

# News

United States  
Department  
of Labor



---

Bureau of Labor Statistics Washington, D.C. 20212

---

Technical Contact:  
(202) 691-6199 ocltinfo@bls.gov  
Media Contact:  
(202) 691-5902 hoyle\_k@bls.gov  
Internet address:  
<http://www.bls.gov/comhome.htm>

USDL: 00-290

FOR RELEASE: 10:00 AM EDT  
Wednesday October 11, 2000

## **PILOT SURVEY ON THE INCIDENCE OF STOCK OPTIONS IN PRIVATE INDUSTRY IN 1999**

In 1999, 1.7 percent of all private industry employees received stock options, according to a pilot survey of stock option incidence conducted by the Bureau of Labor Statistics of the U.S. Department of Labor. The proportion of non-executive employees offered stock options ranged from 0.7 percent for those earning less than \$35,000 to 12.9 percent of those earning \$75,000 and above. (See chart A.) The percentage of employees who received stock options also ranged by industry, from 0.2 percent in nondurable manufacturing industries to 5.3 percent in durable manufacturing industries, and by geographic region, from 1.1 percent in the Northeast to 2.1 percent in the West. After-hire grants--grants offered to employees after the initial hiring (or signing) phase of employment--made up the majority of stock option grants. (See table 1.)

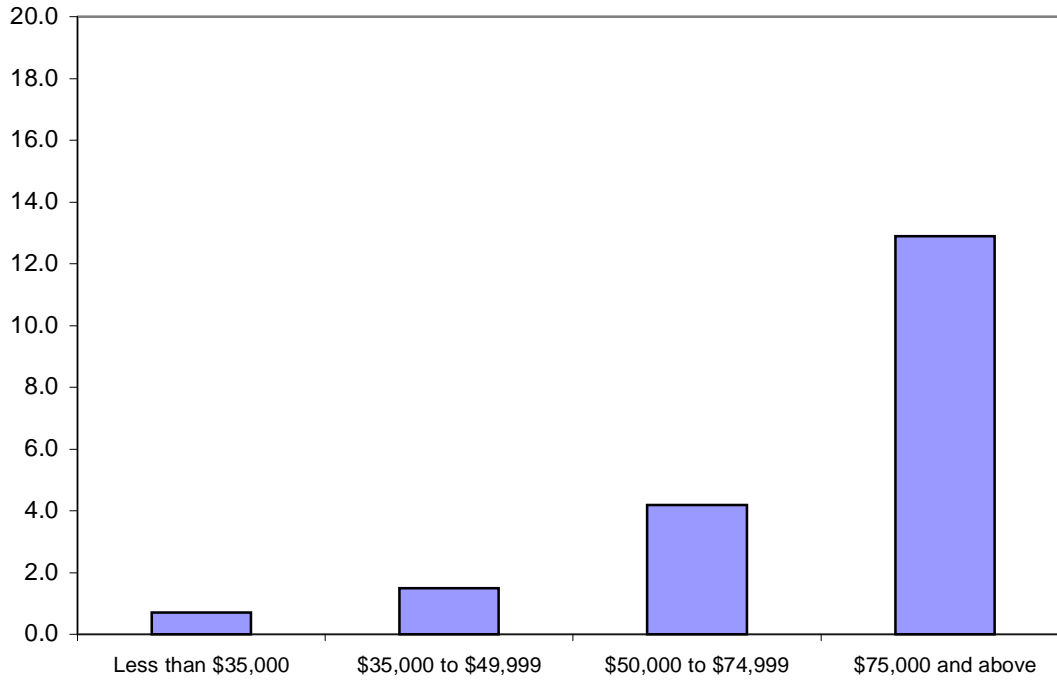
Employees in publicly held companies--those with stock traded on the open market--were more likely than other workers to receive stock option grants. For non-executive employees, the percentage ranged by salary, from 2.2 percent of non-executive employees earning less than \$35,000 to 26.8 percent of non-executive employees earning \$75,000 and above. Overall, 5.3 percent of employees in publicly held companies and 19.6 percent of executives in such firms received stock options. (See table 2.)

When the pilot survey results are examined by establishments rather than employees, 2.4 percent of establishments offered some form of stock options to their employees in 1999. The percentage of establishments that provided stock options ranged by industry, from 0.4 percent in services to 4.8 percent in wholesale and retail trade. (See chart B.) The two most common forms of equity compensation plans other than stock options were stock purchase plans and employee stock ownership plans, offered in 4.5 percent and 1.1 percent of establishments, respectively. (See table 3.)

