

For the Benefit of Our Workers

The Massachusetts Nonprofit Employee Benefit Study



March 2009

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The Massachusetts Nonprofit Employee Benefit Study

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Preface

Few individuals with even a cursory knowledge of the nonprofit sector in Massachusetts would doubt that its work goes to the very core of our well-being as a community. Nonprofit organizations educate our children, train our workers, help our residents stay healthy, reclaim our neighborhoods, buoy our souls through art and assist the people of our state from their very earliest hours to their very last. In good times these activities are needed; in tough times they are essential.

To ensure the health and vitality of this sector, nonprofits must be able to attract and retain high quality talent—a task made difficult by the differential in salary and benefits when compared with their for-profit counterparts. The discrepancy is especially challenging for small grassroots organizations.

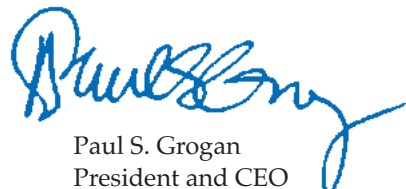
This report represents a close collaboration among three organizations, all of which are committed to supporting and improving conditions for the dedicated people who work in our state’s nonprofit organizations.

In addition to the Boston Foundation, the innovative financial services firm Braver PC provided major funding for this study. And the support of the Massachusetts Nonprofit Network, a statewide association of nonprofit organizations and close partner of the Boston Foundation, was crucial to the process of connecting with the state’s nonprofits during the research phase of the study.

We set out to develop a detailed picture of the benefits that are provided to workers in the nonprofit sector, relying on the willingness and generosity of the organizations themselves to respond to our survey. Author Liz Keating then synthesized the mountain of information received into this report.

As stated in the Conclusion, not surprisingly health benefits are by far the most costly, and the information about these benefits comes in the midst of the earliest years of major health care reform—in our state and possibly our country.

While the current economic climate does not lend itself to new investments or compensation increases, the power of this report is in the wealth of information that it provides as we strive to strengthen the work environment for those who make our lives and the lives of all other Massachusetts residents better every day. Our hope is that it will open a new dialogue about creative ways of providing equitable compensation on all levels—for the benefit of our workers and ultimately for those they serve.



Paul S. Grogan
President and CEO
The Boston Foundation

Introduction

This detailed report on the benefits offered to workers in Massachusetts nonprofit organizations comes at an important moment in history. First, it provides a baseline at a time when the state's groundbreaking Health Care Reform Law is helping to level the playing field for employers and employees wanting and needing health coverage. It also explores the full range of benefits offered and compares them to those provided by the nonprofit sector in other states. Finally, it makes a major contribution to a growing body of valuable information about the vitality of the Commonwealth's nonprofit sector.

In June of 2008, the Boston Foundation released the most comprehensive report to date on the Commonwealth's nonprofit sector. Called *Passion & Purpose: Raising the Fiscal Fitness Bar for Massachusetts Nonprofits*, it was both a primer about the sector and a call to action. The study set out to capture and define the state's nonprofits and the value they provide, as well as explore their financial health as it relates to fulfilling the sector's public purpose.

The "call to action" involved a series of recommendations designed to strengthen the nonprofit sector, including: new levels of collaboration; possible restructuring through mergers and consolidations; repositioning the sector through advocacy and single sector strategies; and systemic approaches and interventions to strengthen the entire sector. The current financial crisis has accelerated some of these recommendations, such as collaborations, consolidations and mergers, and slowed progress on others. Today is not a time for a major reinvestment, for instance, but rather to find strategic points of leverage and maximize shrinking resources.

In the process of developing *Passion & Purpose*, the authors of the report divided the nonprofit sector into three types of organizations, each representing its own value proposition. Since this report on the benefits nonprofits offer their workers utilizes these categories, we review them here.

The three value propositions are: 1) the creation of a civil society through grassroots action and volunteerism; 2) the provision of societal benefit and a 'safety net' through the delivery of services and quality of life contributions; and 3) large-scale services and contributions to the state's economic health and competitiveness. These three value propositions were represented in *Passion & Purpose*—and in this report—by three different sector segments: "Grassroots" organizations; "Safety Net" organizations; and

"Economic Engine" organizations. Ten industry sectors were also identified, such as Health and Education.

In 2007, the sector's 36,748 nonprofits included 17,900 organizations that were non-filers and under \$25,000 in budget size; 5,647 organizations that had budgets under \$25,000 but did file the Form 990 with the IRS; and 7,655 organizations with budget sizes that ranged between \$25,000 and \$250,000. The total also included 5,380 organizations with budgets between \$250,000 and \$50 million and 166 organizations with budgets exceeding \$50 million.

Grassroots organizations represent the fastest growing segment of the three types of nonprofits and have budgets under \$250,000. In 2007, there were about 31,202 such organizations, which included 23,547 non-filing organizations and those with budgets under \$25,000 and 7,655 with budgets between \$25,000 and \$250,000. They are largely concentrated in program areas related to Youth Development and Recreation; Arts, Culture & Humanities; Environment; and Education.

Safety Net organizations number 5,380 and have budgets ranging between \$250,000 and \$1 million. These organizations are typically concentrated in the areas of Housing, Human Services, Health & Medical and Community Capacity—industry sectors that provide a bulk of the safety net and quality of life services for communities.

Economic Engine organizations have \$50 million or more in annual budgets. There are only about 166 public charities meeting this definition, but they are crucial to the state's economy and are heavily concentrated in the areas of Education and Health Care.

These three segments reflect the remarkable diversity of nonprofits and help us to look at the practices of running and funding nonprofits with a nuanced view of the value of the entire sector.

Although neither *Passion & Purpose* nor this report were designed specifically to help our state's nonprofits navigate through severely difficult economic times, they surely will serve that purpose. At a time when the residents of Massachusetts need the support and services offered by the nonprofit sector more than ever, this new information will contribute to a dialogue about how best to strengthen organizations from within so that they can rise to the challenges facing our communities in the immediate and distant future.

Executive Summary

The State of the Massachusetts Nonprofit Sector and a Call to Action

As communities strain under the impact of the nation's current economic crisis, demand for basic social services is growing at an unprecedented rate. From health care to job training to arts programs to the web of support systems that hold fragile families together, the work of nonprofits is more important than ever. But, as organizations on the frontlines work feverishly to meet the increase in demand, the economic downturn poses a serious challenge to their own viability, with government revenues declining, foundation endowments shrinking, and individual and corporate donors cutting back on funding levels.

Nonprofits employ nearly 14% of the Massachusetts workforce and are central to the quality of life in the Commonwealth. But, when it comes to providing benefits to their employees, financially precarious organizations must decide whether to further weaken their finances by offering coverage they may not be able to afford or diminish their ability to maintain talented staff—and ultimately their ability to deliver high quality programs and services.

Employment trends already are showing a shortage in many service provider professions. Inadequate salaries and benefits relative to other sectors will make it even harder to attract new employees (especially recent graduates saddled with unprecedented levels of student loan debt). To understand how the nonprofit workforce is faring when it comes to benefits, the Boston Foundation, in conjunction with Braver PC, and Massachusetts Nonprofit Network (MNN), undertook the first statewide survey of nonprofit sector employee benefits. *For the Benefit of Our Workers: The Massachusetts Nonprofit Employee Benefit Study* was designed to provide a valuable baseline of information, presenting a snapshot of the types and costs of employee benefits offered by the nonprofit sector prior to the implementation of the Health Care Reform Law.

The study surveyed 649 nonprofits throughout the state. It highlights substantial differences in the level of benefits afforded employees based on the size of the organization:

- **Economic Engine Organizations:** These represent the largest nonprofit organizations in the state, with annual budgets of \$50 million and above. Most are universities and hospitals and virtually all of them offer health,

dental, life insurance and retirement benefits to full-time employees. More than 80% of these organizations also offer long-term disability coverage, flexible spending accounts, unpaid leave opportunities and tuition assistance. Part-time employees of these large institutions also receive many of the benefits offered to full-time workers.

- **Grassroots Organizations:** In sharp contrast, just over one half of Massachusetts nonprofits with an annual budget of less than \$250,000 offer employees health insurance benefits. As a result, a higher percentage of employees in these organizations are believed by their employers to be uninsured, unless they have access to health insurance through a family member. Retirement plans are offered by only 44% of these organizations, and other benefit rates come in at much lower rates than those offered by large institutions: dental insurance at just 20%; long-term disability at 10%; and life insurance at just 7%. Other employee benefits (excluding unpaid leave and flex-time) are infrequently offered by these small organizations. Even as regards time off, Grassroots organizations offered 20% less vacation and 40% fewer holidays and sick days than Economic Engine organizations. However, Grassroots organizations did offer their employees more attractive waiting periods to access insurance or retirement plans.
- **Safety Net Organizations:** Mid-sized organizations, with budgets ranging from \$250,000 to \$50 million, are often under considerable pressure to hire and retain professional staff. Hence, 90% or more of the organizations within this group offer health insurance and retirement plans to their employees. Dental, life and long-term disability insurance also are offered by more than half of these organizations.

Explaining the Difference in Benefit Levels

The study explored the reasons that Grassroots organizations offer fewer benefits than their Economic Engine counterparts. Organizational cost was the most dominant factor. For example, 41% of these small organizations did not offer health insurance because of the high cost of these benefits or because they had just one employee

(29%). Grassroots organizations that do offer health insurance report paying premiums that are, on average, 20% higher for single coverage and 22% higher for family coverage when compared with larger institutions. While costly health insurance premiums is an impediment, many Grassroots organizations, unlike larger organizations, generally cover the full cost of those benefits. More than one-third of Grassroots organizations reported paying 100% of health insurance premiums, while no Economic Engine organizations covered the entire cost.

Surprisingly, the financial health of an organization, as measured by profitability, leverage, and liquidity, was rarely a significant factor in predicting the likelihood of benefits. In some cases, the industry sector (e.g. Health Care), or the region in which the nonprofit operates explained the variation in benefits offered but only occasionally was the difference statistically significant.

Where do we go from here?

With the wealth of data from the Boston Foundation's 2008 report, *Passion & Purpose: Raising the Fiscal Fitness Bar for Massachusetts Nonprofits*, and the information provided in this study, the Massachusetts nonprofit sector is well positioned to understand the ways in which nonprofits can strengthen their financial stability and provide affordable but critical benefits to their employees, such as retirement options and health care. The time is also ripe to explore the policy implications of expanding benefits options through the re-alignment or reform of existing systems and/or government subsidization.

A task force supported by Blue Cross Blue Shield Foundation of Massachusetts is currently developing a matrix of enhanced health care options for the state's nonprofit employees for consideration later in 2009. The intent is to convene a commission of major policymakers and stakeholders to undertake any statutory or regulatory changes necessary to implement the preferred options.

The Massachusetts Nonprofit Network is working with the Treasurer of the Commonwealth of Massachusetts to pass legislation that would use the resources and expertise of the Treasurer's office to assist in managing retirement plans and funds for nonprofit employees. Similar efforts are underway in California and other states.

These changes will take time to implement, but the ultimate goal is to strengthen and support our state's nonprofit organizations and workers so that they can serve the Commonwealth and its residents consistently in good times and bad.

CHAPTER ONE

The Survey Overview

Over the past few years, there has been a mounting interest in attracting and retaining committed and highly qualified employees to the Massachusetts nonprofit sector. As an employer, the state's nonprofit sector as a whole accounted for 13.8% of the Massachusetts working population in 2007 with 447,642 workers whose total wages amounted to \$20.8 billion.¹ Massachusetts has the fourth highest percentage of total nonprofit workers in the country, with Washington, DC leading with 16.2% of its working population.² The sector's role as an employer in the Commonwealth is jeopardized by its overall weak financial health.³ Donors, nonprofit managers and employees have become increasingly concerned about the high and increasing cost of offering employee benefits. Many financially weaker organizations are placed in a double bind: whether to provide more benefits to attract and keep employees, which may further weaken their finances, or to limit benefits at the risk of higher turnover and/or less motivated employees.

The Boston Foundation, in conjunction with Braver PC, and the Massachusetts Nonprofit Network (MNN), responded to these concerns by engaging numerous community partners and launching the first statewide survey of employee benefits offered in the nonprofit sector. The Massachusetts Nonprofit Employee Benefit Survey was undertaken to provide a baseline of information about the state of employee benefits. The timing of the survey was set to capture a snapshot of the costs and types of employee benefits prior to the implementation of the Health Care Reform Law. The hope is that the study can offer valuable information to a variety of important decision makers in the nonprofit sector:

- Data that local nonprofits can use to benchmark their employee benefit plans;
- Data that can inform the Massachusetts Nonprofit Network, regional and trade nonprofit associations, and other vendors to design attractive employee benefit services for the nonprofit sector;
- Information that can help funders better understand nonprofits' organizational capacity and financial costs; and
- Data that can inform both local and national public policy.

Survey Questions

To facilitate comparison between the survey population and Massachusetts businesses as well as nonprofits operating in other states, the survey instrument was comprehensive and modeled after four existing studies, listed in order of importance:

1. Minnesota Employee Benefits Survey 2006
2. National Compensation Survey: Employee Benefits in Private Industry in the United States, March 2005
3. Employee Benefit Research Institute's Databook on Employee Benefits 2007
4. Virginia Network of Nonprofit Organizations Nonprofit Health Care Benefits Survey 2006

An online survey approach was adopted to facilitate outreach and better ensure survey accuracy. A pilot project was undertaken to obtain feedback from a sample of 20 organizations. Based on their feedback, the survey design was changed to reduce the time required to complete it and the number of questions pared to highlight the more critical issues and reduce the burden for those taking the survey.

The revised survey contained 45 questions covering a wide range of employee and retiree benefit offerings as well as information on staffing, benefit costs and preferences.

The Sample

The sponsors and co-sponsors of this project were eager to survey the full range of nonprofit employers. The April 2007 IRS Business Master File indicates that 37,035 tax-exempt organizations operated in Massachusetts that year. Of these, 27,117 entities had 501(c)(3) tax-exemption. The survey population is drawn mostly from the 8,314 501(c)(3) organizations that filed Form 990s in 2003 (the most recent year of data). These organizations are non-religious, have total revenues at or above \$25,000, and are required to file. Of these, 5,320 501(c)(3) organizations reported some form of employee-related expenses in their Statement of Functional Expenses on their 2003 Form 990.

The sample was expanded to include 557 recent grantees of the Boston Foundation, members of the MNN and co-sponsors, and health and human service providers registered with the Commonwealth of Massachusetts Executive Office of Health and Human Services. Finally, an invitation to participate in the survey was sent out by several co-sponsors and mentioned in their newsletters, and this invitation identified 68 additional nonprofit employers that were approached to participate. The final sample was composed of 5,564 organizations.

An extensive data collection process was undertaken to identify current mail and e-mail addresses using the Internal Revenue Service's Business Master File, sponsors' and cosponsors' member or grantee contact information, recent Form 990 filings, e-mail listings on Guidestar, websearches for the organization and online white and yellow pages. As a result, an invitation to participate was emailed to 3,322 addresses, with about a 19.5% delivery failure rate. Those organizations failing to respond to initial invitations were contacted via mail.

Ultimately, 749 surveys were undertaken. Some organizations submitted partial or multiple entries, while 14 were from groups without employees and hence no employee benefits. In the end, 649 surveys were completed by nonprofit employers, representing 12.1% of the potential respondents.

The organizations were assigned to size categories using the revenue reported in the late 2007 Internal Revenue Service Business Master File. When this was not available, the organization's self-reported budget size was utilized. In two instances, neither amount was available, so they were assigned to the unknown category. The size categories

TABLE 1.2
Response Rates by Industry Sector

Industry	Respondents Count	% of Total Sample	% of Potential Respondents
Arts	95	14.6%	13.3%
Community Capacity	75	11.6%	8.0%
Education	94	14.5%	45.2%
Environment	35	5.4%	3.9%
Healthcare	84	12.9%	17.3%
Human Services	32	4.9%	3.5%
Housing	130	20.0%	35.2%
Youth	47	7.2%	13.8%
Philanthropy	13	2.0%	8.2%
Other	44	6.8%	8.1%
Total	649	100%	11.7%

were based on those employed in *Passion & Purpose: Raising the Fiscal Fitness Bar* for Massachusetts Nonprofits, the first in a series of major reports on the nonprofit sector in Massachusetts undertaken by the Boston Foundation and its partners.⁴ Each agency was also assigned to an industry sector using those developed for the *Passion & Purpose* study. The sector definitions are described in the Appendix.

The response rates varied considerably by both size and industry sector. As seen in **Table 1.1**, the highest response rates were from firms with revenues ranging from \$250,000 to \$1 million and in the \$10 to \$50 million size range with 17.5% and 18.7%, respectively, responding. The lowest response rates occurred with groups in the under \$250,000 category. Educational and Housing organizations were the most likely to respond to the survey (45.2% and 35.2%, respectively) and Human Service providers and Environment nonprofits the least (3.5% and 3.9%, respectively). The percent of organizations in the remaining sectors fell between 8.0% and 17.3% (**Table 1.2**).

TABLE 1.1
Response Rates by Budget Size

Budget Size	Respondents Count	% of Total Sample	% of Potential Respondents
<250K	98	15.1%	6.0%
250K-1M	198	30.5%	12.4%
1-5M	207	31.9%	17.5%
5-10M	50	7.7%	14.3%
10-50M	77	11.9%	18.7%
>50M	18	2.8%	11.5%
Unknown	1	0.2%	NA
Total	649	100%	11.7%

CHAPTER TWO

Understanding the Nonprofit Sector and Employee Base

The sample offers insight into employment in the Massachusetts nonprofit sector. Respondents were asked to provide information on the use of full vs. part-time staff and their gender.

As seen in **Table 2.1**, the workforce grows in proportion to the budget size of the organization. On average, the sample nonprofits have 41.9 full-time and 22.5 part-time employees. The majority of workers are women, with full-time staff at 70.4% women, and part-time staff at 68.4% women. The current study found that sample firms which offered data on both full and part-time staff hired 39.8% of its employees on a part-time basis.

