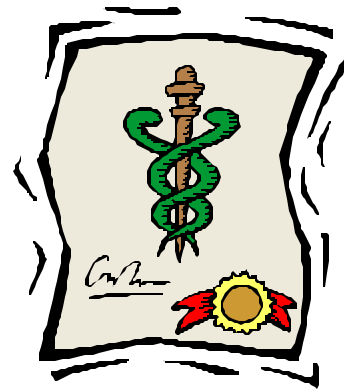




AMERICAN BENEFITS
COUNCIL

American Benefits Council Membership Survey



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September 21, 2000

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INTRODUCTION

The American Benefits Council Membership Survey was conducted by Harris Interactive Inc. on behalf of the American Benefits Council. The survey was conducted via the Internet with 200 members of the Council between August 28 and September 6, 2000.

Background

The survey examines American Benefits Council members' views on employer-sponsored benefits issues. Survey participants were 200 senior-level benefits professionals from organizations that either sponsor directly, administer or service retirement, health and stock compensation plans covering more than 100 million Americans. The survey focuses on legislative and regulatory priorities, media coverage, and the influence of key stakeholders on benefits issues. The results of the survey will be released in three parts. This report focuses on general benefits policy issues, Congress, the media and emerging benefits issues. Subsequent reports, covering health benefits issues and retirement benefits issues, respectively, will be released in the next few weeks.

The survey is being released as the 2000 elections enter their final stage and is intended to contribute to the policy discussions taking place on the campaign trail. The outcome of the upcoming congressional and presidential elections is likely to have a large impact on the employer-sponsored benefits system. These elections will help shape the legislative and regulatory environment in which policy will be determined. Whether policy will reflect Democratic or Republican party principles – or some mix of the two – will affect a wide variety of issues and impact all Americans, including workers who receive health and retirement benefits from their employers.

The elections occur in the midst of a very robust economy. The resulting tight labor market has made employee benefits increasingly important to employers who need to recruit and retain qualified workers. At the same time, providing these benefits has, in some ways, become more difficult and costly. A rapidly changing workforce and increasing global competition, for example, are two labor market challenges employers must confront. These

changes have direct implications on policy debates as they relate to the employer-sponsored benefits system. In turn, legislative and regulatory changes to the employer-sponsored benefits system may impact American businesses' efforts to provide employees with generous, high-quality benefits. In the context of the 2000 elections, the survey presents the voice of companies that sponsor or administer programs providing employment-based benefits.

Project Responsibility and Acknowledgements

The Harris team responsible for the design and analysis of the questionnaire includes Katherine Binns, Senior Vice President, Kinga Zapert, Project Director, and Michael Newman, Senior Research Associate. Harris Interactive maintains responsibility for final determination of the topics, question wording, collection of the data, and analysis and interpretation of the report.

EXECUTIVE SUMMARY

The American Benefits Council Membership Survey was conducted by Harris Interactive Inc. on behalf of American Benefits Council. The survey was conducted via the Internet with 200 members of the Council between August 28 and September 6, 2000.

Members say in the past ten years employer-sponsored benefits have become increasingly more important to the competitive success of American businesses. Most members believe employer-sponsored benefits are very important to business success, and most members believe this importance will continue in the next decade.

Council members believe Congress is receptive to employers' concerns regarding the employer-sponsored benefits system but there has not been enough of a focus on the system. A large majority of members believe Congress does not give appropriate priority to legislation that would strengthen the employer-sponsored benefits system. Despite this view, a majority of members believe Congress is willing to seriously consider the employer perspective in developing benefits legislation. One hindrance to the effort to advance legislation strengthening employer-sponsored benefits, according to members, is the lack of understanding legislators have regarding the private benefits system. Most members believe Congress has neither sufficient understanding of the laws and regulations that govern this system nor sufficient understanding of the role employers play in providing benefits through the workplace.

Council members believe the media and employees have the most influence on Congress regarding employer-sponsored benefits issues. Of the five groups measured in the survey, employers (including their advocacy groups) finished third behind the media and employees (including unions and employee advocacy groups). Followed by policy think tanks/academics and benefit plan service providers (including their advocacy groups).

Members believe media coverage of employer-sponsored benefits issues is neither fair nor accurate. Although the media is regarded as having the most influence on Congress regarding employer-sponsored benefits issues, Council members do not necessarily believe that media coverage of employer-sponsored benefits issues is always fair or accurate. A majority of members believe the media's coverage of these issues is not accurate. And an even larger majority believes the coverage of these issues by the media is not fair.

