

MONITORING REPORT: Executive Limitations Policy #7 January 2011

POLICY EL #7: COMPENSATION AND BENEFITS

With respect to employment, compensation and benefits to employees, consultants, contract workers and volunteers, the Executive Team may not cause or allow jeopardy to fiscal integrity or public image.

GENERAL INTERPRETATION:

The ET interprets this to mean that for paid staff we will not offer compensation and benefits in amounts in excess of approved budgets for a given fiscal year. Adjustments may be made to status of employees, such as changing from contract to employee, as long as the position was previously funded and any compensation changes, benefits or tax implications would not violate EL 3.7. New positions may not be created without approval by the Board of Trustees unless previously funded position(s) were changed in structure. For example, if the full time Director of Religious Education were to be changed to a ¾ time DRE position and a ¼ DRE Assistant. Since costs for the position would be essentially unchanged, or less, than in the approved budget, the ET would be allowed to do this.

Employment of staff will be subject to protections listed in the Personnel Policies and Procedures Manual (Personnel Manual). The Personnel Manual provides for appropriate treatment of paid staff, compensation, and benefits. The Personnel Manual describes employee classifications, outlines procedures for job responsibilities and annual reviews, details pay procedures, compensation policy, benefits, personal/sick time, holidays, vacations, and other leaves of absence. Performance procedures, standards for employee conduct, and termination of employment are also covered. In addition, all employees are subject to background checks when hired.

Accordingly, the Executive Team shall not:

1. Change any minister's compensation, benefits, or allocated professional expenses previously established by the Board.

INTERPRETATION:

BETL #5 states that minister compensation is established by the Board. Board representatives negotiate contracts and compensation with ministers. Minister compensation and benefits are paid in accordance with contracts negotiated between Board and minister and payments are executed by the Business Manager in accordance with the contracts. All calculations of compensation are reviewed by Business Manager, Board representative and Minister to ensure that calculations are in accordance with contractual terms. Payroll records and personnel files as well as monthly financial reports to the Treasurer provide documentation of actual compensation paid to ministers.

EVIDENCE:

We report compliance. All ministerial benefits are reflected in the budget for 2010-2011 in line items 58-66 and professional expenses on lines 78 and 79. The amounts in these line items have not been changed by the Executive Team from the budget passed at the Annual Meeting in May 2010.

Any changes to minister compensation proposed for upcoming fiscal years will need to be approved by the Board of Trustees prior to implementation by the Executive Team.

2. Promise or imply permanent or guaranteed employment.

INTERPRETATION:

We include a disclaimer on our Personnel Policies and Procedure Personnel Manual (Personnel Manual) which clearly states “The Personnel Policies and Procedures Personnel Manual is not a contract of employment and the Church retains the right to alter it at any time. Employment with the Church is “at will” in accordance with Delaware State laws; therefore, the employment relationship may be terminated at any time for any reason by either the employer or the employee.” Offer letters state: “Employment at First Unitarian Church is employment at will, and as such the employment relationship may be terminated by you or by the church at any time with or without cause.”

EVIDENCE:

We report compliance. The Executive Team executed no offer letters, memorandums of understanding or contracts that promise or imply permanent or guaranteed employment to any of the new employees in 2010.

3. Recommend compensation and benefits that create obligations over a term longer than revenues can be safely projected.

INTERPRETATION:

The annual budget process establishes line items that correspond to staff positions and salary increase pools each fiscal year. The budget is prepared by the ET in accordance with EL 3 and approved by the Board and then Congregation each May at the annual meeting. No positions are funded outside of the budget process, although funding for a particular position may be allocated to another if circumstances change during the fiscal year. Although the ET prepares 3 year budgets, current year plus next two future years, actual compensation is not finalized until the annual budget is approved by the congregation.

Monthly financial reports to the Board by Treasurer, and quarterly monitoring reports by the Executive Team on EL 3, demonstrate performance of actual expenses against budgeted expenses. Budgets are approved one fiscal year at a time, so no compensation or benefits are offered beyond the current fiscal year. EL 3 requires conservative and realistic projections of income and expenses within each year’s budget.

EVIDENCE:

We report compliance.

In the budget passed at the Annual Meeting in May 2010, the Executive Team included salary and benefit recommendations for all staff, based on the status of the annual stewardship campaign and proposed supplemental campaign for only one fiscal year: 2010-2011.

As preparation of our budget for FY 2011-2012 begins the Executive Team will work closely with the Stewardship Team to project realistic goals for the pledge drive. See also the first budget draft appendix to our report for financial limitations.

4. Fail to compensate its staff fairly and equitably, taking into account responsibility, experience and performance; specifically, the ET may not fail to:

GENERAL INTERPRETATION:

The Board negotiates compensation with ministers, but ET administers the compensation. Therefore the ET is obligated to compensate ministers based on the contract with them. For lay staff, the ET establishes compensation for each position as part of its budgeting process. The UUA compensation guidelines take into account the responsibilities of each staff position. The ranges given correspond to experience and performance. Performance is measured during the annual reviews in June, or by the Board's review of Ends and Limitations in the case of the Senior Minister (see BETL 5).

