Time-off benefits in small establishments

First-time data from the 1990 survey show that small private employers offer less generous provisions for leave than do larger establishments and governments

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For the first time, the Bureau of Labor Statistics has obtained comprehensive data on time-off benefits in small establishments from its Employee Benefits Survey. This article presents an overview of these findings and compares the data with time-off benefits for employees of larger establishments and State and local governments.

The data on the incidence and details of employee benefit plans among full-time workers in small establishments[1] were collected in 1990 and cover private sector establishments in the United States employing fewer than 100 workers, except farms and private households. All workers in these establishments were covered except the self employed. This survey, the first ever in small establishments, provides similar data to the 1989 medium and large establishments surveys[2] and the 1990 State and local government survey.[3]

The survey looked only at formal time-off plans, where provisions are established and employees can expect to receive benefits. Additional time off may be available, especially in small establishments, on an informal basis. An employer may provide time off to one employee but not to another, based on employee performance. The discretionary nature of such benefits makes tabulation difficult; at present, the survey does not have data on informal leave.

The availability and details of time-off benefits varies widely by size of the establishment. While larger establishments (100 workers or more) may offer a full range of formal leave plans designed to provide time off for vacations, sickness, funerals, and other personal commitments, smaller establishments (fewer than 100 workers) may provide time off only for holidays, or may base time-off policies on individual performance.

According to the survey, one of five full-time employees in small private establishments in the United States was eligible for paid military leave during the 1990 Persian Gulf War. Military leave provides pay for members of the National Guard or Reserves of Armed Forces who are absent from work to fulfill military training or duty commitments. Pay for military leave was either regular pay or the difference between regular pay and military pay. Except for those who served during the Persian Gulf War, paid military leave was typically granted for 2 weeks per year.

The availability of paid military leave varied considerably between public and private sector employees and between small and larger private sector establishments. Eighty percent of full-time State and local government employees were covered by such leave in 1990. In comparison, 53 percent of full-time workers in medium and large private establishments and 21 percent of full-time workers in small private establishments received paid military leave. (See table 1.)

Costs and advantages

Employers generally provide time off from work—both paid and unpaid—as a benefit to

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Table 1. **Full-time employees participating in time-off programs, 1989 and 1990**

[In percent]

Time-off program	All full-time employees	Ocupational groups[1]		
		Professional technical, and related employees	Clerical and sales employees	Production and service employees
Small private establishments, 1990				
Paid time off				
Holidays	83	95	91	75
Vacations	88	94	93	83
Personal leave	11	17	13	7
Lunch period	8	7	7	8
Rest period	48	42	46	51
Funeral leave	47	57	54	38
Jury duty leave	54	72	62	43
Military leave	21	29	26	15
Maternity leave	2	3	3	1
Paternity leave	([2])	([2])	([2])	([2])
Unpaid time off				
Maternity leave	17	26	20	12
Paternity leave	8	13	8	5
Medium and large private establishments, 1989	**All full-time employees**	**Professional and administrative employees**	**Technical and clerical employees**	**Production and service employees**
Paid time off				
Holidays	97	97	96	87
Vacations	97	98	99	95
Personal leave	22	28	30	14
Lunch period	10	4	4	16
Rest period	71	57	69	80
Funeral leave	84	87	86	80
Jury duty leave	90	95	92	87
Military leave	53	61	57	45
Maternity leave	3	4	2	3
Paternity leave	1	2	1	1
Unpaid time off				
Maternity leave	37	26	20	35
Paternity leave	18	13	8	17
State and local governments, 1990	**All full-time employees**	**Regular employees**	**Teachers**	**Police officers and firefighters**
Paid time off				
Holidays	74	89	33	94
Vacations	67	87	10	98
Personal leave	39	33	57	25
Lunch period	11	8	13	39
Rest period	56	69	22	49
Funeral leave	63	63	62	75
Jury duty leave	94	94	97	82
Military leave	81	83	74	86
Maternity leave	1	1	1	2
Paternity leave	1	1	1	2
Unpaid time off				
Maternity leave	17	49	20	45
Paternity leave	8	33	8	29

[1] The occupational breakdowns vary among surveys.

