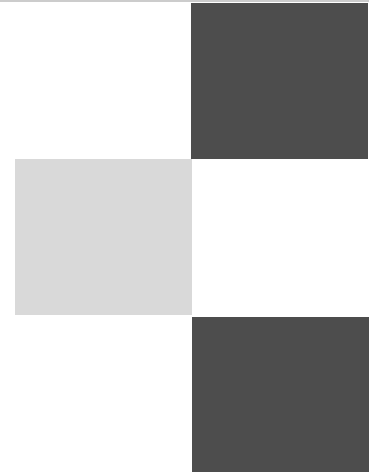


Minnesota Employee Benefits Survey

Spring 2005



Labor Market Information Office
Minnesota Department of Employment
and Economic Development &
State Society of Human Resource Managers

[www.deed.state.mn.us/lmi/
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Introduction

Employee benefits, including health care and retirement, became more and more common after World War II. Now, many segments of America's workforce have come to count on the voluntary benefits that their private employers sponsor. At the same time, these benefits have grown to claim a larger and larger share the budget that firms spend on total worker compensation and therefore represent an important consideration for firms. The 2005 Minnesota Employee Benefits Survey provides a detailed look at the provision of these benefits, as well as the proportion of costs they represent compared to wages and salaries, for Minnesota employers.

The Minnesota Employee Benefits Survey provides information on a wide range of employee benefits offered by private sector firms in Minnesota during the first three months of 2005. Survey results cover only private and most nonprofit firms: no government agencies or organizations, whether local, state, or federal, were surveyed, so results only represent employee benefits in the private sector of the economy. Benefits covered by the survey include medical, dental, vision, paid leave, retirement, and some fringe benefits like tuition assistance. Survey results are available for eight industry sectors, five employer size classes, and the six Planning Regions, as well as information for both full-time and part-time workers. Of the 5,345 firms that were surveyed, 63.1 percent, 3,374 firms responded.

This report presents information on:

- the percent of firms that offer various benefits to any or all employees,
- the percent of employees who are offered benefits and
- the percent of employees who choose to participate in those benefits.

In other words, benefit data was captured for both firms and employees. These are two very different populations and therefore the resulting rates of coverage will differ. For example, while 53 percent of firms say they offer medical insurance to full-time employees, 80 percent of full-time employees in Minnesota are offered coverage. This is because larger firms are more likely to offer benefits. This distinction is important to understand when looking at the tables in this report. Different audiences will have an interest in different tables.

This report also presents information on premium cost sharing. For major benefits the percent paid by the employer is presented. For less expensive benefits, only information on whether or not the costs are shared is available.

The final section of the report presents information on overall employer costs for health insurance and retirement benefits. Firms were asked for their total cost of wages, insurance, and retirement. These amounts were then considered in terms of the firm's reported average total employment. Therefore, the result is not a premium cost for employees who qualify for the benefit, but rather the share that these two benefits represent relative to the cost of wages and salaries.

Major Findings:

Employers offer a wide range of benefits.

- About 53 percent of firms offer medical insurance to full-time employees and 45 percent offer family coverage.
- About 29 percent of firms offer dental coverage to their full-time employees and 25 percent offer family coverage.
- About 46 percent of firms offer retirement benefits to full-time employees with the vast majority offering defined contribution plans.
- The most popular benefits are paid vacation, with 62 percent of firms offering this benefit to full-time workers. Paid holidays are also very common.

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- The most commonly offered fringe benefits are non-production bonuses, tuition assistance and flexible medical spending accounts.

Benefits vary depending on the industry and firm size.

- Manufacturing, financial, and education and health services sectors are the most likely to offer medical benefits and most other benefits as well. The leisure and hospitality industries are the least likely to offer benefits.
- Benefits vary depending on the firm's size class, with larger firms more likely to offer benefits than small firms.
- Paradoxically, when smaller firms did offer medical, dental or vision benefits, they are also somewhat more likely to pay the full cost of that benefit.

Cost-sharing and medical waiting periods are common.

- Seventy-three percent of firms require a medical waiting period for full-time employees.
- Employers are more likely to pay the full cost of life and disability insurance than of medical, dental or vision benefits. Over 53 percent of employers either split dental insurance costs or pass the entire cost to the full-time employee and that percentage climbs when we look at family dental coverage.
- In terms of retirement benefits, contribution plans are usually jointly-paid while pension plans are often completely employer-funded.

Full-time workers are more likely to be offered benefits than part-time workers.

- Only 12 percent of firms offer medical benefits to part-time staff versus 53 percent for full-time staff. Very large firms and manufacturing and education firms were most likely to offer part-time medical coverage.
- Cost-sharing is more typical for part-time workers, and a higher percentage of part-time workers are required to pay the full cost of medical, dental and vision benefits when they are offered these benefits.
- **There are differences in benefits between regions of the state, which likely reflect differences in the mix of firm types and sizes by region.**
- The Twin Cities region has the highest rates of medical, dental and retirement benefits.
- The Central region led the state in offering fringe benefits such as tuition assistance, childcare assistance, and non-production bonuses.

Benefits, especially health benefits, represent a significant cost for employers in Minnesota.

- Of employers who offer health benefits to their employees, 8.3 percent of the combined cost of wages and salaries and health benefits is spent on health benefits.
- Of employers who offer retirement benefits to their employees, 2.7 percent of the combined cost of wages and salaries and retirement benefits is spent on retirement benefits.

Section 1: Medical Benefits

Frequency of coverage

Healthcare issues are closely tied to employment in the U.S. While some people are uninsured and others are covered by a public insurance program or a policy that they purchase individually, about 60 percent of people nationwide are covered by employment-based health insurance. This figure includes workers and their families as well as an increasingly smaller number of retirees. (Source: "Income, Poverty and Health Insurance Coverage in the United States: 2003." U.S. Census Bureau's Current Population Reports. Issued August 2004.) Employer-based health insurance started to become very common after WWII, and today many sectors of the labor force have come to rely on it. The private employment based provision of health insurance is used both to protect employee health and as an incentive for employee recruitment and retention.

Almost four-fifths (79.9 percent) of full-time workers and 15.9 percent of part-time workers in surveyed industries are offered some type of employer-sponsored medical insurance plan, and 64.8 percent of full-time workers and 8.6 percent of part-time workers participate in these employer-sponsored medical plans in Minnesota (see Table 1). Workers in the leisure and hospitality sector are least likely to be offered or to participate in coverage, as are workers in very small firms.

Workers in manufacturing firms and large firms are the most likely to be offered benefits. Participation rates are also high in these areas, which could be indicative of better plans with lower employee costs being offered.

Part-time workers are much less likely to be offered medical coverage or to participate in such coverage.

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Table 1: Percent of full-time and part-time employees offered medical insurance and percent of all full-time and part-time workers participating in a medical plan

	Full-time workers		Part-time workers	
	Percent offered coverage	Percent participating	Percent offered coverage	Percent participating
All respondents	79.9%	64.8%	15.9%	8.6%
Industry				
Construction	68.0%	59.2%	25.4%	21.3%
Manufacturing	88.7%	75.3%	17.3%	10.6%
Trade, transportation, and utilities	74.7%	57.7%	17.7%	10.2%
Financial activities	87.7%	73.3%	14.0%	7.5%
Professional and business svcs	83.6%	64.5%	13.6%	5.7%
Education and health services	84.5%	67.9%	29.0%	17.1%
Leisure and hospitality	51.1%	39.7%	4.9%	0.7%
Other services	76.0%	61.4%	3.8%	1.7%
Establishment Size Class				
Very small (less than 10)	48.9%	39.9%	5.6%	3.5%
Small (10 to 49)	76.6%	60.2%	7.1%	4.7%
Medium (50 to 99)	77.6%	59.1%	20.5%	7.9%
Large (100 to 249)	88.6%	70.5%	17.9%	10.0%
Very large (250+)	91.7%	78.5%	37.1%	20.5%
Planning Region				
Central	82.5%	66.4%	12.5%	4.1%
Northeast	75.1%	61.4%	14.3%	10.7%
Northwest	75.3%	63.8%	13.4%	7.4%
Southeast	77.9%	61.6%	14.1%	7.8%
Southwest	81.0%	63.2%	9.3%	4.3%
Twin Cities	80.6%	65.5%	18.4%	10.2%

Table 2 shows that 31.5 percent of full-time workers participated in single coverage plans and 34.0 percent participated in a family coverage plan. This suggests that many full-time workers are carrying the coverage for their family, which may include other full-time or part-time workers.

Full-time worker rates also exceed those of part-time workers who seldom enroll in single or family coverage because their employer does not offer it, because they are covered by another household member's plan, or because costs are too high.

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Table 2: Percent of full-time and part-time employees participating in single and family medical coverage

	Full-time workers		Part-time workers	
	Participating: single coverage	Participating: family coverage	Participating: single coverage	Participating: family coverage
All respondents	31.5%	34.0%	5.1%	3.7%
Industry				
Construction	21.4%	38.0%	3.5%	17.6%
Manufacturing	32.8%	42.4%	8.1%	2.6%
Trade, transportation, and utilities	28.0%	30.4%	7.5%	3.4%
Financial activities	33.2%	40.7%	3.8%	3.1%
Professional and business svcs	33.2%	33.5%	3.3%	2.6%
Education and health services	38.7%	30.4%	9.3%	7.9%
Leisure and hospitality	26.5%	12.8%	0.6%	0.1%
Other services	34.7%	28.1%	1.2%	0.3%
Establishment Size Class				
Very small (less than 10)	18.0%	25.5%	3.1%	0.5%
Small (10 to 49)	33.3%	28.5%	2.6%	2.2%
Medium (50 to 99)	30.4%	28.9%	4.8%	3.2%
Large (100 to 249)	34.6%	35.7%	6.9%	3.8%
Very large (250+)	34.3%	43.7%	10.8%	9.7%
Planning Region				
Central	32.1%	36.1%	2.3%	2.1%
Northeast	29.4%	32.8%	7.2%	3.7%
Northwest	29.4%	35.5%	3.9%	3.1%
Southeast	26.8%	35.0%	4.2%	3.8%
Southwest	30.8%	33.0%	2.8%	1.5%
Twin Cities	32.6%	33.6%	6.1%	4.4%

This survey also gathered medical benefits information by industry, size class, and region to determine which types of firms are more likely to offer coverage. While only about half (53.2 percent) of the firms offer a medical benefits plan for full-time workers, there are clear differences when industry and size class are considered. (See Table 3) Manufacturing firms are most likely to have medical coverage in most cases. Three-fourths of firms offered coverage for full-time workers, and 64.2 percent offered family coverage. Medical coverage is least frequent in firms in the leisure and hospitality sector, which includes entertainment, accommodations, and food service businesses.

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Table 3: Percent of firms with medical insurance plans

	<u>Single Coverage</u>		<u>Family Coverage</u>	
	Full-time workers	Part-time workers	Full-time workers	Part-time workers
All respondents	53.2%	12.4%	45.0%	9.4%
Industry				
Construction	49.6%	6.7%	46.7%	5.2%
Manufacturing	74.7%	34.2%	64.2%	15.5%
Trade, transportation, and utilities	54.5%	11.5%	48.5%	9.5%
Financial activities	60.5%	15.1%	51.0%	13.5%
Professional and business svcs	52.1%	8.9%	37.3%	7.6%
Education and health services	57.0%	23.4%	49.0%	18.7%
Leisure and hospitality	27.2%	2.8%	18.6%	2.8%
Other services	49.3%	10.1%	40.7%	5.9%
Establishment Size Class				
Very small (less than 10)	39.9%	9.5%	30.7%	6.2%
Small (10 to 49)	73.3%	12.5%	65.5%	10.0%
Medium (50 to 99)	90.1%	28.0%	86.5%	26.2%
Large (100 to 249)	95.8%	27.1%	94.8%	22.8%
Very large (250+)	98.3%	53.6%	98.1%	51.1%
Planning Region				
Central	52.9%	8.0%	41.3%	6.2%
Northeast	47.4%	5.4%	39.2%	5.0%
Northwest	46.9%	8.3%	39.0%	7.1%
Southeast	44.4%	7.8%	37.1%	4.0%
Southwest	53.5%	8.7%	45.7%	6.4%
Twin Cities	56.2%	17.0%	48.4%	13.0%

In terms of size class large firms are much more likely than small firms to offer medical coverage, including family medical coverage. Only 39.9 percent of very small firms offer medical coverage to full-time workers, and only 30.7 percent of them have family coverage.