According to most Council members, coverage of the 2000 elections has had no impact on the public's understanding of employer-sponsored benefits issues. A slight majority of members believe the discussion of employer-sponsored benefits issues in this year's election campaign has made no difference to the public's understanding of employer-sponsored benefits issues. A significant proportion of members believes election-year discussions have actually hurt the public's understanding of benefits issues.

Members believe the next President and Congress should make phased retirement a top priority. Council members identified a number of emerging benefits issues that should be high priorities for the next President and Congress. Clearly addressing the needs of an aging population is an important challenge for American business, because Council members identified facilitating “phased retirement” and enactment of incentives to encourage employers to offer long-term care insurance as the top two emerging benefits issues the executive and legislative branch should address.

Members believe the primary reason employers hire contingent workers is to fulfill project-based or seasonal employment needs. An overwhelming majority of Council members say contingent workers are hired mainly to fill project-based or seasonal employment needs. Only one in five Council members believe the primary reason that employers hire contingent workers is to save costs.

Summary

Employer-sponsored benefits programs are increasingly important to the competitive success of American business and will remain so in the future. Further, as the American public lives and works longer new issues will emerge with regard to retirement benefits. From the perspective of members of the American Benefits Council, there are opportunities to improve both the quality and accuracy of policy discussions about the employer-sponsored benefits system. They believe Congress is receptive to, though not necessarily well informed about, issues related to employer-sponsored benefits. They are also concerned about the accurate and fair presentation of benefits policy issues in the media. In the future, as policy discussions become more complex the need for accurate and timely public discourse will become increasingly important.

MAIN FINDINGS

General Benefits Issues, Congress and the Media

- I. Members are split on their perceptions of Congress' support in helping to strengthen the employer-sponsored benefits system.
 - Forty-six percent of Council members say Congress is either very (3 percent) or somewhat (44 percent) supportive.
 - Forty-three percent said Congress is either very (10 percent) or somewhat (33 percent) unsupportive.

- II. Members say in the past ten years employer-sponsored benefits have become increasingly more important to the competitive success of American businesses.
 - While only about one-third (36 percent) of members say employer-sponsored benefits were very important ten years ago, three-quarters (76 percent) say they are very important today.
 - Looking to the future, members predict that employee benefits will remain important. Seventy-four percent of respondents say employer-sponsored benefits will be a very important component of business success in the U.S. ten years from now.

- III. Most members do not feel Congress has sufficient understanding of employer-sponsored benefit issues. And while most members believe Congress is willing to consider the views of employers on benefits issues, a majority does not believe strengthening the employer-sponsored benefits system is as big a priority on Capitol Hill as it should be.

- Sixty-four percent strongly (6 percent) or somewhat (58 percent) agree that Congress is willing to seriously consider employer views in developing benefits legislation. Thirty-seven percent strongly (6 percent) or somewhat (31 percent) disagree with this statement.
- Eighty-one percent strongly (21 percent) or somewhat (60 percent) disagree with the view that Congress gives appropriate priority to legislation that would strengthen the employer-sponsored benefits system.
- Only 28 percent agree that Congress has sufficient understanding of the role of employers in providing benefits through the workplace.
- Similarly, only 38 percent feel that Congress has sufficient understanding of the laws and regulations currently governing employer-sponsored benefit plans.

IV. Members say the media and employees have the most influence in Congress regarding employer-sponsored benefits issues. Employers are not viewed as having a lot of influence.

- Sixty-six percent believe the media has a lot of congressional influence.
- Forty-eight percent believe employees (including unions and employee advocacy groups) have a lot of influence.
- Only 17 percent reported employers (including their advocacy groups) have a lot of influence in Congress. A large majority of members (80 percent) believe employers have some influence.
- Policy think tanks/academics and benefit plan service providers were deemed the least influential of the five groups measured, with 14 percent and 9 percent of members, respectively, saying these groups have a lot of influence on private employer benefits issues.

V. Most members do not feel the media has done a good job covering employer-sponsored benefits issues. Majorities believe this coverage is both inaccurate and unfair.

- Fifty-six percent of members say that the media's coverage of employer-sponsored benefits issues is either not at all (10 percent) or not very (46 percent) accurate.
- Sixty-two percent say that the media's coverage of employer-sponsored benefits issues is either not at all (11 percent) or not very (51 percent) fair.

VI. Most members do not believe discussions of health and retirement issues in this year's election have helped the public better understand employer-sponsored benefits.

- Fifty-three percent indicated discussions of health and retirement issues in this year's election have made no difference in the public's understanding.
- A significant proportion of members (38 percent) says that election year discussion of these issues has actually hurt the public's understanding of employer-sponsored benefits.

Emerging Benefits Issues

I. Solid majorities of Council members believe the next President and Congress should give high priority to a variety of emerging benefits issues.

