

Trends in Employee Benefits

ERC Survey Briefing - April 2009

Overview

In the face of economic uncertainty, employers are faced with the question of whether or not to cut costs through employee benefits and programs. In March of 2009, ERC conducted a survey on whether organizations in Northeast Ohio are making changes to their benefits programs - specifically, health insurance, retirement plans, paid leave, and training and development. The survey sought to explore the types of changes local organizations in Northeast Ohio are making to such programs. The study confirmed that the majority of employers are not making any changes to employee benefits.

Key findings in the survey:

- The majority of employers have not modified their contributions to employees' defined contribution plans (401(k)s or 403(b)s). Few employers have decreased contributions.
- The majority of employers have not modified employee health insurance premiums.
- Nearly 90% percent of employers have not modified the amount of paid leave provided to employees.
- Eighty percent of employers have not modified their tuition reimbursement program. Only 12% of employers have decreased tuition reimbursement.
- Nearly 60% of employers have not modified training and development opportunities available to their employees.

Retirement Benefits

Most employers have maintained contributions to employee defined contribution plans. Among those that have decreased their contributions, most decreased them by 50% (from a match of 50% to 25%).

Figure 1 | Has your organization modified its contributions to employees' defined contribution plans in the last six months?

	Percent
Maintained contributions	83%
Decreased contributions	8%
Eliminated contributions	8%
Increased contributions	2%

Health Insurance Benefits

Most employers have maintained employee health insurance premiums, though 39% have increased employee premiums. Across all employers, the average premium is 80% paid by the employer and 20% paid by the employees. Among those employers that have increased employee premiums, the average premium is 77% paid by the employer and 22% paid by the employees.

Figure 2 | Has your organization modified its employee health insurance premium in the last six months?

	Percent
Maintained employee premium	60%
Increased employee premium	39%
Eliminated employee premium	2%
Decreased employee premium	0%
Eliminated health insurance	0%

The majority of employers do not have a spousal carve out provision in their health insurance. Among those organizations with provisions, none provide an option for employees to pay extra for spousal coverage under the organizations' plan. Instead, they require employees' spouses to take coverage elsewhere.

Figure 3 | Does your organization have a spousal carve out provision?

	Percent
Yes	18%
No	82%

Paid Leave

Few employers have decreased paid leave. Among those employers that have modified amounts of paid leave offered to employees, most have modified the maximum amount employees can earn (either through an increase or a decrease). In addition, requirements of unpaid leave are fairly uncommon.

Figure 4 | Has your organization modified the amount of paid leave offered to employees in the last six months?

	Percent
Maintained paid leave	89%
Increased paid leave	7%
Decreased paid leave	5%
Eliminated paid leave	0%

Figure 5 | Has your organization required (or does it plan to require) unpaid leave by any of the following groups of employees? Please check all that apply.

	Percent
Hourly employees	16%
Professionals	4%
Supervisors	4%
Managers (mid-level)	4%
Top management	4%
Executives	4%

Training & Development

The majority of employers have not modified their tuition reimbursement programs. Some organizations suspended their programs (but not for current enrollees), increased approval requirements for new requests, or modified the types of programs or courses in which they are reimbursing.

Figure 6 | Has your organization modified its tuition reimbursement program in the last six months?

	Percent
Maintained reimbursement	79%
Decreased reimbursement	12%
Eliminated reimbursement	7%
Increased reimbursement	2%

Some employers have decided to modify their training / professional development programs. Modifications included using more webinars due to travel restrictions, enhancing use of low-cost programs, or re-evaluating program relevance and need. Most organizations that have needed to decrease programming are still providing training in critical areas such as supervisory skills, safety, and skills necessary to keep a certification or license. Some employers have increased usage of internal subject matter experts.

Figure 7 | Has your organization modified its training / professional development programs in the last six months?

	Percent
Maintained training / professional development programs	59%
Decreased training / professional development programs	29%
Eliminated training / professional development programs	7%
Increased training / professional development programs	5%

Other Programs

Some employers are choosing to cut or suspend other employee programs instead of major benefits such as health insurance, retirement, paid leave, and training and development.

Figure 8 | Please explain any other benefits or programs your organization has modified within the past three months including details about modifications.

Benefits / Programs	
Suspending free lunch / meals	Decreasing number of personal days
Freezing pay increases	Eliminating recruitment bonuses
Auditing dependent eligibility for benefits	Increasing high deductible structure of health insurance plan
Decreasing salaried or executive pay by a maximum of 10%	Eliminating attendance bonus program
Cutting back on wellness programs or initiatives	Decreasing / eliminating overtime
Eliminating discretionary 401(k) supplements	Investigating consumer-driven health care

Respondent Demographics

Figure 9 | Respondent demographics by industry and organizational size

Demographic Group	Percent
Number of Organizations	70
Manufacturing	60%
Non-Manufacturing	25%
Non-Profit	14%
1-50	11%
51-200	66%
201-500	11%
501+	12%