

Minnesota Employee Benefits Survey

Methodological Note

First Quarter 2005

Sample Design

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

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

NAICS INDUSTRY DESCRIPTION

Construction and Mining:

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

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

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

Trade, Transportation, and Utilities (TTU):

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

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

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

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

Finance, Insurance, and Real Estate:

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

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

Professional and Business Services (PBS):

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

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

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

Education Services, Healthcare, and Information:

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

Healthcare: Firms providing healthcare and social assistance to individuals.

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

Leisure and Hospitality:

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

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

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

Source: North American Industry Classification System, United States, 2002.
NAICS Web page: www.census.gov/epcd/naics02/ .

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

Survey Instrument and Results

Employers were asked to supply information on current employee benefits including single and family medical, dental, vision, and life insurance, disability, retirement plans, paid leave, and cost of benefits. Firms were instructed to provide benefits information for only the employees on the payroll at the time of the survey. This can produce a seasonal effect in the responses, but will also allow for analysis of changes in benefits packages over time. Benefits questions

were asked for full- and part-time employees separately. When no one benefit plan covered all employees, firms were asked to respond for the majority (the mode of workers) plan. Firms who offered benefits plans through unions were asked to return the survey as if they were offering the benefits directly. Firms without benefits were also asked to return the survey reporting that information.

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

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

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

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

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

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

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

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

Geography	Sample	Received	Response Rate
Central	912	619	67.9%
Northeast	754	492	65.3%
Northwest	815	542	66.5%

Southeast	792	540	68.2%
Southwest	746	512	68.6%
Twin Cities	1,326	669	50.5%
TOTAL	5,345	3,374	63.1%