

# Employee Benefits in the United States, 1993-94

BY ANN C. FOSTER

A majority of U.S. workers were provided paid holidays and vacations, life insurance, and medical care coverage by their employers in 1993-94. Other benefits, such as child care assistance and supplemental unemployment insurance, were much less widespread. Benefit availability differed by full-time and part-time work status and by private and public sector employment.

This article is based on data from the 1993 Employee Benefits Survey of medium and large private establishments (those with 100 or more employees), as well as the 1994 surveys of small private establishments (those with fewer than 100 employees), and State and local governments. These surveys cover 98 million employees (78 million full-time and 20 million part-time) in the private and public sectors. The Employee Benefits Surveys are conducted by the Bureau of Labor Statistics to obtain information on the incidence and characteristics of employer-provided benefits.<sup>1</sup>

## Types of benefits and coverage

**Time-off.** The most common forms of paid leave available to workers were holidays (73 percent) and vacations (77 percent). (See table 1.) Least common was paid personal leave, available to 18 percent of all workers.

The average number of paid vacation days received increased with an employee's length of service, ranging from about 9 days after 1 year's service to almost 18 days after 20 years' service (table 2).

**Disability.** Protection against loss of income due to illness or injury is available to many workers. This protection includes paid sick leave, sickness and accident insurance, and long-term disability insurance.

Paid sick leave and sickness and accident insurance provide short-term protection. Paid sick leave, available to 53

percent of all workers, provides an employee with a number of fully paid days per year to cover absences due to illness or injury. Sickness and accident insurance, available to 29 percent of all workers, provides partial salary replacement for a 6- to 12-month period.

Long-term disability (LTD) insurance, provided to 24 percent of all workers, also replaces a portion of an employee's salary, but for a longer period than sickness and accident insurance. LTD benefits are generally paid until the disability ends or until retirement. In addition to LTD benefits, many defined benefit pension plans provide totally disabled workers with retirement income benefits before the normal or early retirement age.<sup>2</sup>

**Medical and dental care.** In 1993-94, 62 percent of all employees were covered by a medical care plan. Among covered employees, 43 percent were in plans providing fully employer paid individual coverage while 20 percent had fully employer paid family coverage. (See table 3.) Thirty-nine percent of all employees had dental care coverage. Among those covered, 49 percent were in plans that provided fully employer paid individual coverage, while 31 percent were in plans that provided fully employer paid family coverage.

**Life insurance.** A substantial majority (64 percent) of all workers had life insurance coverage. The amount provided was often a flat amount or a multiple of the employee's earnings. For 85 percent of covered employees, benefits were entirely employer financed.

**Retirement.** Fifty-six percent of all workers were covered by at least one retirement plan. Defined benefit pension plans, which use predetermined formulas to calculate retirement benefits, were available to 37 percent of all workers. Employers paid the entire cost of these plans for nearly three-fourths (73 percent) of those covered.

Defined contribution plans, which specify employer and

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employee contributions, but not the level of future benefits, were available to 30 percent of all workers. Savings and thrift and deferred profit sharing were the most prevalent defined contribution plans.<sup>3</sup>

**Flexible benefits plans and reimbursement accounts.** Flexible benefits, or cafeteria, plans let workers make benefit choices that were once made by their employers. These plans often allow an employee to determine how the employer's contribution is allocated among the benefits offered. Employees are often able to purchase additional benefits on a salary reduction basis. Six percent of all workers were eligible for such plans. (See table 4.)<sup>4</sup>

About a third of all workers were covered by employer-sponsored reimbursement, or flexible spending, accounts in 1993-94. These accounts help employees pay for expenses, such as childcare and medical care deductibles, not covered by other benefit plans. Accounts may be financed with employer funds, employee pretax funds, or both.<sup>5</sup>

**Other benefits.** Among the other benefits studied, job-related educational assistance was the most frequently offered. Although this benefit was available to 48 percent of all workers, non-job-related educational assistance was available to 12 percent of all workers.