The smallest employers (with budgets under \$250,000) tend to be Grassroots organizations, so they rely heavily on volunteers and part-time staff to achieve their mission. According to the *Passion & Purpose* study, these organizations are funded primarily by contributions. Only 31% of them have employees as compared to 57% for the entire Massachusetts nonprofit sector. Just 14% of total expenses are employee-related as compared to 43% to 52% for the larger nonprofits. In the current study, Grassroots organizations rely heavily on part-time employees, so 57.1% of

the total workforce is employed part-time. On average, the full-time staff is 74.8% women, while the part-time staff is only 60.6% women.

The four middle size budget size categories contain a mix of nonprofits, but they are dominated by agencies that provide societal benefits, such as the safety net of services offered by Human Service, Housing, and Community Capacity-focused firms. The *Passion & Purpose* study indicates that the dominant revenue source for these mid-sized nonprofits is contributions, with compensation and other employee costs being the primary expense. According to this survey, part-time staff play an important role for these organizations. And the percentage of part-time workers becomes a less significant portion of the workforce as the annual budgets rise, declining from 46.6% in organizations with \$250,000 to \$1 million in budget size to 29.0% for nonprofits with \$10 million to \$50 million budgets. Organizations in these size categories still have a primarily female workforce, but women's full-time role gradually declines with size. For agencies in the \$250,000 to \$1 million range, women comprise 70% of the full-time staff as compared to 69% for the nonprofits in the

TABLE 2.1

Demographics of the Employee Base, Based on Size Buckets

Budget Size	Average Workforce		Part-Time as % of Workforce	Average Percent	
	Full-Time	Part-Time		Full-time Women	Part-Time Women
<250K	1.6	3.3	57.1%	74.8%	60.6%
250K-1M	4.1	6.4	46.6%	70.1%	65.3%
1-5M	21.1	15.1	34.1%	71.2%	72.6%
5-10M	58.5	19.8	24.4%	70.5%	78.2%
10-50M	146.4	72.1	29.0%	69.2%	70.5%
>50M	414.9	182.4	24.5%	60.7%	62.7%
Unknown	45.0	25.0	35.7%	50.0%	50.0%
Total	41.9	22.5	39.8%	70.7%	68.4%
Number of Respondents	646	643	637	616	631

\$10 million to \$50 million category. The percentage of women making up the part-time staff varies from 65% for the smallest societal benefit organizations up to 78% for nonprofits in the \$5 million to \$10 million range, before declining again to 71% for the largest societal benefit agencies.

At the large hospitals and universities with revenues over \$50 million, part-time workers represent only 25% of the staff. These nonprofits serve as an economic engine in Massachusetts and are collectively a significant source of employment. While the staff is still predominantly women, the Economic Engine organizations report that just 61% of their full-time workforce is made up of women and 63% of part-time workers.

The demographics of the employee base may also be a reflection of the industry sector in which nonprofits operate as seen in **Table 2.2**. Arts and youth organizations have the highest percentage of part-time employees with 54.6% and 48.5%, respectively. Part-time employees represent only 30.3% in Philanthropy and Other (i.e., mutual benefit, religious and international organizations), nonprofits.

The gender mix also varies considerably by industry sector, yet in all sectors, female employment exceeds male employment. In the Philanthropy sector, women represent 83% of full-time staff, the highest percentage, while Environment and other sector nonprofits have the lowest concentration at 63%. In most sectors, the percentage of women hired as part-time workers closely resembles the percentage hired as full-time workers. Environment groups hire a much higher percentage of women as part-time workers (79%) than as full-time staff (63%); Health Care organizations also employ women more typically as part-time staff (76% to 71%). In contrast, the gender difference is the most pronounced in the philanthropic sector, where 57% of the part-time staff vs. 83% of the full-time staff is composed of women. In the Education sector, women less often work part-time, so the full-time female percentage is 76% versus a part-time rate of 67%.

The workforce composition also varies to a lesser extent across the state as portrayed in **Table 2.3**. While statewide the part-time workforce was 40% of the total nonprofit employment, it is only 35% in Boston, driven by a 34% rate in the city's Urban Core. Central Massachusetts has the lowest percentage of female full-time hires at 64% as compared to 71% statewide. Northeast Massachusetts along with the Berkshires are the heaviest employers of full-time women with rates around 78%. In the Berkshires, the Southern Tier of Boston and the Cape and the Islands, women are much better represented in the full-time staff than in the part-time workforce. Part-time employment for women is relatively more available in the Northern Tier of Boston.

TABLE 2.2
Demographics of the Employee Base, Based on Industry Sector

Industry Sector	Average Workforce		Part-Time as % of Workforce	Average Percent	
	Full-Time	Part-Time		Full-Time Women	Part-Time Women
Arts	16.3	21.7	54.6%	66.7%	63.6%
Community Capacity	25.9	10.1	32.5%	67.2%	64.3%
Education	39.6	19.7	38.3%	75.9%	66.5%
Environment	24.2	26.1	39.0%	63.4%	78.8%
Health	82.1	37.5	36.7%	70.8%	76.3%
Housing	37.1	13.6	35.5%	64.1%	61.9%
Human Services	63.5	25.0	38.6%	78.0%	74.6%
Philanthropy	24.7	3.2	30.3%	82.7%	57.3%
Youth	12.8	20.3	48.5%	68.7%	65.6%
Other	39.0	26.1	30.3%	63.3%	59.2%
Total	41.9	22.5	39.8%	70.7%	68.4%
Number of Respondents	646	643	637	616	631

TABLE 2.3
Demographics of the Employee Base, Based on Geographic Regions

Region	Average Workforce		Part-Time as % of Workforce	Average Percent	
	Full-Time	Part-Time		Full-Time Women	Part-Time Women
Berkshires	19.0	11.3	49.5%	78.2%	58.8%
Boston	43.7	21.1	35.1%	67.9%	68.1%
Northern Tier	53.5	25.9	46.9%	65.6%	79.9%
Southern Tier	40.6	23.2	44.1%	70.8%	56.5%
Urban Core	43.1	20.6	33.8%	68.1%	68.1%
Cape and Islands	27.3	15.0	45.1%	77.2%	66.8%
Central Massachusetts	21.1	17.3	46.7%	64.4%	73.0%
Metrowest	69.4	37.4	43.6%	74.1%	68.3%
Northeast Massachusetts	44.5	22.6	41.7%	78.6%	71.0%
Pioneer Valley	25.3	14.4	44.8%	69.5%	71.6%
Southeast Massachusetts	46.3	25.8	48.1%	70.0%	73.2%
Total	41.9	22.5	39.8%	70.7%	68.4%
Number of Respondents	646	643	637	616	631

CHAPTER THREE

The Range of Employee Benefits

The survey asked employees to provide information on the range of employee benefits offered. The tables present the percentage of employers in each category that offered each benefit. The results for the total sample are displayed in gray near the bottom of each table. This chapter provides information about those offerings for the full sample and also using four subcategories: (1) budget size; (2) number of full-time employees; (3) industry sector; and (4) geographic region.

The tables suggest a considerable degree of variation within each subcategory. In general, the larger the organization, either in terms of budget size or employee base, the more likely it is to offer any particular employee benefit. To help determine whether any particular percentage is different from that of surveyed nonprofits overall, upper and lower confidence intervals are listed. Generally, if the percentages for any sub-group are outside of the confidence band, i.e., lower than the lower confidence interval or higher than the higher confidence interval, then that sub-group's result is statistically different from the overall sample.⁵ A further statistical analysis was undertaken of each benefit to determine the key drivers. This assessment included a correlation analysis, tests of differences in frequency using a chi-square test, and logistic regression analysis.

The survey covered a wide range of potential employee benefits offered to both full and part-time employees. The report summarizes these benefits into six groupings: (1) medical and dental insurance; (2) other insurance-related benefits; (3) pension-related benefits; (4) flexible and health saving accounts; (5) other fringe benefits; and (6) retiree benefits. This chapter covers these groupings in turn. The frequency of offerings is also compared to other domestic surveys.

Medical and Dental Insurance

Overview and Background

The three main forms of medical/dental insurance offered are: (1) health insurance; (2) prescription drug plans; and (3) dental insurance. The responses for the prescription drug plan include both standalone drug plans as well as drug plans that are part of a health insurance plan.

According to the Kaiser Family Foundation, approximately 77 million people nationwide went without health insurance coverage in 2008, up from prior years.⁶ This study of Massachusetts nonprofits examines the extent and cost of health insurance as of June 30, 2006, just before the implementation of the Massachusetts Health Care Reform Law, a landmark piece of legislation that requires the purchase of health care insurance by individuals and the offering of affordable plans by employers with 11 or more full-time-equivalent employees.

Survey Results (Table 3.1)

Overall, 88% of nonprofits surveyed offer their full-time staff health insurance, while half (50%) offer it to qualified part-time employees. A prescription drug plan is also a relatively common form of employee benefits, with 79% of employers offering this benefit to full-time workers and 39% making it available to part-time staff. Dental insurance was provided with a lesser frequency of 65% to full-time staff and 39% to eligible part-time staff.

The smallest organizations, with under \$250,000 in budget size and under 10 employees, offered health insurance at much lower rates than average. Just over half of organizations with budgets under \$250,000 offer health insurance. About 85% of nonprofits with one to nine full-time employees or those with budgets of \$250,000 to \$1 million provide health insurance. By the time an agency has more than \$1 million in expenses or has 10 employees, it is 98% to 100% likely to be offering health insurance. So, organizational size more than any other factor influences the provision of the health insurance in the Massachusetts nonprofit sector.

The availability of health insurance prior to the Massachusetts Health Care Reform Law also displays regional and sectoral effects. Nonprofits headquartered on the Cape and Islands, Metrowest, and Central Massachusetts offered health insurance at a lower rate (about 82%) in contrast to the full sample frequency of 88%, while the organizations in the Pioneer Valley report offering health insurance at a 98% frequency. Housing and Community Capacity organizations were much more likely to provide health insurance (about 93%), while Philanthropy nonprofits were the least likely to offer health insurance (79%).

TABLE 3.1
Medical and Dental Insurance Offered

	Health Insurance		Prescription Plan		Dental Insurance	
	Full-Time	Part-Time	Full-Time	Part-Time	Full-Time	Part-Time
Budget Size						
<250K	54.1%	25.0%	44.2%	10.5%	20.0%	7.8%
250K-1M	86.4%	36.1%	74.2%	26.8%	46.4%	20.1%
1-5M	98.1%	55.9%	88.7%	43.6%	81.9%	46.2%
5-10M	100.0%	73.3%	98.0%	61.9%	95.9%	68.9%
10-50M	100.0%	71.4%	92.1%	60.3%	93.4%	67.1%
>50M	100.0%	88.2%	94.4%	81.3%	100.0%	82.4%
Unknown	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Full-time Employees						
None (only part-time)	NA	34.3%	NA	23.5%	NA	18.2%
Very small (less than 10)	84.7%	37.0%	73.3%	25.7%	47.0%	21.1%
Small (10 to 49)	99.4%	58.8%	90.6%	46.1%	88.2%	52.5%
Medium (50 to 99)	100.0%	73.8%	93.8%	60.0%	93.8%	66.7%
Large (100 to 249)	100.0%	73.2%	93.6%	62.5%	93.6%	68.3%
Very large (250+)	100.0%	89.5%	100.0%	89.5%	100.0%	84.2%
Industry						
Arts	81.1%	45.3%	68.8%	31.3%	48.4%	25.9%
Community Capacity	93.3%	50.0%	85.1%	36.1%	71.6%	46.2%
Education	86.2%	41.3%	77.2%	35.4%	62.0%	26.3%
Environment	82.9%	65.6%	70.6%	48.4%	52.9%	40.6%
Health	91.7%	60.0%	78.3%	45.3%	69.9%	51.5%
Housing	93.8%	51.9%	90.3%	36.0%	74.2%	42.3%
Human Services	92.3%	60.9%	88.2%	52.2%	75.6%	53.1%
Philanthropy	76.9%	60.0%	76.9%	60.0%	61.5%	60.0%
Youth	90.9%	18.9%	81.4%	13.5%	65.1%	10.8%
Other	83.0%	43.2%	66.0%	27.9%	57.4%	36.4%
Region						
Berkshires	87.5%	46.7%	87.5%	35.7%	56.3%	28.6%
Boston	92.9%	58.1%	83.4%	45.9%	74.5%	46.5%
Northern Tier	88.9%	66.7%	77.8%	50.0%	72.2%	46.7%
Southern Tier	85.7%	36.4%	78.6%	18.2%	64.3%	20.0%
Urban Core	93.5%	58.5%	84.1%	47.0%	75.3%	47.5%
Cape and Islands	81.8%	31.6%	68.2%	26.3%	50.0%	27.8%
Central Massachusetts	82.8%	38.5%	72.4%	30.8%	69.0%	26.9%
Metrowest	82.4%	43.7%	70.7%	32.4%	56.1%	35.7%
Northeast Massachusetts	88.9%	46.2%	81.8%	36.8%	63.6%	38.5%
Pioneer Valley	97.5%	51.5%	92.3%	40.6%	56.4%	33.3%
Southeast Massachusetts	85.0%	51.4%	72.5%	36.1%	57.5%	37.8%
Total	88.3%	50.1%	79.0%	38.6%	64.8%	38.9%
Lower Confidence Interval	85.8%	46.0%	75.8%	34.5%	61.1%	34.9%
Upper Confidence Interval	90.8%	54.2%	82.1%	42.7%	68.6%	43.0%
Number of Respondents	649	567	637	546	637	560

Health insurance for part-time workers is less frequently offered. Only a quarter of organizations with budgets under \$250,000 and a third of nonprofits with only part-time employees offer health insurance to part-time workers. The very largest firms (over 250 employees or over \$50 million in annual budget) offer part-time workers health insurance in the 88%-90% range. The sectors that are the least likely to offer this insurance are Youth (19%) and Other (43%). In contrast, Environment groups (at 66%) and Health, Human Service and Philanthropy charities (at 60%-61%) offer health insurance to part-time staff most frequently. The Northern Tier and Urban Core of Boston cover eligible part-time employees at relatively high rates (67% and 59%, respectively), while only a third of agencies on the Cape and the Islands, the Southern Tier of Boston, and Central Massachusetts offer this benefit.

Prescription drug plans may be standalone or contained as part of an existing health insurance plan. The correlation between these two benefits is high (0.60), indicating that if one benefit is offered, it is more likely than not that the other one will be as well. So, it is not surprising that 79% of firms offer dental insurance to full-time workers given that 88% provide health insurance. As prescription drug plans are often intertwined with health insurance, the pattern in drug plan offerings is similar to that of health insurance—albeit at lower overall rates. A few subcategories display high or low rates relative to health insurance. Specifically, Housing organizations (90%) and organizations in the Pioneer Valley (92%) more actively provide drug plans, in contrast to nonprofits on the Cape and the Islands (68%), in the Other sector (66%) or the Arts (69%) providing this benefit less frequently.

For part-time workers, the drug plan availability again reflects the patterns seen in health insurance offered part-time staff. The Northern Tier and Urban Core provide this benefit with high frequency (47% to 50%), with the Southern Tier (18%) and the Cape (26%) eschewing this benefit. Philanthropies generously offer this benefit (60%) versus the 14% and 28% rates for Youth Development groups and Other charities, respectively.

Dental insurance is the least frequently offered medical/dental-type benefit. Again, organizational size is the most important factor in explaining the likelihood of offering this benefit. Housing (74%) and Community Capacity (72%) groups provide dental insurance at rates well above the sample mean of 65% with Arts agencies falling below at 48%. Boston's Urban Core nonprofits are likely to offer dental insurance at a 75% rate, in contrast to a frequency of 50% on the Cape and the Islands. For part-time staff, dental insurance is offered by less than 30% of employers in the Berkshires, the Southern Tier of Boston, and the

Cape and the Islands. The Urban Core and Northern Tier of Boston display a 47%-48% frequency. Just over 10% of Youth-focused nonprofits offer this benefit, while 60% of Philanthropies report providing this benefit.

Statistical Analysis

A statistical analysis was undertaken to assess the factors associated with offering health insurance, a prescription drug plan and dental insurance. A wide variety of factors were employed ranging from revenue and asset size, employee base, industry focus, region, and financial health measures over the past five years. Surprisingly, the financial health, industry and regional variables were not significant in explaining whether a nonprofit offered these benefits.

The factors that appear to determine whether a nonprofit offers full-time health insurance were the size of the full-time employee base, the organization's asset size, and the range of annual salaries. The probability of offering health insurance increases in linear proportion to the number of employees and in log-linear proportion to asset size. A nonprofit is less likely to offer health insurance if the lowest annual salary paid is lower than other nonprofits and is more likely to offer health insurance if its highest salary paid is higher than other nonprofits. Two factors are significant determinants of whether part-time employees are offered health insurance: (1) a nonprofit's size in terms of assets; and (2) whether it offers full-time employees health insurance.

Only nonprofits that offer health insurance also offer a prescription drug plan or dental insurance. For full-time workers with health insurance, 90% are also offered a prescription drug plan and 73% dental insurance. Employers that offer part-time workers health insurance will also offer a prescription plan with a likelihood of 80% and dental insurance at 77%. A full-time employee is highly likely to be offered a drug plan by a nonprofit in the Berkshires that already offers health insurance. Part-time employees are more likely to get a prescription drug plan if it is offered to full-time workers and if the overall employee base is large. Dental insurance is more likely to be offered by nonprofits to full-time workers that have a larger number of employees and are larger in size. The main determinant of offering dental insurance to part-time workers is whether it is offered to full-time staff.

As Compared to Other Surveyed Populations

At 88% of respondents, Massachusetts nonprofits appear to offer health insurance more frequently than the other

populations surveyed. In a national study of private enterprises, 62% offered health benefits to their workers.⁷ In contrast, 88% of Massachusetts nonprofits offer health insurance to their full-time staff and 50% to their part-time staff.⁸ Nationally, unionized employees are much more likely to have health insurance than non-unionized workers (89% to 68%), an attribute not collected in this current study. In the national study, the rate of health insurance provision was the same in New England as in the rest of the country. Nationwide, service-providing employers offered health insurance less frequently than goods-producing ones (66% to 86%). Based on the national data, one would expect Massachusetts nonprofits to offer health insurance at a lower rate than the national average; however, the reverse is true.

