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Washington State Employee Benefits Report

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**Labor Market and
Economic Analysis Branch**



Washington State Employee Benefits Report



Estimates and report prepared by Rick Lockhart, *Economist/Project Manager*

Labor Market and Economic Analysis Branch

Greg Weeks, Ph.D., *Director*

Washington State Employment Security Department

Karen T. Lee, *Commissioner*

Economic and Policy Analysis Unit

Evelina Tainer, Ph.D., *Chief Economist*

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For more information, contact Rick Lockhart at the Labor Market and Economic Analysis Branch of the Employment Security Department: (360) 438-3155 or rlockhart@esd.wa.gov.

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Introduction

Each year the Labor Market and Economic Analysis branch of the Employment Security Department surveys a large number of Washington employers about fringe benefits offered to employees. In the survey, employers are asked several detailed questions about medical insurance, retirement plans, and paid leave. The desired end result is to then provide job seekers, employers, and policy makers with reliable estimates for decision making.

In 2006, 15,435 employers were in the survey sample, with 8,385 (54 percent) responding. As a result, the overall estimates have a standard error range of +/- 1 percent and the detailed estimates have error ranges between +/- 2.0 percent and +/- 7.9 percent, depending on industry or size class.

Minor modifications and additions based on customer and/or respondent request have been implemented each year in the survey. The 2006 survey was no different.

- A new set of questions were added to find out the percentage of employers that offered dental insurance to full- and part-time workers and their dependents.
- Based on respondent feedback, the question about retirement plans was redefined. Defined contribution and defined benefit were the only two options for the type of retirement plan offered in the 2006 survey.
- Most of the benefits estimates from the 2006 survey were higher than previous years based on a change in methodology¹ for calculating the results. The results of the 2005 survey have been recalculated using the same methodology and will be re-published. Some parts of the 2004 survey are compatible with the new methodology and it will be recalculated as well.

Detailed results from the *2006 Employee Benefits Survey* are published at the end of the report in several appendices along with a copy of the survey instrument, brief methodology, and response rates.

¹For 2006, calculations of benefits for full-time and part-time workers were filtered by whether or not the employer reported having such workers. Many employers would say they had zero full-time workers and then would proceed to answer “no” on all of the questions about full-time workers. The result from the change was a more accurate estimate of benefits offerings.

Summary of Benefits Offerings

There were several factors that played into which firms were likely to offer fringe benefits and which employees were eligible to receive them. Full-time employees were much more likely to be offered benefits than part-time employees in all cases (**figure 1**). Large firms were more likely to offer benefits than small firms regardless of industry (**figure 2**). Firms in higher wage industries were more likely to offer benefits than firms in industries with relatively low wages.

Figure 1. Percent of Firms Offering Benefits to Full-time and Part-time Employees Washington State, 2006

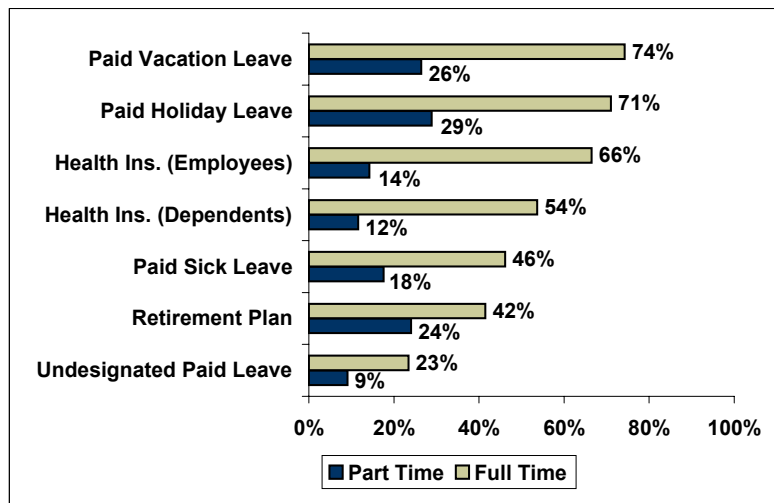
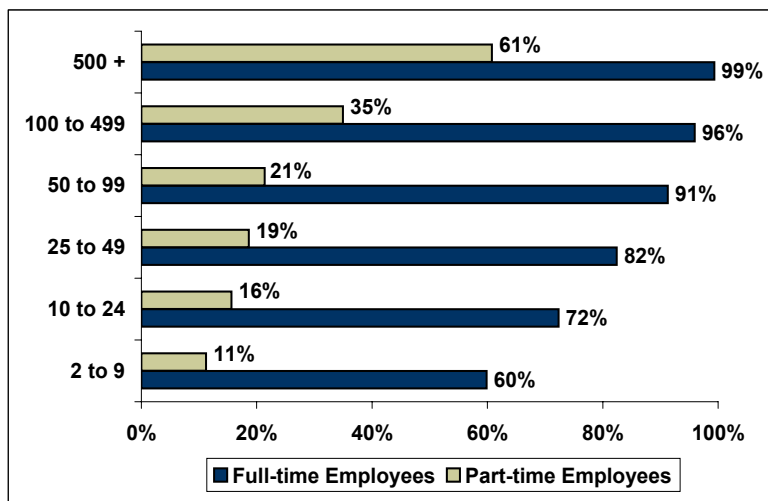


Figure 2. Percent of Firms Offering Medical Insurance to Full-time and Part-time Employees, Washington State, 2006



Firms and Employment

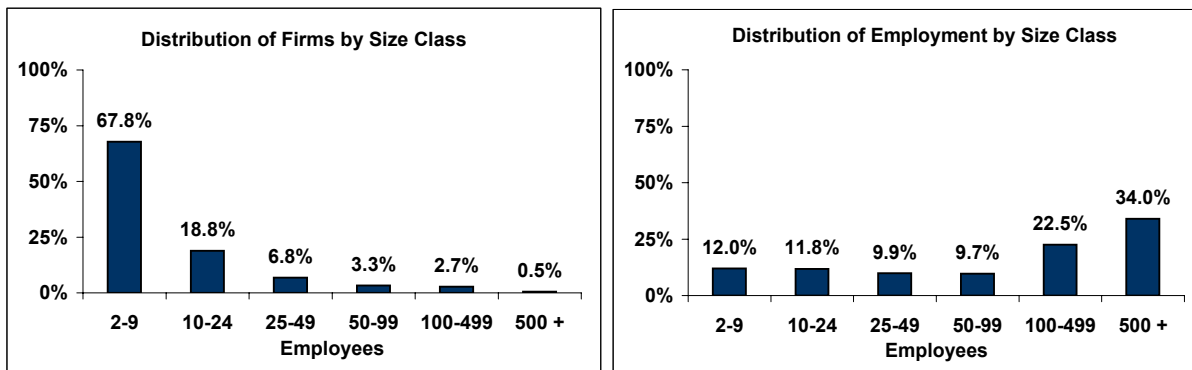
Distribution of Firms and Employment by Size Class and Industry

Examining how Washington’s employers and workers are spread across employment size classes and industries gives context to the information presented in this report. Since this is a survey of *employers*, most results are presented in terms of “percent of firms” relative to some type of benefit offered to workers. Results that are presented in terms of “percent of employment” are estimates based on employer responses to questions on the numbers of workers employed full time and part time. The employers included in these estimates are limited to those covered by the state’s unemployment insurance law, who have two or more employees, and are not government entities (with the exception of the education and health care industries).

