100	100	100
Provided paid lunch time	17	10	32	39
Under 20 minutes	(²)	(²)	-	-
20 minutes	1	(²)	2	2
Over 20 and under 30 minutes	1	(²)	2	-
30 minutes	12	6	23	29
Over 30 minutes	3	2	5	6
Number of minutes not available	1	1	-	1
Not provided paid lunch time	83	90	68	61

¹ Data relate only to paid lunch time for primary and secondary school teachers. Paid lunch time for teachers in colleges and universities was not surveyed because of difficulties in defining and measuring work time for these employees.

² Less than 0.5 percent.

NOTE: Because of rounding, sums of individual items may not equal totals. Dash indicates no employees in this category.

Table 4. Paid rest time: Percent of full-time employees by minutes of paid rest time per day, State and local governments, 1987

Minutes per day	All employees	Regular employees	Teachers ¹	Police and firefighters
Total	100	100	100	100
Provided paid rest time	58	74	16	48
Under 15 minutes	(²)	(²)	(²)	-
15 minutes	3	3	2	1
20 minutes	4	5	1	2
Over 20 and under 30 minutes	1	1	(²)	1
30 minutes	50	64	12	42
40 minutes or more	1	1	1	1
Number of minutes not available	(²)	(²)	-	(²)
Not provided paid rest time	42	26	84	52

¹ Data relate only to paid rest time for primary and secondary school teachers. Paid rest time for teachers in colleges and universities was not surveyed because of difficulties in defining and measuring work time for these employees.

² Less than 0.5 percent.

NOTE: Because of rounding, sums of individual items may not equal totals. Dash indicates no employees in this category.

Table 5. Paid holidays and vacations: Average number of days for full-time participants, State and local governments, 1987

Item	All participants	Regular participants	Teachers	Police and fire-fighters ¹
Paid holidays	10.9	11.1	9.8	11.2
Paid vacation by length of service: ²				
At 6 months	6.6	6.4	9.8	7.0
At 1 year	12.0	11.8	14.3	12.6
At 3 years	12.9	12.8	14.8	13.5
At 5 years	15.0	14.8	15.7	15.8
At 10 years	17.7	17.7	16.9	18.8
At 15 years	19.8	19.7	17.8	21.1
At 20 years	21.4	21.4	18.7	22.7
At 25 years	22.0	22.0	18.8	23.4
At 30 years ³	22.2	22.3	18.8	23.5

¹ For police and firefighters working nonconventional work schedules, the numbers of holidays and vacation days were adjusted to reflect the conventional 8-hour day. For example, paid leave days of 24 hours would be reported as 3 days.

² Participants are included only for the service periods for which they receive vacations.

³ The average (mean) was essentially the same for longer lengths of service.

NOTE: Computation of average included half days and excluded workers with zero holidays or vacation days.

Table 6. Paid holidays: Percent of full-time employees by number of paid holidays provided each year, State and local governments, 1987

Number of days	All employees	Regular employees	Teachers	Police and fire-fighters ¹
Total	100	100	100	100
Provided paid holidays	81	95	45	93
Under 5 days	2	(¹)	6	(¹)
5 days	1	1	3	1
6 days	3	3	4	1
6 days plus 1 or more half days ..	(¹)	(¹)	-	(¹)
7 days	2	2	2	1
7 days plus 1 or more half days ..	(¹)	(¹)	(¹)	(¹)
8 days	2	3	1	3
8 days plus 1 or more half days ..	(¹)	1	(¹)	1
9 days	6	7	2	10
9 days plus 1 half day	2	2	1	2
9 days plus 2 or 3 half days	(¹)	(¹)	-	1
10 days	12	14	7	13
10 days plus 1 half day	2	2	(¹)	2
10 days plus 2 or more half days ..	(¹)	(¹)	-	1
11 days	15	19	4	18
11 days plus 1 or more half days ..	1	1	-	1
12 days	13	17	3	13
12 days plus 1 or 2 half days	1	1	(¹)	1
13 days	9	11	1	16
13 days plus 1 or 2 half days	1	1	(¹)	2
14 days	3	3	3	3
14 days plus 1 or more half days ..	(¹)	(¹)	-	(¹)
15 days	2	3	1	2
15 days plus 1 or 2 half days	(¹)	(¹)	-	-
16 days	1	1	-	(¹)
16 days plus 1 or 2 half days	(¹)	(¹)	-	1
17 days or more	2	1	4	1
Number of days not available	(¹)	(¹)	-	-
Not provided paid holidays	19	5	55	7

¹ For police and firefighters working nonconventional work schedules, the number of holidays was adjusted to reflect the conventional 8-hour day.

² Less than 0.5 percent.

NOTE: Because of rounding, sums of individual items may not equal totals. Dash indicates no employees in this category.

Table 7. Paid holidays: Percent of full-time participants by policy on holidays that fall on a regularly scheduled day off, State and local governments, 1987

Holiday policy	All participants	Regular participants	Teachers	Police and fire-fighters
Total	100	100	100	100
Holiday is not observed	4	4	5	1
Another day off granted	87	89	87	77
Additional day's pay in lieu of holiday	3	2	5	8
Another day off or day's pay, depending on when holiday falls ...	5	5	2	9
Another day off or holiday not observed, depending on when holiday falls	(¹)	(¹)	1	-
Other provision applies ²	1	(¹)	1	4
Holiday policy not determinable	(¹)	(¹)	(¹)	(¹)

¹ Less than 0.5 percent.

² Includes plans where the policy differs by holiday.

NOTE: Because of rounding, sums of individual items may not equal totals. Dash indicates no employees in this category.

Table 8. Paid vacations: Percent of full-time employees by amount of paid vacation provided at selected periods of service, State and local governments, 1987

Vacation policy	All employees	Regular employees	Teachers	Police and fire-fighters ¹	Vacation policy	All employees	Regular employees	Teachers	Police and fire-fighters ¹
Total	100	100	100	100	At 3 years of service—Continued				
In plans providing paid vacations ³	72	93	13	100	Over 15 and under 20 days	5	6	(⁰)	5
At 6 months of service:					20 days	5	6	(⁰)	12
Under 5 days	2	2	(⁰)	3	Over 20 days	3	2	4	6
5 days	21	30	1	24	At 5 years of service:				
6 days	18	25	4	18	Under 10 days	1	1	(⁰)	2
Over 6 and under 10 days	10	14	1	10	10 days	14	18	3	17
10 days	4	4	1	11	11 days	1	1	(⁰)	1
Over 10 and under 15 days	2	2	2	2	12 days	5	7	(⁰)	10
15 days	(⁰)	1	(⁰)	1	Over 12 and under 15 days	4	5	3	4
Over 15 days	1	1	2	1	15 days	26	35	1	36
At 1 year of service:					16 days	2	2	(⁰)	1
Under 5 days	(⁰)	(⁰)	-	(⁰)	17 days	3	4	1	2
5 days	4	5	1	6	18 days	7	10	(⁰)	6
Over 5 and under 10 days	1	2	(⁰)	4	19 days	(⁰)	(⁰)	-	(⁰)
10 days	30	39	5	37	20 days	4	6	(⁰)	5
11 days	2	3	(⁰)	3	Over 20 and under 25 days	4	3	-	6
12 days	14	20	2	16	25 days	(⁰)	1	-	1
Over 12 and under 15 days	5	7	1	5	Over 25 and under 30 days	1	(⁰)	(⁰)	6
15 days	7	9	1	12	30 days and over	(⁰)	(⁰)	(⁰)	2
Over 15 and under 20 days	2	2	(⁰)	3	At 10 years of service:				
20 days	3	4	(⁰)	9	Under 10 days	(⁰)	(⁰)	(⁰)	1
Over 20 days	3	2	4	4	10 days	3	3	3	2
At 3 years of service:					11 days	(⁰)	(⁰)	(⁰)	(⁰)
Under 5 days	(⁰)	(⁰)	-	-	12 days	2	2	(⁰)	3
5 days	1	1	(⁰)	1	Over 12 and under 15 days	1	1	(⁰)	1
Over 5 and under 10 days	1	1	-	2	15 days	23	31	1	32
10 days	27	36	3	37	16 days	2	3	(⁰)	4
11 days	1	1	(⁰)	1	17 days	3	2	3	3
12 days	14	19	3	18	18 days	11	15	1	12
Over 12 and under 15 days	5	7	1	4	19 days	1	2	(⁰)	1
15 days	10	14	1	14	20 days	15	21	1	17
					Over 20 and under 25 days	6	6	4	8
					25 days	2	3	-	2
					Over 25 and under 30 days	2	2	(⁰)	8
					30 days and over	1	1	(⁰)	4

Table 8. Paid vacations: Percent of full-time employees by amount of paid vacation provided at selected periods of service, State and local governments, 1987—Continued

Vacation policy	All employees	Regular employees	Teachers	Police and firefighters ¹	Vacation policy	All employees	Regular employees	Teachers	Police and firefighters ¹
At 15 years of service:					At 25 years of service:				
Under 10 days	(?)	(?)	(?)	(?)	Under 10 days	(?)	(?)	(?)	(?)
10 days	3	3	3	2	10 days	3	3	3	2
Over 10 and under 15 days	2	2	(?)	3	Over 10 and under 15 days	1	1	(?)	3
15 days	6	8	(?)	9	15 days	3	4	(?)	3
16 days	(?)	(?)	-	1	Over 15 and under 20 days	3	3	1	4
17 days	2	3	1	2	20 days	16	22	(?)	23
18 days	7	10	(?)	8	21 days	9	12	2	6
19 days	1	1	2	1	22 days	6	7	4	6
20 days	25	35	1	33	23 days	3	4	(?)	4
21 days	10	13	2	8	24 days	4	5	1	5
22 days	2	2	2	5	25 days	14	19	1	21
Over 22 and under 25 days	4	5	1	4	Over 25 and under 30 days	7	9	1	12
25 days	4	6	-	5	30 days	2	2	(?)	5
Over 25 and under 30 days	3	3	(?)	11	Over 30 days	1	1	-	6
30 days and over	1	1	(?)	6					
At 20 years of service:					At 30 years of service:⁴				
Under 10 days	(?)	(?)	(?)	(?)	Under 10 days	(?)	(?)	(?)	(?)
10 days	3	3	3	2	10 days	3	3	3	2
Over 10 and under 15 days	1	1	(?)	3	Over 10 and under 15 days	1	1	(?)	3
15 days	3	4	(?)	3	15 days	3	4	(?)	3
Over 15 and under 20 days	3	4	1	5	Over 15 and under 20 days	3	3	1	4
20 days	21	28	1	30	20 days	16	21	(?)	23
21 days	12	16	2	8	21 days	9	12	2	6
22 days	5	5	5	6	22 days	3	3	4	5
23 days	3	5	(?)	2	23 days	3	4	(?)	3
24 days	3	5	1	4	24 days	6	8	1	4
25 days	9	12	(?)	16	25 days	14	19	1	22
Over 25 and under 30 days	7	9	1	12	Over 25 and under 30 days	8	10	1	13
30 days	1	1	(?)	3	30 days	3	3	(?)	5
Over 30 days	1	1	-	5	Over 30 days	1	1	-	6

¹ For police and firefighters working nonconventional work schedules, the number of vacation days was adjusted to reflect the conventional 8-hour day.

² Less than 0.5 percent.

³ Employees receiving no paid vacations in their early years of service are included in the overall percentage of workers provided paid vaca-

tions; however, they are disregarded in computing the distributions by length of service up to the service period at which they become eligible for vacations.

⁴ Provisions were virtually the same after longer years of service.

NOTE: Dash indicates no employees in this category.

Table 9. Paid vacations: Percent of full-time participants by length of service required to take vacation, State and local governments, 1987

Length of service requirement	All participants	Regular participants	Teachers	Police and fire-fighters
Total	100	100	100	100
With service requirement	79	80	53	85
1 month	16	16	19	10
2 months	(¹)	(¹)	-	1
3 months	4	4	(¹)	3
4-5 months	1	2	(¹)	1
6 months	39	40	21	42
7-11 months	2	2	7	2
1 year	17	16	5	28
Over 1 year	(¹)	(¹)	-	-
Without service requirement	21	20	47	15
Service requirement not determinable	(¹)	(¹)	-	-

¹ Less than 0.5 percent.

NOTE: Because of rounding, sums of individual items may not equal totals. Dash indicates no employees in this category.

Table 10. Paid personal leave: Percent of full-time employees by number of paid personal leave days provided per year, State and local governments, 1987

Number of days	All employees	Regular employees	Teachers	Police and fire-fighters
Total	100	100	100	100
Provided paid personal leave	38	32	56	36
1 day	6	5	6	11
2 days	12	7	24	5
3 days	14	13	16	10
4 days	2	2	3	1
5 days	3	3	3	3
More than 5 days	1	(¹)	2	2
No maximum specified ²	1	(¹)	2	1
Varies by length of service	1	(¹)	(¹)	2
Number of days not available	(¹)	-	-	(¹)
Not provided paid personal leave	62	68	44	64

¹ Less than 0.5 percent.

² Workers were provided as much personal leave as they needed.

NOTE: Because of rounding, sums of individual items may not equal totals. Dash indicates no employees in this category.

Table 11. Paid funeral leave: Percent of full-time employees by number of paid funeral leave days available per occurrence, State and local governments, 1987

Number of days	All employees	Regular employees	Teachers	Police and fire-fighters
Total	100	100	100	100
Provided paid funeral leave	56	56	52	75
1 day	1	1	1	1
2 days	2	3	1	1
3 days	27	30	17	42
4 days	8	9	6	15
5 days	16	12	24	11
More than 5 days	(¹)	(¹)	(¹)	2
Varies by length of service	2	2	2	3
Number of days not available	(¹)	(¹)	(¹)	(¹)
Not provided paid funeral leave	44	44	48	25
Number of days varies by relationship to deceased ²	17	16	20	18

¹ Less than 0.5 percent.

² The maximum number of days provided for any occurrence was included in the distribution of funeral leave days.

NOTE: Because of rounding, sums of individual items may not equal totals.

Table 12. Paid jury-duty leave: Percent of full-time employees by number of paid jury-duty leave days available per occurrence, State and local governments, 1987

Number of days	All employees	Regular employees	Teachers	Police and fire-fighters
Total	100	100	100	100
Provided paid jury-duty leave	98	99	97	92
Under 10 days	(¹)	(¹)	(¹)	(¹)
10-30 days	(¹)	(¹)	(¹)	-
More than 30 days	(¹)	(¹)	-	-
No maximum specified ²	97	98	96	92
Number of days not available	(¹)	(¹)	(¹)	-
Not provided paid jury-duty leave	2	1	3	8

¹ Less than 0.5 percent.

² Jury-duty leave is provided as needed.

NOTE: Because of rounding, sums of individual items may not equal totals. Dash indicates no employees in this category.

Table 13. Paid military leave: Percent of full-time employees by number of paid military leave days available per year, State and local governments, 1987

Number of days	All employees	Regular employees	Teachers	Police and fire-fighters
Total	100	100	100	100
Provided paid military leave	80	85	65	86
5-9 days	1	(¹)	(¹)	1
10 days	14	15	12	15
11-14 days	5	6	4	5
15 days	19	21	15	22
17 days	7	8	5	8
19 days	(¹)	(¹)	-	(¹)
20 days	2	2	(¹)	1
21 days	2	3	1	3
22 days	8	9	5	9
30 days	7	8	6	7
More than 30 days	1	1	2	1
No maximum specified ²	11	10	14	10
Number of days not available	2	2	1	1
Not provided paid military leave	20	15	35	14

¹ Less than 0.5 percent.

² Military leave is provided as needed.

NOTE: Because of rounding, sums of individual items may not equal totals. Dash indicates no employees in this category.

Table 14. Maternity and paternity leave:¹ Percent of full-time employees by leave policy, State and local governments, 1987

Employer leave policy	All employees	Regular employees	Teachers	Police and firefighters
Maternity leave				
Total	100	100	100	100
Eligible for paid leave	1	1	1	-
Eligible for unpaid leave	57	55	65	51
Fixed number of days available	49	47	55	41
Provided as needed ² ..	5	4	6	5
Information not available on duration	4	3	4	5
Not eligible for maternity leave	43	45	35	49
Paternity leave				
Total	100	100	100	100
Eligible for paid leave	(³)	(³)	(³)	-
Eligible for unpaid leave	30	29	32	30
Fixed number of days available	26	26	28	25
Provided as needed ² ..	2	2	2	2
Information not available on duration	2	2	3	2
Not eligible for paternity leave	70	71	68	70

¹ Paid or unpaid leave provided to new mothers or fathers for the specific purpose of caring for their child during the early days of its infancy. This plan is separate from any sick leave, annual leave, vacation, personal leave, or short-term disability plan that the employee may take.

² Plan does not specify maximum number of days.

³ Less than 0.5 percent.

NOTE: Because of rounding, sums of individual items may not equal totals. Dash indicates no employees in this category.

Table 15. Unpaid maternity and paternity leave:¹ Percent of eligible full-time employees by duration of benefits, State and local governments, 1987

Duration	All eligible employees	Regular employees	Teachers	Police and firefighters
Unpaid maternity leave				
Total	100	100	100	100
Under 1 month	1	1	2	(³)
1 month	(³)	(³)	-	1
Over 1 but under 2 months	7	9	3	7
Over 2 but under 3 months	5	6	3	8
Over 3 but under 6 months	9	11	4	12
Over 6 but under 12 months	4	4	3	8
Over 12 but under 24 months	17	21	9	17
Over 24 months	8	7	12	5
Average months ³	11.7	11.0	12.7	14.8
Unpaid paternity leave				
Total	100	100	100	100
Under 1 month	3	3	3	3
1 month	(³)	1	-	1
Over 1 but under 2 months	8	10	4	5
Over 2 but under 3 months	2	1	3	2
Over 3 but under 6 months	7	8	3	8
Over 6 but under 12 months	4	3	6	5
Over 12 but under 18 months	13	16	6	17
Over 18 but under 24 months	9	9	10	6
Over 24 months	28	27	33	15
Average months ³	5	4	9	(³)
	1	1	2	-
	1	(³)	2	-
	3	2	7	(³)
	17	17	11	37
Average months ³	14.9	14.5	14.7	19.9

¹ Includes only plans that allowed a fixed number of unpaid leave days.

² Less than 0.5 percent.

³ The higher average for paternity leave results from the fact that plans with both maternity and paternity leave often provided more days off than plans granting only maternity leave. The impact of this was greater on the average for paternity leave because of the relatively fewer workers involved surveywide: Maternity leave plans covered 57 percent; paternity leave plans, 30 percent.

NOTE: Because of rounding, sums of individual items may not equal totals. Dash indicates no employees in this category.

Chapter 4. Disability Benefits

Paid sick leave and sickness and accident insurance provide protection against loss of income during temporary absences from work due to illness or accident. During more extended periods of disability, workers' income may be continued through long-term disability insurance or disability pensions.

In 1987, short-term disability protection was available to 97 percent of all employees covered by the survey through sick leave, or sick leave and sickness and accident insurance. A few employees had sickness and accident insurance only. Sick leave usually continues all of the worker's normal earnings; sickness and accident insurance usually replaces 50 to 75 percent of pay. Paid sick leave was provided to 95 percent or more of the employees in each occupational group, while sickness and accident insurance covered less than one-fifth.

Fourteen percent of the workers had sick leave plans coordinated with sickness and accident insurance. Coordination is accomplished by either delaying insurance benefits until sick leave pay has ended, or paying both benefits concurrently. When payments are made from both sources, sick leave pay is reduced by the amount of the insurance benefits so that the total benefit does not exceed full salary. Employers offering sickness and accident insurance generally allow somewhat fewer sick leave days than those without such insurance. This gap was more pronounced for police and firefighters than for regular employees. At 5 years of service, for example, annual sick leave plans coordinated with sickness and accident insurance granted police and firefighters an average of 12.7 sick days at full pay—almost 7 days less than plans without insurance. The gap for regular employees was less than 1 day.⁴

Long-term disability insurance (LTD), which typically pays 50, 60, or 67 percent of earnings, was available to 31 percent of the employees. Coverage was more common among regular employees and teachers. Police and firefighters usually had lower age and service requirements for normal (unreduced) retirement than the other groups, and this lessened the need for LTD insurance. (See the section on normal retirement in chapter 6.)

Long-term disability insurance payments usually begin after sick leave and sickness and accident insurance are exhausted, and continue as long as the person is disabled or until retirement age. Additionally, 81 percent of the employees (some with LTD insurance) were in pension plans

that would pay immediate disability benefits. (Disability provisions of pension plans are discussed in chapter 6.)

Paid sick leave (tables 16-21)

Ninety-seven percent of the State and local government employees were covered by paid sick leave plans, which nearly always allowed a specified number of days off per year (annual sick leave plans). Other methods of granting sick leave accounted for 2 percent of the employees. They included a specified number of days per illness (per disability plans), time off as needed, or a combination of annual and per disability benefits.

Because annual sick leave plans do not renew benefits after each illness, virtually all of the employees with such plans could carry over and accumulate unused sick leave from year to year (cumulative plans). Typically, a plan granted a fixed number of days, such as 1 day per month, with unused days carried into the future. Workers with carryover provisions were usually allowed to accumulate an unlimited amount of sick leave. Where limits applied, they ranged widely, from under 30 days to over 240 days.

On average, regular employees and teachers with annual sick leave plans were eligible for nearly 13 days per year at 1 year of service. Average benefits increased only slightly with longer service. Police and firefighters also had plans that changed little with years of service, averaging 18 days per year at 1 year of service and 19 days per year at 10 or more years of service. For police and firefighters who worked unusual schedules, sick leave days were adjusted to reflect a conventional work schedule.

Sick leave plans commonly did not specify a minimum length of service as a requirement for benefits. Moreover, benefits were nearly always provided on the first day of illness, without any waiting period.

Sickness and accident insurance (tables 16, 20, 22-24)

Fourteen percent of all employees were protected by sickness and accident insurance against income losses due to short-term disabilities. By occupational group, 18 percent of regular employees, 14 percent of police and firefighters, and 5 percent of teachers participated. Because of this low incidence for teachers, details on their sickness and accident insurance plans were insufficient for publication.

More than four-fifths of all participants had their sickness and accident insurance fully paid by their employer.

⁴ For further analysis of short-term disability protection in private industry, see William J. Wiatrowski, "Employee Income Protection Against Short-term Disabilities," *Monthly Labor Review*, February 1985, pp. 32-38.

Employees required to contribute toward the cost of coverage most often paid a fixed amount, usually between \$4 and \$5 a month.

Sickness and accident insurance paid either a percent of employee earnings or, less commonly, a scheduled dollar amount. The percent of earnings was almost always fixed—typically 50 to 75 percent—although a few plans varied the percentage by length of disability. Earnings-based plans often placed limits on the weekly benefit, usually between \$120 and \$250 per week. Plans having dollar schedules nearly always specified a flat weekly amount (typically ranging from \$40 to over \$200).

The maximum duration of payments for each disability was nearly always fixed, usually at 26 weeks.

One-third of the employees with sickness and accident insurance had to meet service requirements to qualify for benefits. For about half of the workers with such requirements, 1 month was sufficient; for 7 percent, at least 1 year was needed.

Sickness and accident insurance, unlike sick leave, often requires a waiting period before benefits begin. When required, the most common waiting periods were 1 to 7 days. Waiting periods may be shortened or eliminated entirely for employees involved in an accident or hospitalized.

State and local government workers in New Jersey and New York were covered by State temporary disability insurance plans when government entities, such as schools, elected coverage. Both of these plans, which are at least partially employer financed, pay benefits based on a percentage of the worker's earnings. Benefits were provided for up to 26 weeks and were limited to \$145 per week in New York and \$213 in New Jersey during 1987.⁵

Long-term disability insurance (tables 25-28)

Long-term disability insurance continues the income of employees during extended periods of disability. Generally, LTD benefits begin after sick leave and sickness and accident insurance are exhausted and continue until retirement age, some other specified age, or recovery from disability. If an employee is disabled after age 60, however, LTD benefits usually continue for 5 years or to age 70, whichever is earlier.

Thirty-one percent of the employees covered by the survey had LTD insurance; one-tenth of the participants were required to contribute toward the cost of the plans. The most common type of employee contribution was a monthly amount per \$100 of covered earnings.⁶ Rates ranged from under 20 cents to over \$1 per \$100 of coverage.

⁵ California and Rhode Island also have State-sponsored temporary disability insurance plans, but these plans require no employer contribution and, thus, are not included in this survey.

Service requirements in LTD plans were usually more restrictive than for the other insurance benefits studied. Nearly three-fourths of the participants had service requirements ranging from 1 year to 3 years. Because of the long-term nature of this benefit, more employers restricted eligibility to employees who had demonstrated some attachment to the organization.

Long-term disability benefits were usually 50, 60, or 67 percent of monthly pay. Among the plans paying a percent of predisability earnings, maximum monthly payments typically ranged from \$2,000 to \$5,000.

One-tenth of the LTD plan participants were in plans that provided a benefit that was not a fixed percent of earnings. These formulas included a flat dollar amount, and a percent of earnings that varied by employee earnings level, length of service, or length of disability.

Another source of long-term disability income protection is available through retirement plans. Immediate disability pension benefits were available in plans covering 81 percent of the employees in State and local governments in 1987. Some employees may receive benefits from an LTD insurance plan and a disability provision of a pension plan. LTD insurance plans frequently include offset provisions in such cases, to guard against an employee receiving more than 100 percent of predisability income.

A ceiling on all disability income was a common limitation to LTD payments, regardless of the type of plan. These ceilings affected benefits only if the amount payable from the LTD plan plus income from other sources, such as rehabilitative employment and family Social Security payments, exceeded a specified percentage (most commonly 70 or 75 percent) of predisability earnings. Sixty percent of the LTD participants (nearly 50 percent of the covered police and firefighters) were limited by these income ceilings, by the dollar maximums in plans that pay a percent of earnings, or by a combination of both.

Survivor benefits after the death of a disabled employee were available in plans covering 15 percent of the LTD participants. A lump-sum payment, usually equal to 3 times the monthly LTD benefit, was the most common survivor benefit provided.

One-fourth of the participants in LTD plans had special limitations on benefits for mental illness. In most of these cases, benefits were provided for a limited period (usually 24 months), unless the participant was institutionalized. In a few cases, benefits were provided for a limited period even if institutionalized.

⁶ Covered earnings refers to that portion of a worker's earnings replaced by long-term disability benefits. For example, if an LTD plan pays 60 percent of earnings, but not more than \$3,000, covered earnings are \$5,000 (60 percent of \$5,000 equals \$3,000).

Table 16. Short-term disability coverage: Percent of full-time employees by participation in sickness and accident insurance plans and paid sick leave plans, State and local governments, 1987

Type of plan	All employees	Regular employees	Teachers	Police and fire-fighters
Total	100	100	100	100
With short-term disability coverage ..	97	98	96	98
Sickness and accident insurance only	1	1	1	1
Wholly employer financed	1	1	1	1
Paid sick leave only	83	79	91	84
Combined sickness and accident insurance/paid sick leave	14	18	5	13
Wholly employer financed	11	15	3	10
Without short-term disability coverage	3	2	4	2

NOTE: Because of rounding, sums of individual items may not equal totals.

Table 17. Paid sick leave: Percent of full-time employees by type of provision, State and local governments, 1987

Provision	All employees	Regular employees	Teachers	Police and fire-fighters
Total	100	100	100	100
Provided paid sick leave	97	97	95	97
Sick leave provided on:				
An annual basis only ¹	95	96	94	88
A per disability basis only ²	(³)	(³)	(³)	(³)
Both an annual and per disability basis	(⁴)	(⁴)	(⁴)	(⁴)
As needed basis ⁵	1	(⁶)	(⁶)	8
Other basis ⁶	(⁶)	(⁶)	(⁶)	(⁶)
Not provided paid sick leave	3	3	5	3

¹ Employees earn a specified number of sick leave days per year. This number may vary by length of service.

² Employees earn a specified number of sick leave days for each illness or disability. This number may vary by length of service.

³ Less than 0.5 percent.

⁴ Plan does not specify maximum number of days.

⁵ Includes formal plans with provisions that change from a specified number of days per year to a specified number of days per absence after a certain service period or to an unlimited number of days per year.

NOTE: Because of rounding, sums of individual items may not equal totals.

Table 18. Paid sick leave: Percent of full-time employees by sick leave provision, State and local governments, 1987

Sick leave policy ¹	All employees	Regular employees	Teachers	Police and fire-fighters	Sick leave policy ¹	All employees	Regular employees	Teachers	Police and fire-fighters
Total	100	100	100	100	Sick leave provided annually ² —Continued				
Provided paid sick leave ²	97	97	95	97	At 10 years of service —Continued				
Sick leave provided annually ³	95	96	95	88	15 and under 30 days	26	27	22	35
At 6 months of service:					30 and under 60 days	(⁴)	(⁴)	(⁴)	2
Under 5 days	3	4	1	2	60 days or more	1	1	1	4
5 and under 10 days	77	81	66	72	At 15 years of service:				
10 and under 15 days	11	8	18	6	Under 5 days	(⁴)	(⁴)	(⁴)	(⁴)
15 and under 30 days	3	2	7	3	5 and under 10 days	5	5	5	3
30 days or more	(⁴)	(⁴)	(⁴)	3	10 and under 15 days	64	65	67	45
At 1 year of service:					15 and under 30 days	25	25	21	33
Under 5 days	(⁴)	(⁴)	(⁴)	(⁴)	30 and under 60 days	1	1	(⁴)	3
5 and under 10 days	6	6	5	4	60 days or more	1	1	1	4
10 and under 15 days	66	66	69	49	At 20 years of service: ⁵				
15 and under 30 days	23	23	20	31	Under 5 days	(⁴)	(⁴)	(⁴)	(⁴)
30 and under 60 days	(⁴)	(⁴)	(⁴)	1	5 and under 10 days	5	5	5	3
60 days or more	(⁴)	(⁴)	(⁴)	3	10 and under 15 days	64	65	67	45
At 5 years of service:					15 and under 30 days	24	25	21	33
Under 5 days	(⁴)	(⁴)	(⁴)	(⁴)	30 and under 60 days	1	1	(⁴)	3
5 and under 10 days	5	5	5	3	60 days or more	1	1	1	4
10 and under 15 days	65	66	68	47	Sick leave provided on a per disability basis ⁶	1	1	(⁴)	(⁴)
15 and under 30 days	24	25	21	33	As needed basis ⁷	1	(⁴)	(⁴)	8
30 and under 60 days	1	1	(⁴)	2	Other basis ⁸	(⁴)	(⁴)	(⁴)	(⁴)
60 days or more	1	1	1	3	Not provided paid sick leave	3	3	5	3
At 10 years of service:									
Under 5 days	(⁴)	(⁴)	(⁴)	(⁴)					
5 and under 10 days	5	5	5	3					
10 and under 15 days	63	63	67	44					

¹ Some plans grant sick leave at partial pay, either in addition or as an alternative to full-pay provisions. Employees receiving partial pay only or no sick leave in their early years of service are included in the overall percentages of workers provided sick leave; however, they are disregarded in computing the distributions by length of service up to the service period at which they become eligible for full sick leave pay.

² The total may be less than the sum of the individual breakdowns because some employees had annual and per disability plans.

³ Employees earn a specified number of sick leave days per year.

⁴ Less than 0.5 percent.

⁵ Provisions were virtually the same after longer years of service.

⁶ Employees earn a specified number of sick leave days, e.g., 30, 60, or 120 days, for each illness or disability.

⁷ Plan does not specify maximum number of days.

⁸ Includes formal plans with provisions that change from a specified number of days per year to a specified number of days per absence or to an unlimited number of days per year.

Table 19. Paid annual sick leave:¹ Average number of days at full pay available for full-time participants, State and local governments, 1987

Length of service	All participants	Regular participants	Teachers	Police and firefighters
At 6 months	7.8	7.2	8.5	11.8
At 1 year	13.0	12.8	12.4	18.0
At 3 years	13.3	13.2	12.6	18.4
At 5 years	13.4	13.3	12.7	18.5
At 10 years	13.9	13.6	13.3	19.0
At 15 years	13.9	13.6	13.5	19.1
At 20 years ²	14.0	13.7	13.6	19.1

¹ This table includes only paid sick leave plans with a specified number of sick leave days available each year. Per disability plans were excluded because only 1 percent of the employees were covered by these plans.

² The average (mean) was virtually the same after longer years of service.

NOTE: Computation of average excluded days paid at partial pay and workers with only partial pay days or zero days of sick leave.