Regional studies of both private firms and nonprofits also suggest that Massachusetts nonprofits are more generous in offering health insurance. A 2007 study of Minnesota nonprofits indicated that 88% of nonprofits offered medical insurance to full-time employees and 46% to part-time workers. A 2006 study in Utah found that 71% of its nonprofits provide health insurance for full-time employees and 12% provide it for part-time staff.⁹ Similarly, a survey of Michigan nonprofits found that 72% offered health coverage to their employees.¹⁰ In Virginia, only 68% of nonprofits surveyed offered health insurance in 2006.¹¹

One study does offer some insight into the differences between medical coverage in the nonprofit and for-profit arenas. A 2005 Minnesota study of private and nonprofit organizations combined revealed that 80% of full-time employees were offered health insurance and 65% of part-time workers.¹² In that study, the Educational and Health service subsample did offer this benefit more frequently (85% for full-time, 68% for part-time staff).¹³

The national compensation study examined prescription drug plans and reported an 81% rate for full-time workers and 21% for part-time workers. Massachusetts nonprofits were on par at 79% for full-time workers but exceeded the national average by offering part-time workers drug plan coverage at a rate of 39%. The 2007 Minnesota study found many fewer nonprofits offered coverage to full-time employees (48%).

Massachusetts employees had as good or greater access to dental insurance coverage than other employees, with 65% and 39% of firms offering this benefit to full- and part-time employees, respectively. Utah nonprofits reported offering dental insurance at a frequency of 57% for full-time workers and 10% for part-time employees, while 47% of Michigan nonprofits had dental coverage for full-time staff and 9% offered coverage to part-time

staff. Both Minnesota surveys showed 67% of employers providing insurance to full-time workers, while the combined for-profit and nonprofit study indicated that 15% of firms offered dental insurance to part-time workers—and the nonprofit study found that 37% offered this benefit to part-time staff. Only the Minnesota Educational and Health firm sub-sample showed a higher frequency of coverage at 76% for full-time workers than Massachusetts nonprofits. In the part-time realm, only 29% of Minnesotan service providers offered dental insurance to part-time workers.

Other Insurance-Related Benefits

Overview and Background

Four forms of additional insurance generally are offered employees: (1) life insurance; (2) short-term disability; (3) long-term disability; and (4) long term care insurance. Life insurance provides protection to a family or other beneficiaries if the insured employee prematurely dies. Short-term disability insurance pays the employee a portion of his/her salary if injury or illness prevents him/her from working for a short period. Payments generally start after any available sick leave has been used. Long-term disability insurance pays the employee a portion of his/her salary if catastrophic illness or injury prevents him/her from working for an extended period. It generally starts after the short-term disability period ends. Long-term care insurance provides ongoing income to cover non-medical costs of extended care, such as that received in a nursing home. The provision of these three benefits is closely linked. Life insurance and long-term disability benefits are highly correlated (0.73), while short-term disability is correlated 0.50 to both life and long-term disability. This suggests the decision whether to offer one of these benefits is made jointly with decisions on the other two.

Survey Results (Table 3.2)

Life insurance is offered to full-time employees by 52% of Massachusetts nonprofit employers and to part-time employees by 28%. The life insurance coverage patterns for part-time employees closely resembles those of full-time employees. Very few (7%) of the nonprofits with annual budgets under \$250,000 offer life insurance to permanent employees. In contrast, life insurance is provided by over 90% of the Safety Net nonprofits with budgets in the \$5 million to \$50 million range and by 100% of the largest Economic Engine organizations. A clear distinction is seen based on employee size as well.

TABLE 3.2

Life and Disability Insurance Offered

	Life Insurance		Short-Term Disability		Long-Term Disability		Long-Term Care
	Full-Time	Part-Time	Full-Time	Part-Time	Full-Time	Part-Time	Full-Time
Budget Size							
<250K	7.4%	1.3%	8.4%	3.9%	9.5%	2.6%	1.1%
250K-1M	26.3%	10.6%	23.6%	13.0%	26.7%	12.3%	0.6%
1-5M	67.5%	30.2%	46.6%	28.5%	63.2%	33.0%	1.0%
5-10M	93.9%	58.1%	65.3%	38.6%	83.7%	54.5%	6.4%
10-50M	93.4%	64.3%	71.6%	51.4%	87.8%	58.0%	15.1%
>50M	100.0%	64.7%	61.1%	56.3%	94.4%	56.3%	22.2%
Unknown	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	0.0%
Full-time Employees							
None (only part-time)	NA	12.5%	NA	6.3%	NA	12.5%	NA
Very small (less than 10)	29.3%	11.1%	25.6%	13.0%	30.1%	14.6%	1.0%
Small (10 to 49)	73.5%	36.8%	49.4%	31.6%	67.1%	35.1%	1.8%
Medium (50 to 99)	91.7%	58.5%	66.7%	50.0%	85.4%	56.1%	6.5%
Large (100 to 249)	97.9%	68.3%	69.6%	55.0%	89.1%	62.5%	17.4%
Very large (250+)	100.0%	68.4%	80.0%	57.9%	100.0%	57.9%	25.0%
Industry							
Arts	32.3%	13.1%	27.5%	14.5%	29.7%	14.6%	2.3%
Community Capacity	64.9%	40.3%	43.2%	32.3%	63.5%	43.8%	2.8%
Education	50.5%	20.0%	31.9%	21.8%	49.5%	22.5%	5.7%
Environment	35.3%	16.1%	27.3%	22.6%	36.4%	25.0%	3.1%
Health	66.3%	47.0%	51.8%	38.2%	59.0%	36.9%	6.6%
Housing	61.3%	34.6%	54.8%	34.6%	58.1%	40.0%	3.3%
Human Services	59.8%	37.6%	42.9%	31.3%	55.6%	35.5%	3.4%
Philanthropy	38.5%	40.0%	30.8%	22.2%	38.5%	40.0%	7.7%
Youth	51.2%	8.1%	37.2%	8.3%	48.8%	8.1%	0.0%
Other	38.3%	21.4%	34.0%	16.7%	40.4%	21.4%	2.2%
Region							
Berkshires	37.5%	15.4%	25.0%	7.7%	31.3%	15.4%	0.0%
Boston	60.3%	33.8%	44.8%	29.7%	56.2%	34.8%	3.5%
Northern Tier	50.0%	40.0%	29.4%	33.3%	41.2%	33.3%	0.0%
Southern Tier	64.3%	18.2%	21.4%	9.1%	42.9%	20.0%	7.1%
Urban Core	60.9%	34.2%	47.2%	30.4%	58.0%	35.6%	3.5%
Cape and Islands	50.0%	27.8%	23.8%	26.3%	42.9%	22.2%	5.3%
Central Massachusetts	51.7%	15.4%	41.4%	26.9%	51.7%	19.2%	0.0%
Metrowest	47.6%	25.8%	37.0%	22.1%	51.9%	25.4%	7.8%
Northeast Massachusetts	36.4%	23.7%	38.6%	28.2%	40.9%	28.2%	4.8%
Pioneer Valley	47.4%	18.8%	30.8%	16.1%	46.2%	25.0%	2.9%
Southeast Massachusetts	57.5%	36.1%	35.0%	22.2%	45.0%	27.8%	5.1%
Total	52.0%	28.2%	38.8%	25.2%	49.5%	28.3%	3.7%
Lower Confidence Interval	48.2%	24.4%	35.0%	21.6%	45.6%	24.5%	2.2%
Upper Confidence Interval	55.9%	31.9%	42.6%	28.9%	53.4%	32.1%	5.2%
Number of Respondents	636	547	632	547	632	547	598

Organizations with fewer than 10 employees infrequently offer life insurance (29%). Three-quarters of small organizations (10 to 49 employees) provide life insurance, while medium and large nonprofits frequently offer this benefit at a rate of over 90%.

Life insurance is most likely to be offered by Health and Community Capacity organizations (65%-66%), while groups in the Arts, Environment, Philanthropy and other sectors provide life insurance with a frequency under 40%. The Philanthropy sector is the only one that provides access to life insurance to part-time employees as often as it does to full-time employees. Given the geographic distribution of these organizations, it is not surprising that life insurance is a frequently offered benefit in Boston's Urban Core and Southern Tier and a relatively infrequent benefit in Northeast Massachusetts and the Berkshires.

Short- and long-term disability benefits are offered to nonprofit employees in similar fashion. Overall, the likelihood that an employer will offer short-term or long-term disability insurance is 39% and 50%, respectively, for full-time employees and 25% and 28%, respectively, for short-term employees. As with other forms of insurance coverage, the frequency with which disability coverage is offered varies considerably based on budget size and employee base. Arts agencies offered long-term disability insurance at rates (30% to full-time and 15% to part-time) that are half of those offered by Community Capacity, Health, Housing, and Human Services organizations. Interestingly, Health and Housing organizations also provide short-term disability at significantly higher frequencies; however, Community Capacity and Human Services do not.

The nonprofits in Boston's Urban Core disproportionately offer both short and long-term disability benefits, while those in the Berkshires provide relatively less. Short-term disability benefits are also provided by relatively few nonprofits in the Boston's Southern Tier and the Cape and the Islands. The patterns in coverage for part-time employees largely mimics the pattern for full-time employees; however, the agencies with \$5 million to \$10 million in annual budgets with small staffs do offer short-term disability benefits to part-time employees at a much higher frequency than expected (55%).

Long-term care insurance is a rarely provided benefit, and offered by fewer than 4% of nonprofits. To the extent that it is offered, it is done so by nonprofits with budgets of over \$10 million and at least 100 employees. Therefore, it is commonly provided by large Education and Health entities, such as universities and hospitals. Unexpectedly, this benefit is most commonly provided by Philanthro-

pies at a rate of 8%. Geographically, the offering of this benefit is concentrated in Metrowest and Boston's Southern Tier.

Statistical Analysis

Life insurance for full-time employees is rarely offered by nonprofits that do not provide health insurance (3%), while it is offered by 58% of those that do provide health insurance. Aside from health insurance, the most important factors in determining the offering of life insurance is nonprofit size and the number of employees, but additionally, the industry sector affects the decision about whether to offer these benefits. Arts organizations are much less likely to offer life insurance, while Community Capacity organizations and Health institutions are more likely to provide it. The factors influencing the offering of life insurance benefits to part-time workers closely resemble those for full-time employees.

Short-term and long-term disability benefits for full-time staff are only occasionally offered by nonprofits that do not provide health insurance (4%) and frequently provided by those that offer health insurance (43% for short-term disability and 50% for long-term disability). There is a high correlation between offering short- and long-term disability, suggesting that tax-exempt entities may decide whether to offer both forms of disability as a joint decision. Nonprofits that offer short-term disability have an 83% chance of long-term disability, while only 28% of the organizations that do not offer short-term disability offer long-term disability benefits. The major difference in the two decisions is that organizations that are larger in terms of assets and employees are more likely to offer long-term but not short-term disability than smaller organizations given that the organization already offers health insurance and short-term disability.

As Compared to Other Surveyed Populations

At 52% of organizations, Massachusetts nonprofits offer life insurance more frequently than many other surveyed nonprofits, but it is below Minnesota.¹⁴ The 2007 Minnesota nonprofit survey reveals that life insurance is offered by 61% of nonprofits to full-time workers and 33% to part-time staff. This result is in striking contrast to the results from the 2005 Minnesota survey in which a third (31%) of Minnesota's Education and Health services entities offered life insurance to full-time personnel and a quarter (22%) to part-time employees. The Utah study indicates that 39% of nonprofits offer life insurance to full-time employees and does not examine disability benefits. In Michigan, 44% of nonprofits provide life

insurance to their full-time employers and just 8% to their part-time employees.

At a frequency of 39% for short-term and 39% for long-term disability insurance, Massachusetts nonprofits also provide access to disability insurance to full-time workers at a frequency in line with other nonprofits. Minnesota nonprofits reporting on the 2007 survey showed comparable rates, with 38% of organizations providing disability benefits for short-term disability and 56% for long-term disability. Short- and long-term disability insurance is offered by 31% and 33%, respectively, of Michigan nonprofits.

Two other nonprofit studies inquired whether nonprofits offered long-term care insurance. The Michigan study found that 2.5% of nonprofits provide this benefit to full-time and 1.1% to part-time employees. The 2007 Minnesota nonprofit survey indicated that 4.7% of nonprofits offered this benefit to full-time employees. So at 3.7% for full-time employees, Massachusetts nonprofits are clearly in line with nonprofits in these two states.

Pension-related Retirement Benefits

Overview and Background

The survey asked respondents to answer whether the nonprofit offered any form of pension-related retirement benefits and then to specifically indicate the nature of these benefits. Defined benefit plans are ones in which the employer commits to provide a sustained level of benefits during the employee's retirement and maintains control over the investment of assets. In contrast, a defined contribution plan commits the employer to contributing a defined amount into a retirement account under the investment control of the employee.

Survey Results (Table 3.3)

Retirement benefits are a frequently offered benefit to nonprofit employees in Massachusetts, second only to health insurance. Some 82% of organizations offer some form of retirement benefit to their full-time employees, while 42% offer these benefits to their part-time employees. Defined contribution plans are much more prevalent with virtually all of the nonprofits offering them, and only 8% of firms offering defined benefit plans to full-time employees. In many instances, the defined benefit plans may be a supplemental plan and in others they may be a legacy plan that is not open to new employees.

Organizational size is the biggest determinant of whether a firm offers retirement benefits. Under 50% of the smallest organizations (those with \$250,000 or less annual budgets) offer this benefit, while just over 70% of organizations with one to nine employees and budgets of \$250,000 to \$1 million provide this benefit to full-time employees. Of the moderately and large size nonprofits, 90% or more offer this benefit. In the Arts and other sectors, there is just over a 70% likelihood of providing the benefit to full-time workers, in contrast to Environment organizations at 92%. Boston's Northern Tier displayed one of the lowest offer rates, at 64%, with Boston's Urban Core and Northeast Massachusetts showing the highest at 87%-88%.

Since nearly all organizations that have retirement benefits offer defined contribution plans, the patterns described above regarding all retirement plans accurately reflect the patterns associated with defined contribution plans. The defined benefit plans are concentrated in the Health, Housing and Human Services sectors, with 11%-13% rates, and situated in Boston's Urban Core, the Berkshires, and Southeast Massachusetts, with 11%-12% rates. As a result, defined benefit plans are more prevalent with organizations that are \$1 million to \$50 million in size.

Statistical Analysis

The decision to offer a retirement plan to full-time employees is significantly related to organizational size and whether the organization offers health insurance. Surprisingly, comparably sized organizations are not more likely to offer a retirement plan if they have a larger employee base. Financial health, industry focus and region are also not significant explanatory factors. Part-time employees are more likely to receive retirement benefits if the organization is larger, offers part-time health insurance and has a retirement plan for full-time employees.

Defined benefit plans were only offered by nonprofits that also offered health insurance and were primarily offered by firms located in the Boston area and those in the Human Services and Health sectors. Seven percent of organizations that did not offer health insurance did, however, provide a defined contribution plan. There was no significant difference in the likelihood that a particular industry or region would offer a defined contribution plan once organizational size was taken into account.

TABLE 3.3
Retirement Benefits Offered

	Retirement Plan		Defined Benefit		Defined Contribution Plan	
	Full-Time	Part-Time	Full-Time	Part-Time	Full-Time	Part-Time
Budget Size						
<250K	44.4%	11.8%	2.3%	3.9%	44.4%	7.9%
250K-1M	72.3%	26.3%	5.0%	8.2%	72.3%	25.0%
1-5M	90.7%	49.7%	6.1%	15.1%	90.7%	45.8%
5-10M	88.9%	61.4%	11.6%	18.4%	88.9%	54.5%
10-50M	92.5%	67.2%	16.7%	24.6%	92.5%	62.1%
>50M	100.0%	87.5%	22.2%	35.7%	100.0%	81.3%
Unknown	100.0%	0.0%	0.0%	0.0%	100.0%	0.0%
Full-time Employees						
None (only part-time)	NA	21.9%	NA	6.3%	NA	18.8%
Very small (less than 10)	73.3%	27.7%	3.8%	8.2%	73.3%	25.6%
Small (10 to 49)	91.9%	51.3%	8.1%	17.1%	91.9%	47.0%
Medium (50 to 99)	90.7%	68.3%	22.0%	27.0%	90.7%	63.4%
Large (100 to 249)	92.7%	66.7%	15.0%	21.2%	92.7%	59.0%
Very large (250+)	100.0%	78.9%	15.0%	23.5%	100.0%	73.7%
Industry						
Arts	74.1%	30.1%	1.8%	4.9%	74.1%	28.9%
Community Capacity	79.6%	45.0%	2.0%	13.0%	79.6%	44.3%
Education	85.1%	38.0%	6.9%	14.3%	85.1%	35.4%
Environment	92.0%	53.3%	9.1%	17.2%	92.0%	50.0%
Health	83.6%	62.7%	11.1%	23.4%	83.6%	53.7%
Housing	87.0%	28.0%	13.6%	8.3%	87.0%	28.0%
Human Services	86.3%	48.6%	13.0%	16.0%	86.3%	42.1%
Philanthropy	80.0%	50.0%	0.0%	0.0%	80.0%	50.0%
Youth	77.1%	18.9%	9.4%	5.4%	77.1%	16.2%
Other	71.4%	32.6%	5.9%	14.6%	71.4%	30.2%
Region						
Berkshires	77.8%	23.1%	11.1%	7.7%	77.8%	15.4%
Boston	85.6%	44.8%	10.9%	14.3%	85.6%	42.1%
Northern Tier	63.6%	53.8%	0.0%	16.7%	63.6%	35.7%
Southern Tier	75.0%	27.3%	0.0%	18.2%	75.0%	27.3%
Urban Core	86.9%	45.1%	12.0%	14.0%	86.9%	43.2%
Cape and Islands	72.2%	31.6%	0.0%	5.3%	72.2%	31.6%
Central Massachusetts	71.4%	36.0%	0.0%	4.3%	71.4%	30.8%
Metrowest	85.2%	39.7%	7.0%	15.9%	85.2%	32.8%
Northeast Massachusetts	87.5%	55.3%	3.1%	11.4%	87.5%	52.6%
Pioneer Valley	77.4%	42.4%	3.8%	9.7%	77.4%	36.4%
Southeast Massachusetts	86.2%	51.4%	10.3%	21.2%	86.2%	48.6%
Total	82.0%	41.6%	8.1%	13.2%	82.0%	38.0%
Lower Confidence Interval	78.6%	37.5%	5.6%	10.3%	78.6%	33.9%
Upper Confidence Interval	85.4%	45.8%	10.5%	16.1%	85.4%	42.1%
Number of Respondents	489	543	471	515	489	542

As Compared to Other Surveyed Populations

Retirement benefits, along with health insurance, have historically been seen as the most commonly offered and popular employee benefits. Massachusetts nonprofits offer retirement benefits (82% for full-time and 42% for part-time) at a relatively high rate. Nationally, 48% of for-profit firms offer retirement benefits, with 47% providing defined contribution plans and 10% offering defined benefit plans. Just over half of nonprofits in Michigan and Utah reported offering retirement benefits. Only Minnesota nonprofits, in the 2007 survey, offered retirement plans at Massachusetts levels (83% for full-time employees and 55% for part-time staff).

