Oregon Employee Benefits 2005

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Table of Contents

Key Findings	1
Paid Vacation is the Most Common Employee Benefit for Full-Time Employees	3
Full-Time Workers Receive More Benefits Than Part-Time Workers	5
"Full Time" is 40 Hours Per Week, More or Less	6
Large Firms Offer More Benefits	7
Benefits Vary by Industry	9
Portland-Area Firms are More Likely to Offer Benefits	11
Focus on Health Insurance Benefits	13
Health Insurance Varies Greatly by Industry	13
Almost Two-Thirds of Workers are Offered Benefits	14
Health Insurance for Dependents is Common	16
Some Workers Don't Enroll	17
Costs May Inhibit Enrollment	18
Health Insurance Costs About \$350 per Employee	20
Cost Drives Changes in Health-Care Coverage	21
Defined Contribution Retirement Plans are the Most Common Type	23
About the Employee Benefits Survey	25

L KEY FINDINGS

- Oregon firms are most likely to offer their full-time employees:
 - > Paid vacation leave
 - > Paid holidays, and
 - > Employee health insurance
- Paid sick leave and paid vacation leave remain more common than undesignated leave.
- Very few companies offer retiree health insurance.
- Firms are most likely to offer benefits to employees working:
 - > Full time
 - > In large firms, and
 - > In the following industries:
 - manufacturing
 - wholesale trade
 - information
 - professional services, and
 - health services
- Four of five full-time workers and one in five part-time workers are offered employee health insurance. Almost two-thirds of all private-sector workers in Oregon are offered this benefit.
- Not all employees enroll in health insurance plans when offered this benefit, even though most employers pay the full costs of such plans for full-time workers and many pay full costs for part-time workers.

Oregon Employee Benefits 2005

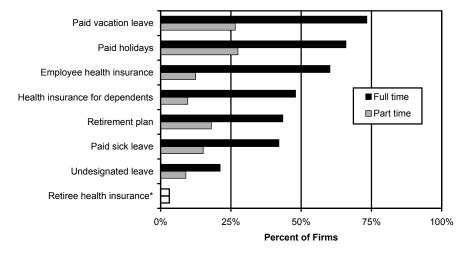
- The average cost of health insurance plans for employer and employee combined was about \$350 per month.
- About two-thirds of Oregon's employers have changed the health insurance plans they offer their employees in the past year due primarily to increasing health care costs.
- Defined contribution retirement plans, such as 401(k) plans, are more common than are defined benefit retirement plans, such as pension plans.
- Findings from Oregon's 2005 benefits survey were similar to findings from recent surveys in Washington, Minnesota, North Dakota, and the United States.

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2. PAID VACATION IS THE MOST COMMON BENEFIT FOR FULL-TIME EMPLOYEES

Almost three-quarters of Oregon's private-sector firms with fulltime employees offered paid vacation leave to at least some of their full-time workers.

Paid Vacation Leave is the Most Common Benefit for Full-Time Employees



^{*} Question did not distinguish between full-time and part-time employees.

Other common benefits were paid holidays and health insurance. About two-thirds of firms offered paid holidays to full-time employees, and three out of five offered employee health insurance coverage. Another important benefit – health insurance for dependents – is offered to at least some full-time employees by almost half of Oregon firms with full-time employees.

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More than four in 10 firms in Oregon offer a retirement plan to full-time workers. As we'll see later, most of these plans are defined contribution plans.

Undesignated leave – also known as "time bank" or "paid time off" – may be offered in addition to or in place of other types of leave, including sick leave and vacation leave. Undesignated leave is less common than either sick leave or vacation leave.

Of the benefits identified in the survey, retiree health insurance was the least likely to be offered by firms.

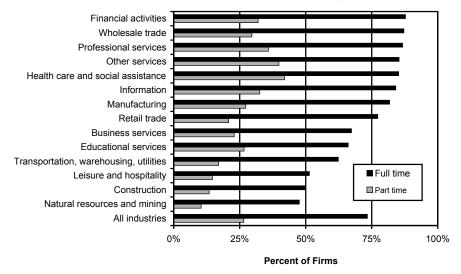
Although these Oregon survey results are not entirely comparable with those of a recent benefits survey in Washington, the two sets of findings are generally quite consistent. For example, 73 percent of Washington's private firms – the same as in Oregon – offered paid vacation leave to their full-time employees.