Table 20. Paid annual sick leave:¹ Average number of days at full pay for full-time participants by sickness and accident insurance coordination, State and local governments, 1987

Item	All participants	Regular participants	Police and firefighters
At 1 year of service:			
With sickness and accident insurance	12.5	12.5	12.6
Without sickness and accident insurance	13.1	12.9	18.9
At 5 years of service:			
With sickness and accident insurance	12.7	12.7	12.7
Without sickness and accident insurance	13.6	13.4	19.5
At 10 years of service:			
With sickness and accident insurance	12.8	12.8	12.7
Without sickness and accident insurance	14.0	13.8	20.0
At 20 years of service:²			
With sickness and accident insurance	12.8	12.8	12.7
Without sickness and accident insurance	14.2	13.9	20.2

¹ This table includes only paid sick leave plans with a specified number of days available each year. Per disability plans were excluded because only 1 percent of the employees were covered by these plans.

² Averages were virtually the same after longer years of service.

NOTE: Data for teachers were excluded from this table because only 5 percent of these employees were also covered under a sickness and accident plan. Computation of average excluded days paid at partial pay and workers with only partial pay days or zero days of sick leave.

Table 21. Paid annual sick leave:¹ Percent of full-time participants by unused sick leave policy and carryover provisions, State and local governments, 1987

Unused sick leave policy and carryover provisions	All participants	Regular participants	Teachers	Police and firefighters
Unused sick leave policy				
Total	100	100	100	100
Carryover only	82	82	83	70
Cash-in only	(¹)	(¹)	1	1
Carryover and cash-in	15	15	13	24
Unused benefit lost	2	2	3	5
Carryover provisions				
Total	100	100	100	100
Unlimited accumulation	60	61	59	55
Limit on total number of days accumulated	40	39	41	45
Under 30 days	2	2	(¹)	1
30 - 39 days	1	2	1	1
40 - 49 days	2	1	2	2
50 - 59 days	(¹)	(¹)	-	1
60 days	2	2	3	2
61 - 89 days	1	1	2	1
90 days	6	6	4	4
91 - 119 days	2	2	2	2
120 days	4	4	3	5
121 - 129 days	(¹)	(¹)	(¹)	1
130 days	2	2	2	1
131 - 149 days	1	(¹)	1	1
150 days	2	2	3	4
151 - 179 days	2	1	2	2
180 days	4	3	7	4
181 - 199 days	3	4	(¹)	1
200 days	3	3	3	1
201 - 239 days	2	1	3	3
240 days	2	2	1	2
Over 240 days	1	1	1	4
Days not available	(¹)	(¹)	1	(¹)
Other ³	(¹)	(¹)	(¹)	-

¹ This table includes only paid sick leave plans with a specified number of sick leave days per year. Per disability plans were excluded because only annual sick leave plans allow the employee to carry over and accumulate unused sick leave from one year to the next.

² Less than 0.5 percent.

³ Carryover provisions vary by length of service.

NOTE: Because of rounding, sums of individual items may not equal totals. Dash indicates no employees in this category.

Table 22. Sickness and accident insurance: Percent of full-time participants by type and duration of payments, State and local governments, 1987

Type of payment	Total	Maximum weeks of coverage									No maximum
		Total	Less than 13	13	14-25	26	27-51	52	Greater than 52	Varies by service	
All participants											
All types	100	100	1	2	12	60	()	10	14	1	()
Fixed percent of earnings	87	87	()	2	11	51	()	9	13	1	()
45	()	()	-	-	-	-	-	-	-	0	()
50	26	25	-	-	()	15	-	2	8	0	()
55	3	3	-	-	-	3	-	-	-	0	()
60	18	18	-	()	9	5	-	2	1	1	()
65	2	2	-	-	-	()	-	2	-	-	()
67	21	21	-	()	1	19	-	1	0	0	()
70	9	9	()	1	-	1	()	1	5	-	()
75	7	7	-	-	-	7	-	-	-	-	()
80	()	()	()	-	-	0	-	0	-	-	()
Percent of earnings varies by length of disability	1	1	()	-	-	-	-	-	0	-	()
Fixed weekly dollar benefit	12	12	-	()	1	9	-	1	1	-	()
Less than \$40	()	()	-	-	-	0	-	-	-	-	()
\$40-\$59	4	4	-	0	-	4	-	-	-	-	()
\$60-\$79	1	1	-	0	-	0	-	-	0	-	()
\$80-\$119	3	3	-	0	0	2	-	0	0	-	()
\$120-\$159	1	1	-	-	0	1	-	0	0	-	()
\$160-\$199	1	1	-	-	0	0	-	0	0	-	()
\$200 or more	2	2	-	-	0	1	-	0	0	-	()
Weekly dollar benefit varies by earnings	()	()	-	-	0	-	-	0	-	-	()
Regular participants											
All types	100	100	()	2	13	58	()	10	15	1	()
Fixed percent of earnings	89	89	()	2	12	49	()	9	14	1	()
45	()	()	-	-	-	-	-	-	-	0	()
50	26	26	-	-	()	14	-	3	8	0	()
55	2	2	-	-	-	2	-	-	-	0	()
60	20	20	-	()	11	6	-	2	0	1	()
65	2	2	-	-	-	()	-	2	-	-	()
67	20	20	-	()	1	18	-	1	0	0	()
70	10	10	()	2	-	1	()	1	5	-	()
75	7	7	-	-	-	7	-	-	-	-	()
80	()	()	()	-	-	-	-	0	-	-	()
Percent of earnings varies by length of disability	()	()	()	-	-	-	-	-	0	-	()
Fixed weekly dollar benefit	10	10	-	()	0	9	-	1	0	-	()
Less than \$40	()	()	-	-	-	0	-	-	-	-	()
\$40-\$59	4	4	-	0	-	4	-	-	-	-	()
\$60-\$79	1	1	-	0	-	0	-	-	0	-	()
\$80-\$119	2	2	-	0	0	2	-	0	0	-	()
\$120-\$159	1	1	-	-	0	1	-	1	-	-	()
\$160-\$199	1	1	-	-	0	0	-	0	0	-	()
\$200 or more	1	1	-	-	0	1	-	0	0	-	()
Weekly dollar benefit varies by earnings	()	()	-	-	0	-	-	0	-	-	()

See footnotes at end of table.

Table 22. Sickness and accident insurance: Percent of full-time participants by type and duration of payments, State and local governments, 1987—Continued

Type of payment	Total	Maximum weeks of coverage									No maximum
		Total	Less than 13	13	14-25	26	27-51	52	Greater than 52	Varies by service	
Police and firefighters											
All types	100	100	4	1	8	63	-	13	10	1	-
Fixed percent of earnings	78	78	-	1	6	48	-	13	8	1	-
50	29	29	-	-	-	22	-	(¹)	6	-	-
55	(¹)	(¹)	-	-	-	(¹)	-	-	-	-	-
60	10	10	-	-	6	(¹)	-	3	-	-	-
65	7	7	-	-	-	-	-	7	-	-	-
67	24	24	-	(¹)	-	20	-	2	-	1	-
70	5	5	-	1	-	1	-	(¹)	2	-	-
75	3	3	-	-	-	3	-	-	-	-	-
80	1	1	-	-	-	1	-	-	-	-	-
Percent of earnings varies by length of disability	5	5	4	-	-	-	-	-	1	-	-
Fixed weekly dollar benefit	15	15	-	-	-	15	-	-	-	-	-
Less than \$40	1	1	-	-	-	1	-	-	-	-	-
\$40-\$59	6	6	-	-	-	6	-	-	-	-	-
\$60-\$79	2	2	-	-	-	2	-	-	-	-	-
\$80-\$119	4	4	-	-	-	4	-	-	-	-	-
\$120-\$159	1	1	-	-	-	1	-	-	-	-	-
\$200 or more	1	1	-	-	-	1	-	-	-	-	-
Weekly dollar benefit varies by earnings	1	1	-	-	1	-	-	-	-	-	-

¹ Less than 0.5 percent.

cause of rounding, sums of individual items may not equal totals. Dash indicates no employees in this category.

NOTE: Data were insufficient to show teachers separately. Be-

Table 23. Sickness and accident insurance: Percent of full-time participants with benefits based on percent-of-earnings formula by maximum weekly benefit, State and local governments, 1987

Type of payment	Total	Maximum weekly benefit											No maximum
		Total with maximum	Less than \$100	\$100 to \$119	\$120 to \$139	\$140 to \$159	\$160 to \$199	\$200 to \$249	\$250 to \$299	\$300 to \$349	\$350 to \$399	\$400 or more	
All participants													
Total	100	67	1	(¹)	25	8	4	12	1	8	(¹)	8	33
Fixed percent of earnings	99	67	1	(¹)	25	8	4	12	1	8	(¹)	8	32
45	(¹)	-	-	-	-	-	-	-	-	-	-	-	(¹)
50	29	17	-	-	10	5	-	-	(¹)	(¹)	-	2	13
55	3	3	-	-	-	-	3	-	-	-	-	-	-
60	21	18	-	-	4	1	1	-	1	7	-	4	3
65	2	2	-	-	-	-	-	-	-	-	-	2	1
67	24	19	(¹)	-	6	1	(¹)	12	-	(¹)	-	(¹)	5
70	10	9	(¹)	(¹)	5	2	-	(¹)	-	1	(¹)	(¹)	1
75	8	-	-	-	-	-	-	-	-	-	-	-	8
80	(¹)	-	-	-	-	-	-	-	-	-	-	-	(¹)
Percent of earnings varies by length of disability	1	-	-	-	-	-	-	-	-	-	-	-	1
Regular participants													
Total	100	69	1	(¹)	27	9	3	11	1	9	(¹)	8	31
Fixed percent of earnings	100	69	1	(¹)	27	9	3	11	1	9	(¹)	8	31
45	(¹)	-	-	-	-	-	-	-	-	-	-	-	(¹)
50	30	17	-	-	10	5	-	-	(¹)	(¹)	-	2	13
55	3	3	-	-	-	-	3	-	-	-	-	-	-
60	23	19	-	-	5	1	(¹)	-	1	7	-	5	4
65	2	2	-	-	-	-	-	-	-	-	-	2	1
67	23	19	(¹)	-	6	1	(¹)	11	-	(¹)	-	(¹)	4
70	11	10	(¹)	(¹)	6	2	-	(¹)	-	1	(¹)	(¹)	1
75	8	-	-	-	-	-	-	-	-	-	-	-	8
80	(¹)	-	-	-	-	-	-	-	-	-	-	-	(¹)
Percent of earnings varies by length of disability	(¹)	-	-	-	-	-	-	-	-	-	-	-	(¹)
Police and firefighters													
Total	100	63	2	-	14	8	(¹)	20	5	6	-	8	37
Fixed percent of earnings ²	94	63	2	-	14	8	(¹)	20	5	6	-	8	31
Percent of earnings varies by length of disability	6	-	-	-	-	-	-	-	-	-	-	-	6

¹ Less than 0.5 percent.

² Data were insufficient to show separate detail.

NOTE: Data were insufficient to show teachers separately. Because of rounding, sums of individual items may not equal totals. Dash indicates no employees in this category.

Table 24. Sickness and accident insurance: Percent of full-time participants by length-of-service requirements for participation,¹ State and local governments, 1987

Length-of-service requirement	All participants	Regular participants	Police and fire-fighters
Total	100	100	100
With service requirement	33	36	40
1 month	17	19	21
2 months	1	1	4
3 months	5	6	4
6 months	2	2	4
1 year	6	7	6
Over 1 year	1	1	(²)
Without service requirement	67	64	60

¹ Length of time employees must be on the job before they are covered by a plan that is at least partially employer financed. There is frequently an administrative time lag between completion of the requirement and the actual start of participation. If the lag was 1 month or more, it was included in the service requirement. Minimum age requirements are rare.

² Less than 0.5 percent.

NOTE: Data were insufficient to show teachers separately. Because of rounding, sums of individual items may not equal totals.

Table 25. Long-term disability insurance: Percent of full-time participants by method of determining payment, State and local governments, 1987

Method	All participants			Regular participants			Teachers			Police and firefighters		
	Total	With maximum coverage provisions ¹	Without maximum coverage provisions	Total	With maximum coverage provisions ¹	Without maximum coverage provisions	Total	With maximum coverage provisions ¹	Without maximum coverage provisions	Total	With maximum coverage provisions ¹	Without maximum coverage provisions
All methods	100	60	40	100	61	39	100	60	40	100	47	53
Fixed percent of earnings	89	53	36	87	51	36	93	56	37	94	44	50
Under 40 percent	(²)	-	(²)	(²)	-	(²)	1	-	1	84	44	50
40 percent	3	-	3	1	-	(²)	8	-	8	-	-	-
50 percent	22	2	20	23	2	21	19	1	18	44	2	43
60 percent	28	22	5	29	23	6	25	21	5	27	25	2
62 percent	2	2	-	2	2	-	3	3	-	-	-	-
65 percent	2	2	(²)	2	2	(²)	(²)	(²)	(²)	9	9	-
66 percent	6	6	-	7	7	-	5	5	-	1	1	-
67 percent	19	15	4	18	14	5	22	18	4	9	7	2
70 percent	1	1	(²)	1	(²)	(²)	1	1	-	-	-	-
75 percent	5	2	3	4	1	3	6	4	2	4	-	4
90 percent	1	1	-	(²)	(²)	-	2	2	-	-	-	-
Percent varies by earnings	9	6	3	12	8	4	5	2	3	6	3	3
Percent varies by service	(²)	(²)	-	(²)	(²)	-	1	1	-	-	-	-
Other ³	1	1	(²)	1	1	(²)	2	1	1	-	-	-

¹ Includes dollar maximums in plans that pay a percent of earnings, ceilings on income during disability that limit the amount payable from the long-term disability insurance plans plus other income, or a combination of both.

² Less than 0.5 percent.

³ Includes flat dollar amounts and scheduled percent of earnings varying by length of disability.

NOTE: Because of rounding, sums of individual items may not equal totals. Dash indicates no employees in this category.

Table 26. Long-term disability insurance: Percent of full-time participants by duration of benefits, State and local governments, 1987

Duration of benefits	All participants	Regular participants	Teachers	Police and fire-fighters
Total	100	100	100	100
Until a specified age ¹	37	37	37	37
Under age 65	7	(²)	17	20
Age 65	16	21	9	9
Over age 65 and under 70	(²)	(²)	(²)	-
Age 70	14	16	12	8
Duration of benefit varies by age at time of disability ³	58	58	59	52
Single reduction	28	29	28	19
Gradual reduction	30	29	31	32
Other ⁴	5	5	4	11

¹ The age may be directly specified or the designated retirement age.

² Less than 0.5 percent.

³ Under the Age Discrimination in Employment Act, age-based reductions in employee benefit plans are permissible when justified by significant cost considerations. The duration of benefits may be reduced gradually according to an age schedule or reduced once at a specified age.

⁴ Includes benefits lasting for life, or to a certain age, or for a specified number of months, whichever is longer.

NOTE: Because of rounding, sums of individual items may not equal totals. Dash indicates no employees in this category.

Table 27. Long-term disability insurance: Percent of full-time participants by length-of-service requirements for participation,¹ State and local governments, 1987

Length-of-service requirement	All participants	Regular participants	Teachers	Police and fire-fighters
Total	100	100	100	100
With service requirement	40	45	32	37
1 month	5	5	4	17
2 months	(²)	(²)	-	2
3 months	1	1	1	1
6 months	4	4	4	1
7-11 months	1	1	(²)	-
1 year	21	25	14	14
2 years	5	8	(²)	3
3 years	3	1	8	-
Over 3 years	(²)	(²)	-	-
Without service requirement	60	55	68	63

¹ Length of time employees must be on the job before they are covered by a plan that is at least partially employer financed. There is frequently an administrative time lag between completion of the requirement and the actual start of participation. If the lag was 1 month or more, it was included in the service requirement.

² Less than 0.5 percent.

NOTE: Because of rounding, sums of individual items may not equal totals. Dash indicates no employees in this category.

Table 28. Long-term disability insurance: Percent of full-time participants in plans with limitations on benefits for mental illness, State and local governments, 1987

Limitation	All participants	Regular participants	Teachers	Police and fire-fighters
Total	100	100	100	100
Without limits	74	73	75	71
Benefits limited	26	27	25	29
Unless institutionalized, benefits provided only for limited period	21	20	22	27
24 months	21	20	22	26
Other	(¹)	(¹)	-	1
In all instances, benefits provided only for limited period	5	7	3	3
12 months	(¹)	(¹)	1	-
24 months	5	7	2	3

¹ Less than 0.5 percent.

NOTE: Because of rounding, sums of individual items may not equal totals. Dash indicates no employees in this category.

Chapter 5. Health Care and Life Insurance

Both health and life insurance were commonly available in State and local governments, covering 94 and 85 percent of employees, respectively. Participation rates, both overall and in plans financed wholly by the employer, were higher for police and firefighters than for teachers and regular employees.

Health care

Virtually all of the participants in health care plans had coverage for the major categories of medical care, such as hospitalization, care by physicians and surgeons, X-ray and laboratory work, prescription drugs, and private duty nursing (table 29). With relatively few exceptions, such coverage encompassed both physical and mental health conditions. Among benefits less commonly provided were dental and vision care, covering 62 and 37 percent of the participants, respectively, often through plans separate from those providing participants with other health care benefits.

Significant proportions of participants received full coverage for one or more categories of care, that is, all expenses were paid by their health plan. Surgery was covered in full for half the participants, and diagnostic X-ray and laboratory work was fully provided to two-fifths. Approximately one-fourth were completely covered during hospitalization no matter how long the stay. Attendant benefits such as physicians' bedside visits at the hospital, private duty nursing, and subsequent home health care were also available without employee cost to about one-quarter of the participants. Frequently, these benefits were provided through a health maintenance organization.

Where restrictions on benefits applied, they fell into one of two categories: Internal limits and overall limits. Internal limits restrict the level of coverage for a particular type of medical service, independent of other plan provisions. An example of an internal limit is a maximum of 45 days of hospitalization for mental health care in a plan providing 365 days for other illnesses. An overall limit is a deductible, coinsurance requirement, maximum benefit level, or other provision that applies to many, if not all, types of medical care provided under the health plan. Examples of overall limits include a requirement that the covered employee pay the first \$150 of expenses in a year, regardless of type, before the plan will begin payments (deductible); a requirement that the employee pay 20 percent of expenses beyond the deductible (coinsurance); and a lifetime ceiling on plan

payments of \$1 million (maximum). Plans often apply overall limits to protect against high risks posed by a small proportion of participants. Visits to a physician or psychiatrist and private duty nursing were frequently subject to overall limits.

Internal and overall limits may be found in the same plan. Under this arrangement, expenses for a category of care are fully paid until an internal limit is reached, for example, the first 120 days of a hospital confinement. Protection beyond that point is subject to overall plan coinsurance rates and maximum dollar limitations.

Overall limits (tables 30-32). Seventy-five percent of medical plan participants had overall limits on payments. (Most of the remaining employees were enrolled in health maintenance organizations, which usually cover expenses without the application of overall plan limits.) Two-thirds of the participants were in plans that provided some categories of medical care under both internal and overall limits.

With very few exceptions, plans with overall limits call on employees to meet a deductible requirement before paying benefits. One purpose of the deductible is to keep insurance costs down by discouraging unnecessary use of medical services. Ninety-six percent of employees in plans with overall limits had to meet an annual, flat-dollar deductible requirement; however, for 27 percent of these participants, it was not applicable to hospital expenses. The deductible for one-half of the participants subject to overall limits was \$100, while approximately one-fourth were in plans requiring a deductible of \$150 or more. The average deductible was \$118 for police and firefighters, and \$133 for regular employees and teachers.

Once the worker meets the deductible requirement, plans with overall limits pay a specific percentage (coinsurance) of incurred expenses. Just over three-fourths of the participants subject to overall limits were in plans that paid 80 percent of expenses, with the remaining 20 percent to be paid by the worker. For almost four-fifths of the participants, however, the percentage paid by the plan increased to 100 percent after a specified level of expenses was incurred during a year or disability by an individual ("stop-loss" coverage). For example, a plan might pay 80 percent of the first \$5,000 of covered expenses and 100 percent thereafter, thus limiting the employee's "out-of-pocket" cost to \$1,000 (in addition to the deductible). Where stop-loss coverage applied, outlays for covered expenses of individuals were capped at an average of \$800.

"Stop-loss" limits may also apply to total family expenses. Such a ceiling applied to nearly one-fourth of participants with overall limitations, most of whom also had individual "stop-loss" protection. While individual "stop-loss" provisions did not vary significantly by occupational group, the average family cap for teachers was \$1,200—\$200 less than for regular participants and \$400 less than for police and firefighters.

Plans with overall limits generally specified a ceiling on the amount payable by the plan, usually a lifetime maximum. In 1987, 71 percent of the participants with overall limits were in plans with a lifetime maximum only. Four-tenths were in plans with a \$1 million maximum; the average lifetime maximum was \$865,000. Annual or per disability limits to benefits were found for 11 percent, often in combination with a lifetime restriction. Eighteen percent of the participants subject to overall limits were in plans that did not contain maximum limits on benefits.

Hospital coverage (table 33). The most costly component of health care is that provided by a hospital. Nearly one-half of all personal health care expenditures in the United States are for hospital care.⁷ Virtually all of the participants in the health plans analyzed in this study received coverage for hospital expenses.⁸

The hospital's semiprivate room rate was the basis of room and board payments for virtually all plan participants. This provides some protection against rising hospital charges. Room and board expenses were covered without any limits (following payment of a deductible, if applicable) for 29 percent of participants, primarily those enrolled in health maintenance organizations. Six percent had coverage subject only to the overall dollar limits of the plan. Nearly all of the remaining participants were covered under one of two arrangements. Twenty-seven percent were in plans that paid initial room and board expenses in full for a limited period. Beyond that, expenses were paid at a lower rate, usually 80 percent, up to the overall limits of the plan. Most of the remaining participants were in plans where they shared the cost of room and board from the first day of confinement, with the plan typically paying 80 percent of the semiprivate rate. Regardless of arrangement, participants were nearly always covered for as many days of care as needed.

Separate deductibles for hospital admissions had to be met by 16 percent of the participants. Deductibles normally came in the form of a specified dollar copayment (such as \$100 per admission), but in some cases the employee was required to pay for the first day of hospitalization.

Surgical coverage (tables 34-35). Surgeons' fees for operations performed in a hospital were paid in full for half

of the plan participants. Plans for approximately two-fifths of the participants would pay a portion of the usual, customary, and reasonable charge⁹ for inpatient surgery, typically 80 percent. Only 5 percent of the participants had surgery covered by a schedule of payments which listed the maximum amount payable for each operation. Charges in excess of the schedule amount were usually covered, but subject to the overall limits of the plan. For example, a typical allowance for an appendectomy was \$400; if the surgeon's fee exceeded that amount, the plan paid only 80 percent of the remainder.

Outpatient surgery was covered in every medical plan examined in the survey. It was covered in full somewhat more often than inpatient surgery. For many surgical procedures, plan sponsors promoted surgery outside the hospital as a way of minimizing costs. They encouraged it primarily in two ways. First, for one-third of participants, deductibles applied for inpatient but not for outpatient surgery. Second, in plans reimbursing inpatient surgery at 80 percent of the usual and customary fee, one-half of participants had higher reimbursement rates for outpatient treatment, almost always 100 percent.

Reducing surgical expenditures was the objective of another common feature of medical plans. Forty-seven percent of the participants were in plans providing for a second surgical opinion. Participation was about evenly divided between plans encouraging a second surgical opinion and plans paying for but offering no incentives to obtain a second opinion. Encouragement took several forms. Twenty percent of the participants were in plans that reduced payments for selected types of surgery unless a second opinion was obtained. A few participants were in plans that made no payments for selected surgical procedures unless a second opinion was obtained, or that increased payments for selected surgical procedures when a second surgical opinion was obtained. In most cases, second-opinion incentives applied only to specified operations; common examples were tonsillectomy, removal of the gall bladder, and coronary bypass.

Although employees or their spouses are routinely covered for basic obstetrical procedures, 10 percent of participants were in plans which specifically excluded such payments for dependent children. Complications in connection with a pregnancy, however, were usually covered for all family members.

Mental health coverage (table 36). Mental health coverage, though available to nearly all participants, was commonly subject to special limitations. Eighty percent of participants in plans with mental health benefits had more restrictive hospital coverage for mental illness than for other ailments. The most common special limits were: Fewer days of hospitalization covered in full (often 30 days, compared to

⁷ Ross H. Arnett III, David R. McKusick, Sally T. Sonnefeld, and Carol S. Cowell, "Projections of Health Care Spending to 1990," *Health Care Financing Review*, Spring 1986, pp. 1-36.

⁸ A small number of participants, who elected only dental care coverage, were not covered for hospital expenses.

⁹ The usual, customary, and reasonable charge is a fee that is: Not more than the physician's usual charge; within the customary range of fees in the locality; and is reasonable, considering medical circumstances.

365 days for other illnesses); and a separate, relatively low, ceiling on covered hospital expenses (such as a lifetime maximum of \$50,000 on mental health benefits).

Even more common were restrictions on coverage for mental health care outside the hospital (psychiatric office visits), with 93 percent of participants subject to special limits. Outpatient mental health care was commonly covered for fewer visits per year than other outpatient services, subject to special maximum dollar limits on annual plan payments, and covered at a coinsurance rate of 50 percent rather than the 80 percent paid by the plan for other illnesses. Also, limits on annual out-of-pocket employee expenses (stop-loss coverage) often did not apply to outpatient mental health care.¹⁰

Alcohol and drug abuse care (tables 37-38). Nearly 7 out of 8 health plan participants had alcohol and/or drug abuse coverage. Plans nearly always covered inpatient care, and generally covered outpatient treatment as well. Usually, plans were more restrictive in covering substance abuse treatment than other ailments. Separate internal limitations included restrictions on days of hospital confinement per year and the number of outpatient visits, lower coinsurance rates, and separate lifetime maximums. Most commonly, alcohol and drug abuse treatment benefits were charged against mental health care limitations.

Some benefit provisions differed between alcohol abuse and drug abuse care. For example, plans tended to pay for a higher number of outpatient visits for rehabilitative alcohol abuse treatment than for drug abuse.

Dental coverage (tables 39-42). Sixty-two percent of all State and local government participants in health care plans received coverage for dental expenses. Dental care was seldom integrated with overall medical plan limitations and was often offered separately. Nearly all dental plans covered a wide range of services including examinations, X-rays, fillings, periodontal care, inlays, endodontic care, and prosthetics.¹¹ Plans covering orthodontic expenses, at least for dependent children, covered 68 percent of employees with dental benefits in 1987.

Dental payments were most commonly based on a percentage of the usual, customary, and reasonable charge for a procedure. The percentage covered by a plan generally depended on the type of procedure performed. Less costly preventive procedures such as examinations and X-rays were usually covered at 100 percent. Fillings, surgery, periodontal care, and endodontics were more likely to be covered at 80 percent. More expensive procedures—inlays, crowns,

prosthetics, and orthodontia—were often covered at 50 percent of the usual, customary, and reasonable charge.

About 7 percent of dental plan participants had services covered by an incentive schedule. Under these arrangements, the percentage of dental expenses paid by the plan increases each year if the participant is examined regularly by a dentist.

Fifteen percent of the dental plan participants were offered reimbursement based on a schedule of cash allowances. In this type of arrangement, each procedure is subject to a specified maximum dollar amount that can be paid to the participant.

The remaining dental plan participants received services subject to copayments. In copayment plans, participants are required to pay small amounts for each office visit or dental service before receiving any insurance payments. Copayments were less likely to be required for the less expensive procedures.

Nearly one-half of dental plan participants had to pay a specified deductible amount before the plan paid any benefits. The most common amounts were \$25 or \$50 each year. Yearly deductibles averaged \$55. Some plans, however, required the participants to pay a deductible only once while in the plan rather than every year. Among the three occupational groups, teachers and police and firefighters were more likely than regular participants to participate in plans with deductible requirements.

Seventy-nine percent of dental plan participants had a yearly maximum benefit specified. The most common limit was \$1,000; maximums averaged \$1,100. Orthodontic services were frequently subject to lifetime maximums, most commonly \$1,000.

Vision coverage (table 43). Thirty-seven percent of health insurance plan participants had vision care coverage. Almost all vision plan participants were covered for eye examinations, while 3 in 5 were covered for eyeglasses and contact lenses. Police and firefighter plans provided more comprehensive benefits for eye examinations and eyeglasses; teachers were the group most often covered for contact lenses.

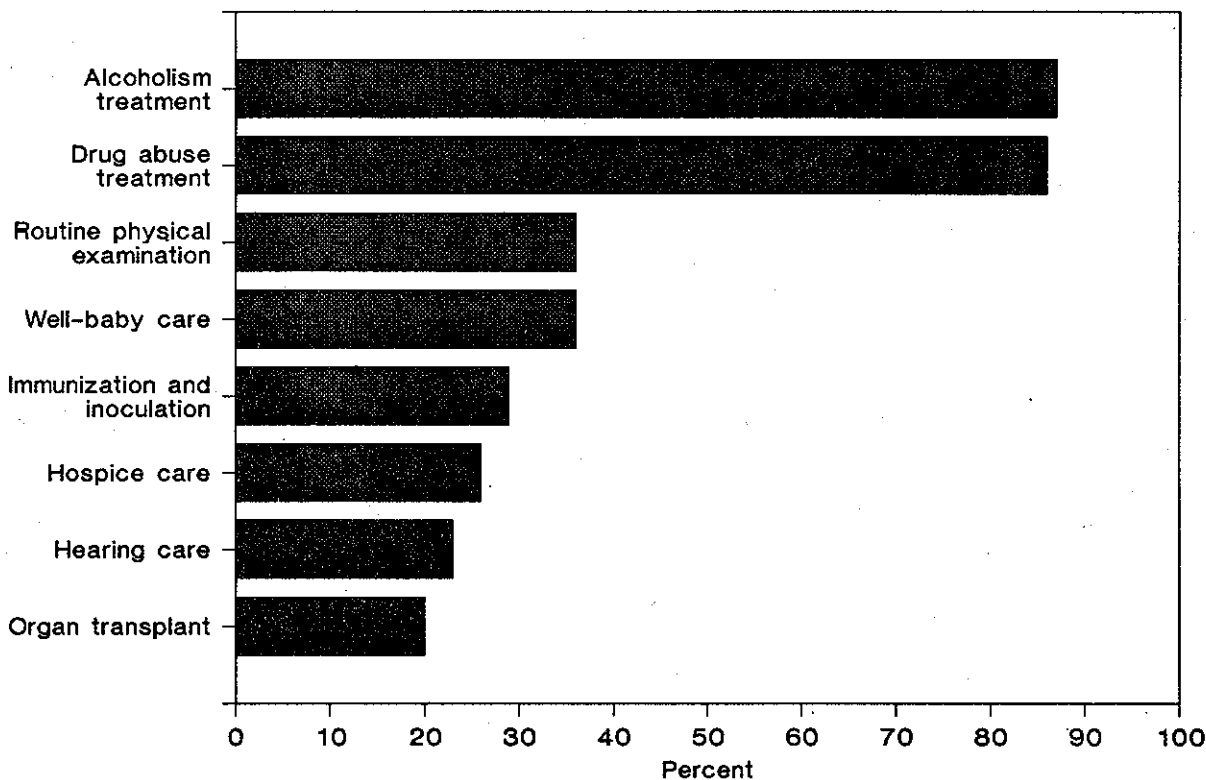
Practically all the limits on vision benefits were internal (e.g., scheduled allowances, coinsurance, and copayments applicable only to vision care services). Examinations were more often subject to a copayment, while reimbursement for eyewear was typically limited by a scheduled allowance.

Other health benefits (table 44). The survey also measured the incidence of other medical service coverage. Thirty-six percent of participants were covered for routine physical examinations and well-baby care (chart 1). Reimbursement for immunization and inoculation expenses was provided to 29 percent, and hearing care expenses to 23 percent. Hospice care, often regarded as a cost-saving alternative to hospitalization, was available to 26 percent of participants. Organ transplants, which involve the most expensive medical procedures, were financed by plans covering 20 percent of the participants.

¹⁰ A detailed examination of mental health care provisions in private health care plans is provided by Allan P. Bostin in "Mental Health Benefits Financed By Employers," *Monthly Labor Review*, July 1987, pp. 23-27.

¹¹ Periodontal care is the treatment of tissues and bones supporting the teeth. Endodontics involves the treatment of the tooth pulp, such as root canal work. Prosthetics deals with the construction and fitting of bridges and dentures.

Chart 1. Coverage for selected types of medical care: Percent of full-time participants in medical care benefit plans, State and local governments, 1987



Cost containment (table 45). To help contain costs of health care, a number of plans provided less expensive alternatives to a hospital stay. Coverage for treatment in an extended care facility was provided for over three-fourths of the participants. Seventy-six percent of the participants were eligible to receive home health care.

More generous benefit provisions for prehospitalization testing, a means of decreasing the length of hospitalization, covered just over one-fourth of the health plan participants. Twenty-two percent of the participants were provided full plan coverage for hospital confinement only when the plan certified such stays as necessary.

