

The Survey of Organizational Excellence

School of Social Work

The University of Texas at Austin

February 1996

Focus on Employment Benefits

Today, employees can usually expect to be presented with an array of benefit choices which can be individualized to meet their needs. These benefits are viewed as a fundamental element of employment. Some benefits such as medical insurance, sick leave and retirement plans are commonly perceived as a significant part of the overall compensation package. These benefits may be almost as important as a paycheck, and for employees or those with dependents who have chronic health problems or long-term disabilities, these benefits may be *more* essential than a paycheck.

Consequently, the impact of employment benefits in the work place goes far beyond the health care or retirement needs of an individual employee. Benefits significantly impact work force issues as complex as employee recruitment, retention and morale, issues which factor heavily into the long-term success of the organization.

As health care costs rise and people live longer, employment benefits will continue to increase in importance and to attract

more attention from both employees and employers.

State government has long enjoyed a reputation for offering a competitive benefit package to its employees, but it comes at no small price. In fiscal year 1995, employment benefits for Texas state employees cost approximately 29 percent of the employee's salary.¹

Due to the high costs associated with employment benefits and their significant potential for positively impacting the work place, the benefit package should be routinely evaluated to determine if it continues to meet the needs of the increasingly diverse work force. Periodic examination helps to ensure that employees will be offered the most appropriate benefits, and the state and the citizens will receive the most cost-effective return possible on the investment.

In part to address these issues, questions were included in the 1994-1995 *Survey of Organizational Excellence* to ascertain employees' perceptions of benefits. This report summarizes findings from the Sur-

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Employment Benefit Preferences as Ranked by Survey Respondents

- 1 Medical Benefits
 - 2 Retirement Plan
 - 3 Sick Leave
 - 4 Vacation
 - 5 Holiday
 - 6 Dental Insurance
 - 7 Disability Insurance
 - 8 Overtime Pay
 - 9 Workers' Compensation
 - 10 Vision Insurance
 - 11 Tax Sheltered Annuities
 - 12 Continuing Education
 - 13 Employee Assistance Program
 - 14 Elder Care
 - 15 Day Care
-

vey about employees' perceptions of the benefit package.

Comparable Benefit Package

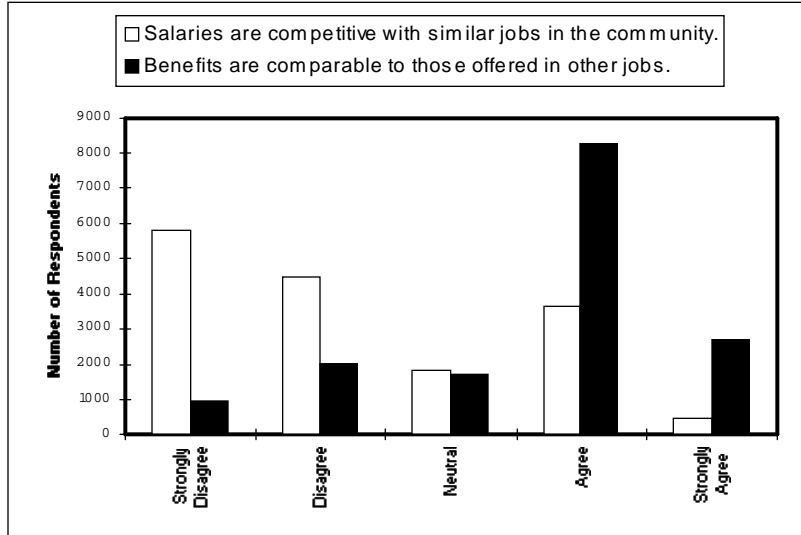
Perhaps the most important conclusion that may be derived from the Survey data about employment benefits is that employees believe the state's benefits package is competitive with that offered by other employers. Seventy percent of those who responded to the question, "Benefits are comparable to those offered in other jobs" stated that they agree or strongly agree with this statement.

