

# 1993 Alaska Benefits Survey

by JoAnn H. Wilson

The Alaska Department of Labor's Research and Analysis Section (AKDOL/R&A) periodically collects benefits data from Alaska private employers. During the summer of 1993, R&A mailed questionnaires to employers asking them to report the benefits they provide their employees. This benefits survey was conducted in conjunction with the annual Alaska wage rate survey.

A total of 1,359 private employers with businesses located in all of Alaska's six economic regions provided benefits data. The responding firms represented 93,425 employees, nearly one-third (30.9%) of Alaska's June 1993 wage and salary employment.

Firms were classified by the average number of workers they employed during 1993 into one of four categories: small (one to nine employees), medium (10-49 employees), large (50-249 employees), and very large (250 employees and higher). The average (mean) firm size was 69. The median firm size was 10. (The median is the midpoint—half of the firms had more employees and half had fewer.) Small firms are under-represented in the survey results relative to their share in the economy. While 47.5% of the firms responding to the survey employed one to nine workers, firms of this size employed 72.8% of Alaska's wage and salary workers in 1993.

Employers participating in the survey were asked a variety of questions about paid leave, insurance, and pension benefits offered to their full- and part-time employees. Although a large number of the participating firms provided these benefits, availability differed greatly depending on the workers' full- or part-time employment status, firm size, and industry.

## Paid holidays for full-time workers were typically seven or more per year

Most employers responding to the survey (73.2%) reported that they provided paid holidays to their full-time employees. This

was not true for their part-time employees, however. Less than one-third of the firms (32.4%) offered paid holidays to their part-time workers.

While most responding firms provided paid holidays to their full-time employees, the actual number varied considerably. The most common response was six days per year but over half the firms reported seven or more days per year. (See Figure 1.)

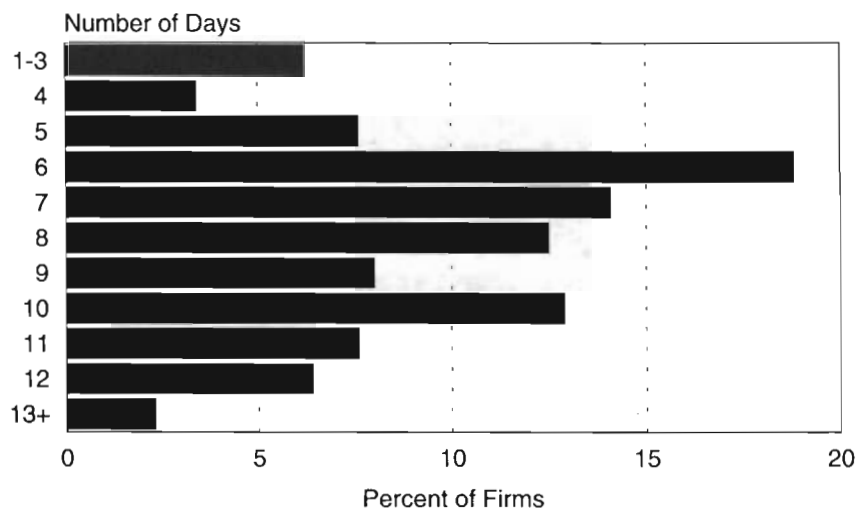
Firm size was closely linked with paid holiday benefits. While the majority of the small firms responding provided paid holidays to their full-time employees (62.1%), this proportion increased steadily with firm size. (See Table 1.) For part-time employees, just a quarter (25.1%) of the small firms responding provided this benefit. About one-third of medium and large firms provided the benefit, and 56.6% of very large firms did so.

The number of days was also linked to firm size. For firms with fewer than 50 employ-

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Figure • 1

## Paid Annual Holidays Offered by Private Firms to Full-time Employees



Source: 1993 Alaska Benefits Survey. Alaska Department of Labor, Research & Analysis Section.

ees, the median was seven days. However, the median number of paid holidays rose to eight days for large firms and to 10 days for very large firms. These figures applied to both full- and part-time employees.

Industry is another factor associated with paid holiday benefits. Construction was the only industry in which fewer than half the responding firms (38.6%) provided paid holidays to their full-time employees. Almost all the firms in the finance, insurance, and real estate sector (96.5%) reported providing this benefit. For part-time employees, firms in finance, insurance, and real estate were also the most likely to offer paid holidays (57.5%). This was the only industry sector in which more than half of the firms offered this benefit to their part-time employees.