- Seventy-one percent of members consider facilitating phased retirement by allowing distributions of retirement payments prior to normal retirement age to be either a very (36 percent) or somewhat (35 percent) high priority.

- Sixty-five percent consider enactment of incentives that will encourage employers to offer long-term care insurance to employees to be either a very high (19 percent) or somewhat high (46 percent) priority.
 - Fifty-seven percent see addressing rules that impede the provision of employee benefits to an international workforce as a very high (12 percent) or somewhat high (45 percent) priority.
 - Fifty-three percent believe providing additional tax incentives for broad-based employee participation in stock plans should be a priority (with 16 percent rating it very high and 37 percent identifying it as somewhat high). Forty-four percent ranked this issue either a very low (11 percent) or somewhat low (33 percent) priority.
 - By contrast, the vast majority of members do not consider mandating that employers offer benefit plan coverage to contingent workers to be a priority. Only 14 percent consider this initiative a priority while 84 percent do not – and fully 52 percent of those surveyed consider it a very low priority.
- II. A large majority of members feel contingent workers (who include independent contractors, temporary worker and others with non-traditional arrangements) are hired primarily for project based or seasonal employment.
- Sixty-nine percent of members believe fulfilling needs for project-based or seasonal employment is the primary reason for hiring contingent workers. An additional 11 percent believe the primary reason is to meet workers' own desire for flexible work arrangements. Only one in five (21 percent) believe contingent workers are primarily hired for cost savings reasons.

Appendix A Charts

Appendix B Methodology

METHODOLOGY

This methodology describes the sampling and interviewing procedures used by Harris Interactive, Inc. for the *American Benefits Council Member Survey*. The survey questionnaire was self-administered online by means of the Internet to 200 members of the Council. Interviewing took place between August 28, 2000, and September 6, 2000.

Online Interviewing Procedures

All interviewing was conducted between August 28, 2000, and September 6, 2000. The interviews averaged 15 minutes in length. Interviews were conducted using a self-administered, online questionnaire, via Harris' proprietary, web-assisted interviewing software. The Harris Online interviewing system permits online data entry of interviews by the respondents. Questionnaires are programmed into the system with the following checks:

1. Question and response series
2. Skip patterns
3. Question rotation
4. Range checks
5. Mathematical checks
6. Consistency checks
7. Special edit procedures

For questions with pre-coded responses, the system only permits answers within a specified range; for example, if a question has three possible answer choices (e.g., "Agree", "Disagree", "Not sure"), the system will only accept coded responses corresponding to these choices. All data is tabulated, checked for internal consistency and processed by computer. A series of computer-generated tables is then produced for each sample group showing the results of each survey question, both by the total number of respondents and by important subgroups.

Control of the Sample

In order to maintain the reliability and integrity in the sample, each invitation contains a password uniquely assigned to that e-mail address. A respondent is required to enter the password at the beginning of the survey in order to gain access into the survey. Password protection ensures a respondent completes the survey only one time and that any other non-invited respondent cannot use the URL.

Editing and Cleaning the Data

The data processing staff performed machine edits and additional cleaning for the entire data set. Our edit programs act as a verification of the skip instructions and other data checks written into the online program. The edit programs list any errors by case number, question number and type. These are resolved by senior EDP personnel, who inspect the original file and make appropriate corrections. Complete records are kept of all such procedures.

Reliability of Survey Percentages

The results from any sample survey are subject to sampling variation. The magnitude of this variation is measurable and is affected both by the number of interviews involved and by the level of the percentages expressed in the results.

Table A.1 shows the range of sampling variation that applies to percentage results for this survey. The chances are 95 in 100 that the survey results do not vary, plus or minus, by more than the indicated number of percentage points from the results that would have been obtained had interviews been conducted with all persons in the universe represented by the sample. For example, if the response for a sample size of 1000 were 30 percent, then in 95 out of 100 cases the response of the total population would be between 27 percent and 33 percent. Note that survey results based on subgroups of a small size can be subject to large sampling error.