Oregon's results are also similar to at least some of the results of benefits surveys by other states, including Minnesota's and North Dakota's. There are also a few results from the U.S. Bureau of Labor Statistics' March 2005 National Compensation Survey that corroborate Oregon's results, including the 63 percent of U.S. firms that offer retirement and health care benefits.

FULL-TIME WORKERS RECEIVE MORE BENEFITS THAN PART-TIME WORKERS

As noted previously, almost three-quarters of Oregon firms offered paid vacation leave to at least some of their full-time workers. However, just over one-quarter of firms offered this benefit to part-time workers. In all major industry groups, a larger share of employers offered paid vacation to full-time workers than to part-time workers.

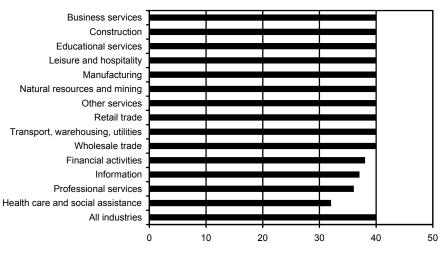
Firms are More Likely to Offer Paid Vacation Leave to Full-Time Than to Part-Time Employees



This pattern was seen in all benefits except retiree health insurance, for which the survey did not distinguish between full-time and part-time workers' benefits.

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A 40-Hour Workweek is Full Time in Most Industries



Median Hours Per Week for Full-Time Status

"Full Time" is 40 Hours Per Week, More or Less

At least half of Oregon employers said their threshold between part-time and full-time work was 40 or more hours of work per week. However, some firms in every industry felt fewer hours – 35, 32, 30, even 20 – were necessary to qualify as full time. A few firms in several industries (e.g., transportation, warehousing, and utilities) cited higher weekly hours – 45 or even 50 – as the threshold.

Most industries had a median threshold of 40 hours per week (see graph above). However, a few had lower medians. At the low end, 32 hours per week were enough to qualify as full time in at least half of firms in the health care and social assistance sector.

4. LARGE FIRMS OFFER MORE BENEFITS

Almost without exception, the larger the firm, the more likely it is to offer each fringe benefit to its full-time and part-time workers.

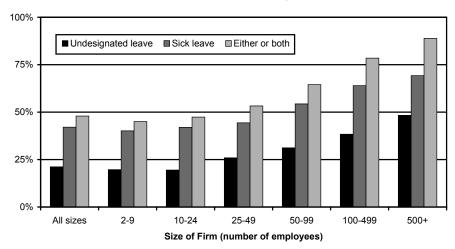
For example, all firms with 500 or more employees offered at least some of their full-time workers employee health insurance, while only about half of the smallest firms in the survey – those with two to nine employees – did so.

Share of Firms Offering Benefits to Full-Time Workers by Size of Firm; Selected Firm Sizes					
	Size of Firm (employees)				
Benefit	2-9	50-99	500+	All Sizes	
Paid vacation leave	70%	87%	88%	73%	
Paid holidays	63%	84%	95%	66%	
Employee health insurance Health insurance for	52%	93%	100%	60%	
spouses and dependents	38%	90%	97%	48%	
Retirement plan	37%	74%	91%	43%	
Paid sick leave	40%	54%	69%	42%	
Undesignated leave	20%	31%	48%	21%	
Retiree medical insurance*	2%	8%	34%	3%	
* Does not distinguish between full-time and part-time workers.					

Similarly, larger firms are more likely to offer sick leave or undesignated leave, or both, to their full-time employees than are smaller firms (see graph on page 8). The same relationship holds for part-time employees, but at a lower level.

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Many Large Firms Offer Sick Leave or Undesignated Leave to Their Full-Time Employees



Percentages reflect portion of firms offering benefit, for firms with full-time employees.

Although smaller firms are less likely to offer each benefit, many do offer paid vacation leave and paid holidays to full-time workers.

The U.S. Bureau of Labor Statistics' March 2005 National Compensation Survey found that 96 percent of private firms with 100 or more employees offered health care benefits, whereas only 61 percent of firms with fewer than 100 workers offered these benefits. This is consistent with Oregon's findings.

5. BENEFITS VARY BY INDUSTRY

About three-quarters of all firms offered paid vacation leave to full-time employees. However, this benefit was offered by 85 percent or more of firms in five major industry groups: financial activities, wholesale trade, professional services, other services, and health care and social assistance. At the other end of the spectrum, it was offered by only about half of firms in three major groups: natural resources and mining, construction, and leisure and hospitality.