The perception that the employment benefit package offered by the state is competitive stands in contrast to employee attitudes about their salaries, where 64 percent either disagree or strongly disagree with the statement, "Salaries are competitive with similar jobs in the community."

Dissatisfaction with *compensation* is especially pronounced in urban areas, perhaps due to a higher cost-of-living or the influence of a more competitive job market. However,

this trend does not hold true for *employment benefits*; there is relative agreement throughout the state that benefits are comparable, regardless of area of residence. Clearly, employment benefits are viewed as a positive attribute of state employment.

Employees' Perceptions of Salaries and Benefits



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The Link Between Employees' Understanding and Satisfaction with Benefits

Survey results reveal an important connection between employees' reported understanding of benefits and their level of satisfaction with the benefit package. The data suggest that the greater an employee's understanding of his/her health insurance, disability and retirement plan, the more likely he/she is to report that benefits are comparable to those offered in other jobs.

In addition, Survey data reveal that the employees who are the most satisfied with the benefits package strongly agree that they received adequate information about the benefits and compensation packages at both the time of hire *and* again within the last two years.

Employees' Understanding and Satisfaction with Benefits

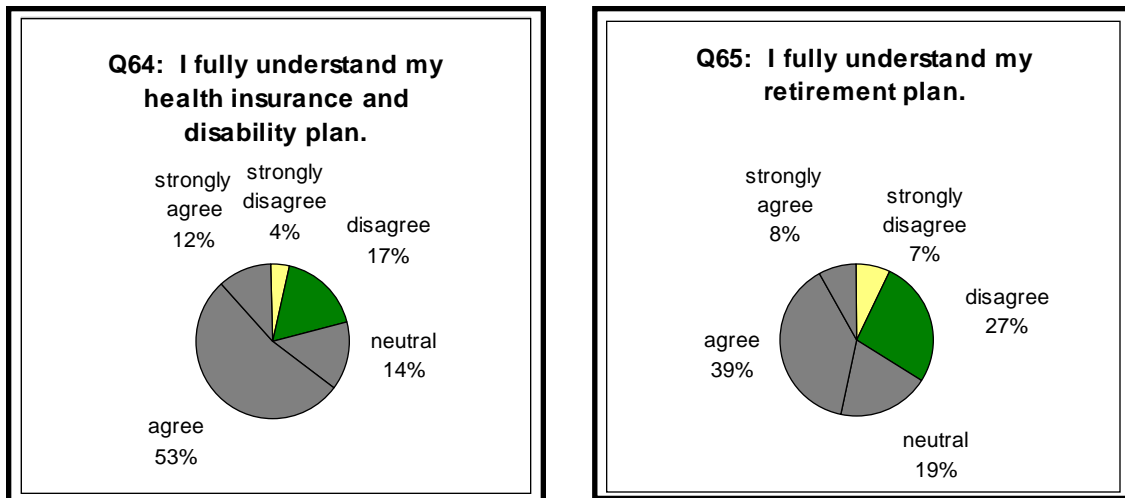
EMPLOYEE UNDERSTANDING	↔	EMPLOYEE SATISFACTION
Employees who responded to Survey Q64 which reads, "I fully understand my health insurance and disability plan" as:		report an average level of satisfaction with the benefits package as: (5.0 Scale)
<i>strongly disagree</i>	- - -	- - - - > 2.9
<i>disagree</i>	- - -	- - - - > 3.4
<i>feel neutral</i>	- - -	- - - - > 3.5
<i>agree</i>	- - -	- - - - > 3.7
<i>strongly agree</i>	- - -	- - - - > 4.2
Employees who responded to Survey Q65 which reads, "I fully understand my retirement plan" as:		report an average level of satisfaction with the benefits package as: (5.0 Scale)
<i>strongly disagree</i>	- - -	- - - - > 3.1
<i>disagree</i>	- - -	- - - - > 3.5
<i>feel neutral</i>	- - -	- - - - > 3.6
<i>agree</i>	- - -	- - - - > 3.7
<i>strongly agree</i>	- - -	- - - - > 4.1



Benefit Education

Since Survey data indicate that benefit education efforts have a positive impact on employees' level of satisfaction with employment benefits, the next question that should be asked is, "How well do employees understand their benefits?" The Survey includes two questions which address employees' understanding of their health insurance, disability and retirement plans. The results reveal that sixty-five percent of Survey respondents report that they fully understand their health insurance and disability plan, and forty-seven percent report that they fully understand their retirement plan.