Firms in the retail trade sector tended to offer the fewest paid holidays to their full-time employees—the median number was six. The highest median number of paid holidays was 10. Responding firms in three industries offered 10 annual holidays: mining; transportation, communications, and utilities; and finance, insurance, and real estate.

### Paid vacation leave the most frequently reported employee benefit

Most of the firms (77.7%) reported offering vacation leave to their full-time employees. For part-time employees, this was true for only one-fourth of the firms. The most frequently reported vacation leave period for full-time workers was two weeks (43.3% of firms). Equal proportions of the firms (about one-fourth) reported granting either one week or less or more than two weeks. (See Figure 2.)

As was the case with paid holidays, vacation leave varied by firm size and industry. The proportion of firms reporting that they granted vacation leave to their full-time employees ranged from 57.5% of small firms to 89.2% of very large firms. In no firm-size category did a majority of the firms grant vacation leave to their part-time employees. Very large firms most frequently reported offering this benefit (45.8%).

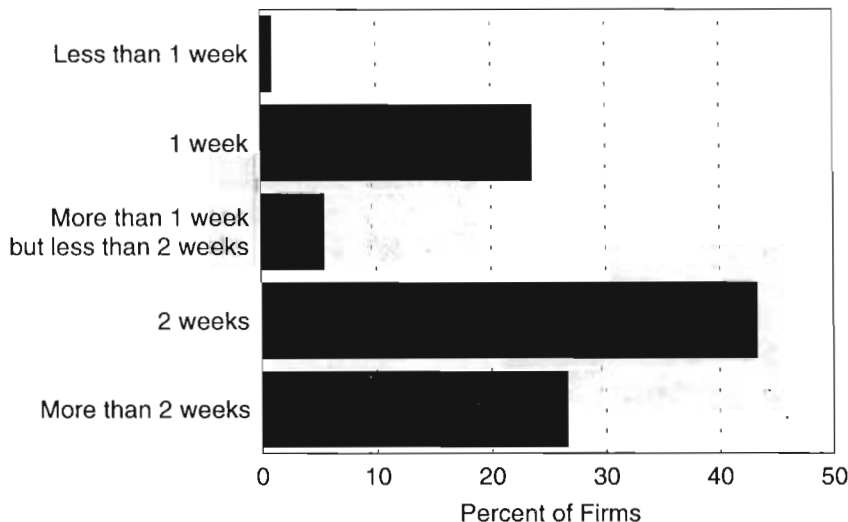
The length of vacation leave granted was quite consistent regardless of firm size. About two-thirds of the small, medium, and large firms reported that they granted two or more weeks of vacation leave to their full-time employees. For very large firms, this proportion rose to over 90 percent. It should be noted that while vacation leave time may vary within a firm depending upon the length of service of the employee, respondents were not asked to supply this information.

Construction was the only industry in which fewer than half the responding firms reported offering vacation leave to their full-time employees (41.9%). Availability of vacation leave in the other industries ranged from 66.7% of firms in manufacturing to 91.5% of firms in finance, insurance, and real estate. For part-time employees, vacation leave was offered by a minority of firms regardless of industry. However, the proportion ranged widely from 2.9% of construction firms to 47.0% of firms in finance, insurance, and real estate.

For those firms which reported offering annual vacation leave, the duration was typically two or more weeks regardless of industry (full-time employees). Half the firms in construction which offered paid vacations

Figure • 2

### Paid Annual Vacation Leave Provided by Private Firms to Full-time Employees



Source: 1993 Alaska Benefits Survey, Alaska Department of Labor, Research & Analysis Section.

allowed leave of this length with the proportion rising to nearly 90 percent of the firms in finance, insurance, and real estate.

**Sick leave benefits reported by majority of firms responding except those with fewer than 10 employees**

Sick leave for full-time employees was offered by more than half (56.5%) of the responding firms. The median number of annual sick leave days reported was seven. Only one of five surveyed firms offered sick leave to their part-time employees.

As with holidays and vacation leave, the availability and extent of paid sick leave were associated with firm size and industry. Less than half the small firms reported offering sick leave to their full-time employees. A majority of firms in the other size categories reported offering this benefit, rising to nearly 85 percent of very large firms. The extent of paid sick leave most common among the small firms was one to five days. For very large firms, it was eight to 12 days. However, the proportion of very large firms offering 13 or more days of annual sick leave was smaller than for any other firm size category (12.8%).

Responding firms in the construction industry were the least likely to offer sick leave to their full-time employees (24.4%). Other industries in which fewer than half the firms offered this benefit were manufacturing and retail trade. On the other end of the spectrum, two-thirds or more of the firms in mining; transportation, communications and public utilities; and finance, insurance and real estate provided paid sick leave.