Not all cost containment measures are directed towards hospital expenses. Thirty-five percent of the participants were required to have expensive dental procedures authorized in advance in order to be covered. If an expensive dental service is carried out without review by plan representatives, there is no guarantee of coverage or payment.

Offering higher reimbursement rates for generic prescription drugs, discouraging weekend hospital admissions for other than emergencies, higher rates of payment for delivery at a birthing center, and incentives for employees to audit hospital bills were less common than the

other cost containment measures previously described.

Employee contributions (table 46). Requiring workers to help finance premiums is another technique employers have used in coping with rising health care costs. Thirty-five percent of the participants were required to pay part of the cost of their own coverage in 1987, while 71 percent were required to contribute for family coverage.

Exact data on the amount of an employee's contribution for health benefits were not always available because premiums varied depending on the employee's choice of benefits options in a flexible benefits plan or reimbursement account, or because payroll deductions applied to an insurance policy covering both health care and one or more other benefits. For nearly 9 in 10 participants, however, a flat monthly premium was reported. In these cases, the employee's share of premiums averaged \$16 per month for individual coverage and \$72 per month for family coverage. Contributions were similar for all three occupational groups, though police and firefighters tended to pay more for individual coverage and less for family coverage than teachers or regular employees.¹² Some participants were in flexible benefits plans, in which they could set aside a portion

of their salary to purchase additional health care benefits.¹³ These arrangements are described in more detail in chapter 8.

Participation requirements (table 47). A recurring pattern in State and local governments was to permit benefit plan participation immediately upon being hired. Less than 1 in 5 participants were in health care plans that stipulated length-of-service requirements for joining the plan. Where found, requirements usually were for nominal periods, seldom exceeding 3 months.

Coverage for retired or laid-off workers (tables 48-50). Although the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) requires employers to continue health care benefits for employees who are laid off, retired, or otherwise separated from employment,¹⁴ workers may be charged all of the premium costs. In addition, the continuation period stipulated by the law is limited.

Forty-eight percent of the health care participants in the survey, however, worked for employers who financed all or part of health insurance protection after retirement. Of those employees in plans with employer-financed retirement coverage, half were eligible for retiree insurance fully paid by the employer. Insurance coverage continued for life in 90 percent of the cases.

The level of coverage for retirees under age 65 was generally the same as for active workers. Although benefit provisions were reduced for some retirees upon reaching age 65, there was commonly no change in benefit levels apart from coordination with Medicare.

Employer-financed coverage for laid-off employees was much less common. Only 15 percent of the participants were in these plans. The maximum period of employer-financed protection was often 3 months or less; COBRA regulations, however, provided for employee-paid coverage following the termination of employer-financed coverage.

Funding intermediary (table 51). Almost one-third of the medical plan participants were in nontraditional types of health care plans. Twenty-four percent were enrolled in health maintenance organizations (HMO's), prepaid health care plans that deliver comprehensive medical services to

subscribers for a fixed periodic fee.¹⁵ The majority of HMO participants were in group- or staff-model plans, which provide services at central facilities through HMO staff members or groups of physicians under contract. The remainder were in individual practice association plans (IPA's), networks of individual physicians who contract with the HMO to provide services to subscribers. Seven percent were in preferred provider organization plans (PPO's). These arrangements contain financial incentives for participants to seek treatment from designated care providers.

The remaining two-thirds of participants with medical care were in traditional fee-for-service plans, with policies underwritten by Blue Cross-Blue Shield societies (27 percent) or commercial insurance carriers (17 percent), or self-insured by the employer (17 percent). When all arrangements (including combinations of financial intermediaries) were considered together, one-quarter of medical care participants were in self-insured plans.

Dental benefits, in contrast, were more frequently provided under traditional arrangements. Eight in ten participants were in fee-for-service plans. Dental benefits were more likely to be underwritten by commercial carriers than were medical benefits. Additionally, 1 in 5 participants was provided coverage through a plan underwritten by a dental society.

Life insurance (tables 52-56)

Group life insurance, financed wholly or partly by employers, was provided to 85 percent of State and local government workers. Coverage was 91 percent among police and firefighters, while 85 percent of the regular employees and 82 percent of the teachers were covered.

For just over half the participants, the basic life insurance benefit was specified as a flat dollar amount. The remaining 45 percent were in plans where the benefit was expressed as a multiple of the employee's annual earnings; this enabled the level of protection to keep pace with increases in the employee's pay. Usually, the same dollar amount or earnings multiple was provided to all employees in the surveyed government unit. Coverage that increased with service or decreased with age before age 65 (for example, lower benefits starting at age 35) was rare.

Flat amounts of \$15,000 to \$100,000 were more likely to apply to teachers (36 percent of participants in plans paying flat amounts), than to regular employees (23 percent), or police and firefighters (31 percent). Flat-dollar benefits averaged \$13,700 for teachers, \$10,900 for police and firefighters, and \$10,100 for regular employees.

Earnings-based formulas were more prevalent among regular participants than among teachers and police and firefighters. But, under such formulas, the latter two groups

¹⁵ Health maintenance organization plans and plans provided through the more traditional health insurers are compared by Allan Blostin and William Marclay in "HMOs and Other Health Plans: Coverage and Employee Premiums," *Monthly Labor Review*, June 1983, pp. 28-33.

¹² To ensure comparability, contributions for teachers and other employees on 9- or 10-month schedules were prorated to reflect a 12-month year. Included in the calculation of average employee premiums were the premiums of employees who contributed only to a supplemental plan, such as an optional dental plan financed jointly by employer and employees.

¹³ Regulations covering section 125 of the Internal Revenue Code allow employees to designate a portion of their salary for full or partial payment of certain benefit costs. Such salary reduction arrangements are exempt from Federal income tax.

¹⁴ The Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) requires employers who maintain health insurance plans to continue insurance to terminated workers for up to 18 months. Workers may be charged up to 102 percent of the premium cost. State and local governments with 20 or more employees must comply with COBRA regulations.

were more likely to receive life insurance coverage of 2 or more times their earnings. As a result, average multiples were 1.7 times earnings for teachers, 1.8 for police and firefighters, and 1.4 for regular employees.

Life insurance protection began when hired for nearly three-fourths of the participants. Where applicable, service requirements for participation were generally 3 months or less. One in five participants contributed toward the cost of basic coverage.¹⁶

Two in three life insurance participants had additional coverage if accidental death or dismemberment occurred.

¹⁶ The employee contribution rate was generally a flat dollar amount in plans where the amount of insurance was not based on earnings. When based on earnings, the employee contribution rate was commonly expressed as a fixed monthly rate for each \$1,000 of insurance. Reported rates varied widely from 4 cents to \$1.23 per \$1,000, and, in some plans, applied only to amounts of basic scheduled insurance in excess of a free portion (for example, the first \$5,000 of coverage). Data were not available for one-fourth of contributory plan participants, however, in part because payroll deductions sometimes applied to an insurance policy covering life insurance and one or more other benefits.

The amount of insurance was usually doubled in the case of accidental death.

Supplemental life insurance, paid for in whole or in part by the government agency, was also available to one-tenth of the plan participants.

Basic life insurance for retirees was continued by plans covering 55 percent of the participants. For most of these participants, benefits would be reduced at least once upon, or after, retirement.

Life insurance, fully or partially financed by the employer, on the employee's spouse and unmarried dependent children was provided to 1 in 10 participants. For spouses the benefit was usually a flat amount, with the majority insured for at least \$2,000. Coverage for children was usually a lesser amount that increased with the child's age: for example, \$250 until 2 years old, followed by \$500 up to 3 years, and \$1,000 thereafter.

Survivor benefits, which provide a monthly income for a limited duration to the surviving spouse or dependents of an insured employee, were rare.

Table 29. Health care benefits: Percent of full-time participants by coverage for selected categories of care, State and local governments, 1987

Category of medical care	Total	Care provided					Care not provided ¹
		All	Covered in full	Subject to internal limits only ²	Subject to overall limits only ³	Subject to internal and overall limits	
All participants							
Hospital room and board	100	99	27	2	24	46	1
Hospitalization—miscellaneous services ⁴	100	99	27	2	24	45	1
Extended care facility ⁵	100	78	11	26	15	26	22
Home health care ⁵	100	76	25	13	13	25	24
Inpatient surgery	100	99	49	1	39	9	1
Outpatient surgery ⁶	100	99	53	2	29	15	1
Physician visits—in hospital	100	99	32	1	37	29	1
Physician visits—office	100	98	16	14	62	7	2
Diagnostic X-ray and laboratory	100	99	41	2	42	14	1
Prescription drugs—nonhospital	100	93	3	33	52	6	7
Private duty nursing	100	97	26	1	58	12	3
Mental health care	100	98	(⁷)	28	5	65	2
In hospital	100	96	(⁷)	29	5	62	4
Outpatient	100	94	(⁷)	29	58	7	6
Dental	100	62	1	56	(⁷)	5	38
Vision	100	37	11	24	-	3	63
Regular participants							
Hospital room and board	100	99	28	2	25	44	1
Hospitalization—miscellaneous services ⁴	100	99	28	2	25	44	1
Extended care facility ⁵	100	78	11	26	16	25	22
Home health care ⁵	100	77	26	12	13	26	23
Inpatient surgery	100	99	49	1	41	8	1
Outpatient surgery ⁶	100	99	52	2	30	14	1
Physician visits—in hospital	100	99	33	1	39	27	1
Physician visits—office	100	99	16	14	62	6	1
Diagnostic X-ray and laboratory	100	99	40	2	43	13	1
Prescription drugs—nonhospital	100	94	3	35	50	6	6
Private duty nursing	100	97	27	1	56	13	3
Mental health care	100	99	(⁷)	29	4	65	1
In hospital	100	96	(⁷)	30	4	62	4
Outpatient	100	94	(⁷)	29	58	7	6
Dental	100	61	1	56	(⁷)	4	39
Vision	100	38	11	24	-	3	62
Teachers							
Hospital room and board	100	98	22	2	22	51	2
Hospitalization—miscellaneous services ⁴	100	98	22	2	23	51	2
Extended care facility ⁵	100	75	9	25	13	28	25
Home health care ⁵	100	71	19	14	12	25	29
Inpatient surgery	100	98	51	1	35	11	2
Outpatient surgery ⁶	100	98	52	2	27	16	2
Physician visits—in hospital	100	98	28	1	34	35	2
Physician visits—office	100	98	14	13	62	8	2
Diagnostic X-ray and laboratory	100	98	41	2	38	17	2
Prescription drugs—nonhospital	100	91	2	28	56	6	9
Private duty nursing	100	96	21	1	62	12	4
Mental health care	100	98	(⁷)	25	8	64	2
In hospital	100	94	-	26	6	62	6
Outpatient	100	93	(⁷)	25	60	9	7
Dental	100	64	1	55	-	7	36
Vision	100	35	8	24	-	2	65

See footnotes at end of table.

Table 29. Health care benefits: Percent of full-time participants by coverage for selected categories of care, State and local governments, 1987—Continued

Category of medical care	Total	Care provided					Care not provided ¹
		All	Covered in full	Subject to internal limits only ²	Subject to overall limits only ³	Subject to internal and overall limits	
Police and firefighters							
Hospital room and board	100	98	33	1	27	37	2
Hospitalization—miscellaneous services ⁴	100	98	33	1	27	37	2
Extended care facility ⁵	100	79	11	27	11	30	21
Home health care ⁶	100	78	31	13	13	22	22
Inpatient surgery	100	98	51	(⁷)	39	8	2
Outpatient surgery ⁶	100	98	57	2	25	15	2
Physician visits—in hospital	100	98	36	(⁷)	36	25	2
Physician visits—office	100	98	22	14	56	6	2
Diagnostic X-ray and laboratory	100	98	44	3	38	14	2
Prescription drugs—nonhospital	100	92	10	32	46	5	8
Private duty nursing	100	96	31	1	52	12	4
Mental health care	100	98	(⁷)	32	3	62	2
In hospital	100	95	1	34	3	57	5
Outpatient	100	93	(⁷)	33	55	5	7
Dental	100	60	1	55	(⁷)	4	40
Vision	100	42	15	26	-	2	58

¹ For all but dental and/or vision care, percents include employees who elected to waive participation in their employer's medical program but who enrolled in dental and/or vision plans.

² Internal limits apply to individual categories of care, e.g., separate limits or benefits for hospitalization. Limits may be set in terms of dollar ceilings or benefits, a requirement that the participant pay a percentage of costs (coinsurance), or a requirement that the participant pay a specific amount (deductible or copayment) before reimbursement begins or services are rendered.

³ Overall limits are expressed only in terms of total benefits payable under the plan, rather than for individual categories of care. Limits are set as deductibles, coinsurance percentages, and overall dollar limits on plan

benefits.

⁴ Services provided during a hospital confinement.

⁵ Some plans provide this care only to a patient who was previously hospitalized and is recovering without need of the extensive care provided by a general hospital. Excludes provisions for hospice care, which is shown in table 44.

⁶ Charges incurred in the outpatient department of a hospital and outside of the hospital.

⁷ Less than 0.5 percent.

NOTE: Because of rounding, sums of individual items may not equal totals. Dash indicates no employees in this category.

Table 30. Health care benefits: Percent of full-time participants in plans with overall limitations on benefits by amount of deductible,¹ State and local governments, 1987

Type and amount of deductible ²	All participants			Regular participants			Teachers			Police and firefighters		
	Total	Deductible		Total	Deductible		Total	Deductible		Total	Deductible	
		Includes hospital expense	Excludes hospital expense		Includes hospital expense	Excludes hospital expense		Includes hospital expense	Excludes hospital expense		Includes hospital expense	Excludes hospital expense
Total	100	69	31	100	67	33	100	71	29	100	69	31
Deductible specified	96	69	27	96	67	29	97	71	25	93	69	24
Deductible on an annual basis ³	96	68	27	96	67	29	96	71	25	93	69	24
Based on earnings ⁴	(⁰)	(⁰)	-	(⁰)	(⁰)	-	-	-	-	(⁰)	(⁰)	-
Flat dollar amount	96	68	27	96	67	29	96	71	25	93	69	24
Less than \$50	1	1	(⁰)	1	1	(⁰)	1	(⁰)	(⁰)	1	1	-
\$50	12	9	3	11	9	2	15	12	4	11	7	4
\$51-\$99	(⁰)	(⁰)	-	(⁰)	(⁰)	-	1	1	-	(⁰)	(⁰)	-
\$100	48	40	8	48	39	9	47	42	5	56	43	13
\$101-\$149	4	(⁰)	4	5	(⁰)	5	3	-	3	3	(⁰)	3
\$150	11	5	6	12	6	6	12	4	8	5	4	1
\$151-\$199	(⁰)	-	(⁰)	(⁰)	-	(⁰)	(⁰)	-	(⁰)	(⁰)	-	(⁰)
\$200	13	9	4	14	10	4	11	9	3	12	10	2
\$250	1	1	(⁰)	2	1	(⁰)	1	(⁰)	(⁰)	2	2	(⁰)
\$300	1	1	1	1	1	(⁰)	2	1	1	(⁰)	(⁰)	(⁰)
Over \$300	2	1	1	2	1	1	2	2	1	1	(⁰)	1
Deductible not on an annual basis	(⁰)	(⁰)	(⁰)	(⁰)	(⁰)	(⁰)	(⁰)	(⁰)	-	(⁰)	(⁰)	-
No deductible	4	-	4	4	-	4	3	-	3	7	-	7

¹ The deductible is the amount of covered expenses that an individual must pay before any charges are paid by the insurance plan. Deductibles that apply separately to a specific category of expense, such as a deductible for each hospital admission, were excluded from this tabulation.

² Amount of deductible described is for each insured person. However, many plans contain a maximum family deductible. In some plans, the individual and family deductibles are identical. If the deductible applied only to dependents' coverage, it was not tabulated.

³ The basis of the deductible is the length of time within which a single

deductible requirement applies. Some plans require that expenses equal to the deductible be incurred within a shorter period, such as 90 days.

⁴ These plans have deductibles which vary by the amount of the participant's earnings. A typical provision is 1 percent of annual earnings with a maximum deductible of \$150.

⁵ Less than 0.5 percent.

NOTE: Because of rounding, sums of individual items may not equal totals. Dash indicates no employees in this category.

Table 31. Health care benefits: Percent of full-time participants in plans with overall limitations on benefits by coinsurance provisions¹ and maximum out-of-pocket expense provision, State and local governments, 1987

Provision	Total	Initial coinsurance				
		80 percent	85 percent	90 percent	Other	Varies ²
All participants						
Total	100	76	1	11	5	8
Maximum on out-of-pocket expense ³	79	64	1	10	1	3
Per individual:						
\$1-\$249	3	2		1		
\$250-\$399	6	2		4		
\$400	15	15				
\$401-\$499	(¹)	(¹)				
\$500	14	11		3		
\$501-\$749	9	8				
\$750-\$999	9	7				
\$1,000	11	10		1		
\$1,001-\$1,499	12	11		1		
\$1,500-\$1,999	6	4		1		
\$2,000-\$2,499	2	2				
\$2,500 and greater	1	1				
No individual maximum	1	(¹)				
Per family:						
\$1-\$499	1	1				
\$500-\$749	5	4		1		
\$750-\$999	3	2				
\$1,000-\$1,499	6	5		1		
\$1,500-\$1,999	4	2		1		
\$2,000-\$2,999	3	2				
\$3,000-\$3,999	2	1		1		
\$4,000 and greater	(¹)	(¹)				
No family maximum	54	46		6		
No maximum on out-of-pocket expenses	21	12			4	5
Coinsurance unchanged	19	10			4	4
Final coinsurance changes to other than 100%	2	1				1
Regular participants						
Total	100	76	1	11	4	8
Maximum on out-of-pocket expense ³	80	65	1	11	1	3
Per individual:						
\$1-\$249	3	2		1		
\$250-\$399	6	2		3		
\$400	14	13				
\$401-\$499	(¹)	(¹)				
\$500	14	10		4		
\$501-\$749	10	9				
\$750-\$999	11	9				
\$1,000	11	10				
\$1,001-\$1,499	13	11		1		
\$1,500-\$1,999	6	4				
\$2,000-\$2,499	3	3				
\$2,500 and greater	1	1				
No individual maximum	(¹)	(¹)				
Per family:						
\$1-\$499	1	1				
\$500-\$749	6	5		1		
\$750-\$999	3	2				
\$1,000-\$1,499	5	4				
\$1,500-\$1,999	5	2		1		
\$2,000-\$2,999	3	2		2		
\$3,000-\$3,999	2	1		1		
\$4,000 and greater	1	1				
No family maximum	55	48		6		
No maximum on out-of-pocket expenses	20	11			4	5
Coinsurance unchanged	17	9			4	4
Final coinsurance changes to other than 100%	2	2				

See footnotes at end of table.

Table 31. Health care benefits: Percent of full-time participants in plans with overall limitations on benefits by coinsurance provisions¹ and maximum out-of-pocket expense provision, State and local governments, 1987—Continued

Provision	Total	Initial coinsurance				
		80 percent	85 percent	90 percent	Other	Varies ²
Teachers						
Total	100	74	1	11	5	9
Maximum on out-of-pocket expense ³	75	60	1	10	1	3
Per individual:						
\$1-\$249	4	2		2		
\$250-\$399	7	2	0	5		1
\$400	19	18				
\$401-\$499	(⁴)					
\$500	15	13		2		
\$501-\$749	7	6				
\$750-\$999	5	3				
\$1,000	10	9		1		
\$1,001-\$1,499	11	9				
\$1,500-\$1,999	4	3				
\$2,000-\$2,499	1	1				
\$2,500 and greater	1	1				
No individual maximum	1	1				
Per family:						
\$1-\$499	1	1				
\$500-\$749	4	3				
\$750-\$999	3	2				
\$1,000-\$1,499	9	8				
\$1,500-\$1,999	5	3				
\$2,000-\$2,999	2	1				
\$3,000-\$3,999	(⁴)	(⁴)				
\$4,000 and greater	(⁴)	(⁴)				
No family maximum	52	41		8		2
No maximum on out-of-pocket expenses	25	14		1	4	6
Coinsurance unchanged	24	14		1	4	5
Final coinsurance changes to other than 100%	1	(⁴)				1
Police and firefighters						
Total	100	83	(⁴)	7	6	3
Maximum on out-of-pocket expense ³	81	71	(⁴)	7	2	1
Per individual:						
\$1-\$249	2	1				
\$250-\$399	3	2		1		
\$400	16	16				
\$401-\$499	1	1				
\$500	13	11		2		
\$501-\$749	7	7				
\$750-\$999	9	8		1		
\$1,000	14	13				
\$1,001-\$1,499	16	15		1		
\$1,500-\$1,999	9	8				
\$2,000-\$2,499	3	3				
\$2,500 and greater	(⁴)	(⁴)				
No individual maximum	1	(⁴)		1		
Per family:						
\$1-\$499	1	1				
\$500-\$749	3	3				
\$750-\$999	3	3				
\$1,000-\$1,499	4	2				
\$1,500-\$1,999	3	2		2		
\$2,000-\$2,999	3	2				
\$3,000-\$3,999	4	3				
\$4,000 and greater	1	1				
No family maximum	60	55		4	1	
No maximum on out-of-pocket expenses	19	12			5	3
Coinsurance unchanged	17	10			5	2
Final coinsurance changes to other than 100%	1	1				(⁴)

¹ Coinsurance is the percent of covered expenses paid by the plan. The balance is paid by the employee.

² Coinsurance provisions for hospital and/or surgical procedures differ from other categories of medical care (excluding mental health expenses, which are frequently covered at 50 percent).

³ After individual pays a specified dollar amount, the plan pays the remainder of expenses at 100 percent. Deductible amounts were excluded from computation of the out-of-pocket dollar limits. With rare exceptions,

an annual out-of-pocket limit was specified. Few workers were in plans where the expense limit applied to a disability or a period other than a year.

⁴ Less than 0.5 percent.

NOTE: Because of rounding, sums of individual items may not equal totals. Dash indicates no employees in this category.

Table 32. Health care benefits: Percent of full-time participants in plans with overall limitations on benefits by maximum benefit provisions, State and local governments, 1987

Type and dollar amount of maximum ¹	All participants	Regular participants	Teachers	Police and fire-fighters
Total	100	100	100	100
With maximum limits	82	84	80	83
Lifetime maximum only	71	72	68	76
\$25,000 or less	1	1	(²)	(²)
\$25,001-\$49,999	(²)	(²)	1	(²)
\$50,000	1	1	(²)	2
\$50,001-\$99,999	(²)	(²)	-	(²)
\$100,000	2	2	1	1
\$100,001-\$249,999	(²)	(²)	(²)	1
\$250,000	9	9	9	8
\$250,001-\$499,999	1	1	1	2
\$500,000	11	11	13	6
\$500,001-\$999,999	(²)	-	-	2
\$1,000,000	41	43	36	50
More than \$1,000,000	4	3	6	4
Annual or disability maximum only	3	2	3	2
Both lifetime and annual or disability maximums	8	9	8	5
Other ³	1	(²)	1	-
Without maximum limits ⁴	18	16	20	17

¹ Maximum described is for each insured person.

² Less than 0.5 percent.

³ Maximum applied to a specified length of time in excess of 1 year.

⁴ Participants in these plans were subject to other limitations such as deductibles and coinsurance.

NOTE: Because of rounding, sums of individual items may not equal totals. Dash indicates no employees in this category.

Table 33. Health care benefits: Percent of full-time participants in plans with hospital room and board coverage by type of benefit payments and limits to coverage, State and local governments, 1987

Type of payment	All	Limits to coverage			
		Not subject to limits on days or dollars	Subject only to overall dollar limitations	Subject only to limit on days of coverage	Subject to overall dollar limitations or days of coverage ¹
All participants					
Total	100	39	58	2	0
Full semiprivate rate ²	39	29	9	1	0
Full semiprivate rate for limited period, then percent of semiprivate rate	27	3	24	-	0
80 percent	23	3	21	-	0
90 percent	2	0	1	-	0
Other	1	0	1	-	0
Varies	1	0	1	-	-
Percent of semiprivate rate	33	7	24	1	0
80 percent	22	3	17	1	0
85 percent	1	0	0	-	0
90 percent	8	3	5	0	0
95 percent	0	-	0	-	0
Other	2	0	2	-	0
Varies	1	0	0	-	0
Percent of semiprivate rate for limited period, then overall coinsurance provisions	0	-	0	-	-
Daily dollar allowance	0	0	0	-	-
Daily dollar allowance, plus percent of additional charges	1	0	1	-	-
Regular participants					
Total	100	40	58	1	1
Full semiprivate rate ²	40	30	9	1	0
Full semiprivate rate for limited period, then percent of semiprivate rate	26	3	23	-	0
80 percent	22	2	20	-	0
90 percent	2	1	2	-	0
Other	0	0	0	-	0
Varies	2	0	2	-	-
Percent of semiprivate rate	33	7	25	0	0
80 percent	22	3	18	0	0
85 percent	1	0	0	-	0
90 percent	8	4	4	0	0
95 percent	0	-	0	-	0
Other	2	0	2	-	0
Varies	0	0	0	-	0
Percent of semiprivate rate for limited period, then overall coinsurance provisions	0	-	0	-	-
Daily dollar allowance	0	0	0	-	-
Daily dollar allowance, plus percent of additional charges	1	0	1	-	-

See footnotes at end of table.

Table 33. Health care benefits: Percent of full-time participants in plans with hospital room and board coverage by type of benefit payments and limits to coverage, State and local governments, 1987—Continued

Type of payment	All	Limits to coverage			
		Not subject to limits on days or dollars	Subject only to overall dollar limitations	Subject only to limit on days of coverage	Subject to overall dollar limitations or days of coverage ¹
Teachers					
Total	100	37	59	3	(1)
Full semiprivate rate ²	34	25	8	1	-
Full semiprivate rate for limited period, then percent of semiprivate rate	32	5	27	-	(1)
80 percent	28	5	23	-	(1)
90 percent	1	(1)	1	-	(1)
Other	1	(1)	1	-	-
Varies	1	(1)	(1)	-	-
Percent of semiprivate rate	34	7	24	2	(1)
80 percent	20	3	15	2	(1)
85 percent	1	(1)	(1)	-	-
90 percent	10	3	6	(1)	-
95 percent	(1)	-	(1)	-	-
Other	2	(1)	2	-	-
Varies	1	(1)	1	-	-
Daily dollar allowance	-	-	-	-	-
Daily dollar allowance, plus percent of additional charges	(1)	(1)	(1)	-	-
Police and firefighters					
Total	100	44	54	(1)	1
Full semiprivate rate ²	45	35	9	(1)	(1)
Full semiprivate rate for limited period, then percent of semiprivate rate	22	2	21	-	-
80 percent	21	1	20	-	-
90 percent	1	(1)	(1)	-	-
Other	(1)	(1)	-	-	-
Varies	1	-	1	-	-
Percent of semiprivate rate	30	8	22	-	1
80 percent	23	5	18	-	1
85 percent	(1)	-	(1)	-	-
90 percent	5	3	2	-	-
95 percent	(1)	-	(1)	-	-
Other	1	(1)	1	-	(1)
Varies	(1)	-	(1)	-	-
Percent of semiprivate rate for limited period, then overall coinsurance provisions	(1)	-	(1)	-	-
Daily dollar allowance	(1)	(1)	-	-	-
Daily dollar allowance, plus percent of additional charges	2	(1)	2	-	-

¹ Includes plans that limited benefits to either a limit on days of coverage or an overall dollar limitation, whichever was reached first.

² Less than 0.5 percent.

³ Includes full service benefits provided by health maintenance organi-

zations or preferred providers.

NOTE: Because of rounding, sums of individual items may not equal totals. Dash indicates no employees in this category.

Table 34. Health care benefits: Percent of full-time participants in plans with Inhospital surgical benefits by type of payment and comparison with outpatient surgical coverage, State and local governments, 1987

Type of payment for in-hospital surgery	Total	Outpatient surgery ¹					
		Covered the same as in-hospital surgery	Coverage differs from in-hospital surgery coverage				Other differences ³
			Total ²	Different coinsurance			
				90 percent or 95 percent	100 percent	Other percent	
All participants							
Total	100	77	23	1	16	(0)	7
Full usual, customary, and reasonable charge ⁵	51	48	3	-	1	(0)	2
Full usual, customary, and reasonable charge up to a specified amount, plus percent of additional charges	1	1	(0)	-	(0)	-	-
Percent of usual, customary, and reasonable charge:							
80 percent	24	11	14	1	11	-	3
85 percent	1	(0)	(0)	-	(0)	-	-
90 percent	7	5	1	-	1	-	(0)
95 percent	(0)	-	(0)	-	(0)	-	(0)
Other percent	9	7	2	-	1	-	2
Percent of usual, customary, and reasonable charge plus percent of additional charges based on plan's coinsurance rate	1	1	(0)	(0)	(0)	-	-
Dollar allowance per procedure, plus percent of additional charges:							
80 percent	5	3	2	-	1	-	(0)
Other percent	(0)	(0)	(0)	-	(0)	-	(0)
Dollar allowance per procedure	(0)	(0)	(0)	-	(0)	-	-
Regular participants							
Total	100	77	23	1	17	(0)	7
Full usual, customary, and reasonable charge ⁵	50	47	3	-	1	(0)	2
Full usual, customary, and reasonable charge up to a specified amount, plus percent of additional charges	1	1	(0)	-	(0)	-	-
Percent of usual, customary, and reasonable charge:							
80 percent	25	11	14	1	12	-	3
85 percent	1	(0)	(0)	-	(0)	-	-
90 percent	7	5	1	-	1	-	(0)
95 percent	(0)	-	(0)	-	(0)	-	(0)
Other percent	10	8	2	-	1	-	2
Percent of usual, customary, and reasonable charge plus percent of additional charges based on plan's coinsurance rate	1	1	(0)	(0)	(0)	-	-
Dollar allowance per procedure, plus percent of additional charges:							
80 percent	5	3	2	-	1	-	(0)
Other percent	(0)	(0)	(0)	-	(0)	-	(0)
Dollar allowance per procedure	(0)	(0)	(0)	-	(0)	-	-

See footnotes at end of table.

Table 34. Health care benefits: Percent of full-time participants in plans with inpatient surgical benefits by type of payment and comparison with outpatient surgical coverage, State and local governments, 1987—Continued

Type of payment for inpatient surgery	Total	Outpatient surgery ¹					
		Covered the same as inpatient surgery	Coverage differs from inpatient surgery coverage				Other differences ³
			Total ²	Different coinsurance			
			90 percent or 95 percent	100 percent	Other percent		
Teachers							
Total	100	81	19	1	13	-	7
Full usual, customary, and reasonable charge ⁴	53	50	3	-	(¹)	-	3
Full usual, customary, and reasonable charge up to a specified amount, plus percent of additional charges	2	1	1	-	1	-	-
Percent of usual, customary, and reasonable charge:							
80 percent	21	11	10	1	8	-	2
85 percent	1	(¹)	1	-	1	-	-
90 percent	8	7	1	-	1	-	(¹)
95 percent	(¹)	-	(¹)	-	(¹)	-	-
Other percent	6	5	2	-	(¹)	-	1
Percent of usual, customary, and reasonable charge plus percent of additional charges based on plan's coinsurance rate	2	2	(¹)	(¹)	(¹)	-	-
Dollar allowance per procedure, plus percent of additional charges:							
80 percent	6	4	1	-	1	-	0
Other percent	(¹)	(¹)	(¹)	-	(¹)	-	0
Dollar allowance per procedure	(¹)	(¹)	-	-	-	-	-
Police and firefighters							
Total	100	71	29	(¹)	24	(¹)	7
Full usual, customary, and reasonable charge ⁵	52	48	4	-	2	(¹)	2
Full usual, customary, and reasonable charge up to a specified amount, plus percent of additional charges	2	1	1	-	1	-	-
Percent of usual, customary, and reasonable charge:							
80 percent	27	9	19	(¹)	17	-	3
85 percent	(¹)	-	(¹)	-	(¹)	-	-
90 percent	4	3	1	-	1	-	(¹)
95 percent	(¹)	-	(¹)	-	(¹)	-	-
Other percent	8	7	1	-	1	-	0
Percent of usual, customary, and reasonable charge plus percent of additional charges based on plan's coinsurance rate	1	1	(¹)	-	(¹)	-	-
Dollar allowance per procedure, plus percent of additional charges:							
80 percent	5	3	2	-	1	-	1
Other percent	(¹)	(¹)	-	-	-	-	-
Dollar allowance per procedure	(¹)	(¹)	-	-	-	-	-

¹ Outpatient surgery was covered in all plans with surgical benefits. If coverage for surgeon's fees differed by location where the procedure was performed, coverage at doctor's office was tabulated.