Employees' Responses to Survey Questions Which Address Understanding of Benefits



Survey data suggest that efforts to educate employees about benefits are a worthwhile investment of agency time and resources. Informed employees appear to be more satisfied with the benefit package. Education also enhances the return that employers get for their investment because informed employees are more able to take advantage of benefits which support their needs, thus decreasing turnover and training costs. Increased education efforts can be a relatively inexpensive strategy that state agencies can use to positively affect the work place.



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Benchmarking Human Resources

Benchmarking, or the process of comparing an organization's operations and performance against recognized standards in order to improve,² is a common practice in human resources. According to a survey conducted by The Benchmarking Exchange, human resource processes were the most popular business practices targeted for improvement by organizations in 1995.³

The Survey captures employee attitudes about many organizational practices across a diverse group of agencies in Texas. As such, the data provide a unique opportunity for Texas state agencies to compare various aspects of their organization with those of other state agencies. The

ultimate goal of this comparison is the improvement of the organization as a result of continuous internal assessment, and for areas that fall short, the adoption of practices that have proven successful in other organizations.

As a part of efforts designed to increase the usefulness of the Survey for state agencies and state leadership, and in cooperation with the Survey's participating agencies, information is provided in this report to facilitate benchmarking and information sharing across state government. It is expected that findings from the Survey will assist in promoting best practices throughout state government.



Excellence in Texas Government

Survey data highlight the importance of benefits education efforts in Texas state agencies and this report identifies those agencies in Texas that are, according to state employees, excelling in this area. The agencies listed below received a mean score of at least 4.0 on one or two Survey questions that focus on benefits education, indicating that on average, employees agreed with the Survey question. These data suggest that benefits education is a definite source of strength for these organizations. The agencies listed in this report range in size from 5 to 2,464 employees, and Survey response rates for these organizations range from 31 to 100 percent.

Benchmarking Benefits Education: At Time of Hire

Q62: *The benefits and compensation packages were adequately explained to me when I was hired.*

AGENCY	SURVEY COORDINATOR
Texas Commission on the Arts	Roy Ann Bomar 463-5535
Texas Department on Aging	Aimee Mick 440-5202
Texas Incentive and Productivity Commission	Daniel Contreras 475-4810
State Board of Nurse Examiners	Mark Majek 305-6801
Texas State Law Library	Kay Schlueter 463-1722
Public Utility Commission	Michael Blaylock 458-0100
Texas Rehabilitation Commission	Mike Mericle 483-4231
Texas Low-Level Radioactive Waste Disposal	Rita Hodde 451-5292
Office of Consumer Credit Commissioner	Leslie Pettijohn 479-1280



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Benchmarking Benefits Education: On-going Efforts

Q63: *Changes in benefits and compensation packages have been adequately explained to me during the last two years.*

AGENCY	SURVEY COORDINATOR
Texas Commission on the Arts	Roy Ann Bomar 463-5535
Texas Department on Aging	Aimee Mick 440-5202
State Board of Nurse Examiners	Mark Majek 305-6801
Texas State Law Library	Kay Schlueter 463-1722
Public Utility Commission	Michael Blaylock 458-0100
Texas Rehabilitation Commission	Mike Mericle 483-4231
State Board of Pharmacy	Cathy Stella 305-8000
Texas Department of Banking	Randall James 475-1300
Texas Higher Education Coordinating Council	Betty Sharp 483-6190
State Board of Examiners of Psychologists	Brian Creath 305-7700
Texas Council on Workforce and Economic Competitiveness	Alexa Ray 912-7150
Bond Review Board	Albert Bacarisse 463-1741
Health and Human Services Commission	Lisa Capper 502-3288



Benefit Preferences

An important part of having a creative and effective organization is providing benefits that support the needs of employees. A changing and diverse work force, though, means shifts may occur in employees' priorities for needed benefits. By including benefit items on the Survey, data analysis can determine if benefit preference is influenced by respondent demographic attributes such as age, gender, ethnicity and area of residence. Since many of these demographic characteristics are likely to change over time as the workforce changes, the data are helpful to interpret the return the state gets from individual benefits, and to focus state and agency leadership on other potential areas of importance to employees.