Share of Firms Offering Selected Benefits to Full-Time Workers by Industry					
Industry	Paid Vacation Leave	Paid Holidays	Employee Health Insurance		
Financial activities	88%	85%	65%		
Wholesale trade	87%	82%	76%		
Professional services	87%	87%	71%		
Other services	85%	75%	61%		
Health care and social assistance	85%	83%	77%		
Information	84%	89%	77%		
Manufacturing	82%	79%	71%		
Retail trade	77%	64%	56%		
Business services	67%	61%	52%		
Educational services	66%	76%	66%		
Transportation, warehousing, utilities	62%	47%	63%		
Leisure and hospitality	51%	29%	32%		
Construction	50%	43%	49%		
Natural resources and mining	48%	38%	54%		
All industries	73%	66%	60%		

Similarly, about two-thirds of all firms gave paid holidays to fulltime workers, but the share of firms providing this benefit ranged from 89 percent in the information sector to 29 percent in the leisure and hospitality sector.

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Employee health insurance was most prevalent in the information, wholesale trade, and health care and social assistance industries, where about three-quarters of firms offered the benefit to full-time employees. Only about half of firms in construction, business services, and natural resources and mining offered this benefit to their full-time workers. It was least prevalent in the leisure and hospitality industry, where about one-third of firms offered it to full-time workers.

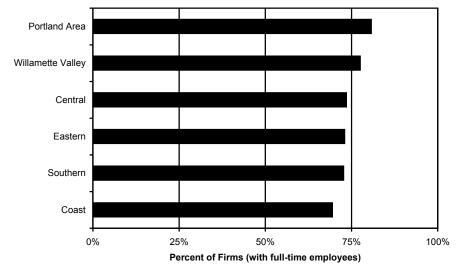
Other types of benefits showed similar differences between industries in the shares of firms offering those benefits to their workers.

Results from Washington's 2004 benefits survey showed similar shares of firms offering health insurance to full-time workers. For example, the shares were 74 percent in both health care and social assistance and in information, very similar to Oregon's 77 percent. Fifty-five percent of retail trade firms offered this benefit, essentially identical to Oregon's 56 percent. In Washington, 60 percent of arts, entertainment, and recreation firms, and 26 percent of accommodation and food services firms offered this benefit. These two industries comprise the leisure and hospitality sector and would have a combined rate of 31 percent, almost identical to Oregon's 32 percent. In a few cases, Washington findings differed somewhat. For example, 85 percent of wholesale trade firms offered health insurance to full-time workers in Washington; in Oregon, the share was 76 percent.

6 PORTLAND-AREA FIRMS ARE MORE LIKELY TO OFFER BENEFITS

Just over 80 percent of firms in the Portland area – Clackamas, Columbia, Multnomah, Washington, and Yamhill counties – offered at least some of their full-time employees paid vacation benefits. On the coast, 70 percent of firms offered this benefit.

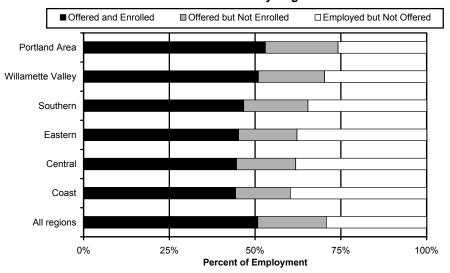
Portland-Area Firms are More Likely to Provide Paid Vacation to Full-Time Employees



Similar regional differences were seen in the share of firms providing – or of employees receiving – each of the other major benefits: holidays, sick leave, undesignated leave, employee health insurance, and dependent health insurance. For example, 74 percent of private-sector employees in the Portland area are offered health insurance benefits by their employers. On the coast, this figure drops to 60 percent (see graph on page 12).

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Fraction of Employees Offered and Enrolled in Employee Health Insurance Plan by Region

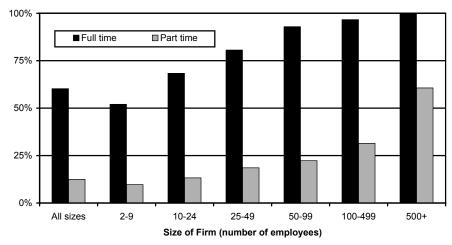


Reasons for regional differences may be related to average firm size, part-time employment, and mix of industries. For example, the Portland region has many large firms, an above-average share of full-time workers (79%), and a concentration of industries with a high incidence of benefits, including information and wholesale trade. On the other hand, the coast tends to have smaller firms, a below-average share of full-time workers (70%), and a concentration in some industries with lower incidence of benefits, including leisure and hospitality and natural resources and mining.