As expected, the frequency of plans for part-time workers is well below that for full-time workers. Overall only 12.4 percent of firms offer medical coverage for part-time workers versus 53.2 percent for full-time workers, and that figure drops to 9.4 percent when family coverage is considered. Rates are lower for part-time workers than full-time workers in all industries, although manufacturing, education and health services, and financial activities respondents exceed the average. Large firms again are more likely than small firms to have medical coverage available to part-time workers, although while almost all very large firms (250+ employees) have coverage for full-time workers, only about half have coverage for part-time workers.

The rates of medical coverage also vary slightly between regions of the state although most hover around state averages. The seven-county Twin Cities area reported the highest rate in all categories of medical benefits (medical and family coverage for full-time and part-time workers). The Southeast region, noted for its reputation in healthcare and for the presence of a few very large employers, ranked lowest in frequency of medical insurance plans—a

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reminder that regional results are confounded by both the industry and size class mix of the region and nonresponse issues.

Qualifying for coverage

Survey results suggest that the majority of Minnesota employers are utilizing popular healthcare cost containment measures such as the implementation of waiting periods. For full-time workers waiting periods were most common in manufacturing and least common in the professional and business services, education and health services, and financial activities sectors. (See Table 4) Although few firms with less than ten employees offered medical coverage to full-time or part-time workers, they are also the least likely to require a waiting period.

Considering work status, waiting period results can appear counterintuitive at first glance. While 73.1 percent of employers require a waiting period for full-time workers, that figure drops to 65.6 percent for part-time workers. In some industries waiting periods are more common for part-time workers, but in others they appear to be less typical. This is likely related to the fact that few small firms offer part-time coverage at all, but those that do are in the smaller pool of employers with more generous benefits.

Table 4: Medical waiting period

	Full-time	Part-time
All respondents	73.1%	65.6%
Industry		
Construction	87.9%	72.1%
Manufacturing	91.8%	97.6%
Trade, transportation, and utilities	87.0%	46.9%
Financial activities	59.2%	56.3%
Professional and business svcs	49.7%	77.2%
Education and health services	56.7%	54.5%
Leisure and hospitality	76.1%	60.7%
Other services	71.5%	97.9%
Establishment Size Class		
Very small (less than 10)	62.5%	52.1%
Small (10 to 49)	81.7%	73.3%
Medium (50 to 99)	88.6%	83.5%
Large (100 to 249)	87.1%	80.8%
Very large (250+)	80.8%	74.3%
Planning Region		
Central	82.4%	65.6%
Northeast	74.4%	78.6%
Northwest	81.8%	50.3%
Southeast	76.8%	84.9%
Southwest	78.7%	74.2%
Twin Cities	68.8%	64.4%

In addition to requiring workers to wait a period of time before becoming eligible for coverage, employers can raise the number of hours employees must work to be eligible as a way of containing costs. Table 5 shows that at the median, employers require full-time employees to work 32 hours a week to qualify for medical coverage. Manufacturing required the highest number of hours for full-time workers at the median (38 hours), and education and health services came in lowest at 30 hours.

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Part-time workers are required to work about 24 hours to qualify for medical coverage when available to them. Professional and business services employers required higher hours for part-time workers in addition to being one of the sectors reporting lower offer rates for part-time coverage with a high incidence of waiting periods.

Table 5: Median number of minimum hours worked to qualify for medical coverage

	Full-time workers	Part-time workers
All respondents	32	24
Industry		
Construction	32	20
Manufacturing	38	25
Trade, transportation, and utilities	35	25
Financial activities	32	24
Professional and business svcs	36	30
Education and health services	30	20
Leisure and hospitality	35	21
Other services	32	20
Establishment Size Class		
Very small (less than 10)	35	24
Small (10 to 49)	35	25
Medium (50 to 99)	32	20
Large (100 to 249)	32	23
Very large (250+)	32	20
Planning Region		
Central	32	20
Northeast	36	25
Northwest	35	20
Southeast	36	20
Southwest	35	20
Twin Cities	32	25

Cost sharing

National data suggests that the percent of employees with medical insurance who are required to contribute toward that coverage has steadily increased over time. Between 1980 and 1997 the percent of workers in medium and large firms who were required to make contributions to their single coverage increased from 26 percent to 69 percent. Shares when making contributions to family coverage were even higher over that period. In 2004, 76 percent of workers in private industry were required to contribute to their single medical coverage. (Source: BLS Employee Benefits Survey.)

Cost sharing—requiring that employees pay part of the expenses for coverage—is another measure used by employers to contain costs. Table 6 shows that generally speaking, if employers offer single coverage to full-time workers, they also cover the cost for it. When it comes to family coverage for full-time workers, employers usually split the bill. There are some differences by industry, but at the median all but one sector (leisure and hospitality) paid at least 82 percent of premium costs of single coverage for full-time workers. Employers at the median also pay

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a lower share of the premium for part-time workers, 63 percent for single coverage and 33 percent for family coverage.

In terms of size class very small firms that offer full-time workers coverage tend to pay the full cost of single coverage, and they pay 50 percent of family coverage for full-time workers. Large firms pay a lower share at the median for single coverage, but they pay a higher share of the cost for family coverage. Firms offering less generous benefits are more likely to offer only single coverage while those offering more generous benefits are more likely to offer both single and family coverage and pay a higher share of both. This is the same for firms of all size classes that offer medical benefits.

Table 6: Medical insurance premiums, percent paid by employer at the median

	At the median, percent of premium paid by employers for full-time workers		At the median, percent of premium paid by employers for part-time workers	
	Single Coverage	Family Coverage	Single Coverage	Family Coverage
All respondents	100%	50%	63%	33%
Industry				
Construction	100%	80%	81%	33%
Manufacturing	90%	60%	50%	0%
Trade, transportation, and utilities	85%	50%	100%	0%
Financial activities	82%	60%	50%	0%
Professional and business svcs	100%	65%	77%	50%
Education and health services	100%	24%	77%	33%
Leisure and hospitality	66%	50%	50%	10%
Other services	100%	50%	75%	55%
Establishment Size Class				
Very small (less than 10)	100%	50%	50%	0%
Small (10 to 49)	80%	50%	74%	0%
Medium (50 to 99)	75%	50%	55%	33%
Large (100 to 249)	79%	64%	77%	60%
Very large (250+)	80%	75%	75%	68%
Planning Region				
Central	80%	50%	80%	50%
Northeast	90%	67%	80%	70%
Northwest	100%	50%	50%	0%
Southeast	75%	62%	60%	50%
Southwest	79%	50%	50%	52%
Twin Cities	100%	50%	75%	33%

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Tables below: Percentiles for share of premium paid by employer

Single Medical Coverage Premium for Full-time Workers

	Percentiles				
	10th	25th	50th	75th	90th
All respondents	50	62	100	100	100
Industry					
Construction	50	80	100	100	100
Manufacturing	50	75	90	100	100
Trade, transportation, and utilities	50	50	85	100	100
Financial activities	0	63	82	100	100
Professional and business svcs	65	80	100	100	100
Education and health services	50	80	100	100	100
Leisure and hospitality	0	50	66	90	100
Other services	50	50	100	100	100
Establishment Size Class					
Very small (less than 10)	50	100	100	100	100
Small (10 to 49)	50	50	80	100	100
Medium (50 to 99)	50	53	75	88	100
Large (100 to 249)	50	68	79	88	100
Very large (250+)	60	73	80	86	95
Planning Region					
Central	50	50	80	100	100
Northeast	50	50	90	100	100
Northwest	50	75	100	100	100
Southeast	50	56	75	100	100
Southwest	50	50	80	100	100
Twin Cities	50	70	100	100	100

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**Family Medical Coverage Premium
for Full-time Workers**

	Percentiles				
	10th	25th	50th	75th	90th
All respondents	0	0	50	100	100
Industry					
Construction	0	0	80	100	100
Manufacturing	0	42	60	84	100
Trade, transportation, and utilities	0	0	50	80	100
Financial activities	0	0	60	80	100
Professional and business svcs	0	0	65	100	100
Education and health services	0	0	24	50	90
Leisure and hospitality	0	0	50	70	90
Other services	0	0	50	80	100
Establishment Size Class					
Very small (less than 10)	0	0	50	100	100
Small (10 to 49)	0	0	50	75	100
Medium (50 to 99)	0	33	50	75	80
Large (100 to 249)	0	45	64	78	85
Very large (250+)	48	65	75	80	88
Planning Region					
Central	0	0	50	80	100
Northeast	0	0	67	100	100
Northwest	0	0	50	85	100
Southeast	0	0	62	100	100
Southwest	0	0	50	75	100
Twin Cities	0	0	50	100	100

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**Single Medical Coverage Premium
for Part-time Workers**

	Percentiles				
	10th	25th	50th	75th	90th
All respondents	0	50	63	100	100
Industry					
Construction	50	50	81	100	100
Manufacturing	0	50	50	50	60
Trade, transportation, and utilities	0	50	100	100	100
Financial activities	0	0	50	70	100
Professional and business svcs	0	50	77	80	100
Education and health services	44	60	77	100	100
Leisure and hospitality	0	2	50	50	50
Other services	50	50	75	100	100
Establishment Size Class					
Very small (less than 10)	0	50	50	100	100
Small (10 to 49)	0	50	74	100	100
Medium (50 to 99)	35	44	55	77	80
Large (100 to 249)	0	60	77	95	100
Very large (250+)	50	60	75	80	90
Planning Region					
Central	0	20	80	100	100
Northeast	50	50	80	100	100
Northwest	0	0	50	69	100
Southeast	50	50	60	80	100
Southwest	39	50	50	72	80
Twin Cities	0	50	75	100	100

Section 2: Dental and Vision Benefits

Frequency of dental coverage

While 67 percent of full-time workers and 15 percent of part-time workers in surveyed industries are offered some type of employer-sponsored dental coverage, either as a stand-alone policy or as part of their medical plan (see Table 7), only 52.7 percent of full-time workers and 8.0 percent of part-time workers participate in an employer-sponsored dental plan. Comparison with medical benefits shows that dental coverage lags that of medical coverage for full-time workers, but that medical and dental coverage rates are about the same for part-time workers.

Full-time workers in the financial services sector are most likely to be offered or to participate in coverage, as are full-time workers in large and very large firms. Part-time workers in education and health services and in very large firms are most likely to be offered dental coverage.

Table 7: Percent of full-time and part-time employees offered dental insurance and percent of all full-time and part-time workers participating in a dental plan

	Full-time workers		Part-time workers	
	Percent offered coverage	Percent participating	Percent offered coverage	Percent participating
All respondents	67.3%	52.7%	14.9%	8.0%
Industry				
Construction	50.5%	42.6%	16.3%	15.4%
Manufacturing	77.4%	60.6%	11.7%	6.8%
Trade, transportation, and utilities	57.5%	42.9%	16.8%	9.4%
Financial activities	78.0%	66.7%	11.2%	8.1%
Professional and business svcs	70.2%	53.7%	12.0%	5.0%
Education and health services	76.4%	60.8%	29.4%	16.8%
Leisure and hospitality	47.3%	33.7%	4.2%	0.5%
Other services	59.1%	44.9%	4.1%	1.7%
Establishment Size Class				
Very small (less than 10)	22.3%	20.5%	2.8%	2.5%
Small (10 to 49)	49.4%	38.7%	6.0%	4.0%
Medium (50 to 99)	68.2%	49.4%	20.2%	7.9%
Large (100 to 249)	86.1%	63.7%	17.3%	9.0%
Very large (250+)	89.8%	73.4%	37.2%	20.3%
Planning Region				
Central	62.8%	44.2%	10.5%	4.0%
Northeast	57.9%	44.8%	13.6%	6.2%
Northwest	49.3%	38.2%	11.0%	5.2%
Southeast	62.3%	49.6%	14.2%	8.1%
Southwest	51.3%	37.6%	7.7%	2.2%
Twin Cities	73.0%	58.2%	17.8%	10.3%

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As with medical coverage, full-time workers are more likely to participate in coverage than part-time workers, and the full-time family coverage participation rate is higher than that for single coverage. (See Table 8) When part-time workers participate in their employer's dental plan, they are more likely to be participating in single coverage. A bold exception is part-time construction workers, who are much more likely to be participating in family coverage. The greatest exception for full-time workers is in the leisure and hospitality sector where 23.0 percent of workers participate in single coverage versus 12.1 percent who participate in family coverage.