The fifteen benefit items that are included in the Survey are commonly found in many organizations. Some of them are presently available to state employees and some are not available to all or any employees. Survey respondents were asked to rank the benefits from 1 to 15, with 1 indicating the most desirable benefit, and 15 the least desirable (see page 1 for benefit rank order results). Since employees were asked to *rank* the benefits in the Survey, high scores should not necessarily be interpreted to mean that a benefit is not desired, only that it is of less importance to employees when compared to other benefits.

Benefit preference results by demographic categories are provided in this report on pages 6-8.

Summary of Benefit Data

Survey results reveal that medical benefits are perceived to be the most important employment benefit, with retirement, sick leave and vacation grouped closely together as the second, third and fourth choice benefits. The holiday policy rounds out the top five benefit preferences.

These benefits ranked as the five most preferred benefits across gender, ethnicity, age and gross salary analyses. For example, when analyzing benefit preference by gender, both males and females rank these benefits in the top five, even though the order of preference for each sex varies. Women rank the top five benefits, in order, as medical, sick leave, vacation, retirement and holiday. Whereas, men rank the top five benefits as medical, retirement, vacation, sick leave and holiday.

Although some variation in preference for these top five benefits does exist across demographic categories, perhaps it is more important to recognize the significant amount of agreement that exists among employees' preferences for these benefits, rather than areas of difference. There is less agreement among employees in the state government work force regarding the remaining ten benefit items. These are the benefits in which demographic characteristics such as age, gender, ethnicity, the number of wage earners in the household and pay group appear to have the greatest influence on the individual's preference for particular benefits.



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Conclusions

Overall, responses from employees indicate that the benefit package is perceived as competitive, and, in light of respondents' lack of perceived satisfaction with compensation, employee benefits may play a relatively important role in helping to retain employees. In addition, Survey data highlight the need for a flexible benefit plan which can satisfy the requirements of a diverse work force. These data should be balanced with employee utilization and cost data in order to get the most comprehensive understanding of the Texas state government work force and their employee benefit package.



Survey Results by Demographic Category

Benefit preference results are based on a 15 point scale; the lower the average mean score, the more desirable the benefit.

