



UNITARIAN UNIVERSALIST
ASSOCIATION OF CONGREGATIONS

MONITORING REPORT

Date: October, 2009

Policy: 2.4 Compensation and Benefits for UUA Staff

2.4 Policy Title: Compensation and Benefits for UUA Staff

With respect to employment, compensation, and benefits for Association Staff, the President shall not cause or allow:

- A. An unfair or inhumane benefit structure.
- B. Conditions that jeopardize the fiscal integrity of the Association.

Further, without limiting the scope of the foregoing by this enumeration, the President shall not:

1. Promise or imply permanent or guaranteed employment.
2. Establish compensation and benefits that deviate materially from the geographic or professional market for the skills employed.
3. Provide less than a reasonable level of compensation (including a living wage) to all employees.
4. Establish or change benefits so as to cause unpredictable or inequitable situations, including those that:
 - A. Incur unfunded liabilities.
 - B. Provide less than a reasonable level of benefits to all employees.
 - C. Allow any employee to lose benefits already accrued or promised.
 - D. Differentiate among classes of employees with regard to retirement contributions.

PRESIDENT'S INTERPRETATION

Benefits

The UUA shall provide benefits for eligible staff, consistent with the inclusive values of our faith, of group health insurance, a retirement plan, workers' compensation, life and disability insurances, payment of FICA for non-ministerial staff, and paid time off. Benefit plans will not be defined to limit eligibility, preclude participation, or limit UUA cost sharing or contribution—especially with regard to the retirement plan—based on race, color, disability, gender or gender identity, affectation or sexual orientation, age, or national origin as qualifiers, nor will eligibility be determined in such a way that staff at higher grades receive benefits options that differ from those offered to staff at lower grades. Part-time staff will also be eligible for participation in the benefits plans, pro-rated as appropriate. Domestic partner coverage for applicable group insurance plans will be offered.

The creation of benefit programs or plans shall not create future debt obligations for the Association for which the costs and payment of benefits have not been budgeted previously. Nor, once created, will any employee be denied the use or payment of a previously accrued benefit (i.e., earned vacation).

Group insurance plans will be put to bid in a timely way to ensure the best coverage at the best available rates. Benefit plans (the UUA Health Plan, the UUA Organizations Retirement Plan, and the Workers' Compensation insurance plan) will also be audited to provide fiscal oversight and ensure regulatory compliance.

Compensation

Salaries and compensation should not, in general, exceed established position pay grades, which will be updated from time-to-time to reflect broader economic changes and data gathered from salary surveys for comparable work. Furthermore, each regular employee of the Association shall earn an hourly wage of no less than the calculated "Living Wage" based on data for one adult living in Boston, Suffolk County, Massachusetts.

Staff will not work regularly and consistently beyond a 40-hour week without additional compensation or paid time off.

Compliance and Other Employment-Related Matters

Governmentally-required reports must be completed and submitted as requested, and required postings will be displayed in UUA office buildings.

An attorney with expertise in employment matters will be engaged for as-needed consultation.

Promises or implications of permanent or guaranteed employment would include statements in hiring letters, contracts, or in the *Employee Manual* indicating that employment is not "at will" or that it is "permanent."

SUPPORTING DATA

Office of Human Resources

The Office of Human Resources is responsible for the recommendation, interpretation, communication, implementation, and management of employment, salary administration, benefits, training, and employee relations policies for UUA national staff. They work closely with staff in Ministry and Professional Leadership's Office of Church Staff Finances with regards to the UUA Health Plan, the UU Organizations Retirement Plan, and the Group Insurance Benefits, which are offered as part of the benefits package to 212 full- and part-time national staff.

Benefits

In terms of benchmarks, the Society for Human Resource Management (SHRM) *2008 Benefits: Survey Report* (page 82) indicates that the medium-sized organizations (all industries) typically spend 40% of the cost of an employee's annual salary on required (i.e., FICA) and discretionary (i.e., medical insurance) benefits. The UUA calculated a cost of 29.8% for FY 2009 and has budgeted a competitive 30.7% for FY 2010. The UUA, of course, is not required to pay into many of the *required* benefits plans, such as state unemployment insurance taxes. Additionally, the UUA offers all of the 17 top health and welfare benefits that SHRM indicates (*2008 Benefits: Survey Report*, page 10) 70% or more of all employers nationwide offer.