Table 8: Percent of full-time and part-time employees participating in single and family dental coverage

	Full-time workers		Part-time workers	
	Participating: single coverage	Participating: family coverage	Participating: single coverage	Participating: family coverage
All respondents	23.7%	29.4%	4.5%	3.5%
Industry				
Construction	11.8%	31.0%	1.2%	14.2%
Manufacturing	22.7%	37.7%	4.8%	2.0%
Trade, transportation, and utilities	20.6%	23.0%	6.8%	2.6%
Financial activities	28.2%	38.0%	3.9%	3.5%
Professional and business svcs	25.8%	27.8%	2.4%	2.5%
Education and health services	31.3%	30.4%	8.7%	8.5%
Leisure and hospitality	23.0%	12.1%	0.4%	0.1%
Other services	25.7%	20.6%	1.5%	0.2%
Establishment Size Class				
Very small (less than 10)	7.2%	13.6%	2.5%	0.0%
Small (10 to 49)	17.9%	21.8%	1.9%	2.2%
Medium (50 to 99)	23.9%	25.9%	3.4%	4.3%
Large (100 to 249)	30.9%	33.1%	6.0%	3.1%
Very large (250+)	31.1%	42.1%	11.3%	9.1%
Planning Region				
Central	19.2%	25.1%	2.7%	1.4%
Northeast	19.3%	25.8%	4.7%	2.0%
Northwest	15.6%	22.6%	2.8%	2.5%
Southeast	20.1%	29.5%	4.7%	3.1%
Southwest	16.1%	22.2%	1.1%	1.7%
Twin Cities	26.8%	31.8%	5.6%	4.7%

Overall, the share of firms that provide dental coverage is much lower than the share of firms that offer medical coverage. Only about one in four firms (28.6 percent) offer dental coverage for full-time workers, and only about one in ten (9.8 percent) offer coverage for part-time workers. (See Table 9) Frequency of coverage is highest for full-time workers among manufacturing employers, where almost half of firms offer single coverage and 37.2 percent offer family coverage for full-time workers, and lowest among firms in leisure and hospitality (15.2 percent and 14.2 percent for single and family coverage respectively). Twenty-one percent of manufacturing firms provide dental benefits for part-time workers, but they are less likely to offer family dental coverage for part-timers. Education and health services employers are among the most likely to provide plans for part-time workers.

As with medical coverage, large employers provide coverage more frequently than small employers, although with dental coverage there is an even greater difference between the biggest and smallest size classes for full-time workers. Firms provide single and family dental coverage to part-time workers about as often as they provide

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medical coverage across size classes, but full-time workers in small and very small firms have a much lower incidence of dental coverage. Among very small firms (less than 10 employees) only about 16 percent of employers offered even single dental coverage for full-time workers.

Frequency of dental coverage also varies slightly between regions of the state with plans being offered at the highest rates in the Twin Cities metro area.

Table 9: Percent of firms offering dental insurance

	<u>Dental Coverage</u>		<u>Family Dental</u>	
	Full-time	Part-time	Full-time	Part-time
All respondents	28.6%	9.8%	25.1%	7.9%
Industry				
Construction	24.4%	1.8%	23.5%	1.8%
Manufacturing	46.5%	21.2%	37.2%	4.5%
Trade, transportation, and utilities	28.3%	10.8%	25.6%	10.3%
Financial activities	38.3%	9.2%	34.8%	8.9%
Professional and business svcs	23.9%	5.9%	17.8%	5.7%
Education and health services	30.9%	19.3%	28.4%	18.5%
Leisure and hospitality	15.2%	2.8%	14.2%	2.7%
Other services	27.7%	11.0%	22.5%	4.6%
Establishment Size Class				
Very small (less than 10)	15.9%	7.1%	12.7%	4.6%
Small (10 to 49)	43.4%	8.9%	39.2%	8.4%
Medium (50 to 99)	77.3%	27.3%	73.5%	25.6%
Large (100 to 249)	88.8%	25.8%	86.6%	22.5%
Very large (250+)	94.9%	54.3%	94.6%	52.4%
Planning Region				
Central	24.2%	3.7%	21.1%	3.4%
Northeast	21.8%	5.3%	20.8%	4.7%
Northwest	19.2%	6.7%	17.7%	6.5%
Southeast	17.2%	4.4%	15.0%	3.5%
Southwest	13.6%	3.4%	12.6%	3.4%
Twin Cities	35.3%	14.7%	30.8%	11.5%

Dental cost sharing

As the two sections of Table 10 show, dental cost sharing is even more prevalent than medical cost sharing; nationally, employer costs per participant for dental insurance are a fraction of that for medical insurance.¹ While almost half of firms pay the full cost of single dental coverage premiums for full-time workers, 36.3 percent require joint payment. For part-time workers, 45.3 percent of employers provide jointly-paid premiums for single coverage.

Joint payment was also the most common payment type for family coverage, both for part-time and full-time workers. Family dental coverage also differs from single coverage in that fully employee-paid premiums are more

¹ Lettau, Michael. "New statistics for health insurance from the National Compensation Survey." Bureau of Labor Statistics' Monthly Labor Review, August 2004. Online at <http://www.bls.gov/opub/mlr/2004/08/art6full.pdf>.

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common than fully employer-paid premiums, suggesting that while employers are almost as likely to offer family coverage as single coverage, they expect employees to bear more of the burden for the costs of family coverage than single coverage.

Trade, transportation and utilities and leisure and hospitality employers were among those most likely to have employees pay the full cost of dental premiums. In terms of size class very small employers are among those that most often pay the full cost of premiums for dental coverage. The majority of large and very large employers rely on cost sharing.

Table 10: Dental insurance cost-sharing

	Single Coverage					
	Full-time workers			Part-time workers		
	% Fully Employer Paid	% Fully Employee Paid	% Jointly Paid	% Fully Employer Paid	% Fully Employee Paid	% Jointly Paid
All respondents	46.7%	17.1%	36.3%	37.0%	17.6%	45.3%
Industry						
Construction	63.5%	19.5%	17.0%	62.3%	29.7%	8.0%
Manufacturing	56.3%	8.7%	35.0%	1.4%	5.3%	93.2%
Trade, transportation, and utilities	28.6%	29.4%	42.0%	49.5%	33.3%	17.2%
Financial activities	51.4%	2.4%	46.2%	20.5%	3.9%	75.6%
Professional and business svcs	61.1%	15.4%	23.4%	38.1%	8.6%	53.3%
Education and health services	40.1%	16.2%	43.7%	26.3%	10.7%	63.0%
Leisure and hospitality	29.8%	27.4%	42.8%	0.6%	35.3%	64.0%
Other services	53.5%	9.7%	36.9%	87.5%	8.8%	3.6%
Establishment Size Class						
Very small (less than 10)	78.4%	4.8%	16.8%	55.4%	5.6%	39.0%
Small (10 to 49)	30.9%	25.5%	43.5%	22.3%	32.1%	45.6%
Medium (50 to 99)	27.1%	24.8%	48.1%	31.1%	22.2%	46.7%
Large (100 to 249)	27.0%	18.4%	54.6%	29.1%	17.7%	53.2%
Very large (250+)	12.5%	11.3%	76.2%	9.7%	15.8%	74.5%
Planning Region						
Central	26.0%	26.8%	47.2%	18.0%	38.9%	43.1%
Northeast	46.0%	21.6%	32.4%	46.0%	14.0%	40.0%
Northwest	50.6%	21.5%	27.8%	14.2%	45.3%	40.5%
Southeast	24.9%	26.5%	48.6%	16.9%	29.8%	53.3%
Southwest	34.2%	25.2%	40.6%	24.7%	21.8%	53.5%
Twin Cities	51.2%	14.0%	34.8%	42.0%	12.5%	45.5%

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Table 10 (cont.): Dental insurance cost-sharing

Family coverage	Family Coverage					
	Full-time workers			Part-time workers		
	% Fully Employer Paid	% Fully Employee Paid	% Jointly Paid	% Fully Employer Paid	% Fully Employee Paid	% Jointly Paid
All respondents	24.2%	29.0%	46.9%	9.2%	42.6%	48.2%
Industry						
Construction	65.4%	17.0%	17.6%	50.2%	41.6%	8.2%
Manufacturing	34.4%	15.7%	49.9%	2.5%	39.4%	58.1%
Trade, transportation, and utilities	7.5%	31.8%	60.6%	0.6%	80.1%	19.3%
Financial activities	20.2%	31.2%	48.6%	6.6%	7.6%	85.8%
Professional and business svcs	32.1%	29.1%	38.8%	2.4%	17.3%	80.3%
Education and health services	7.3%	31.0%	61.7%	13.8%	19.2%	67.0%
Leisure and hospitality	13.0%	39.8%	47.2%	0.0%	34.2%	65.8%
Other services	33.4%	44.8%	21.8%	68.2%	17.1%	14.7%
Establishment Size Class						
Very small (less than 10)	47.0%	23.3%	29.7%	11.2%	64.2%	24.6%
Small (10 to 49)	16.0%	34.7%	49.3%	10.2%	42.4%	47.4%
Medium (50 to 99)	6.5%	29.7%	63.8%	2.1%	20.0%	77.9%
Large (100 to 249)	10.3%	27.1%	62.6%	15.6%	21.9%	62.5%
Very large (250+)	6.8%	11.7%	81.5%	2.8%	17.7%	79.5%
Planning Region						
Central	5.6%	39.8%	54.6%	5.4%	50.3%	44.3%
Northeast	32.0%	25.9%	42.1%	11.0%	18.4%	70.6%
Northwest	31.1%	40.8%	28.1%	9.9%	54.1%	36.1%
Southeast	9.6%	39.4%	51.0%	15.0%	34.4%	50.7%
Southwest	14.8%	39.0%	46.2%	20.7%	44.6%	34.8%
Twin Cities	27.0%	25.2%	47.8%	8.3%	42.1%	49.6%

Frequency of vision coverage

About 37 percent of full-time workers and eight percent of part-time workers in surveyed industries are offered some kind of employer-sponsored vision plan either as a stand-alone policy or as part of their medical plan. (See Table 11) But only 27.1 percent of full-time workers and 4.6 percent of part-time workers in surveyed firms participate in an employer-sponsored vision plan.

Offer rates for full-time workers are highest in the financial activities and professional and business services sectors and in very large firms where more than half of full-time workers are offered vision coverage. Offer rates and participation rates are highest for part-time construction workers and part-time workers in larger firms.

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Table 11: Percent of full-time and part-time employees offered vision coverage and percent of all full-time and part-time workers participating in a vision plan

	Full-time workers		Part-time workers	
	Percent offered coverage	Percent participating	Percent offered coverage	Percent participating
All respondents	36.5%	27.1%	8.4%	4.6%
Industry				
Construction	36.1%	33.4%	18.3%	17.0%
Manufacturing	39.9%	31.3%	6.2%	5.2%
Trade, transportation, and utilities	27.5%	18.9%	9.8%	7.0%
Financial activities	48.2%	32.9%	7.7%	2.5%
Professional and business svcs	46.1%	31.9%	9.9%	3.3%
Education and health services	38.2%	29.0%	14.2%	7.8%
Leisure and hospitality	19.8%	11.1%	2.2%	0.1%
Other services	28.0%	19.9%	1.5%	1.0%
Establishment Size Class				
Very small (less than 10)	16.5%	14.9%	2.5%	1.1%
Small (10 to 49)	22.1%	17.5%	3.8%	3.2%
Medium (50 to 99)	37.0%	25.5%	13.1%	5.6%
Large (100 to 249)	42.3%	32.8%	10.6%	6.6%
Very large (250+)	53.8%	37.8%	17.3%	8.2%
Planning Region				
Central	36.7%	30.0%	6.4%	2.4%
Northeast	30.1%	23.1%	5.5%	4.2%
Northwest	24.7%	19.3%	5.7%	2.7%
Southeast	40.0%	31.9%	7.5%	5.3%
Southwest	33.5%	23.1%	5.7%	1.7%
Twin Cities	38.2%	27.7%	10.2%	5.7%

Only 15.5 percent of firms provide vision coverage for full-time workers, and less than five percent provide coverage for part-time workers, but rates vary significantly between industries and size classes. (See Table 12) Rates are highest in the manufacturing sector, as well as in very large firms, where 53.7 percent of firms have coverage for full-time workers and 29.6 percent have coverage for part-time workers.