In private industry, technical workers were included with the professional workers in 1990, but were included with the clerical workers in 1989. Also, executives were not included in the 1989 survey, but were included in the 1990 survey.

In State and local governments, regular employees included all employees except teachers, police officers and firefighters.

[2] Less than 0.5 percent.

NOTE: Because of rounding, sums of individual items may not equal totals.

Data are from *Employee Benefits in Small Private Establishments, 1990*, BLS Bulletin 2388; *Employee Benefits in Medium and Large Firms, 1989*, BLS Bulletin 2363; and *Employee Benefits in State and Local Governments, 1990*, BLS Bulletin 2398.

their employees. Such time away from work can range from a few minutes per day for a coffee break or rest period to a vacation of several weeks, or even longer periods when caring for a newborn or an adopted child. Benefits are usually very specific in the types of absences they cover, for example, paid leave for jury duty is an absence for a single reason. However, leave benefits may be broader in scope, as in the case of paid personal leave, that the employee can use to cover absences for a variety of reasons. This article discusses time-off benefits for paid rest and lunch periods; paid leave for holidays, vacations, personal reasons, military duty, funerals, and jury duty; and paid and unpaid parental leave.

Time off from work serves workers in several ways. First, it allows the employee free time for other activities. Second, employees usually receive all, or a portion, of their regular pay for worktime they miss. Third, even though employees generally are not paid for parental leave, they usually can expect to return to the same job or a comparable one, following a period of such leave.

Leave benefits are costly to employers. The Bureau's Employment Cost Index estimated that in March 1991, 3.4 percent of total compensation for employees in private industry was directly due to paid vacation benefits.[4] An additional 2.3 percent was due to paid holidays and 0.3 percent was for other paid leave benefits. Data from the Employment Cost Index also indicate that small establishments are less generous in providing leave benefits than are larger establishments. For example, in 1991, employers spent an average of 68 cents per hour worked on holidays, vacations, and other paid leave in small establishments, compared with $1.16 per hour worked in larger establishments. And, the percent of the total cost of compensation attributed to these benefits was slightly less in smaller establishments—5.0 percent—compared with 6.6 percent in larger establishments.

Employers also incur indirect costs for providing time-off benefits. The lost productive capacity has a cost that is not easily measured. It is sometimes necessary for employers to hire additional workers to perform the duties of those employees on leave. In addition, by keeping positions open for persons expected to return from extended leave, employers lose some flexibility in hiring.

Military leave

Within small private establishments, white-collar employees (27 percent) were nearly twice as

likely as blue-collar employees (15 percent) to be covered by paid military leave plans.[5] Military leave averaged 11.1 workdays per year for all full-time employees in small establishments. The most prevalent provision was 10 days off per year. (See table 2.) Six percent of employees in small establishments had no limit on the number of military leave days available.

In medium and large establishments, more than half (59 percent) of white-collar employees were eligible to receive paid military leave while nearly half (45 percent) of blue-collar employees were eligible to receive these benefits. The average paid time off for military duty provided full-time employees was 11.9 days. The most common provision was 10 days per year for military leave. There was no limit on the number of days of paid military leave for 12 percent of employees.

In State and local governments, most regular workers (82 percent) and police officers and firefighters (85 percent) were covered by paid military leave plans. (Regular employees are all white- and blue-collar government workers except teachers, police officers, and firefighters.) Seventy-two percent of teachers also were provided paid military leave. For those covered, paid military leave was unlimited for 16 percent of State and local government employees. Virtually all of the covered employees received at least 10 days, and 49 percent received 15 days or more. Time off for military duty averaged 17 days for full-time State and local government workers.