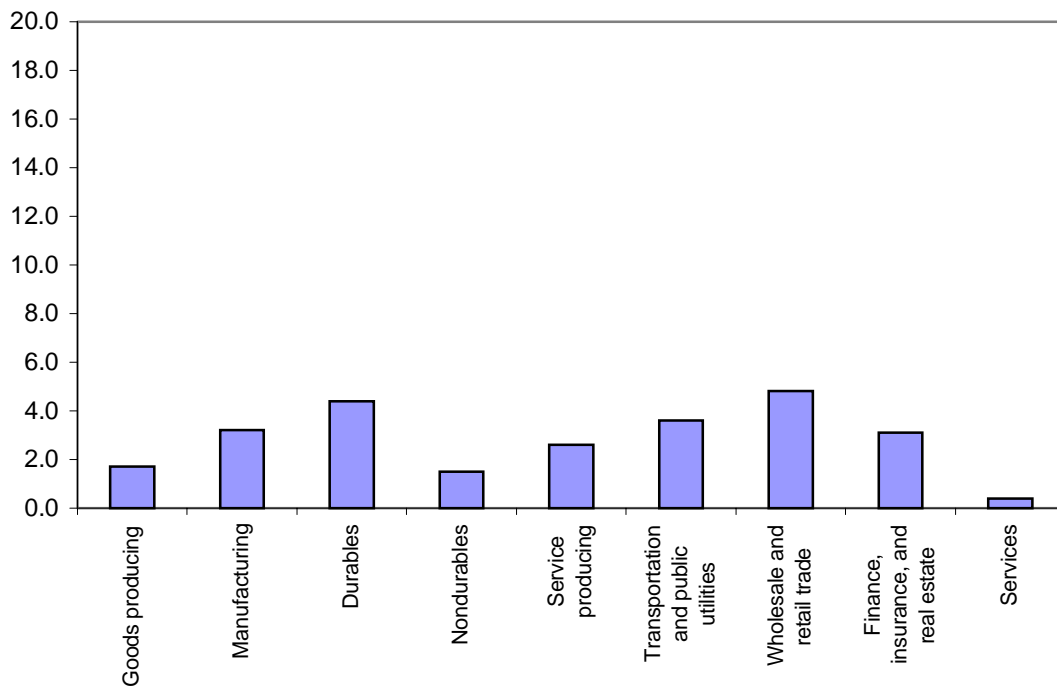
Among establishments of publicly held companies 22.1 percent offered stock options, compared with 2.4 percent for all private establishments. The percentage of publicly held companies that provided stock options also ranged by industry, from 5.5 percent in services to 33.9 percent in finance, insurance, and real estate. (See table 4.)

Note: This pilot survey covered only the incidence of stock options granted during the 1999 calendar year. The next phase of the pilot will examine the feasibility of collecting cost data on stock options for use in existing BLS surveys.

**Chart A. Percent of private industry non-executive employees with stock options by salary range, 1999**



**Chart B. Percent of private industry establishments with stock options by industry, 1999**



**Table 1. Percent of all private industry establishment employees with a stock option grant, by salary group, industry division, establishment size, and region, 1999**

Characteristic	Total <sup>1</sup>	After-hire grants
All employees .....	1.7	1.6
By salary group		
Executives .....	4.6	4.5
All employees, excluding executives .....	1.6	1.5
Less than \$35,000 .....	0.7	—
\$35,000 to \$49,999 .....	1.5	1.5
\$50,000 to \$74,999 .....	4.2	4.0
\$75,000 and above .....	12.9	12.5
By industry division		
Goods-producing <sup>2</sup> .....	2.5	2.3
Manufacturing .....	3.2	3.0
Durables .....	5.3	4.9
Nondurables .....	0.2	—
Service-producing .....	1.4	1.4
Transportation and public utilities .....	2.6	—
Wholesale and retail trade .....	1.1	—
Finance, insurance, and real estate .....	5.1	—
Services .....	0.7	0.7
By establishment size		
100 employees or less .....	0.9	—
Greater than 100 employees .....	2.5	2.4
By region <sup>3</sup>		
Northeast .....	1.1	1.1
South .....	1.5	1.4
Midwest .....	2.0	—
West .....	2.1	2.0

<sup>1</sup> Total includes after-hire grants plus signing-bonus stock options, which are not shown separately.

<sup>2</sup> Goods producing includes industries not shown separately.

<sup>3</sup> See technical note for regional definitions.

NOTE: Dashes indicate that no data were reported or that data did not meet publication criteria.