	Medical	Retirement	Sick	Vacation	Holiday
	Benefits	Benefits	Leave	Policy	Policy
	Average Score	Average Score	Average Score	Average Score	Average Score
Statewide	2.0	3.4	3.6	3.7	5.3
Gender					
Male	2.2	3.2	3.9	3.7	5.5
Female	1.8	3.7	3.4	3.6	5.2
Gross Salary					
Less than \$11,000	2.2	4.1	2.9	3.4	4.4
\$11,000 - \$15,000	1.9	3.6	3.1	3.4	4.5
\$15,001 - \$19,000	1.8	3.9	3.2	3.7	5.1
\$19,001 - \$23,000	2.0	3.9	3.5	3.7	5.2
\$23,001 - \$27,000	2.1	3.6	3.5	3.6	5.2
\$27,001 - \$31,000	1.9	3.4	3.7	3.7	5.4
\$31,001 - \$35,000	2.1	3.2	3.7	3.7	5.5
\$35,001 - \$39,000	2.1	3.0	3.8	3.7	5.5
\$39,001 - \$43,000	2.1	3.1	3.8	3.6	5.7
\$43,001 - \$47,000	2.0	2.5	4.1	3.8	6.0
\$47,001 - \$51,000	2.1	2.6	3.9	3.8	6.0
Over \$51,000	2.2	2.7	4.3	4.0	6.2
Highest Educational Level					
Did not finish high school	2.1	2.9	2.7	3.3	4.6
High school diploma	1.9	3.2	3.2	3.5	5.0
2 year degree	2.1	3.5	3.5	3.7	5.3
Bachelor's degree	2.0	3.7	3.9	3.8	5.6
Graduate degree	2.2	3.6	4.2	3.9	5.8
Area Code					
806 (Amarillo, Lubbock)	1.9	3.1	3.4	3.5	5.2
915 (Abilene, El Paso, Midland)	2.1	3.3	3.6	3.8	5.4
817 (Ft. Worth, Waco)	2.0	3.4	3.5	3.7	5.3
214 (Dallas)	2.0	3.7	3.5	3.3	5.2
903 (Nacogdoches, Tyler)	2.2	3.4	3.4	3.5	5.1
409 (Beaumont, Galveston)	2.1	3.4	3.5	3.6	5.3
713 (Houston)	2.0	3.7	3.5	3.6	5.0
512 (Austin, Corpus Christi)	1.9	3.5	3.8	3.7	5.5
210 (San Antonio, Brownsville)	2.1	3.3	3.5	3.8	5.3
Age					
Under 20 years	1.8	4.5	4.0	4.5	6.3
20 - 29 years	1.8	4.7	3.9	3.9	5.6
30 - 39 years	1.9	3.9	3.7	3.7	5.4
40 - 49 years	2.0	3.2	3.5	3.6	5.2
50 - 59 years	2.2	2.5	3.4	3.6	5.3
60 years and older	2.3	2.5	3.4	3.9	5.2
There is more than one wage earner in my household.					
Yes	2.0	3.4	3.6	3.6	5.3
No	2.0	3.6	3.7	3.8	5.3
I am the primary wage earner in my household.					
Yes	2.0	3.4	3.7	3.8	5.4
No	1.9	3.5	3.4	3.5	5.1
Race/Ethnic Identification					
African-American	1.9	3.9	3.2	3.6	4.8
Hispanic-American	1.9	3.5	3.2	3.7	5.0
Anglo-American	2.0	3.4	3.7	3.7	5.5
Asian-American*	2.4	3.9	3.7	3.8	5.1
Other**	2.1	3.6	3.6	3.4	5.0

Survey Results by Demographic Category

Benefit preference results are based on a 15 point scale; the lower the average mean score, the more desirable the benefit.