Flexible and Health Savings Accounts

Overview and Background

Employers have several possible options for offering employees a method of funding employee benefits in a tax-advantaged fashion. The survey asked employers about two of the more common approaches: flexible spending accounts and health savings accounts.

Survey Results (Table 3.4)

Survey results indicate that medical and dependent care flexible spending accounts are offered in tandem (a correlation of over 0.80). Just under 40% of nonprofit employers offer these benefits to full-time employees. While many benefits are frequently offered to part-time workers, flexible spending accounts are offered at close to the same frequency (31% for medical spending and 30% for dependent care). The flexible spending benefits are offered by 15% of employers with budgets under \$1 million, about 75% by organizations that have \$5 million to \$50 million in annual budgets, and 89% by firms over \$50 million.

Youth organizations rarely offer these benefits (only 10% for dependent care and 12% for medical spending). On the other end, Human Services and Community Capacity (52%-53% and 48%) entities frequently provide these benefits. Interestingly, flexible spending accounts are infrequently used in Central Massachusetts (26%-30%) and heavily utilized in Pioneer Valley (44%-50%).

Health savings accounts are less frequently offered (only 5% of employees). They are concentrated in nonprofits with budgets of \$5 million to \$15 million and, in the case of full-time employees, offered by nonprofits in the Human Services and Philanthropy fields. Geographically, this benefit is provided by nonprofits in Northeast Massachusetts, Boston's Urban Core, and Metrowest.

Statistical Analysis

Medical flexible spending accounts are rarely offered by nonprofits that do not offer health insurance (2%). Given that an organization is offering health insurance, it is more likely to also provide a medical flexible spending account if it is larger in terms of asset size and employees. Statistically, Community Capacity organizations are more likely to offer medical flexible spending accounts than other types of nonprofits. The decision to offer a dependent care flexible spending account is largely dependent on whether a nonprofit is offering a medical flexible spending account and has a larger full-time staff. It appears that the decision to offer both flexible spending accounts is highly related with a correlation of 90% between the two decisions.

Health saving accounts are only offered by organizations that provide health insurance and were not provided by any of the respondents located on the Cape and the Islands. Part-time employees were more likely to be offered this benefit if it was extended to full-time employees. Statistically, the only other factor associated with offering a health saving account was larger organizational size.

As Compared to Other Surveyed Populations

Massachusetts nonprofits provide flexible spending accounts to full-time employees more frequently than nonprofits in other surveyed states. Minnesota Education and Health service providers offer flexible spending accounts (26% for health-care accounts, 22% dependent care accounts), two-thirds the rate of Massachusetts nonprofits. Only, 16% of part-time workers nationally have access to flexible spending accounts. Nationally, health saving accounts are available to 7% of full-time and 2% of part-time employees. As the current study examines the percentage of nonprofits that provide a benefit rather than the percentage of employees with access, the results of the studies are hard to directly compare.

TABLE 3.4

Flexible Spending and Health Savings Accounts

	Medical Flexible Spending		Health Savings		Dependent Spending	
	Full-Time	Part-Time	Full-Time	Part-Time	Full-Time	Part-Time
Budget Size						
<250K	6.7%	1.3%	0.0%	1.3%	2.2%	1.3%
250K-1M	14.4%	9.4%	0.0%	0.0%	11.5%	6.9%
1-5M	47.4%	36.5%	5.6%	6.0%	43.9%	34.4%
5-10M	74.5%	72.7%	14.9%	14.6%	76.6%	71.1%
10-50M	78.1%	61.4%	15.1%	19.7%	79.5%	61.4%
>50M	88.9%	85.7%	0.0%	7.1%	88.9%	93.8%
Unknown	100.0%	100.0%	0.0%	0.0%	100.0%	100.0%
Full-time Employees						
None (only part-time)	NA	9.4%	NA	3.2%	NA	9.4%
Very small (less than 10)	18.0%	11.9%	1.7%	1.6%	12.8%	8.8%
Small (10 to 49)	54.0%	43.8%	8.0%	9.2%	52.8%	42.8%
Medium (50 to 99)	80.4%	70.7%	10.9%	10.5%	82.6%	71.4%
Large (100 to 249)	78.3%	60.0%	10.9%	18.9%	80.4%	63.4%
Very large (250+)	90.0%	88.9%	5.0%	11.8%	95.0%	94.7%
Industry						
Arts	23.3%	18.1%	3.5%	2.5%	17.4%	14.5%
Community Capacity	47.9%	37.7%	4.2%	5.3%	47.9%	36.1%
Education	37.5%	27.5%	4.5%	3.8%	33.0%	25.0%
Environment	37.5%	30.3%	3.1%	10.0%	25.0%	25.0%
Health	44.7%	43.1%	3.9%	11.1%	44.7%	43.9%
Housing	43.3%	32.0%	3.3%	4.3%	43.3%	32.0%
Human Services	52.1%	44.5%	7.7%	7.8%	53.0%	45.0%
Philanthropy	30.8%	22.2%	7.7%	11.1%	38.5%	40.0%
Youth	12.5%	10.8%	2.5%	2.7%	10.0%	8.1%
Other	37.8%	21.4%	6.7%	4.8%	33.3%	20.9%
Region						
Berkshires	33.3%	23.1%	0.0%	0.0%	26.7%	25.0%
Boston	43.9%	35.3%	6.0%	8.0%	42.1%	35.1%
Northern Tier	35.3%	46.7%	0.0%	7.1%	40.0%	35.7%
Southern Tier	42.9%	18.2%	0.0%	0.0%	18.2%	27.3%
Urban Core	44.3%	35.3%	6.7%	8.4%	35.6%	43.2%
Cape and Islands	31.6%	31.6%	0.0%	0.0%	26.3%	21.1%
Central Massachusetts	25.9%	19.2%	3.7%	4.0%	29.6%	23.1%
Metrowest	39.0%	29.0%	5.2%	4.7%	33.8%	27.5%
Northeast Massachusetts	45.2%	43.2%	7.1%	11.1%	38.1%	34.2%
Pioneer Valley	50.0%	37.5%	2.9%	3.3%	44.1%	28.1%
Southeast Massachusetts	30.8%	22.2%	2.6%	5.9%	33.3%	27.8%
Total	39.0%	31.2%	4.8%	5.9%	36.6%	30.1%
Lower Confidence Interval	35.0%	27.3%	3.1%	3.9%	32.7%	26.3%
Upper Confidence Interval	42.9%	35.1%	6.6%	8.0%	40.5%	34.0%
Number of Respondents	598	545	598	522	598	548

Other Fringe Benefits

Overview and Background

Organizations provide a wide range of additional benefits. This survey chose to explore flexible work arrangements, benefits that reduce employees' out-of-pocket work-related expenses, and child care costs.

Survey Results (Table 3.5)

In the area of flexible work arrangements, the survey asked employers whether they permitted flex-time, work-at-home or unpaid leave. In stark contrast to other benefits, the availability of these benefits is not in direct proportion to organizational size. In the case of flex-time, 49% of nonprofits offered this benefit, and the results for small and very small organizations were not significantly different than the full sample. In addition, organizations were just as likely to offer flex-time benefits to part-time workers as full-time staff. Environment and Philanthropy organizations were the most likely to provide this benefit with rates of 75% and 69%, respectively. Boston's Northern Tier disproportionately provided this benefit, while Southeast Massachusetts is the only subsample to report a rate under 50% (36%).

For work-at-home benefits, 44% of the surveyed nonprofits provided this option to their full-time workforce. Flex-time and work-at-home benefits are highly correlated (0.52), meaning that if an organization provides one of these benefits it is more likely than not to offer the other. Organizations under \$250,000 were more (rather than less) likely to provide this benefit. Again, Environment and Philanthropy groups are much more likely to offer this benefit. In several regions, such as the Cape and the Islands, Pioneer Valley, Northeast Massachusetts, and Boston's Southern Tier, only one-third of the nonprofits offer this benefit.

Between 77% and 100% of nonprofits allowed employees to take unpaid leave, with the lower percentages being posted by the smallest organizations and the highest rates associated with the largest institutions. Fewer than 85% of Philanthropy and Arts subsamples offer this benefit, while Environment groups lead at 97%. The Berkshires, Northern Tier, Cape and Islands are the regions where employees are the least likely to receive paid leave, while the Pioneer Valley nonprofits are the most likely to extend this benefit.

Tuition assistance is offered to full-time employees by just under one-third of Massachusetts nonprofits. Tuition assistance was offered by 11% of organizations under \$150,000, in sharp contrast to the 83% of organizations over \$50 million. Philanthropies rarely offer tuition assistance (7.7%), while half of all Education institutions do. Metrowest is the only region that exhibits significantly different behavior from the norm with 40% providing this benefit.

Transportation subsidies (T-passes) and laptops are provided by about 20% of nonprofits to selected employees. T-passes also display sharp disparities in the access provided by employers, ranging from 8% for the smallest organizations under \$250,000 in annual budget to 56% by the largest organizations. Youth and Arts groups offer T-passes at a significantly lower rate than the full subsample, while 30% of Community Capacity nonprofits pay for T-passes. Not surprisingly, this benefit is concentrated in Boston's Urban Core and Southern Tier, where public transportation is widely available. The laptop benefit is offered by 15% of very small nonprofits as compared to 28% for the largest. Youth, Arts, and Human Services organizations provide this benefit less often, while Environment groups (34%) most keenly support it. Nonprofits in Central Massachusetts rarely offer this benefit (7%), while Boston's Southern Tier uses it extensively (43%).

Respondents were asked whether their nonprofit provided child care benefits. Seven percent of nonprofits provided this benefit to full-time and part-time employees. Philanthropy, Education and Human Services organizations were the most generous, with over 10% providing this benefit. No Housing organizations provide this benefit. Larger organizations, particularly those with 50 to 99 employees, assist workers with child care costs, meaning that they were almost twice as likely to provide this benefit as the full sample. Nonprofits in Boston's Southern Tier, the Berkshires, and Northeast Massachusetts support this benefit at double the frequency of the full sample. Pioneer Valley and Southeast Massachusetts organizations are substantially less likely to offer child care support (3%).

TABLE 3.5

Other Benefits Offered

	Flex-Time		Work-At-Home		Unpaid Leave		Tuition Assistance		Laptop		Child Care		Transportation (T-Passes)		Long Term Care Insurance	
	Full-Time	Part-Time	Full-Time	Part-Time	Full-Time	Part-Time	Full-Time	Part-Time	Full-Time	Part-Time	Full-Time	Part-Time	Full-Time	Part-Time	Full-Time	Part-Time
Budget Size																
	<250K	49.4%	53.2%	51.7%	46.8%	77.6%	11.2%	6.5%	14.6%	15.6%	1.1%	1.3%	7.9%	5.2%	1.1%	1.4%
	250K -1M	51.7%	53.1%	44.3%	42.9%	86.6%	19.0%	13.8%	18.4%	13.8%	7.5%	7.5%	12.6%	10.0%	0.6%	1.3%
	1-5M	46.9%	48.0%	46.4%	35.8%	92.8%	31.6%	20.6%	19.9%	12.4%	7.7%	10.2%	17.9%	20.1%	1.0%	4.9%
	5-10M	55.3%	48.8%	36.2%	35.7%	97.9%	46.8%	48.8%	29.8%	29.3%	8.5%	7.7%	36.2%	32.5%	6.4%	5.1%
	10-50M	45.2%	45.3%	31.5%	25.4%	97.2%	63.0%	43.9%	34.2%	32.3%	5.5%	7.9%	32.9%	30.8%	15.1%	12.9%
	>50M	55.6%	68.8%	44.4%	46.7%	100.0%	83.3%	66.7%	27.8%	33.3%	11.1%	7.1%	55.6%	62.5%	22.2%	21.4%
Full-time Employees																
	Very small (less than 10)	48.8%	50.8%	47.4%	43.3%	85.2%	17.0%	11.2%	19.7%	13.9%	4.5%	4.7%	14.2%	11.5%	1.0%	1.2%
	Small (10 to 49)	48.5%	46.0%	41.7%	29.1%	96.3%	37.4%	26.2%	20.2%	12.7%	8.6%	11.5%	22.1%	22.0%	1.8%	5.8%
	Medium (50 to 99)	63.0%	59.5%	32.6%	31.7%	93.3%	56.5%	43.6%	30.4%	37.5%	13.0%	15.8%	28.3%	34.2%	6.5%	10.5%
	Large (100 to 249)	45.7%	38.9%	30.4%	19.4%	97.8%	63.0%	51.4%	30.4%	25.0%	6.5%	5.7%	30.4%	31.6%	17.4%	14.3%
	Very large (250+)	45.0%	61.1%	35.0%	44.4%	100.0%	90.0%	72.2%	25.0%	33.3%	10.0%	5.9%	40.0%	44.4%	25.0%	18.8%
Industry																
	Arts	50.0%	51.8%	48.8%	38.3%	84.9%	16.3%	6.2%	14.0%	4.9%	3.5%	3.7%	14.0%	9.9%	2.3%	2.6%
	Community Capacity	47.9%	57.4%	52.1%	47.5%	90.3%	25.4%	18.6%	28.2%	25.9%	7.0%	7.1%	29.6%	36.7%	2.8%	5.7%
	Education	50.0%	37.7%	35.2%	27.8%	90.4%	47.7%	28.2%	20.5%	14.1%	10.2%	12.8%	20.5%	14.1%	5.7%	7.6%
	Environment	75.0%	77.4%	75.0%	63.3%	96.7%	15.6%	10.0%	34.4%	30.0%	3.1%	3.4%	15.6%	10.0%	3.1%	7.4%
	Health	46.1%	53.7%	40.8%	40.6%	94.7%	46.1%	49.2%	27.6%	19.0%	2.6%	4.8%	19.7%	20.6%	6.6%	4.8%
	Housing	46.7%	50.0%	36.7%	33.3%	89.3%	30.0%	25.0%	23.3%	13.0%	0.0%	0.0%	16.7%	17.4%	3.3%	0.0%
	Human Services	47.9%	50.0%	35.0%	37.6%	89.7%	36.8%	25.5%	16.2%	23.4%	10.3%	9.7%	17.9%	21.0%	3.4%	3.9%
	Philanthropy	69.2%	66.7%	76.9%	66.7%	76.9%	7.7%	0.0%	30.8%	37.5%	15.4%	12.5%	23.1%	22.2%	7.7%	12.5%
	Youth	42.5%	40.5%	37.5%	29.7%	94.9%	27.5%	16.7%	12.5%	16.2%	7.5%	10.8%	12.5%	8.1%	0.0%	5.4%
	Other	42.2%	43.9%	44.4%	33.3%	86.4%	22.2%	20.9%	24.4%	11.9%	4.4%	7.3%	24.4%	23.8%	2.2%	2.6%

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TABLE 3.5
Other Benefits Offered (continued)

	Flex-Time		Work-At-Home		Unpaid Leave		Tuition Assistance		Laptop		Child Care		Transportation (T-Passes)		Long Term Care Insurance	
	Full-Time	Part-Time	Full-Time	Part-Time	Full-Time	Part-Time	Full-Time	Part-Time	Full-Time	Part-Time	Full-Time	Part-Time	Full-Time	Part-Time	Full-Time	Part-Time
Region																
Berkshires	60.0%	53.8%	46.7%	38.5%	80.0%	20.0%	21.4%	13.3%	23.1%	13.3%	15.4%	0.0%	0.0%	0.0%	0.0%	7.7%
Boston	52.6%	49.2%	47.0%	42.1%	91.4%	31.9%	21.9%	23.9%	18.9%	6.0%	6.5%	32.3%	29.8%	3.5%	5.1%	
Northern Tier	70.6%	66.7%	58.8%	42.9%	82.4%	23.5%	14.3%	17.6%	15.4%	5.9%	0.0%	5.9%	7.7%	0.0%	0.0%	
Southern Tier	42.9%	45.5%	35.7%	27.3%	85.7%	28.6%	9.1%	42.9%	18.2%	14.3%	9.1%	28.6%	27.3%	7.1%	11.1%	
Urban Core	51.8%	48.3%	46.7%	42.7%	92.3%	32.5%	23.0%	23.1%	19.1%	5.5%	6.8%	34.1%	31.1%	3.5%	5.1%	
Cape and Islands	57.9%	47.4%	31.6%	36.8%	83.3%	26.3%	11.1%	10.5%	10.5%	5.3%	5.6%	5.3%	5.3%	5.3%	5.3%	
Central Massachusetts	51.9%	61.5%	51.9%	52.0%	88.9%	37.0%	12.0%	7.4%	16.0%	3.7%	4.0%	7.4%	8.0%	0.0%	0.0%	
Metrowest	44.2%	50.0%	44.2%	38.2%	88.0%	40.3%	29.2%	20.8%	10.8%	9.1%	7.9%	3.9%	4.7%	7.8%	9.5%	
Northeast Massachusetts	50.0%	55.3%	33.3%	28.9%	92.5%	35.7%	35.1%	11.9%	21.1%	11.9%	16.7%	4.8%	10.8%	4.8%	5.6%	
Pioneer Valley	50.0%	50.0%	32.4%	22.6%	97.3%	29.4%	21.9%	17.6%	12.9%	2.9%	6.5%	8.8%	9.4%	2.9%	0.0%	
Southeast Massachusetts	35.9%	55.6%	43.6%	36.1%	84.6%	33.3%	30.6%	28.2%	28.6%	2.6%	2.9%	10.3%	11.4%	5.1%	5.7%	
Total	49.3%	50.6%	43.8%	38.6%	90.0%	31.4%	22.8%	21.4%	17.6%	6.5%	7.5%	19.4%	18.6%	3.7%	4.7%	
Lower Confidence Interval	45.3%	46.3%	39.8%	34.4%	87.5%	27.7%	19.2%	18.1%	14.4%	4.5%	5.2%	16.2%	15.2%	2.2%	2.9%	
Upper Confidence Interval	53.3%	54.8%	47.8%	42.7%	92.4%	35.2%	26.4%	24.7%	20.9%	8.5%	9.8%	22.6%	21.9%	5.2%	6.6%	
Number of Respondents	598	540	598	534	587	598	530	598	527	598	518	598	528	598	508	

Statistical Analysis

While the provision of most employee benefits is highly related to the health insurance decision, four benefits were found to have no relation to health insurance: flextime, work-at-home, child care, and T-pass or other transportation subsidies. In addition, the likelihood of offering flextime, work-at-home and child care were unrelated to organizational size, the number of employees, industry sector and region. As regards T-passes and other transportation subsidies, the probability of offering this benefit was positively associated with both organizational size and the number of employees, while one region, the Berkshires, contained no organizations that offered this benefit. Organizations that had not experienced losses in the past two years were more likely to offer this benefit as were groups with greater liquidity in the form of working capital.