Size Class – Where are the Majority of Workers?

- Most firms (67.8 percent) employed between two and nine workers, but accounted for only 12.0 percent of employment in the third quarter of 2005.
- The opposite is true for very large firms (those who employed 500 or more workers). While making up a tiny portion of total firms (0.5 percent), they employed 34.0 percent of the workforce.

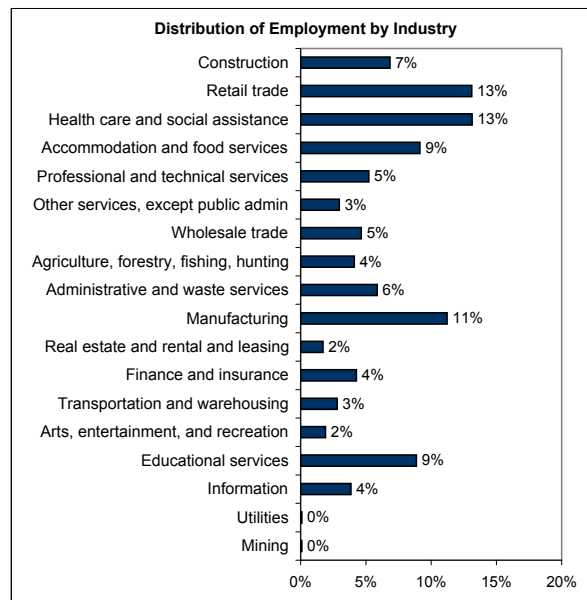
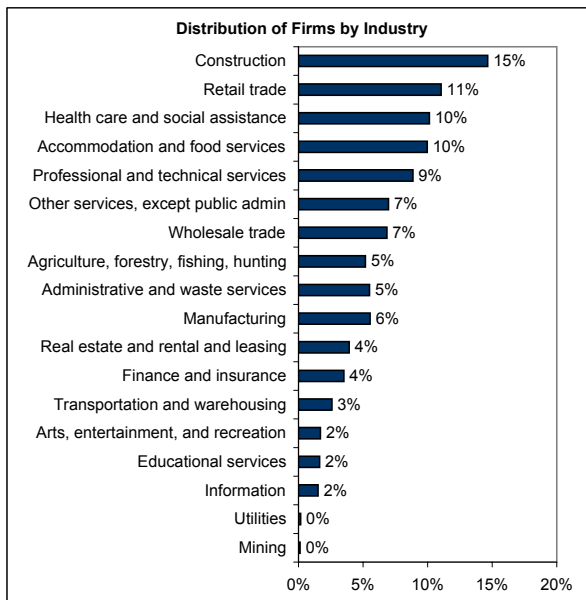
Figure 3: Distribution of Firms and Employment by Size Class (Quarter 3, 2005), Washington State



Industry Breakdown

- During the third quarter of 2005, the construction, retail trade, and health care and social assistance industries had the largest shares of firms; 15, 11, and 10 percent respectively (**figure 4a**).
- The retail trade, health care and social assistance, and manufacturing industries made up the largest shares of employment at 13, 13, and 11 percent, respectively (**figure 4b**).

Figures 4a & 4b. Distribution of Firms and Employment by Industry (Quarter 3, 2005)
Washington State



Medical Insurance

The questions relating to medical insurance were more detailed than for the other benefits categories. As a result, we had a larger data set to provide for more robust analysis. We have comparable results back to 2004, providing three years worth of data and giving us an idea of some trends in benefits offerings. As we have shown in the past, benefits offerings were very much affected by the size of the employer, employee status (full time vs. part time), and the average wage paid by the employer. This report will touch on those factors, but it is mainly intended to go beyond that and analyze the underlying causes of some recent trends.

Fewer Firms Offering Coverage

The percentage of firms offering medical insurance to full-time workers decreased from 67.1 percent in 2005 to 66.4 in 2006 (**figure 5**). Offerings to part-time workers had a similar, albeit smaller, decline from 15.1 to 14.2 percent over the same time frame. The trend was similar from 2004 to 2005, but we are going to frame the discussion around the most recent two years because more detailed data are available.

**Figure 5. Percent of Firms Offering Medical Insurance to Employees
Washington State, 2006**

	Full Time	Part Time
2004	67.8%	15.1%
2005	67.1%	15.1%
2006	66.4%	14.2%

Deciphering a cause of the decline from the available data is very difficult. Several factors play into whether or not a firm offers medical insurance. Statistically, a high correlation (+0.78) exists between industries that pay higher average wages and industries that have a higher percentage of firms that offer medical insurance. Interestingly, compared year to year, there is a slightly inverse relationship between the rate at which industries increase wages and the change in percentage of firms that offer medical insurance. In other words, industries with higher percentage wage increases showed larger decreases in benefits offerings.

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These two ideas may seem to contradict; however, there are a couple of reasons why they do not. The correlation between higher wages and more firms offering medical insurance fits with the idea that benefits are viewed as a part of total compensation. If an employer is willing to pay a higher wage for the skills an employee has to offer, they are also probably more likely to offer that employee fringe benefits. It is important to remember that employers are competing with other employers to attract new employees as well as keep the ones they have.

Most companies make decisions based on their bottom line. Wages increased from the second quarter² of 2005 to the second quarter of 2006 at a significantly greater rate than they had the year before. According to national data produced by the Bureau of Labor Statistics, benefits cost increases in the U.S. outpaced wage increases for the last few years. However, the trend reversed in 2006. This lends support to the idea that wage increases in Washington state may have been offset by decreases in benefits offerings.

Without regard to industry, the number of workers a firm employs significantly affects the likelihood they offer benefits. This may also be true if industries were individually analyzed by employer size, but the sample for the *Employee Benefits Survey* was too small to provide reliable estimates at that level of detail. Year over year changes in medical insurance offerings were most noticeable in mid-sized firms (**figure 6**).