Less than ten percent of very small firms offered vision coverage to full-time workers. The lowest frequency of coverage among industries was in leisure and hospitality, similar to medical and dental coverage.

Results suggest that vision coverage is less common than medical or dental coverage, but that industry and size class trends persist across these types of benefits.

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Table 12: Percent of firms offering vision coverage

	Full-time workers	Part-time workers
All respondents	15.5%	4.7%
Industry		
Construction	21.1%	2.0%
Manufacturing	36.1%	17.7%
Trade, transportation, and utilities	10.3%	2.8%
Financial activities	16.5%	6.5%
Professional and business services	11.2%	3.8%
Education and health services	16.8%	8.0%
Leisure and hospitality	8.7%	1.4%
Other services	17.0%	4.8%
Establishment Size Class		
Very small (less than 10)	9.6%	3.9%
Small (10 to 49)	21.6%	3.0%
Medium (50 to 99)	38.2%	12.9%
Large (100 to 249)	50.3%	16.0%
Very large (250+)	53.7%	29.6%
Planning Region		
Central	15.0%	2.0%
Northeast	11.9%	2.5%
Northwest	11.2%	5.5%
Southeast	12.5%	2.6%
Southwest	10.5%	2.1%
Twin Cities	17.8%	6.2%

Vision cost sharing

Cost sharing for vision premiums is more common than fully employer-paid or employee-paid arrangements, with 52.5 percent of employers requiring cost-sharing for full-time worker plans and 60.5 percent requiring it for part-timers. (See Table 13) More than half of manufacturing firms pay the full cost of coverage for full-time workers, but these employers resoundingly rely on cost-sharing for their part-time workers. Leisure and hospitality employers are most likely to ask full-time workers to pay the full premium costs, while financial activities sector employers are most likely to ask part-time workers to pay the full cost.

Very small firms (less than 10 employees) are the only size class where a majority of respondents who offer vision coverage pay the full cost of premiums for full-time employees. The majority of employers in other size classes rely on cost-sharing.

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Table 13: Vision coverage cost-sharing

	Full-time workers			Part-time workers		
	% Fully Employer Paid	% Fully Employee Paid	% Jointly Paid	% Fully Employer Paid	% Fully Employee Paid	% Jointly Paid
All respondents	39.7%	7.8%	52.5%	11.5%	28.0%	60.5%
Industry						
Construction	74.0%	2.8%	23.2%	55.3%	2.0%	42.7%
Manufacturing	56.4%	2.1%	41.6%	0.6%	2.0%	97.4%
Trade, transportation, and utilities	15.1%	9.3%	75.6%	5.2%	31.6%	63.3%
Financial activities	24.2%	19.7%	56.1%	5.1%	75.4%	19.5%
Professional and business svcs	48.6%	6.0%	45.4%	5.0%	44.9%	50.1%
Education and health services	17.0%	10.3%	72.7%	9.1%	11.4%	79.5%
Leisure and hospitality	11.8%	23.4%	64.8%	0.0%	46.3%	53.7%
Other services	39.2%	1.7%	59.1%	61.7%	14.9%	23.4%
Establishment Size Class						
Very small (less than 10)	76.6%	4.1%	19.3%	12.4%	33.5%	54.1%
Small (10 to 49)	18.2%	7.9%	73.9%	13.0%	24.8%	62.2%
Medium (50 to 99)	10.5%	10.8%	78.7%	2.6%	18.0%	79.3%
Large (100 to 249)	9.4%	14.9%	75.7%	20.1%	22.3%	57.6%
Very large (250+)	9.8%	25.3%	65.0%	5.4%	28.3%	66.3%
Planning Region						
Central	19.0%	16.4%	64.5%	7.9%	51.4%	40.8%
Northeast	48.0%	2.2%	49.8%	19.2%	7.6%	73.2%
Northwest	46.8%	13.2%	40.0%	13.3%	47.2%	39.5%
Southeast	24.5%	15.2%	60.3%	8.0%	13.5%	78.5%
Southwest	10.7%	10.1%	79.1%	3.1%	26.4%	70.5%
Twin Cities	45.5%	5.2%	49.3%	11.7%	24.3%	64.0%

Section 3: Retirement Benefits

Frequency of coverage

Retirement benefits are among the most commonly offered employee benefits provided by firms, ranking just below some types of paid leave and medical coverage for full-time workers and leading the list of benefits for part-time workers. Forty-six percent of firms in Minnesota offer a retirement plan to their full-time employees, and about one fifth (20.5 percent) offer a plan to their part-time workers. Employers in the financial activities sector are most likely to offer retirement plans to full-time workers, while employers in education and health services offer plans to part-time workers more frequently than employers in other sectors (42.8 percent of respondent firms). Employers in the leisure and hospitality industry are least likely to offer retirement plans to either full-time or part-time workers. (See Table 14)

The best indication of overall provision of retirement benefits is the size of the firm. Almost all very large employers (more than 250 employees) offer retirement plans to full-time workers and 77.3 percent offer plans to part-time workers. About a third of small firms (less than ten employees) offer some type of retirement plan for full-time workers, and 13.1 percent offer plans for part-time workers.

Table 14: Percent of firms with retirement plans, by type

	Retirement Plan (any type)		Defined Contribution Plan		Defined Benefit Plan	
	Full- time workers	Part- time workers	Full- time workers	Part- time workers	Full- time workers	Part- time workers
All respondents	46.3%	20.5%	43.2%	17.9%	6.4%	3.4%
Industry						
Construction	41.8%	15.6%	40.5%	15.4%	10.1%	0.2%
Manufacturing	55.5%	21.9%	54.7%	21.3%	8.6%	1.3%
Trade, transportation, and utilities	47.7%	21.0%	43.0%	15.2%	9.2%	8.0%
Financial activities	60.7%	24.5%	54.6%	22.6%	5.9%	2.0%
Professional and business svcs	49.7%	18.1%	48.3%	17.8%	2.5%	0.5%
Education and health services	53.0%	42.8%	51.5%	41.0%	2.3%	3.1%
Leisure and hospitality	14.2%	7.4%	12.9%	6.4%	1.9%	1.0%
Other services	37.3%	14.9%	30.9%	11.5%	8.0%	1.4%
Establishment Size Class						
Very small (less than 10)	35.1%	13.1%	31.8%	9.7%	4.6%	3.3%
Small (10 to 49)	61.5%	24.9%	59.0%	23.1%	8.0%	2.5%
Medium (50 to 99)	79.4%	44.6%	76.2%	43.3%	9.0%	3.1%
Large (100 to 249)	89.3%	56.1%	87.5%	53.9%	19.3%	8.3%
Very large (250+)	95.1%	77.3%	93.8%	75.7%	33.4%	22.7%
Planning Region						
Central	38.1%	24.2%	35.6%	22.6%	5.9%	3.2%

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Northeast	40.1%	20.1%	37.7%	16.7%	7.2%	4.2%
Northwest	44.7%	23.4%	43.3%	22.5%	3.0%	1.2%
Southeast	37.7%	13.7%	35.4%	13.2%	6.2%	1.0%
Southwest	42.0%	17.7%	41.2%	17.2%	4.8%	2.1%
Twin Cities	50.5%	20.8%	46.6%	16.8%	7.3%	4.5%

Survey results also provided information on what types of retirement plans are offered, defined benefit plans or defined contribution plans. Defined benefit plans, sometimes called pension plans, provide employees with a set benefit amount at retirement, based on some formula such as earnings over time or in the last few years of the person's tenure with the firm. In these plans the employer bears the risk of the investment. In contrast defined contribution plans (e.g. 401k) are individual, portable plans in which the benefit available at retirement is not set. Instead the employee bears the risk of investment earnings.

Table 14 shows that few employers offer the once traditional defined benefit pension plan (6.4 percent for full-time workers and 3.4 percent for part-time workers), instead favoring defined contribution plans (43.2 percent for full-time workers and 17.9 percent for part-time workers). Industry and size class trends mirror those for overall benefit provision with manufacturing, education and health services, and financial activities employers being the most likely to have a defined contribution plan, and with the frequency of both types of plans increasing with the size class of the firm. Defined benefit plans are offered most frequently in those sectors that tend to have the highest levels of unionization: construction, manufacturing, and trade, transportation and utilities (where transportation and utilities unionization rates are high). Defined contribution plans, however, are more popular even in these industries. The public administration sector, which was not included in this survey, tends to be one of the only sectors in which employers are still more likely to offer pension plans than defined contribution plans.²

The survey results also suggest that, despite warnings that Americans are not saving enough for retirement, workers, at least full-time workers, are participating to some extent in firm-sponsored retirement plans. The vast majority of full-time workers in Minnesota are offered access to retirement benefits: 64.4 percent are offered access to a defined contribution and 15.6 percent are offered a defined benefit program. (See Table 15) At the same time, more than half of these full-time workers are participating in employer-sponsored plans, primarily defined contribution plans. Offer and participation rates are highest for full-time workers in the financial activities and manufacturing sectors, as well as in larger firms.

Full-time financial activities employees are also most likely to be offered a defined benefit plan. As with other benefits, offer and participation rates increase for full-time workers as the employer size class increases, and defined contribution plans retain higher participation rates than defined benefits plans across all size classes. The offer rates for defined benefit plans jump, however, between the "large" and "very large" size classes at the same time that offer rates for defined contribution plans slip. This is likely related to the correlation between very large employers and industries such as manufacturing that are more likely to offer defined benefit plans.

Access to retirement plans is lower for part-time workers, where only about one in five workers are offered a retirement plan and where even fewer choose to participate in a plan. Defined contribution plan offer rates and participation rates for part-time workers are highest in the construction, manufacturing, financial activities, and education and health services sectors, as well as in larger firms.

² According to the Bureau of Labor Statistics' National Compensation Survey, nine out of ten full-time state and local government employees in 1998 participated in a defined benefit retirement plan, versus 14 percent participating in a defined contribution plan.

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Table 15: Percent of full-time and part-time employees offered a defined benefit or defined contribution plan, and percent of all full-time and part-time workers participating in a plan

	Full-time workers				Part-time workers			
	Defined Benefit		Defined Contribution		Defined Benefit		Defined Contribution	
	Percent offered coverage	Percent participating	Percent offered coverage	Percent participating	Percent offered coverage	Percent participating	Percent offered coverage	Percent participating
All respondents	15.6%	14.3%	64.4%	47.6%	3.7%	3.3%	19.6%	9.9%
Industry								
Construction	12.8%	12.7%	52.2%	40.9%	2.5%	2.5%	31.4%	23.1%
Manufacturing	20.6%	18.1%	83.4%	60.9%	1.0%	1.0%	24.3%	16.6%
Trade, transportation, and utilities	11.3%	10.7%	49.9%	32.7%	4.9%	4.2%	20.1%	8.2%
Financial activities	27.0%	26.8%	82.0%	70.4%	4.1%	4.0%	31.6%	18.2%
Professional and business svcs	11.6%	8.0%	64.5%	46.7%	0.8%	0.8%	15.9%	9.9%
Education and health services	16.9%	16.5%	69.6%	54.7%	8.3%	7.6%	34.2%	18.4%
Leisure and hospitality	5.4%	4.9%	30.6%	19.0%	0.2%	0.1%	5.0%	1.4%
Other services	15.8%	15.3%	51.1%	34.2%	1.1%	1.0%	8.3%	3.2%
Establishment Size Class								
Very small (less than 10)	8.5%	8.4%	30.7%	25.7%	1.8%	1.5%	8.1%	5.3%
Small (10 to 49)	6.6%	5.4%	57.9%	43.9%	1.0%	0.8%	12.1%	6.5%
Medium (50 to 99)	5.0%	4.8%	63.5%	42.9%	1.9%	1.6%	22.3%	10.0%
Large (100 to 249)	13.3%	12.9%	79.3%	54.5%	4.3%	4.1%	28.4%	13.3%
Very large (250+)	32.6%	29.8%	75.4%	58.0%	11.7%	11.0%	34.9%	18.2%
Planning Region								
Central	13.0%	11.4%	64.7%	45.1%	5.2%	4.7%	20.2%	9.1%
Northeast	24.0%	20.0%	57.3%	42.8%	10.1%	9.6%	15.7%	8.6%
Northwest	12.2%	11.5%	59.6%	44.7%	3.4%	3.2%	17.1%	7.6%
Southeast	26.1%	25.0%	67.9%	50.1%	5.2%	5.2%	21.3%	13.6%
Southwest	12.0%	10.7%	70.0%	55.6%	2.1%	1.3%	16.0%	10.8%
Twin Cities	14.7%	13.6%	64.4%	47.5%	2.6%	2.3%	20.5%	9.9%