Four additional employee benefits were examined: long-term care, tuition assistance, laptops and unpaid leave. Tuition assistance programs are significantly related to the size of the employee base and whether health insurance is offered. Philanthropies, Arts groups, and Housing organizations are statistically much less likely to offer tuition assistance than organizations that have comparable employee bases and offer health insurance. The provision of laptops is correlated with organizational size and health insurance. The ability to take unpaid leave is most closely related to the number of employees, while the provision of long-term care insurance is significantly associated with organizational size.

As Compared to Other Surveyed Populations

Massachusetts nonprofits appear to be generous in terms of flexible workplace options, average in tuition assistance, and below average in child care benefits. The National Compensation Study reports that 4% of workers have flexible workplace options. The flexibility of work arrangements was not examined in the nonprofit studies. Minnesota nonprofits provide tuition assistance to 24% of full-time workers, while Michigan nonprofits offer this to only 14% of full-time workers. Forty percent of Minnesota nonprofits reimburse for parking. Nationally, child care benefits are accessible to 15% of employees, twice the rate reported by Massachusetts nonprofits. Minnesota Education and Health providers rarely provide child care benefits (2%) for purposes other than a flexible spending account.

Other Retiree Benefits

Overview and Background

Organizations may also provide fringe benefits to retirees. Non-pension-related costs are generally referred to as other post-employment benefits (OPEB). The other surveys did not ask employers to provide information on these benefits.

Survey Results (Table 3.6)

The Massachusetts nonprofit sector appears to offer few OPEB to retirees. Health insurance is provided by 4% of the sample, while a prescription drug plan (included in health insurance or stand-alone plans) and dental coverage is only 2%, life insurance is 1% and tuition assistance is a mere 0.3%. Health and dental benefits are most generously offered by the largest organizations, with health insurance offered by 28%. Some moderately-sized organizations in the fields of Human Services and Other also provide these benefits. Geographically, the health and drug plan coverage is situated in the Berkshires, the Cape and Islands, and Boston's Southern Tier.

No other study examined provided information on benefits offered to retirees.

Statistical Analysis

Health insurance for retirees is offered if the nonprofit also offers health insurance coverage for employees. In only two instances was retiree health insurance offered when a retirement plan was not also in place. Of the organizations that do offer health insurance and retirement plans, no organizations in Northeast Massachusetts or the Pioneer Valley and none of the organizations in the Youth, Community Capacity, Philanthropy or Housing sectors provide retirees health insurance.

Prescription drug plans are offered to retirees by 48% of the nonprofits offering health insurance to retirees. Dental and life insurance are offered by 39% of these nonprofits, while tuition assistance is offered by 4% of them.

TABLE 3.6
Retiree Benefits

	Health Insurance	Prescription Plan	Dental Insurance	Life Insurance	Tuition Assistance
Budget Size					
<250K	1.1%	1.1%	0.0%	1.1%	0.0%
250K-1M	2.4%	2.4%	0.6%	2.9%	0.6%
1-5M	3.2%	1.1%	2.1%	0.0%	0.0%
5-10M	8.5%	2.1%	4.3%	0.0%	0.0%
10-50M	4.4%	1.5%	1.5%	2.9%	1.5%
>50M	27.8%	16.7%	11.1%	0.0%	0.0%
Unknown	0.0%	0.0%	0.0%	0.0%	0.0%
Full-time Employees					
Very small (less than 10)	1.8%	1.8%	0.4%	2.1%	0.4%
Small (10 to 49)	5.7%	1.3%	3.1%	0.0%	0.0%
Medium (50 to 99)	6.5%	0.0%	2.2%	2.2%	0.0%
Large (100 to 249)	4.5%	2.3%	0.0%	2.3%	2.3%
Very large (250+)	15.8%	10.5%	5.3%	0.0%	0.0%
Industry					
Arts	2.3%	2.3%	1.2%	0.0%	0.0%
Community Capacity	2.8%	1.4%	1.4%	4.2%	2.8%
Education	6.1%	2.4%	2.4%	0.0%	0.0%
Environment	3.1%	0.0%	0.0%	0.0%	0.0%
Health	4.2%	2.8%	1.4%	0.0%	0.0%
Housing	0.0%	0.0%	0.0%	0.0%	0.0%
Human Services	6.0%	3.4%	3.4%	2.6%	0.0%
Philanthropy	0.0%	0.0%	0.0%	7.7%	0.0%
Youth	0.0%	0.0%	0.0%	2.7%	0.0%
Other	6.7%	2.2%	2.2%	0.0%	0.0%
Region					
Berkshires	14.3%	7.1%	0.0%	0.0%	0.0%
Boston	3.5%	2.5%	1.8%	1.8%	0.4%
Northern Tier	5.9%	0.0%	0.0%	0.0%	0.0%
Southern Tier	7.1%	7.1%	0.0%	7.1%	0.0%
Urban Core	3.2%	2.4%	2.0%	2.0%	0.4%
Cape and Islands	11.1%	11.1%	5.6%	5.6%	5.6%
Central Massachusetts	3.6%	0.0%	0.0%	0.0%	0.0%
Metrowest	5.7%	1.4%	1.4%	0.0%	0.0%
Northeast Massachusetts	0.0%	0.0%	0.0%	0.0%	0.0%
Pioneer Valley	0.0%	0.0%	0.0%	2.8%	0.0%
Southeast Massachusetts	5.4%	0.0%	5.4%	2.7%	0.0%
Total	3.9%	2.1%	1.7%	1.4%	0.3%
Lower Confidence Interval	2.4%	0.9%	0.7%	0.4%	0.0%
Upper Confidence Interval	5.5%	3.2%	2.8%	2.3%	0.8%
Number of Respondents	583	583	583	583	583

CHAPTER FOUR

The Nature of Employee Benefits

This chapter explores the nature of the employee benefits offered by Massachusetts nonprofits, including: time-off and leave policies; the extent of retirement plan benefits; and the attributes of the insurance plans, particularly health insurance.

Some studies conducted in other states examined these issues. When that information was available, it was included in the discussion. In addition, statistical analysis was conducted, when possible, to ascertain the factors associated with higher or lower levels of benefits.

Time-Off and Leave Policy

Full-Time Employee Time-Off Policy (Table 4.1)

The survey asked respondents to provide information about three commonly provided time-off-related benefits offered to full-time employees: vacation, sick and holiday time. Employees are often given an initial allotment of vacation time, which may increase over time.

The survey results showed that on average, an initial 11.3 days of vacation per year is granted to new employees. The average vacation time rises to 13.7 days after one year and 18.2 days after 5 years. The variation in initial vacation time is quite modest, with lower and upper confidence levels of 10.7 to 12 days. Geography, more than any other factor, accounts for the variation in initial vacation time offered. Boston's Urban Core and Northern Tier offer 13 days, while Southeast Massachusetts, the Berkshires, the Cape and the Islands, and Pioneer Valley-based organizations offer 9 days or less. Unlike other benefits, the difference in vacation benefits is not related to organizational size. Interestingly, the mid-sized organizations (those with \$5 million to \$10 million in budget size and 10-49 employees) are more likely to offer higher initial vacation times of more than 13 days. Community Capacity organizations and Philanthropies were also more likely to offer 13 days of initial vacation time.

The vacation time offered those employed between one and five years follows a different pattern than that for new employees, with organizational size becoming a deciding factor. An employee with five years of experience at the smallest organization (\$250,000 or less in

budget) can expect only 14 days of vacation. In contrast, mid-sized and large organizations offer between 19 and 21 days. Health and Housing organizations offer these longer-term employees the most generous vacations at 20 days, while Education and Environment nonprofits provide 17 days or less. The Berkshires region offers the least vacation days at 15 days to more experienced employees, while Boston's Northern Tier and Urban Core provide 19 to 20 days.

Vacation policies for Massachusetts nonprofits closely resemble those of Michigan and Minnesota nonprofits. The Michigan study showed the size- and industry-related patterns, which resembled those of Massachusetts. The Bay State's nonprofits, however, grant more vacation time than private firms nationally. The National Compensation survey found that 8.9 days were granted after a year and 13.6 days after 5 years as compared to 13.7 days and 18.2 days, respectively, for Massachusetts nonprofits.

Holidays are days off granted to all employees. In most settings, they are associated with the nonprofit being closed on those days. The average number of holidays is 10.5 days with very little variation. Organizational size is a factor, with the smallest organizations (\$250,000 or less in budget size) offering just 8 days, and the largest organizations (\$50 million or more in budget) providing 12 days. Boston-based nonprofits offer more holidays (11 days or more), while the Berkshires and Metrowest provide less than 9 days. Sick days average 8.2 days, with size-related differences. The smallest organizations give just 6 sick days, while the largest nonprofits extend 10 days of sick leave. Youth groups grant only 7 days, while Philanthropies offer 10 days.

Sick days for Minnesota nonprofits averaged 11.6 initially and rose to 12.4 days, as compared to an average of 8.2 days for Massachusetts nonprofits. On top of vacation and sick days, Minnesota nonprofits provide about 2 additional days off for personal time with Michigan organizations offering 4 personal days. Holidays offered were, however, higher in Massachusetts with 10.5 versus an average of 9.1 for Minnesota nonprofits, 9 for Michigan nonprofits, and 8 for private firms.

TABLE 4.1
Full-Time Employees Time-Off Policy

	Vacations Days			Holiday Days	Sick Days
	Initially	After 1 Year	After 5 Years		
Budget Size					
<250K	10.2	11.3	14.0	7.6	5.6
250K-1M	9.9	12.7	17.1	10.6	8.0
1-5M	12.1	14.0	19.1	11.4	8.8
5-10M	13.5	15.7	21.1	11.1	9.0
10-50M	12.0	15.2	20.4	10.9	9.2
>50M	12.5	15.3	18.5	12.1	9.7
Unknown	29.0	29.0	29.0	3.0	0.0
Full-time Employees					
Small (10 to 49)	13.4	14.3	19.3	11.5	9.1
Medium (50 to 99)	11.9	16.2	21.3	11.1	8.1
Large (100 to 249)	11.7	14.8	20.0	11.1	9.6
Very large (250+)	11.8	14.9	19.2	11.3	9.2
Industry					
Arts	9.5	12.2	17.0	9.9	7.6
Community Capacity	13.0	14.1	18.8	10.8	8.9
Education	12.3	13.5	16.6	10.9	8.9
Environment	10.5	12.9	16.9	9.8	5.6
Health	11.0	15.2	20.2	10.8	7.6
Housing	9.9	13.8	20.0	10.2	7.9
Human Services	11.2	13.9	18.9	11.1	9.3
Philanthropy	13.0	14.1	17.5	11.1	10.2
Youth	12.0	13.5	18.1	9.7	6.8
Other	11.8	13.1	17.2	9.9	7.7
Region					
Berkshires	8.5	10.7	14.7	8.4	7.1
Boston	13.3	14.9	19.6	11.4	8.9
Northern Tier	13.1	16.0	20.8	11.7	8.2
Southern Tier	9.3	14.3	18.5	10.8	7.8
Urban Core	13.5	14.9	19.6	11.4	9.0
Cape and Islands	8.7	11.9	16.5	10.1	7.5
Central Massachusetts	10.3	12.7	16.8	9.8	7.2
Metrowest	10.9	13.5	17.4	8.5	6.7
Northeast Massachusetts	9.4	12.3	17.5	10.8	8.1
Pioneer Valley	8.9	12.1	16.5	10.2	10.0
Southeast Massachusetts	7.5	13.0	17.5	9.7	6.9
Total	11.3	13.7	18.2	10.5	8.2
Lower Confidence Interval	10.7	13.2	17.7	10.2	7.8
Upper Confidence Interval	12.0	14.2	18.8	10.9	8.6
Number of Respondents	555	533	529	583	571

A statistical analysis reveals that the number of vacation days and holidays offered is higher for nonprofits with larger assets and levels of working capital. In addition, organizations that are more leveraged (i.e., finance a higher percentage of their assets with liabilities) offer more vacation days and holidays. No industry sector or region was statistically shown to offer more holidays; however, Arts organizations offered about 1.5 fewer days of vacation than other types of nonprofits. The size of the organization in terms of assets was found to be the only significant factor associated with the number of sick days offered.

Full-Time Employee Leave Policy (Table 4.2)

Most survey respondents (90%) indicated that they offered full-time employees unpaid leave opportunities. The smallest organizations (under \$250,000) extended this benefit with the least frequency (78%), while all of the largest organizations (over \$50 million) provided it. Philanthropies and Arts groups were the least likely to allow unpaid leave (77% and 85%, respectively), while Environment, Youth and Health-related agencies provided it with a frequency of 95%-97%. Nonprofits located in the Berkshires extended this benefit the least often (80%), and those situated in the Pioneer Valley the most (97%).

The average Massachusetts nonprofit granted 1.9 weeks of paid maternity and 1.4 weeks of paid paternity leave. In addition, 7.5 weeks of unpaid maternity and 6.5 weeks of unpaid paternity leave were offered. Given the short-term nature of the paid leave, not much variation in this policy was reported in Massachusetts. As a benchmark, the 2007 Minnesota nonprofit study indicated that 84% of nonprofits offered paid leave for the birth or adoption of a child. If leave was granted, then mothers and fathers received 6 weeks of paid leave.

Considerable variations were reported in unpaid leave policy. The smallest organizations (\$250,000 in budget) provide 3 weeks of maternity leave, in contrast to organizations with \$50 million or more that offer 12 weeks on average. Health and Human Services organizations provided the longest unpaid maternity leave at almost 9 weeks, with Arts nonprofits and Philanthropies extending 5 and 6 weeks, respectively. Geographic disparities were also observed, with groups in the Berkshires offering 4 weeks and the Cape and the Islands offering almost 9 weeks. Paternity leave policies are quite similar to maternity leave policies, although a higher percentage of nonprofits offer no paternity leave opportunities.

The statistical analysis was unsuccessful in determining the factors associated with the maximum length of paid leave. If maternity and paternity leave was granted, then length of paternity leave ranged from 75% to 100% of the maternity leave. In contrast, several factors accounted for the variation in the length of unpaid leave: Nonprofits that are larger in terms of asset size and number of full-time employees offer longer unpaid maternity and paternity leave. Education organizations offer longer paid leave, while those operating in the Berkshires offer shorter paid leave. The most significant factor associated with the length of paid paternity leave is the length of paid maternity leave. The length of paid paternity leave is identical to the length of paid maternity leave in the majority of cases.

Part-time Time-Off Benefits (Table 4.3)

Part-time employees are offered vacation, holiday and sick time by two-thirds of nonprofit employers. Half of the smallest employers (\$250,000 in budget or less) provide vacation time, and under half of them grant holiday or sick time. In contrast, vacation, holiday, and sick time are granted to 100% of part-time employees at the largest organizations (\$50 million and over). Part-time leave policies also vary substantially by industry sector and location. Many Youth groups (about 60%), Education institutions (over 40%) and nonprofits in the Berkshires (40% or more) do not grant vacation, holiday or sick time to their part-time workers. These benefits are provided by more than three-quarters of nonprofits in the Housing and Human Services sectors or situated in Northeast Massachusetts, Boston's Northern Tier or the Pioneer Valley.

Parental leave time for part-time workers is granted by less than half (46%) of nonprofit employers, and this policy is heavily affected by the size of the organization. Only 8% of nonprofits in the Berkshires grant this benefit, with about 60% of employers in Southeast Massachusetts, Northeast Massachusetts, and Pioneer Valley extending this option. Under one-quarter of youth groups give parental leave to part-time staff in comparison to 60% of health institutions and more than half of Human Service agencies and Environment groups.

The granting of time-off to part-time workers is most closely related to offering health insurance to this type of employee. Ninety-five percent of organizations that offer health insurance to part-time staff also offer vacation time, in contrast to 42% for organizations that do not offer health insurance. Similar patterns emerge when examining the offering of holiday and sick time. The relation is less pronounced when assessing paid leave.