The UUA *Employee Manual* (page 24) defines benefits eligibility. Benefits are extended to all regular full- and part-time employees who are "regularly scheduled to work at least 20 hours per week...."

Eligibility for benefits is not defined or limited with regard to race, color, disability, gender or gender identity, affection or sexual orientation, age, or national origin. Neither is eligibility defined or limited by grade or employee rank, except where specified by the Board of Trustees for the President.

Group health insurance is provided to eligible staff through the UUA Health Plan. There are currently 167 UUA national staff enrolled. The UUA Health Plan has a wide, national network (Blue Cross Blue Shield), and a reasonable copayment (\$20 in network) and deductible (\$500 in network) to make health care accessible to staff at all pay grades. Audits of the UUA Health Plan by KPMG are in process, with another recently begun by Caturano and Company.

Medical insurance for retirees of the Association (per policy dated July 1, 2002, *Employee Manual*, pages 30-31) is budgeted for FY 2010 at \$156,000 based on FAS 106 calculations made each year by Deloitte Consulting LLP. Staff hired after April 1, 2002 have no promise of medical insurance coverage upon retirement, other than that required by federal and state regulation, nor do they have any other promise of other insurances or benefits.

Domestic partner coverage is available for both the UUA Health Plan and the MetLife Dental Plan. 9 employees take advantage of this coverage.

A retirement plan is provided to eligible staff through the UUA Organizations Retirement Plan, a qualified 401(a) retirement plan. The current recordkeeper is Fidelity Investments. 169 UUA national staff are receiving the UUA 11% contribution; 81 staff make voluntary contributions. The UUA contributes 11% of eligible compensation (as outlined in the *Plan Documents of the Unitarian Universalist Organizations Retirement Plan*, amended and restated January 1, 2000) for all eligible, enrolled staff regardless of pay grade or full- or part-time status. Funds are transferred semi-monthly to Fidelity Investments via wire for the benefit of the participants by the Controller, who confirms the transaction with the Office of Human Resources.

Workers' compensation is provided by the UUA covering all eligible staff. Church Mutual Insurance Company is the carrier. The Workers' Compensation insurance plan is audited each year in the spring; the 2009 audit resulted in a plan rebate of \$11,325.00.

Group insurance benefits (life, accidental death and dismemberment, long-term disability, and dental insurances) are provided to eligible staff by MetLife. 119 staff have enrolled in the dental plan; 200 staff are enrolled in the life/AD&D insurances plan, and 199 staff have enrolled in the long-term disability insurance plan. Group insurance benefits are sent to bid at the end of the contract period to ensure the best coverage at the best available rates. The last contract ended December 31, 2007 and, working with our Broker of Record (Risk Strategies Company), contracts for the group insurance plans were put to bid. MetLife came in with the most competitive bids, with no increase in costs for dental insurance and a significant increase in the annual benefit (from \$1,000 to \$1,500 per year per person). Life insurances rates decreased by \$0.04 per \$1,000 of benefit and long-term disability rates dropped by \$0.18 per \$100 of covered payroll. Rates were guaranteed for 24 months. The most recent group insurance benefits contracts end on December 31, 2009. We are currently working with the Broker of Record to bid these contracts for an effective date of January 1, 2010.

The UUA contributes to FICA via semimonthly payroll. FY 2009 FICA contributions totaled \$460,385 and FY 2010 FICA contributions have been budgeted at \$480,467. FICA contributions are not made to UU ministers in the employ of the UUA per advice of legal counsel (January 5, 2007); such ministers are allowed to claim a "parsonage allowance."