Table A.1
Approximate Sampling Tolerances (At 95% Confidence) To
Use In Evaluating Percentage Results Appearing In This Report

Number Of People Asked Question On Which Survey Result Is Based	Survey Percentage Result At 10% Or 90%	Survey Percentage Result At 20% Or 80%	Survey Percentage Result At 30% Or 70%	Survey Percentage Result At 40% Or 60%	Survey Percentage Result At 50%
7,500	1	1	1	1	1
5,000	1	1	1	1	1
3,000	1	1	2	2	2
2,000	1	2	2	2	2
1,500	2	2	2	3	3
1,000	2	2	3	3	3
900	2	3	3	3	3
800	2	3	3	3	3
700	2	3	3	4	4
600	2	3	4	4	4
500	3	4	4	4	4
400	3	4	4	5	5
300	3	5	5	6	6
200	4	6	6	7	7
100	6	8	9	10	10
50	8	11	13	14	14

Sampling tolerances are also involved in the comparison of results from different parts of a sample (subgroup analysis) or from different surveys. Table A.2 shows the percentage difference that must be obtained before a difference can be considered statistically significant. These figures, too, represent the 95 percent confidence interval.

Table A.2
Approximate Sampling Tolerances (At 95% Confidence) To Use
In Evaluating Differences between Two Percentage
Results Appearing In Survey

Approximate Sample Size of Two Groups Asked Question on Which Survey Result is Based	Survey Percentage Result at 10% or 90%	Survey Percentage Result at 20% or 80%	Survey Percentage Result at 30% or 70%	Survey Percentage Result at 40% or 60%	Survey Percentage Result at 50%
5,000 vs. 2,000	2	2	2	3	3
1,000	2	3	3	3	3
500	3	4	4	5	5
300	3	5	5	6	6
200	4	6	6	7	7
100	6	8	9	10	10
50	8	11	13	14	14
2,000 vs. 2,000	2	2	3	3	3
1,000	2	3	3	4	4
500	3	4	4	5	5
300	4	5	6	6	6
200	4	6	7	7	7
100	6	8	9	10	10
50	8	11	13	14	14
1,500 vs. 1,500	2	3	3	4	4
1,000	2	3	4	4	4
500	3	4	5	5	5
200	4	6	7	7	7
100	6	8	9	10	10
50	8	11	13	14	14
1,000 vs. 1,000	3	4	4	4	4
500	3	4	5	5	5
300	4	5	6	6	6
200	5	6	7	7	8
100	6	8	9	10	10
50	9	11	13	14	14
500 vs. 500	4	4	6	6	6
300	4	6	7	7	7
200	6	7	8	8	8
100	6	9	10	11	11
50	9	12	13	14	15
300 vs. 300	5	6	7	8	8
200	5	7	8	9	9
100	7	9	10	11	11
50	9	12	14	15	15
200 vs. 200	6	8	9	10	10
100	7	10	11	12	12
50	9	12	14	15	15
100 vs. 100	8	11	13	14	14
50	10	14	16	17	17
50 vs. 50	12	16	18	19	20

Non-Sampling Error

Sampling error is only one way in which survey findings may vary from the findings that would result from interviewing every member of the relevant population. Survey research is susceptible to human and mechanical errors as well, such as respondent recording errors, in addition to errors resulting from the experimental nature of current Internet research. However, the procedures used by the Harris firm, including the online sampling, weighting and interviewing systems described earlier, keep these types of errors to a minimum.

Appendix C
The Questionnaire

HARRIS INTERACTIVE INC.

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New York, New York 10003

J12910 ()

J/12xxx/129xx/12910/Qnnaire/12910_dsq1.doc

August 18, 2000

Title: American Benefits Council Membership Survey

Field Period: August 22 – September 6, 2000

SUBJECTS FOR QUESTIONNAIRE

Section 200: General Benefits Policy, Congress and the Media

Section 500: Emerging Benefits Issues

Section 100: Thank You

Proprietary Questions Not To Be Released: None

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SECTION 200: GENERAL BENEFITS POLICY, CONGRESS AND THE MEDIA

BASE: ALL RESPONDENTS**Q200** General Benefits Policy, Congress and the Media

How supportive is Congress in helping to strengthen the employer-sponsored benefits system?

0		
1	Very supportive	3
2	Somewhat supportive	44
3	Neither supportive nor unsupportive	12
4	Somewhat unsupportive	33
5	Very unsupportive	10

BASE: ALL RESPONDENTS

Q205 Please rate the importance of employer-sponsored benefits to the competitive success of American businesses in each of the following time periods.

		Q206	1	2	3	4
			Very	Somewhat	Not	Not
			Important	Important	Very	At All
			<u>Important</u>	<u>Important</u>	<u>Important</u>	<u>Important</u>
0	1	Ten years ago	36	58	6	1
	2	Today	76	23	2	-
	3	Ten years from now	74	22	4	1

BASE: ALL RESPONDENTS

Q210 Please indicate how much you agree or disagree with the following statements.