Two employer-subsidized health improvement benefits—employee assistance programs and wellness programs—were offered to 37 percent and 19 percent, respectively, of all workers. Employee assistance programs generally provide counseling and referral services for acute conditions, such as alcohol and drug abuse and emotional and financial problems, that affect job performance. Wellness programs, which include physical fitness, smoking cessation, stress management, and weight loss seminars and programs, emphasize prevention of problems that can lead to poor health.

Few workers were offered supplemental unemployment benefits (1 percent), long-term care insurance (3 percent), and childcare assistance (4 percent).

### Full-time vs. part-time workers<sup>6</sup>

Full-time workers are more likely to be offered benefits than are part-time workers. In 1993-94, for example, retirement benefits were available to 65 percent of full-time

employees compared to 23 percent of part-time employees.

Paid vacations and holidays are among the most prevalent benefits available to part-time workers. When these benefits are available, they are usually similar to those provided to full-time workers, but are prorated based on the part-time worker's schedule. Part-time employees with paid holidays averaged 7.5 days per year compared to 8.9 for full-time employees. For part-time employees with vacation benefits, the average vacation ranged from 7.5 workdays after 1 year's service to 15.1 workdays after 20 years' service. For full-time employees, these figures were 9.0 and 18.0, respectively.

### Private vs. public sector workers

Public sector workers were more likely to have coverage for paid sick leave,<sup>7</sup> medical and dental care, and life insurance than were private sector workers. In addition, 91 percent of public employees were covered by retirement plans compared to 50 percent of private employees. Public employees were also much more likely (86 percent) to be covered by a defined benefit pension plan than were private employees (28 percent). Most public employees with a defined benefit pension plan (73 percent) had to contribute to its cost, while 3 percent of their private sector counterparts were required to do so. Employee contributions are one reason why defined benefit pension plans, on average, replace a larger proportion of a public employee's preretirement income than that of a comparable private employee (table 5). Public employees, however, were less likely (9 percent) to be covered by a defined contribution plan than were private sector employees (34 percent).

The incidence of benefits for paid holidays and vacations is higher in the private sector. The lower incidence of vacation coverage in the public sector is due to the large number of teachers who rarely receive paid vacations. Among public employees with these benefits, however, the average number of days available is higher than that for their private sector counterparts. (See table 2.)

### Additional data

Benefits information broken down by full-time and part-time status within the private and public sectors is available in the December 1996 issue of *Compensation and Working Conditions* (see tables B-1 through B-4, pp. 74-76).

### —ENDNOTES—

<sup>1</sup> For more information see *Employee Benefits in Medium and Large Private Establishments, 1993*, Bulletin 2456, Bureau of Labor Statistics, 1994; *Employee Benefits in Small Private Establishments, 1994*, Bulletin 2475, Bureau of Labor Statistics, 1996; and *Employee Benefits in State and Local Governments, 1994*, Bulletin 2477, Bureau of Labor Statistics, 1996.

<sup>2</sup> For example, 69 percent of full-time workers participating in defined benefit pension plans in 1993 had some form of disability retirement available. In 1994, 91 percent of full-time State and local government employees participating in defined benefit pension plans had disability retirement provisions.

<sup>3</sup> For more information on defined contribution plans see Ann C. Foster, "Defined Contribution Retirement Plans Becoming More Prevalent," *Compensation and Working Conditions*, June 1996, pp. 42-44.

<sup>4</sup> For more information on flexible benefits plans, see Joseph R. Meisenheimer and William J. Wiatrowski, "Flexible Benefits Plans: Employees Who Have a Choice," *Monthly Labor Review*, December 1989, pp. 17-23.

<sup>5</sup> For a more detailed explanation of flexible spending accounts see Ann C. Foster, "Employee Contributions for Medical Care Coverage," *Compensation and Working Conditions*, September 1996, pp. 51-53.

<sup>6</sup> Employees are classified as full-time or part-time according to the practices of surveyed establishments. Part-time employees are typically scheduled to work fewer hours than full-time employees in the same work activity.