**Figure 6. Percent of Firms Offering Medical Insurance by Size of Firm
Washington State, 2006**

Employer Size Class	2005		2006		Year-Over-Year Change	
	Full Time	Part Time	Full Time	Part Time	Full Time	Part Time
2 to 9	59.6%	12.0%	59.9%	11.2%	0.3%	-0.8%
10 to 24	75.1%	16.1%	72.4%	15.6%	-2.7%	-0.5%
25 to 49	86.8%	18.8%	82.4%	18.6%	-4.4%	-0.2%
50 to 99	92.8%	26.9%	91.3%	21.4%	-1.5%	-5.5%
100 to 499	97.6%	37.6%	96.0%	34.9%	-1.6%	-2.7%
500 +	99.4%	68.2%	99.4%	60.8%	0.0%	-7.4%
Total	67.1%	15.1%	66.4%	14.2%	-0.7%	-0.9%

²Average monthly wage based on the Quarterly Census of Employment and Wages. At the time of writing, the second quarter of 2006 was the most recent wage data available.

Factors Affecting Employee Enrollment

Most of the discussion around enrollment rates will focus on data expressed in terms of percentage of employment, rather than firms. For the purposes of this study, enrollment rates refer to the number of employees who were offered health insurance and accepted the offer.

Variations in enrollment rates between industries are best understood by first analyzing the factors that led to coverage being offered. In the previous section we saw how wages were connected to medical insurance offerings. Beyond that, statistical evidence shows strong links between enrollment rates and the percentage of the workforce that was offered coverage as well as the percentage of the premium paid by the employer. It may seem obvious that enrollment would be tied to percent offered coverage; however, it is not so simple.

For example, compare the accommodation and food services industry and the manufacturing industry (**figure 7**). Accommodation and food services had 52 percent of full-time workers being offered medical insurance; 61 percent accepted the offer and enrolled. Manufacturing had 94 percent of workers offered and 75 percent enrolled. The biggest differences between these two industries were the average wages and the percent of employers that picked up a large portion of the premiums. Workers in accommodation and food services made \$15,000 on average in 2005, compared to \$55,300 in manufacturing. Seventy three percent of employers in manufacturing paid $\frac{3}{4}$ or more of the medical insurance premium, but only 49 percent of employers did the same in accommodation and food services.

Figure 7. Enrollment Rate Comparison Between Manufacturing and Accommodation & Food Services, Washington State, 2006

Industry Sector	Percent of Employees Offered Medical Insurance	Percent Enrolled	Percent of Firms Paying 3/4 or More of Medical Insurance Premium	Average Premium	Average Annual Wage
Accommodation & Food Services	52%	61%	49%	\$304	\$15,000
Manufacturing	94%	75%	73%	\$355	\$55,300

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Based on the data, it stands to reason that even if workers in the accommodation and food services industry were offered medical insurance, the out-of-pocket costs were not only higher dollar amounts, but also a significantly higher percentage of their wages. It also makes sense that employers would be less likely to offer medical insurance knowing that only a fraction of their workers would enroll. This would have also led to higher costs for employers that did offer because premiums are often reduced based on the number of enrollees at each business.

The key point to take from this is the importance of how much the cost of medical insurance adds to the total compensation paid by the employer each year. If a manufacturing employer has 10 workers and the total wages paid for the year is \$553,000, annual single coverage medical insurance premiums for those 10 workers would be \$42,600, therefore paying the entire premium increases the employer's total annual compensation paid by 7.7 percent. The same scenario for the accommodation and food services industry would have the total annual compensation paid increase by 24 percent. The impact on the bottom line would be far greater for the accommodation and food services employer. This scenario would also hold true for workers who receive lower wages, but pay a higher percentage of the medical insurance premium.

We have used only two industries for our example, but the same logic applies across industries based on correlations between wages, offer rates, enrollment rates, premium costs, and the percent paid by employers.

Dependent Coverage

It can be quite easy to misunderstand data about medical insurance coverage for dependents. Estimates from the *Employee Benefits Survey* are based around the employee and whether or not they were offered medical benefits for their dependents and how many *employees* have dependents enrolled in medical insurance. We do not know if the dependents were covered by a spouse/partner who was offered medical insurance or by some other means. It is therefore very important to view the *Employee Benefits Survey* data on dependent coverage as a benefit offered to the employee, and abstain from viewing it as a baseline for understanding incidence of medical insurance offerings and enrollment for children and/or spouses/partners.

In 2006, over half (54 percent) of Washington employers offered medical insurance for the dependents of employees. That is approximately eight percent lower than the rate that firms offered medical insurance for employees. The more significant difference is in the enrollment rates. Forty-three percent of full-time employees who were offered medical insurance for dependents had one or more dependent enrolled. That compares with 76 percent of employees enrolled. As with most of the benefits data, the percentages are affected by size of firm and industry, however the main differences between these two groups are the total premium cost and how much of the premium is paid for by the employer.

Regarding employee medical insurance, 61 percent of employers reported paying the entire premium. For dependents, 54 percent of employers reported paying none of the premium. Not only is the employee contribution rate higher for dependents, but the cost is greater too. Employee coverage cost \$338 per month on average, while dependent coverage³ was significantly higher at \$543. In both cases, enrollment rates were much lower in industries with a higher percentage of employers who do not pay any portion of the premium. The correlation is almost perfectly inverse for dependent coverage (-0.85) and is much stronger than the correlation between employee enrollment rates matched with the percent the employer pays of the premium.

³Premium estimates for dependent coverage are an average that is not based on the number of dependents. It should be understood as the average cost per employee for dependent coverage.

Retirement Plans

Firms were asked about their provision of two general categories of retirement plans: defined contribution and defined benefit.

Defined contribution plans, the broader of the two categories, encompass a variety of plans, each involving individual accounts for each employee. Those plans included target-benefit and money-purchase pensions, profit sharing, 401(k) plans, and stock bonus plans.

Defined benefit plans, a narrower group, typically include plans where a given benefit is guaranteed to employees at retirement age and plan actuaries determine contributions. Those plans include defined benefit pensions and cash balance pension plans. The Washington State Public Employees Retirement System (PERS) plans one and two are examples of defined benefit plans. It is worth noting that the two plan categories are not mutually exclusive – firms can and do, offer both.

In 2006, 37.5 percent of firms offered a defined contribution plan to full-time workers. As we saw with medical insurance offerings, retirement plan offerings increased as the size of firm increased (**figure 8**). This was true for both types of retirement plans. Defined contribution plans were offered by 28.8 percent of firms in the 2-9 employee size class, compared to 92.3 percent in the 500+ size class. Defined benefit plans, while not as common with 6.4 percent of firms offering them, had a similar variation based on size class. Under five percent of firms in the 2-9 size class offered defined benefit plans and 40.4 percent offered in the 500+ size class. In both cases, the percent of firms offering the benefit incrementally increased as the size of firm increased.