Paid holidays and vacations

Among full-time employees in small private establishments, paid holidays and vacations were

Table 2. **Full-time employees receiving paid military leave, by number of leave days available, 1989 and 1990**

[In percent]

Number of days	Small private establishments, 1990				Medium and large private establishments, 1990				State and local governments, 1990			
		Occupational groups[1]				Occupational groups[1]				Occupational groups[1]		
	All full-time workers	Professional technical, and related employees	Clerical and sales employees	Production and service employees	All full-time workers	Professional and administrative employees	Technical and clerical employees	Production and service employees	All full-time workers	Regular employees	Teachers	Police officers and firefighters
Total	100	100	100	100	100	100	100	100	100	100	100	100
Provided paid military leave	21	29	26	15	53	61	57	45	81	83	74	86
Fewer than 10 days	1	(2)	1	1	2	1	4	1	(2)	(2)	(2)	1
10 days	12	16	14	9	31	37	34	26	15	15	15	12
11–14 days	1	1	1	(2)	1	1	1	1	5	5	4	7
15 days	(2)	1	(2)	(2)	2	3	3	2	21	22	18	26
More than 15 days	1	1	1	1	5	6	3	4	26	29	18	33
No maximum specified[3]	6	9	8	5	12	13	12	11	13	11	18	6
Number of days not available	1	1	1	—	(2)	(2)	(2)	(2)	(2)	(2)	—	(2)
Not provided paid military leave	79	71	74	85	47	39	43	55	19	17	26	14

[1] The occupational breakdowns vary among surveys.

In private industry, the broad occupational groups used in 1989 differ somewhat from those used in 1990. Technical workers were included with the professional workers in 1990, but with the clerical workers in 1989. Also executives were not included in the 1989 survey, but were included in the 1990 survey. In State and local governments, regular employees included all employees except teachers, police officers and firefighters.

[2] Less than 0.5 percent.

[3] Leave is provided as needed.

NOTE: Because of rounding, sums of individual items may not equal totals. Dash indicates no employees in this category.

the most prevalent time-off benefits available. Paid holidays were provided to 83 percent of full-time employees in small private establishments. The coverage rate was 93 percent for white-collar employees and 75 percent for blue-collar employees.

In medium and large establishments and State and local governments, nearly all full-time employees, except teachers, received paid holidays. Teachers, 32 percent of whom were provided paid holidays, are a special case: their employment contracts, often negotiated, typically covered a specified number of days, for example, 180 days, over a 9- or 10-month period. For many teachers, school holidays were not included in the employment contract and therefore were not designated as paid holidays. The Bureau tabulated paid holidays for teachers only when benefits documents specifically stated that teachers received paid holidays in addition to their contracted schooldays.

Paid holidays provided per year to employees in small establishments averaged 9.5 days, compared with 9.2 days per year in medium and large establishments and 13.6 days per year in State and local governments. When a holiday fell on a scheduled day off, such as a Saturday or Sunday, another day off was typically granted to the affected employees. In rare cases, an additional day's pay was provided instead of, or as an alternative to, the employee taking another day off. Floating holidays and "personal holidays," such as employee birthdays (but not personal leave) were included in the holiday plans reported.

Except for teachers, nearly all full-time employees in both the public and private sectors received paid vacations. In small establishments, paid vacations were available to 94 percent of white-collar workers and 83 percent of blue-collar workers. In medium and large establishments, virtually all employees were provided paid vacations (98 percent of white-collar workers and 95 percent of blue-collar workers).

In the public sector, 87 percent of regular employees and 98 percent of police officers and firefighters had paid vacations, while only 10 percent of teachers received paid vacations. Teachers, traditionally, do not work during the summer months and are not usually expected to work when school is not in session, for example, most holidays and school breaks. Once again, teachers' pay is based on contract days. As with paid holidays, the Bureau tabulated paid vacations for teachers only when documents specifically stated that teachers received paid vacation time.

Paid vacations are typically taken in blocks of days or weeks, although this may not be a strict requirement of the employer. Some workers may have to use vacation time for other purposes, such as personal business or to attend a funeral, if specific leave is not granted for such purposes. Perhaps because teachers lack formal paid vacations that would be available for such purposes, they are more likely than any other occupational group surveyed to have separate paid personal leave days available.

