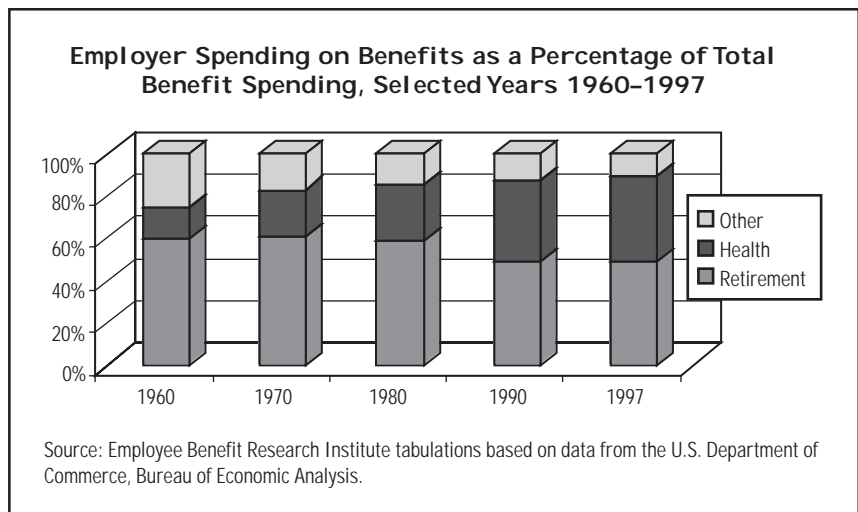


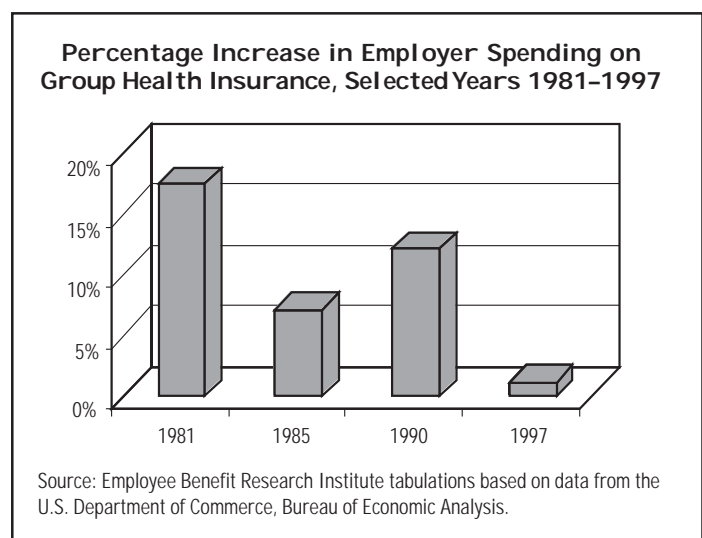
## Employer Spending on Benefits 1997

- In 1997, employers spent \$4,685.9 billion on total compensation. Wages and salaries accounted for the lion's share, \$3,893.6 billion, while benefits made up the remainder, \$786.6 billion.
- Since 1960, employer spending on health benefits has consumed a growing share of total employer spending on benefits. In 1960, retirement benefits accounted for the majority of total benefit spending (59.9 percent), followed by other benefits (25.7 percent) and health benefits (14.3 percent). By 1997, spending on health benefits increased to 39.9 percent of total benefit spending. Retirement benefits were still the largest component of benefit spending, but had declined to 49.0 percent of all benefit spending. Spending on other benefits declined the most, to 11.0 percent by 1997.

- In the 1980s, the average annual growth rate in employer spending on all benefits was 8.0 percent. In the 1990s, this growth rate fell substantially, to 4.2 percent.
- The slower growth rate in employer spending on group health insurance accounted for a large part of the slower growth rate in overall spending on employee benefits. In the 1980s, employer spending on group health insurance grew at an average annual rate of 11.9 percent, growing to \$188.6 billion in 1990 from \$61.0 billion in 1980. In the 1990s, the average annual growth rate in employer spending on group health insurance slowed to 4.7 percent, growing to \$259.4 billion in 1997 from \$188.6 billion in 1990.



- The rate of employer spending on group health insurance declined steadily from 1981, when spending on group health insurance increased 17.5 percent, to 1997, when spending on group health insurance increased 1.2 percent.
- Employer spending on retirement income benefits, less Social Security, increased at a slightly faster rate in the 1990s than in the 1980s. In the 1980s, employer spending on retirement income benefits, less Social Security, increased at an average annual rate of 4.0 percent, growing to \$154.2 billion in 1990, up from \$104.5 billion in 1980. In the 1990s, employer spending on retirement income benefits, less Social Security, grew at an average annual rate of 3.2 percent, growing to \$192.8 billion in 1997, up from \$154.2 billion in 1990.



## Employer Spending on Benefits

- Private-sector employers spent \$55.3 billion on retirement income benefits, less Social Security, in 1980. This amount increased to \$63.2 billion in 1990 and to \$80.6 billion in 1997.
- State and local governments spent \$19.1 billion on retirement income benefits, less Social Security, in 1980. This amount increased to \$33.0 billion in 1990 and to \$46.8 billion in 1997.
- The federal government spent \$28.4 billion on retirement income benefits, less Social Security and railroad retirement, in 1980. This amount increased to \$55.4 billion in 1990 and to \$62.8 billion in 1997.
- In the 1980s, the growth rate in employer spending for retirement income benefits, less Social Security, was faster for state and local governments than it was for the private sector. Private-sector spending on retirement income benefits increased at an average annual rate of 1.3 percent, compared with 5.6 percent for state and local governments during the 1980s. This trend continued in the 1990s, when private-sector spending on retirement income benefits increased at an average annual rate of 3.5 percent, compared with 5.1 percent among state and local governments.
- Employer spending on other benefits, i.e., unemployment insurance, life insurance, and workers' compensation, increased to \$86.8 billion in 1997 from \$75.0 billion in 1990, growing at an average annual rate of 2.1 percent.
- Employer spending on Social Security Old-Age, Survivors, Disability, and Hospital Insurance (OASDHI), grew at an average annual rate of 9.8 percent in the 1980s, slowing to 5.4 percent in the 1990s. In 1980, employers spent \$67.2 billion on the OASDHI program. This amount increased to \$170.7 billion in 1990 and to \$246.4 billion in 1997.

For more information, contact Ken McDonnell, (202) 775-6342, or see EBRI's Web site at [www.ebri.org](http://www.ebri.org).

Source: *EBRI Databook on Employee Benefits*, fourth edition, 1997.