² Sums of individual items may exceed total because some plans have more than one difference between inpatient and outpatient surgery.

³ Includes plans with separate yearly or per illness maximums for

outpatient surgery. In other plans, deductible provisions varied.

⁴ Less than 0.5 percent.

⁵ Includes full service benefits provided by health maintenance organizations or preferred provider organizations.

NOTE: Because of rounding, sums of individual items may not equal totals. Dash indicates no employees in this category.

Table 35. Health care benefits: Percent of full-time participants by second surgical opinion provisions, State and local governments, 1987

Item	All participants	Regular participants	Teachers	Police and fire-fighters
Total	100	100	100	100
With second surgical opinion provision	47	47	48	42
Plan pays for, but does not provide incentives for second opinions	24	23	25	22
Plan provides incentives for second opinions	23	23	23	20
For selected procedures ¹	22	22	23	19
No payment without second opinion	1	2	(²)	1
Reduced payment without second opinion	20	20	22	17
Increased payment with second opinion	1	1	1	1
For all procedures	1	1	(²)	1
Reduced payment without second opinion	(²)	(²)	(²)	(²)
Increased payment with second opinion	(²)	(²)	-	-
Schedule of payments lower without second opinion	1	1	(²)	1
Without second surgical opinion provision	53	53	52	58

¹ Procedures most commonly mentioned were tonsillectomy, adenoidectomy, hysterectomy, surgery of the nose or back, removal of the gall bladder, and coronary bypass surgery.

² Less than 0.5 percent.

NOTE: Because of rounding, sums of individual items may not equal totals. Dash indicates no employees in this category.

Table 36. Health care benefits: Percent of full-time participants in plans with mental health benefits by extent of benefits, State and local governments, 1987

Coverage limitation	All participants		Regular participants		Teachers		Police and firefighters	
	Hospital care ¹	Outpatient care ²	Hospital care ¹	Outpatient care ²	Hospital care ¹	Outpatient care ²	Hospital care ¹	Outpatient care ²
Total	100	100	100	100	100	100	100	100
With coverage	97	95	97	95	96	95	97	95
Covered the same as other illnesses	17	2	15	2	21	2	19	1
Subject to separate limitations ³	80	94	82	94	75	93	78	94
Limit on days	61	35	63	36	57	34	58	36
Per year	51	35	53	36	48	34	48	36
Per confinement	9	-	9	-	8	-	7	-
Per lifetime	1	(⁴)	1	(⁴)	(⁴)	-	3	-
Per other period	-	(⁴)	-	(⁴)	-	(⁴)	-	-
Limit on dollars	30	62	29	61	33	64	29	59
Per day	(⁴)	13	(⁴)	12	-	14	(⁴)	10
Per year	6	40	6	39	5	43	4	40
Per confinement	(⁴)	-	1	-	(⁴)	-	(⁴)	-
Per lifetime	24	7	22	7	27	6	24	7
Per other period	-	2	-	2	-	1	-	3
Coinsurance limit	10	49	10	47	11	53	7	48
50 percent	4	37	5	35	4	41	4	39
Other ⁵	6	12	6	12	7	12	3	9
Ceiling on out-of-pocket expenses does not apply	17	44	16	43	19	47	12	36
Separate copayment or deductible	3	14	3	15	4	11	1	13
Other limitations	2	2	2	3	1	2	2	4
Without coverage	3	5	3	5	4	5	3	5

¹ Excludes doctor's charges in the hospital.

² Includes treatment in one or more of the following: Outpatient department of a hospital, residential treatment center, organized outpatient clinic, day-night treatment center, or doctor's office. If benefits differed by location of treatment, doctor's office care was tabulated.

³ The total is less than the sum of the individual items because many plans had more than one type of limitation on mental health coverage.

⁴ Less than 0.5 percent.

⁵ Includes plans with reduced coinsurance other than 50 percent and plans where the rate of reimbursement varied during the treatment period.

NOTE: Because of rounding, sums of individual items may not equal totals. Dash indicates no employees in this category.

Table 37. Health care benefits: Percent of full-time participants in plans with drug abuse treatment benefits by extent of benefits, State and local governments, 1987

Coverage limitation	All participants		Regular participants		Teachers		Police and firefighters	
	Hospital care ¹	Outpatient care ²	Hospital care ¹	Outpatient care ²	Hospital care ¹	Outpatient care ²	Hospital care ¹	Outpatient care ²
Total	100	100	100	100	100	100	100	100
With coverage ³	94	81	93	82	94	78	95	81
Covered the same as other disabilities	23	16	23	17	22	14	22	16
Benefits charged against limitations for mental health care	38	35	37	34	40	38	39	36
Subject to separate limitations ⁴	33	29	33	31	33	26	34	29
Limit on days or visits	22	13	21	13	24	11	24	13
1-29	2	3	2	3	1	2	2	6
30	15	6	15	7	14	5	16	3
31-49	4	2	3	2	7	2	3	2
50 or more	2	2	2	2	2	2	3	2
Other limitations ⁵	15	18	16	19	14	17	15	18
Without coverage	6	19	7	18	6	22	5	19

¹ Excludes doctor's charges in the hospital.

² Includes treatment in one or more of the following: Outpatient department of a hospital, residential treatment center, organized outpatient clinic, day-night treatment center, or doctor's office. If benefits differed by location of treatment, doctor's office care was tabulated.

³ Plan provides benefits for detoxification, rehabilitation, or both.

⁴ The total is less than the sum of the individual items because

some plans contained more than one type of limitation.

⁵ Includes participants in plans with different coinsurance rates, copayments, and maximum benefit levels.

NOTE: Because of rounding, sums of individual items may not equal totals.

Table 38. Health care benefits: Percent of full-time participants in plans with alcohol abuse treatment benefits by extent of benefits, State and local governments, 1987

Coverage limitation	All participants		Regular participants		Teachers		Police and firefighters	
	Hospital care ¹	Outpatient care ²	Hospital care ¹	Outpatient care ²	Hospital care ¹	Outpatient care ²	Hospital care ¹	Outpatient care ²
Total	100	100	100	100	100	100	100	100
With coverage ³	95	85	94	87	96	82	97	87
Covered the same as other disabilities	23	17	24	18	23	15	23	16
Benefits charged against limitations for mental health	37	34	36	33	38	37	39	35
Subject to separate limitations ⁴	34	34	34	36	34	30	36	36
Limit on days or visits	23	17	22	18	25	15	25	20
1-29	2	1	2	2	2	1	1	1
30	15	2	15	3	13	2	17	2
31-49	4	2	3	2	7	2	3	2
50	-	1	-	(⁵)	-	1	-	(⁵)
51-59	(⁵)	(⁵)	(⁵)	(⁵)	-	-	-	-
60	1	10	1	11	1	9	1	13
61-89	(⁵)	(⁵)	(⁵)	(⁵)	1	(⁵)	1	-
90	-	(⁵)	-	(⁵)	-	(⁵)	-	-
91 or more	1	(⁵)	1	(⁵)	1	-	1	(⁵)
Other limitations ⁵	16	19	16	20	14	17	15	18
Without coverage	5	15	6	13	4	18	3	13

¹ Excludes doctor's charges in the hospital.

² Includes treatment in one or more of the following: Outpatient department of a hospital, residential treatment center, organized outpatient clinic, day-night treatment center, or doctor's office. If benefits differed by location of treatment, doctor's office care was tabulated.

³ Plan provides benefits for detoxification, rehabilitation, or both.

⁴ The total is less than the sum of the individual items because

some plans contained more than one type of limitation.

⁵ Less than 0.5 percent.

⁶ Includes participants in plans with different coinsurance rates, copayments, and maximum benefit levels.

NOTE: Because of rounding, sums of individual items may not equal totals. Dash indicates no employees in this category.

Table 39. Health care benefits: Percent of full-time participants in plans with dental benefits by extent of coverage for selected procedures, State and local governments, 1987

Type of dental procedure	Total ¹	Scheduled cash allowance	Incentive schedule ²	Subject to copayment ³	Percent of usual, customary, and reasonable charge									Subject to overall plan provisions only ⁴	Not covered	Not determinable
					Total	Less than 50	50	60	61-75	80	85	90	100 ⁵			
All participants																
Examinations	100	13	7	2	77	☉	1	2	2	14	☉	1	59	☉	1	1
Dental X-rays	100	13	7	1	77	☉	1	2	2	15	☉	1	59	☉	1	1
Fillings	100	14	7	2	75	☉	5	2	3	39	☉	2	53	☉	1	2
Dental surgery ⁷	100	15	7	6	70	☉	8	2	3	37	☉	4	20	☉	2	2
Inlays	100	12	5	3	67	☉	35	7	2	11	☉	3	14	☉	2	2
Crowns	100	14	5	8	67	☉	37	7	2	11	☉	1	9	☉	11	2
Periodontal care	100	13	7	5	69	☉	11	2	3	35	☉	2	7	☉	6	6
Endodontics	100	14	7	7	69	☉	7	2	3	38	☉	4	12	☉	5	5
Prosthetics	100	14	☉	8	70	☉	46	8	2	9	☉	4	13	☉	3	3
Orthodontia ⁸	100	9	☉	8	51	☉	36	6	2	2	☉	☉	5	☉	7	☉
Regular participants																
Examinations	100	16	5	2	75	☉	1	1	2	13	☉	1	58	☉	1	1
Dental X-rays	100	16	5	2	75	☉	1	1	2	15	☉	1	52	☉	1	1
Fillings	100	17	6	1	73	☉	5	1	3	35	☉	3	21	☉	2	2
Dental surgery ⁷	100	18	6	8	66	☉	7	1	3	34	☉	4	14	☉	2	2
Inlays	100	15	3	3	64	☉	34	6	3	9	☉	1	9	☉	12	3
Crowns	100	17	3	10	64	☉	36	6	3	9	☉	1	6	☉	6	6
Periodontal care	100	17	6	6	66	☉	8	2	3	33	☉	4	13	☉	4	4
Endodontics	100	17	6	9	64	☉	6	2	3	35	☉	4	12	☉	3	3
Prosthetics	100	17	☉	10	65	☉	43	6	2	8	☉	1	5	☉	7	☉
Orthodontia ⁸	100	12	☉	9	46	☉	33	4	2	1	☉	☉	5	☉	32	☉
Teachers																
Examinations	100	8	10	1	80	☉	2	3	1	14	☉	1	60	☉	1	1
Dental X-rays	100	8	10	1	80	☉	2	3	1	16	☉	1	55	☉	1	1
Fillings	100	8	10	3	78	☉	6	4	3	46	☉	2	16	☉	2	2
Dental surgery ⁷	100	9	10	1	78	☉	11	4	2	43	☉	3	14	☉	1	1
Inlays	100	8	9	2	73	☉	37	11	2	15	☉	1	7	☉	7	1
Crowns	100	8	10	4	72	☉	38	11	1	16	☉	☉	6	☉	5	5
Periodontal care	100	7	10	3	74	☉	16	4	3	38	☉	3	8	☉	5	5
Endodontics	100	8	10	3	77	☉	9	4	2	43	☉	3	14	☉	2	2
Prosthetics	100	8	☉	4	78	☉	51	12	1	12	☉	☉	2	☉	8	☉
Orthodontia ⁸	100	4	☉	5	61	☉	42	10	2	2	☉	☉	3	☉	30	☉
Police and firefighters																
Examinations	100	8	5	2	84	☉	1	5	5	16	☉	☉	61	☉	1	1
Dental X-rays	100	8	5	☉	85	☉	1	5	5	17	☉	☉	59	☉	2	3
Fillings	100	8	5	1	83	☉	11	3	3	41	☉	2	21	☉	1	2
Dental surgery ⁷	100	8	5	5	80	☉	11	3	3	41	☉	5	19	☉	1	1
Inlays	100	7	2	1	75	☉	40	6	2	11	☉	1	13	☉	13	1
Crowns	100	7	2	5	80	☉	44	6	2	13	☉	1	12	☉	6	6
Periodontal care	100	7	5	3	80	☉	15	3	3	39	☉	5	16	☉	4	4
Endodontics	100	8	5	5	79	☉	11	3	3	42	☉	2	16	☉	7	7
Prosthetics	100	7	☉	5	81	☉	52	7	1	9	☉	☉	10	☉	3	3
Orthodontia ⁸	100	5	☉	6	51	☉	35	3	2	1	☉	☉	10	☉	38	☉

¹ Coverage may be also subject to maximum and deductible provisions.
² Reimbursement arrangement in which the percentage of dental expenses paid by the plan increases if regular dental appointments are scheduled.
³ Participant pays a specific amount per procedure and plan pays all remaining expenses.
⁴ Reimbursement arrangement is the coinsurance provision used for all covered expenses under the plan.

⁵ Includes plans which paid the full cost.
⁶ Less than 0.5 percent.
⁷ Excludes plans which limited coverage to accidental injuries, removal of impacted wisdom teeth, or repair of jaw.
⁸ Participants were included as having coverage for orthodontia in cases where benefits were limited to children.

NOTE: Because of rounding, sums of individual items may not equal totals. Dash indicates no employees in this category.

Table 40. Health care benefits: Percent of full-time participants in plans with dental benefits by deductible provision,¹ State and local governments, 1987

Type of deductible ²	All participants	Regular participants	Teachers	Police and fire-fighters
Total	100	100	100	100
Subject to separate dental deductible ³	46	42	54	50
Yearly deductible only	42	37	52	45
Under \$25	1	1	1	1
\$25	19	17	25	20
\$26-\$49	1	1	(⁴)	3
\$50	15	15	16	20
\$51-\$99	1	1	2	(⁴)
\$100	1	1	1	1
Over \$100	3	2	5	(⁴)
Lifetime deductible only	4	5	(⁴)	4
Less than \$50	2	2	(⁴)	1
\$50	2	2	(⁴)	3
Over \$50	(⁴)	(⁴)	(⁴)	-
Both yearly and lifetime deductibles	2	2	3	1
Subject to overall plan deductible	2	2	2	4
No deductible	52	56	44	46

¹ Excludes separate deductibles for orthodontic procedures.
² Amount of deductible described is for each insured person. In some plans, the individual and family deductibles are identical.
³ Deductibles may not apply to all covered dental procedures. If separate deductibles applied to different procedures, the sum of the deductible amounts was tabulated.
⁴ Less than 0.5 percent.

NOTE: Because of rounding, sums of individual items may not equal totals. Dash indicates no employees in this category.

Table 41. Health care benefits: Percent of full-time participants in plans with dental benefits by yearly maximum amount of insurance,¹ State and local governments, 1987

Dollar amount ²	All participants	Regular participants	Teachers	Police and fire-fighters
Total	100	100	100	100
Yearly maximum specified ³	79	77	82	81
Less than \$500	1	(⁴)	-	8
\$500	4	4	3	2
\$501-\$749	2	3	1	(⁴)
\$750	7	7	7	7
\$751-\$999	(⁴)	(⁴)	-	(⁴)
\$1,000	45	41	51	47
\$1,001-\$1,499	5	6	4	5
\$1,500	7	7	8	7
\$1,501-\$1,999	3	5	1	1
\$2,000	2	2	1	3
\$2,001-\$2,999	3	2	6	-
\$3,000 or more	(⁴)	(⁴)	-	-
No yearly maximum	21	23	18	19
Maximum provision not determinable	(⁴)	(⁴)	-	-

¹ Includes all covered dental procedures except orthodontia. Amount of maximum specified is for each insured person.
² Coverage for dental procedures may also be subject to scheduled allowance, deductible, or coinsurance provisions.
³ If separate yearly maximums applied to different procedures, the sum of the maximums was tabulated. Maximums applied to dental expenses only.
⁴ Less than 0.5 percent.

NOTE: Because of rounding, sums of individual items may not equal totals. Dash indicates no employees in this category.

Table 42. Health care benefits: Percent of full-time participants in plans with orthodontic benefits by lifetime maximum amount of coverage, State and local governments, 1987

Dollar amount ¹	All participants	Regular participants	Teachers	Police and fire-fighters
Total	100	100	100	100
Lifetime maximum specified	64	59	73	66
Less than \$500	(²)	-	(²)	-
\$500	8	8	8	9
\$501-\$749	2	2	3	3
\$750	4	3	5	5
\$751-\$999	8	8	8	5
\$1,000	31	29	35	33
\$1,001-\$1,499	2	2	2	4
\$1,500	6	5	8	4
Greater than \$1,500	2	1	3	3
No lifetime maximum	36	41	27	34
Provision not determinable	(²)	(²)	-	-

¹ Coverage for dental procedures may also be subject to scheduled allowance, deductible, or coinsurance provisions.
² Less than 0.5 percent.

NOTE: Because of rounding, sums of individual items may not equal totals. Dash indicates no employees in this category.

Table 43. Health care benefits: Percent of full-time participants in plans with vision benefits by extent of coverage for selected benefits, State and local governments, 1987

Type of vision benefit	Total	Covered	Covered in full	Subject to internal limits				Subject to overall limitations only	Not covered
				Total ¹	Scheduled allowance	Coinsurance	Copayment		
All participants									
Examinations	100	96	53	41	15	2	24	2	4
Eyeglasses	100	61	19	42	25	4	16	(²)	39
Contact lenses ³	100	61	11	50	38	5	14	(²)	39
Regular participants									
Examinations	100	95	54	40	13	2	26	2	5
Eyeglasses	100	60	18	42	23	4	17	(²)	40
Contact lenses ³	100	58	12	46	33	5	14	(²)	42
Teachers									
Examinations	100	96	50	44	18	4	23	2	4
Eyeglasses	100	65	19	45	32	3	16	(²)	35
Contact lenses ³	100	69	9	60	50	5	14	-	31
Police and firefighters									
Examinations	100	98	59	36	18	1	18	2	2
Eyeglasses	100	64	27	38	26	2	11	(²)	36
Contact lenses ³	100	59	10	49	40	3	8	-	41

¹ The total is less than the sum of the individual items because many workers participate in plans with more than one type of limitation.

² Less than 0.5 percent.

³ Includes plans where coverage was subject to special conditions, for

example, following cataract surgery.

NOTE: Because of rounding, sums of individual items may not equal totals. Dash indicates no employees in this category.

Table 44. Health care benefits: Percent of full-time participants in medical plans¹ by coverage for selected special benefits, State and local governments, 1987

Benefit item	All participants	Regular participants	Teachers	Police and firefighters
Total	100	100	100	100
Covered by at least one of the listed special benefits ²				
Alcoholism treatment	93	93	93	93
Drug abuse treatment	87	88	85	85
Hearing care ³	86	87	84	85
Orthoptics ⁴	23	25	18	24
Hospice care	1	(⁵)	1	1
Routine physical examinations	26	27	22	26
Organ transplant	36	37	31	42
Well-baby care	20	20	19	19
immunization and inoculation	36	38	34	36
Not covered by any one of the listed special benefits	29	30	24	30
Not covered by any one of the listed special benefits	7	7	7	7

¹ Treatment by hospitals, physicians, and surgeons.

² The total is less than the sum of the individual items because many participants receive more than one benefit.

³ Plan provided, as a minimum, coverage for hearing examination expenses.

⁴ Exercises to improve the function of the eye muscles.

⁵ Less than 0.5 percent.

Table 45. Health care benefits: Percent of full-time participants by coverage with selected cost containment features, State and local governments, 1987

Cost containment feature	All participants	Regular participants	Teachers	Police and firefighters
Total	100	100	100	100
Covered by at least one of the listed cost containment features ¹ ..				
Higher rate of payment for generic prescription drugs	66	66	66	67
No or limited reimbursement for nonemergency weekend admissions to hospital	11	12	10	10
Separate deductible for hospital admission	6	6	5	7
Incentive for prehospitalization testing	16	17	14	9
Prehospital admission certification requirement	26	27	25	24
Higher rate of payment for delivery at birthing center	22	23	20	28
Incentive to audit hospital statement	9	10	8	9
Preauthorization of expensive dental procedure	5	5	4	3
Not covered by any of the listed cost containment features	35	34	36	36
Not covered by any of the listed cost containment features	34	34	34	33

¹ The total is less than the sum of the individual items because many workers participate in plans with more than one feature.

Table 46. Health care benefits: Percent of full-time participants in contributory plans by type and amount of employee contribution, State and local governments, 1987

Type and amount of contribution	All participants		Regular participants		Teachers		Police and firefighters	
	Single coverage	Family coverage ¹	Single coverage	Family coverage ¹	Single coverage	Family coverage ¹	Single coverage	Family coverage ¹
Total	100	100	100	100	100	100	100	100
Flat monthly amount	89	91	90	92	84	89	96	94
Less than \$5.00	19	4	17	4	24	2	17	4
\$5.00-\$9.99	22	4	23	4	18	4	22	4
\$10.00-\$14.99	9	3	10	3	6	3	10	3
\$15.00-\$19.99	12	3	13	3	12	3	6	5
\$20.00-\$29.99	15	8	17	6	10	11	19	9
\$30.00-\$39.99	5	9	4	10	6	5	8	7
\$40.00-\$49.99	1	4	1	3	1	5	4	3
\$50.00-\$59.99	1	7	1	8	1	5	1	7
\$60.00-\$69.99	1	6	1	6	1	4	3	9
\$70.00-\$79.99	1	4	1	4	1	4	1	6
\$80.00-\$89.99	(²)	10	(²)	10	(²)	10	(²)	6
\$90.00-\$99.99	(²)	7	(²)	7	(²)	7	1	6
\$100.00-\$124.99	(²)	9	(²)	9	-	9	(²)	8
\$125.00-\$149.99	-	7	-	8	-	6	-	8
\$150.00-\$174.99	-	2	-	2	-	2	-	4
\$175.00-\$199.99	-	2	-	1	-	3	-	2
\$200.00 or greater	-	2	-	1	-	2	-	1
Composite rate ³	2	2	2	1	3	2	4	2
Amount varies by employee ⁴	5	5	4	4	8	6	2	2
Not determinable	6	4	6	4	9	5	2	4

¹ If the amount of contribution varied by either size or composition of family, the rate for an employee with a spouse and one child was used. For a small percentage of employees, the employee contributes the same amount for single and family coverage.

² Less than 0.5 percent.

³ A composite rate is a set contribution covering more than one benefit area, for example, health insurance and sickness and accident insurance.

Cost data for individual plans cannot be determined.

⁴ Amount varies by options selected under a "cafeteria plan" or balance of employer-sponsored reimbursement account.

NOTE: Because of rounding, sums of individual items may not equal totals. Dash indicates no employees in this category.

Table 47. Health care benefits: Percent of full-time participants by length-of-service requirements for participation, State and local governments, 1987

Length-of-service requirement	All participants	Regular participants	Teachers	Police and firefighters
Total	100	100	100	100
With service requirement	19	21	16	19
1 month	13	14	13	9
2 months	1	2	1	3
3 months	3	4	1	4
4-5 months	(²)	(²)	-	-
6 months	1	1	(²)	2
7-11 months	1	1	1	1
1 year	(²)	-	-	(²)
Without service requirement	73	72	74	75
Service requirement not determinable	8	7	10	6

¹ Length of time employees must be on the job before they are covered by a plan that is at least partially employer financed. There is frequently an administrative time lag between completion of the requirement and the actual start of participation. If the lag was 1 month or more, it was included in the service requirement. Minimum age requirements are rare.

² Less than 0.5 percent.

NOTE: Because of rounding, sums of individual items may not equal totals. Dash indicates no employees in this category.

Table 48. Health care benefits: Percent of full-time participants in medical plans by provision for coverage after retirement, State and local governments, 1987

Provision	All participants	Regular participants	Teachers	Police and firefighters
Total	100	100	100	100
With employer-financed retiree coverage	48	49	44	50
Without employer-financed retiree coverage	50	49	53	48
Provision not determinable	2	2	2	3

¹ Plans providing services or payments for services rendered in the hospital or by a physician. Excludes plans that exclusively provided dental, vision, or prescription drug coverage.

NOTE: Because of rounding, sums of individual items may not equal totals.

Table 49. Health care benefits: Percent of full-time participants in medical plans¹ with employer-financed coverage after retirement by benefit provisions and age of retiree, State and local governments, 1987

Benefit provision	All participants		Regular participants		Teachers		Police and firefighters	
	Retiree under 65 ²	Retiree 65 and over	Retiree under 65 ²	Retiree 65 and over	Retiree under 65 ²	Retiree 65 and over	Retiree under 65 ²	Retiree 65 and over
Total	100	100	100	100	100	100	100	100
With employer-financed retiree coverage ³	99	92	100	93	99	88	100	95
Effect of retirement on benefit level: ⁴								
No change in coverage	94	85	93	87	94	81	94	88
Reduced coverage	6	6	6	6	5	6	6	7
Increased coverage	(⁵)	(⁵)	(⁵)	(⁵)	(⁵)	-	-	-
Not determinable	-	(⁵)	-	(⁵)	-	-	-	-
Duration of coverage:								
Continues indefinitely	-	90	-	92	-	84	-	95
Ceases during retirement	1	2	1	1	1	3	(⁵)	-
Continues to age 65	98	-	98	-	98	-	100	-
Not determinable	-	(⁵)	-	(⁵)	-	-	-	-
Retiree share of cost:								
Partial cost	49	43	51	46	45	34	47	46
No cost	50	49	48	47	54	53	53	49
Without retiree coverage	1	8	(⁵)	7	1	12	-	5

¹ Plans providing services or payments for services rendered in the hospital or by a physician. Excludes plans that exclusively provided dental, vision, or prescription drug coverage.

² Provisions in this column apply to the period between retirement and age 65.

³ This tabulation shows covered workers as a percent of all participants in plans with employer-financed group insurance for retirees under age 65, those 65 and over, or both groups. It covers plans in which insurance was continued for longer than 1 month after retirement. It ex-

cludes plans which provide only the retiree's share of premium for medical insurance under Medicare (Part B).

⁴ For retirees eligible for Medicare, benefits may be calculated and reduced by the extent to which covered expenses are reimbursed by the Federal program.

⁵ Less than 0.5 percent.

NOTE: Because of rounding, sums of individual items may not equal totals. Dash indicates no employees in this category.

Table 50. Health care benefits: Percent of full-time participants in medical plans by provision for employer-financed coverage during layoff, State and local governments, 1987

Benefit provision	All participants	Regular participants	Teachers	Police and fire-fighters
Total	100	100	100	100
With employer-financed coverage ¹ ...	15	15	15	17
Employee share of cost: ²				
Partial cost	5	6	3	5
No cost	10	9	12	12
Duration of coverage: ³				
1-2 months	2	2	2	3
3 months	4	4	4	3
4-5 months	(⁴)	(⁴)	1	(⁴)
6 months	1	1	2	1
7-11 months	(⁴)	(⁴)	-	(⁴)
1 year	3	4	1	5
Over 1 year	2	2	2	2
Until rehire	(⁴)	(⁴)	-	(⁴)
Not determinable	2	2	4	2
Without employer-financed coverage	81	81	82	77
No policy established	1	1	1	2
Layoff policy not determinable	3	3	2	4

¹ Excluded are arrangements where coverage is extended, through the Consolidated Omnibus Budget Reconciliation Act of 1985, with the employee paying the full premium cost.

² Administrative costs were excluded from the tabulations.

³ Provision applies to the continuation of employee coverage immediately upon layoff. In some plans, group coverage was extended beyond the length-of-continuation periods reported, with different financing arrangements.

⁴ Less than 0.5 percent.

NOTE: Because of rounding, sums of individual items may not equal totals. Dash indicates no employees in this category.

Table 51. Health care benefits: Percent of full-time participants by arrangement for payment to providers and type of financial intermediary, State and local governments, 1987

Fee arrangement and financial intermediary	All participants		Regular participants		Teachers		Police and firefighters	
	Medical care ¹	Dental care	Medical care ¹	Dental care	Medical care ¹	Dental care	Medical care ¹	Dental care
Total	100	100	100	100	100	100	100	100
Traditional fee for service	67	79	66	76	72	87	63	76
No intermediary-self-insured ²	17	16	17	18	17	13	12	9
Commercial insurance company	17	30	15	26	18	39	21	27
Blue Cross-Blue Shield	27	14	27	13	30	13	25	22
Independent organization	(³)	(³)	(³)	1	(³)	(³)	-	(³)
Medical or dental society	(³)	19	(³)	18	1	22	(³)	15
Other	(³)	1	(³)	1	(³)	(³)	(³)	2
Combined	6	-	6	-	6	-	4	-
Intermediary not determinable	(³)	(³)	(³)	(³)	(³)	-	-	-
Preferred provider organization ⁴	7	4	7	5	6	1	10	10
No intermediary-self-insured ²	2	2	2	2	1	(³)	2	8
Commercial insurance company	2	(³)	2	(³)	2	(³)	3	(³)
Blue Cross-Blue Shield	2	1	2	2	2	-	4	2
Independent organization	(³)	-	(³)	-	(³)	-	(³)	-
Medical or dental society	(³)	(³)	(³)	1	1	-	(³)	(³)
Other	(³)	-	(³)	-	-	-	2	-
Combined	(³)	-	(³)	-	-	-	(³)	-
Prepaid health maintenance organization ⁵	24	17	26	19	19	11	26	13
Commercial insurance company	2	3	2	3	2	3	2	3
Blue Cross-Blue Shield	2	(³)	2	(³)	2	(³)	2	3
Independent organization	20	13	22	15	16	8	22	8
Medical or dental society	(³)	1	(³)	1	(³)	(³)	-	(³)
Other	-	(³)	-	(³)	-	-	-	-
Combined	(³)	-	(³)	-	(³)	-	-	-
Combined	2	(³)	1	(³)	3	1	(³)	-

¹ Treatment by hospitals, physicians, and surgeons.

² Includes plans that are financed on a pay-as-you-go basis, plans financed through contributions to a trust fund established to pay benefits, and plans operating their own facilities if at least partially financed by employer contributions. Includes plans that are administered by a commercial carrier through Administrative Services Only-Minimum Premium Plan (ASO-MPP) contracts and plans in which a commercial carrier provides protection only against extraordinary claims.

³ Less than 0.5 percent.

⁴ A preferred provider organization (PPO) is a group of hospitals and

physicians that contracts to provide comprehensive medical services. To encourage use of organization members, the health care plan limits reimbursement rates when participants use nonmember services.

⁵ Includes federally qualified (those meeting standards of the Health Maintenance Organization Act of 1973, as amended) and other HMO's delivering comprehensive health care on a prepayment rather than fee-for-service basis.

NOTE: Because of rounding, sums of individual items may not equal totals. Dash indicates no employees in this category.

Table 52. Life insurance: Percent of full-time participants by method of determining amount of basic life insurance and frequency of related coverages, State and local governments, 1987

Item	All participants	Regular participants	Teachers	Police and fire-fighters
Total	100	100	100	100
Basic life insurance ¹	100	99	100	100
Based on earnings	45	47	41	44
Multiple ²	42	44	38	40
Graduated schedule	3	3	3	4
Flat amount	53	51	57	56
Flat amount based on service	1	1	2	-
Flat amount based on age	(³)	(³)	(³)	-
With accidental death and dismemberment coverage	67	66	70	71
With survivor income benefit ⁴	1	1	(³)	2
With availability of partly employer-financed supplemental life insurance	10	10	11	8
With dependent coverage	10	9	12	16

¹ A few participants received only accidental death and dismemberment insurance.

² Includes participants in plans in which insurance equaled a multiple of earnings, plus or minus a specific amount.

³ Less than 0.5 percent.

⁴ Consists of monthly income, usually a percent of earnings, for the spouse or dependent children for a specified period after death of employee.

NOTE: Because of rounding, sums of individual items may not equal totals. Dash indicates no employees in this category.

Table 53. Life insurance: Percent of full-time participants in plans with flat dollar insurance¹ by amount of basic insurance, State and local governments, 1987

Amount of insurance	All participants	Regular participants	Teachers	Police and fire-fighters
Total	100	100	100	100
Less than \$2,000	2	1	4	1
\$2,000-\$4,999	16	16	14	17
\$5,000-\$9,999	29	34	19	24
\$10,000-\$14,999	26	25	27	28
\$15,000-\$19,999	7	6	6	18
\$20,000-\$24,999	9	9	9	5
\$25,000-\$29,999	5	4	9	3
\$30,000-\$49,999	5	3	9	3
\$50,000-\$99,999	2	1	3	2
\$100,000 and over	(³)	(³)	-	(³)

¹ Excludes participants in plans where insurance was a flat amount based on service or age.

² Less than 0.5 percent.

NOTE: Because of rounding, sums of individual items may not equal totals. Dash indicates no employees in this category.