TABLE 4.2
Full-Time Leave Policy

	Unpaid Leave Allowed	Weeks of Maternity Leave		Weeks of Paternity Leave	
		Paid	Unpaid	Paid	Unpaid
Budget Size					
<250K	77.6%	1.2	3.0	0.7	2.0
250K-1M	86.6%	1.6	6.2	1.2	5.1
1-5M	92.8%	2.6	8.2	1.9	7.0
5-10M	97.9%	1.8	9.5	1.0	8.7
10-50M	97.2%	1.6	10.4	1.3	9.5
>50M	100.0%	1.1	12.0	1.1	11.3
Unknown	100.0%	0.0	6.0	0.0	4.0
Full-time Employees					
Very small (less than 10)	85.2%	2.1	5.6	1.4	4.6
Small (10 to 49)	96.3%	2.1	9.1	1.6	7.6
Medium (50 to 99)	93.3%	1.1	9.8	1.1	9.5
Large (100 to 249)	97.8%	1.7	11.0	1.2	10.2
Very large (250+)	100.0%	1.6	12.4	1.6	11.6
Industry					
Arts	84.9%	1.7	5.1	1.0	4.0
Community Capacity	90.3%	2.3	7.3	2.0	6.7
Education	90.4%	2.6	7.1	1.4	5.6
Environment	96.7%	2.1	7.5	1.2	6.5
Health	94.7%	1.7	8.8	1.2	7.8
Housing	89.3%	1.0	7.8	1.5	6.9
Human Services	89.7%	1.6	8.8	1.3	8.5
Philanthropy	76.9%	3.8	6.4	3.1	5.1
Youth	94.9%	2.1	7.3	1.6	5.1
Other	86.4%	0.9	7.3	0.7	5.9
Region					
Berkshires	80.0%	1.0	4.3	0.2	3.5
Boston	91.4%	2.2	7.9	1.8	7.2
Northern Tier	82.4%	2.6	7.4	2.5	7.7
Southern Tier	85.7%	0.2	6.7	0.1	5.1
Urban Core	92.3%	2.3	8.0	1.9	7.2
Cape and Islands	83.3%	0.6	8.7	0.8	8.0
Central Massachusetts	88.9%	2.6	7.2	1.9	5.8
Metrowest	88.0%	1.8	7.3	1.2	5.7
Northeast Massachusetts	92.5%	1.4	7.9	0.9	7.1
Pioneer Valley	97.3%	1.4	7.7	1.0	7.0
Southeast Massachusetts	84.6%	1.6	6.8	0.4	5.4
Total	90.0%	1.9	7.5	1.4	6.5
Lower Confidence Interval	87.5%	0.2	0.2	0.1	0.2
Upper Confidence Interval	92.4%	1.6	7.0	1.1	6.0
Number of Respondents	587	514	519	501	510

TABLE 4.3
Part-Time Time-Off Benefits

	% Offering Vacation Time	% Offering Holiday Time	% Offering Sick Time	% Offering Parental Leave Time
Budget Size				
<250K	50.6%	48.7%	44.9%	22.7%
250K-1M	57.6%	59.3%	55.2%	31.5%
1-5M	73.5%	74.5%	70.0%	54.2%
5-10M	84.4%	86.7%	84.4%	65.1%
10-50M	84.5%	82.9%	85.9%	62.7%
>50M	100.0%	100.0%	100.0%	87.5%
Unknown	100.0%	100.0%	100.0%	100.0%
Full-time Employees				
None (only part-time)	57.1%	55.9%	42.4%	28.1%
Very small (less than 10)	57.8%	60.5%	56.9%	33.5%
Small (10 to 49)	75.6%	74.5%	70.8%	56.5%
Medium (50 to 99)	86.0%	83.7%	86.0%	61.0%
Large (100 to 249)	90.5%	88.1%	92.9%	73.0%
Very large (250+)	100.0%	100.0%	100.0%	78.9%
Industry				
Arts	63.5%	64.7%	58.3%	35.7%
Community Capacity	67.2%	68.8%	65.2%	51.6%
Education	56.3%	59.5%	57.5%	41.0%
Environment	75.8%	72.7%	72.7%	53.3%
Health	82.9%	84.3%	81.4%	60.6%
Housing	77.8%	74.1%	77.8%	40.0%
Human Services	80.0%	77.9%	76.3%	53.7%
Philanthropy	80.0%	80.0%	70.0%	40.0%
Youth	36.1%	41.7%	35.1%	24.3%
Other	65.9%	65.1%	62.8%	44.2%
Region				
Berkshires	53.3%	60.0%	53.3%	7.7%
Boston	70.2%	72.2%	69.6%	49.0%
Northern Tier	86.7%	86.7%	80.0%	33.3%
Southern Tier	63.6%	63.6%	54.5%	18.2%
Urban Core	69.5%	71.7%	69.7%	51.5%
Cape and Islands	68.4%	77.8%	68.4%	33.3%
Central Massachusetts	64.0%	64.0%	57.7%	40.0%
Metrowest	62.0%	58.6%	59.2%	37.9%
Northeast Massachusetts	82.1%	82.1%	84.6%	59.0%
Pioneer Valley	78.8%	78.1%	78.8%	59.4%
Southeast Massachusetts	73.7%	70.3%	59.5%	60.0%
Total	68.8%	69.3%	66.3%	46.0%
Lower Confidence Interval	65.0%	65.5%	62.4%	41.8%
Upper Confidence Interval	72.6%	73.1%	70.2%	50.2%
Number of Respondents	567	560	564	543

Just 73% of nonprofits that provide health insurance to part-time staff also offer paid leave, while it is offered by 21% of tax-exempt entities that do not offer health insurance. Nonprofits are also more likely to offer time-off to part-time workers if the asset base is larger but not in relation to a larger part-time workforce. Statistically, Health organizations were more likely to offer time-off benefits as were entities based in Northeast Massachusetts.

Part-Time Employees Time-Off (Table 4.4)

In organizations that do grant time-off to part-time employees, the number of days offered is in line with the time granted to full-time employees (see Table 4.2). In most of these organizations, the number of days off is identical for full- and part-time employees with just a few organizations offering less time off to part-time employees. Statistically, only the number of days off offered full-time employees was significantly related to the time-off awarded part-time employees.

The Nature of Retirement Plans

Retirement Waiting Periods and Part-Time Eligibility (Table 4.5)

As indicated in Chapter 3, 82% of nonprofits offer their employees retirement benefits. The survey asked organizations that paid retirement benefits about the eligibility requirements. On average, nonprofits that offer defined contribution plans require their employees to wait just over 5 months before becoming eligible to participate. In the case of defined benefit plans, employers expected staff to work 24 months, on average, before participating. The variation in the waiting periods across size, industry and regions is largely driven by a few organizations that have substantially higher time requirements. Part-time employees, on average, must work 13 hours a week to participate in either a defined contribution or defined benefit plan.

Defined Contribution Plan Terms (Table 4.6)

Defined contribution plans are the most common form of retirement plan offered nonprofit employees. As seen in Table 4.5, on average employees may participate after five months. The nonprofit employers reported that on average 95% of their full-time employees have met the eligibility criteria. There is very little variation across organizations in the eligibility of employees. Employees, however, may decide not to participate in the retirement plans, leading to enrollment rates of under 100%.

Nonprofit employers report that only 64% of total full-time employees have enrolled in the defined contribution plan. Given that participation does not occur at time of hire and most organizations require an employee to make a formal election to participate, it is not unexpected that so many eligible participants have not elected to participate. Employees of large organizations (over \$50 million in budget size) do participate more frequently than those in smaller organizations. Employees at Philanthropies participate at a higher than average rate of 83%, while Housing and Human Services organizations enroll at much lower rates of 53% and 55%, respectively.

The defined contribution plans allow employees to contribute a percentage of their salary, generally up to a maximum cap. For a portion of it, the employees may be able to receive a match from their employers. The survey results indicate that employers match up to a maximum of 2.4% of an employee's salary, on average. In addition, employees can contribute up to 2.8% unmatched to the plan. The very largest organizations indicated they provide a higher level of matching than the remaining respondents with 3.8% of salaries matched by employers and an unmatched employee contribution of up to 4.8% of salaries permitted.

No factors were found to be statistically meaningful in accounting for the percentage of employees eligible or enrolled in defined contribution plans or in maximum percentage of contribution permitted.

Defined Benefit Plan Terms (Table 4.7)

As seen in Chapter 3, defined benefit plans are offered by only 8% of the nonprofit employers in the sample. They estimated that 86% of their workforces are eligible to participate in the plan. As employees are generally required to wait 24 months to participate, the employers estimated that 68% of employees were enrolled. Often these plans automatically enroll all employees that qualify rather than making participation optional. The very largest organizations (\$50 million or more in budget size) reported a substantially higher rate of enrollment at 75%, perhaps reflecting better job retention, while the smallest organizations (under \$250,000) had only a 50% enrollment rate. However, another factor affecting the enrollment percentages is whether the organization has a "legacy" defined benefit plan that is not open to newer employees. This explanation may help account for the very low enrollment rates in the Health, Housing, and Human Services sectors of less than 5%.

On average, the defined benefit plans offer employees a chance to have a maximum of 3.6% of their salary

TABLE 4.4
Part-Time Employees Policy (if granted time off)

	Vacations Days			Holiday Days	Sick Days
	Initially	After 1 Year	After 5 Years		
Budget Size					
<250K	10.9	10.9	13.1	10.5	6.7
250K-1M	9.1	9.4	12.3	10.3	6.5
1-5M	10.6	11.3	15.0	10.7	8.7
5-10M	11.3	12.1	17.1	11.0	9.8
10-50M	9.8	11.5	16.0	10.7	10.1
>50M	11.1	13.1	16.9	12.9	12.3
Full-time Employees					
None (only part-time)	13.4	10.5	12.0	9.9	10.5
Very small (less than 10)	9.3	9.7	12.4	10.2	6.5
Small (10 to 49)	11.0	11.9	15.8	11.2	8.7
Medium (50 to 99)	10.6	12.6	17.9	11.1	11.2
Large (100 to 249)	10.0	11.8	16.2	11.3	10.2
Very large (250+)	10.6	11.8	16.4	11.1	11.2
Industry					
Arts	11.1	10.4	14.4	9.9	7.4
Community Capacity	10.1	11.6	14.5	10.8	8.2
Education	10.9	10.3	13.1	10.9	8.4
Environment	9.3	9.8	12.5	11.1	6.2
Health	9.4	11.0	14.8	10.2	7.8
Housing	11.4	11.3	13.3	10.6	8.0
Human Services	10.4	11.5	15.8	11.2	9.4
Philanthropy	12.3	8.8	12.1	10.7	8.8
Youth	10.3	11.1	14.1	9.6	7.5
Other	8.9	10.6	13.9	10.6	6.9
Region					
Berkshires	10.8	10.7	13.8	9.2	9.3
Boston	11.7	11.8	14.9	11.3	8.8
Northern Tier	14.7	15.0	19.3	11.7	7.5
Southern Tier	8.8	10.2	14.8	10.1	9.0
Urban Core	11.4	11.5	14.2	11.3	8.8
Cape and Islands	6.0	7.7	11.3	7.9	6.6
Central Massachusetts	7.6	9.5	11.6	10.1	8.1
Metrowest	9.4	10.4	14.4	9.2	6.0
Northeast Massachusetts	10.6	10.6	15.1	10.5	8.5
Pioneer Valley	8.0	11.2	14.8	10.3	7.5
Southeast Massachusetts	7.2	9.6	13.5	10.0	8.5
Total	10.2	10.8	14.3	10.6	8.0
Lower Confidence Interval	9.5	10.2	13.5	10.2	7.5
Upper Confidence Interval	11.0	11.5	15.1	11.1	8.6
Number of Respondents	177	202	198	260	198

TABLE 4.5

Retirement Waiting Periods and Part-Time Eligibility

	Waiting Period (months) Before Eligible		Hours for Part-Time Employees to Be Eligible	
	Defined Contribution Plan	Defined Benefit Plan	Defined Contribution Plan	Defined Benefit Plan
Budget Size				
<250K	1.6	6.0	10.7	0.0
250K-1M	6.1	9.1	9.1	5.5
1-5M	5.1	19.2	13.8	14.4
5-10M	5.7	28.8	14.4	17.7
10-50M	5.1	36.9	16.4	16.6
>50M	4.3	45.3	15.6	22.5
Full-time Employees				
Small (10 to 49)	5.2	24.5	14.4	12.8
Medium (50 to 99)	4.4	19.6	13.5	15.8
Large (100 to 249)	5.6	54.0	17.4	25.0
Very large (250+)	3.4	40.7	16.0	23.3
Industry				
Arts	4.9	36.0	11.8	10.0
Community Capacity	4.9	12.0	12.6	0.0
Education	8.4	17.4	13.1	5.0
Health	4.6	33.7	12.6	17.6
Housing	3.4	4.3	16.3	6.6
Human Services	4.1	20.7	13.8	16.8
Youth	8.2	26.6	11.2	12.0
Other	3.9	30.5	13.8	10.5
Region				
Berkshires	13.7	12.0	13.1	20.0
Boston	5.1	27.5	14.3	15.2
Urban Core	5.1	27.5	14.3	15.2
Cape and Islands	4.9	0.0	9.4	20.0
Central Massachusetts	4.8	24.0	9.4	20.0
Metrowest	5.6	37.0	12.7	4.8
Northeast Massachusetts	3.5	12.0	14.2	0.0
Pioneer Valley	7.1	12.0	13.3	13.3
Southeast Massachusetts	5.1	10.0	11.0	8.7
Total	5.2	23.7	13.2	12.7
Lower Confidence Interval	4.4	16.0	12.0	9.1
Upper Confidence Interval	6.0	31.4	14.3	16.4
Number of Respondents	383	41	339	38

TABLE 4.6
Defined Contribution Plan Terms

	% of Employees		Maximum Percentage Paid	
	Eligible	Enrolled	Matched by Employee	Not Matched by Employee
Budget Size				
<250K	94.4%	60.6%	2.3%	0.9%
250K-1M	93.1%	67.1%	1.7%	2.9%
1-5M	96.1%	64.6%	2.3%	2.5%
5-10M	94.7%	59.6%	2.9%	3.8%
10-50M	95.7%	60.4%	2.8%	3.0%
>50M	96.2%	71.8%	3.8%	4.8%
Unknown	100.0%	25.0%	0.0%	0.0%
Full-time Employees				
Very small (less than 10)	93.7%	67.8%	2.1%	2.8%
Small (10 to 49)	95.5%	63.8%	2.6%	2.5%
Medium (50 to 99)	97.3%	61.4%	1.8%	3.2%
Large (100 to 249)	96.3%	56.1%	2.5%	2.5%
Very large (250+)	96.7%	57.6%	3.2%	4.2%
Industry				
Arts	95.6%	62.0%	2.2%	3.7%
Community Capacity	86.8%	65.1%	2.3%	2.1%
Education	94.8%	72.5%	2.9%	3.7%
Environment	97.4%	78.2%	2.7%	3.1%
Health	95.4%	63.5%	2.0%	2.6%
Housing	93.7%	52.9%	1.2%	2.5%
Human Services	98.2%	55.1%	1.5%	2.4%
Philanthropy	100.0%	82.8%	3.3%	2.4%
Youth	92.5%	65.6%	3.3%	3.0%
Other	98.4%	64.4%	4.6%	1.9%
Region				
Berkshires	92.7%	76.6%	1.1%	3.9%
Boston	94.3%	63.0%	2.6%	3.0%
Northern Tier	98.3%	53.3%	0.0%	2.1%
Southern Tier	98.1%	67.1%	0.0%	2.3%
Urban Core	94.0%	63.2%	2.9%	3.1%
Cape and Islands	95.8%	61.4%	2.0%	2.6%
Central Massachusetts	94.3%	60.7%	0.6%	3.4%
Metrowest	95.1%	62.1%	2.9%	2.8%
Northeast Massachusetts	96.4%	75.4%	2.4%	2.5%
Pioneer Valley	97.4%	61.2%	2.9%	3.5%
Southeast Massachusetts	94.3%	71.7%	1.6%	2.1%
Total	95.1%	64.0%	2.4%	2.8%
Lower Confidence Interval	93.6%	60.6%	2.0%	2.5%
Upper Confidence Interval	96.7%	67.5%	2.8%	3.2%
Number of Respondents	376	357	343	322

TABLE 4.7
Defined Benefit Plan Terms

	% of Employees		Maximum Percentage Paid	
	Eligible	Enrolled	Matched by Employee	Not Matched by Employee
Budget Size				
<250K	100.0%	50.0%	5.0%	10.0%
250K-1M	77.3%	63.6%	3.5%	3.3%
1-5M	86.3%	68.5%	4.9%	5.6%
5-10M	100.0%	80.5%	3.3%	1.3%
10-50M	93.3%	71.3%	4.3%	2.9%
>50M	75.0%	75.0%	0.3%	0.3%
Full-time Employees				
Small (10 to 49)	91.9%	70.6%	4.9%	4.3%
Medium (50 to 99)	85.8%	85.8%	3.9%	3.0%
Large (100 to 249)	100.0%	54.5%	1.5%	2.5%
Very large (250+)	66.7%	55.0%	1.3%	0.5%
Industry				
Arts	50.0%	50.0%	2.5%	5.0%
Community Capacity	50.0%	25.0%	1.5%	1.5%
Education	80.0%	54.4%	4.2%	0.0%
Health	86.6%	2.4%	2.4%	3.0%
Housing	100.0%	4.3%	4.3%	2.5%
Human Services	92.6%	3.7%	3.7%	6.3%
Youth	90.0%	87.2%	6.2%	3.9%
Region				
Berkshires	100.0%	100.0%	3.0%	0.0%
Boston	90.9%	70.5%	3.1%	2.7%
Urban Core	90.9%	70.5%	5.0%	2.7%
Cape and Islands	0.0%	0.0%	5.0%	0.0%
Central Massachusetts	46.0%	46.0%	10.0%	5.0%
Metrowest	70.6%	38.3%	0.8%	0.8%
Northeast Massachusetts	100.0%	100.0%	4.0%	11.0%
Pioneer Valley	83.3%	58.3%	6.2%	10.5%
Southeast Massachusetts	100.0%	100.0%	2.5%	5.0%
Total	86.3%	68.7%	3.6%	3.4%
Lower Confidence Interval	76.8%	56.3%	2.4%	1.5%
Upper Confidence Interval	95.8%	81.0%	4.8%	5.2%
Number of Respondents	41	40	35	35

matched and contribute up to 3.4% unmatched to their retirement plans. The maximum allowable contributions (in terms of salary) are inversely related to organizational size. Employees in the smallest organizations have a maximum of funds matched equal to 5% of salary, while staff in the largest nonprofits may have a cap of less than 1%.

As was the case with defined contribution plans, no factors were found to be statistically meaningful in accounting for the percentage of employees eligible or enrolled in defined contribution plans or in the maximum percentage of contribution permitted.

The Nature of Insurance Plans

This section explores the nature of insurance plans, particularly health insurance.

Insurance Waiting Periods (Table 4.8)

If an employer offers health insurance prior to Health Care Reform, it could defer an employee's eligibility for some period of time. The survey indicates that one-third of Massachusetts nonprofits required employees to wait before receiving health coverage. The wait averaged just over five months. About one-quarter of smaller nonprofits asked employees to wait, while almost half of larger organizations imposed waiting periods. Health and Human Services agencies were the most likely to require a waiting period (45%), and Environment nonprofits the least (18%). Organizations based on the Cape and the Islands most frequently required waiting periods (61%), and Northeast Massachusetts and Metrowest were the least frequent at just below 30%. Relatively few respondents provided specific information on the length of the health insurance waiting period, so the reported results may not accurately capture the true variation by size, industry or region.