**Figure 8. Percentage of Firms Offering Retirement Plans by Type of Plan*
Washington State, 2006**

Employer Size Class	Defined Contribution	Defined Benefit
2 to 9	29%	5%
10 to 24	44%	8%
25 to 49	60%	9%
50 to 99	71%	11%
100 to 499	83%	17%
500 +	92%	40%
Total	38%	6%

* The two types are not mutually exclusive; some firms offer both

Paid Leave

Firms were asked if they offered paid leave to full-time and part-time workers. Paid leave was broken into four categories; undesignated leave, sick leave, vacation leave, and holidays. Undesignated leave was a new option on the 2005 survey and it refers to plans commonly called “time banks” or “paid time off (PTO) accounts,” which are being used by some firms in place of designated vacation and sick leave.

Fewer employers reported offering paid vacation and sick leave in 2006 compared to 2005. This was offset, though, by an increase in the percentage of employers who reported offering undesignated leave. **Figure 9** displays paid leave offerings for full-time workers in 2005 and 2006. The downward trend in sick leave offerings was mirrored in national data compiled by the Bureau of Labor Statistics which showed a one percent decrease in firms offering sick leave. Paid vacation offerings (national) remained the same in 2006 as they were in 2004 and 2005.

Figure 9. Percent of Firms Offering Paid Leave to Full-time Employees by Leave Type Washington State, 2006

	Undesignated	Sick	Vacation	Holiday
2005	21%	47%	75%	70%
2006	23%	46%	74%	71%

Appendix 1 Medical and Dental Insurance for Employees by Industry

Industry Sector	Full-time Employees				Part-time Employees			
	Percent of Firms		Percent of Employees		Percent of Firms		Percent of Employees	
	Offering Medical	Offering Dental	Offered Medical	Enrolled* in Medical	Offering Medical	Offering Dental	Offered Medical	Enrolled* in Medical
Accommodation and food services	25.5%	15.6%	52.4%	61.4%	4.5%	3.7%	9.8%	27.3%
Administrative and waste services	61.8%	40.5%	85.5%	70.5%	12.1%	5.3%	15.4%	38.5%
Agric., forestry, fishing, hunting	32.0%	15.5%	41.2%	67.2%	3.8%	1.2%	1.3%	45.2%
Arts, entertainment, and recreation	62.2%	43.2%	76.2%	79.7%	7.0%	5.7%	8.9%	11.1%
Construction	64.0%	43.7%	71.5%	85.2%	8.7%	6.3%	6.9%	75.4%
Educational services	74.8%	59.2%	98.2%	75.3%	40.1%	36.4%	65.6%	57.5%
Finance and insurance	83.8%	67.1%	96.7%	81.8%	25.4%	24.4%	34.9%	66.3%
Health care and social assistance	75.3%	50.6%	91.1%	72.3%	24.0%	26.8%	38.3%	61.0%
Information	82.8%	66.9%	97.4%	73.3%	20.9%	21.1%	80.7%	75.1%
Management of companies	92.7%	85.8%	99.0%	90.4%	**	**	**	**
Manufacturing	81.1%	62.2%	94.0%	74.8%	13.7%	11.3%	21.4%	64.8%
Mining	73.7%	61.6%	88.0%	91.7%	**	**	**	**
Other services, except public admin	68.4%	46.1%	81.3%	84.1%	15.3%	10.0%	18.3%	29.9%
Professional and technical services	84.6%	60.8%	95.0%	85.5%	32.5%	27.9%	19.4%	63.5%
Real estate and rental and leasing	69.6%	42.0%	82.1%	84.7%	10.1%	7.4%	11.2%	75.8%
Retail trade	59.6%	39.6%	89.5%	68.9%	6.9%	3.8%	35.1%	55.0%
Transportation and warehousing	70.6%	52.2%	90.5%	79.1%	8.1%	5.6%	21.6%	93.6%
Utilities	69.6%	62.0%	96.0%	88.4%	**	**	**	**
Wholesale trade	85.4%	66.6%	91.7%	84.0%	11.8%	8.2%	12.3%	67.2%
Total	66.4%	46.5%	86.0%	75.7%	14.2%	12.0%	27.7%	55.1%

* Percent of employees who were offered health insurance and enrolled. Also referred to as "take-up" rate.

** Sample too small for release of detailed data.

Appendix 2 Medical and Dental Insurance for Dependents of Employees by Industry

Industry Sector	Dependents of Full-time Employees				Dependents of Part-time Employees			
	Percent of Firms		Percent of Employees		Percent of Firms		Percent of Employees	
	Offering Medical	Offering Dental	Offered Medical	Enrolled* in Medical	Offering Medical	Offering Dental	Offered Medical	Enrolled* in Medical
Accommodation and food services	16.6%	11.3%	47.0%	25.3%	2.7%	2.1%	7.3%	6.7%
Administrative and waste services	47.3%	35.1%	73.8%	22.3%	11.4%	5.8%	12.0%	40.4%
Agriculture, forestry, fishing and hunting	23.5%	12.0%	37.3%	38.0%	4.0%	1.4%	1.3%	16.0%
Arts, entertainment, and recreation	49.8%	35.2%	68.4%	29.3%	6.3%	4.8%	8.6%	2.1%
Construction	50.9%	38.1%	62.7%	51.7%	10.5%	7.2%	6.6%	40.1%
Educational services	59.8%	53.5%	96.6%	54.4%	33.5%	33.4%	63.9%	38.7%
Finance and insurance	71.8%	59.3%	93.7%	42.5%	25.1%	23.3%	32.4%	37.6%
Health care and social assistance	58.3%	43.8%	85.9%	32.8%	16.9%	23.1%	36.1%	20.3%
Information	75.7%	65.5%	96.3%	52.2%	19.5%	20.3%	82.5%	37.9%
Management of companies	89.7%	80.0%	98.5%	72.2%	**	**	**	**
Manufacturing	72.0%	56.3%	90.6%	51.5%	12.1%	11.1%	17.8%	31.8%
Mining	62.7%	56.0%	81.8%	59.3%	**	**	**	**
Other services, except public administration	54.8%	41.8%	70.4%	36.5%	11.9%	10.5%	16.8%	11.6%
Professional and technical services	68.3%	53.7%	90.0%	44.3%	25.4%	24.3%	15.7%	32.4%
Real estate and rental and leasing	50.7%	35.4%	71.8%	29.3%	9.4%	6.7%	10.1%	9.5%
Retail trade	47.1%	34.9%	83.2%	40.6%	5.4%	3.5%	34.2%	20.7%
Transportation and warehousing	59.7%	48.5%	83.1%	46.5%	6.1%	3.6%	3.5%	19.9%
Utilities	58.2%	57.5%	94.1%	77.5%	**	**	**	**
Wholesale trade	76.2%	61.5%	86.8%	52.6%	9.3%	7.7%	7.4%	58.5%
Total	53.6%	41.0%	80.3%	42.3%	11.6%	10.8%	25.9%	26.7%

* Percent of employees who were offered health insurance and enrolled. Also referred to as "take-up" rate.