Table 54. Life insurance: Percent of full-time participants in plans with multiple-of-earnings formulas¹ by amount of basic insurance and maximum coverage provisions, State and local governments, 1987

Formula	Total	In plans without maximum coverage	In plans with maximum coverage						Maximum coverage provision not determinable
			All	Less than \$50,000	\$50,000-\$99,999	\$100,000-\$249,999	\$250,000-\$499,999	\$500,000 or more	
All participants									
Total	100	62	37	12	8	14	3	(¹)	(¹)
Life insurance is equal to annual earnings times: ³									
Less than 1.0	4	4	(¹)	-	-	(¹)	-	-	-
1.0	44	22	22	12	6	4	-	-	(¹)
1.1-1.4	(¹)	-	(¹)	-	(¹)	-	-	-	(¹)
1.5	15	9	6	(¹)	1	3	1	-	(¹)
2.0	29	22	7	-	2	4	1	(¹)	-
2.5	2	(¹)	2	-	-	2	-	-	-
3.0	1	1	1	-	-	(¹)	1	-	-
3.5	4	4	-	-	-	-	-	-	-
4.0 and greater	(¹)	(¹)	-	-	-	-	-	-	-
Regular participants									
Total	100	60	40	14	8	14	3	(¹)	(¹)
Life insurance is equal to annual earnings times: ³									
Less than 1.0	5	5	(¹)	-	-	(¹)	-	-	-
1.0	46	21	25	14	6	5	-	-	-
1.1-1.4	(¹)	-	(¹)	-	(¹)	-	-	-	-
1.5	16	11	5	-	1	2	1	-	(¹)
2.0	29	21	7	-	1	5	1	(¹)	-
2.5	2	(¹)	2	-	-	2	-	-	-
3.0	1	1	1	-	-	(¹)	1	-	-
3.5	(¹)	(¹)	-	-	-	-	-	-	-
4.0 and greater	(¹)	(¹)	-	-	-	-	-	-	-
Teachers									
Total	100	66	34	8	9	15	2	(¹)	-
Life insurance is equal to annual earnings times: ³									
Less than 1.0	2	2	1	-	-	1	-	-	-
1.0	38	22	16	8	5	3	-	-	-
1.5	13	4	9	(¹)	1	8	-	-	-
2.0	34	28	6	-	3	1	2	(¹)	-
2.5	2	(¹)	2	-	-	2	-	-	-
3.0	1	-	1	-	-	-	1	-	-
3.5	10	10	-	-	-	-	-	-	-
Police and firefighters									
Total	100	75	20	4	9	7	(¹)	-	5
Life insurance is equal to annual earnings times: ³									
Less than 1.0	2	2	-	-	-	-	-	-	-
1.0	45	31	12	4	6	2	-	-	2
1.5	12	8	2	-	2	(¹)	-	-	3
2.0	17	12	5	-	1	4	-	-	-
3.0	2	2	(¹)	-	-	-	(¹)	-	-
3.5	20	20	-	-	-	-	-	-	-
4.0 and greater	1	1	-	-	-	-	-	-	-

¹ Includes participants in plans in which insurance equaled a multiple of earnings, plus or minus a specific amount.

² Less than 0.5 percent.

³ When the multiple-of-earnings formula varied with age, the maximum multiple was tabulated. A few plans varied the multiple-of-

earnings formula according to service; in these cases, a participant was assumed to have 15 years of service.

NOTE: Because of rounding, sums of individual items may not equal totals. Dash indicates no employees in this category.

Table 55. Life insurance: Percent of full-time participants by length-of-service requirements for participation,¹ State and local governments, 1987

Length-of-service requirement	All participants	Regular participants	Teachers	Police and fire-fighters
Total	100	100	100	100
With service requirement	28	31	19	29
1 month	12	12	13	13
2 months	1	1	-	1
3 months	7	9	2	8
4-5 months	(²)	(²)	(²)	-
6 months	4	5	3	7
7-11 months	(²)	(²)	(²)	-
1 year	3	3	1	1
Over 1 year	(²)	(²)	(²)	-
Without service requirement	72	69	80	69
Service requirement not determinable	1	1	(²)	2

¹ Length of time employees must be on the job before they are covered by a plan that is at least partially employer financed. There is frequently an administrative time lag between completion of the requirement and the actual start of participation. If the lag was 1 month or more, it was included in the service requirement. Minimum age requirements are rare.

² Less than 0.5 percent.

NOTE: Because of rounding, sums of individual items may not equal totals. Dash indicates no employees in this category.

Table 56. Life insurance: Percent of full-time participants by effect of retirement on basic life insurance coverage, State and local governments, 1987

Effect of retirement	All participants	Regular participants	Teachers	Police and fire-fighters
Total	100	100	100	100
Insurance continues ¹	55	55	54	61
Continues for life	46	47	44	53
Continues in full	11	10	11	15
Reduced during retirement	36	36	33	38
Once	20	22	14	26
More than once	16	15	19	12
Continues in form of paid-up insurance ²	(²)	(²)	-	(²)
Ceases during retirement	4	4	3	3
Provision not determinable	5	4	8	5
Insurance discontinued immediately	45	45	46	39
Effect not determinable	(²)	(²)	(²)	-

¹ Includes plans in which coverage is fully paid by retiree.

² Plan either accumulates permanent amounts of insurance through the contributions of active employees, or provides benefit through a single premium paid by employer.

³ Less than 0.5 percent.

NOTE: Because of rounding, sums of individual items may not equal totals. Dash indicates no employees in this category.

Chapter 6. Defined Benefit and Defined Contribution Retirement Plans

Ninety-eight percent of surveyed employees had retirement plans in 1987, through defined benefit or defined contribution plans. Defined benefit pension plans use predetermined formulas to calculate a retirement benefit, and obligate the employer to provide those benefits. Conversely, defined contribution plans specify the contribution employers and employees must make to the plan, but do not guarantee what future benefits will be. In State and local governments, defined benefit plans were predominant, covering 93 percent of all employees. Defined contribution plans covered only 9 percent of employees, including 4 percent who participated in both types of plans.

While most employees had defined benefit pensions, some had retirement coverage through money purchase pension plans. These plans covered 8 percent of the employees and provide an annuity or other form of retirement income determined by fixed contribution rates plus earnings attributed to the employee's account.

Defined benefit plans

Benefit formulas (tables 57-59). Terminal-earnings-based formulas applied to nearly all of the employees covered by defined benefit pension plans. Such formulas pay a percent of the employee's annual earnings per year of service (for example, 1.5 percent of earnings times 30 years of service), based on earnings in the final years of employment. Under these formulas, terminal earnings were defined as a 3-year average for 65 percent of the participants. Formulas usually designated any 3 years, or the 3 consecutive years, with the employee's highest earnings.

Such formulas typically used a flat percent of earnings per year of service, which averaged 1.89 percent for all participants. The rate averaged 1.86 percent for regular participants, 1.91 percent for teachers, and 2.16 percent for police and firefighters.

Terminal earnings were the primary basis of formulas for all teachers and police and firefighters in the survey. Two additional computational methods were used for regular employees, but covered less than 1 percent of participants: Career earnings formulas and dollar amount formulas. Career earnings formulas specify a percent of earnings averaged over the employee's entire career. Dollar amount formulas specify a flat dollar amount, such as \$15 per month, times years of service.

Thirty-one percent of all pension plan participants would receive benefits from either primary or alternative formulas, whichever was greater. Alternative formulas were often included to provide at least a minimum level of benefits for persons with short service or low earnings. For example, a plan may have a primary formula of 1.5 percent of terminal earnings times years of service, and an alternative formula of \$15 a month for each year of service. In this case, the alternative formula would provide a higher benefit for persons with terminal earnings of less than \$12,000 a year.

Pension benefits and Social Security (table 60). Unlike the private sector, employees in State and local governments are not universally covered by Social Security. Individual governments have the option of electing Social Security coverage and, until recently, also had the option of terminating current coverage.¹⁷ Social Security coverage in the State and local governments studied varied significantly by occupational group: 78 percent of regular pension plan participants were covered, compared to 64 percent of teachers and 61 percent of police and firefighters.

State and local government pension plans do not explicitly integrate (coordinate) pension benefits with Social Security as frequently as private pension plans do. This is partly explained by the lack of Social Security coverage for some employees, but, even among participants in both plans, only 24 percent were affected by integrated formulas.

Integration of pension benefits with Social Security can occur through an offset provision or an "excess" formula. With an offset provision, part of the employee's Social Security benefit is subtracted from the pension benefit. In an excess formula, a lower percentage is applied to earnings below a specified level (step rate formula) or earnings below that level are disregarded (pure excess formula). The specified level is either the Social Security taxable wage base—usually the career average—or a dollar amount equal to a past Social Security wage base. Integration provisions were most common among regular workers and least common among police and firefighters. Of those employees,

¹⁷ As a result of 1983 amendments to the Social Security law, Social Security coverage for employees of State and local governments cannot be terminated. Previously, such coverage could be terminated after giving a 2-year notice of intent. The 1983 law also permitted States to elect coverage for groups of State and local government employees whose Social Security coverage had been terminated. This was previously prohibited.

with integration features, excess formulas were predominant.¹⁸

Maximum benefit provisions (table 61). Many plans have provisions that restrict benefit levels for participants. For example, 23 percent of participants were in plans that limited the number of years of service included in benefit computation; maximums of 30 to 45 years were most common among teachers and regular employees; lower maximums (20 to 30 years) were included in police and firefighter plans. For 28 percent of participants, annual pensions (sometimes including Social Security payments, where provided) could not exceed a specified percent of terminal earnings.

Replacement rates (tables 62-63). Replacement rates are commonly used as indicators of pension adequacy. In this survey, replacement rates are defined as the portion of a retiree's earnings in the last year of work that is "replaced" by the retirement benefit. To calculate replacement rates for 1987 pension plans, the maximum benefit under each surveyed plan, not reduced for early retirement or joint-and-survivor annuity, was determined under several assumed combinations of final annual earnings and years of service. These benefit levels were then expressed as percents of earnings in the last year of employment. The calculations assume employees retired on January 1, 1987, and final earnings are for 1986.¹⁹

Table 62 presents average replacement rates resulting from defined benefit pension plans for all employees, first alone and then including primary Social Security benefits for those participating in both plans. Table 63 shows how replacement rates vary depending upon Social Security coverage. It first presents employer-sponsored pension benefits only for employees covered by Social Security; then all retirement income for these workers, that is, employer-sponsored pension benefits plus primary Social Security payments; and, finally, employer-sponsored pension benefits for employees not covered by Social Security. (Social Security benefits for spouse and dependents were excluded from this analysis.)²⁰ For pension formulas that are integrated with Social Security and for computation of Social Security benefits, the worker is assumed to have retired at age 65 and to have paid into Social Security for 40 years. (For workers who reached age 65 in 1986, however, the Social Security benefit was the same for workers with similar final earnings who had 28 years or more under Social Security.)

¹⁸ For a comprehensive analysis of private benefit formulas with Social Security integration characteristics, see Donald Bell and Diane Hill, "How Social Security Payments Affect Private Pensions," *Monthly Labor Review*, May 1984, pp. 15-20.

¹⁹ Earnings histories, necessary for applying the pension formulas, were constructed for each final earnings level based on data provided by the Social Security Administration.

²⁰ The Social Security benefit for a spouse, which is 50 percent of the primary benefit, is paid in addition to the primary benefit while both partners are alive (unless the spouse is eligible for a larger primary benefit).

Chart 2 compares pension benefit replacement rates based on a final salary of \$25,000 over several assumed lengths of service for employees covered and not covered by Social Security. Because pension benefit formulas were almost entirely based on a percent of earnings, replacement rates vary only slightly as earnings increase.

Replacement rates under employer-sponsored pension plans are significantly different for employees covered and not covered by Social Security. Employees without Social Security receive consistently higher pension benefits. For example, the 30-year employee with final earnings of \$25,000 and no Social Security coverage had 62 percent of earnings replaced, while the same employee with Social Security coverage had 48 percent of earnings replaced by the employer's pension plan. These higher pension benefits do not, however, fully compensate for the lack of Social Security coverage. When total income replacement from employer pensions plus Social Security is compared to the pension benefits provided by governments not participating in Social Security, replacement rates for the former group were significantly higher for the earnings and service assumptions shown in table 63. These differences result from the low incidence of coordination between Social Security and State and local government plans.

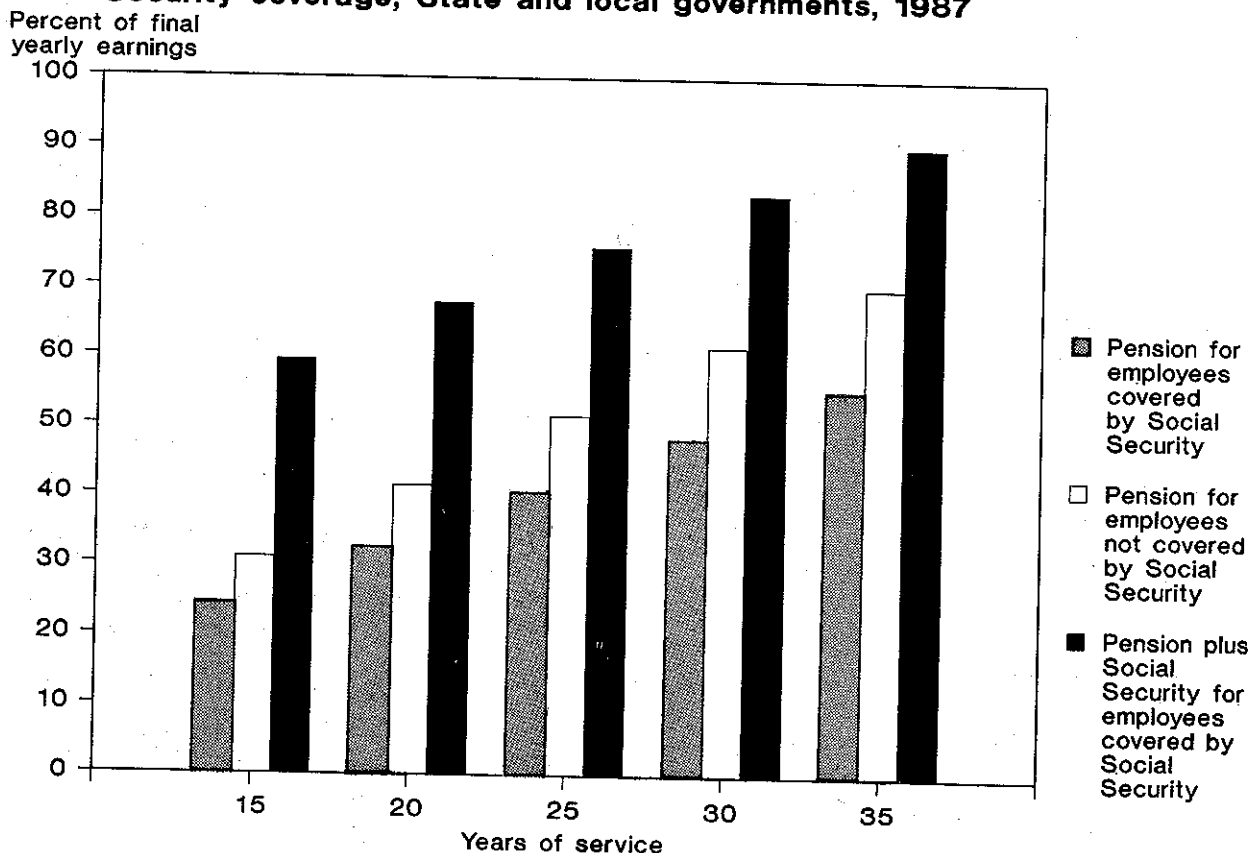
When pension benefits are combined with Social Security for covered employees, substantial variations in replacement rates at different earnings levels do occur. As salary increases, total replacement rates decrease regardless of years of service, reflecting the proportionally higher benefits provided under Social Security for lower income workers. For lower earnings and fewer years of service, primary Social Security benefits are greater than employer-sponsored pension benefits. As earnings and service increase, however, employer-sponsored pensions outweigh Social Security benefits.

Regardless of whether a government unit participated in Social Security, replacement rates were very similar for teachers and regular employees, but were higher for police and firefighters. At 30 years of service and a final salary of \$25,000 per year, teachers or regular employees would have just over half of their salary replaced, while police and firefighters would have three-fifths of their salary replaced. This differential narrows at longer lengths of service, due to provisions in many police and firefighter plans that limit the years of credited service.

Monthly pension benefits, as computed by BLS, varied widely from plan to plan. Chart 3 shows a distribution of the dollar amount of employer-sponsored pension benefits for all workers based on 20 or 30 years of service and final earnings of \$25,000. Calculated monthly pensions for employees retiring with these assumptions varied from less than \$100 to approximately \$1,700.²¹

²¹ For a more complete discussion of replacement rates, see Donald G. Schmitt, "Today's Pension Plans: How Much Do They Pay?" *Monthly Labor Review*, December 1985, pp. 19-25.

Chart 2. Replacement rates under pension plans based on final yearly earnings of \$25,000 by years of service and Social Security coverage, State and local governments, 1987



Normal retirement (table 64). Most participants in employer-sponsored pension plans were able to retire with unreduced pensions considerably earlier than age 65. Thirty-eight percent of all participants could retire at any age after satisfying a service requirement, usually 30 years. Twenty-two percent could retire after reaching age 55. The most common service requirement for these workers was, again, 30 years.

Other age and service requirements differed considerably among occupations. One-third of the regular participants and one-quarter of the teachers were in plans with minimum age requirements of 60 to 65, with widely varying service requirements. In contrast, one-quarter of the police and firefighters were eligible to retire at a specified age before 55, generally with 20 to 25 years of service.

Eight percent of all participants were covered by plans permitting normal retirement after the sum of age plus service reached a specific amount, such as 95. Plans that featured such a provision always offered other normal retirement opportunities at specified ages with specified service requirements.

Early retirement (tables 65-66). Ninety-one percent of regular

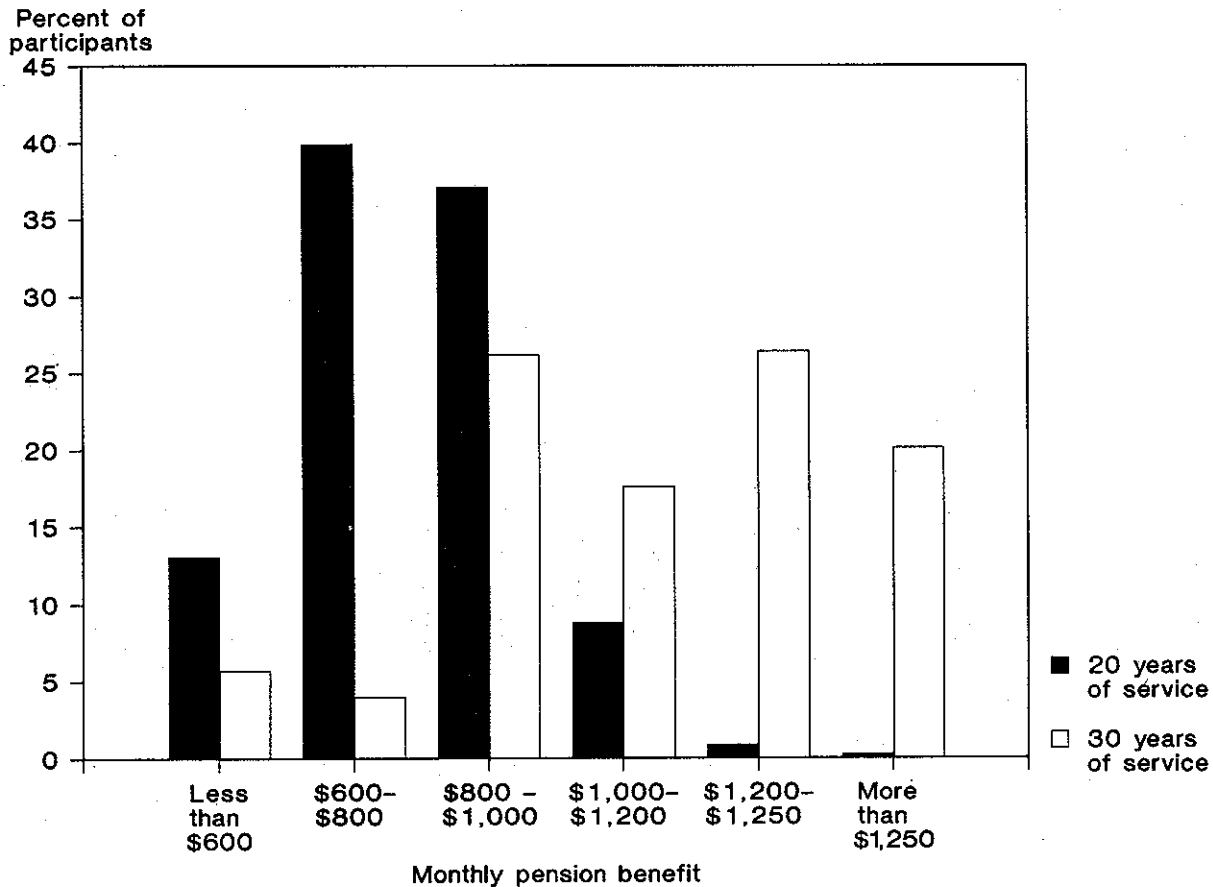
participants and 94 percent of teachers could retire before normal retirement age and receive an immediate, reduced pension; however, only 56 percent of police and firefighters were in such plans. This reflects the large proportion of police and firefighters who could retire before age 55 with an unreduced normal pension.

An early retirement pension is lower than a normal pension for two reasons: Either the benefit is based on a shorter length of service or, since the worker is younger at first receipt, the benefit will be paid over a longer period of time.

Early retirement reductions are usually expressed as a percentage reduction for each year that the worker is short of normal retirement age. For example, if a worker retired at age 51 under a plan in which age 55 is the normal retirement age, the pension would be reduced for the 4-year difference. Assuming a 6-percent reduction per year, this worker would receive 76 percent of the pension benefit accrued at retirement. The reduction factor may be uniform for all participants or may vary by age or service.

Forty-three percent of participants with the option of early retirement were subject to a uniform percentage reduction. These reductions varied from less than 3 percent to 8 percent per year. The greatest number of workers were in the 5- and

Chart 3. Monthly benefits under defined benefit pension plans: Distribution of participants assuming earnings of \$25,000 in the final year of work, State and local governments, 1987



6-percent categories; however, for police and firefighters, the highest concentration of participation was in the 4- to 5-percent range.

Fifty-one percent of all participants in plans allowing early retirement faced reductions varying by age. These were based either on actuarial assumptions relating to life expectancy (17 percent), or on percentages for certain age brackets, sometimes approximating an actuarial table (34 percent).

Nearly 40 percent of all participants were covered by plans permitting early retirement at age 55. Twenty-two percent could qualify for early retirement at any age, most commonly with 25 to 30 years' service. Another 16 percent were eligible to retire at age 50, subject to service requirements varying from 5 years to 30 years. Most of the remainder had age requirements of 56 to 60, usually with a 10-year service requirement.

Disability retirement (table 67). Employees unable to continue working due to a disability may qualify for pension benefits prior to normal retirement. If the impairment meets the plan's definition of total disability, payments will usually

start immediately. However, in some plans, benefits could be deferred until other employer-provided disability income—such as long-term disability insurance—is exhausted.

Ninety-eight percent of all participants in defined benefit pension plans were covered by disability retirement provisions. Furthermore, employees in plans with immediate disability retirement provisions exceeded those in plans with deferred benefits by 8 to 1. Teachers, more likely than other governmental participants to be covered by long-term disability insurance benefits, were also more likely to receive deferred disability retirement benefits.

Requirements for disability retirement were usually based on years of service. However, 20 percent of participating police and firefighters had no age or service requirement for disability retirement.

Postponed retirement (table 68). Survey results indicate that relatively few participants in State and local government pension plans will be affected by recent amendments to the Age Discrimination in Employment Act. These amendments

require most State and local governments, as well as most employers in private industry, to continue pension plan contributions and benefit accruals for employees who work beyond age 65.²² However, a majority of participants were in plans already in compliance with these rules.

Eighty-four percent of participants were in pension plans that credited all service after age 65. Benefit accruals for an additional 13 percent of the participants continued after age 65 but were subject to age-based limitations which may have to be modified under the new law. Of those employees in plans that did not give credit for service after age 65, many were public safety employees whose pensions began at age 65 whether or not they were retired.

A full adjustment of pension benefits for late retirement would include both crediting service and increasing payments for the shorter time that annuitants will draw benefits. This was done rarely. Some governments made an adjustment for the shorter retirement period, but did not credit service.

Postretirement pension increases (tables 69-70). Inflation can severely erode the purchasing power of a fixed pension throughout a worker's retirement years. Three-quarters of the participants were in plans that increased pensions for current retirees at least once during the 1982-86 period. Most of these increases were automatic, rather than discretionary, or ad hoc, adjustments. Some plans provided both types of adjustments:

	Percent
All participants.....	100
With postretirement increase in 1982-86	75
Automatic only	42
Ad hoc only	24
Automatic and ad hoc	9
Without postretirement increase in 1982-86	25

Since the survey reports only the number of current employees covered by pension plans and not the number of retirees, it cannot specify the proportion of annuitants actually receiving postretirement pension increases. A rough measure of the incidence of postretirement increases among pensioners can be derived by assuming that the number of retirees is proportionate to the number of active plan participants.

Fifty-one percent of all participants were in plans that

provided for automatic increases in pension benefits to compensate for increases in the cost of living. Forty-three percent participated in plans which based increases on rises in the BLS Consumer Price Index (CPI), and 8 percent participated in plans granting automatic increases of 1 to 3 percent each year, independent of CPI changes.

For participants in plans which based adjustments on the CPI, there was usually a ceiling that limited periodic increases to 3 percent or less. Nearly all the affected participants were in plans that called for these periodic adjustments to be made annually. Lifetime ceilings on increases were rare, affecting only 1 percent of participants.

BLS computed the size of these increases over the 1982-86 period for each plan with a cost-of-living adjustment provision. These increases were then averaged, using as weights the number of active workers participating, to provide surveywide estimates. On average, these adjustments resulted in an annuity increase of 13.5 percent during the 5-year period, about two-thirds of the 21-percent price rise registered by the BLS Consumer Price Index for All Urban Consumers (CPI-U).²³ (Percent increases under a plan were the same, regardless of the amount of the original pension benefit, because the automatic cost-of-living provisions applied the index to the entire pension.)

In 1987, 33 percent of the participants were in pension plans granting ad hoc increases. Unlike automatic adjustments, these increases were not geared to a predetermined formula. Instead, individual decisions were made to boost retirees' current pension benefits by a specified percent, or a specified percent times years of service.

The size of ad hoc pension increases during 1982-86 was computed for each plan granting such an increase, using three postretirement periods (5, 10, and 15 years) and four monthly pension amounts (\$250, \$500, \$750, and \$1,000) in effect on December 31, 1981. For example, the table below shows that 5-year retirees who had a monthly pension of \$250 at the end of 1981 had pensions averaging \$271 at the end of 1986, an 8.3-percent increase. Where increases varied by a retiree's length of service, 25 years of service was assumed. These increases were then averaged, using as weights the number of active workers participating, to provide surveywide estimates for each example. As shown in the tabulation below, the length of retirement was a factor in determining the size of pension adjustments, with larger increases paid to persons retired longest. Also, in plans where maximum increases were specified, retirees with higher original pensions had lower percentage increases.

²³ The rate of increase was determined by dividing the annual average CPI-U for 1986 by the annual average CPI-U for 1981. For a discussion of postretirement increases that are granted in the private sector, see Donald G. Schmitt, "Postretirement Increases Under Private Pension Plans," *Monthly Labor Review*, September 1984, pp. 3-8.

²² The Equal Employment Opportunity Commission has developed regulations to implement pension accrual provisions of the Omnibus Budget Reconciliation Act of 1986 that amend the Age Discrimination in Employment Act. The rules will become effective for plan years beginning after January 1, 1988, for most plans, but as late as January 1, 1990, for benefit plans which were collectively bargained. Pension plans can restrict the years of service or participation applicable in determining benefits, provided that the limits are not age-related. Also, plan provisions need not provide actuarial increases to workers retiring after the ordinary retirement age.

Monthly pension on December 31, 1981	Years after retirement		
	5	10	15
\$250:			
Average pension on December 31, 1986	\$271	\$275	\$278
Percent change, December 31, 1981-86	8.3	9.8	11.2
\$500:			
Average pension on December 31, 1986	\$540	\$548	\$554
Percent change, December 31, 1981-86	7.9	9.5	10.8
\$750:			
Average pension on December 31, 1986	\$809	\$820	\$830
Percent change, December 31, 1981-86	7.8	9.3	10.7
\$1,000:			
Average pension on December 31, 1986	\$1,078	\$1,093	\$1,107
Percent change, December 31, 1981-86	7.8	9.3	10.7

These average adjustments ranged from 40 to 53 percent of the price rise recorded by the CPI-U from 1982 to 1986.

The survey also collected information on the incidence of lump-sum payments made to current retirees. In 1987, 6 percent of participants were in plans which gave retirees lump-sum payments during the 1982-86 period. In every instance, participants received these lump sums in at least 3 of the 5 years studied. The payments ranged from \$50 to nearly \$600. Retirees receiving these lump sums usually did not receive permanent pension increases between 1982 and 1986.

Vesting (table 71). Even when an employee leaves an employer without qualifying for either a normal, early, or disability retirement benefit, a pension may ultimately be paid. If certain conditions are satisfied at the time of separation, workers have a vested interest in all or a portion of their accrued pension benefits and may begin receiving benefits years later.

Although nearly all State and local government employees are entitled to vested benefits, wide variations exist as to when this occurs. Nearly one-half of the participants were required to work 10 years before benefits were guaranteed, while three-eighths needed only 5 years of plan participation.

Fourteen percent of public safety participants were in plans requiring 15 years of service for vesting. One percent of police and firefighter participants were in plans similar to the Military Retirement System. They could qualify for unreduced pensions at an early age, but would not receive any benefits if they left the plan prior to qualifying for retirement. (These plans are classified as having "no vesting provision" in table 71.)

Unreduced vested benefits begin at a plan's normal retirement age, based on the benefit formula in effect when an employee left the plan. Also, nearly all plans with both

early retirement and vesting provisions permitted the receipt of vested benefits at the early retirement age if the participant had satisfied the corresponding service requirement when leaving the plan. Plans used identical reduction factors to determine the pension for both terminated employees and early retirees for 98 percent of the participants with early receipt opportunities.

Benefits for survivors of retirees (table 72). All participants were in plans allowing for annuities after the death of a retiree. The typical survivor benefit found in government pension plans provides retired married participants with a joint-and-survivor annuity option that pays the surviving spouse a monthly amount. To finance such a survivor's annuity, plans call for an actuarial or arithmetic reduction in the retiree's pension. The employee will receive a smaller retirement benefit in return for joint-and-survivor annuity protection, since payments are likely to be made over a longer period of time. The surviving spouse received payments equalling at least 50 percent of the benefit paid during the retiree's lifetime. The vast majority of participants belonged to plans offering a choice of two or more alternative percentages (usually 50, 67, and 100 percent) provided to a surviving spouse, with corresponding reductions in their monthly pension benefits.

Ten percent of all participants belonged to plans paying survivors a portion of the retiree's accrued benefit. This type of survivor benefit, primarily found in plans covering police and firefighters, generally does not reduce the employee's pension even when there is a significant difference in age between the employee and spouse. Fifty or 60 percent of the pension was usually continued after the retiree's death. Additionally, 10 percent of all participants were in plans providing the spouse a joint-and-survivor annuity plus a portion of the retiree's pension.

Benefits for survivors of active workers (table 73). Eighty-five percent of participants were in plans providing for survivor payments if the employee died before retirement. Employees usually had to be with their employer for 5 or 10 years before any death benefits were payable. For one-half of the participants, a surviving spouse would receive an annuity equivalent to the amount payable if the employee had retired on the day prior to death with a joint-and-survivor form of payment in effect. Nearly all survivor pensions of this nature were based on an early retirement benefit. The remaining one-third of pension plan participants generally had a preretirement survivor annuity calculated as a portion of the employee's earnings or accrued benefit (the benefit earned as of the date of the employee's death).

Governmental pension funds are also a significant source of lump-sum benefits for the survivors of active workers. Twenty-one percent of participants were in plans providing death benefits, commonly equal to 1, 2, or 3 times annual salary. Since no minimum age or service requirements were generally required, these payments at times may have been

provided in lieu of group life insurance. (Group life insurance plans are discussed in detail in chapter 5.)

Employee contributions (table 74). Seventy-eight percent of governmental pension plan participants had to pay part of the cost of their plans in 1987. Virtually all paid a specified percent of earnings. The rates for regular participants were significantly lower than for teachers, or police and firefighters, with a heavy concentration between 3 and 6 percent of earnings. Teachers frequently contributed 6 to 8 percent, while three-eighths of police and firefighters were required to contribute between 8 and 16 percent of their earnings. The remainder of participants paid one rate on earnings above a specified level, and a lower rate (or frequently zero) below that earnings level.