EVIDENCE:

We report compliance. All staff are within UUA guidelines in the 2010-2011 budget, and in the multiyear budgets through 2014. Annual evaluations were conducted in June 2010, however the budget constraints did not permit any staff, minister or lay staff, to receive a merit increase in 2010-2011. Line items 47 and 48 are both at \$0.

a. Pay competitive salaries for the market from which we hire:

i. Annually, establish salary ranges for positions in our church using the UUA guidelines as a base.

INTERPRETATION:

When determining salaries for positions in the process of hiring, annual increases, and the budget, we use the UUA guidelines to establish the salary range for individual positions.

Rationale: The UUA Guidelines use geographic location and church size as criteria to set salary and compensation ranges.

EVIDENCE:

We report compliance. A review of salaries for current staff indicates that the ET is in compliance with UUA guidelines for 2010 for our region. All staff positions for which there are guidelines from the UUA salaries fall within range for either mid sized (350-499) or large (500-749) congregations. Our church's certified membership (voting members) is 430 for 2010-2011. Our overall membership, as determined after an

extensive database clean up is currently 513. Voting members, who are counted toward certification, total 446.

UUA Salary Guidelines 2010			Mid-Sized Church (Full Time)			Large Church (Full Time)		
Position	Name	Annual Salary FY 10-11	Min	Mid	Max	Min	Mid	Max
<i>Sr. Minister</i>	<i>Rev. J. Snyder</i>	<i>91919</i>	<i>69,200</i>	<i>90,700</i>	<i>112,600</i>	<i>74,900</i>	<i>99,100</i>	<i>123,700</i>
<i>Minister</i>	<i>Rev. B. Gadon</i>	<i>64818</i>	<i>55,300</i>	<i>72,700</i>	<i>90,000</i>	<i>59,900</i>	<i>79,500</i>	<i>98,900</i>
<i>DRE</i>	<i>C. Williamson</i>	<i>51597</i>	<i>42,400</i>	<i>49,900</i>	<i>57,300</i>	<i>46,100</i>	<i>54,300</i>	<i>62,300</i>
<i>Music Dir. HMM</i>	<i>S. Ward</i>	<i>55023</i>	<i>48,800</i>	<i>57,300</i>	<i>65,800</i>	<i>53,400</i>	<i>63,400</i>	<i>73,400</i>
<i>Member. Coord</i>	<i>S. Madison (PT 1/2)</i>	<i>18500</i>	<i>30,700</i>	<i>36,000</i>	<i>41,400</i>	<i>31,500</i>	<i>37,000</i>	<i>42,600</i>
<i>Bus. Manager</i>	<i>M. VanRenssen(PT 3/4)</i>	<i>39504</i>	<i>47,600</i>	<i>58,900</i>	<i>70,200</i>	<i>49,500</i>	<i>61,800</i>	<i>74,000</i>
<i>Program Admn</i>	<i>K. Rockhold</i>	<i>34,125</i>	<i>28,400</i>	<i>33,500</i>	<i>38,400</i>	<i>29,300</i>	<i>34,300</i>	<i>39,400</i>
<i>Sup. Bldg Grnd</i>	<i>T. Walls Base Congr Admin Custodian rate</i>	<i>32,590</i>	<i>33,800</i>	<i>40,200</i>	<i>46,500</i>	<i>34,300</i>	<i>41,200</i>	<i>48,200</i>
	<i>Hourly 15.67</i>		<i>11.62/hr</i>	<i>13.50/hr</i>		<i>11.62/hr</i>	<i>13.81/hr</i>	
	<i>OT rate 23.51/hr</i>		<i>15.49/hr</i>			<i>15.75/hr</i>		
	<i>Overall annual pay Approx 40,000</i>							
<i>Admin Asst</i>	<i>F. Grubb (PT) Congr Admin</i>	<i>22,551 (45,000 adjusted to FT)</i>	<i>33,800</i>	<i>40,200</i>	<i>46,500</i>	<i>34,300</i>	<i>41,200</i>	<i>48,200</i>
<i>Evening Cust</i>	<i>B. Hubbard (PT)</i>	<i>10.50/hr</i>	<i>11.62/hr</i>	<i>13.50/hr</i>	<i>15.49/hr</i>	<i>11.62/hr</i>	<i>13.81/hr</i>	<i>15.75/hr</i>
<i>Child Care</i>	<i>T. Wheeler (PT)</i>	<i>10.00/hr</i>	<i>No comparable position</i>			<i>No comparable position</i>		
<i>Child Care</i>	<i>A. Bredimus (PT)</i>	<i>10.00/hr</i>	<i>No comparable position</i>			<i>No comparable position</i>		
<i>Child Care</i>	<i>T. Ruoff</i>	<i>10.00/hr</i>	<i>No Comparable position</i>			<i>No comparable position</i>		