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Cost sharing by type of plan

Not surprisingly, given their contrasting designs, some of the starkest differences in cost sharing are between the two types of plans. Defined contribution plans are jointly-paid in most firms, while defined benefits plans are generally employer-paid. (See Table 16)

Table 16: Cost sharing for retirement plans

Defined contribution plans	Full-time Workers			Part-time Workers		
	% Fully Employer Paid	% Fully Employee Paid	% Jointly Paid	% Fully Employer Paid	% Fully Employee Paid	% Jointly Paid
All respondents	17.9%	9.1%	73.0%	14.8%	9.0%	76.3%
Industry						
Construction	24.6%	7.1%	68.4%	19.9%	17.0%	63.1%
Manufacturing	26.6%	11.1%	62.3%	27.9%	16.5%	55.6%
Trade, transportation, and utilities	7.2%	11.1%	81.8%	9.0%	7.3%	83.8%
Financial activities	35.7%	4.1%	60.2%	10.6%	4.7%	84.7%
Professional and business svcs	13.8%	6.7%	79.5%	9.5%	5.1%	85.3%
Education and health services	17.3%	13.1%	69.6%	20.0%	10.1%	69.9%
Leisure and hospitality	18.9%	5.3%	75.7%	22.3%	6.0%	71.7%
Other services	12.5%	11.3%	76.2%	12.0%	16.1%	71.9%
Establishment Size Class						
Very small (less than 10)	21.5%	4.0%	74.5%	12.4%	1.8%	85.8%
Small (10 to 49)	17.4%	10.9%	71.7%	20.9%	9.2%	70.0%
Medium (50 to 99)	5.0%	26.4%	68.6%	2.8%	18.1%	79.1%
Large (100 to 249)	8.3%	16.4%	75.4%	11.3%	15.7%	73.0%
Very large (250+)	9.9%	15.4%	74.7%	9.8%	18.7%	71.5%
Planning Region						
Central	22.5%	6.2%	71.3%	5.8%	9.5%	84.7%
Northeast	21.1%	15.6%	63.2%	16.5%	14.0%	69.5%
Northwest	11.6%	14.7%	73.7%	12.5%	6.3%	81.2%
Southeast	16.3%	6.9%	76.8%	24.8%	8.3%	66.9%
Southwest	9.7%	7.6%	82.7%	19.8%	9.8%	70.4%
Twin Cities	19.1%	8.5%	72.5%	15.7%	9.0%	75.3%

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Table 16 (cont.): Cost sharing for retirement plans

Defined benefits plans	Full-time Workers			Part-time Workers		
	% Fully Employer Paid	% Fully Employee Paid	% Jointly Paid	% Fully Employer Paid	% Fully Employee Paid	% Jointly Paid
All respondents	80.7%	2.7%	16.6%	78.7%	0.4%	20.9%
Industry						
Construction	86.3%	7.5%	6.2%	53.8%	0.0%	46.2%
Manufacturing	85.2%	0.4%	14.4%	48.8%	0.0%	51.2%
Trade, transportation, and utilities	74.8%	2.2%	23.0%	80.8%	0.4%	18.9%
Financial activities	93.6%	1.5%	4.8%	100.0%	0.0%	0.0%
Professional and business svcs	80.4%	0.9%	18.7%	99.5%	0.0%	0.5%
Education and health services	72.6%	1.8%	25.6%	77.3%	1.4%	21.3%
Leisure and hospitality	97.2%	0.0%	2.8%	44.3%	0.0%	55.7%
Other services	73.7%	0.0%	26.3%	52.6%	0.0%	47.4%
Establishment Size Class						
Very small (less than 10)	88.7%	3.0%	8.2%	94.3%	0.0%	5.7%
Small (10 to 49)	65.5%	3.1%	31.3%	33.8%	0.0%	66.2%
Medium (50 to 99)	85.2%	2.0%	12.8%	90.8%	3.0%	6.2%
Large (100 to 249)	92.2%	0.3%	7.5%	90.6%	0.0%	9.4%
Very large (250+)	91.6%	1.7%	6.6%	90.0%	3.6%	6.4%
Planning Region						
Central	76.2%	1.6%	22.2%	87.7%	0.5%	11.8%
Northeast	63.7%	21.8%	14.6%	95.9%	0.0%	4.1%
Northwest	67.8%	16.5%	15.7%	91.5%	0.0%	8.5%
Southeast	40.9%	0.4%	58.7%	58.3%	0.0%	41.7%
Southwest	54.7%	4.6%	40.7%	38.1%	2.3%	59.6%
Twin Cities	91.0%	0.1%	8.9%	78.5%	0.3%	21.2%

Section 4: Life and Disability Benefits

Frequency of coverage: life insurance

Individuals can access life insurance benefits either individually in the marketplace or through their employer, if that employer sponsors a group plan. Advantages of a group plan include administrative cost sharing and the risk sharing associated with a mix of different age workers. Results of this survey suggest that about two-thirds of full-time workers are offered life insurance through an employer, and about 60 percent of full-time workers participate in an employer-sponsored life insurance plan. (See Table 17) Full-time workers in larger firms have the highest offer and participation rates, as do workers in the manufacturing sector.

Only 14.0 percent of part-time workers in surveyed firms were offered life insurance coverage by their employer, and only 10.6 percent of such workers participated in an employer-sponsored plan.

Rates were closer to one-third in the largest firms (more than 250 employees), with offer and participation rates for part-time workers dropping to 16.5 and 13.0 percent respectively for the next largest size class (100 to 249 workers). In terms of industry, part-time workers in education and health services were most likely to be offered and to participate in employer-sponsored life insurance, while part-time workers in leisure and hospitality were least likely.

Table 17: Percent of full-time and part-time employees offered life insurance and percent of all full-time and part-time workers participating in a plan

	Full-time workers		Part-time workers	
	Percent offered coverage	Percent participating	Percent offered coverage	Percent participating
All respondents	66.1%	60.3%	14.0%	10.6%
Industry				
Construction	32.5%	30.3%	24.7%	16.6%
Manufacturing	86.8%	80.3%	8.1%	6.7%
Trade, transportation, and utilities	52.7%	44.9%	15.0%	8.3%
Financial activities	80.2%	76.5%	13.7%	12.9%
Professional and business svcs	69.4%	62.6%	10.6%	8.7%
Education and health services	77.2%	72.2%	30.9%	25.7%
Leisure and hospitality	35.3%	30.4%	0.4%	0.1%
Other services	55.1%	51.1%	4.6%	4.2%
Establishment Size Class				
Very small (less than 10)	18.5%	16.4%	3.6%	2.9%
Small (10 to 49)	49.7%	42.7%	7.7%	2.3%
Medium (50 to 99)	64.1%	58.6%	13.6%	11.2%
Large (100 to 249)	87.5%	76.8%	16.5%	13.0%

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Very large (250+)	88.4%	84.7%	34.3%	31.9%
Planning Region				
Central	67.0%	61.9%	10.6%	8.9%
Northeast	58.5%	54.7%	12.6%	10.5%
Northwest	61.9%	57.5%	10.4%	7.5%
Southeast	76.9%	64.2%	13.7%	11.5%
Southwest	65.9%	60.3%	5.8%	3.9%
Twin Cities	65.6%	60.3%	16.7%	12.3%

Firm characteristics: life insurance

Employer-sponsored life insurance plans started to appear in the early 20th century, and by the start of the 21st century they were standard for almost all full-time workers in medium and large firms across the country.³ Survey results related to firm characteristics show that employer size class is a strong indicator of whether a Minnesota firm will offer life insurance to its employees. In the largest size class 97.0 percent of firms offer life insurance to their full-time workers, and 49.8 percent offer it to their part-time workers. (See Table 18) Manufacturing firms are most likely to offer coverage for full-time workers (53.1 percent), while education and health services firms are most likely to offer it for part-time workers (21.9 percent).

Table 18: Percent of firms offering life insurance

	Full-time workers	Part-time workers
All respondents	28.5%	10.0%
Industry		
Construction	16.1%	7.3%
Manufacturing	53.1%	6.0%
Trade, transportation, and utilities	30.9%	11.6%
Financial activities	41.1%	9.7%
Professional and business svcs	22.6%	9.8%
Education and health services	31.4%	21.9%
Leisure and hospitality	10.1%	1.0%
Other services	29.2%	10.1%
Establishment Size Class		
Very small (less than 10)	15.5%	5.4%
Small (10 to 49)	44.8%	13.3%
Medium (50 to 99)	69.4%	20.1%
Large (100 to 249)	90.4%	30.2%
Very large (250+)	97.0%	49.8%
Planning Region		
Central	28.6%	7.1%
Northeast	26.0%	6.7%
Northwest	28.9%	6.0%
Southeast	25.3%	5.9%
Southwest	28.7%	5.3%
Twin Cities	29.0%	13.7%

³ Bucci, Michael. "Growth of employer-sponsored group life insurance," Bureau of Labor Statistics' Monthly Labor Review. October 1991. Online at www.bls.gov/opub/mlr/1991/10/art4full.pdf.

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Cost sharing: life insurance

Life insurance differs from many other types of employee benefits in that premiums are paid in full by the employer in a majority of cases. In 78.6 percent of cases employers paid the entire premium cost for full-time workers, and that figure only dropped to 77.2 percent for part-time workers. (See Table 19) Financial activities and manufacturing firms were most likely to pay the full cost of life insurance premiums for full-time and part-time workers, while construction employers asked full-time employees to pay the full premium costs in 18.4 percent of cases. Leisure and hospitality employers were most likely to ask part-time workers to pay the full premium cost.

Table 19: Premium cost sharing for life insurance

	Full-time workers			Part-time workers		
	% Fully Employer Paid	% Fully Employee Paid	% Jointly Paid	% Fully Employer Paid	% Fully Employee Paid	% Jointly Paid
All respondents	78.6%	8.3%	13.1%	77.2%	17.3%	5.5%
Industry						
Construction	36.8%	18.4%	44.9%	78.5%	13.7%	7.8%
Manufacturing	92.0%	1.4%	6.6%	93.6%	2.0%	4.4%
Trade, transportation, and utilities	69.9%	11.0%	19.1%	73.3%	19.8%	6.9%
Financial activities	93.6%	2.6%	3.8%	87.8%	5.4%	6.8%
Professional and business svcs	85.0%	4.9%	10.1%	78.1%	14.9%	7.0%
Education and health services	78.7%	14.7%	6.5%	69.1%	27.4%	3.5%
Leisure and hospitality	71.0%	9.0%	20.0%	62.6%	31.9%	5.6%
Other services	91.1%	6.3%	2.6%	93.8%	5.5%	0.7%
Establishment Size Class						
Very small (less than 10)	79.8%	5.1%	15.1%	85.4%	9.1%	5.6%
Small (10 to 49)	76.7%	11.8%	11.5%	70.3%	27.5%	2.1%
Medium (50 to 99)	83.3%	5.7%	11.0%	77.8%	11.1%	11.1%
Large (100 to 249)	75.6%	7.4%	17.0%	79.6%	7.9%	12.6%
Very large (250+)	83.0%	6.3%	10.7%	83.5%	5.5%	11.0%
Planning Region						
Central	65.4%	8.2%	26.5%	51.7%	22.4%	25.9%
Northeast	77.9%	14.7%	7.4%	48.3%	47.7%	4.0%
Northwest	77.9%	12.9%	9.2%	60.4%	33.8%	5.9%
Southeast	81.5%	5.2%	13.3%	87.8%	3.8%	8.4%
Southwest	70.0%	7.0%	23.0%	91.0%	3.7%	5.3%
Twin Cities	82.1%	7.5%	10.4%	82.2%	15.0%	2.8%

Frequency of coverage: short-term and long-term disability insurance

About half of full-time workers are offered either short-term or long-term disability insurance, and about 42 percent of full-time employees participate in employer-sponsored coverage. (See Table 20) Short-term disability offer and participation rates are highest for full-time workers in manufacturing firms, while rates for long-term disability are highest for full-time workers in the financial activities sector. Rates for both types of insurance increased steadily for full-time workers as the employer size class increases.