T FOCUS ON HEALTH INSURANCE BENEFITS

The benefit survey collected detailed information on employers' provision of health insurance benefits. As with other benefits, large firms were more likely to offer this benefit than were small firms. Full-time workers were more likely to receive this benefit than were part-time workers. These two findings were consistent with survey findings in Washington, Minnesota, and the United States.

Most Large Firms Offer Health Insurance Benefits to Their Full-Time Employees



Percentages reflect portion of firms offering benefit, for firms with full-time or part-time employees.

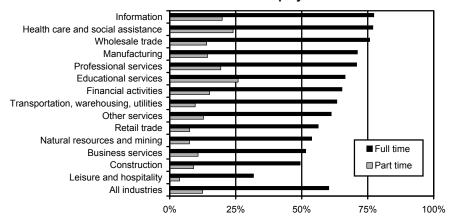
Health Insurance Varies Greatly by Industry

Overall, 60 percent of firms offered employee health insurance benefits to at least some of their full-time employees. However, industries differ in their propensity to offer health insurance benefits. More than three-quarters of all firms in three industries

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 information, health care and social assistance, and wholesale trade – offered this benefit to full-time employees. Only one-third of firms in the leisure and hospitality industry offered this benefit to full-time employees.

Firms in the Information Sector are Most Likely to Offer Health Insurance Benefits to Their Full-Time Employees



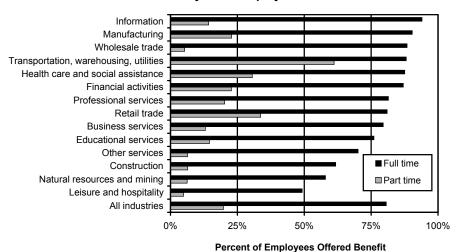
Percent of Firms (with full-time or part-time employees)

Almost Two-Thirds of Workers are Offered Benefits

Large firms are more likely than small firms to offer health insurance benefits. They also have many employees to whom they offer these benefits. Therefore, the share of all workers offered such benefits is higher than the share of firms offering them.

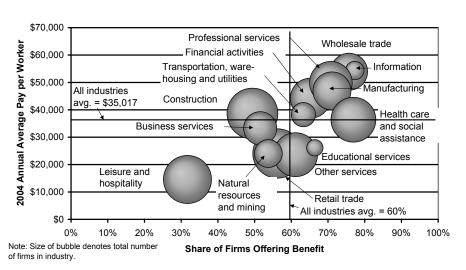
Across all industries, about four of five full-time workers and about one of five part-time workers are offered employee health insurance. Taken together, almost two-thirds of private-sector workers in Oregon, excluding the self-employed, are offered this benefit by their employers (see graph on page 15).

Full-Time Employees in the Information Sector are Most Likely to be Offered Health Insurance Benefits by Their Employers



In addition, firms in industries with high average pay were somewhat more likely than firms in industries with low average pay to offer health insurance benefits to their full-time workers.

Share of Firms Offering Health Insurance to Full-Time Employees Compared With 2004 Average Annual Wages, by Major Industry in Oregon



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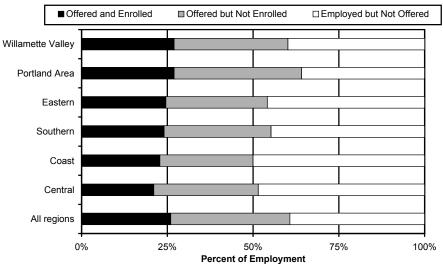
Health Insurance for Dependents is Common

Almost half of Oregon firms offer health insurance benefits for the spouses and dependents of full-time employees. This benefit is offered to a total of about two-thirds of Oregon's full-time employees. Of those offered the benefit, about two of five have a spouse or dependent enrolled in the insurance plan.

Company-provided health insurance for part-time employees' spouses and dependents is less common. Only 10 percent of firms with part-time employees offer dependent health insurance to at least some of these employees. Fifteen percent of part-time employees are offered this benefit. One-quarter of these part-time employees enrolled for dependent health insurance.