The survey also asked employers to indicate the number of months an employee can receive short-term disability and the waiting period before receiving long-term disability. These questions were more frequently answered than the question on health insurance waiting periods. The respondents indicated that on average employees get 4.2 months of short-term disability, but the wait for long-term disability payments was 5.4 months. The gap may be covered by many employees by using sick days or vacation time. Health entities provided short-term disability for the longest period (6 months) but did not offer long-term disability coverage until more than 8.4 months had elapsed.

The percentage of salaries covered by long-term disability showed little variability. On average, the coverage was 60% of salaries. Youth organizations and Philanthropies cover 64%-66%, while Environment and other nonprofits cover just 55%. Berkshire-based nonprofits cover 68%, while agencies in the Southeast Massachusetts cover 50%.

Organizations with more employees or lower profitability were found to be related to whether employees were required to wait before being provided health insurance. However, no factors were identified that significantly explained the length of this waiting period. Similarly, no factors were significantly associated with the length of short-term disability coverage or the percentage of salary paid as a long-term disability benefit. The only significant factor found to be related to the waiting period prior to receiving long-term disability payments was the length of the short-term disability coverage.

Employers' Estimate of Employees Funding of Health Insurance (Table 4.9)

The survey asked respondents to provide estimates of the source of their employees' health insurance coverage. Due to the implementation of Health Care Reform legislation, many employers re-examined the health insurance offered their employees. Accordingly, many respondents were familiar with the source of their employees' health coverage. Overall, they report that 69% of employees use the nonprofit's insurance plan, 26% rely on another insurance plan, 1% were estimated to be uninsured. The employer was unsure of the insurance status of 4% of their employees. The largest variation arises in the unknown insurance coverage.

Nonprofit managers in the smallest organizations reported that they definitively know their employees' insurance status, while 13% of staff working at the largest institutions were categorized as having unknown insurance status. Just under a third of employees at very small organizations were estimated to use another person's plan (e.g., coverage obtained by a spouse) while only 11% of employees at the largest organizations used another person's plan. Employees working in the Community Capacity and other sectors were the least likely to rely on other entities' health insurance plans, while those working in Housing and Education were more willing to depend on an outside insurance plan. This may be reflective of the relatively high premiums for individual coverage and group coverage in smaller organizations.

TABLE 4.8
Insurance Waiting Periods

	% Requiring Waiting Period for Health Insurance	Months			% of Salary Covered During Long-Term Disability
		Health Insurance Waiting Period	Wait for Short-Term Disability Insurance	Wait Prior to Receiving Long-Term Disability	
Budget Size					
<250K	22.0%	11.7	2.8	3.3	55.1%
250K-1M	29.3%	2.9	3.3	5.7	60.3%
1-5M	28.9%	2.4	5.2	5.0	60.6%
5-10M	45.8%	7.3	3.8	5.9	61.6%
10-50M	46.1%	11.1	3.9	6.4	61.3%
>50M	50.0%	1.6	3.8	4.4	56.1%
Unknown	0.0%	NA	NA	3.0	60.0%
Full-time Employees					
Very small (less than 10)	28.5%	3.1	3.4	4.5	60.4%
Small (10 to 49)	30.4%	3.6	5.5	5.9	60.7%
Medium (50 to 99)	40.4%	7.7	3.7	4.6	62.3%
Large (100 to 249)	51.1%	12.0	3.6	7.0	59.8%
Very large (250+)	60.0%	1.4	4.2	5.0	56.8%
Industry					
Arts	37.3%	3.6	3.4	4.5	57.6%
Community Capacity	20.3%	12.0	3.8	5.0	62.4%
Education	25.6%	1.7	4.1	3.8	60.4%
Environment	17.9%	1.7	4.7	2.5	55.1%
Health	44.7%	4.5	6.0	8.4	60.8%
Housing	27.6%	13.1	3.0	3.9	61.2%
Human Services	45.3%	4.3	3.9	5.5	60.0%
Philanthropy	20.0%	1.0	4.0	4.0	64.0%
Youth	25.6%	3.9	4.1	4.1	66.1%
Other	25.0%	10.8	3.5	8.8	55.8%
Region					
Berkshires	35.7%	2.0	4.3	6.0	68.2%
Boston	30.7%	4.5	4.4	6.1	60.5%
Northern Tier	NA	NA	3.0	4.6	66.6%
Southern Tier	50%	2.0	6.3	4.1	62.2%
Urban Core	32%	4.7	4.4	6.2	60.2%
Cape and Islands	61.1%	1.9	5.0	3.2	56.8%
Central Massachusetts	33.3%	2.4	4.1	3.3	64.3%
Metrowest	29.0%	3.1	3.8	5.7	55.8%
Northeast Massachusetts	28.2%	11.6	2.9	3.0	44.8%
Pioneer Valley	42.1%	7.2	5.0	2.7	60.3%
Southeast Massachusetts	43.8%	6.3	4.8	4.2	49.9%
Total	32.9%	5.1	4.2	5.4	60.4%
Lower Confidence Interval	28.9%	2.9	3.3	4.1	59.0%
Upper Confidence Interval	36.8%	7.3	5.1	6.7	61.9%
Number of Respondents	557	182	209	293	276

TABLE 4.9

Employers' Estimate of Employees Funding of Health Insurance

	% Insurance Provided by Employer	% Insurance Provided From Another Source	% Workers That Are Uninsured	% Workers With Unknown Insurance Status
Budget Size				
<250K	65.7%	31.4%	2.8%	0.0%
250K-1M	66.3%	31.5%	1.2%	1.0%
1-5M	70.4%	24.9%	0.9%	3.9%
5-10M	71.7%	21.2%	0.6%	5.3%
10-50M	68.7%	19.5%	1.3%	10.5%
>50M	74.7%	11.8%	0.6%	12.9%
Unknown	25.0%	70.0%	0.0%	5.0%
Full-time Employees				
Very small (less than 10)	69.2%	28.2%	1.6%	0.9%
Small (10 to 49)	70.3%	24.8%	0.5%	4.4%
Medium (50 to 99)	63.4%	26.6%	0.8%	8.1%
Large (100 to 249)	67.8%	16.5%	1.5%	14.2%
Very large (250+)	75.2%	12.3%	1.8%	10.7%
Industry				
Arts	68.2%	28.5%	1.8%	1.5%
Community Capacity	76.1%	21.4%	0.6%	1.0%
Education	67.8%	29.2%	1.0%	1.9%
Environment	72.9%	25.4%	1.0%	0.7%
Health	66.8%	23.9%	0.8%	8.5%
Housing	61.4%	28.9%	4.1%	5.6%
Human Services	65.1%	27.1%	0.7%	7.1%
Philanthropy	81.7%	17.5%	0.4%	0.4%
Youth	72.1%	26.1%	0.5%	1.3%
Other	67.7%	25.6%	2.5%	4.3%
Region				
Berkshires	66.1%	28.4%	5.4%	0.0%
Boston	71.4%	23.0%	1.0%	4.4%
Northern Tier	59.3%	35.3%	2.3%	3.1%
Southern Tier	56.5%	35.7%	4.8%	3.0%
Urban Core	72.8%	21.7%	0.8%	4.5%
Cape and Islands	68.9%	26.5%	0.3%	4.2%
Central Massachusetts	69.4%	24.7%	0.5%	5.4%
Metrowest	66.8%	28.5%	0.1%	4.6%
Northeast Massachusetts	65.3%	28.7%	2.5%	3.5%
Pioneer Valley	66.3%	26.4%	3.6%	3.6%
Southeast Massachusetts	60.0%	36.1%	0.7%	3.2%
Total	68.7%	26.1%	1.2%	3.9%
Lower Confidence Interval	66.5%	24.1%	0.7%	2.9%
Upper Confidence Interval	70.8%	28.2%	1.7%	4.9%
Number of Respondents	552	552	552	552

TABLE 4.10

Percentage of Health Insurance Premiums Paid by Employer

	1% to 24%	25% to 49%	50% to 74%	75% to 99%	100%
Budget Size					
<250K	2.0%	10.0%	34.0%	18.0%	36.0%
250K-1M	3.0%	3.6%	28.1%	35.3%	29.9%
1-5M	2.5%	4.0%	36.4%	41.9%	15.2%
5-10M	0.0%	2.1%	27.7%	63.8%	6.4%
10-50M	1.4%	2.7%	45.2%	46.6%	4.1%
>50M	0.0%	0.0%	33.3%	66.7%	0.0%
Unknown	0.0%	0.0%	100.0%	0.0%	0.0%
Full-time Employees					
None (only part-time)	0.0%	8.3%	25.0%	33.3%	33.3%
Very small (less than 10)	1.5%	4.5%	29.9%	33.3%	30.7%
Small (10 to 49)	4.2%	3.6%	32.1%	50.6%	9.5%
Medium (50 to 99)	2.3%	4.5%	50.0%	40.9%	2.3%
Large (100 to 249)	0.0%	2.2%	50.0%	43.5%	4.3%
Very large (250+)	0.0%	0.0%	40.0%	60.0%	0.0%
Industry					
Arts	2.7%	2.7%	36.0%	33.3%	25.3%
Community Capacity	4.3%	2.9%	27.5%	44.9%	20.3%
Education	1.3%	3.8%	36.7%	39.2%	19.0%
Environment	0.0%	7.4%	37.0%	40.7%	14.8%
Health	1.3%	5.3%	36.0%	44.0%	13.3%
Housing	3.4%	0.0%	34.5%	44.8%	17.2%
Human Services	1.8%	5.3%	43.0%	40.4%	9.6%
Philanthropy	10.0%	10.0%	10.0%	40.0%	30.0%
Youth	0.0%	2.5%	12.5%	52.5%	32.5%
Other	2.8%	2.8%	33.3%	33.3%	27.8%
Region					
Berkshires	0.0%	0.0%	42.9%	42.9%	14.3%
Boston	2.9%	4.3%	24.6%	48.9%	19.2%
Northern Tier	0.0%	12.5%	18.8%	31.3%	31.3%
Southern Tier	0.0%	16.7%	8.3%	50.0%	25.0%
Urban Core	2.8%	20.1%	3.2%	22.9%	51.0%
Cape and Islands	0.0%	0.0%	33.3%	44.4%	22.2%
Central Massachusetts	4.2%	12.5%	37.5%	29.2%	16.7%
Metrowest	0.0%	4.3%	42.0%	33.3%	20.3%
Northeast Massachusetts	2.6%	2.6%	52.6%	23.7%	18.4%
Pioneer Valley	2.6%	2.6%	42.1%	31.6%	21.1%
Southeast Massachusetts	0.0%	3.1%	53.1%	31.3%	12.5%
Total	2.2%	4.0%	34.1%	41.0%	18.8%
Number of Respondents	12	22	189	227	104

While the overall rate of being uninsured is low at 1.2%, the rate is much higher at the smallest organizations (2.8%). By sector, the highest rates were found in the Housing (4.1%), Other (2.5%), and Arts (1.8%) sectors. The Berkshires, Boston's Southern Tier, and Pioneer Valley reported the highest rates of uninsured—all over 3.5%.

The employees' choice of insurance plans varied based on the cost of the monthly premiums as well as the organization's compensation levels. The percentage of employees using the nonprofit's insurance plan increased with less expensive insurance premiums. If the firm's compensation levels at the high end were higher than comparable firms, then the percentage of employees using the nonprofit's plan was higher than average. If the lower end compensation was lower than comparable firms, then the percentage using the nonprofit's plan was lower than average. The percentage of the health insurance premium paid by the employer was not found to be significantly related to the percentage of employees using the health plan.

Percentage of Health Insurance Premium Paid by Employer (Table 4.10)

When health insurance is offered to employees, the majority of employers (81%) expect employees to pay for some portion of the premium. The survey found that 34% of employers pay 50-74%, 41% pay 75-99%, and 19% pay the entire medical insurance premium. These terms are not as generous as the coverage provided by Minnesota nonprofits to their employees. The 2007 Minnesota

nonprofit survey respondents indicated that 15% of employers paid 50-74%, 45% paid 75-99%, while 38% paid the entire medical insurance premium. As in Massachusetts, the smallest nonprofits (under \$200,000 in budget) were the most likely to pay 100% of the premiums (64%), while only 5% of nonprofits with budgets over \$5 million bore the entire cost.

In the Utah nonprofit study, the respondents, on average, paid 74% of health insurance premiums. The National Compensation survey found that the employer covered 82% of health insurance premiums for single coverage policies and 70% for family coverage. The coverage percentages were only slightly lower (81% for single, and 68% for family) for the service-providing firm subsample.

The only factor found to be statistically related to the percentage of the health premiums paid by employers was the per capita cost of health coverage.

Rationale for Not Providing Health Insurance (Table 4.11)

The survey asked questions about why some Massachusetts nonprofits do not provide health insurance. The most important factors were the high cost (41% of respondents) or the fact that the organization had only one employee (29%). This finding is similar to the Virginia nonprofit study, which found that 55% of respondents said that health insurance was too expensive, while 28% said that they only had a single employee.

TABLE 4.11
Reasons for Not Providing Health Insurance

	Number of Respondents	Not Important	Mildly Important	Moderately Important	Very Important
Too Expensive	89	5.6%	15.7%	38.2%	40.5%
Not Important to Success of Organization	82	73.2%	11.0%	12.2%	3.7%
Not Important for Attracting Employees	82	68.3%	14.6%	11.0%	6.1%
Not Important in Retaining Employees	82	94.9%	0.1%	0.1%	4.9%
Only 1 Employee	84	59.5%	4.8%	7.1%	28.6%
Do Not Have Enough Information About Health Insurance	77	85.7%	2.6%	7.8%	3.9%

CHAPTER FIVE

The Cost of Benefits

This chapter explores the financial costs for employers of employee compensation and employee benefits.

Compensation Levels (Table 5.1)

In order to put the level and type of employee benefits offered into context, the survey asked respondents to provide information on compensation levels for the highest and lowest paid employees as well as organization-wide compensation costs.

On average, Massachusetts nonprofits pay their lowest paid hourly employees \$9.52/hour and highest paid \$20.41/hour. At the low end, the smallest organizations pay hourly workers at the lower end (\$9.26/hour) of the scale with moderately sized organizations (\$1 million to \$5 million in budget) at the higher end (\$9.82). The largest organizations, however, pay the least (\$9.14/hour). By industry, Philanthropies, Youth, Housing and Other nonprofits all pay under \$8.65/hour to their lowest paid hourly workers with Environment groups paying \$11.82/hour. Regionally, the Berkshires report the least favorable pay to its low-end hourly workers (\$7.73/hour). Not surprisingly, Boston area nonprofits offer the most substantial compensation at the low end, including \$11.24/hour for the Northern Tier and \$12.09 in the Southern Tier.

The compensation pattern for the best paid hourly employees shows a different pattern. The compensation consistently increases from \$15.52/hour for the smallest organizations to \$27.43/hour for the largest organizations. There is considerable variation in the compensation to the best paid hourly employees. Housing nonprofits pay \$14.89/hour with Other, Youth, and Philanthropy entities paying between \$16/hour to \$17.30/hour. Health organizations pay over \$25.40/hour with Community Capacity and Arts nonprofits paying in the \$21 range. Again the Berkshire-based organizations paid the least well at under \$15/hour, with Pioneer Valley offering \$15.24/hour, and Central Massachusetts \$16.75/hour. The most attractive pay, at \$29/hour, is given to employees of nonprofits in the Southern Tier of Boston.

For salaried employees, the average pay to the lowest compensated employee is \$27,904 annually, with \$77,620 paid to the highest compensated employee. As with hourly employees, the lower end of the annual salary spectrum exhibits an unusual pattern. The least well paid work either for the smallest or largest nonprofits, while the best paid entry-level employees are those that work for organizations with budgets of \$5 million to \$10 million and 50 to 99 employees. By industry sector, the highest paying entry level salaried jobs were in the Education and Health fields.

The largest organizations paid its best workers better than other nonprofits, at an average of \$172,000 in comparison to \$33,000 for the smallest organizations. The Education and Health sectors offered the highest pay to the best paid workers, with compensation between \$100,000 and \$105,000. The Arts, Human Services, Philanthropy and other sectors paid, on average, under \$70,000 to their best paid employees. Not surprisingly, Boston-based nonprofits paid the highest top-end compensation, averaging \$90,000, while the Berkshires paid the lowest at \$41,000.

Organization-wide Compensation and Health Insurance Costs (Table 5.2)

Average payroll costs vary considerably in the nonprofit sector in Massachusetts. For organizations with budgets under \$250,000, total annual compensation averages \$82,000, representing 57% of the organizational budget. In contrast, the largest organizations pay \$19 million in wages and bonuses, but these forms of compensation constitute just 16% of the total budget. Overall, compensation comprises 44% of the budgets of the nonprofits in the survey.

Health insurance accounts for an additional 4.5% of the annual budget of nonprofits that provide health insurance. Health insurance costs decline as a percentage of the budget as the organization increases in asset size or employee base. Health insurance represents relatively less of the budget for an Arts organization (2.8%) and relatively more for an Environment group (5.4%) or Other (6.1%). Organizations based on the Cape pay 5.4% of the annual budget in health insurance.