Contributions to the defined benefit plan reduced taxable income for 13 percent of contributory plan participants. For them, pretax contributions are a type of salary reduction arrangement, which is considered below in the discussion of defined contribution plans.

Participation requirements (table 75). For nearly all workers in plans open to new employees, participation began either immediately or shortly after being hired. Service requirements in excess of 6 months or minimum age requirements were rare. Maximum age restrictions applied to 1 in 8 participants, most commonly in plans for police and firefighters. Sometimes linked to strict physical standards for hiring public safety workers, maximum age requirements of 35 and lower were found. On the other hand, maximum ages of 59 or more also appeared.

Governmental units have restructured their retirement systems from time to time. For example, some jurisdictions have changed their plans from noncontributory to contributory. A new plan has usually been created to cover employees hired on or after the effective date of the change. In 1987, nearly 1 in 10 participants was under a pension plan which new employees could no longer join.

Defined contribution plans (tables 76-77)

Nine percent of full-time State and local government employees participated in employer-financed defined contribution plans in 1987. Almost all of these plans were designed to provide retirement income by limiting employee withdrawals of employer contributions to separation from service, death, disability, hardship, age 59½, or retirement.

Fewer than 1 percent of employees were in capital

accumulation plans, with less stringent restrictions on withdrawals; all of these employees also participated in retirement plans.

The most frequently observed defined contribution plans were money purchase pension plans, where fixed contributions are periodically placed in an employee's account and benefits are based on how much money has accumulated at retirement. Money purchase plans were most common for police and firefighters. Typical plans were funded by employer contributions specified as a percent of the worker's pay, such as 3 percent. Savings and thrift plans, in which an employee voluntarily contributes funds and the employer matches some or all of the employee's contributions, covered only 1 percent of employees.

Salary reduction arrangements provide another source of retirement savings. Authorized under several sections of the Internal Revenue Code, these arrangements allow State and local government employees to contribute a portion of their salary to an employer-sponsored plan and defer income taxes on these contributions and accumulated earnings until withdrawal. Twenty-eight percent of employees within the scope of the survey participated in plans with salary reduction features in 1987.

Many of these plans are different from the salary reduction plans found in the private sector. Twelve percent of employees participated in either defined benefit or money purchase pension plans in which they were required to make contributions to the plan, but their contributions were not subject to income taxation until withdrawal. Pretax contributions in these cases are a requirement for receiving any retirement income; in fact, membership in the plan is often a condition of employment.

Seventeen percent of employees²⁴ were in salary reduction plans comparable to those found in the private sector. Sixteen percent were in "freestanding" plans; that is, employees were permitted to defer a portion of their salary to a retirement account, but employers made no contribution.²⁵ One percent participated in savings and thrift plans with matching employer contributions, and 1 percent could supplement their money purchase pension plan accounts with pretax money.

²⁴ This estimate differs from the preliminary figure of 14 percent cited in the February 22, 1988, news release, "BLS Reports on Its First Comprehensive Survey of Employee Benefits in State and Local Governments," USDL: 88-79.

²⁵ Only plans sponsored or administered by State and local governments were included in the survey. Situations where governments disseminated information on tax-deferred investments to employees, but did not administer the plan, were excluded from these tabulations.

Table 57. Defined benefit pension plans: Percent of full-time participants by method of determining retirement payments, State and local governments, 1987

Basis of payment ²	All participants	Regular participants	Teachers	Police and fire-fighters
Total	100	100	100	100
Terminal earnings formula	100	99	100	100
No alternative formula	69	71	62	74
Terminal earnings alternative	8	8	5	16
Career earnings alternative	(³)	(³)	-	-
Dollar amount alternative ⁴	19	16	29	6
Percent of contributions alternative	4	3	4	5
Career earnings formula	(³)	(³)	-	-
No alternative formula	(³)	(³)	-	-
Dollar amount formula ⁴	(³)	1	-	-
No alternative formula	(³)	1	-	-

¹ Excludes supplemental pension plans.

² Alternative formulas are generally designed to provide a minimum benefit for employees with short service or low earnings.

³ Less than 0.5 percent.

⁴ Includes formulas based on dollar amounts for each year of service.

NOTE: Because of rounding, sums of individual items may not equal totals. Dash indicates no employees in this category.

Table 58. Defined benefit pension plans:¹ Percent of full-time participants in plans with percent of terminal earnings benefit formulas by type and amount of formula, State and local governments, 1987

Type and amount of formula ²	Total	Provision for maximum benefit ³		Provision for integration with Social Security benefit		Type and amount of formula ²	Total	Provision for maximum benefit ³		Provision for integration with Social Security benefit	
		Subject to maximum	Not subject to maximum	With integrated formula	Without integrated formula			Subject to maximum	Not subject to maximum	With integrated formula	Without integrated formula
All participants						Teachers					
Total	100	100	100	100	100	Total	100	100	100	100	100
Flat percent per year of service	72	60	83	14	84	Flat percent per year of service	78	65	88	6	88
1.00-1.24	2	(⁴)	4	-	4	1.00-1.24	1	-	2	-	2
1.25-1.49	1	(⁴)	2	-	3	1.25-1.49	2	(⁴)	3	-	3
1.50-1.74	28	17	37	1	48	1.50-1.74	23	12	31	3	41
1.75-1.99	2	(⁴)	4	5	2	1.75-1.99	(⁴)	-	(⁴)	(⁴)	(⁴)
2.00-2.24	28	29	28	4	23	2.00-2.24	47	45	49	-	39
2.25-2.49	4	2	5	3	1	2.25-2.49	1	1	(⁴)	3	-
2.50-2.74	6	12	1	1	3	2.50-2.74	3	6	(⁴)	-	(⁴)
2.75 or greater	1	(⁴)	2	-	1	2.75 or greater	2	-	3	-	2
Percent per year varies	28	40	17	86	16	Percent per year varies	22	35	12	94	12
By service	13	19	8	1	16	By service	10	12	8	-	12
By earnings	14	20	9	83	-	By earnings	12	23	3	94	-
By age	(⁴)	-	(⁴)	-	(⁴)						
By earnings and service	(⁴)	(⁴)	(⁴)	1	-						
Regular participants						Police and firefighters					
Total	100	100	100	100	100	Total	100	100	100	100	100
Flat percent per year of service	71	59	81	16	83	Flat percent per year of service	65	61	73	8	75
1.00-1.24	3	(⁴)	5	-	5	1.00-1.24	(⁴)	(⁴)	1	-	1
1.25-1.49	1	1	2	-	2	1.25-1.49	1	-	2	-	1
1.50-1.74	31	20	41	1	53	1.50-1.74	13	9	23	-	24
1.75-1.99	3	(⁴)	6	6	3	1.75-1.99	2	-	5	-	2
2.00-2.24	21	24	19	5	16	2.00-2.24	20	18	24	3	27
2.25-2.49	5	2	7	3	1	2.25-2.49	4	5	3	-	4
2.50-2.74	5	12	(⁴)	1	3	2.50-2.74	22	27	11	6	16
2.75 or greater	1	-	1	-	(⁴)	2.75 or greater	3	2	5	-	-
Percent per year varies	29	41	19	84	17	Percent per year varies	35	39	25	85	25
By service	13	20	7	1	17	By service	30	34	21	10	24
By earnings	16	21	12	80	-	By earnings	4	5	3	75	-
By age	(⁴)	-	(⁴)	-	(⁴)	By age	(⁴)	-	1	-	1
By earnings and service	(⁴)	(⁴)	(⁴)	2	-						

¹ Excludes supplemental pension plans.

² If a plan contained more than one terminal earnings formula, a primary formula was selected and tabulated.

³ These maximum provisions are independent of Internal Revenue Code ceilings on pensions payable from defined benefit plans.

⁴ Less than 0.5 percent.

NOTE: Because of rounding, sums of individual items may not equal totals. Dash indicates no employees in this category.

Table 59. Defined benefit pension plans:¹ Percent of full-time participants in plans with terminal earnings formulas by definition of terminal earnings, State and local governments, 1987

Definition of terminal earnings	All participants	Regular participants	Teachers	Police and fire-fighters
Total	100	100	100	100
Final year	4	4	1	13
Three years	65	64	68	63
Last 3	(²)	(²)	-	5
High 3	33	31	38	28
Of last 5	2	3	-	(²)
Of last 10	3	3	3	3
Of career	28	25	35	25
Other	(²)	(²)	(²)	-
High consecutive 3	32	33	29	30
Of last 5	(²)	(²)	-	-
Of last 10	2	3	2	1
Of career	29	30	27	29
Five years	19	19	21	13
Last 5	(²)	(²)	-	1
High 5	11	11	10	7
Of last 10	(²)	(²)	-	(²)
Of last 15	1	(²)	2	-
Of career	10	11	8	6
High consecutive 5	8	7	11	5
Of last 10	1	2	(²)	2
Of career	7	6	11	3
Other period ³	12	13	10	12

¹ Excludes supplemental pension plans.

² Less than 0.5 percent.

³ Formulas based on earnings during period other than 1, 3, or 5 years' service, or periods not immediately before retirement (for example, first 5 of last 10 years' service).

NOTE: Because of rounding, sums of individual items may not equal totals. Dash indicates no employees in this category.

Table 60. Defined benefit pension plans:¹ Percent of full-time participants by provision for integration of pension with Social Security benefit, State and local governments, 1987

Provision	Type of benefit formula ²			Provision	Type of benefit formula ²		
	Total ³	Terminal earnings	Dollar amount		Total ³	Terminal earnings	Dollar amount
All participants				Teachers			
Total	100	100	100	Total	100	100	100
With integrated formula	18	18	-	With integrated formula	13	13	-
Offset by Social Security payment ⁴	3	3	-	Offset by Social Security payment ⁴	1	1	-
Based on service ⁵	1	1	-	Based on service ⁵	1	1	-
Not based on service ⁶	2	2	-	Not based on service ⁶	()	()	-
Dollar amount	1	1	-	Dollar amount	()	()	-
Percent of payment	1	1	-	Percent of payment	()	()	-
Pure excess ⁷	7	7	-	Pure excess ⁷	4	4	-
Step-rate excess ⁸	7	7	-	Step-rate excess ⁸	9	9	-
Integrated with a Social Security breakpoint	2	2	-	Integrated with a Social Security breakpoint	3	3	-
Integrated with a specific dollar breakpoint	6	6	-	Integrated with a specific dollar breakpoint	6	6	-
Without integrated formula	55	55	46	Without integrated formula	51	51	42
Not covered under Social Security	27	27	54	Not covered under Social Security	36	36	58
Regular participants				Police and firefighters			
Total	100	100	100	Total	100	100	100
With integrated formula	21	21	-	With integrated formula	7	7	-
Offset by Social Security payment ⁴	4	4	-	Offset by Social Security payment ⁴	1	1	-
Based on service ⁵	1	1	-	Based on service ⁵	()	()	-
Not based on service ⁶	3	3	-	Not based on service ⁶	1	1	-
Dollar amount	1	1	-	Dollar amount	()	()	-
Percent of payment	2	2	-	Percent of payment	1	1	-
Pure excess ⁷	9	9	-	Pure excess ⁷	2	2	-
Step-rate excess ⁸	7	7	-	Step-rate excess ⁸	3	3	-
Integrated with a Social Security breakpoint	1	1	-	Integrated with a Social Security breakpoint	()	()	-
Integrated with a specific dollar breakpoint	6	6	-	Integrated with a specific dollar breakpoint	3	3	-
Without integrated formula	57	57	48	Without integrated formula	53	53	61
Not covered under Social Security	22	22	52	Not covered under Social Security	39	39	39

¹ Excludes supplemental pension plans.

² If a plan contained more than one benefit formula based on terminal earnings or dollar amounts, each integrated formula was tabulated. Participants were included as under nonintegrated formulas only if none of the formulas was integrated.

³ Includes plans with benefit formulas based on career earnings or a percent of employee or employer contributions.

⁴ Benefit as calculated by formula is reduced by portion of primary Social Security payments.

⁵ Offset is equal to the product of a percent of primary Social Security payments and the participant's years of service with the employer. A maximum offset is frequently applied, for example, 50 percent.

⁶ Benefit formula includes a reduction by a specified percent of pri-

mary Social Security payments or a specific dollar amount. Although generally offsets of up to 83.33 percent were permitted by the Internal Revenue Service for plan qualification, offsets in excess of 50 percent were uncommon.

⁷ Less than 0.5 percent.

⁸ Formula does not apply to earnings subject to FICA (Social Security) taxes or below a specific dollar breakpoint.

⁹ Formula applies lower benefit rate to earnings subject to FICA (Social Security) taxes or below a specific dollar breakpoint.

NOTE: Sums of individual items may not equal totals either because of rounding or because more than one benefit formula within a plan was integrated. Dash indicates no employees in this category.

Table 61. Defined benefit pension plans:¹ Percent of full-time participants by maximum benefit provisions,² State and local governments, 1987

Maximum benefit provision	Type of benefit formula ³			Maximum benefit provision	Type of benefit formula ³		
	Total ⁴	Terminal earnings	Dollar amount		Total ⁴	Terminal earnings	Dollar amount
All participants				Teachers			
Total	100	100	100	Total	100	100	100
Subject to maximum	48	48	18	Subject to maximum	47	47	19
Limit on years of credited service ...	23	23	17	Limit on years of credited service ...	26	26	19
Less than 20	1	(⁵)	2	20	(⁵)	(⁵)	-
20	(⁵)	(⁵)	-	21-24	1	1	3
21-24	1	1	-	30	5	4	-
25	3	2	(⁵)	36-39	4	4	-
26-29	(⁵)	(⁵)	-	40	3	3	8
30	6	5	3	45	14	14	8
31-34	1	1	-	Other maximum ⁶	21	21	(⁵)
35	1	1	-	Not subject to maximum	53	53	81
36-39	2	2	-	Police and firefighters			
40	3	3	7	Total	100	100	100
41-44	2	2	-	Subject to maximum	69	67	30
45	6	6	5	Limit on years of credited service ...	38	37	26
Other maximum ⁶	28	28	2	Less than 20	3	1	26
Not subject to maximum	52	52	82	20	5	5	-
Regular participants				21-24	1	1	-
Total	100	100	100	25	6	6	-
Subject to maximum	46	46	18	26-29	(⁵)	(⁵)	-
Limit on years of credited service ...	20	20	15	30	15	15	-
Less than 20	1	(⁵)	2	31-34	6	6	-
20	(⁵)	(⁵)	-	35	4	4	-
21-24	2	2	-	36-39	(⁵)	(⁵)	-
25	3	3	1	40	2	2	-
30	5	5	4	41-44	1	1	-
31-34	(⁵)	(⁵)	-	45	(⁵)	(⁵)	-
35	1	1	-	Other maximum ⁶	39	39	4
36-39	1	1	-	Not subject to maximum	31	33	70
40	3	3	6				
41-44	3	3	-				
45	4	4	2				
Other maximum ⁶	29	30	3				
Not subject to maximum	54	54	82				

¹ Excludes supplemental pension plans.

² These maximum provisions are independent of Internal Revenue Code ceilings on pensions payable from defined benefit plans.

³ If a plan contained more than one benefit formula based on terminal earnings or dollar amounts, each formula containing a maximum benefit provision was tabulated. Participants were included as under formulas without maximum benefit provisions only if none of the formulas contained a maximum.

⁴ Includes plans with benefit formulas based on career earnings or a percent of employee or employer contributions.

⁵ Less than 0.5 percent.

⁶ The benefit yielded under the formula is limited to a percent of terminal earnings, sometimes coordinated with primary Social Security payments, or to a flat dollar amount.

NOTE: Sums of individual items may not equal totals because more than one benefit formula within a plan may have a maximum benefit provision. Also, some benefit formulas contain a limit on years of credited service and another maximum provision. Dash indicates no employees in this category.

Table 62. Defined benefit pension plans:¹ Average replacement rates for specified final earnings and years of service,² State and local governments, 1987

Final annual earnings	Years of service ³						
	10	15	20	25	30	35	40
Pension only—all participants							
All participants							
\$15,000	17.3	26.1	34.9	43.4	51.6	59.0	65.7
\$25,000	17.4	26.2	35.0	43.6	52.0	59.3	66.2
\$35,000	17.4	26.3	35.1	43.8	52.2	59.7	66.6
Regular participants							
\$15,000	17.0	25.6	34.3	42.8	51.0	58.3	65.2
\$25,000	17.1	25.8	34.5	43.1	51.5	58.9	65.8
\$35,000	17.2	25.9	34.7	43.3	51.8	59.3	66.3
Teachers							
\$15,000	17.2	25.9	34.5	43.0	51.1	58.9	66.1
\$25,000	17.2	25.9	34.5	43.0	51.3	59.0	66.2
\$35,000	17.2	25.8	34.5	43.0	51.4	59.2	66.4
Police and firefighters							
\$15,000	21.4	31.7	42.3	51.6	59.8	65.3	69.4
\$25,000	21.0	31.7	42.4	51.7	59.9	65.3	69.4
\$35,000	21.1	31.7	42.4	51.7	60.0	65.4	69.5
Combined pension and primary⁴ Social Security benefit—all participants⁵							
All participants							
\$15,000	48.3	57.1	65.8	74.4	82.6	89.9	96.7
\$25,000	42.8	51.6	60.4	69.0	77.4	84.8	91.6
\$35,000	36.6	45.4	54.3	62.9	71.4	78.9	85.8
Regular participants							
\$15,000	50.1	58.7	67.4	75.9	84.1	91.4	98.3
\$25,000	44.2	53.0	61.7	70.3	78.6	86.1	93.0
\$35,000	37.7	46.4	55.2	63.8	72.4	79.8	86.9
Teachers							
\$15,000	44.6	53.3	61.9	70.3	78.5	86.2	93.4
\$25,000	39.6	48.3	56.9	65.4	73.7	81.4	88.6
\$35,000	34.1	42.7	51.4	59.9	68.4	76.2	83.3
Police and firefighters							
\$15,000	47.2	57.5	68.1	77.3	85.5	91.0	95.1
\$25,000	42.2	52.8	63.5	72.8	81.0	86.4	90.5
\$35,000	37.0	47.6	58.4	67.6	75.9	81.4	85.5

¹ Excludes supplemental pension plans.

² Retirement annuity as a percent of earnings in the final year of work. The maximum pension available to an employee, not reduced for early retirement or joint-and-survivor annuity, was calculated under each pension plan using the earnings and service assumptions shown. This benefit level was then expressed as a percent of earnings in the last year of employment.

These calculations assume employees retired on January 1, 1987, and final earnings are for 1986. Earnings histories, necessary for applying the pension formulas, were constructed for each final earnings level based on data provided by the Social Security Administration.

For pension formulas that are integrated with Social Security (see

table 60) and for computation of Social Security benefits, the worker is assumed to have retired at age 65 and paid into Social Security for 40 years. Computations exclude formulas based on career contributions.

³ The years of service intervals represent total service with the employer. Time spent satisfying service requirements for plan participation was excluded from the calculation of replacement rates, unless the pension plan specified that such time was to be included in benefit computations.

⁴ Excludes benefits for spouses and other dependents.

⁵ Includes participants in government units not participating in Social Security; table reflects only employer-sponsored pension benefits for these employees.

Table 63. Defined benefit pension plans: Average replacement rates for specified final earnings and years of service,² by participation status in Social Security, State and local governments, 1987

Final annual earnings	Years of service ³						
	10	15	20	25	30	35	40
Pension only—participants with Social Security⁴							
All participants							
\$15,000	16.0	24.2	32.3	40.2	47.7	54.6	61.2
\$25,000	16.1	24.3	32.5	40.5	48.2	55.2	61.8
\$35,000	16.2	24.4	32.7	40.7	48.8	55.7	62.3
Regular participants							
\$15,000	15.8	23.9	32.0	40.0	47.5	54.4	61.1
\$25,000	15.9	24.1	32.3	40.4	48.2	55.2	62.0
\$35,000	16.1	24.2	32.5	40.6	48.6	55.8	62.3
Teachers							
\$15,000	15.9	23.9	31.8	39.4	46.8	53.9	60.5
\$25,000	15.8	23.8	31.7	39.5	47.0	54.0	60.6
\$35,000	15.8	23.8	31.7	39.5	47.3	54.4	60.1
Police and firefighters							
\$15,000	19.4	29.2	39.1	47.2	54.4	59.9	64.5
\$25,000	19.4	29.3	39.2	47.3	54.6	60.0	64.6
\$35,000	19.5	29.3	39.2	47.5	54.8	60.2	64.8
Pension plus primary Social Security⁴—participants with Social Security							
All participants							
\$15,000	59.0	67.1	75.2	83.2	90.7	97.6	104.1
\$25,000	51.3	59.5	67.8	75.8	83.5	90.4	97.0
\$35,000	42.8	51.0	59.3	67.3	75.3	82.3	88.9
Regular participants							
\$15,000	58.7	66.8	74.9	82.9	90.5	97.4	104.1
\$25,000	51.2	59.3	67.5	75.6	83.4	90.5	97.2
\$35,000	42.7	50.9	59.1	67.2	75.3	82.4	89.2
Teachers							
\$15,000	58.9	66.9	74.7	82.4	89.8	96.9	103.5
\$25,000	51.1	59.0	67.0	74.7	82.2	89.3	95.9
\$35,000	42.4	50.4	58.3	66.1	73.9	81.0	87.6
Police and firefighters							
\$15,000	62.3	72.2	82.1	90.2	97.4	102.9	107.5
\$25,000	54.7	64.5	74.4	82.6	89.9	95.3	99.9
\$35,000	46.1	55.9	65.9	74.1	81.4	86.8	91.4
Pension only—participants not covered under Social Security							
All participants							
\$15,000	20.7	31.1	41.6	51.7	61.6	70.1	77.6
\$25,000	20.6	31.1	41.5	51.6	61.6	70.1	77.6
\$35,000	20.6	31.1	41.5	51.6	61.6	70.1	77.6
Regular participants							
\$15,000	20.9	31.5	42.1	52.3	62.6	71.2	78.7
\$25,000	20.9	31.5	42.0	52.3	62.5	71.2	78.7
\$35,000	20.9	31.5	42.0	52.3	62.5	71.2	78.8

See footnotes at end of table.

Table 63. Defined benefit pension plans: Average replacement rates for specified final earnings and years of service,² by participation status in Social Security, State and local governments, 1987—Continued

Final annual earnings	Years of service ³						
	10	15	20	25	30	35	40
Pension only—participants not covered under Social Security							
Teachers							
\$15,000	19.5	29.5	39.4	49.1	58.7	67.7	75.9
\$25,000	19.5	29.5	39.3	49.0	58.8	67.7	76.0
\$35,000	19.5	29.4	39.3	49.0	58.7	67.7	76.0
Police and firefighters							
\$15,000	24.4	35.4	47.2	58.1	67.7	73.2	76.6
\$25,000	23.4	35.3	47.2	58.1	67.7	73.2	76.6
\$35,000	23.4	35.3	47.2	58.1	67.7	73.2	76.5

¹ Excludes supplemental pension plans.

² Retirement annuity as a percent of earnings in the final year of work. The maximum pension available to an employee, not reduced for early retirement or joint-and-survivor annuity, was calculated under each pension plan using the earnings and service assumptions shown. This benefit level was then expressed as a percent of earnings in the last year of employment.

These calculations assume employees retired on January 1, 1987, and final earnings are for 1986. Earnings histories, necessary for applying the pension formulas, were constructed for each final earnings level based on data provided by the Social Security Administration.

For pension formulas that are integrated with Social Security (see table 60) and for computation of Social Security benefits, the worker is assumed to have retired at age 65 and paid into Social Security for 40 years. Computations exclude formulas based on career contributions.

³ The years of service intervals represent total service with the employer. Time spent satisfying service requirements for plan participation was excluded from the calculation of replacement rates, unless the pension plan specified that such time was to be included in benefit computations.

⁴ Excludes benefits for spouses and other dependents.

Table 64. Defined benefit pension plans:¹ Percent of full-time participants by minimum age and associated service requirements for normal retirement,² State and local governments, 1987.

Age and service requirement ²	All participants	Regular participants	Teachers	Police and fire-fighters	Age and service requirement ²	All participants	Regular participants	Teachers	Police and fire-fighters
Total	100	100	100	100	Age 56-59	(¹)	(¹)	-	3
No age requirement	38	35	45	36	5 years' service	(¹)	(¹)	-	3
16 or 20 years' service	2	1	1	19	Age 60	7	4	13	3
25 or 27 years' service	2	2	1	4	No service requirement	1	(¹)	1	1
30 years' service	26	26	29	11	1-5 years' service	5	2	10	1
31-34 years' service	1	1	-	(¹)	6-9 years' service	(¹)	(¹)	-	(¹)
35 years' service	6	4	12	1	10 years' service	(¹)	(¹)	-	1
More than 35 years' service ...	1	(¹)	1	(¹)	15 or 20 years' service	(¹)	(¹)	-	-
Less than age 50	(¹)	(¹)	-	2	25 years' service	1	1	2	-
No service requirement	(¹)	(¹)	-	2	30 years' service	(¹)	(¹)	-	1
20 years' service	(¹)	(¹)	-	(¹)	Age 62	11	13	7	6
Age 50	1	(¹)	-	15	No service requirement	(¹)	(¹)	-	-
5 years' service	(¹)	(¹)	-	1	5 years' service	1	1	-	1
10 years' service	(¹)	(¹)	-	(¹)	10 years' service	3	5	(¹)	(¹)
20 years' service	1	(¹)	-	10	15 or 20 years' service	(¹)	(¹)	-	-
25 years' service	(¹)	(¹)	-	3	25 years' service	1	1	-	-
30 years' service	(¹)	(¹)	-	1	30 years' service	6	6	7	5
Age 51-54	(¹)	(¹)	-	6	Age 63-64	5	7	1	1
No service requirement	(¹)	(¹)	-	(¹)	No service requirement	(¹)	(¹)	1	-
20 years' service	(¹)	(¹)	-	(¹)	5 years' service	5	7	(¹)	1
25 years' service	(¹)	(¹)	-	5	Age 65	8	10	4	1
30 years' service	(¹)	(¹)	-	-	No service requirement	1	1	-	1
Age 55	22	23	18	25	1-4 years' service	(¹)	(¹)	-	-
No service requirement	2	2	-	6	5 years' service	1	1	1	-
1-4 years' service	(¹)	(¹)	-	-	10 years' service	5	6	4	(¹)
5 years' service	1	(¹)	(¹)	9	15 years' service	(¹)	(¹)	-	-
10 years' service	(¹)	(¹)	-	2	Sum of age plus service ⁵	8	8	11	3
20 years' service	(¹)	(¹)	(¹)	1	Equals less than 80	(¹)	(¹)	(¹)	-
21-24 years' service	(¹)	(¹)	-	1	Equals 80	2	2	2	1
25 years' service	4	5	3	2	Equals 85-89	(¹)	(¹)	-	-
30 years' service	11	12	11	2	Equals 90	1	1	1	1
More than 30 years' service ...	3	2	4	1	Equals 95	4	3	8	(¹)

¹ Excludes supplemental pension plans.

² Normal retirement is defined as 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.

³ If a plan had alternative age and service requirements, the earliest age and associated service were tabulated; if one alternative did not specify an age, it was the requirement tabulated.

⁴ Less than 0.5 percent.

⁵ In some plans, participants must also satisfy a minimum age or service requirement.

NOTE: Because of rounding, sums of individual items may not equal totals. Dash indicates no employees in this category.

Table 65. Defined benefit pension plans:¹ Percent of full-time participants by minimum age and associated service requirements for early retirement,² State and local governments, 1987

Age and service requirement ³	All participants	Regular participants	Teachers	Police and fire-fighters	Age and service requirement ³	All participants	Regular participants	Teachers	Police and fire-fighters
Total	100	100	100	100	Age 55	39	40	40	16
Participants in plans permitting early retirement	90	91	94	56	No service requirement	10	10	9	5
No age requirement	22	21	27	12	1-4 years' service	(⁴)	(⁴)	-	-
10-15 years' service	3	2	4	1	5 years' service	6	7	5	4
20 years' service	3	4	(⁴)	8	6-9 years' service	2	3	1	2
25 or 27 years' service	9	9	12	2	10 years' service	9	9	10	2
30 years' service	7	6	10	2	11-14 years' service	(⁴)	(⁴)	-	-
More than 30 years' service	(⁴)	(⁴)	(⁴)	-	15 years' service	2	2	2	(⁴)
Age less than 50	1	(⁴)	(⁴)	7	20 years' service	3	2	7	1
10 years' service	(⁴)	(⁴)	(⁴)	2	25 years' service	5	6	6	1
20 years' service	(⁴)	-	-	1	30 years' service	1	1	(⁴)	-
25 years' service	(⁴)	-	-	5	Age 56-59	5	5	5	2
Age 50	16	17	16	16	6-9 years' service	(⁴)	(⁴)	-	-
No service requirement	(⁴)	-	-	2	10 years' service	5	5	5	2
5 years' service	6	8	2	8	Age 60	5	6	5	2
6-9 years' service	(⁴)	(⁴)	-	-	No service requirement	1	1	1	(⁴)
10 years' service	1	1	(⁴)	-	1-5 years' service	(⁴)	(⁴)	-	-
15 years' service	2	1	2	3	10 years' service	4	4	3	1
20 years' service	3	4	2	2	20 years' service	(⁴)	(⁴)	(⁴)	-
25 years' service	(⁴)	(⁴)	-	1	Age 62	1	1	-	-
26-29 years' service	(⁴)	(⁴)	-	-	10 years' service	1	1	-	-
30 years' service	4	2	9	(⁴)	Sum of age plus service ⁵	1	1	1	-
Age 51-52	(⁴)	(⁴)	-	-	Equals 70 or less	(⁴)	(⁴)	-	-
20 years' service	(⁴)	(⁴)	-	-	Equals 75	1	1	1	-
					Equals 80	(⁴)	(⁴)	-	-
					Participants in plans without early retirement	10	9	6	44

¹ Excludes supplemental pension plans.

² Early retirement is defined as the point at which a worker could retire and immediately receive accrued benefits based on service and earnings but reduced for each year prior to normal retirement age.

³ If a plan had alternative age and service requirements, the earliest age and associated service were tabulated; if one alternative did not specify an age, it was the requirement tabulated.

⁴ Less than 0.5 percent.

⁵ In some plans, participants must also satisfy a minimum age or service requirement.

NOTE: Because of rounding, sums of individual items may not equal totals. Dash indicates no employees in this category.

Table 66. Defined benefit pension plans:¹ Percent of full-time participants in plans permitting early retirement by reduction factor for immediate start of payments, State and local governments, 1987

Reduction for each year prior to normal retirement age	All participants	Regular participants	Teachers	Police and fire-fighters
Total	100	100	100	100
Uniform percentage ²	43	45	36	61
Less than 3.0	2	2	-	1
3.0	5	6	3	3
3.1-3.9	1	1	1	1
4.0	5	5	5	15
4.1-4.9	5	4	5	11
5.0	9	10	7	13
5.1-5.9	(³)	(³)	(³)	7
6.0	12	13	11	7
6.1-6.6	(³)	(³)	(³)	-
More than 6.7	3	3	3	3
Percentage varies by age	51	48	60	39
Reduction differs for each year of early retirement ⁴	17	18	18	13
Reduction differs by age bracket ⁵	34	30	42	25
Percentage varies by service	4	4	4	(³)
Other basis ⁶	2	3	(³)	-

¹ Excludes supplemental pension plans.

² In specific cases, uniform percentage reductions may approximate actuarial reductions, such as early retirement at age 55 with a reduction of 6 percent a year between age 55 and the plan's normal retirement age of 62.

³ Less than 0.5 percent.

⁴ Reduction schedule is related to actuarial assumptions of the life expectancy at age that pension payments begin.

⁵ Rate of reduction is held constant within age brackets, but differs among brackets, sometimes in approximation of an actuarial table. For example, benefits may be reduced by 6 percent for each year between age 60 and the plan's normal retirement age, and by 3 percent for each year retirement precedes age 60. Also includes some plans which reduce benefits arithmetically for each year immediately below normal retirement age and actuarially below a specified age, usually 55.

⁶ Reduced benefit was not derived from normal retirement formula.

NOTE: Because of rounding, sums of individual items may not equal totals. Dash indicates no employees in this category.