Taking full-time and part-time workers together, dependent health insurance is offered to about 60 percent of employees, of whom two of five enrolled.

Fraction of Employees Offered and Enrolled in Dependent Health Insurance Plan by Region



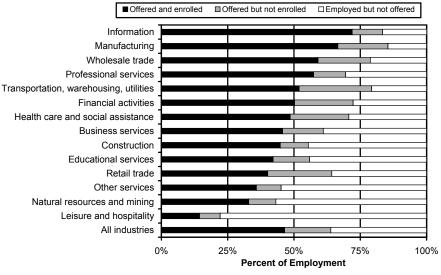
Even less common are retiree health insurance benefits. Only about 3 percent of Oregon firms offer health insurance to their retirees. This benefit was most common in very large firms. About one-third of firms with 500 or more employees offered this benefit.

Some Workers Don't Enroll

As suggested earlier, only a portion of the workers who are offered employee health insurance enroll in the insurance plan. About three-quarters of full-time workers who are offered this benefit enroll. About two of five part-time workers enroll if offered this benefit. Together, slightly less than three-quarters of all workers who are offered a health insurance benefit also enroll.

Because some workers are not offered health insurance, those who enroll are an even smaller share of all workers. They comprise slightly less than half of all employees, including those who are not offered this benefit.

Fraction of Employees Offered and Enrolled in Health Insurance Plan by Broad Industry



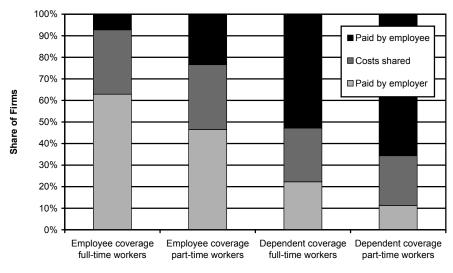
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It is not surprising that industries with the largest shares of employees offered health insurance benefits also tend to be those with the largest shares of employees enrolled in these benefits. Information and manufacturing top the list, as they did in the graph at the top of page 15.

Costs May Inhibit Enrollment

One reason for not enrolling in a health insurance plan is the plan's cost to the employee. Almost two-thirds of firms said they pay 100 percent of the combined employer and employee costs for employee health insurance for the majority of their full-time employees. However, at least one-third require the employee to pay a portion or all of the costs.

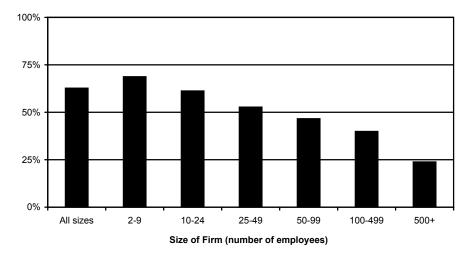




Less than half of firms with part-time workers pay 100 percent of the costs of these workers' employee health insurance costs. Only about one of five firms pays all the premium costs of health insurance for full-time workers' spouses and dependents, and only about one of 10 firms pays all premiums for coverage of part-time workers' spouses and dependents.

Although it may seem counterintuitive, the smaller the firm size, the more likely the firm is to pay 100 percent of its enrolled employees' health insurance costs. More than two-thirds of firms with two to nine employees paid the full cost of their full-time workers' employee health insurance. Only about one-quarter of firms with 500 or more employees said they paid 100 percent of employee health insurance costs for their full-time workers who were enrolled.

Fraction of Employers That Pay 100% of Employee Health Insurance Premiums for a Majority of Full-Time Employees



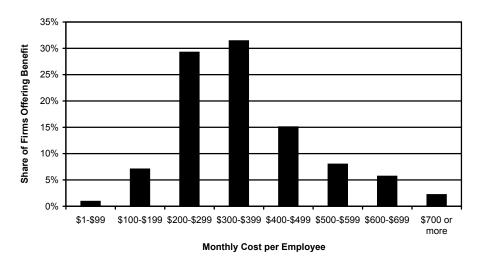
Percentages reflect portion of firms offering benefit, for firms with full-time employees.

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Health Insurance Costs About \$350 Per Employee

For three of five firms in Oregon, the cost of health insurance premiums was between \$200 and \$400 a month per employee. The median cost (the level at which half of firms reported lower costs and half reported higher costs) was \$326, while the average cost was about \$350. These figures include the employee-paid portion of the premium.