	Dental	Disability	Overtime	Workers'	Vision
	Insurance	Insurance	Pay	Compensation	Insurance
	Average Score	Average Score	Average Score	Average Score	Average Score
Statewide	6.8	7.2	7.6	7.9	8.0
Gender					
Male	7.0	7.2	7.6	7.8	8.2
Female	6.6	7.3	7.6	8.1	7.9
Gross Salary					
Less than \$11,000	5.7	6.5	6.3	6.4	6.5
\$11,000 - \$15,000	5.8	5.9	6.4	6.5	6.7
\$15,001 - \$19,000	6.0	6.5	6.8	7.2	7.2
\$19,001 - \$23,000	6.4	7.1	6.9	7.8	7.7
\$23,001 - \$27,000	6.7	6.9	7.0	7.6	7.8
\$27,001 - \$31,000	6.8	7.3	7.7	8.1	8.1
\$31,001 - \$35,000	7.1	7.5	8.4	8.3	8.4
\$35,001 - \$39,000	7.4	7.8	8.6	8.6	8.8
\$39,001 - \$43,000	7.6	7.9	8.9	8.8	8.9
\$43,001 - \$47,000	7.6	8.1	9.2	8.8	9.0
\$47,001 - \$51,000	7.9	8.3	9.3	8.6	9.0
Over \$51,000	7.8	8.6	10.1	9.1	9.3
Highest Educational Level					
Did not finish high school	6.9	5.2	5.6	5.6	7.2
High school diploma	6.5	6.7	6.8	7.1	7.5
2 year degree	6.5	7.0	7.2	7.6	7.7
Bachelor's degree	7.0	7.7	8.2	8.6	8.5
Graduate degree	7.3	7.9	8.9	9.0	8.8
Area Code					
806 (Amarillo, Lubbock)	7.4	7.2	7.2	7.7	8.4
915 (Abilene, El Paso, Midland)	7.0	7.2	7.1	7.4	8.2
817 (Ft. Worth, Waco)	6.9	7.2	7.6	7.9	8.1
214 (Dallas)	6.2	7.3	7.7	8.2	7.7
903 (Nacogdoches, Tyler)	7.3	7.4	7.5	8.0	8.7
409 (Beaumont, Galveston)	7.0	6.9	7.1	7.5	8.2
713 (Houston)	6.3	6.7	7.3	7.7	7.5
512 (Austin, Corpus Christi)	6.8	7.5	8.0	8.4	8.1
210 (San Antonio, Brownsville)	6.3	6.6	7.4	7.0	7.5
Age					
Under 20 years	5.4	7.3	7.3	7.8	6.1
20 - 29 years	6.4	8.0	7.0	8.6	8.0
30 - 39 years	6.5	7.2	7.3	8.1	8.0
40 - 49 years	6.8	7.1	7.7	7.8	8.0
50 - 59 years	7.3	7.0	8.1	7.5	8.1
60 years and older	7.7	6.8	8.7	7.3	8.4
There is more than one wage earner in my household.					
Yes	7.0	7.3	7.7	8.0	8.1
No	6.5	7.1	7.5	7.9	7.8
I am the primary wage earner in my household.					
Yes	6.7	7.2	7.6	7.9	8.0
No	6.9	7.2	7.6	7.9	8.1
Race/Ethnic Identification					
African-American	5.4	6.0	7.1	7.0	6.7
Hispanic-American	5.8	6.1	6.8	6.7	6.8
Anglo-American	7.2	7.7	7.9	8.4	8.5
Asian-American*	5.7	6.8	7.1	7.4	7.1
Other**	6.8	7.0	6.8	7.4	7.5

Survey Results by Demographic Category

Benefit preference results are based on a 15 point scale; the lower the average mean score, the more desirable the benefit.