Table 67. Defined benefit pension plans:¹ Percent of full-time participants by provisions for disability retirement, State and local governments, 1987

Characteristic	All participants	Regular participants	Teachers	Police and fire-fighters
Percent of participants in plans with disability retirement benefits	98	98	97	99
Minimum requirements for disability retirement				
Total	100	100	100	100
No age or service	10	9	9	20
Service only ²	84	87	79	76
Age and service	(³)	(³)	-	1
Receipt of long-term disability benefits	6	4	11	4
Benefit provisions				
Total	100	100	100	100
Immediate disability retirement ⁴	89	91	85	93
Unreduced normal formula ⁵	56	56	57	47
Reduced normal formula ⁶	18	20	14	13
Other than normal formula ⁷	16	15	13	34
Deferred disability retirement	11	9	15	7
With benefits based on:				
Service when disabled	5	3	12	1
Service plus credit to early retirement date or later	5	6	3	3
Service with some credit	1	1	-	3

¹ Excludes supplemental pension plans.

² Service requirements ranged from 1 to 15 years.

³ Less than 0.5 percent.

⁴ Immediate disability pensions may be supplemented by additional allowances until an employee reaches a specified age or becomes eligible for Social Security.

⁵ The disabled worker's pension is computed under the plan's normal benefit formula and is paid as if retirement had occurred on the plan's normal retirement date, either based on years of service actually completed or projected to a later date.

⁶ The disabled worker's pension is computed under the plan's normal benefit formula, based on years of service actually completed, and then reduced for early receipt.

⁷ The disabled worker's benefit is not computed by the plan's normal benefit formula. The methods used include flat amount benefits, dollar amount formulas, percent of unreduced normal benefits less Social Security, and percent of earnings formulas both with and without Social Security offsets.

NOTE: Because of rounding, sums of individual items may not equal totals. Dash indicates no employees in this category.

Table 68. Defined benefit pension plans:¹ Percent of full-time participants by provision for credit for service after age 65, State and local governments, 1987

Type of credit	All participants	Regular participants	Teachers	Police and fire-fighters
Total	100	100	100	100
No credit for service	2	1	(¹)	19
Pension deferred with no change in amount	1	1	(¹)	(¹)
Pension deferred, but increased actuarially	(¹)	(¹)	-	(¹)
Pension deferred, but increased by percent per additional year of service ²	(¹)	(¹)	-	-
Pension begins at age 65	1	(¹)	-	18
Credit for service, with no actuarial increase for later retirement age ⁴ ..	98	98	100	81
All service credited	84	85	85	72
Service credited to specified maximum age	13	13	14	9
Service credited to specified maximum years of service	(¹)	(¹)	-	-
Credit for service, with actuarial increase for later retirement age ⁵ ..	(¹)	(¹)	-	-
All service credited	(¹)	(¹)	-	-
Provision not determinable	(¹)	-	-	1

¹ Excludes supplemental pension plans.

² Less than 0.5 percent.

³ The pension amount computed at age 65 is increased by a specified percent (not part of the benefit formula) for each year the employee remains active.

⁴ Additional service is included in the benefit formula, but the pension is not increased for later retirement date.

⁵ Additional service is included in the benefit formula, and the pension is increased for later retirement date.

NOTE: Because of rounding, sums of individual items may not equal totals. Dash indicates no employees in this category.

Table 69. Defined benefit pension plans:¹ Percent of full-time participants by provision for automatic post-retirement adjustments, State and local governments, 1987

Characteristic of adjustment	All participants	Regular participants	Teachers	Police and fire-fighters
Total with automatic postretirement adjustment in normal retirement benefit	51	51	52	50
Adjustment as percent of CPI change				
Total	100	100	100	100
100 percent of change ²	59	67	40	59
Less than 100 percent of change ³ ...	26	23	31	23
Adjustment independent of CPI change	16	10	28	19
Maximum periodic increase				
Total	100	100	100	100
No maximum	7	8	5	16
With maximum	93	92	95	84
Less than 2 percent	6	6	5	7
2 percent	22	23	22	19
2.1-2.9 percent	(¹)	(¹)	(¹)	1
3 percent	44	44	43	44
3.1-3.9 percent	1	1	2	(¹)
4 percent	9	9	11	6
5 percent	7	8	7	5
6 percent	1	1	2	2
Over 6 percent	(¹)	(¹)	-	-
Varies by size of fund	(¹)	-	-	1
Maximum not determinable	1	(¹)	5	-
Maximum lifetime increase				
Total	100	100	100	100
No maximum	99	99	97	99
With lifetime maximum	1	1	3	1
Frequency of adjustment				
Total	100	100	100	100
Every 12 months	95	94	96	99
Other period	5	6	4	1

¹ Excludes supplemental pension plans.

² A maximum periodic increase is usually specified.

³ Includes adjustment provisions which do not go into effect until after a specific percent rise in the CPI.

⁴ Less than 0.5 percent.

NOTE: Because of rounding, sums of individual items may not equal totals. Dash indicates no employees in this category.

Table 70. Defined benefit pension plans:¹ Percent of full-time participants in plans granting ad hoc postretirement annuity increases,² State and local governments, 1987

Characteristic	All participants	Regular participants	Teachers	Police and fire-fighters	Characteristic	All participants	Regular participants	Teachers	Police and fire-fighters
Percent of participants in plans with at least one postretirement increase in the 1982-86 period	33	35	31	23	Benefit formula for most recent increase				
Number of increases granted in past 5 years					Total	100	100	100	100
Total	100	100	100	100	Flat increase	77	74	84	82
One	57	53	67	58	Monthly dollar amount	1	1	-	5
Two	22	24	20	15	\$10.00	(³)	(³)	-	2
Three	11	12	9	9	More than \$20.00	(³)	-	-	2
Four	4	5	1	6	Varies by date of retirement	(³)	1	-	-
Five or more	5	6	3	9	Percent of present benefit	76	73	84	77
Not determinable	(³)	(³)	-	4	Less than 5.0	7	7	4	11
Provision for minimum increase in most recent adjustment					5.0	10	14	1	8
Total	100	100	100	100	6.0	5	4	6	11
No minimum	97	96	100	100	6.1-7.9	4	4	5	4
With minimum	3	4	(³)	-	8.0	6	5	7	-
Percent of present benefit	3	4	(³)	-	10.0	(³)	(³)	-	1
Provision for maximum increase in most recent adjustment					15.0	3	4	1	(³)
Total	100	100	100	100	More than 15.0	(³)	(³)	-	-
No maximum	80	82	74	93	Varies by date of retirement	41	33	59	42
With maximum	20	18	26	7	Increase per year of retirement	4	6	1	1
Monthly dollar amount	(³)	(³)	1	-	Monthly dollar amount	(³)	(³)	-	1
Varies by date of retirement	(³)	(³)	1	-	Percent of present benefit	4	6	1	-
Percent of present benefit	19	18	25	7	Less than 2.0	3	4	1	-
Less than 10	(³)	(³)	(³)	-	3.0	(³)	1	-	-
10-14	3	4	(³)	-	4.1-4.9	(³)	(³)	-	-
30 or more	(³)	1	-	-	Varies by date of retirement	(³)	1	-	-
Varies by date of retirement	16	13	25	7	Increase per year of service	18	20	14	18
					Monthly dollar amount	6	6	4	1
					\$.51-.99	3	3	4	-
					\$1.00	2	3	-	1
					\$1.01-\$1.99	(³)	(³)	-	-
					Percent of present benefit	13	13	10	17
					Combination of two or more benefit formulas	1	1	1	-

¹ Excludes supplemental pension plans.

² Unscheduled increases in pension payments for employees retiring prior to 1987. Excludes one-time lump-sum payments.

³ Less than 0.5 percent.

NOTE: Because of rounding, sums of individual items may not equal totals. Dash indicates no employees in this category.

Table 71. Defined benefit pension plans:¹ Percent of full-time participants by type of vesting schedule, State and local governments, 1987

Type of vesting schedule	All participants	Regular participants	Teachers	Police and fire-fighters
Total	100	100	100	100
Immediate full vesting	4	3	4	5
Cliff vesting, ² with full vesting after:				
Less than 5 years of service at any age	3	4	3	1
5 years of service at any age	38	38	40	29
6-9 years of service at any age	2	3	(³)	3
10 years of service at any age	47	47	50	41
11-14 years of service at any age	(³)	(³)	-	1
15 years of service at any age	3	2	2	14
20 years of service at any age	1	1	-	3
10 years of service after age 19 or later	(³)	(³)	-	-
Other ⁴	(³)	(³)	-	2
Graduated vesting, ⁵ with full vesting after:				
10 years of service or less	(³)	(³)	-	(³)
15 years of service	(³)	1	-	-
Other ⁶	1	1	-	1
No vesting provision	(³)	(³)	-	1

¹ Excludes supplemental pension plans.

² Under a cliff vesting schedule, an employee is not entitled to any benefits accrued under a pension plan until satisfying the requirement for 100-percent vesting.

³ Less than 0.5 percent.

⁴ Participants in this group were in plans which called for vesting in less than 10 years of service after a specified age.

⁵ Graduated vesting schedules give an employee rights to a gradually increasing share of pension benefits determined by years of service, eventually reaching 100-percent vesting status.

⁶ Participants in this group were in plans which call for 50-percent vesting after 5 years of service if age plus service equals 45. Thereafter, the vested percentage increases 10 percentage points each of the next 5 years.

NOTE: Because of rounding, sums of individual items may not equal totals. Dash indicates no employees in this category.

Table 72. Defined benefit pension plans:¹ Percent of full-time participants by provision for postretirement survivor annuity, State and local governments, 1987

Type of annuity for surviving spouse	All participants	Regular participants	Teachers	Police and fire-fighters
Total	100	100	100	100
Postretirement survivor annuity provided	100	100	100	100
Spouse's share of joint-and-survivor annuity ² only	79	79	85	55
50 percent of retiree's pension	1	1	(³)	1
51-99 percent of retiree's pension	3	4	3	6
100 percent of retiree's pension	(³)	(³)	-	-
Alternative percentages at retiree's option ⁴	75	75	82	48
Spouse's share of joint-and-survivor annuity plus portion of retiree's pension	10	11	9	9
Portion of retiree's accrued pension only	10	10	6	36
Postretirement survivor annuity not provided	-	-	-	-

¹ Excludes supplemental pension plans.

² An annuity that provides income during the lifetime of both the retiree and the surviving spouse. The accrued pension will usually be actuarially reduced at retirement because of the longer length of time that payments are expected to be made. Employees and their spouses are often required to waive the spouse annuity in writing if they desire a pension during the employee's lifetime only or another option offered by the plan, such as guarantee of payments for a specified period.

³ Less than 0.5 percent.

⁴ Alternate percentages were usually 50 or 100 percent.

NOTE: Because of rounding, sums of individual items may not equal totals. Dash indicates no employees in this category.

Table 73. Defined benefit pension plans:¹ Percent of full-time participants by provision for preretirement survivor annuity, State and local governments, 1987

Type of annuity for surviving spouse	All participants	Regular participants	Teachers	Police and fire-fighters
Total	100	100	100	100
Preretirement survivor annuity provided	85	84	88	80
Equivalent of joint-and-survivor annuity ²	52	49	64	36
Based on early retirement ³	50	47	63	31
Less than 50 percent of employee pension	(⁴)	(⁴)	-	2
50 percent of employee pension	8	8	7	10
At extra employee cost ⁵	(⁴)	(⁴)	-	-
51-99 percent of employee pension	4	5	3	3
100 percent of employee pension	28	26	36	13
Alternative percentages of pension at employee's option ⁶	10	7	18	3
Based on normal retirement ⁷	2	2	1	5
Portion of accrued employee benefit	20	24	11	26
Reduced for early retirement	16	19	8	19
Unreduced for early retirement	2	2	3	6
Based on service projected to normal retirement date	2	2	-	1
Other annuity ⁸	13	12	13	19
No preretirement survivor annuity provided	15	16	12	20

¹ Excludes supplemental pension plans.

² The spouse annuity is computed as if the employee had retired with a joint-and-survivor annuity. That is, the accrued pension is first reduced because of the longer length of time that payments were expected to be made to both the retiree and the surviving spouse. The spouse's share is then the specified percent of the reduced amount.

³ Survivor annuity is based upon the benefit the employee would have received if early retirement had occurred on the date of death.

⁴ Less than 0.5 percent.

⁵ Plan reduces the accrued employee pension benefit for each year survivor protection is in force.

⁶ Alternative percentages were usually 50 or 100 percent.

⁷ Survivor annuity is based on the benefit the employee would have received if eligible for normal retirement on the date of death.

⁸ Includes annuity based on a dollar amount formula or percent of earnings.

NOTE: Because of rounding, sums of individual items may not equal totals. Dash indicates no employees in this category.

Table 74. Defined benefit pension plans:¹ Percent of full-time participants in contributory plans by type and amount of employee contribution, State and local governments, 1987

Type and amount of contribution	All participants	Regular participants	Teachers	Police and fire-fighters
Total	100	100	100	100
Flat percent of earnings	85	82	89	94
Less than 3.00 percent	3	3	2	1
3.00 percent	9	12	5	2
3.01-4.99 percent	8	10	3	14
5.00 percent	7	7	7	7
5.01-5.99 percent	5	3	8	2
6.00 percent	19	20	17	19
6.01-6.99 percent	9	8	15	1
7.00 percent	2	2	(²)	6
7.01-7.99 percent	2	1	2	5
8.00 percent	11	8	18	10
8.01-8.99 percent	6	6	7	3
9.00-9.99 percent	3	2	4	12
10.00-11.99 percent	1	(²)	(²)	10
12.00 percent or greater	(²)	-	-	2
Percent varies by earnings	15	18	11	5
Above specified dollar amount	10	12	6	5
Above Social Security wage base	5	6	5	(²)
Dollar amount varies by earnings	(²)	(²)	-	(²)

¹ Excludes supplemental plans.

² Less than 0.5 percent.

NOTE: Because of rounding, sums of individual items may not equal totals. Dash indicates no employees in this category.

Table 75. Defined benefit pension plans:¹ Percent of full-time participants by age and length-of-service requirements for participation,² State and local governments, 1987

Age and service requirement provision ²	All participants	Regular participants	Teachers	Police and fire-fighters
Total	100	100	100	100
Plan participation available to new employees	91	91	93	87
Minimum requirement:				
With minimum age and/or service requirement	5	6	4	7
Service requirement only	4	5	4	3
Less than 6 months	(¹)	(¹)	-	(¹)
6 months	3	4	2	2
1 year	1	1	2	(¹)
3 years	(¹)	(¹)	-	1
Age 20 or less	(¹)	(¹)	(¹)	2
No service requirement	(¹)	(¹)	(¹)	2
Age 21	(¹)	(¹)	-	2
No service requirement	(¹)	(¹)	-	2
1 year	(¹)	(¹)	-	-
Age 22 or greater	1	1	-	(¹)
No service requirement	(¹)	(¹)	-	-
1 year	1	1	-	-
Over 1 year	(¹)	(¹)	-	(¹)
Without minimum age and/or service requirement	86	85	89	80
Maximum age requirement:				
With maximum age limitation	13	13	10	19
Without maximum age limitation	78	78	83	66
Maximum requirement not determinable	(¹)	-	-	2
Participation not available to new employees	9	9	7	13

¹ Excludes supplemental pension plans.

² Excludes administrative time lags.

³ If a plan had alternative participation requirements, one of which was service only, the service only requirement was tabulated.

⁴ Less than 0.5 percent.

NOTE: Because of rounding, sums of individual items may not equal totals. Dash indicates no employees in this category.

Table 76. Retirement and capital accumulation plans: Percent of full-time participants by combinations of plans, State and local governments, 1987

Type of plan	All participants	Regular participants	Teachers	Police and fire-fighters
Total	100	100	100	100
Defined benefit	95	94	96	94
With:				
No other plan	91	91	92	87
Savings and thrift	1	1	1	1
Money purchase pension	3	3	3	6
Other combinations	(¹)	(¹)	(¹)	(¹)
Money purchase pension	5	5	4	5
With:				
No other plan	5	5	4	5
Savings and thrift	(¹)	(¹)	-	(¹)
Savings and thrift	(¹)	1	(¹)	(¹)
With:				
No other plan	(¹)	1	(¹)	(¹)

¹ Less than 0.5 percent.

NOTE: Because of rounding, sums of individual items may not equal totals. Dash indicates no participants in this category.

Table 77. Salary reduction plans:¹ Percent of full-time employees participating in plans permitting employee contributions with pretax dollars, State and local governments, 1987

Item	All employees	Regular employees	Teachers	Police and fire-fighters
Percent of all employees in plans with salary reduction arrangement	28	26	34	25
Salary reduction plans ²	18	17	19	20
Savings and thrift plans	1	1	1	1
Supplemental contributions to money purchase pension plans	1	1	1	3
Freestanding accounts ³	16	15	17	16
Other ⁴	(¹)	(¹)	(¹)	(¹)
Regular contributions to pension plans on a pretax basis ⁵	12	10	16	8
Defined benefit plans	9	8	15	5
Money purchase plans	2	2	2	3

¹ Tabulations show percent of employees participating in plans to which they may make contributions with pretax dollars, deferring otherwise taxable income. Not all participants may elect to make such contributions. Includes employee contributions to retirement plans under several sections of the Internal Revenue Code (IRC). Excludes pretax contributions for insurance, dependent care, and other expenses under IRC section 125.

² Employee pretax contributions are made to a long-term savings or retirement account.

³ Employer contributions are not made to the plan. Arrangements not administered by the government employer were excluded.

⁴ Employee may allocate funds in a flexible benefits plan to a retirement account.

⁵ Less than 0.5 percent.

⁶ Employee pretax contributions are made to a pension plan, but an account separate from the pension plan is not established for these savings.

NOTE: Sums of individual items may not equal totals either because of rounding or because some employees participate in more than one type of plan.

Chapter 7. Other Benefits

In addition to the major benefits just described, the survey studied the incidence of 16 other benefits. The data collected show the percent of workers eligible for a specific benefit, but not the proportion of employees actually receiving it. Generally, if these benefits were provided, they covered all of the workers in an employee group (regular employees, teachers, or police and firefighters) within a government sample unit (table 78).

Of these benefits, the most frequently offered was employer-subsidized parking, which was available to nearly three-fourths of the employees. Parking benefits included on-site facilities offered without charge and reduced rates at commercial lots.

Another common benefit was educational assistance, which in general provided full or partial reimbursement of employee expenses for books, tuition, and fees. Fifty-three percent of employees were eligible for job-related educational assistance, while 15 percent were eligible for general educational assistance.

Teachers were the most likely recipients of sabbatical leaves, with 57 percent eligible. Employees were included as eligible for sabbatical leave for study, research, or public service if the leave was paid, or if benefits, such as insurance or pensions, were continued during the time off. Subsidized meals were also most commonly provided to teachers—19 percent were eligible. In contrast, only 1 percent of police and firefighters were eligible for subsidized meals.

Teachers were the least likely recipients of relocation allowances (5 percent eligible), while 20 percent of regular employees were eligible. Relocation allowance includes payment of moving and interim living expenses for employees who must move to a new location for their job.

Nearly 1 in 5 of all employees had an in-house infirmary available. This benefit included health units available to employees in elementary and secondary schools, as well as college and university infirmaries if employees could use the facilities at no charge or for the same periodic fee charged to students.

Eleven percent of employees were eligible to use employer-provided recreation facilities. At colleges and universities, facilities were included if they provided benefits beyond those available to students, such as reduced fees for the use of a golf course or fitness club.

Travel accident insurance, for employees traveling on employer business, was available to 16 percent of all employees. In the area of financial and legal services, 10 percent of employees were eligible for financial counseling and 6 percent were eligible for prepaid legal services.

Fewer than 10 percent of employees were eligible for each of the following benefits: Severance pay, supplemental unemployment benefits, subsidized commuting, nonproduction cash bonuses, and financial assistance for adoption proceedings. Employer-subsidized child care, a benefit that has received much attention in recent years, was available to 2 percent of employees. In this survey, child care benefits were limited to employer-subsidized facilities or full or partial reimbursement for the cost of caring for a child in a nursery, day care center, or by a baby sitter, on or off the employer's premises. Situations where employers did not subsidize facilities or provided only information and referral services were not included.²⁶

²⁶ For further analysis of child care, see "BLS Reports on Employer Child-care Practices," USDL 88-7, January 15, 1988.

Table 78. Other benefits: Percent of full-time employees eligible for specified benefits, State and local governments, 1987

Benefit	All employees	Regular employees	Teachers	Police and fire-fighters
Income continuation plans:				
Severance pay	6	6	7	5
Supplemental unemployment benefits	1	1	(¹)	1
Transportation benefits:				
Free or subsidized employee parking	73	68	86	73
Subsidized commuting	5	5	2	7
Job-related travel accident insurance	16	15	19	13
Cash bonuses:				
Nonproduction bonuses	7	8	3	16
Financial and legal services:				
Financial counseling	10	11	9	9
Prepaid legal services	6	6	5	11
Family benefits:				
Employer assistance for child care	2	2	1	1
Adoption financial assistance	1	2	1	1
Miscellaneous benefits:				
In-house infirmary	19	19	18	13
Employer-subsidized recreation facilities	11	11	12	11
Subsidized meals	12	10	19	1
Relocation allowance	15	20	5	8
Educational assistance:				
Job related	53	59	36	65
Not job related	15	16	14	7
Sabbatical leave	21	8	57	5

¹ Less than 0.5 percent.

Chapter 8. Plan Administration

In addition to the data on individual benefit plans, the survey examined how insurance and retirement benefits were administered and whether benefits were offered independently or as part of a flexible benefits program. The survey also looked at how benefits, including paid leave, were provided to police and firefighters.

Plan sponsor (tables 79-80)

Although employees of State, rather than local, governments constituted about one-quarter of the surveyed work force, the proportion of workers in State-administered plans was higher. In many instances, local government employees participated in statewide insurance or retirement plans. Plan sponsorship varied slightly by occupational group, but significantly from benefit to benefit. Two-thirds of health and life insurance participants were in plans sponsored by a local government; police and firefighters were the most likely group to be in a local government plan. Sickness and accident and long-term disability insurance plans were closely split between State and local sponsorship; 57 percent of sickness and accident insurance participants were in State-sponsored plans, while 52 percent of long-term disability insurance participants were in local plans.

State sponsorship of benefit plans was most noticeable in retirement benefits. Eighty-five percent of participants in defined benefit pension plans were covered by State-sponsored plans; such plans were most prevalent for teachers and least prevalent for police and firefighters. It was not uncommon for local governments to provide their own insurance benefits but to contribute to a State pension plan. Three-fifths of money purchase pension plan participants were covered by State plans. Once again, teachers were the most likely to participate in State plans, while police and firefighters were the least likely.

Data on the incidence of certain benefits for police and firefighters were further examined to determine whether the same benefit plans were offered to both occupations. As table 80 shows, about half of these employees were in governments where the same plans covered both police and firefighters. (Many protective service workers, however, were in governments where either police or firefighters, but not both, were employed. When only one occupation was employed, it was usually police officers.) In governments employing both, police and firefighters were likely to have different sick leave, vacation, and pension plans, while insurance benefits were generally the same for both occupations. Firefighters often

have unusual work schedules, which necessitate unique paid leave plans. Differences in defined benefit pension plans reflect, in part, the availability of State plans for police and local plans for firefighters.

Flexible benefits plans and reimbursement accounts (table 81)

Traditionally, employers have offered their workers benefit plans in a number of areas, such as health insurance, life insurance, and retirement. Employees may have a choice between one or more plans in a benefit area, for example, between a commercial health insurance plan and a health maintenance organization, but benefits in each area are offered separately. In recent years, however, new approaches to offering benefits have attracted considerable attention. BLS investigated two new arrangements—flexible benefits plans and reimbursement accounts.

Nine percent of the employees in State and local governments were offered flexible benefits plans, reimbursement accounts, or both. These plans applied to 11 percent of the teachers, 8 percent of the regular employees, and 4 percent of the police and firefighters.

Flexible benefits plans, also known as cafeteria plans, covered 5 percent of all workers. These arrangements allow employees to choose between two or more types of benefits.²⁷ The most common choices offered were health, life, long-term disability, and sickness and accident insurance; prepaid legal services; and the option of receiving cash instead of benefits. In addition, plans commonly allowed employees to make pretax retirement savings through salary reduction plans. Less common choices were added sick leave and vacation days, educational assistance, child care expenses, and adoption assistance. Pensions are usually fixed benefits and not part of a flexible benefits program.

Five percent of all workers were eligible for reimbursement accounts. These accounts, also called flexible spending accounts, provide employer funds, employee pretax money, or both, to be used for expenses not included in a benefits package. Typical expenses that may be reimbursed through the account include health care coinsurance, deductibles, and

²⁷ For this survey, a plan had to allow choices among two or more types of benefits to be classified as a flexible benefits plan. Thus, plans that permitted a selection in only one benefit area (for example, a choice among several health insurance options or plans) were not classified as flexible benefits plans.

other out-of-pocket health expenses; insurance premiums; and child care costs. Reimbursement accounts may be part of a flexible benefits plan or they may stand alone.

A large majority of employees participating in flexible benefits plans or reimbursement accounts were required to contribute toward the cost of their benefits, or were allowed to contribute to obtain additional benefits. Most of these

contributions were in the form of a salary reduction arrangement.²⁸

Individual benefit plans offered through a flexible benefits plan were analyzed and included in the tabulations for specific benefit areas in this bulletin.

²⁸ See footnote 13.

Table 79. Plan administration: Percent of full-time participants in selected benefits by type of sponsor, State and local governments, 1987

Employee benefit program	Health insurance	Life insurance	Sickness and accident insurance	Long-term disability insurance	Defined benefit pension	Money purchase pension
All participants						
Total	100	100	100	100	100	100
State sponsored	33	35	57	48	85	60
Local government sponsored	67	65	43	52	15	40
Regular participants						
Total	100	100	100	100	100	100
State sponsored	39	41	58	51	83	51
Local government sponsored	61	59	42	49	17	49
Teachers						
Total	100	100	(¹)	100	100	100
State sponsored	24	27	(¹)	46	95	92
Local government sponsored	76	73	(¹)	54	5	8
Police and firefighters						
Total	100	100	100	100	100	100
State sponsored	13	16	43	22	62	41
Local government sponsored	87	84	57	78	38	59

¹ Data were insufficient for publication.

Table 80. Summary: Percent of full-time police and firefighters by coverage of employee benefit programs, State and local governments, 1987

Employee benefit program	All participants	In governmental units with plans covering		
		Both police and firefighters	Police only	Firefighters only
Paid holidays	93	45	39	9
Paid vacations	100	40	45	14
Paid sick leave	97	45	40	12
Sickness and accident insurance	14	4	9	1
Long-term disability insurance	18	9	8	1
Health insurance	96	53	36	7
Life insurance	91	53	31	7
Defined benefit pension	93	43	39	11
Defined contribution plan	13	3	7	2

NOTE: Because of rounding, sums of individual items may not equal totals.

Table 81. Flexible benefits plans and reimbursement accounts:¹ Percent of full-time employees eligible, State and local governments, 1987

Coverage	All employees	Regular employees	Teachers	Police and firefighters
Total	100	100	100	100
Eligible for flexible benefits and/or reimbursement accounts	9	8	11	4
Flexible benefits	5	4	8	2
With reimbursement accounts	1	1	2	(²)
Reimbursement accounts	5	4	5	3
Freestanding reimbursement accounts	3	3	3	3
Not eligible for flexible benefits or reimbursement accounts	91	92	89	96

¹ Flexible benefits plans, also known as flexible compensation and cafeteria plans, allow employees to choose between two or more benefits or benefit options, including cash, in determining their individual benefit packages. Reimbursement (flexible spending) accounts, which are used to finance benefits or expenses unpaid by insurance or benefit plans, may be part of a flexible benefits program or stand alone (freestanding accounts). These accounts may be financed by the employer, employee, or both. The employee contribution is usually made through a salary reduction arrangement.

² Less than 0.5 percent.

NOTE: Sums of individual items may not equal totals because some employees were eligible for both flexible benefits plans and reimbursement accounts.

Appendix A. Technical Note

Scope of survey

This survey of the incidence and characteristics of employee benefit plans covers State and local government establishments¹ in the United States, excluding Alaska and Hawaii, employing at least 50 workers. Establishments meeting the minimum size criteria as of the reference date of the sampling frame are included in the survey even if they employed fewer workers at the time of data collection.

Table A-1 shows the estimated number of establishments and employees within the scope of the survey and the number within the sample actually studied for each category of establishment in the survey.

Occupational groups

Data were collected individually for the following three broad occupational groups:

Regular employees: Includes professional-administrative occupations (those requiring a foundation of knowledge in the theories, concepts, principles, and practices of a broad field of science, learning, administration, or management acquired through a college-level education or equivalent); technical-clerical occupations (such as office clerical, technical support, and other occupations that do not require full knowledge of a professional or administrative field of work or the application of a high level of creativity, originality, analytical ability, or independent judgment); and production-service occupations (including skilled, semiskilled, and unskilled trades; craft and production jobs; manual labor; custodial occupations; operatives; and service occupations in the health, food service, cleaning, building service, and personal service fields). Teachers, police officers, and firefighters are excluded from this occupational group.

Teachers: Includes all personnel in primary and secondary schools, junior colleges, colleges, and universities whose primary duty is teaching or closely related activities, such as research or counseling. This category includes professors, lecturers, teachers, instructors, athletic coaches, department heads, librarians, and research scientists (if considered

faculty). Employees whose primary function is administrative, such as deans, principals, and assistant principals, were classified as regular employees, as were full-time teaching assistants, teachers' aides, and workers in day care centers performing child care functions.

Police and firefighters: Includes firefighters, personnel whose main duty is law enforcement, such as State and local uniformed police, detectives, and sheriffs, and personnel engaged in the administration of law enforcement, such as desk sergeants, lieutenants, and captains. Corrections officers (guards and jailers), officers of the court (bailiffs), sheriffs performing corrections officer or officer of the court duties, campus police, and fire inspectors were considered to be regular employees.

Excluded from the survey were executive employees (defined as individuals whose decisions have direct and substantial effects on an organization's policymaking); part-time, temporary, and seasonal employees; operating employees in constant travel status; elected officials, legislators, judges, and magistrates; and volunteers.

Benefit areas

Sampled establishments were requested to provide data on work schedules and details of plans in each of the following benefit areas: Paid lunch periods, paid rest periods, paid holidays, paid vacations, paid personal leave, paid funeral leave, paid military leave, paid jury-duty leave, paid and unpaid maternity and paternity leave, paid sick leave, sickness and accident insurance, long-term disability insurance, health insurance, life insurance, retirement and capital accumulation plans, and flexible benefits plans and reimbursement accounts.

Data were also collected on the incidence of the following additional benefits: Severance pay, supplemental unemployment benefits, parking, subsidized commuting, travel accident insurance, nonproduction bonuses, financial counseling, prepaid legal services, child care, adoption assistance, in-house infirmaries, recreation facilities, subsidized meals, relocation allowances, educational assistance, and sabbatical leave.

Sampling frame

This survey is based on a probability sample of State and local governments. The list of establishments from which the sample was selected (called the sampling frame) was developed by refining data from the most recently available State

¹ For this survey, an establishment is a complete State government, or a local government entity in one of four categories: Health services, educational services, administrative services, and special districts. In health services, the establishment is usually a single physical location. In educational services and special districts, the establishment is usually an entire system (e.g., a county school system or a transportation authority). In administrative services, all locations at which such services are performed are usually considered an establishment.

Table A-1. Estimated number of establishments and workers within scope of survey and number studied, State and local governments, United States,¹ 1987

Type of establishment ²	Number of establishments	Number of workers in establishments			
		Total ³	Regular employees	Teachers	Police and firefighters
Within scope of survey					
All establishments	24,646	12,588,472	6,803,365	2,843,194	674,827
State government establishments ⁴	401	3,420,030	2,376,218	331,663	66,300
Local government establishments ⁵	24,244	9,168,442	4,427,147	2,511,531	608,527
Health service	1,246	583,721	458,996	7,000	0
Educational service	13,975	5,223,204	1,714,944	2,500,897	220
General administrative	8,097	2,967,508	1,928,620	3,634	596,500
Special district	926	394,010	324,587	0	11,807
Studied ⁶					
All establishments	993	4,344,055	2,794,638	623,135	269,674
State government establishments ⁴	141	2,228,575	1,599,222	206,048	48,239
Local government establishments ⁵	852	2,115,480	1,195,416	417,087	221,435
Health service	78	143,730	112,359	7,000	0
Educational service	372	831,361	270,462	409,429	60
General administrative	352	987,049	674,864	658	214,199
Special district	50	153,340	137,731	0	7,176

¹ Excludes Alaska and Hawaii. Excludes establishments with fewer than 50 workers.

² Establishment types are shown for informational purposes only and are subject to larger than normal sample error. See the section on reliability of estimates.

³ This figure includes out-of-scope workers. These workers—executive management, part time, temporary, seasonal, operating personnel in constant travel status (e.g., transportation equipment operators), elected officials, legislators, judges, magistrates, and volunteers—are excluded from the counts of employment by occupational group.

⁴ Twenty-four States were sampled. Although the entire State government was studied, some States were divided into several establishments to expedite data collection and reporting.