**Major medical insurance offered by about half the firms reporting**

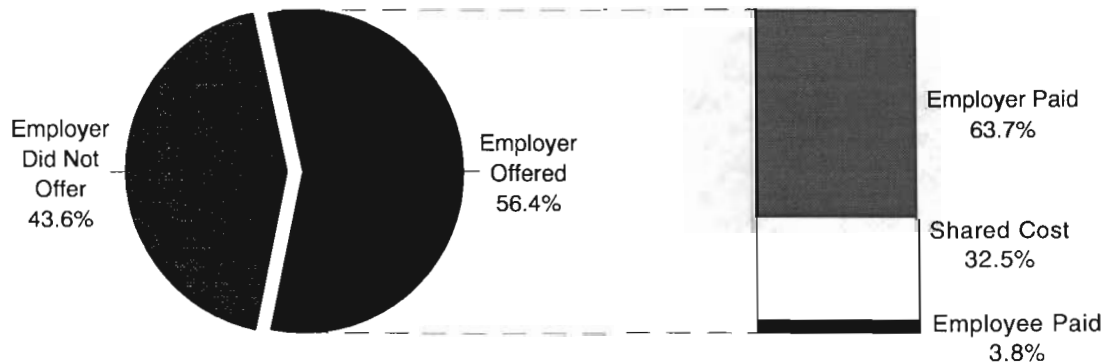
The availability of major medical insurance has become an important issue, both to employers trying to contain rising health care costs and to public policy makers. Results of this survey show that over half the firms (56.4%) provided major medical insurance that covered their full-time employees while just under half (46.8%) provided medical insurance that included family coverage. The proportion of firms offering either type of coverage to their part-time employees was the same, about 12 percent.

The availability of major medical insurance was strongly associated with firm size. Firms with fewer than 10 employees were much less likely than larger firms to offer major medical insurance regardless of extent of coverage. This was true whether the benefits were for full- or part-time employees.

How major medical insurance benefits were paid for depended upon coverage and firm size. For employee coverage, nearly two-thirds of the employers offering this benefit reported that they paid the full cost and about one-third shared the cost with the employee. A very small proportion required employees to pay the cost themselves. (See Figure 3.) When the coverage was for the family, some or all of the costs were often

Figure • 3

**Major Medical Insurance for Full-time Employees of Private Firms—Employee Coverage**



Source: 1993 Alaska Benefits Survey. Alaska Department of Labor, Research & Analysis Section.

borne by the employee. Only one-fourth of the firms paid the entire cost of major medical insurance for families of their full-time employees. Sharing the cost was the most common pattern (44.0% of the firms) and in nearly one-third of the firms, employees themselves bore the full cost of this benefit. (See Figure 4.)

While less than a third of the small firms which responded offered major medical insurance to their full-time employees, those that did tended to pay the full cost rather than sharing it with the employee or requiring the employee to pay it entirely. Among the firms offering employee coverage, 77.1% of the small firms paid the cost of major medical benefits versus 46.8% of the very large firms. For family coverage, the proportions were 43.9% and 15.3%. Sharing the cost of major medical insurance was the most common method of pay among very large firms. Whether the coverage was employee or family, the majority of very large firms which responded required their employees to share the cost of major medical insurance. For employee coverage, the proportion was 53.2%. For family coverage, the proportion rose to 69.4%.

The industry pattern for major medical insurance was quite similar for both types of coverage, employee and family. About 21 percent of the small firms in construction

and retail trade reported providing employee coverage. For family coverage, it dropped to 17.0% of small firms in construction and 14.0% in retail trade. The majority of large and very large firms offered both types of major medical insurance, employee and family, regardless of the industry.

### Dental insurance availability and method of pay similar to those of major medical insurance

Dental insurance for full-time employees was offered by 55.6% of the firms which responded to this survey, about the same proportion as offered major medical insurance for employees. Also similar are the patterns of firm size and availability and method of pay. Small firms were much less likely to offer dental insurance than medium-size and larger firms. And while nearly all (92.8%) of the very large firms offered this benefit, they were also likely to require their full-time employees to share the cost (58.4%). For part-time employees, dental insurance was offered by 10.7% of the firms responding.

Industry patterns observed for other benefits also apply to dental insurance. Construction firms were the least likely to report offering this benefit to their full-time employees (30.7%), followed by retail trade (36.5%) and services (38.9%). Firms in finance, insurance, and real estate were the most likely (74.0%).