The average number of vacation days provided annually to employees normally rises with the employee's length of service. However, employees in small establishments received fewer vacation days per year throughout their careers than did their counterparts in medium and large establishments and State and local governments, as shown in the following tabulation:

	Average number of vacation days after			
	1 year	*5 years*	*10 years*	*20 years*
Small private establishments	7.6	11.5	13.5	15.0
Medium and large private establishments	9.1	13.4	16.6	20.4
State and local governments	12.2	15.3	18.3	22.0

Another way to look at vacation leave is to see what percentage of employees who receive vacations were eligible for a specified number of vacation days at given lengths of service. (See table 3.) The data show that when employees in small establishments were provided paid vacations, they typically received fewer days off than those employees in larger establishments. In addition, employees in small establishments were required to work a longer period of time before additional vacation days were granted.

Vacation leave, like holiday leave, was usually paid on the basis of time off; that is, employees received regular pay for the number of hours they were away from work. A small number of workers received a percent of the previous year's earnings as vacation pay, regardless of time off. This uncommon practice was most prevalent among blue-collar workers and is sometimes used in conjunction with a plant shutdown or other similar type of work arrangement.

One-fifth of all full-time workers were allowed to carry over some of their unused vacation leave into the next year. Carryover provisions were available to 21 percent of employees with vacation leave in small establishments and 24 percent in larger establishments. Carryover provisions were much more

Table 3. **Percent of employees receiving vacation benefits who are eligible for specified number of days of vacation, by length of service, 1989 and 1990**

Length of service	Days of vacation available		
	10 days or more	15 days or more	20 days or more
Small establishments, 1990			
5 years	88	31	5
10 years	89	58	16
15 years	89	62	30
20 years	89	62	36
Medium and large establishments, 1989			
5 years	98	52	8
10 years	99	92	27
15 years	99	95	64
20 years	99	96	80
State and local governments, 1990			
5 years	98	64	17
10 years	99	92	42
15 years	99	94	70
20 years	99	94	86

prevalent (71 percent of employees with vacation leave) in State and local governments. Separately, an additional 8 percent of employees in small establishments, 9 percent of employees in medium and large establishments, and 9 percent of employees in State and local governments could carry over unused vacation leave, but also could cash it in. Cash-in only provisions were rare, but were more common in the private sector (10 percent of employees with vacation plans in medium and large establishments and 11 percent in small establishments) than in State and local governments (2 percent of employees with vacation plans). Other employees forfeited unused vacation days.

Paid lunch and rest periods

Among full-time employees in small private establishments, 8 percent were provided paid lunch periods and 48 percent had formal paid rest periods and cleanup periods. Paid lunch periods are not prevalent among any group of employees. They are found most frequently among blue-collar workers in larger private establishments and among police officers and firefighters. Frequently, paid lunch periods are provided for workers who can not leave their worksite, such as coal miners, or for workers who are on constant call, such as firefighters.

Formal paid rest time is much more prevalent among employees in medium and large private establishments (71 percent) and among regular government employees (69 percent) than among employees in small establishments. As noted earlier, these results may be influenced by the lack of data on informal plans. Paid rest periods may occur frequently in small establishments, but may be discretionary in nature and duration.

The average daily duration of formal paid lunch periods and rest times provided full-time employees is shown in the following tabulation. The figure for paid rest time was usually the sum of two 10- or 15-minute breaks per day:

	Minutes per day	
	Lunch period	*Rest time*
Small private establishments	37	27
Medium and large private establishments	26	26
State and local governments	35	29

Parental leave

Parental leave is time granted off work to the mother (maternity leave) or to the father (paternity leave) of a newborn or adopted child. While paid leave was seldom granted, employees on unpaid leave had a reasonable expectation of the same or a similar job upon returning to work, and may have other benefits continued while on leave.

There are several differences between maternity and paternity benefits. For the father, leave is usually granted for the time immediately preceding the birth (or adoption) of a child and continues for a specified period of time. For the mother, the same timeframe would prevail when a child is adopted. But, when the child is born to the mother, other benefits may take precedence. First, pregnancy must, by law, be treated the same as any illness. During pregnancy and after childbirth, the mother may use sick leave or other disability leave if she is unable to work. Because these benefits are frequently paid, one could expect the mother to receive these benefits as long as she is eligible, and to use unpaid maternity benefits thereafter.