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Coverage for part-time workers in surveyed firms is a fraction of that for full-time workers. Just less than ten percent of part-time workers were offered short-term or long-term disability insurance and only five percent participated in coverage.

Table 20: Percent of full-time and part-time employees offered disability insurance, and percent of all full-time and part-time workers participating in disability insurance (by type)

	Full-time workers				Part-time workers			
	Short-term disability		Long-term disability		Short-term disability		Long-term disability	
	Percent offered coverage	Percent participating	Percent offered coverage	Percent participating	Percent offered coverage	Percent participating	Percent offered coverage	Percent participating
All respondents	49.5%	42.4%	50.1%	42.7%	9.4%	5.0%	8.5%	5.0%
Industry								
Construction	20.8%	18.0%	18.8%	16.8%	14.4%	0.1%	14.6%	14.4%
Manufacturing	67.0%	62.7%	57.4%	49.1%	4.3%	3.1%	3.7%	2.6%
Trade, transportation, and utilities	43.8%	33.1%	39.5%	30.2%	10.1%	2.3%	3.5%	1.0%
Financial activities	62.0%	57.3%	76.1%	70.4%	12.2%	11.2%	16.1%	13.3%
Professional and business svcs	57.5%	48.3%	58.6%	50.4%	8.9%	7.4%	7.5%	3.9%
Education and health services	48.8%	41.9%	62.3%	54.6%	18.4%	12.0%	22.5%	13.1%
Leisure and hospitality	20.7%	12.8%	23.5%	17.7%	1.7%	0.1%	0.5%	0.0%
Other services	36.8%	27.0%	40.0%	34.0%	1.9%	0.7%	1.3%	0.8%
Establishment Size Class								
Very small (less than 10)	10.6%	8.8%	12.7%	11.4%	2.2%	1.4%	0.3%	0.1%
Small (10 to 49)	35.4%	27.5%	30.7%	27.1%	8.3%	1.6%	4.9%	2.2%
Medium (50 to 99)	42.0%	31.2%	46.9%	32.6%	4.4%	1.5%	10.6%	3.9%
Large (100 to 249)	57.5%	47.0%	59.7%	48.0%	8.8%	3.5%	11.2%	5.9%
Very large (250+)	76.9%	72.0%	78.3%	70.7%	22.6%	19.1%	19.0%	15.2%
Planning Region								
Central	53.8%	44.7%	47.6%	40.7%	10.1%	7.1%	3.9%	2.3%
Northeast	38.5%	34.3%	39.2%	33.8%	11.8%	3.7%	8.2%	6.7%
Northwest	36.5%	28.7%	43.3%	35.3%	6.2%	2.4%	4.7%	2.9%
Southeast	51.6%	46.0%	54.5%	45.2%	9.2%	5.8%	10.9%	9.0%
Southwest	46.3%	40.4%	41.7%	35.9%	3.8%	1.1%	3.8%	2.0%
Twin Cities	51.3%	44.1%	52.2%	44.7%	10.4%	5.5%	10.5%	5.4%

Firm characteristics: disability insurance

By industry, manufacturing firms are most likely to have short-term disability plans for full-time workers, while financial activities employers are most likely to have long-term disability plans for full-time workers. (See Table 21) Employers in education and health services are most likely to have either type of plan for part-time workers. In most cases firms in larger size classes are more likely to have plans in place.

Much like sick leave, disability insurance is meant to assist with income replacement when an employee is unable to work because of an illness or accident. For this reason all forms of income replacement are coordinated in a firm's benefits package, and coverage of these benefits might best be reviewed alongside those of paid sick leave.

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Table 21: Percent of firms offering disability insurance (by type)

	Short-term disability		Long-term disability	
	Full-time workers	Part-time workers	Full-time workers	Part-time workers
All respondents	19.2%	6.4%	18.1%	5.8%
Industry				
Construction	13.4%	2.2%	7.2%	1.3%
Manufacturing	29.5%	4.0%	24.4%	3.3%
Trade, transportation, and utilities	24.0%	8.1%	18.7%	5.3%
Financial activities	23.9%	9.2%	33.0%	6.8%
Professional and business svcs	15.1%	5.8%	16.2%	6.2%
Education and health services	21.6%	14.3%	27.9%	18.3%
Leisure and hospitality	6.5%	1.5%	5.3%	1.2%
Other services	15.7%	2.1%	13.4%	2.7%
Establishment Size Class				
Very small (less than 10)	9.1%	2.3%	8.9%	0.8%
Small (10 to 49)	32.2%	11.1%	27.6%	10.2%
Medium (50 to 99)	49.5%	11.0%	50.0%	17.7%
Large (100 to 249)	61.2%	15.8%	67.2%	20.8%
Very large (250+)	82.7%	34.0%	88.5%	37.3%
Planning Region				
Central	22.3%	4.8%	20.8%	4.6%
Northeast	15.3%	4.3%	12.4%	1.6%
Northwest	12.5%	4.8%	12.8%	2.5%
Southeast	17.8%	4.2%	16.8%	4.4%
Southwest	15.6%	4.5%	14.5%	2.8%
Twin Cities	20.8%	8.3%	19.8%	8.2%

Cost sharing: disability insurance

More than 50 percent of employers pay the full premium cost of full-time workers' short-term disability coverage. (See Table 22) Very large employers are most likely to pay the full premium for full-time workers, as well as firms in the financial activities, manufacturing, and professional and business services sectors. Full costs of short-term disability premiums are borne by the full-time employee most often in construction firms, while part-time leisure and hospitality workers are most likely to pay the full premium cost for short-term disability.

About 65 percent of employers pay the full premium cost of full-time workers' long-term disability. (See second section of Table 22) With long-term disability employers pay the full premium cost for full-time workers most often in the professional and business services sector and in very small firms. Similar to short-term disability premiums, full-time workers are again most often responsible for the full cost in construction firms, and part-time workers are most often responsible for the entire premium cost in leisure and hospitality.

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Table 22: Premium cost sharing for disability insurance

Short-Term Disability	Full-time workers			Part-time workers		
	% Fully Employer Paid	% Fully Employee Paid	% Jointly Paid	% Fully Employer Paid	% Fully Employee Paid	% Jointly Paid
All respondents	56.5%	34.6%	8.9%	41.0%	53.9%	5.1%
Industry						
Construction	28.0%	62.3%	9.6%	45.2%	52.9%	1.9%
Manufacturing	78.1%	10.2%	11.8%	68.3%	27.9%	3.8%
Trade, transportation, and utilities	38.8%	50.4%	10.8%	12.2%	84.6%	3.2%
Financial activities	83.6%	9.5%	6.9%	68.2%	17.7%	14.1%
Professional and business svcs	79.3%	12.5%	8.1%	75.2%	16.7%	8.1%
Education and health services	54.1%	41.3%	4.7%	51.7%	47.1%	1.2%
Leisure and hospitality	54.4%	37.5%	8.1%	3.4%	96.6%	0.0%
Other services	58.6%	33.4%	8.0%	43.4%	48.5%	8.0%
Establishment Size Class						
Very small (less than 10)	54.6%	43.5%	2.0%	60.4%	39.6%	0.0%
Small (10 to 49)	53.6%	34.8%	11.6%	25.8%	69.3%	4.9%
Medium (50 to 99)	68.9%	21.7%	9.4%	58.3%	28.0%	13.8%
Large (100 to 249)	56.2%	24.7%	19.1%	60.8%	28.3%	10.9%
Very large (250+)	74.6%	16.0%	9.4%	78.2%	16.5%	5.3%
Planning Region						
Central	65.4%	8.2%	26.5%	29.5%	65.4%	5.1%
Northeast	77.9%	14.7%	7.4%	28.3%	58.8%	12.9%
Northwest	77.9%	12.9%	9.2%	32.3%	67.6%	0.1%
Southeast	81.5%	5.2%	13.3%	62.2%	31.2%	6.6%
Southwest	70.0%	7.0%	23.0%	65.3%	30.7%	4.0%
Twin Cities	82.1%	7.5%	10.4%	40.2%	54.6%	5.2%

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Table 22 (cont.): Premium cost sharing disability insurance

Long Term Disability	Full-time workers			Part-time workers		
	% Fully Employer Paid	% Fully Employee Paid	% Jointly Paid	% Fully Employer Paid	% Fully Employee Paid	% Jointly Paid
All respondents	64.7%	25.1%	10.3%	49.6%	42.9%	7.5%
Industry						
Construction	44.5%	36.4%	19.2%	72.5%	27.5%	0.0%
Manufacturing	59.0%	27.0%	13.9%	74.5%	20.7%	4.8%
Trade, transportation, and utilities	57.7%	29.8%	12.5%	36.4%	61.1%	2.5%
Financial activities	72.4%	19.5%	8.1%	68.2%	21.9%	9.9%
Professional and business svcs	82.4%	8.5%	9.1%	69.4%	23.2%	7.4%
Education and health services	62.7%	32.2%	5.2%	41.8%	50.1%	8.1%
Leisure and hospitality	50.0%	35.0%	15.0%	36.4%	62.1%	1.5%
Other services	67.1%	25.4%	7.5%	55.6%	9.6%	34.8%
Establishment Size Class						
Very small (less than 10)	76.6%	19.1%	4.3%	31.5%	39.9%	28.6%
Small (10 to 49)	59.1%	28.2%	12.7%	52.6%	45.1%	2.4%
Medium (50 to 99)	55.8%	31.6%	12.6%	32.2%	54.0%	13.8%
Large (100 to 249)	59.5%	25.2%	15.3%	59.4%	31.3%	9.3%
Very large (250+)	67.7%	20.2%	12.1%	66.5%	21.0%	12.5%
Planning Region						
Central	52.6%	35.2%	12.2%	26.2%	67.9%	5.9%
Northeast	61.8%	35.1%	3.0%	67.9%	26.1%	6.0%
Northwest	52.0%	42.4%	5.6%	32.7%	64.6%	2.7%
Southeast	74.1%	19.5%	6.4%	39.9%	25.3%	34.8%
Southwest	56.7%	32.2%	11.2%	80.0%	18.3%	1.8%
Twin Cities	55.4%	35.5%	9.1%	52.6%	41.8%	5.6%

Section 5: Paid Leave

Frequency of coverage and median hours offered: full-time workers

Paid leave is one of the most common types of benefits offered to full-time workers, particularly paid vacation time and paid holidays. More than 62 percent of Minnesota firms provide paid vacation leave, and a majority of respondents offer paid vacation to full-time workers in all industry classifications except the construction and the leisure and hospitality sectors, where offer rates are only 48.3 and 40.6 percent respectively. In most classifications full-time workers qualify for 40 hours of paid vacation at one year of service and 80 hours at three years of service. Education and health service employers and employers in larger size classes provide the most paid vacation hours at five years of service. (See Table 23)

The median number of weekly hours required for full-time workers to qualify for paid vacations is 38. The requirement is lowest in the education and health services sector and in larger size classes.

A third of Minnesota firms offer paid sick leave to full-time workers with most of those employers offering 40 hours of paid sick leave per year. Education and health service employers, financial activities employers, and large and very large firms are both more likely to offer sick leave and more likely to offer more hours of sick leave.

Over half of firms (58.6 percent) offer paid holidays with most offering 48 hours or six days worth per year for full-time workers. The offer rate and the median number of hours are greatest in manufacturing and among very large firms.

Paid Time Off (PTO), also known as consolidated leave, is a type of leave plan that provides employees with a bank of paid time-off hours, which can be used in place of or in addition to paid vacation, sick leave, and/or holidays. About one in ten firms offer PTO, and the median number of hours provided to full-time workers is 112. At almost 30 percent, education and health services sector employers are most likely to offer PTO. Very large firms, which tended to have higher median hours of other paid leave benefits, also have the highest median number of PTO hours.