Eligible employees earn paid-time off and may take leaves:

- Vacation time is earned and accrued monthly. The FY 2010 budget contains a line for Vacation Accrual in the amount of \$40,000. Per policy (*Employee Manual*, page 13) and state regulation, if Vacation Time remains unused at termination, it is paid to the departing employee in the final paycheck (payout = hourly rate × hours unused). Upon notice of termination, the Office of Human Resources instructs Payroll to calculate this benefit for payment.
- Banks of sick, personal, and sabbatical time are available. Sabbaticals for the President and Executive Vice President are budgeted in advance. The FY 2010 and FY 2011 budget for the President's Sabbatical is \$0 (allowed by Bylaw in the President's first two years). The FY 2010 budget for the Executive Service Provision (the Executive Vice President's sabbatical) is also \$0 as it has been fully funded in previous fiscal years.
- Nationally-recognized holidays are taken off as paid.
- Under the Family Medical Leave Act (FMLA), employees take leave to care for the birth or adoption of a child, or because of the employee's own serious health condition, or to care for an immediate family member's serious health condition (*Employee Manual*, pages 21-23).

Compensation

According to computations from the "Living Wage Calculator" of The University of Pennsylvania, which is based on the Urban Consumer Price Index (CPI-U) and other data, the current Living Wage for one adult living in Suffolk County, Massachusetts is \$12.87 per hour. The "Living Wage Calculator" is updated as of November, 2008. The Boston City Council passed a Living Wage Ordinance, which was approved by the Mayor on September 4, 1998. The purpose of the Ordinance was to assure that employees of vendors who contract with the City to provide services earn an hourly wage that is sufficient for a family of four to live on or above the poverty line. The current Living Wage is \$12.79 an hour, which remains in effect until June 30, 2010. All regular full- and part-time employees of the Association earn a wage of at least \$12.87 per hour.

Salaries are paid to staff within the ranges established and effective July, 2006 (with the exception of the President's salary, which is set by the UUA Board of Trustees in October, 2008). Updates to these ranges are somewhat overdue, but with due respect to the budgetary tightness during FY 2009 and FY 2010, the decision was taken to forego payrate increases. Updating the pay grade structure (testing the ranges and setting aside a pool for salary adjustments) is a priority for FY 2011.

The standard workweek for regular, full-time staff is 35 hours (*Employee Manual*, page 10). Exempt employees who work in excess of the standard workweek are eligible for additional paid time off ("Offset Time"). Custodial non-exempt staff are paid time-and-a-half for time worked beyond 40 hours (*Employee Manual*, pages 18-20).

Compliance and Other Employment-Related Matters

Government regulations concerning employment and benefits plans are extensive. Personnel records are kept securely, and document hire, payrate and benefits changes, job changes, requests for leave (including FMLA requests) and accommodations under the Americans with Disabilities Act (ADA). I-9 documentation (U.S. employment eligibility and identity) is also kept securely and separately. HIRD reports are filed with the Commonwealth of Massachusetts annually to fulfill mandated health plan coverage requirements. Reports on unemployment eligibility, Social Security wages, etc. agencies are provided by the Office of Human Resources or Finance Office upon request of the various federal and state agencies.

Required reporting to governmental agencies includes the annual EEO-1, which was last filed for 2008. The 2009 EEO-1 will be filed by September 30, 2009. Accidents and injuries records are kept

via OSHA regulations and reported to state agencies as necessary via our workers' compensation carrier.

Required federal and state workplace postings are displayed on bulletin boards accessible to all staff at our office locations in Boston, MA and Washington, DC. A posting service (G. Neil) keeps us informed of changes and updates.

The UUA has engaged the services of Kay Hodge of the law firm of Stoneman, Chandler & Miller LLP to provide employment-related legal services.

The *Employee Manual* includes explicit language indicating that “[a]n employee may terminate his or her employment at any time, and the UUA retains a similar right” (page 49). Hiring letters will typically include the following language:

“As a condition of employment, please sign and date this letter below, and return it to me [Human Resources]. By accepting this offer, you will be an employee “at will,” with no specified term of employment. This acceptance means that either you or we may terminate employment, at any time, with or without reason or notice.”

I therefore report COMPLIANCE.