Most Health Insurance Plans Cost \$200 to \$400 per Employee per Month



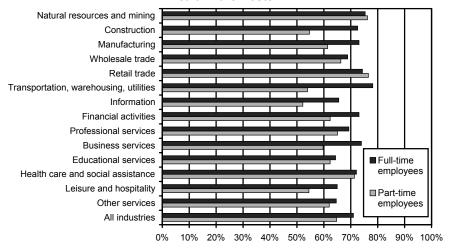
The per-employee average and median costs of health insurance benefits were remarkably similar across all size classes and industries, although the largest firms paid somewhat higher costs.

8. COST DRIVES CHANGES IN HEALTH-CARE COVERAGE

According to national statistics for the third quarter of 2005, health-care insurance cost private employers \$1.66 per worker hour, on average. This was 6.8 percent of total hourly compensation costs. The hourly cost of health-care insurance grew by 6.4 percent over the prior year.

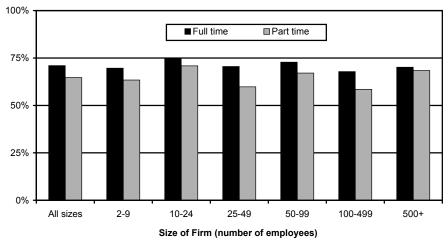
Almost three-quarters of Oregon's private-sector firms changed the health-care coverage they offer their full-time employees within the past year due primarily to increasing health-care costs. This result was fairly consistent across industries.

Fraction of Employers That Have Changed Health-Care Coverage in the Last Year Due Primarily to Increasing Health-Care Costs



The share of firms changing their health-care coverage for parttime employees was only slightly lower, falling just below twothirds. Again, the result was similar across industries and size classes.

Fraction of Employers That Have Changed Health-Care Coverage in the Last Year Due Primarily to Increasing Health-Care Costs



Percentages reflect portion of firms offering benefit, for firms with full-time or part-time employees.

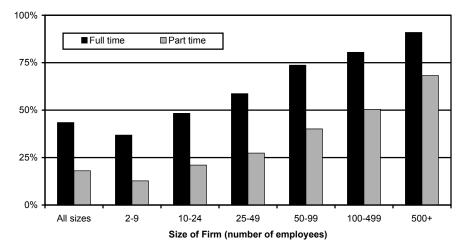
The survey did not ask what changes the firms made to their health-insurance plans, but the implication is that they took steps to contain the costs of these plans. However, a *Portland Business Journal* article (Dec. 30, 2005) focused on a local company that is expanding its offering of medical and dental coverage to its hourly workers. The Holland Inc., parent of Burgerville fast-food restaurants as well as Beaches and Noodlin' casual dining restaurants, hopes the increased benefits will improve employee retention rates and ultimately reduce costs.

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DEFINED CONTRIBUTION RETIREMENT PLANS ARE THE MOST COMMON TYPE

More than two of five employers with full-time workers offer a retirement plan to their full-time workers, and almost one of five offer this benefit to their part-time workers. Large firms were more likely than small firms to offer this benefit, especially for part-time workers.

Many Large Firms Offer Retirement Benefits to Their Full-Time Employees



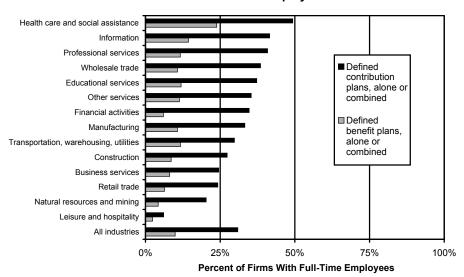
Percentages reflect portion of firms offering benefit, for firms with full-time or part-time employees.

Defined contribution plans, such as 401(k) savings plans, were substantially more common than defined benefit plans, such as pensions. Across all industries, 31 percent of firms offered defined contribution plans – either alone or combined with other plans – to their full-time employees. Only 10 percent offered defined benefit plans alone or in combination. Also, 10 per-

mation.

cent of firms said they offered neither defined contribution nor defined benefit plans to their full-time employees, but instead offered some other type of retirement plan.

Industries Differ in the Share of Firms Offering Retirement Benefits to Full-Time Employees



The health care and social assistance industry had the highest share of firms offering retirement benefits to their full-time employees.