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Table 23: Frequency and usual hours of paid leave by type

Table 23: Frequency and usual hours of paid leave by type, full-time workers

	Full-time workers											
	Paid Vacation					Paid Sick Leave		Paid Holidays		Paid Time Off (PTO)		
	Percent of firms offering paid vacation	Median number of hours provided at one year service	Median number of hours provided at three years service	Median number of hours provided at five years service	Median hours required per week to qualify for paid vacation	Percent of firms offering paid sick leave	Median number of hours provided to majority of employees	Percent of firms offering paid holidays	Median number of hours provided to majority of employees	Percent of firms offering PTO	Median number of hours provided to majority of employees	Median number of hours required per week to qualify for PTO
All respondents	62.1%	40	80	80	38	33.8%	40	58.6%	48	9.9%	112	35
Industry												
Construction	48.3%	40	80	80	40	14.0%	40	38.6%	48	2.7%	21	40
Manufacturing	88.5%	40	80	80	40	44.5%	24	91.3%	56	9.1%	100	40
Trade, transportation, and utilities	66.0%	40	80	80	40	35.3%	40	57.7%	52	5.0%	96	40
Financial activities	61.9%	80	80	80	38	44.5%	48	63.0%	56	17.2%	105	30
Professional and business svcs	56.1%	80	80	80	32	41.8%	40	57.6%	48	10.5%	80	38
Education and health services	69.9%	80	80	120	30	46.1%	48	88.9%	48	29.0%	112	35
Leisure and hospitality	40.6%	40	60	80	40	10.7%	40	16.4%	48	1.8%	80	30
Other services	72.2%	40	80	80	40	27.8%	48	60.1%	48	8.3%	40	38
Establishment Size Class												
Very small (less than 10)	54.9%	40	80	80	38	31.3%	40	51.5%	48	7.2%	112	35
Small (10 to 49)	74.5%	40	80	80	40	38.5%	40	68.8%	48	11.4%	100	36
Medium (50 to 99)	73.8%	40	80	96	36	32.5%	40	76.7%	58	29.4%	120	30
Large (100 to 249)	85.3%	40	80	112	32	45.8%	48	89.9%	56	25.9%	96	31
Very large (250+)	76.3%	80	80	120	32	46.1%	48	89.4%	64	31.8%	136	30
Planning Region												
Central	65.6%	40	80	80	40	25.8%	40	57.2%	48	7.7%	112	36
Northeast	62.0%	40	80	80	38	33.7%	40	53.7%	48	5.3%	40	31
Northwest	63.9%	40	80	80	40	35.7%	40	57.5%	48	8.4%	96	40
Southeast	66.8%	40	80	80	40	38.5%	40	57.1%	48	6.0%	80	32
Southwest	68.3%	40	80	80	40	41.1%	40	61.8%	48	6.9%	48	38
Twin Cities	59.7%	80	80	80	35	33.5%	40	59.4%	56	12.1%	112	35

Table 23 (cont.): Frequency and usual hours of paid leave by type, part-time workers

	Part-time workers											
	Paid Vacation					Paid Sick Leave		Paid Holidays		Paid Time Off (PTO)		
	Percent of firms offering paid vacation	Median number of hours provided at one year service	Median number of hours provided at three years service	Median number of hours provided at five years service	Median hours required per week to qualify for paid vacation	Percent of firms offering paid sick leave	Median number of hours provided to majority of employees	Percent of firms offering paid holidays	Median number of hours provided to majority of employees	Percent of firms offering PTO	Median number of hours provided to majority of employees	Median number of hours required per week to qualify for PTO
All respondents	18.4%	20	40	40	20	9.7%	20	18.5%	32	3.5%	52	20
Industry												
Construction	18.6%	20	40	40	20	3.1%	20	17.5%	24	ND	ND	ND
Manufacturing	32.3%	20	40	40	25	21.8%	12	37.2%	20	3.1%	76	20
Trade, transportation, and utilities	7.5%	35	40	40	20	3.9%	16	13.9%	32	0.8%	52	20
Financial activities	21.5%	20	40	44	20	16.4%	20	24.5%	32	6.0%	45	24
Professional and business svcs	24.1%	20	20	20	20	11.2%	20	16.9%	32	5.1%	72	24
Education and health services	42.4%	24	32	40	20	28.0%	20	40.5%	32	15.7%	32	20
Leisure and hospitality	8.0%	20	40	40	17	0.6%	32	2.4%	40	0.5%	80	20
Other services	21.9%	25	40	40	20	8.6%	48	16.8%	52	1.1%	80	20
Establishment Size Class												
Very small (less than 10)	15.8%	20	40	40	20	9.7%	18	13.6%	30	1.2%	24	20
Small (10 to 49)	19.3%	20	32	40	20	8.7%	20	22.2%	32	3.0%	10	24
Medium (50 to 99)	25.8%	40	40	40	20	9.2%	30	32.4%	32	21.3%	56	20
Large (100 to 249)	35.7%	36	40	60	20	14.7%	40	33.2%	36	18.0%	60	20
Very large (250+)	49.8%	40	48	72	20	29.1%	48	57.1%	48	24.8%	100	20
Planning Region												
Central	22.3%	20	40	40	20	12.1%	20	17.3%	36	3.5%	24	30
Northeast	26.0%	35	40	48	20	12.2%	32	21.7%	43	2.5%	10	3
Northwest	14.1%	24	40	40	20	9.0%	20	15.0%	32	3.5%	88	20
Southeast	15.4%	30	48	60	20	12.4%	20	16.1%	36	2.7%	80	2
Southwest	18.4%	20	40	40	20	10.9%	20	18.8%	30	2.9%	18	16
Twin Cities	18.2%	20	30	40	20	8.2%	16	19.6%	24	4.0%	52	20

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Frequency of coverage and median hours offered: part-time workers

Paid leave benefits are far less common for part-time workers than for full-time workers. Only 18.4 percent of firms offer paid vacation for part-time workers versus 62.1 percent for full-time workers. Median hours offered at one, three, and five years of service are generally about half of what is offered to full-time workers. Firms across most classifications require a 20-hour work week to qualify for paid vacation time.

Only about one in ten firms offer paid sick leave to part-time workers with 20 hours being the median number of hours offered. Few firms in the other services sector provide sick leave to part-timers, but the median number of hours offered is the same for full-time and part-time workers.

About one in five firms offer paid holidays to part-time workers versus 58.6 percent for full-time workers, with a median 32 hours of holiday leave for those firms' part-time workers.

Paid Time Off (PTO) is offered to part-time workers by very few firms, although the offer rate was again well above average in the education and health services sector. Firms that offered PTO provided 52 hours of paid leave at the median, while very large firms offered the greatest number of PTO hours to part-time workers (100 hours). One anomaly was the number of PTO hours offered to part-time workers in education and health services firms. Where full-time workers had large PTO banks in that sector, part-time workers had small banks relative to other industries.

Section 6: Other Fringe Benefits

Frequency of other fringe benefits: full-time workers

Non-production bonuses such as hiring bonuses are the most common type of fringe benefit offered to full-time workers in Minnesota followed by tuition assistance, flexible medical spending accounts, and flexible child care spending accounts. (See Table 24) Manufacturing sector employers have among the highest offer rates in almost all categories of fringe benefits for full-time workers. Almost half of employers in that sector offer a non-production bonus, and about a third offer a flexible medical spending account.

Tuition assistance is most prevalent in the financial activities sector, and professional and business services employers are most likely to offer child care benefits other than flexible child care spending accounts. Hiring bonuses offered by temporary placement agencies are apt to be included in the fairly high rate of non-production bonuses in the professional and business services sector. Size class appears to be correlated with the provision of fringe benefits, as the share of firms offering each benefit steadily increases with each size class.

Table 24: Percent of firms offering other fringe benefits

	Full-time workers				
	Tuition/ educational assistance or reimbursement	Flexible medical spending accounts	Flexible child care spending accounts	Child care benefits other than flexible spending accounts	Non- production bonuses, e.g. hiring bonus
All respondents	19.0%	18.7%	15.2%	1.6%	22.7%
Industry					
Construction	9.7%	11.3%	9.1%	0.1%	22.7%
Manufacturing	25.5%	34.1%	26.4%	0.5%	47.0%
Trade, transportation, and utilities	13.8%	16.6%	11.6%	0.7%	19.6%
Financial activities	28.6%	25.2%	22.1%	1.1%	19.9%
Professional and business svcs	25.3%	20.8%	20.0%	5.1%	28.1%
Education and health services	27.9%	26.0%	22.4%	2.9%	16.7%
Leisure and hospitality	6.5%	6.7%	3.0%	0.3%	12.2%
Other services	21.1%	12.3%	10.1%	0.3%	23.0%
Establishment Size Class					
Very small (less than 10)	12.2%	10.4%	6.8%	1.4%	18.2%
Small (10 to 49)	26.5%	25.4%	22.0%	1.4%	28.3%
Medium (50 to 99)	38.6%	54.0%	51.6%	1.7%	39.2%
Large (100 to 249)	57.8%	73.8%	71.3%	5.9%	39.9%
Very large (250+)	79.1%	91.0%	89.1%	9.3%	47.2%
Planning Region					
Central	26.8%	20.3%	16.9%	2.6%	31.9%
Northeast	16.7%	13.1%	9.9%	0.8%	15.0%
Northwest	18.0%	16.4%	15.4%	1.3%	25.5%
Southeast	16.1%	20.4%	15.3%	2.2%	25.6%

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Southwest	21.5%	20.6%	16.6%	0.3%	27.2%
Twin Cities	17.9%	18.8%	15.2%	1.6%	20.1%

Frequency of other fringe benefits: part-time workers

Non-production bonuses such as hiring bonuses are the most common type of fringe benefit offered to part-time workers followed by tuition assistance, flexible child care spending accounts, and flexible medical spending accounts. Education and health services sector employers have among the highest offer rates in almost all categories of fringe benefits for part-time workers. A third of employers in that sector offer tuition assistance and 27 percent offer non-production bonuses. Professional and business services sector employers are most likely to offer child care benefits other than flexible child care spending accounts to part-time workers.

Firm size again shows strong correlation with the percent of firms offering fringe benefits; the share of firms offering each benefit steadily increasing with each size class. Flexible spending accounts for medical and child care expenses are offered to part-time workers in more than half of the very large firms.

Table 24 (cont.): Percent of firms offering other fringe benefits

	Part-time workers				
	Tuition/ educational assistance or reimbursement	Flexible medical spending accounts	Flexible child care spending accounts	Child care benefits other than flexible spending accounts	Non- production bonuses, e.g. hiring bonus
All respondents	10.1%	7.0%	7.0%	1.5%	12.7%
Industry					
Construction	6.0%	2.2%	1.1%	0.0%	20.8%
Manufacturing	5.2%	12.3%	11.8%	0.2%	21.1%
Trade, transportation, and utilities	4.2%	3.5%	2.4%	0.2%	6.4%
Financial activities	10.2%	7.3%	7.5%	0.3%	11.7%
Professional and business svcs	17.2%	7.5%	14.0%	7.9%	15.1%
Education and health services	33.5%	23.7%	22.2%	3.4%	27.2%
Leisure and hospitality	2.1%	1.3%	0.5%	0.2%	6.7%
Other services	10.5%	6.4%	5.7%	0.2%	12.5%
Establishment Size Class					
Very small (less than 10)	7.9%	2.3%	3.6%	1.9%	9.8%
Small (10 to 49)	10.8%	9.4%	7.6%	0.4%	14.8%
Medium (50 to 99)	16.1%	23.0%	22.9%	1.7%	20.4%
Large (100 to 249)	25.3%	27.1%	26.0%	3.5%	24.0%
Very large (250+)	40.2%	53.8%	54.8%	9.3%	35.3%
Planning Region					
Central	13.7%	8.7%	7.9%	1.9%	16.8%
Northeast	11.7%	6.3%	4.6%	0.4%	12.2%
Northwest	10.6%	7.3%	7.2%	0.7%	19.5%
Southeast	9.0%	6.8%	6.2%	0.8%	11.9%
Southwest	9.1%	8.1%	6.6%	0.2%	16.9%
Twin Cities	9.3%	6.4%	7.4%	2.2%	9.4%

Section 7: Employer Costs

National cost trends

Employee benefits have grown to become a large part of many employers' budgets, accounting for an ever-larger portion of total employee compensation. And the costs continue to rise. According to the Bureau of Labor Statistics, the national rate of twelve-month change in benefits costs has outpaced that of wages and salaries since 2000. (See Figure 1.) Between March 2004 and March 2005, the Employment Cost Index—the Bureau of Labor Statistics' measure of changes in employment costs—rose 2.4 percent in terms of wages and salaries and 5.9 percent in terms of benefits costs.