	Tax	Continuing	Employee	Elder	Day
	Annuities	Education	Asst. Program	Care	Care
	Average Score	Average Score	Average Score	Average Score	Average Score
Statewide	8.5	8.8	9.1	11.7	12.0
Gender					
Male	8.3	8.9	9.3	11.8	12.2
Female	8.7	8.7	8.9	11.6	11.9
Gross Salary					
Less than \$11,000	8.3	6.8	7.8	9.7	10.7
\$11,000 - \$15,000	8.4	7.2	7.5	10.2	11.0
\$15,001 - \$19,000	9.0	7.9	8.3	11.2	11.3
\$19,001 - \$23,000	8.9	8.4	8.9	11.8	11.7
\$23,001 - \$27,000	8.6	8.7	9.0	11.6	11.9
\$27,001 - \$31,000	8.5	9.0	9.3	11.8	12.2
\$31,001 - \$35,000	8.1	9.4	9.5	11.9	12.3
\$35,001 - \$39,000	7.9	9.4	9.7	12.0	12.5
\$39,001 - \$43,000	8.2	9.6	9.8	12.3	12.5
\$43,001 - \$47,000	7.9	9.9	9.8	12.1	12.8
\$47,001 - \$51,000	8.0	9.8	10.0	12.2	13.0
Over \$51,000	7.6	9.9	9.9	12.5	12.9
Highest Educational Level					
Did not finish high school	8.4	8.7	7.7	9.8	11.6
High school diploma	8.6	8.6	8.5	11.2	11.8
2 year degree	8.5	8.0	8.9	11.4	11.8
Bachelor's degree	8.5	9.1	9.7	12.3	12.1
Graduate degree	8.1	9.5	9.8	12.3	12.5
Area Code					
806 (Amarillo, Lubbock)	8.2	8.9	9.0	11.7	12.2
915 (Abilene, El Paso, Midland)	8.5	8.4	8.8	11.8	12.1
817 (Ft. Worth, Waco)	8.5	9.3	9.1	11.8	12.3
214 (Dallas)	8.3	9.0	9.0	11.9	12.1
903 (Nacogdoches, Tyler)	8.7	9.4	9.5	11.9	12.4
409 (Beaumont, Galveston)	8.7	9.4	9.2	11.5	12.1
713 (Houston)	8.2	8.5	8.9	11.2	11.6
512 (Austin, Corpus Christi)	8.6	8.7	9.3	11.9	12.0
210 (San Antonio, Brownsville)	8.1	8.3	8.6	11.3	11.6
Age					
Under 20 years	8.3	6.0	7.7	12.2	12.5
20 - 29 years	9.7	7.9	9.7	12.5	10.6
30 - 39 years	8.6	8.3	9.2	12.0	11.0
40 - 49 years	8.2	9.0	8.9	11.6	12.7
50 - 59 years	7.9	9.7	9.0	11.2	13.3
60 years and older	8.0	10.2	8.9	10.1	13.1
There is more than one wage earner in my household.					
Yes	8.4	8.9	9.2	11.8	11.9
No	8.7	8.6	9.0	11.6	12.3
I am the primary wage earner in my household.					
Yes	8.6	8.8	9.1	11.8	12.2
No	8.2	8.7	9.1	11.7	11.7
Race/Ethnic Identification					
African-American	7.9	7.1	7.9	10.7	11.0
Hispanic-American	8.0	7.5	7.8	10.7	10.9
Anglo-American	8.7	9.4	9.6	12.1	12.4
Asian-American*	7.5	7.5	8.1	11.2	11.0
Other**	7.9	8.2	8.8	11.3	11.8

Of Interest on the Internet

1. The Survey was recently selected as a "spotlight site" on The University of Texas' home page, which is located at <http://www.utexas.edu>.
2. The School of Social Work, in conjunction with the Governor's Office, is developing an Internet site which will discuss state agencies' use of customer satisfaction assessments. The Internet page will describe efforts underway in several of the state agencies which were selected by the Governor's Office and the Legislative Budget Board to participate in a pilot customer satisfaction assessment survey. The Internet page will include helpful literature references and other resources for agencies interested in customer satisfaction surveys. Look for the Internet address next month.
3. Welcome to the Internet, Texas Commission on Fire Protection! TCFP's new home page is located at <http://www.tcfp.capnet.state.tx.us>.

Please notify the Survey Office of any changes that should be made to agency background information which is included on the Survey's home page.

References

¹Statistic provided by Andy Liebler, Analyst, Texas Performance Review, January 11, 1996.

²Governor's Office of Budget and Planning & Legislative Budget Board, "Instructions for preparing and submitting agency strategic plans for the period 1997-2001," (December 1995), Austin, Texas, p. 60.

³"Human resources is top benchmarking process," *Quality Progress* (April 1995), p. 17. The Benchmarking Exchange is located on the Internet at <http://www.benchnet.com/>.

* Category includes Asian-American, Pacific-Islander and Native-American Indian.

** Category includes all other ethnicities not listed.

The *Survey of Organizational Excellence* was begun at the request of the Governor's Office in 1979 and continues to be administered by the School of Social Work at The University of Texas at Austin every biennium. The mission of the Survey is to assist organizations in their efforts to be responsive to changes in the environment and to promote continuous improvement in quality and efficiency. Information contained in this report is from data resulting from the 1994 Survey, in which over 60,000 surveys were mailed to state employees from fifty-two state agencies, with a response rate of 29 percent.

Copies of previous Survey reports and additional information about the Survey are available on the Internet at <http://www.utexas.edu/depts/sswork/survey/> or by contacting Shannon Franz, Survey Coordinator, at (512) 471-9831 or email sfranz@mail.utexas.edu.

We welcome your questions and comments.

Next Month's Focus:
Quality in state government