TABLE 5.1
Compensation Levels

	Hourly Wage		Annual Salary	
	Low End	High End	Low End	High End
Budget Size				
<250K	\$ 9.26	\$ 15.52	\$ 23,185	\$ 33,318
250K-1M	9.47	18.10	27,763	54,972
1-5M	9.82	22.30	29,673	86,677
5-10M	9.46	21.41	36,187	111,542
10-50M	9.27	24.66	23,931	117,761
>50M	9.14	27.43	28,148	172,383
Full-time Employees				
Very small (less than 10)	\$ 9.44	\$ 18.65	\$ 29,063	\$ 61,357
Small (10 to 49)	9.72	20.94	27,846	90,068
Medium (50 to 99)	9.55	23.44	34,654	106,698
Large (100 to 249)	9.58	25.04	23,145	109,215
Very large (250+)	8.45	25.84	25,343	158,216
Industry				
Arts	\$ 9.86	\$ 21.25	\$ 23,779	\$ 67,638
Community Capacity	9.81	21.55	26,904	73,818
Education	9.84	20.83	35,406	104,535
Environment	11.82	20.66	25,142	73,321
Health	9.97	25.44	34,532	102,323
Housing	8.44	14.89	25,988	75,351
Human Services	9.20	20.45	25,195	62,446
Philanthropy	8.33	17.32	22,819	64,327
Youth	8.40	16.31	27,664	71,824
Other	8.64	15.98	23,309	61,509
Region				
Berkshires	\$ 7.73	\$ 14.82	\$ 17,063	\$ 40,812
Boston	9.91	22.24	29,267	90,167
Northern Tier	11.24	21.28	21,506	57,895
Southern Tier	12.09	28.85	26,611	79,787
Urban Core	9.70	21.89	29,963	92,856
Cape and Islands	9.68	22.43	22,245	67,965
Central Massachusetts	8.95	16.75	27,046	64,658
Metrowest	8.64	17.78	34,535	80,001
Northeast Massachusetts	9.59	19.68	24,730	69,074
Pioneer Valley	8.66	15.24	25,155	57,769
Southeast Massachusetts	8.53	21.67	22,059	53,954
Total	\$ 9.52	\$ 20.41	\$ 27,904	\$ 77,620
Lower Confidence Interval	9.05	19.07	25,573	71,472
Upper Confidence Interval	10.00	21.76	30,236	83,768
Number of Respondents	567	564	572	572

TABLE 5.2

Organization-Wide Compensation and Health Insurance Costs

	Compensation			Health Insurance	
	Wage Cost	Bonus Cost	% of Total Budget	Total Cost	% of Total Budget
Budget Size					
<250K	\$ 82,239	\$ 242	57.1%	\$ 10,265	7.1%
250K-1M	243,776	2,113	44.7%	23,776	4.2%
1-5M	920,217	7,111	42.4%	91,951	4.3%
5-10M	2,574,397	12,236	38.6%	255,406	3.6%
10-50M	6,262,561	36,715	37.8%	672,672	3.9%
>50M	18,834,692	140,411	15.6%	2,213,289	2.4%
Full-time Employees					
Very small (less than 10)	\$ 256,207	\$ 2,499	45.3%	\$ 26,320	4.2%
Small (10 to 49)	1,186,279	9,105	44.9%	118,918	4.6%
Medium (50 to 99)	3,161,197	42,539	38.8%	328,137	3.7%
Large (100 to 249)	6,966,163	26,212	45.9%	735,262	4.6%
Very large (250+)	23,278,484	124,378	31.0%	2,909,037	4.4%
Industry					
Arts	\$ 825,091	\$ 5,644	36.3%	\$ 145,364	2.8%
Community Capacity	1,267,342	20,618	40.7%	176,696	4.8%
Education	1,610,263	6,549	40.0%	209,724	3.7%
Environment	648,504	9,372	34.3%	158,259	5.4%
Health	4,935,599	29,488	50.4%	479,910	4.4%
Housing	943,021	3,872	45.0%	94,782	4.4%
Human Services	2,048,455	4,254	46.4%	227,276	4.6%
Philanthropy	1,685,441	7,817	22.3%	299,648	4.1%
Youth	440,440	6,543	54.0%	34,360	4.7%
Other	2,981,908	35,483	53.2%	161,673	6.1%
Region					
Berkshires	\$ 567,543	\$ 0	35.4%	\$ 54,503	4.1%
Boston	2,151,745	21,741	43.5%	251,248	4.4%
Northern Tier	980,066	231	45.1%	87,731	3.7%
Southern Tier	2,008,765	44,021	40.8%	230,045	3.4%
Urban Core	2,229,449	21,808	43.6%	261,602	4.5%
Cape and Islands	1,354,013	2,238	37.5%	298,991	5.4%
Central Massachusetts	1,017,383	3,746	46.1%	79,236	3.7%
Metrowest	2,717,120	5,558	47.4%	345,156	3.7%
Northeast Massachusetts	1,251,237	3,059	42.5%	130,985	4.5%
Pioneer Valley	982,076	2,375	45.8%	74,356	4.7%
Southeast Massachusetts	1,923,053	1,142	46.1%	223,240	4.6%
Total	\$ 1,886,474	\$ 12,455	43.7%	\$ 213,488	4.3%
Lower Confidence Interval	1,438,474	6,312	40.8%	161,563	4.0%
Upper Confidence Interval	2,334,473	18,598	46.6%	265,414	4.7%
Number of Respondents	482	441	426	415	408

In a regression analysis, no factors were found to be statistically significant in explaining the level of organization health insurance costs. Similarly, no factors significantly explained health insurance costs as a percent of the entire budget or health insurance costs relative to compensation costs.

Cost of Other Employee Benefits (Table 5.3)

The survey also asked employers to indicate the organization-wide costs associated with retirement benefits, other insurance benefits and workers compensation. For organizations that provide these benefits, retirement plans represent, on average, 1.6% of the annual budget, while other insurance is 0.3% and workers' compensation (which is a mandatory benefit) is 0.6%. As with health insurance, these benefits generally represent a relatively higher portion of the budget of very small organizations and a relatively lesser portion of the budget of very large nonprofits.

Education, Youth and Other organizations spend more than 2% of their budgets on retirement costs, while Philanthropy organizations spend under 1%. Metrowest-based organizations spend, on average, 2% of their budgets on retirement costs, while the Southern Tier of Boston spends under 1%. Arts, Education and Philanthropy nonprofits spend a relatively low percentage (0.1%) on non-health related insurance, with Health and other entities paying much more (0.5% of the total budget). The insurance costs are low (0.1%) as compared to the budget for nonprofits based in the Berkshires, Boston's Northern Tier, Northeast Massachusetts and Southeast Massachusetts.

Monthly Health Insurance Premium Costs (Table 5.4)

Health insurance premiums have experienced rapid growth. According to a recent Kaiser Family Foundation study, employer health insurance premiums increased in 2008 by 5.0%, twice the rate of inflation. The study estimates that the annual premium for an employer health plan covering a family of four averaged nearly \$12,700 and single coverage averaged over \$4,700.¹⁵

The monthly health insurance premiums range from an average of \$426 for a single person employed by the largest organizations to \$520 for the smallest organization. Other nonprofits and Arts groups pay under \$430 for a single person, as compared to \$499 for Education institutions and \$482 for Youth nonprofits. In Central Massachusetts and the Pioneer Valley these premiums average less than \$400, while they are over \$485 in Southeast Massachusetts and Metrowest.

These single person premiums are high by national standards. The 2006 National Compensation study found that the average premium is only \$257/person. In no region or metropolitan area did the average single person premium exceed \$275/person. The 2005 Minnesota combined study of for profits and nonprofits reported a median insurance premium per employee (combining single and family coverage) of just \$232/employee.

Organizational size is not as important a factor in determining family health insurance premium costs, although this coverage is much more costly for one group: organizations with budgets under \$250,000. However, industry sector and region continue to be related to significant variations in health insurance premium costs.

The statistical analysis reveals that there is a relatively weak association between the cost of health insurance coverage and size as measured by number of employees. There is a stronger, but not substantial, relation between the cost and an organization's asset size.

TABLE 5.3
Cost of Other Employee Benefits

	Retirement		Other Insurance		Workers Compensation	
	Total Cost	% of Total Budget	Total Cost	% of Total Budget	Total Cost	% of Total Budget
Budget Size						
<250K	\$ 7,679	5.3%	\$ 570	0.3%	\$ 1,395	1.1%
250K-1M	9,797	1.7%	1,105	0.2%	3,830	0.8%
1-5M	34,612	1.5%	8,973	0.4%	9,178	0.4%
5-10M	91,792	1.4%	20,670	0.3%	20,476	0.3%
10-50M	232,445	1.2%	56,547	0.3%	75,368	0.4%
>50M	1,329,971	1.2%	291,507	0.3%	284,156	0.3%
Full-time Employees						
Very small (less than 10)	\$ 10,999	1.7%	\$ 2,021	0.3%	\$ 2,175	0.5%
Small (10 to 49)	61,093	1.8%	9,027	0.3%	10,418	0.5%
Medium (50 to 99)	122,037	1.0%	35,805	0.4%	32,642	0.4%
Large (100 to 249)	295,073	1.4%	61,091	0.3%	88,238	0.6%
Very large (250+)	1,840,358	2.0%	359,507	0.6%	357,546	0.5%
Industry						
Arts	\$ 71,800	1.1%	\$ 6,177	0.1%	\$ 11,605	0.6%
Community Capacity	59,121	1.5%	9,332	0.3%	17,604	0.3%
Education	193,638	2.0%	8,698	0.1%	20,008	0.8%
Environment	96,034	1.2%	57,550	0.3%	19,569	0.4%
Health	194,286	1.6%	24,664	0.5%	57,891	0.4%
Housing	58,619	1.8%	7,065	0.2%	17,053	0.7%
Human Services	110,398	1.3%	42,343	0.4%	39,765	0.5%
Philanthropy	136,948	0.9%	15,202	0.1%	5,029	0.1%
Youth	13,061	2.2%	4,613	0.4%	5,674	1.1%
Other	373,737	2.9%	31,264	0.5%	21,682	0.6%
Region						
Berkshires	\$ 25,833	1.2%	\$ 2,948	0.1%	\$ 3,080	0.4%
Boston	147,311	1.5%	31,371	0.3%	28,863	0.6%
Northern Tier	11,651	0.7%	2,485	0.1%	7,325	0.3%
Southern Tier	58,456	1.0%	15,310	0.2%	42,212	0.4%
Urban Core	157,021	1.6%	34,089	0.4%	29,561	0.7%
Cape and Islands	193,361	1.4%	15,074	0.2%	22,936	0.5%
Central Massachusetts	55,244	1.3%	3,850	0.3%	8,966	0.5%
Metrowest	274,034	2.0%	20,959	0.3%	50,114	0.6%
Northeast Massachusetts	38,020	1.6%	7,455	0.1%	11,999	0.5%
Pioneer Valley	37,923	1.7%	6,457	0.4%	9,852	0.4%
Southeast Massachusetts	46,975	1.7%	7,210	0.1%	29,189	0.7%
Total	\$ 135,245	1.6%	\$ 20,467	0.3%	\$ 26,410	0.6%
Lower Confidence Interval	77,427	1.4%	9,200	0.2%	15,999	0.4%
Upper Confidence Interval	193,062	1.9%	31,733	0.4%	36,821	0.8%
Number of Respondents	231	226	416	410	339	335

TABLE 5.4
Monthly Health Insurance Premium Costs

	Single Coverage	Two-Person Coverage	Family Coverage
Budget Size			
<250K	\$ 520	\$ 541	\$ 1,407
250K-1M	468	820	1,054
1-5M	452	965	1,194
5-10M	450	899	1,230
10-50M	418	864	1,160
>50M	426	780	1,173
Full-time Employees			
Very small (less than 10)	\$ 488	\$ 875	\$ 1,169
Small (10 to 49)	428	890	1,158
Medium (50 to 99)	406	855	1,173
Large (100 to 249)	436	893	1,210
Very large (250+)	439	851	1,224
Industry			
Arts	\$ 429	\$ 757	\$ 1,016
Community Capacity	469	945	1,304
Education	499	978	1,274
Environment	446	893	1,152
Health	466	858	1,171
Housing	428	827	1,112
Human Services	449	876	1,141
Philanthropy	430	933	1,238
Youth	482	962	1,248
Other	395	747	1,082
Region			
Berkshires	\$ 432	\$ 800	\$ 1,107
Boston	458	910	1,194
Northern Tier	432	929	1,304
Southern Tier	471	920	1,121
Urban Core	458	908	1,190
Cape and Islands	471	1,065	1,421
Central Massachusetts	379	715	970
Metrowest	487	851	1,241
Northeast Massachusetts	466	860	1,181
Pioneer Valley	394	812	1,121
Southeast Massachusetts	493	901	1,183
Total	\$ 455	\$ 880	\$ 1,172
Lower Confidence Interval	437	841	1,124
Upper Confidence Interval	473	919	1,219
Number of Respondents	400	204	326

CHAPTER SIX

Conclusion

This study provides a snapshot of the state of nonprofit employee benefits prior to the implementation of Health Care Reform in Massachusetts. As this study clearly indicates, health insurance is the most expensive employee benefit for nonprofit organizations. Prior to the Health Care Reform Act, smaller organizations did not provide this benefit. This is not surprising given the high cost of this benefit and the fact that smaller organizations were being charged higher premiums.

As of August 2008, 439,000 Massachusetts residents have been newly insured under Health Care Reform, according to the Massachusetts Division of Health Care Finance and Policy.¹⁶ The legislation requires individuals to purchase health insurance and employers with 11 or more full-time-equivalent employees to make a “fair and reasonable” contribution toward health insurance coverage for their employees or pay a “Fair Share” contribution of up to \$295 annually per employee. A new study could examine the effects of the reform on nonprofits that previously provided health insurance to ascertain the cost and nature of these benefits and the impact on the organization’s financial health and its capacity to offer of other benefits.

Such a study could also explore another unexpected effect of the Health Care Reform Law. The Commonwealth Care Health Insurance Program offers uninsured rather than currently insured individuals access to no or low-cost health insurance. Ironically, nonprofits that provide health and human services to Massachusetts residents have watched their clients gain access to affordable health insurance while their already insured employees do not have that same access. Those nonprofits that already offer health insurance are now financially disadvantaged vis-à-vis new start-up nonprofits or organizations that previously did not offer health insurance at all.

It will be interesting to observe whether organizations that have not offered health insurance will be affected by the legislation and decide to offer insurance or offer the Fair Share contribution. Given the tight economic conditions today, nonprofits may opt to pay the relatively low Fair Share contribution rather than purchase insurance.

To better insure that nonprofit service providers have adequate coverage, it may be desirable for the sector to lobby for legislative changes that would give nonprofit workers at smaller organizations access to lower cost health insurance. Possibilities include granting nonprofit employees access to products offered through the Massachusetts Health Connector to the uninsured, encouraging nonprofits to participate in the insurance plan offered to state employees, or creating a new insurance product especially for the nonprofit sector.

With the information provided in this study, the Massachusetts nonprofit sector is well positioned to understand the ways in which nonprofits can strengthen their financial stability and provide affordable but critical benefits to their employees. The time is also ripe to explore the policy implications of expanding benefits options through the re-alignment or reform of existing systems and/or government subsidization.

The ultimate goal is to strengthen and support these organizations and their workers so that they can serve the Commonwealth and its residents consistently in good times and bad.

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Appendix

The Industry Sector Composition of Massachusetts Public Charities

Public charities operate with a specific core mission or program area, and the nature of each nonprofit's operations will vary in relation to that mission. This study uses the industry classifications developed in the *Passion & Purpose* study. The categorization builds upon the 26 National Taxonomy of Exempt Entities (NTEE) categories developed by the National Center for Charitable Statistics at the Urban Institute. Each of the 10 categories below emphasizes a specific area of service delivery:

NTEE Classification	NTEE CODES	Major Program Areas
Arts, Culture & Humanities	A	Arts, Culture & Humanities
Education (B); Science & Technology (U); Social Sciences(V)	B, U, V	Education, Science, Technology & Social Sciences
Environment (C); Animal-Related (D)	C, D	Environment and Animal-Related
Health Care (E); Mental Health & Intervention (F); Disease, Disorders & Medical Disciplines (G); Medical Research (H)	E, F, G, H	Health Care & Medical
Crime & Legal related (I); Employment (J); Public Safety, Disaster Preparedness and Relief (M); Civil Rights, Social Action & Advocacy (R); Community Improvement & Capacity Building (S)	I, J, M, R, S	Community Capacity
Food, Agriculture & Nutrition (K); Human Services (P)	K, P	Human Services
Housing & Shelter	L	Housing & Shelter
Youth Development (O), Sports & Recreation (N)	N, O	Youth Development, Sports & Recreation
Philanthropy	T	Philanthropy
International, Foreign Affairs & National Security (Q); Public & Societal Benefit (W); Religion-Related (X); Mutual & Membership Benefit (Y); Unknown (Z)	Q, W, X, Y, Z	Other

Endnotes

Chapter One: Rationale for the Study and the Approach

1. MA Division of Unemployment Assistance.
2. American Community Survey of the US Census.
3. *Passion & Purpose: Raising the Fiscal Fitness Bar for the Massachusetts Nonprofits*, The Boston Foundation, June 2008.
4. *Passion & Purpose: Raising the Fiscal Fitness Bar for the Massachusetts Nonprofits*, The Boston Foundation, June 2008.

Chapter Three: The Range of Employee Benefits

5. This statement is generally true. If there are too few respondents replying to a question than that result may not be statistically different from the full population.
6. Jack Hadley, John Harahan, Teresa Coughlin and Dawn Miller, "Covering the Uninsured In 2008: Current Costs, Sources of Payment, And Incremental Costs" *Health Affairs*, 27, no. 5 (2008): w399-w415.
7. *National Compensation Survey: Employee Benefits in Private Industry in the United States, March 2006*, U. S. Bureau of Labor Statistics, U.S Department of Labor.
8. The results are not fully comparable as the National Compensation Study usually reports on the insurance coverage based on the number of workers, while the Massachusetts study reports based on the number of nonprofits reporting results.
9. *Report on the Salaries and Benefits in Utah's Charitable Nonprofits – 2006*, Utah Nonprofit Association.
10. *Michigan Nonprofit Compensation & Benefit Survey, May 2008*, Michigan Nonprofit Association.
11. *Nonprofit Health Care Benefits Survey Summary*, Virginia Network of Nonprofit Organizations.
12. *Minnesota Employee Benefits Survey 2005*, Minnesota Department of Employment and Economic Development. This question in the Minnesota study asks about the percentage of employees with access to insurance rather than the percentage of firms offering it.

13. *Minnesota Nonprofit Salary and Benefits Survey*, Minnesota Council of Nonprofits, 2007.

14. The National Compensation Survey of for-profits indicates that life insurance was offered to 64% of full-time employees. In comparison, this Massachusetts survey documents that 52% of firms offer life insurance to full-time employees. Due to the difference in the questions, it is difficult to directly compare these studies.

Chapter Five: The Cost of Benefits

15. The Henry J. Kaiser Family Foundation. *Employee Health Benefits: 2008 Annual Survey*. September 2008.

Chapter Six: Conclusion

16. *Health Care in Massachusetts: Key Indicators*, Massachusetts Division of Health Care Finance and Policy, August 2008.

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