** Sample too small for release of detailed data.

Appendix 3 Medical and Dental Insurance for Employees by Size of Firm

Firm Size (number of employees)	Full-time Employees				Part-time Employees			
	Percent of Firms		Percent of Employees		Percent of Firms		Percent of Employees	
	Offering Medical	Offering Dental	Offered Medical	Enrolled* in Medical	Offering Medical	Offering Dental	Offered Medical	Enrolled* in Medical
2 to 9	59.9%	37.3%	59.4%	84.1%	11.2%	8.6%	6.8%	71.1%
10 to 24	72.4%	53.7%	73.0%	81.0%	15.6%	13.3%	8.0%	51.2%
25 to 49	82.4%	68.2%	81.4%	81.6%	18.6%	17.5%	9.0%	46.8%
50 to 99	91.3%	82.0%	89.2%	78.4%	21.4%	22.1%	10.6%	62.7%
100 to 499	96.0%	92.4%	91.5%	77.3%	34.9%	35.1%	24.0%	51.7%
500 +	99.4%	98.8%	96.4%	68.1%	60.8%	63.6%	60.7%	55.5%
Total	66.4%	46.5%	86.0%	75.7%	14.2%	12.0%	27.7%	55.1%

* Percent of employees who were offered health insurance and enrolled. Also referred to as "take-up" rate.

Appendix 4 Medical and Dental Insurance for Dependents of Employees by Size of Firm

Firm Size (number of employees)	Full-time Employees				Part-time Employees			
	Percent of Firms		Percent of Employees		Percent of Firms		Percent of Employees	
	Offering Medical	Offering Dental	Offered Medical	Enrolled* in Medical	Offering Medical	Offering Dental	Offered Medical	Enrolled* in Medical
2 to 9	44.5%	31.6%	43.2%	41.8%	8.4%	7.8%	4.1%	29.1%
10 to 24	61.8%	47.5%	62.0%	38.3%	12.3%	10.7%	5.6%	20.9%
25 to 49	75.4%	63.8%	75.0%	36.8%	17.8%	16.4%	8.1%	21.1%
50 to 99	87.3%	80.2%	84.6%	35.8%	20.1%	20.7%	8.0%	30.8%
100 to 499	94.6%	91.0%	89.6%	43.0%	35.0%	35.1%	22.4%	23.3%
500 +	99.3%	98.8%	93.8%	47.5%	61.4%	61.4%	60.2%	28.8%
Total	53.6%	41.0%	80.3%	42.3%	11.6%	10.8%	25.9%	26.7%

* Percent of employees who were offered health insurance and enrolled. Also referred to as "take-up" rate.

Appendix 5 Percent of Firms in Share of Premium Paid Cohorts by Industry

Industry Sector	Percent of Firms					
	Percentage of Single Coverage Medical Insurance Premium Paid by Employer					
	0%	1% to 25%	26% to 50%	51% to 75%	76% to 99%	100%
Accommodation and food services	10.3%	0.2%	24.1%	16.7%	12.7%	35.9%
Administrative and waste services	3.0%	0.5%	8.8%	19.4%	14.3%	53.9%
Agriculture, forestry, fishing and hunting	4.2%	0.6%	11.7%	10.5%	11.9%	61.2%
Arts, entertainment, and recreation	2.7%	3.1%	11.0%	11.0%	18.8%	53.6%
Construction	5.1%	0.4%	9.1%	12.3%	6.9%	66.1%
Educational services	2.3%	1.1%	6.8%	10.9%	15.4%	63.5%
Finance and insurance	2.0%	0.2%	5.3%	7.2%	10.5%	74.8%
Health care and social assistance	0.5%	3.2%	3.7%	12.1%	13.8%	66.6%
Information	0.9%	2.5%	6.1%	13.1%	20.8%	56.6%
Management of companies	4.4%	3.2%	3.4%	6.9%	34.4%	47.6%
Manufacturing	2.4%	2.5%	5.8%	16.6%	20.8%	51.9%
Mining	2.4%	0.0%	3.9%	3.7%	10.2%	79.8%
Other services, except public administration	3.1%	1.2%	4.8%	14.6%	15.8%	60.5%
Professional and technical services	2.6%	0.4%	3.9%	6.9%	15.5%	70.7%
Real estate and rental and leasing	2.2%	1.0%	5.7%	9.3%	10.3%	71.4%
Retail trade	1.8%	1.6%	9.3%	17.9%	19.0%	50.3%
Transportation and warehousing	2.5%	1.1%	4.8%	12.5%	15.7%	63.4%
Utilities	2.0%	2.0%	0.0%	8.3%	31.5%	56.2%
Wholesale trade	1.5%	3.8%	9.4%	13.4%	15.6%	56.3%
Total	2.8%	1.5%	7.3%	12.8%	14.3%	61.3%

Appendix 6 Percent of Firms in Share of Premium Paid Cohorts by Size of Firm

Firm Size (number of employees)	Percent of Firms					
	Percentage of Single Coverage Medical Insurance Premium Paid by Employer					
	0%	1% to 25%	26% to 50%	51% to 75%	76% to 99%	100%
2 to 9	3.3%	1.4%	7.0%	10.0%	10.3%	67.9%
10 to 24	2.4%	1.7%	8.6%	15.0%	14.9%	57.4%
25 to 49	1.3%	1.6%	8.1%	17.4%	21.6%	49.9%
50 to 99	2.5%	1.8%	6.9%	21.3%	24.5%	43.0%
100 to 499	1.9%	1.3%	4.7%	17.6%	34.0%	40.6%
500 +	0.8%	0.0%	5.6%	19.1%	35.7%	38.7%
Total	2.8%	1.5%	7.3%	12.8%	14.3%	61.3%

Appendix 7 Percent of Firms in Share of Premium Paid Cohorts for Employees and Dependents

	Percent of Firms					
	Percentage Medical Insurance Premium Paid by Employer					
	0%	1% to 25%	26% to 50%	51% to 75%	76% to 99%	100%
Full-time Employee	2.8%	1.5%	7.3%	12.8%	14.3%	61.3%
Part-time Employee	9.3%	1.8%	13.1%	9.0%	14.2%	52.7%
Dependents of Full-time Employee	54.6%	2.7%	8.6%	7.1%	6.9%	20.1%
Dependents of Part-time Employee	64.8%	2.1%	9.5%	3.3%	7.9%	10.9%

Appendix 8 Average Medical Insurance Premiums by Industry

Industry Sector	Average Monthly Premium	
	Single Coverage Medical Insurance	Dependent Coverage Medical Insurance
Accommodation and food services	\$304	\$601
Administrative and waste services	\$312	\$475
Agriculture, forestry, fishing and hunting	\$263	\$388
Arts, entertainment, and recreation	\$332	\$477
Construction	\$335	\$461
Educational services	\$492	\$730
Finance and insurance	\$341	\$520
Health care and social assistance	\$370	\$576
Information	\$329	\$683
Management of companies	\$281	\$795
Manufacturing	\$355	\$503
Mining	\$313	\$703
Other services, except public administration	\$342	\$508
Professional and technical services	\$364	\$604
Real estate and rental and leasing	\$349	\$597
Retail trade	\$243	\$473
Transportation and warehousing	\$348	\$538
Utilities	\$353	\$633
Wholesale trade	\$290	\$528
Total	\$338	\$543