**Table 2. Percent of private industry and publicly held company employees receiving stock option grants, by salary group, industry division, establishment size, and region, 1999**

Characteristic	Total	Publicly held
All employees .....	1.7	5.3
By salary group		
Executives .....	4.6	19.6
All employees, excluding executives .....	1.6	5.0
Less than \$35,000 .....	0.7	2.2
\$35,000 to \$49,999 .....	1.5	4.9
\$50,000 to \$74,999 .....	4.2	10.2
\$75,000 and above .....	12.9	26.8
By industry division		
Goods-producing <sup>1</sup> .....	2.5	7.6
Manufacturing .....	3.2	7.6
Durables .....	5.3	14.0
Nondurables .....	0.2	0.3
Service-producing .....	1.4	4.4
Transportation and public utilities .....	2.6	6.4
Wholesale and retail trade .....	1.1	2.3
Finance, insurance, and real estate .....	5.1	13.9
Services .....	0.7	3.1
By establishment size		
100 employees or less .....	0.9	3.7
Greater than 100 employees .....	2.5	6.2
By region <sup>2</sup>		
Northeast .....	1.1	3.8
South .....	1.5	5.8
Midwest .....	2.0	4.8
West .....	2.1	6.6

<sup>1</sup> Goods producing includes industries not shown separately.

<sup>2</sup> See technical note for regional definitions.

NOTE: Dashes indicate that no data were reported or that data did not meet publication criteria.

**Table 3. Percent of private industry establishments offering selected equity compensation plans, by industry division, establishment size, and region, 1999**

Characteristic	Stock Options <sup>1</sup>	Stock Purchase Plans	Restricted Stock	Employee Stock Ownership Plans	Stock Bonus Plans	Phantom or Shadow Stock	Stock Appreciation Rights
Total .....	2.4	4.5	0.2	1.1	0.6	0.2	0.1
By industry division							
Goods-producing <sup>2</sup> .....	1.7	1.4	0.2	0.4	0.2	( <sup>3</sup> )	0.1
Manufacturing .....	3.2	4.0	0.4	1.0	0.4	0.1	0.2
Durables .....	4.4	3.2	0.5	0.9	0.5	0.2	0.2
Nondurables .....	1.5	5.1	–	–	–	–	–
Service-producing .....	2.6	5.1	0.2	1.2	0.7	0.2	0.1
Transportation and public utilities .....	3.6	7.8	1.6	3.2	2.3	–	1.0
Wholesale and retail trade .....	4.8	6.7	–	2.1	1.4	–	–
Finance, insurance, and real estate .....	3.1	2.3	–	0.9	–	–	–
Services .....	0.4	–	( <sup>3</sup> )	0.3	0.2	–	–
By establishment size							
100 employees or less .....	2.1	4.1	0.1	0.9	0.6	–	0.1
Greater than 100 employees .....	10.1	13.9	2.2	6.1	2.3	0.8	1.0
By region <sup>4</sup>							
Northeast .....	–	7.7	0.2	0.7	–	–	–
South .....	1.6	–	0.1	0.6	0.5	–	0.1
Midwest .....	1.7	1.6	0.6	0.8	0.4	( <sup>3</sup> )	0.1
West .....	1.9	2.9	0.1	2.6	1.3	–	–

<sup>1</sup> To qualify as providing a stock option, an establishment had to grant an option to at least one employee, who was not an owner, in 1999. For the other forms of equity compensation in this table, the establishment was asked if the program was offered to its employees, without regard to time period or type of employee.

<sup>2</sup> Goods producing includes industries not shown separately.

<sup>3</sup> Less than 0.05 percent.

<sup>4</sup> See technical note for regional definitions.

NOTE: Dashes indicate that no data were reported or that data did not meet publication criteria.

**Table 4. Percent of private industry and publicly held companies offering stock options,<sup>1</sup> by industry division, establishment size, and region, 1999**

Characteristic	Total	Publicly held
Total .....	2.4	22.1
By industry division		
Goods-producing <sup>2</sup> .....	1.7	29.0
Manufacturing .....	3.2	23.2
Durables .....	4.4	30.9
Nondurables .....	1.5	11.3
Service-producing .....	2.6	21.3
Transportation and public utilities .....	3.6	17.0
Wholesale and retail trade .....	4.8	26.6
Finance, insurance, and real estate .....	3.1	33.9
Services .....	0.4	5.5
By establishment size		
100 employees or less .....	2.1	21.0
Greater than 100 employees .....	10.1	30.5
By region <sup>3</sup>		
Northeast .....	—	—
South .....	1.6	16.3
Midwest .....	1.7	15.7
West .....	1.9	16.2

<sup>1</sup> An establishment has stock options if it granted a signing bonus or after-hire bonus to at least one employee in 1999.