Figure • 4

### Major Medical Insurance for Full-time Employees of Private Firms—Family Coverage



### Vision insurance not usually offered

Vision insurance was the least available of the health-related benefits among the surveyed firms. Only 22.1% of them reported offering vision insurance to their full-time employees. This proportion dropped to 7.1% for part-time employees. With ma-

Source: 1993 Alaska Benefits Survey. Alaska Department of Labor, Research & Analysis Section.

## Percent of Alaska Private Firms Offering Selected Benefits to Their Full-time Employees—1993

Firm Size	Total # of Firms	Percent								
		Paid Holidays	Paid Vacation Leave	Paid Sick Leave	Major Medical Insurance/Employee Coverage	Major Medical Insurance/Family Coverage	Dental Insurance	Vision Insurance	Life Insurance	Pension Plan
Small	645	62.1	57.5	43.0	31.8	21.6	19.5	3.4	19.7	16.6
Medium	424	76.5	73.1	59.3	69.3	57.3	54.7	5.7	59.4	29.5
Large	207	88.1	85.0	76.6	92.3	87.9	81.2	9.7	81.2	45.4
Very Large	83	95.1	89.2	84.6	92.8	86.7	92.8	37.3	92.8	65.1

Source: 1993 Alaska Benefits Survey. Alaska Department of Labor, Research & Analysis Section.

Major medical and dental insurance, over half the medium-size and larger firms offered coverage to their full-time employees. For vision insurance, however, only very large firms commonly offered the benefit (68.7%).

As with the other types of insurance coverage, small firms which did offer the benefit were more likely to pay the full cost and as firm size increased, so did the proportion of firms requiring employees to share the cost. With vision insurance, however, it was more common to see employees required to pay the entire cost of the benefit.

Finance, insurance, and real estate was the only industry in which half the firms reported offering vision insurance to their full-time employees (50.0%). Industries with the lowest proportion of firms offering the benefit were retail trade and construction, both at about 16 percent.

### Life insurance availability follows pattern for most other benefits studied

Nearly half (45.9%) of the firms responding to the survey indicated that they provided

life insurance to their full-time employees. As with the other types of benefits, availability of life insurance was associated with firm size. Only one-fifth of the small firms offered this benefit while nearly all of the very large firms did so (92.8%). By industry, availability was highest among firms in wholesale trade (71.6%) and lowest among construction firms (22.2%). Only a small proportion of firms reported offering this benefit to part-time employees (9.9%).

### Pension plans not available in most of the private firms which responded

Pension plans were not commonly available among the private firms which responded to this survey. Only 28.0% of them reported that they offered this benefit to their full-time employees. By firm size, pension plans were unavailable in all but 16.6% of the small firms while 65.1% of the very large firms offered them. By industry, pension plans were offered by 55.6% of the firms in mining. Retail trade firms were the least likely to offer this benefit (15.5%). Few of the firms reported providing this benefit to their part-time employees (8.0%).

## Summary

The majority of private firms responding to the 1993 Alaska Benefits Survey provided benefits to their workers in addition to paying wages and salaries. Benefits varied, however, depending on the workers' employment status (full- or part-time), firm size, and industry.

Medium-size and larger firms generally provided more sick leave and medical benefits than small firms employing fewer than 10 workers. Very large firms with 250 or more employees reported offering these benefits the most consistently. Paid holidays and vacations were the only benefits offered by the majority of small firms. (See Table 1.)

Firms uniformly reported providing more generous leave and insurance benefits to their full-time employees than to their part-time employees. For example, paid holidays and paid vacation leave were provided by over 70 percent of the participating firms to their full-time employees in 1993. On the

other hand, fewer than one-third of the firms provided paid holidays and only one-fourth provided paid vacation leave to part-time workers.

Industry was also a factor in whether or not benefits were offered.<sup>1</sup> Construction firms were the least likely to report offering benefits to their full-time employees. Fewer than half of them reported offering any of the benefits discussed here. Retail trade was another industry where benefits appeared to be limited. Holidays and vacation leave were the only benefits commonly reported as available by firms in retail trade. Overall, the most generous benefit policies were reported by firms in finance, insurance, and real estate. All of the benefits discussed here (except pension plans) were offered by half or more of the firms which responded from this industry. Firms in mining; transportation, communications, and public utilities; and wholesale trade also reported benefit policies that were more generous than those observed in the other industries.

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<sup>1</sup>The relationship between industry and availability of benefits was statistically significant at a 99% confidence interval. When the data were reanalyzed to control for firm size, industry continued to be very important in understanding the availability of benefits among small and medium-size firms. However, for large and very large firms, the association between industry and availability of benefits was not statistically significant for all benefit types.