<sup>7</sup> *Employee Benefits in the United States, 1992-93*, incorrectly reports the proportion of public sector employees with paid sick leave as 9 percent. The correct figure is 90 percent.

**Table 1. Percent of employees participating in selected benefits, by private and public sectors and full- and part-time status, 1993-94**

Benefit	All employees				
	Total	Private sector	Public sector	Full-time	Part-time
<b>Paid:</b>					
Holidays .....	73	75	68	84	32
Vacations .....	77	80	60	88	37
Personal leave .....	18	14	35	20	8
Funeral leave .....	56	56	58	64	24
Jury duty leave .....	67	63	88	76	34
Military leave .....	33	27	69	40	9
Sick leave .....	53	47	85	62	17
<b>Unpaid:</b>					
Family leave <sup>1</sup> .....	54	48	89	60	34
Sickness and accident insurance .....	29	30	19	32	15
Long-term insurance .....	24	23	27	30	2
Medical care .....	62	59	79	75	14
Dental care .....	39	35	58	46	9
Life insurance .....	64	61	80	77	14
<b>All retirement<sup>2</sup>:</b>					
Defined benefit pension .....	37	28	86	43	15
Defined contribution .....	30	34	9	35	11
<b>Type of plan:</b>					
Savings and thrift .....	16	18	2	19	4
Deferred profit sharing .....	10	11	-	11	5
Employee stock ownership .....	1	2	-	2	1
Money purchase pension .....	6	5	6	6	2

<sup>1</sup>Data for workers in family leave plans in 1993 are for unpaid maternity leave; in 1994 they are for unpaid family leave mandated by the Family and Medical Leave Act of 1993. Much of the 1993 data for private sector employees in medium and large establishments were collected prior to August 5, 1993, the effective date of the law.

<sup>2</sup>Includes defined benefit pension plans and defined contribution retirement plans. The total is less than the sum of the individual items because some employees participated in more than one plan.

NOTE: Dash indicates no employees in this category.

**Table 2. Average<sup>1</sup> annual number of days provided to participants in selected leave plans, by private and public sectors and full- and part-time status, United States, 1993-94**

Leave plan	All employees				
	Total	Private sector	Public sector	Full-time	Part-time <sup>2</sup>
<b>Paid:</b>					
Holidays <sup>3</sup> .....	8.7	8.3	11.4	8.9	7.5
Vacations by minimum length of service requirement:					
After 1 year .....	8.9	8.4	12.2	9.0	7.5
After 10 years .....	15.1	14.6	18.2	15.3	12.8
After 15 years .....	16.6	16.1	20.2	16.9	14.2
After 20 years .....	17.7	17.1	21.8	18.0	15.1
Personal leave .....	2.9	2.9	2.9	2.9	2.7
Funeral leave <sup>4</sup> .....	3.2	3.0	3.7	3.2	3.2
Military leave .....	13.7	13.4	14.1	13.7	13.2

<sup>1</sup>The average shown is for covered workers only.

<sup>2</sup>Leave provisions for part-time employees are usually prorated based on their work schedule.

<sup>3</sup>The methods used to calculate the average number of paid holi-

days have been revised to count partial holidays more precisely. For this reason, the average annual number of paid holidays shown in this table are not comparable to those reported in earlier surveys.

<sup>4</sup>Funeral leave averages are per occurrence.