		Q211	1	2	3	4
			Strongly	Somewhat	Somewhat	Strongly
			Agree	Agree	Disagree	Disagree
			<u>Agree</u>	<u>Agree</u>	<u>Disagree</u>	<u>Disagree</u>
0	1	Congress has sufficient understanding of the laws and regulations currently governing employer-sponsored benefit plans.	1	27	43	31
	2	Congress has sufficient understanding of the role of employers in providing benefits through the workplace.	3	35	47	16
	3	Congress is willing to seriously consider employer views in developing benefits legislation.	6	58	31	6
	4	Congress gives appropriate priority to legislation that would strengthen the	2	17	60	21

employer-sponsored benefits system.

BASE: ALL RESPONDENTS

Q215 How much influence does each of the following groups have on Congress regarding <I>employer-sponsored</I> benefits issues?

Q216			1	2	3
			A Lot	Some	No
			of	Influence	Influence
			<u>Influence</u>	<u>Influence</u>	<u>At All</u>
()	1	Employees (including unions and employee advocacy groups)	48	52	1
	2	Employers (including their advocacy groups)	17	80	3
	3	Benefit plan service providers (including their advocacy groups)	9	80	11
	4	Policy think tanks/academics	14	79	8
	5	Media	66	32	2

[DISPLAY Q220 AND Q225 ON THE SAME PAGE]

BASE: ALL RESPONDENTS

Q220 Please rate the accuracy and fairness of the media's coverage of employer-sponsored benefits issues.

Accuracy

()		
1	Very accurate	1
2	Somewhat accurate	43
3	Not very accurate	46
4	Not at all accurate	10

BASE: ALL RESPONDENTS

Q225

Fairness

()		
1	Very fair	1
2	Somewhat fair	38
3	Not very fair	51
4	Not at all fair	11

BASE: ALL RESPONDENTS

Q230 Do you think the discussion of health and retirement issues in this year's election campaigns has helped, hurt or made no difference in improving the general public's understanding of employer-sponsored benefits?

()		
1	Helped the public's understanding of employer-sponsored benefits	10
2	Hurt the public's understanding of employer-sponsored benefits	38
3	Made no difference in the public's understanding of employer-sponsored benefits	53

SECTION 500: EMERGING BENEFITS ISSUES
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BASE: ALL RESPONDENTS**Q500** Emerging Benefits Issues

Please indicate the level of priority the next President and Congress should give to each of the following emerging benefits issues.

	1	2	3	4	8
	Very	Somewhat	Somewhat	Very	Not
	High	High	Low	Low	Sure
	<u>Priority</u>	<u>Priority</u>	<u>Priority</u>	<u>Priority</u>	<u>Sure</u>
Q501					
[ROTATE ITEMS]					
() 1 Enacting incentives (e.g., an above the line deduction for premiums, inclusion in cafeteria plan options, etc.) that will encourage employers to offer long-term care insurance to employees	19	46	26	9	1
2 Facilitating phased retirement by allowing distributions of retirement payments prior to normal retirement age	36	35	20	8	3
3 Providing additional tax incentives for broad-based employee participation in stock plans	16	37	33	11	5
4 Addressing rules that impede the provision of employee benefits to an international workforce	12	45	32	8	4
5 Mandating that employers offer benefit plan coverage to contingent workers (including independent contractors, temporary workers and/or any other nontraditional work arrangement)	3	11	32	52	4

BASE: ALL RESPONDENTS

Q505 What is the primary reason for hiring contingent workers? <I>Please select only one</I>.

()		
1 Meeting workers' desires for flexible work arrangements	11	
2 Cost savings	21	
3 Fulfilling needs for project-based or seasonal employment	69	

SECTION 100: THANK YOU

BASE: ALL RESPONDENTS
Q199 (NON-HPOL COMPLETE)

Thank you very much for participating in this survey.

If you have any other comments or questions about this survey, please contact Susan Richards or John Milton at our Survey Help Desk (SurveyHelp@HPOL.harrisinteractive.com).

Interested in becoming a Harris Poll Online member? Already a member and need to update your information? Access the Harris Poll Online website at: www.harrispollonline.com.

To visit the Harris Interactive Corporate website, go to: www.HarrisInteractive.com.

BASE: ALL RESPONDENTS
Q199 (NON-HPOL SUSPEND)

Thank you for your interest in this survey.

If you wish to complete the survey, simply click on the link in the email invitation and enter your password again. You will be returned to the point in the survey at which you left off.

If you have any other comments or questions about this survey, please contact Susan Richards or John Milton at our Survey Help Desk (SurveyHelp@HPOL.harrisinteractive.com).

Interested in becoming a Harris Poll Online member? Already a member and need to update your information? Access the Harris Poll Online website at: www.harrispollonline.com.

To visit the Harris Interactive Corporate website, go to: www.HarrisInteractive.com.