Matching Oregon's findings, Washington's 2004 benefits survey found 31 percent of firms offered defined contribution plans to their full-time employees. Fifty-nine percent of firms – almost the same as Oregon's 57 percent – offered no retirement plans to their full-time employees. The two states also had very similar findings on the share of firms offering retirement benefits to their part-time employees, with 81 percent of Washington's and 82 percent of Oregon's firms offering no retirement benefits to part-time employees.

10. ABOUT THE EMPLOYEE BENEFITS SURVEY

In addition to wages, benefits can be an important part of a worker's total compensation. While the Oregon Employment Department collects and provides good information on wages paid to Oregon workers covered by unemployment insurance, information on nonwage benefits has been relatively unavailable. Data users have requested information on benefits, prompting this survey.

The 2005 Oregon Employee Benefits Survey estimates the number of private-sector firms offering fringe benefits to their workers. It also estimates the number of workers being offered health insurance benefits. The survey results provide valuable insights on compensation in our state.

The Oregon survey used a questionnaire similar to one used in Washington in 2004. Oregon Employment Department staff worked with their counterparts at Washington's Employment Security Division, who conducted the survey.

The survey was mailed to a sample of 11,599 Oregon employers in the fall of 2005. It asked employers if they provide the following benefits to full-time and part-time employees:

- Health insurance for employees, dependents, and retirees
- Retirement benefits
- Undesignated leave, paid sick leave, vacation, and holidays

We received 6,899 usable surveys for a 59 percent response rate. We then weighted these responses to represent the universe of private-sector firms in Oregon. The weighted data give us a reliable estimate of the degree to which firms of various sizes and in various industries and regions offer each of the benefits.

Regional definitions used in this report are based on counties:

Portland Area = Clackamas, Columbia, Multnomah, Washington, and Yamhill counties

Willamette Valley = Marion, Polk, Linn, Benton, and Lane counties

Coast = Clatsop, Tillamook, Lincoln, Coos, and Curry counties

Southern = Douglas, Jackson, and Josephine counties

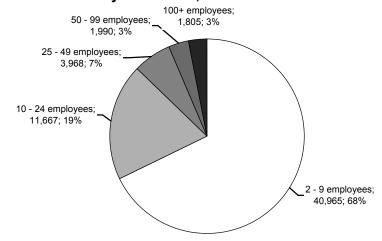
Central = Hood River, Wasco, Sherman, Gilliam, Wheeler, Crook, Deschutes, Jefferson, Klamath, and Lake counties

Eastern = Morrow, Umatilla, Baker, Grant, Union, Wallowa, Harney, and Malheur counties

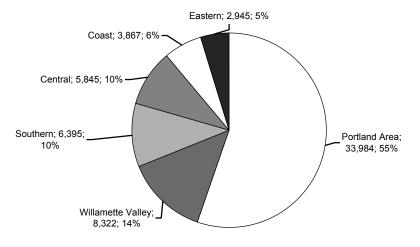
The survey responses represented the characteristics of more than 60,000 firms in Oregon with two or more employees. Most firms are small, as indicated in the graph at the top of page 27. Most were in the Portland area, as shown in the graph at the bottom of page 27.

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Distribution of Oregon's Covered Firms With Two or More Employees by Size Class, 4th Qtr 2004



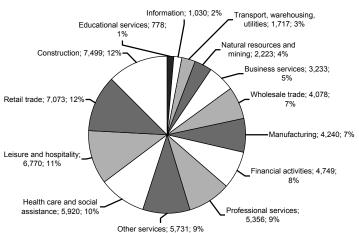
Distribution of Oregon's Covered Firms With Two or More Employees by Region, 4th Qtr 2004



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Responses reflected the characteristics of Oregon's major industry groups. Different industries have different numbers of firms. Responses from construction and retail trade businesses represented the characteristics of almost one-quarter of all firms.

Distribution of Oregon's Covered Firms With Two or More Employees by Sector, 4th Qtr 2004



To view, print, or download an appendix to this report containing more detailed date tables, go to the Publications page at www.QualityInfo.org and look in the Reports & Analysis section for *Oregon Employee Benefits 2005*.

Oregon Employee Benefits 2005

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WorkSource Oregon Employment Department gratefully acknowledges the Washington State Employment Security Department for its assistance in conducting the survey on which we based this report.

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