⁵ For sampling purposes, local government units were classified into four types of establishments: Health services (hospitals, nursing homes, outpatient clinics); education services (elementary and secondary schools, colleges and universities); general administrative (all local government units except health services, schools, and special districts); and special districts (water and sewage authorities, park districts, transportation districts, etc.).

⁶ These figures refer to all respondents to the survey, whether or not they provided data for all items studied. See the section on survey response.

NOTE: Because of rounding, sums of individual items may not equal totals.

unemployment insurance (UI) reports for the 48 States covered by the survey and the District of Columbia. The reference date of the available UI reports was March 1985 for local governments and March 1983 for State governments. The refinement procedures for State governments consisted of combining all UI reports for each State into a single record with the associated total State government employment.

The refinement procedure for local governments was completed in two phases. The first phase consisted of combining all local government UI reports into 326 Metropolitan Statistical Areas (MSA's) and approximately 2,000 nonmetropolitan counties (NMC's). Then, 60 MSA's and 70 NMC's were selected for further sample refinement. The second refinement phase consisted of separating these 130 selected areas into individual establishments. This work was done by Bureau regional office staff and resulted in 5,556 establishments for second-stage sampling purposes.

Sample design

The final sample of 869 government units consisted of 24 States and 845 local government establishments.²

The 48 contiguous State governments were sampled by first designating 10 of the 12 largest States as certainty sample members based on their employment size and geographic location. The remaining 38 States were then grouped into 14 strata using the stratification criteria of total employment, average weekly wages, and geographic location. One sample State was then selected from each stratum with probability proportional to its total employment within the stratum.

The local governments were selected in two stages. The first stage consisted of selecting 60 of 326 MSA's and 70 of approximately 2,000 NMC's. First, 16 MSA's were selected with certainty because of their total employment within the geographic region. The remaining 310 MSA's were then stratified by geographic region, average weekly wages, and total MSA employment into 44 strata of approximately equal employment. One MSA was selected from each stratum with probability proportional to MSA employment. This procedure yielded a total of 60 MSA's in the first-stage sample. The

² The number of sample units selected in this survey is, at present, largely determined by resources and operational constraints and may be adjusted up or down in future surveys.

sample of NMC's was selected by stratifying them into 70 strata of approximately equal employment using the same criteria of geographic region, average weekly wages, and total NMC employment. One NMC was then selected from each stratum with probability proportional to NMC employment. Finally, weights were assigned to each MSA and NMC based on the probability of selection (first-stage sample weights).

The second stage of the local government sample was selected after refining the first-stage area samples into 5,556 establishments. These establishments were first sorted by MSA, State, county, establishment type (health service, educational service, administrative, and special district), and weighted (using first-stage sample weights) employment. A systematic probability sample of 845 local government establishments was selected with probability proportional to the weighted employment. The final probability of selection for each sampled establishment was computed by multiplying the first-stage and second-stage probabilities of selection; it is approximately proportional to the unweighted establishment employment. For example, consider two establishments: A and B, with employment of 500 and 1,000, respectively. Establishment B would be twice as likely to be selected as establishment A.

Data collection

Data for the survey were collected by visits of Bureau field representatives to the sampled establishments. To reduce the reporting burden, respondents were asked to provide documents describing their flexible benefits plans and reimbursement accounts, retirement and capital accumulation plans, and plans covering the four insured benefit areas within the scope of the survey (health, life, long-term disability, and sickness and accident insurance). These were analyzed by BLS staff in Washington to obtain the required data on plan provisions. Data on paid leave generally were obtained directly from the employer at the time of the visit.

Data were collected during the months of January through July, reflecting an average reference period of May 1987. Respondents were asked for information as of the time of the data collection visit.

Data tabulation

Most of the tables in this bulletin show the percent of workers covered by individual benefit plans or plan provisions. Percentages are calculated in three ways. One technique, followed in tables 1-4, 6, 8, 10-13, 16-18, 77, and 80, shows the number of covered workers as a percent of all workers within the scope of the survey; tables 14, 78, and 81 show the number of eligible workers as a percent of all workers. It is designed to show the incidence of the individual employee benefit.

A second approach is followed in tables 7, 9, 15, 22, 24-29, 44, 45, 47, 51, 52, 55, 57, 60, 61, 64, 65, 68, 71-73, 75, 76, and 79. These tables show the number of workers

covered by specific features in a benefit area as a percent of all employees who participate in that general benefit area. They also give data concerning the typical coverage provided to persons with a given insurance, retirement, or capital accumulation plan; for example, the percent of all employees with health insurance receiving vision coverage.

The third approach provides a close look at an important aspect of a benefit (tables 23, 30-43, 46, 48-50, 53, 54, 56, 58, 59, 66, and 74); for example, the percent of all employees with vision coverage in their health insurance who are covered for eyeglasses. Tables 67, 69, and 70 combine the second and third types above, indicating in the first row of data the percent of persons in the benefit area who have a particular coverage, while the remainder of the table is based on all employees with that coverage. Table 21 presents a similar approach.

This multilevel approach has the advantage of clearly pointing out typical benefit plan characteristics after the prevalence of the benefit has been established. Any of the second or third types of tables, if desired, can be converted to the first type by multiplying each data cell by the appropriate factors. For example, to calculate the percent of all employees with coverage for eyeglasses, multiply the percent of those with vision plans that cover eyeglasses (table 43) by the percent of health insurance participants with vision coverage (table 29), and multiply that product by the percent of all employees who have health insurance coverage (table 1).

Tables 5, 15, 19, 20, 62, and 63 differ from other tables because they display average benefit values rather than percentages of workers. These tables present the averages for all covered employees; calculations exclude workers without the benefit.

Survey response

Each combination of occupational group and work schedule or benefit area (e.g., health insurance for police and firefighters) was treated as an individual survey, and separate estimates were developed for each. This treatment facilitated the use of incomplete reports in the survey. Therefore, the actual number of responses for the survey varies for each combination.

The following is a summary of the establishment responses to the survey:³

Number of establishments:

In sample	1,006
No longer in operation or out of scope	4
Refusing to respond	9
Responding fully or partially	993

Three procedures are used to adjust for missing data from partial responses and total refusals. First, imputations for the

³ The number of establishments shown in this response summary is greater than the original sample of 869 establishments due to the inability of some larger sample establishments to report as sampled. In these cases the original sample unit was separated into several smaller units for which data could be collected. These units were either surveyed in total or were subsampled.

number of plan participants are made for cases where this number was not reported (imputations were made for about 5 percent of estimated participants in health insurance, about 4 percent of estimated participants in life insurance, and less than 4 percent of estimated participants in other benefits). Each of these participant values is imputed by randomly selecting a similar plan from another establishment in the same nonresponse adjustment cell (see class criteria below). The participation rate from the randomly selected plan is then used to approximate the number of participants for the plan that is missing a participation value but is otherwise usable.

Second, in the case of health insurance and retirement and capital accumulation plans, imputations for plan provisions are made when current plan documentation was not available. This was done for plans representing about 17 percent of estimated participants in medical insurance and about 9 percent of estimated participants in retirement and capital accumulation plans.

For other forms of missing data or nonresponse (such as lack of current plan descriptions for benefits other than health insurance, retirement, and capital accumulation plans, or the inability to obtain any information at all from a sample unit), an adjustment is made using a weight adjustment technique based on sample unit employment. This technique assumes that the mean value of the nonrespondents is equal to the mean value of the respondents at some detailed "cell" level. These cells are defined in a manner that groups establishments together that are homogeneous with respect to the characteristics of interest. In most cases, these cells are the same as those used for sample selection. In the case of State governments, the cells are defined by four broad geographic regions; in the case of local governments, the cells are defined by geographic region, establishment type, and employment size class. This adjustment was made for plans without usable plan provisions, representing about 34 percent of estimated participants in the life insurance benefit area, about 24 percent of the estimated participants in the long-term disability insurance benefit area, and less than 1 percent of estimated participants in the other benefit areas.

The three categories used to form nonresponse adjustment cells are defined as follows:

Geographic regions⁴

- Northeast
- South
- North Central
- West

⁴ The geographic regions were defined as follows. *Northeast*: Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont, New Jersey, New York, and Pennsylvania. *South*: Delaware, District of Columbia, Kentucky, Maryland, Virginia, West Virginia, Alabama, Florida, Georgia, Mississippi, North Carolina, South Carolina, Tennessee, Arkansas, Louisiana, Oklahoma, and Texas. *North Central*: Illinois, Indiana, Michigan, Minnesota, Ohio, Wisconsin, Iowa, Kansas, Missouri, Nebraska, North Dakota, and South Dakota. *West*: Arizona, Colorado, Idaho, Montana, New Mexico, Utah, Wyoming, California, Nevada, Oregon, and Washington.

Establishment types

- Health service
- Education service
- Administrative
- Special district

Employment size classes	Establishment employment
3	50-99
4	100-249
5	250-499
6	500-999
7	1,000-2,499
8	2,500-4,999
9	5,000-9,999
10	10,000 and over

The specific weight adjustments used in this survey were calculated in four stages for each occupational group and benefit area combination. This allowed a maximum amount of data from partially completed establishment reports to be incorporated into survey estimates. For example, data on the number of employees in an occupational group in an establishment, or the number of participants in a plan, or information on the existence of a plan, could be used even if the plan provisions could not be obtained.

Survey estimation methods

The survey design uses an unbiased estimator, the Horvitz-Thompson, which assigns the inverse of each sample unit's probability of selection as a weight to the unit's data. The estimator is modified to account for a weight adjustment factor developed during the adjustment for nonresponse. The general form of the estimator for a population total is:

$$Y = \sum_{i=1}^n \frac{Y_i}{P_i}$$

where n = sample size

Y_i = value for the characteristics of the i th unit

P_i = the probability of including the i th unit in the sample

The basic form of the estimator, after modification to account for the weight adjustment factor, f_i , developed during the adjustment for nonresponse, was:

$$Y = \sum_{i=1}^{n'} \frac{f_i Y_i}{P_i}$$

where n' = number of responding units

f_i = weight adjustment factor for the i th unit.

Appropriate employment or establishment totals are used to calculate the proportion, mean, or percentage that was desired.

Reliability of estimates

The statistics in this bulletin are estimates derived from a sample of approximately 1,000 establishments, rather than tabulations based on all State and local establishments within the scope of the survey. Consequently, the data are subject to sampling errors as well as nonsampling errors.

Sampling errors are the differences that can arise between results derived from a sample and those computed from observations of all units in the population being studied. When probability techniques are used to select a sample, as in the employee benefits survey, statistical measures called "standard errors" can be calculated to measure possible sampling errors.

The evaluation of survey results involves the formation of confidence intervals that can be interpreted in the following manner: Assume that repeated random samples of the same size are drawn from a given population and an estimate of some value, such as a mean or percentage, is made from each sample. Then, the intervals described by one standard error below each sample's estimate and one standard error above would include the population's value for 68 percent of the samples. Confidence rises to 90 percent if the intervals surrounding the sample estimates are widened to plus or minus 1.6 standard errors, and to 95 percent if the intervals are increased to plus or minus 2 standard errors.

Chart A provides standard errors for use in evaluating the estimates in the 76 tables of this bulletin containing percentage estimates. For example, table 1 shows that 72 percent of all employees participated in paid vacation plans in 1987. Chart A shows a standard error of approximately 1.9 percent for this estimate. (The solid lines on chart A show how to read the standard error for an estimate of 72 percent.) Thus, at the 95-percent level, the confidence interval for this estimate is 68 percent to 76 percent (72 percent plus or minus 2 times 1.9 percent).

Standard errors for tables 5, 19, and 20 could not be generalized into graphic representation. They are presented as tables A-2, A-3, and A-4. For example, the first entry on table 19 shows an average of 7.8 days of annual sick leave at 6 months of service. According to table A-3, the standard error for this estimate is 0.2 days. Standard errors for averages in tables 15, 62, and 63 are not yet available.

Nonsampling errors also affect survey results. They can be attributed to many sources: Inability to obtain information about all establishments in the sample; definitional difficulties; differences in the interpretation of questions; inability or unwillingness of respondents to provide correct information; mistakes in recording or coding the data; and other errors of collection, response, processing, coverage, and estimation for missing data.

Through the use of computer edits of the data and professional review of both individual and summarized data, efforts are made to reduce the nonsampling errors in recording, coding, and processing the data. However, to the extent that the characteristics of nonrespondents are not the same as those of respondents, nonsampling errors are introduced in the development of estimates. Because the impact of these limitations on the employee benefits survey estimates is unknown, reliability measurements are incomplete.

For those readers interested in further mathematical details, the next section describes how chart A was derived from 1987 survey data.

Mathematical details on estimates and generalized standard errors chart

Each estimator used in the production of the tables in this bulletin is approximately normally distributed.

Standard errors for the percentage estimates were computed from the 1987 survey data. To simplify their presentation, a curve was fitted to the standard error estimates by regression techniques (chart A).

The curve's equation is:

$$S = e^{a} + b \ln(P) + c \{\ln(P)\}^2 + d \ln(100-P) + e \ln(P) \ln(100-P)$$

where:

- S = standard error
- P = percentage estimate from the bulletin
- e = exponential function
- ln = natural logarithm function

For the 1987 employee benefits survey,
a = 21.03771 b = -4.49995 c = -0.05624 d = -4.79928 e = 1.11467

These are regression coefficients. The curve fits the data with $R^2 = 0.83$ and no pattern in the residuals. Since this is the first year that State and local governments have been surveyed, there are no comparisons with previous years' data.

The equation of the curve was obtained empirically, by starting with the equation:

$$S = a P^b (100 - P)^c$$

More information describing survey response and reliability may be obtained from the Office of Compensation and Working Conditions, Bureau of Labor Statistics, U.S. Department of Labor, Washington, DC 20212.

Table A-2. Standard errors for table 5 – Paid holidays and vacations: Average number of days for full-time participants, State and local governments, 1987

Item	All participants	Regular participants	Teachers	Police and firefighters
Paid holidays	0.1	0.1	0.3	0.1
Paid vacation by length of service:				
At 6 months .....	.1	.1	.7	.2
At 1 year .....	.1	.1	.7	.2
At 3 years .....	.1	.1	.6	.2
At 5 years .....	.1	.1	.6	.2
At 10 years .....	.1	.1	.7	.3
At 15 years .....	.2	.2	.8	.2
At 20 years .....	.2	.2	.9	.3
At 25 years .....	.2	.2	.9	.3
At 30 years .....	.2	.2	.9	.3

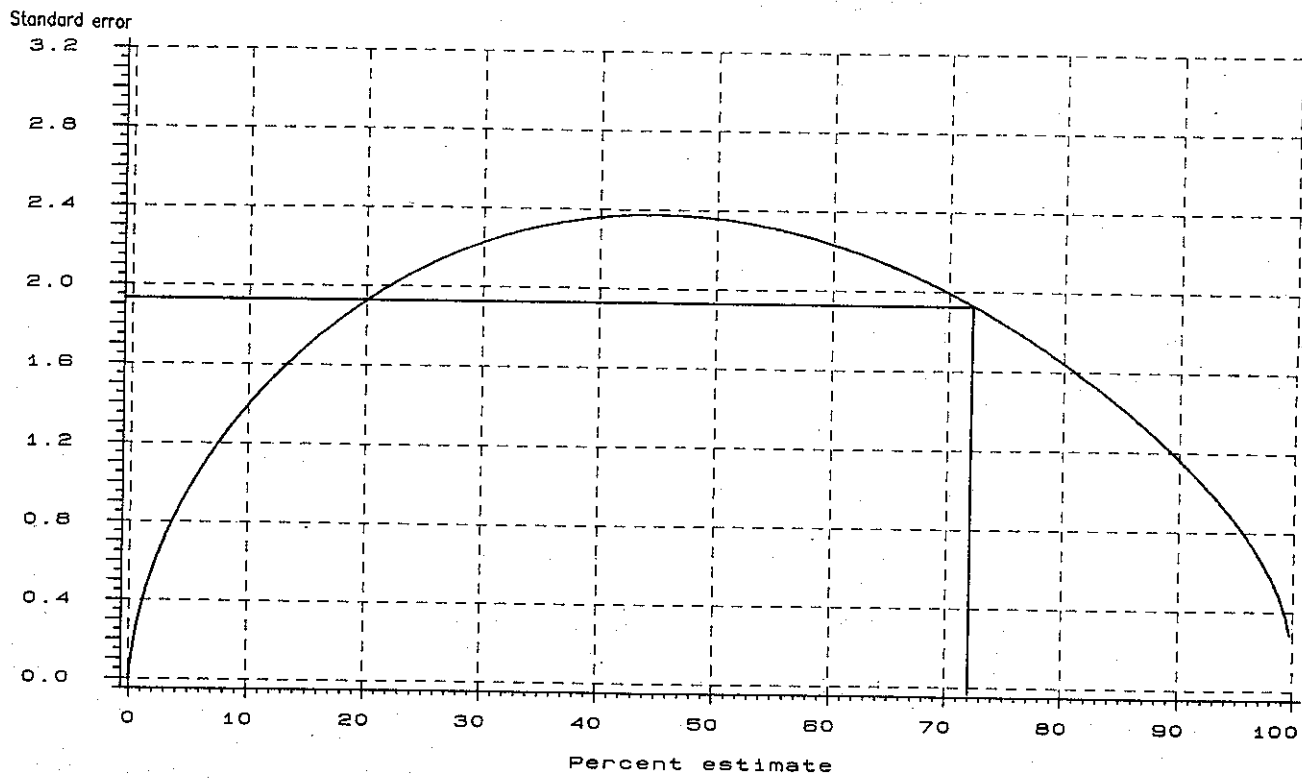
Table A-3. Standard errors for table 19 – Paid annual sick leave: Average number of days at full pay available for full-time participants by type of plan, State and local governments, 1987

Length of service	All participants	Regular participants	Teachers	Police and firefighters
At 6 months	0.2	0.2	0.4	0.7
At 1 year .....	.3	.3	.5	.7
At 3 years .....	.3	.3	.5	.7
At 5 years .....	.3	.3	.5	.7
At 10 years .....	.3	.3	.6	.8
At 15 years .....	.4	.3	.7	.8
At 20 years .....	.4	.4	.8	.8

Table A-4. Standard errors for table 20 – Paid annual sick leave: Average number of days at full pay for full-time participants by sickness and accident insurance coordination, State and local governments, 1987

Item	All participants	Regular participants	Police and firefighters
At 1 year of service:			
With sickness and accident insurance	0.6	0.7	0.4
Without sickness and accident insurance .....	.3	.2	.8
At 5 years of service:			
With sickness and accident insurance .....	.6	.7	.4
Without sickness and accident insurance .....	.3	.2	.8
At 10 years of service:			
With sickness and accident insurance .....	.6	.7	.4
Without sickness and accident insurance .....	.3	.3	.9
At 20 years of service:			
With sickness and accident insurance .....	.6	.7	.4
Without sickness and accident insurance .....	.4	.3	.9

Chart A. Employee benefits survey generalized standard errors



Appendix B. Availability of the Survey's Data Base

The tables published in this bulletin present the major findings of the employee benefits survey in State and local governments; results of additional research appear in the *Monthly Labor Review*. However, the statistical tables in these publications cover only a portion of the employee benefits information collected. Persons interested in all provisions of a particular benefit studied during the annual survey can purchase a set of magnetic tapes containing the survey's data base through the Office of Compensation and Working Conditions, Bureau of Labor Statistics, Washington, DC 20212. The charge for furnishing the data is limited to the cost of producing the tapes and preparing supporting documentation.

For major benefit items, the BLS survey obtained plan provisions and employee participation data for each of three employee groups (regular employees, teachers, and police and firefighters). Information on employer costs was not collected. The magnetic tapes, which consist of a control file and plan data files for each benefit area, may be used to derive national estimates, similar to those published in this bulletin, for other items in the data base. For some data items not presented in this bulletin, however, the data file is insufficient to produce reliable national estimates, because either information on the provisions frequently was not available or the number of employees with the provision was very small. Moreover, the tapes cannot yield reliable estimates for individual industries, types of governments, geographic regions, or size classes. Full documentation accompanies the tapes, including examples of estimating formulas. Although Bureau staff will respond to questions concerning the content of the tapes, technical assistance in developing estimates is limited due to the heavy workload associated with the survey program.

Data users can purchase tapes with details of plans for one benefit area or all, i.e., health, life, sickness and accident, and long-term disability insurance; retirement and capital accumulation plans; flexible benefits and reimbursement accounts; and paid time off provisions—lunch time, rest periods, holidays, personal leave, vacations, funeral leave, jury-duty leave, military leave, and sick leave. Data, however, are not available on the details of paid and unpaid maternity and paternity leave. (Table 78 presents all of the information collected on the other surveyed benefits.) The plan data file contains provisions for each plan which was reported and for which usable information was available. However, plan identification numbers on the tape are

scrambled (and other identifying information is removed) to protect the confidentiality of responding establishments.

Purchasers also receive the control file, which contains establishment information required to produce estimates from the plan data. Control file records include establishment size codes; geographic, industrial, and employee group classification codes; and the weighted number of workers in the employee group. The control file also lists all benefit plans offered in each establishment, with the weighted number of plan participants in each employee group. A plan is listed on more than one control file record if it covers employees in more than one establishment. Although plan identification numbers on the control file are scrambled, the same scrambled numbers appear on the data file so they can be matched to make estimates. Because establishment schedule numbers on the control file are scrambled differently for each employee group, it will not be possible to link together plans offered to different employee groups within an establishment.

Benefit provisions obtained from plan documents are recorded in coding manuals for insurance, retirement, and capital accumulation plans, and are then entered on the plan data file. A set of coding manuals and instructions for completing them are supplied to tape purchasers for interpretation of data on the file. Paid time off and flexible benefits provisions are reported on collection forms which are also provided to tape purchasers.

The analysis of insurance, retirement, and capital accumulation plans is extremely detailed. The following list of health insurance plan provisions included in the data base gives an indication of the breadth and depth of the information available on the magnetic tapes. Other insurance and pension analysis is similarly detailed.

Health insurance data base

- Plan participation requirements
 - When plan participation begins

- Employee monthly contribution for employee and family benefits
 - Pretax status of contributions

- Fee arrangement and funding media
 - Medical coverage
 - Dental benefits

- Administration
 - Preexisting conditions
 - Difference in benefits provided for employee and spouse
- Effect of layoff and retirement
 - Retired employees benefit coverage
 - Laid-off employees benefit coverage
- Hospital coverage
 - Hospital room and board coverage
 - Hospital miscellaneous charges
 - Internal limitations
- Extended care
 - Extended care facility coverage
 - Home health care coverage
 - Internal limitations
- Surgical coverage
 - In-hospital surgical coverage
 - Second opinion
 - Outpatient surgical coverage
 - Internal limitations
- Physician charges
 - In-hospital coverage
 - Office visit coverage
 - Internal limitations
- Maternity care benefit
 - Who is covered
- Diagnostic X-ray and laboratory testing (DXL)
 - DXL coverage
 - Internal limitations
- Accidental bodily injury benefit
- Private duty nursing benefit
 - Private duty nursing coverage
 - Internal limitations
- Mental health care benefits
 - Mental health care coverage
 - In-hospital room and board charges
 - In-hospital physician charges
 - Coverage for mental or psychiatric hospital
 - Outpatient mental health care
 - Internal limitations
- Prescription drug benefits
 - Prescription drug coverage
 - Internal limitations
- Alcohol and drug abuse treatment benefits

- Other benefits
 - Hearing care
 - Orthoptics
 - Hospice care
 - Physical examinations
 - Organ transplants
 - Well-baby care
 - Immunization and inoculation
 - Hospital outpatient care

Cost containment features

- Dental care benefits
 - Dental care coverage
 - Who is covered
 - Prophylaxis and routine exams
 - X-rays
 - Fillings
 - Surgery—dental
 - Inlays
 - Crowns
 - Periodontal care
 - Endodontics
 - Prosthetics
 - Orthodontia
 - Incentive schedule
 - Deductible
 - Maximum coverage
 - Pre-authorization requirement

- Vision care benefits
 - Vision care coverage
 - Who is covered
 - Eyeglasses
 - Eye examinations
 - Contact lenses

- Overall limitations
 - Overall deductible
 - Overall maximum
 - Overall coinsurance and out-of-pocket expense maximum

Each medical expense section (e.g., hospitalization, prescription drugs, physician charges) contains information on internal limitations; these limits apply only to that category of care. For example, hospital room and board may have an internal limitation of 120 days per confinement. Information on overall limitations is also included in each section, identifying limits that apply to more than one category of care. These overall limitations—deductibles, maximums, and coinsurances—are then described at the end of the manual. Three sets of data on overall limitations are available for plans that include multiple overall limits.

Employee Benefits in Medium and Large Firms, 1986

U.S. Department of Labor
Bureau of Labor Statistics
Bulletin 2281

The Bureau of Labor Statistics issues its 1986 bulletin on employee benefits in medium and large firms. This survey is the eighth in the series.

Data available

- Incidence and detailed characteristics of 14 private sector employee benefits paid for at least in part by the employer: Lunch and rest periods; holidays, vacations, and personal, funeral, jury-duty, military, and sick leave; sickness and accident, long-term disability, health, and life insurance; and private retirement/capital accumulation plans. Included in the retirement data is information on defined benefit plans, such as benefit formulas and pension replacement rates, and on defined contribution plans, such as salary reduction or 401 (k) plans.
- Incidence and provisions of flexible benefits plans and reimbursement accounts are included for the first time in 1986.

Coverage

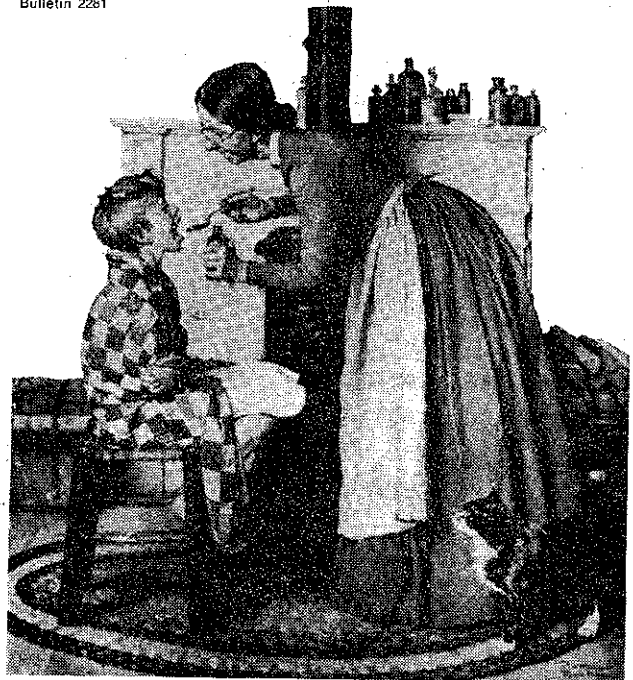
- Major benefits in medium and large firms, nationwide.
- Minimum employment in establishments covered is generally 100 or 250 employees, depending on the industry.

Employee Benefits in Medium and Large Firms, 1986



U.S. Department of Labor
Bureau of Labor Statistics
June 1987

Bulletin 2281



Source of data

- Sample of about 1,500 establishments in a cross-section of the Nation's private industries; primarily by personal interview.

Uses

- Union contract negotiations.
- Conciliation and arbitration in public and private sectors.
- Development of legislation affecting the welfare of workers.

Publications are available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402, or the Bureau of Labor Statistics, Publications Sales Center P.O. Box 2145 Chicago, Ill. 60690

Order form

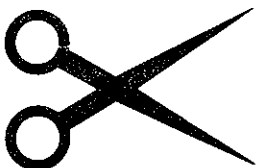
Please send _____ copies of *Employee Benefits in Medium and Large Firms, 1986*, Bulletin 2281, Stock No. 029-001-02927-6, at \$5 each, for a total of \$ _____

- Enclosed is a check or money order payable to Superintendent of Documents.
- Charge to GPO Deposit Account No. _____ Order No. _____
- Credit Card Orders—MasterCard or Visa Credit Card No. _____
- Total charges \$ _____ Expiration Date _____
- Month/Year _____

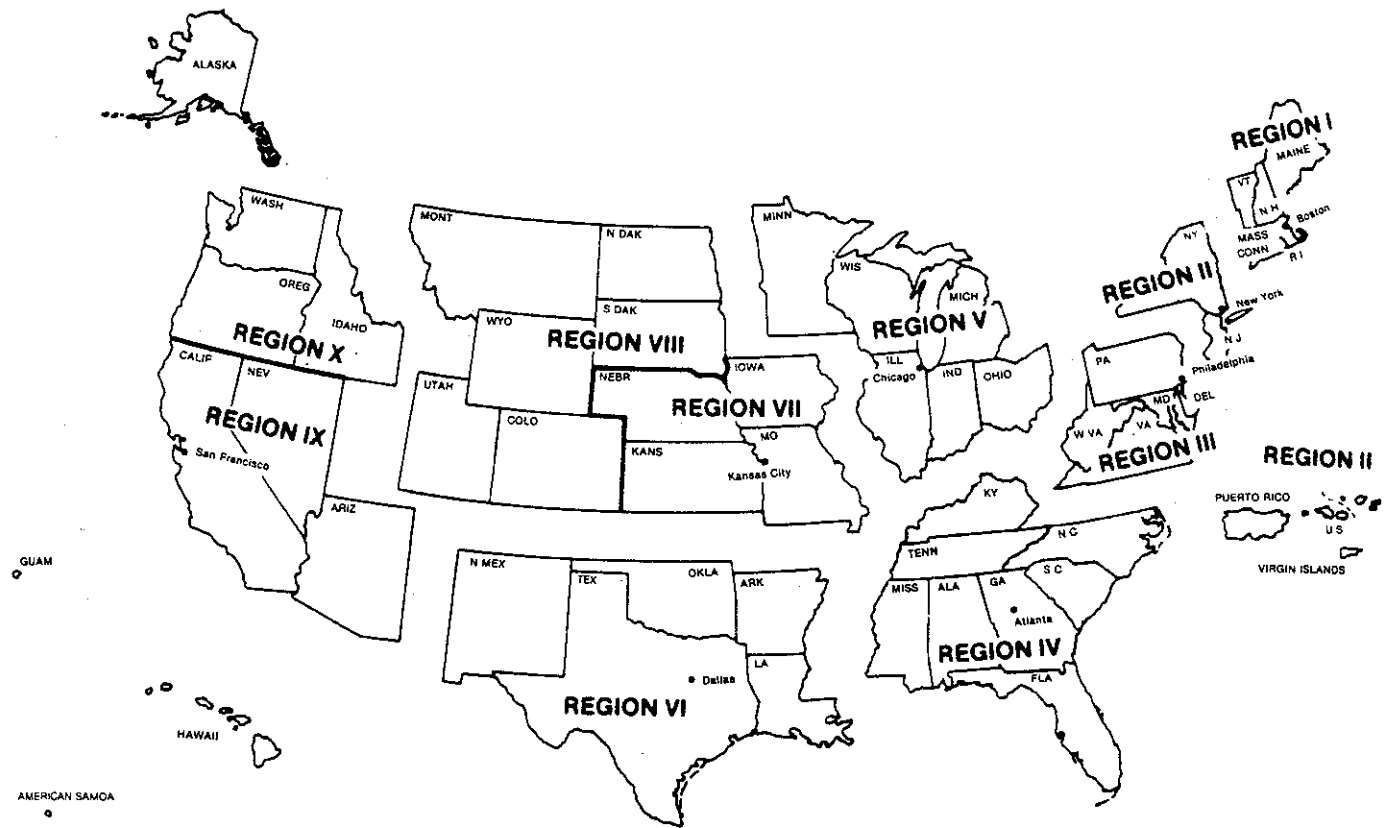
Name _____

Address _____

City, State, Zip Code _____



Bureau of Labor Statistics Regional Offices



Region I
Kennedy Federal Building
Suite 1603
Boston, MA 02203
Phone: (617) 565-2327

Region IV
1371 Peachtree Street, N.E.
Atlanta, GA 30367
Phone: (404) 347-4418

Regions VII and VIII
911 Walnut Street
Kansas City, MO 64106
Phone: (816) 426-2481

Region II
Room 808
201 Varick Street
New York, NY 10014
Phone: (212) 337-2400

Region V
9th Floor
Federal Office Building
230 S. Dearborn Street
Chicago, IL 60604
Phone: (312) 353-1880

Regions IX and X
71 Stevenson Street
P.O. Box 3766
San Francisco, CA 94119
Phone: (415) 995-5605

Region III
3535 Market Street
P.O. Box 13309
Philadelphia, PA 19101
Phone: (215) 596-1154

Region VI
Federal Building
525 Griffin Street, Room 221
Dallas, TX 75202
Phone: (214) 767-6971