<sup>2</sup> Goods producing includes industries not shown separately.

<sup>3</sup> See technical note for regional definitions.

NOTE: Dashes indicate that no data were reported or that data did not meet publication criteria.

## Technical Note

The Pilot Survey on the Incidence of Stock Options in Private Industry in 1999 was conducted as a research test for the National Compensation Survey. The survey was collected from February to June of 2000. The survey covered only the incidence of stock options granted during the 1999 calendar year. Options granted before or after the 1999 calendar year were out of scope of the survey, even if those options were exercised during 1999.

The survey estimates cover all private industries, except agriculture and private households, in all 50 states and the District of Columbia.

The estimates in this release are based on a sample of about 2,100 establishments. About 77 percent of the sampled establishments reported usable data. Approximately 1 out of 10 establishments are publicly held. Sample establishments are classified by industry categories based on the 1987 Standard Industrial Classification (SIC) system, as defined by the U.S. Office of Management and Budget. Establishment size categories are based on establishment employment counts reported in the June 1998 universe of all private nonfarm establishments. The survey sample represents approximately 6.7 million establishments and 105.8 million employees.

Two sets of weights are used to generate the survey estimates - establishment and employment. Establishment weights are used to calculate establishment based estimates and employment weights are used to calculate employee based estimates. The establishment and employment weights reflect the relative size of the establishment within the sample universe. Both sets of weights were adjusted for missing sample member data and benchmarked to the latest available (June 1999) universe counts of all private establishments and employees. The adjustments for missing sample data and benchmarking were done by major industry categories.

Typically BLS produces estimates of standard errors for compensation survey data, but, for this pilot survey, measures of standard errors were not computed. Therefore, some care should be exercised when using these estimates.

The following definitions were used in the collection and tabulation of this survey:

***After-hire grants:*** Stock options granted during an employee's normal tenure on the job. These are options that are given after the initial hiring (or signing) phase of employment.

***Employee Stock Ownership Plan:*** A defined contribution plan in which the employer contributes to a fund that invests primarily in company stock and makes distributions in stock or cash.

***Executives:*** Employees with authority to make final decisions across different areas of business like human resources, marketing, production, and finance.

***Phantom or Shadow Stock:*** Phantom Stock Plans give an employee many of the benefits of stock ownership without actually giving them any company stock. Instead of giving an employee stock or stock options, the company adopts a phantom stock plan and credits the employee with a number of "units" of phantom stock. Each "unit" increases in value as the company's shares of common stock increase and as dividends are declared on the stock.

***Publicly held:*** A company whose stock is traded on an exchange and who meets certain requirements under the law to report its financial position to the Securities and Exchange Commission (SEC).

**Restricted Stock:** A plan in which stock is given (or sold at a discount) to an employee, who is restricted from selling or transferring it for a specified time period (usually three to five years). The employee receives dividends, but must forfeit the stock if he/she terminates employment before the restriction period ends. If the employee remains in the employ of the company through the restricted period, the shares vest, irrespective of employee or company performance.

**Regions:**

*Northeast:* Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont;

*South:* Alabama, Arkansas, Delaware, District of Columbia, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia;

*Midwest:* Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin;

*West:* Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming.

**Stock Appreciation Rights:** A contractual right granted to an individual in which the recipient has the right to receive an amount equal to the appreciation on a specified number of shares of stock over a specified period of time. Generally, the recipient controls the timing of exercise of the right, which may be payable in cash or in shares of stock of the corporation.

**Stock Bonus Plans:** A defined contribution plan financed solely by the employer, or jointly by the employer and employee. Contributions are placed in a separate trust fund that invests in securities, including those of the employing company. Upon retirement or separation from the company, proceeds from the trust fund are paid out to eligible employees in the form of company stock or cash.

**Stock Option:** An employer-granted option giving workers the right to buy company stock at a fixed price anytime during an “exercise” period.

**Stock Purchase Plans:** Any program under which employees buy shares in the company’s stock. A qualified plan is a program that meets the IRS statutory requirements and results in more favorable benefits and tax treatment for the employee and company. Stock may be offered at a fixed price (usually below market) and paid for in full by employees. A nonqualified plan does not qualify for favorable tax treatment and may include any terms.

**Availability of additional data**

More detailed data from the Pilot Survey on the Incidence of Stock Options in Private Industry in 1999 will appear in an upcoming issue of the *Compensation and Working Conditions* quarterly magazine. If you have questions on this survey, you can call (202) 691-6199 or send e-mail to ([ocltinfo@bls.gov](mailto:ocltinfo@bls.gov)). These survey results are also available at the web site: (<http://www.bls.gov/comhome.htm>).