Appendix 9 Average Medical Insurance Premiums by Size of Firm

Firm Size (number of employees)	Average Monthly Premium	
	Single Coverage Medical Insurance	Dependent Coverage Medical Insurance
2 to 9	\$320	\$450
10 to 24	\$313	\$483
25 to 49	\$317	\$518
50 to 99	\$325	\$524
100 to 499	\$330	\$579
500 +	\$372	\$554
Total	\$338	\$543

Appendix 10 Percent of Firms Offering Retirement Plans by Industry

Industry Sector	Full-time Employees			Part-time Employees		
	Defined Contribution	Defined Benefit	None Offered	Defined Contribution	Defined Benefit	None Offered
Accommodation and food services	9.1%	1.3%	88.1%	4.2%	0.6%	91.9%
Administrative and waste services	34.7%	6.6%	62.0%	11.2%	1.9%	80.8%
Agriculture, forestry, fishing and hunting	11.7%	2.5%	86.2%	3.0%	0.0%	92.3%
Arts, entertainment, and recreation	31.6%	2.2%	65.9%	10.0%	0.7%	85.8%
Construction	22.0%	6.0%	72.0%	9.5%	2.3%	78.8%
Educational services	54.9%	31.6%	38.7%	33.6%	22.7%	56.5%
Finance and insurance	64.0%	10.6%	31.0%	38.9%	5.8%	52.1%
Health care and social assistance	58.3%	8.3%	37.4%	29.5%	3.5%	61.4%
Information	51.0%	6.2%	46.7%	24.5%	1.9%	69.3%
Management of companies	66.0%	14.8%	28.0%	**	**	**
Manufacturing	45.7%	8.5%	49.1%	15.2%	2.1%	73.0%
Mining	43.5%	11.8%	51.0%	**	**	**
Other services, except public administration	37.4%	6.6%	57.4%	17.1%	1.0%	75.6%
Professional and technical services	54.9%	7.7%	43.4%	30.4%	4.4%	63.0%
Real estate and rental and leasing	35.1%	5.6%	61.7%	12.6%	4.0%	76.5%
Retail trade	30.9%	4.3%	66.6%	7.7%	1.9%	85.5%
Transportation and warehousing	41.5%	5.2%	54.9%	9.0%	1.9%	77.3%
Utilities	50.7%	21.2%	38.4%	**	**	**
Wholesale trade	52.1%	6.4%	42.6%	21.4%	1.2%	67.0%
Total	37.5%	6.4%	58.5%	16.0%	2.7%	76.0%

**Sample too small for release of detailed data.

Appendix 11 Percent of Firms Offering Retirement Plans by Size of Firm

Firm Size (number of employees)	Full-time Employees			Part-time Employees		
	Defined Contribution	Defined Benefit	None Offered	Defined Contribution	Defined Benefit	None Offered
2 to 9	28.8%	4.7%	67.3%	10.8%	1.8%	82.0%
10 to 24	44.0%	7.6%	51.6%	18.4%	2.2%	72.5%
25 to 49	59.6%	9.2%	36.7%	24.9%	3.3%	64.8%
50 to 99	71.1%	11.3%	25.2%	34.6%	5.6%	55.5%
100 to 499	82.6%	16.7%	14.2%	50.4%	12.3%	41.6%
500 +	92.3%	40.4%	3.4%	68.9%	28.4%	17.4%
Total	37.5%	6.4%	58.5%	16.0%	2.7%	76.0%

Appendix 12 Percent of Firms Offering Paid Leave by Industry

Industry Sector	Paid Leave							
	Full-time Employees				Part-time Employees			
	Undesignated	Sick	Vacation	Holiday	Undesignated	Sick	Vacation	Holiday
Accommodation and food services	6.6%	15.7%	36.7%	23.0%	2.3%	4.2%	13.2%	8.1%
Administrative and waste services	19.9%	41.7%	71.3%	69.8%	7.0%	9.6%	17.1%	26.5%
Agriculture, forestry, fishing and hunting	8.0%	20.1%	40.2%	35.0%	1.1%	3.1%	6.8%	8.5%
Arts, entertainment, and recreation	23.5%	48.0%	72.7%	56.9%	7.4%	10.7%	20.0%	16.9%
Construction	15.6%	22.1%	57.6%	55.0%	2.3%	5.3%	13.1%	15.4%
Educational services	47.0%	76.0%	80.0%	81.5%	28.1%	44.8%	34.9%	40.0%
Finance and insurance	41.6%	81.0%	91.2%	93.4%	15.0%	36.8%	40.6%	45.6%
Health care and social assistance	32.0%	70.5%	90.4%	87.5%	17.8%	40.8%	51.1%	50.0%
Information	48.8%	79.1%	88.7%	93.8%	15.4%	28.7%	37.6%	38.8%
Management of companies	48.9%	76.8%	93.1%	89.8%	**	**	**	**
Manufacturing	23.0%	42.2%	87.4%	86.9%	8.1%	14.0%	28.2%	38.1%
Mining	11.9%	26.1%	71.8%	64.9%	**	**	**	**
Other services, except public administration	20.8%	41.4%	85.4%	78.5%	8.0%	22.0%	34.2%	32.2%
Professional and technical services	45.8%	72.5%	86.5%	90.9%	25.3%	30.3%	38.1%	51.3%
Real estate and rental and leasing	26.6%	69.4%	88.3%	87.7%	6.9%	18.4%	21.4%	27.2%
Retail trade	16.1%	34.1%	77.8%	68.1%	4.0%	6.4%	20.8%	20.7%
Transportation and warehousing	16.8%	40.9%	77.8%	70.4%	4.2%	8.6%	15.9%	18.0%
Utilities	36.8%	66.8%	78.3%	79.8%	**	**	**	**
Wholesale trade	26.9%	65.3%	89.1%	91.2%	9.9%	22.8%	30.7%	40.6%
Total	23.4%	46.1%	74.2%	71.0%	9.1%	17.6%	26.4%	28.9%