These cost increases have resulted in small shifts in the share of compensation costs related to health benefits. The table below shows that nationally, in each year since 2002, the cost of both health insurance and retirement benefits (including defined benefit and defined contribution plans) have grown at a rate faster than the cost of wages and salaries for private employers.

Private Industry	Wages and Salaries (Avg. annual cost)	Health Insurance (Avg. annual cost)	Percent of Total Spent on Insurance	Retirement (Avg. annual cost)	Percent of Total Spent on Retirement
Mar-05	\$35,672	\$3,411	8.7%	\$1,872	5.0%
Mar-04	\$34,611	\$3,182	8.4%	\$1,664	4.3%
Mar-03	\$33,592	\$2,933	8.0%	\$1,394	4.0%
Mar-02	\$32,864	\$2,683	7.5%	\$1,310	3.8%

Minnesota survey results

The Minnesota Employee Benefits Survey collected information on firms' costs for three components of compensation: straight-time wages and salaries, insurance (medical, dental and vision only), and retirement plans. Total costs were divided by total average employment to create average annual expenditures per employee^{4[1]}.

It is important to note that the median costs of insurance per employee shown in the table below are not premium costs for insurance. Instead, they are the firm costs of insurance and retirement spread across every employee, including those employees who are not offered or choose not to participate in the benefit. While these figures do not reflect the average benefit costs per employee for those workers enrolled in a firms' plans (e.g. premium costs), these estimates serve as useful benchmarks for operations or management decision making about the share of compensation costs being spent on these benefits. Information on health care premium costs in Minnesota is available in other surveys. For example see the Minnesota Department of Health publications at <http://www.health.state.mn.us/divs/hpsc/hep/issbrief/2005-01.pdf> and <http://www.health.state.mn.us/divs/hpsc/hep/issbrief/2005-02.pdf>

The statewide survey results correspond with national findings that benefits represent a significant cost for employers. Of employers who offer health benefits to their employees, 8.3 percent of the combined cost of wages and salaries and health benefits is spent on health benefits. Of employers who offer retirement benefits to their

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employees, 2.7 percent of the combined cost of wages and salaries and retirement benefits is spent on retirement benefits. (See Table 25.)

Those private firms in Minnesota that offer retirement or insurance benefits paid between \$30,476 and \$31,004 in wage costs at the median. (See Table 25.) Median wage costs varied between industries and size classes both because of the mix of high and low-paying jobs in these classifications, as well as because of differences in numbers of full-time and part-time workers. Wage costs were greatest in the financial services, professional and business services, and construction sectors. Insurance costs per employee were greatest in financial activities and manufacturing, while financial activities and construction topped the list of median costs of retirement per employee.

Wage costs were lowest in the leisure and hospitality sector, as were costs for retirement and insurance benefits. That sector also had the lowest share of costs going to retirement or insurance benefits (1.0 and 4.6 percent respectively). Regional differences likely reflect several things including local industry and size class mix, differences (particularly metro versus non-metro) in the availability or generosity of benefits, and differences in local wage levels.

Table 25: Cost to employers of providing wages, insurance and retirement benefits

	Employer costs: wages and insurance			Employer costs: wages and retirement		
	Median Cost of Wages Per Employee	Median Cost of Insurance Per Employee	Percent of Total Spent on Insurance	Median Cost of Wages Per Employee	Median Cost of Retirement Per Employee	Percent of Total Spent on Insurance
All respondents	\$30,476	\$2,778	8.3%	\$31,004	\$785	2.7%
Industry						
Construction	\$34,516	\$2,709	7.1%	\$34,146	\$1,034	2.8%
Manufacturing	\$32,470	\$3,948	10.2%	\$32,485	\$664	2.2%
Trade, transportation, and utilities	\$31,219	\$2,923	8.6%	\$31,756	\$668	2.4%
Financial activities	\$35,799	\$3,959	9.7%	\$34,196	\$1,225	3.8%
Professional and business svcs	\$34,348	\$2,690	7.2%	\$37,322	\$800	2.7%
Education and health services	\$22,931	\$2,192	8.0%	\$23,699	\$628	2.7%
Leisure and hospitality	\$11,137	\$525	4.6%	\$11,200	\$118	1.0%
Other services	\$29,776	\$2,767	8.4%	\$30,661	\$839	3.0%
Establishment Size Class						
Very small (less than 10)	\$29,533	\$2,818	8.4%	\$29,727	\$960	3.0%
Small (10 to 49)	\$32,651	\$2,792	8.0%	\$34,021	\$964	2.8%
Medium (50 to 99)	\$27,974	\$2,241	7.7%	\$28,808	\$551	2.1%
Large (100 to 249)	\$26,088	\$2,320	8.4%	\$25,877	\$504	2.4%
Very large (250+)	\$35,660	\$4,160	10.1%	\$35,685	\$1,141	3.5%
Planning Region						
Central	\$29,936	\$2,509	7.6%	\$30,881	\$548	2.3%
Northeast	\$27,081	\$2,344	8.4%	\$28,262	\$800	3.0%
Northwest	\$27,690	\$2,651	8.4%	\$28,750	\$799	2.8%
Southeast	\$30,313	\$2,825	8.1%	\$30,604	\$732	2.6%
Southwest	\$29,500	\$2,828	9.2%	\$30,000	\$921	2.8%
Twin Cities	\$39,049	\$3,187	7.9%	\$39,284	\$1,000	2.8%

Methodological Note

Sample Design

Information on benefits for the first quarter 2005 *Minnesota Employee Benefits Survey* comes from a survey of 5,345 Minnesota firms. This survey was conducted as a pilot in conjunction with the National Benefits Consortium, made up of 12 states. Seven other states including Alaska, Idaho, Kansas, Missouri, Montana, Nebraska, and North Carolina also conducted surveys to determine the effectiveness of the survey instrument, survey methodology, and the usability of the resulting statistics.

Surveyed employers were randomly selected from Minnesota's Quarterly Census of Employment and Wages (QCEW). These firms were selected from the universe of firms that were doing business in Minnesota's six Planning Regions during second quarter 2004. Firms were selected based on a sampling procedure that stratified by planning region (click on link to view regional definition), firm size (less than 10 employees; 10 to 49 employees; 50 to 99 employees; 100 to 249 employees, and more than 250 employees), and by eight industrial sectors. Agriculture and public administration (i.e. government) were excluded from the sample. Eight major industrial super-sectors, defined by the 2002 North American Industry Classification System (NAICS), are represented in the survey sample. NAICS includes the following industrial sectors:

NAICS INDUSTRY DESCRIPTION

Construction and Mining

Construction: Firms engaged in the construction of buildings and other structures, heavy construction, additions, alterations, reconstruction, installations, and maintenance and repairs.

Mining: Firms that extract naturally occurring mineral solids, such as coal and ores; liquid minerals, such as crude petroleum; and gasses, such as natural gas.

Manufacturing: Firms engaged in the mechanical, physical, or chemical transformation of materials, substances, or components into new products.

Trade, Transportation, and Utilities (TTU)

Wholesale Trade: Firms engaged in wholesale merchandising, generally without transformation, and rendering services incidental to the sale of merchandise.

Retail Trade: Firms engaged in retailing merchandise, generally without transformation, and rendering services incidental to the sale of merchandise.

Transportation and Warehousing: Firms engaged in the transportation of passengers and cargo, warehousing and storage for goods, scenic and sightseeing transportation, and support activities related to modes of transportation.

Utilities: Firms engaged in the provision of the following utility services: electric power, natural gas, steam supply, water supply, and sewage removal.

Finance, Insurance, and Real Estate

Finance and Insurance: Firms engaged in financial transactions (including the creation, liquidation, or change in ownership of financial assets) and/or facilitating financial transactions.

Real Estate: Firms engaged in renting, leasing, or otherwise allowing for the use of tangible or intangible assets, and establishments providing related service.

Professional and Business Services (PBS)

Technical Services: Firms specializing in performing professional, scientific, and technical activities for others.

Management: Firms who hold the securities of companies and enterprises for the purpose of controlling interest or influencing management decisions or who administer, oversee, and manage the company in a strategic, organizational, or decision-making role.

Administrative and Support: Firms providing routine support activities for the day-to-day operations of other organizations.

Education Services, Healthcare, and Information

Educational Services: Firms providing instruction and training on a wide variety of subjects.

Healthcare: Firms providing healthcare and social assistance to individuals.

Information: Firms engaged in the production, processing and distribution of information and cultural products.

Leisure and Hospitality

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Arts and Entertainment: Firms engaged in providing services to meet the varied cultural, entertainment, and recreational interests of their patrons.

Accommodation: Firms providing customers with lodging and/or preparation of meals, snacks and beverages for immediate consumption.

Other Services: Firms engaged in providing services not specifically provided for elsewhere in the classification system.

Source: North American Industry Classification System, United States, 2002.

NAICS Web page: www.census.gov/epcd/naics02/ .

Firms excluded from the sampling process included those in the private households and personnel service industries and those firms with no employees.

Survey Instrument and Results

Employers were asked to supply information on current employee benefits including single and family medical, dental, vision, and life insurance, disability, retirement plans, paid leave, and cost of benefits. Firms were instructed to provide benefits information for only the employees on the payroll at the time of the survey. This can produce a seasonal effect in the responses, but will also allow for analysis of changes in benefits packages over time. Benefits questions were asked for full- and part-time employees separately. When no one benefit plan covered all employees, firms were asked to respond for the majority (the mode of workers) plan. Firms who offered benefits plans through unions were asked to return the survey as if they were offering the benefits directly. Firms without benefits were also asked to return the survey reporting that information.

Survey questionnaires were mailed in January 2005. Contact information, firm size information, and industry classification for firms were drawn from the Quarterly Census of Employment and Wages (QCEW) data maintained by the Minnesota Department of Employment and Economic Development (DEED). Additional survey mailings and follow-up telephone calls were used to solicit survey responses between January and April 2005.

Following a review of the survey results, the data were scaled to produce benefit estimates representative of Minnesota's labor market by Planning Region. A random sample of firms was drawn to represent the benefits typically offered by Minnesota firms by three categories or strata—size class, industry, and geographic location. After data were gathered and desired response rates of over 60 percent by strata were reached, weights were applied to the participating firm's benefit responses to represent benefit responses for the population of firms in Minnesota. The scaling process takes account of the distribution of benefits and overall employment by industry and size in the respondent group and in the universe of regional employers.

In cases where non-response was high for a particular question, imputation was used to estimate the response. A nearest neighbor approach in which other firms in the same strata (i.e. size class, industry, and geography) were used as donors for the firms that did not respond to a given question was applied. This type of imputation was done for firms that provided a number of employees who were offered a benefit, but who did not provide a number of employees who participate in the benefit (a ratio from the donor firm was used to calculate the non-responding firm's participating employees). Imputation was also used where necessary in the estimation of benefit waiting periods for full- and part-time and for questions asking about who was paying for the benefit (e.g. employer, employee, or jointly).

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**Survey Response Rates by Firm Size for Minnesota
First Quarter 2005**

Size	Sample	Received	Response Rate
Very Small (less than 10 employees)	1,195	826	69.1%
Small (10 to 49)	1,475	1,017	68.9%
Medium (50 to 99)	901	609	67.6%
Large (100 to 249)	973	538	55.3%
Very Large (250 or more employees)	801	384	47.9%
TOTAL	5,345	3,374	63.1%

**Survey Response Rates by NAICS Industry for Minnesota
First Quarter 2005**

Industry	Sample	Received	Response Rate
Construction	628	383	61.0%
Manufacturing	712	466	65.4%
Trade, Transportation, and Utilities	778	468	60.2%
Finance, Insurance, and Real Estate	623	382	61.3%
Professional and Business Services	638	387	60.7%
Education Services, Healthcare, and Information	727	469	64.5%
Leisure and Hospitality	621	381	61.4%
Other Services	618	438	70.9%
TOTAL	5,345	3,374	63.1%

**Survey Response Rates by Planning Region Geography
First Quarter 2005**

Geography	Sample	Received	Response Rate
Central	912	619	67.9%
Northeast	754	492	65.3%
Northwest	815	542	66.5%
Southeast	792	540	68.2%
Southwest	746	512	68.6%
Twin Cities	1,326	669	50.5%
TOTAL	5,345	3,374	63.1%