Unpaid parental leave. In small establishments, 17 percent of all full-time employees worked for employers offering unpaid maternity benefits, while 8 percent of them were in establishments offering unpaid paternity benefits. The average maximum duration for maternity benefits, at 13.4 weeks, was longer than for paternity benefits, at 11.7 weeks. The inci-

dence of parental leave was almost twice as high for employees in medium and large establishments, with maternity benefits being more prevalent. Maternity benefits, averaging 20.4 weeks, were available to 37 percent of employees. Paternity benefits, averaging 19.3 weeks, were available to 18 percent of employees.

In State and local governments, the incidence of parental leave was still higher. Maternity benefits were available to 51 percent of full-time employees, and paternity benefits were available to 33 percent; benefits typically lasted 2 to 3 times longer in the public sector. There was an anomaly in the average duration maximums, however. The average maximum duration was 58.0 weeks for paternity benefits, compared with 51.7 weeks for maternity benefits. Further study found that plans offering both maternity and paternity benefits generally offered the same maximum for each. And, in these cases, the average maximum duration was greater than for plans offering maternity benefits alone. Therefore, the lower average for plans offering only maternity benefits caused the overall average for maternity benefits to be less than for paternity benefits.

Paid parental leave. Employees were rarely provided paid parental leave. Paid maternity leave was available to 2 percent of full-time employees in small establishments, 3 percent in medium and large establishments, and 1 percent in State and local governments. Paid paternity leave was offered to 1 percent of employees in medium and large establishments and State and local governments, but was virtually nonexistent in small establishments.

Other leave plans

Eleven percent of workers in small establishments had formal personal leave plans allowing them to be absent from work with pay for reasons not covered by other specific leave plans. Most plans provided 1 to 5 days of leave per year; the average was 2.8 days. Nine percent of workers with personal leave plans were provided as much personal leave as needed. Twenty-two percent of workers in medium and large establishments had paid personal leave available, averaging 3.1 days per year. Of this group, about 14 percent had unlimited leave days.

In State and local governments, about one-third of the regular workers and one-fourth of police officers and firefighters received personal leave. The incidence rose to 57 percent for teachers. While most employees may use vacation time to conduct personal business, the majority of teachers do not have paid vacation plans. For State and local government workers with personal leave plans, the average number of personal leave days provided was 2.9. Unlimited personal leave was rare.

About one-half of employees working in small private establishments were eligible for paid leave to attend the funeral of a family member. Most were allowed to take a predetermined number of days; the average was 2.9 days. A little more than one-fifth of eligible workers were in plans where the number of days available varied, depending upon the employee's relationship to the deceased.

In medium and large establishments, 84 percent of full-time workers were provided paid funeral leave, averaging 3.3 days per occurrence. In State and local governments, 62 percent of the teachers and regular employees and 79 percent of the police and firefighters had paid funeral leave, averaging 3.7 days. For employees not covered by a separate funeral leave plan, some employers provided an informal benefit or allowed employees to use paid sick leave days to attend a funeral.

Paid leave while serving as a juror was available to slightly more than half of employees in small establishments. Employees on leave to serve on a jury were normally paid the difference between their regular pay and the court's jury allowance. Duration of jury duty leave was usually "as needed." This benefit was nearly universal in medium and large establishments (90 percent) and State and local governments (94 percent).

Footnotes

[1] *Employee Benefits in Small Private Establishments, 1990*, Bulletin 2388 (Bureau of Labor Statistics, 1991).

[2] *Employee Benefits in Medium and Large Firms, 1989*, Bulletin 2363 (Bureau of Labor Statistics, 1990).

[3] *Employee Benefits in State and Local Governments, 1990*, Bulletin 2398 (Bureau of Labor Statistics, 1992).

[4] *Employment Cost Indexes and Levels, 1975–91*, Bulletin 2389 (Bureau of Labor Statistics, 1991).

[5] In both the 1989 medium and large private establishment survey and the 1990 small private establishment survey, data were presented for three broad occupational groups. While these groupings differed somewhat between 1989 and 1990, they can be roughly labeled professional, clerical, and production workers. The professional and clerical workers combined represented white-collar workers; the production workers were blue-collar workers.