**Sample too small for release of detailed data.

Appendix 13 Percent of Firms Offering Paid Leave by Size of Firm

Firm Size (number of employees)	Paid Leave							
	Full-time Employees				Part-time Employees			
	Undesignated	Sick	Vacation	Holiday	Undesignated	Sick	Vacation	Holiday
2 to 9	21.6%	43.3%	70.7%	67.9%	7.5%	15.9%	23.9%	26.5%
10 to 24	24.8%	46.3%	77.9%	72.9%	9.2%	16.6%	28.9%	30.5%
25 to 49	23.7%	52.6%	82.9%	77.2%	10.9%	20.5%	29.2%	30.4%
50 to 99	33.2%	57.8%	86.6%	83.9%	14.4%	23.9%	31.3%	35.9%
100 to 499	36.8%	71.7%	90.5%	91.5%	23.5%	34.2%	43.0%	46.9%
500 +	60.8%	84.2%	91.2%	96.9%	41.7%	56.3%	60.1%	64.1%
Total	23.4%	46.1%	74.2%	71.0%	9.1%	17.6%	26.4%	28.9%

Appendix 14 2005 Benefits Offerings

	Employees		Dependents	
	Full Time	Part Time	Full Time	Part Time
Medical Insurance	67.1%	15.1%	52.6%	10.7%
Paid Vacation	75.4%	26.1%	N/A	N/A
Paid Sick	47.3%	16.2%	N/A	N/A
Paid Holidays	70.3%	27.6%	N/A	N/A
Undesignated Paid Leave	21.3%	8.2%	N/A	N/A

Response Rates

The sample for the *2006 Employee Benefits Survey* included establishments covered by unemployment insurance tax law in Washington State, that employed an average of two or more employees during the third quarter of 2005. Estimates do not include individual parts of multi-master accounts (a company with multiple locations was counted as a single firm). Also excluded are establishments that fall under government (except public sector education and health care) ownership.

Sample Summary	Number of Establishments
Population of establishments	104,175
Original Sample	17,071
Number of firms in sample (see reason code below)	15,435
Contacted In-Sample	8,860
No Response	6,575

Total In and Out of Sample, by Reason		
Reason Code	Number of Establishments	In/out of Sample
Null - Did not respond	6,575	In
1 - Responded/questionnaire complete	8,204	In
2 - Responded/questionnaire incomplete	181	In
3 - Refusal	475	In
4 - Invalid location	1,414	Out
5 - Out of business	104	Out
6 - Inactive/Out of scope	118	Out

Response Rate	
Number of firms in-sample (see reason codes, above)	15,435
1 - Responded/questionnaire complete	8,204
2 - Responded/questionnaire incomplete	181
Total Response	8,385
Response Rate	54%

Error Ranges

The number of employers chosen in each cell for the *Employee Benefits Survey* was based on a stratified random sample with a desired +/- 5.0 percent confidence level at the 95 percent confidence interval. To meet our goal we assumed a 50 percent response rate to the survey and adjusted the sample to double the number of responses we needed. Survey collection was done based on a combination of an initial mail-out, followed by extensive phone calling.

Error Rates by Size of Firm			
Employer Size Class	Valid Responses	Employer Universe Count	Standard Error Range (+/-)
2 to 9	2,411	70,589	2.0%
10 to 24	2,193	19,628	2.0%
25 to 49	1,479	7,122	2.3%
50 to 99	1,002	3,471	2.6%
100 to 499	945	2,837	2.6%
500 +	174	528	6.1%
Total	8,204	104,175	1.0%

Error Rates by Industry			
Industry Title	Valid Responses	Employer Universe Count	Standard Error Range (+/-)
Agriculture, forestry, fishing and hunting	452	5,399	4.4%
Mining	77	130	7.2%
Utilities	127	169	4.3%
Construction	492	15,255	4.3%
Manufacturing	1,373	5,769	2.3%
Wholesale trade	402	7,133	4.7%
Retail trade	987	11,509	3.0%
Transportation and warehousing	531	2,701	3.8%
Information	346	1,585	4.7%
Finance and insurance	361	3,654	4.9%
Real estate and rental and leasing	361	4,097	4.9%
Professional and technical services	413	9,235	4.7%
Management of companies	74	140	7.9%
Administrative and waste services	320	5,725	5.3%
Educational services	331	1,706	4.8%
Health care and social assistance	417	10,552	4.7%
Arts, entertainment, and recreation	312	1,769	5.0%
Accommodation and food services	402	10,380	4.8%
Other services, except public admin	426	7,267	4.6%
Total	8,204	104,175	1.0%

Industry Group Definitions

Washington's *Employee Benefits Survey* used a sample of firms representative of the industry composition of Washington employers. The North American Industry Classification System (NAICS) was used to define and group firms by common production features. Firms are classified by industry as part of the ongoing administration of the unemployment insurance tax program. Major NAICS codes are outlined below:

	NAICS Industry	Industry Description
11	Agriculture, Forestry, Fishing, Hunting	Firms engaged in growing crops, raising animals, harvesting timber, harvesting fish and other animals from farms, ranches, or the animals' natural habitat.
21	Mining	Firms that extract naturally occurring mineral solids, liquid minerals, and gases.
22	Utilities	Firms engaged in generating, transmitting, and/or distributing electricity, gas, steam, and water, and removing sewage through a permanent infrastructure.
23	Construction	Firms engaged in erecting buildings and other structures; heavy construction other than buildings; and alterations, reconstruction, installation, and maintenance and repairs.
31-33	Manufacturing	Firms engaged in the mechanical, physical, or chemical transformation of material, substances, or components into new products.
42	Wholesale Trade	Firms engaged in selling or arranging for the purchase or sale of goods for resale; capital or durable nonconsumer goods; and raw and intermediate materials and supplies used in productions, and providing services incidental to the sale of the merchandise.
44-45	Retail Trade	Firms engaged in retailing merchandise generally in small quantities to the general public and providing services incidental to the sale of the merchandise.
48-49	Transportation and Warehousing	Firms that provide transportation of passengers and cargo, warehousing and storing goods, scenic and sightseeing transportation, and supporting these activities.
51	Information	Firms engaged in distributing information and cultural products, providing the means to transmit or distribute these products as data or communications, and processing data.
52	Finance and Insurance	Firms engaged in the creation, liquidation, or change in ownership of financial assets (financial transactions) and/or facilitating financial transactions.
53	Real Estate and Rental and Leasing	Firms engaging in renting, leasing, or otherwise allowing the use of tangible or intangible assets (except copyrighted works), and providing related services.
54	Professional, Scientific, and Technical Services	Firms specializing in performing professional, scientific, and technical services for the operations of other organizations.
55	Management of Companies and Enterprises	Firms that hold securities of companies and enterprises, for the purpose of owning controlling interest or influencing their management decision, or administering, overseeing, and managing other establishments of the same company or enterprise and normally undertaking the strategic or organizational planning and decision making of the company or enterprise.
56	Administrative and Support and Waste Management and Remediation Services	Firms performing routine support activities for the day-to-day operation of other organizations.
61	Educational Services	Firms providing instruction and training in a wide variety of subjects.
62	Health Care and Social Assistance	Firms providing health care and social assistance for individuals.
71	Arts, Entertainment, and Recreation	Firms engaged in operating or providing services to meet varied cultural, entertainment, and recreational interests of their patrons.
72	Accommodation and Food Services	Firms providing customers with lodging and/or preparing meals, snacks, and beverages for immediate consumption.
81	Other Services (except Public Administration)	Firms providing services not elsewhere specified, including repairs, religious activities, grant making, advocacy, laundry, personal care, death care, and other personal services.