**Table 3. Percent of participants with selected benefits by source of financing, by private and public sectors and full- and part-time status, 1993-84**

Benefit	All employees				
	Total	Private sector	Public sector	Full-time	Part-time
<b>Sickness and accident insurance</b>					
Total .....	100	100	100	100	100
Wholly employer financed .....	69	68	77	71	55
Partly employer financed .....	31	32	23	29	45
Not determinable .....	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	-
<b>Long-term disability insurance</b>					
Total .....	100	100	100	100	-
Wholly employer financed .....	77	77	77	77	-
Partly employer financed .....	23	23	22	23	-
Not determinable .....	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	-
<b>Medical Care</b>					
<b>Employee coverage:</b>					
Total .....	100	100	100	100	100
Wholly employer financed .....	43	41	49	43	44
Partly employer financed .....	55	57	47	55	55
Not determinable .....	2	2	3	2	2
<b>Family coverage:</b>					
Total .....	100	100	100	100	100
Wholly employer financed .....	20	20	23	20	29
Partly employer financed .....	75	76	71	75	69
Not determinable .....	5	4	6	5	3
<b>Dental care</b>					
<b>Employee coverage:</b>					
Total .....	100	100	100	100	-
Wholly employer financed .....	49	44	64	48	-
Partly employer financed .....	49	54	34	50	-
Not determinable .....	2	2	2	2	-
<b>Family coverage:</b>					
Total .....	100	100	100	100	100
Wholly employer financed .....	31	28	40	30	42
Partly employer financed .....	65	68	55	66	57
Not determinable .....	4	3	5	4	1
<b>Life insurance</b>					
Total .....	100	100	100	100	100
Wholly employer financed .....	85	85	86	85	86
Partly employer financed .....	15	15	14	15	14
Not determinable .....	( <sup>1</sup> )	( <sup>1</sup> )	-	( <sup>1</sup> )	( <sup>1</sup> )
<b>Defined benefit pension</b>					
Total .....	100	100	100	100	100
Wholly employer financed .....	73	97	27	73	72
Partly employer financed .....	27	3	73	27	28

<sup>1</sup> Less than 0.5 percent.

NOTE: Because of rounding, sums of individual items may not

equal total. Dash indicates no employees in this category or that data did not meet publication criteria.

**Table 4. Percent of employees eligible for selected benefits, by private and public sectors and full- and part-time status, 1993-94**

Benefit	All employees				
	Total	Private sector	Public sector	Full-time	Part-time
Flexible benefits plans .....	6	6	5	6	2
Reimbursement accounts .....	33	28	59	38	11
Severance pay .....	23	23	27	28	7
Supplemental unemployment benefits .....	1	2	( <sup>1</sup> )	2	( <sup>1</sup> )
Employer assistance for child care .....	4	3	9	5	3
Long-term care insurance .....	3	2	3	3	1
Wellness programs .....	19	17	32	22	9
Employee assistance programs .....	37	31	65	41	19
Employer-subsidized recreation facilities .....	13	12	15	15	6
Job-related travel accident insurance .....	22	23	13	25	11
Nonproduction bonuses .....	37	38	31	41	19
Job-related educational assistance .....	48	46	60	55	23
Non-job-related educational assistance .....	12	11	18	14	5

<sup>1</sup>Less than 0.5 percent.

**Table 5. Average<sup>1</sup> defined benefit pension plan replacement rates<sup>2</sup> for full-time employees with specified final earnings, age, and years of plan participation at retirement by private and public sectors, 1993-94**

Final annual earnings	Full-time employee replacement rates	
	Private sector <sup>3</sup>	Public sector
	Age 55 with 20 years of plan participation	
\$35,000 .....	14.1	24.0
\$65,000 .....	13.3	24.0
	Age 65 with 30 years of plan participation	
\$35,000 .....	30.0	53.8
\$65,000 .....	28.9	53.8

<sup>1</sup>The average is presented for all covered workers; excluded are workers without a defined benefit pension plan, participants in cash-account pension plans, and participants in plans with benefits based on career contributions.

<sup>2</sup>A replacement rate is the proportion of a retiree's final year's earnings that is "replaced" by the pension received. A replacement rate is computed by dividing

pension benefit by the earnings in the final year of work. The maximum benefit available to an employee, reduced for early retirement, when applicable, was calculated for each defined benefit pension plan in the sample. Replacement rates do not include Social Security benefits.

<sup>3</sup>Averages for private employees are for covered workers in medium and large private establishments only.