WASHINGTON EMPLOYEE BENEFITS SURVEY

1

ABOUT THE SURVEY

Please direct this survey to your Employee Benefits Manager or Human Resources Department. Your response to this survey will help give Washington's businesses, job seekers, and employment counselors a valuable tool for navigating in today's job market. Your information is important, as it will be used to produce estimates for your industry and location. Information in this survey is confidential and will not be sold or transferred to any other entity; it is used for survey purposes only. Summary results from the last survey are available at <http://www.workforceexplorer.com>.

THREE OPTIONS FOR RESPONDING TO THE SURVEY

- 1) Return the survey in the enclosed postage-paid envelope,
- 2) Fax both sides to (360) 438-3215; or
- 3) Contact us at (800) 837-3074 to report by telephone.

Please Respond by September 15, 2006.

Choose the option that works best for you.

PLEASE REPORT FOR ALL WASHINGTON EMPLOYEES

How many employees do you currently have in your firm? _____

Number of employees who are full time: _____

Number of employees who are part time: _____

How many hours per week do employees need to work to be considered full time? _____

CONTACT PERSON

Name: _____

Title: _____

Telephone: _____

Date: _____

Please continue with sections:

- 1 Health Insurance**
- 2 Retirement Benefits**
- and 3 Other Benefits**

THANK YOU FOR PARTICIPATING!

CONTACT US FOR INFORMATION

Washington State Employment Security Department,
Labor Market and Economic Analysis Branch;
P.O. Box 9046 Olympia, WA 98507-9046
Phone: JVS (800) 837-3074; (360) 438-3129;
Fax: (360) 438-3215;
E-mail: Rhaglund@esd.wa.gov



EMPLOYEE BENEFITS

PART 1: HEALTH INSURANCE

<p>EMPLOYEES</p> <p>Does your organization offer health insurance to any employees?</p> <p>Does your organization offer dental coverage for employees?</p> <p>How many of the employees are <u>offered</u> single coverage medical insurance?</p> <p>Of the employees <u>offered</u> single coverage medical insurance, how many are <u>enrolled</u>?</p> <p>For the majority of employees, what percentage of single coverage medical insurance premiums are <u>employer</u> paid?</p>	<p>Full-Time Employees</p> <p>Yes <input type="checkbox"/> No <input type="checkbox"/></p> <p>Yes <input type="checkbox"/> No <input type="checkbox"/></p> <p>_____ Employees</p> <p>_____ Employees</p> <p>_____ %</p>	<p>Part-Time Employees</p> <p>Yes <input type="checkbox"/> No <input type="checkbox"/></p> <p>Yes <input type="checkbox"/> No <input type="checkbox"/></p> <p>_____ Employees</p> <p>_____ Employees</p> <p>_____ %</p>
<p>SPOUSES AND DEPENDENTS</p> <p>Do you offer medical insurance for employees' spouses or dependents?</p> <p>Does your organization offer dental coverage for spouses or dependents?</p> <p>How many of the employees are <u>offered</u> medical insurance for their spouses or dependents?</p> <p>Of the employees <u>offered</u> medical insurance for their spouses or dependents, how many are <u>enrolled</u>?</p> <p>For the majority of employees, what percentage of medical insurance premiums for employees' spouses or dependents are <u>employer</u> paid?</p>	<p>Full-Time Employees</p> <p>Yes <input type="checkbox"/> No <input type="checkbox"/></p> <p>Yes <input type="checkbox"/> No <input type="checkbox"/></p> <p>_____ Employees</p> <p>_____ Employees</p> <p>_____ %</p>	<p>Part-Time Employees</p> <p>Yes <input type="checkbox"/> No <input type="checkbox"/></p> <p>Yes <input type="checkbox"/> No <input type="checkbox"/></p> <p>_____ Employees</p> <p>_____ Employees</p> <p>_____ %</p>
<p>COMPANY</p> <p>What is the <u>estimated</u> cost per employee for <i>single</i> coverage health insurance benefits? (Include the employee-paid and employer-paid portion of the premium.)</p> <p>What is the <u>estimated</u> cost per employee for <i>dependent</i> coverage health insurance benefits? (Include the employee-paid and employer-paid portion of the premium.)</p>	<p>\$ _____</p> <p>\$ _____</p>	<p>Monthly Yearly</p> <p><input type="checkbox"/> <input type="checkbox"/></p> <p><input type="checkbox"/> <input type="checkbox"/></p>

PART 2: RETIREMENT BENEFITS

<p>Multiple responses are okay for this section.</p>		<p>Defined Contribution</p>	<p>Defined Benefit</p>	<p>None</p>
<p>RETIREMENT PLAN</p>	<p>Full Time</p> <p>Part Time</p>	<p><input type="checkbox"/></p> <p><input type="checkbox"/></p>	<p><input type="checkbox"/></p> <p><input type="checkbox"/></p>	<p><input type="checkbox"/></p> <p><input type="checkbox"/></p>
<p><i>Defined contribution</i> plans include target-benefit, profit sharing, and 401(k) plans to name a few. <i>Defined benefit</i> plans provide a guaranteed benefit upon retirement.</p>				

PART 3: OTHER BENEFITS

<p>Fill in Yes or No for each question.</p>		<p>Undesignated* Leave</p>	<p>Paid Sick Leave</p>	<p>Paid Vacation Leave</p>	<p>Paid Holidays</p>
<p>OTHER BENEFITS</p> <p>*(Undesignated leave may be referred to as a "Time Bank, paid time off," etc. This leave may be offered in addition to other types of leave or may be offered in place of separate leave.)</p>	<p>Full Time</p> <p>Part Time</p>	<p>Yes <input type="checkbox"/></p> <p>No <input type="checkbox"/></p> <p>Yes <input type="checkbox"/></p> <p>No <input type="checkbox"/></p>	<p>Yes <input type="checkbox"/></p> <p>No <input type="checkbox"/></p> <p>Yes <input type="checkbox"/></p> <p>No <input type="checkbox"/></p>	<p>Yes <input type="checkbox"/></p> <p>No <input type="checkbox"/></p> <p>Yes <input type="checkbox"/></p> <p>No <input type="checkbox"/></p>	<p>Yes <input type="checkbox"/></p> <p>No <input type="checkbox"/></p> <p>Yes <input type="checkbox"/></p> <p>No <input type="checkbox"/></p>

If more space is needed, please call us for another copy or make a photocopy of this page.
Toll free at 1-800-837-3074; phone (360) 438-3129; Fax: (360) 438-3214; or Email: Rhaglund@esd.wa.gov