By reviewing both mid-sized and large church tables for salary ranges, we see that for fiscal year 2010-2011:

- **Rev. Snyder** is compensated in the middle range for mid-sized churches and middle range for large churches which is appropriate given his experience and performance. Board is responsible for minister compensation, not the ET.
- **Rev. Gadon** is compensated in the low mid range for both size churches. Board is responsible for minister compensation, not the ET. Board may want to consider Barbara's experience and performance in the future to bring her closer to the mid range.
- **C. Williamson** is compensated in the middle range for both size churches which is appropriate given her experience and performance.
- **S. Ward** is compensated with in the lower mid range for a mid sized church and low mid range for a large church. Although within UUA Guidelines, Scott's experience and job performance would indicate ET may want to recommend bringing his compensation above mid range in the future, if funding allows.

- **S. Madison** is be a half time employee at \$18,500 per year, which is at the mid range for both size churches.
- **M. VanRenssen** is a ¾ time employee compensated with in the low to mid range for a mid sized church and low range for a large church, which is appropriate given her years experience in church administration. ET may want to recommend bringing her compensation within mid range in the future to reflect job performance, if funding allows.
- **F. Grubb** works 18 hours per week, a little under half time. She is compensated in the mid-upper range for a Congregational Administrator. This is appropriate given her experience in office administration, excellent job performance, and job responsibilities. Fran manages all our room rental contracts, scheduling and rent collection except for the EEC lease. Fran manages all accounts receivable, including tracking donations. Fran is also called upon to cover for Business Manager on accounts payable, payroll and other financial concerns.
- **T. Walls** is our Supervisor of Building and Grounds which does not match directly to UUA Guidelines. The Church Law and Tax Report Survey does not include a comparable position, either. The ET uses criteria from both Congregational Administrator and Custodian job descriptions. With overtime this position pays within range for Congregational Administrator, and overtime is required on a regular basis. Hourly base rate is within the top level for a custodian at a large congregation.
- **B. Hubbard** is our Evening Custodian which is a part time position, and the UUA Guidelines do not differentiate between levels of custodial responsibility. Given the responsibilities of the position, our current rate of 10.50 is appropriate.
- **T. Wheeler** is a childcare provider. There is no comparable position on the UUA chart. Childcare workers per Yahoo “hotjobs” web site at <http://hotjobs.yahoo.com/salary> pay between 8.40 and 11.01 per hour. Our hourly rate of 10.00 is within this range.
- **A. Bredimus** is a childcare provider. There is no comparable position on the UUA chart. Childcare workers per Yahoo “hotjobs” web site at <http://hotjobs.yahoo.com/salary> pay between 8.40 and 11.01 per hour. Our hourly rate of 10.00 is within this range.
- **T. Ruoff** is a childcare provider. There is no comparable position on the UUA chart. Childcare workers per Yahoo “hotjobs” web site at <http://hotjobs.yahoo.com/salary> pay between 8.40 and 11.01 per hour. Our hourly rate of 10.00 is within this range.

ii. Make adjustments as appropriate based on ability to pay and differences between First Unitarian positions and those associated with the UUA guidelines.

INTERPRETATION:

Budgets are created and approved with a salary increase pool based on projected income as determined by the budget process. The ET uses both job performance and UUA guidelines to allocate the pool to adjust salaries and compensation as needed. Where we have positions that vary somewhat we are able to take into consideration those differences and apply to the salaries we propose.

Rationale: The approximations are based on the UUA's descriptions of the salary categories.

EVIDENCE:

We report compliance. The Executive Team proposes adjustments when needed. For fiscal year 2010-2011, a cut of 2% has been applied to program staff pay rates. No cuts were applied to administrative and support staff rates, although Business Manager works $\frac{3}{4}$ time. Staff members remain above minimum UUA Guidelines, however the reductions on several positions do not fully reflect their experience and job performance. The Building and Grounds Supervisor position uses both Congregational Administrator and Custodian compensation data to define salary. Due to the needs of the job, the overtime budget has been increased for FY 2010-2011 from the original budget of \$5500 to \$7700.

iii. Develop appropriate salary range guidelines using other sources, such as Church Law and Tax Report Annual survey or local market data, when First Unitarian positions are different from UUA positions or are not covered by UUA guidelines.

INTERPRETATION:

The UUA guidelines cover our primary positions. Church Law and Tax Report Annual Survey is used as a backup for when the UUA guidelines do not adequately describe a staff position at First Unitarian Church.

EVIDENCE:

We report compliance. See above at the evidence for EL 7.4.a.i.

iv. Compensate individuals within the established salary range for a position taking into account relevant experience and performance.

INTERPRETATION:

Staff members are compensated in accordance with their experience within the UUA guidelines. Some staff members are still being adjusted upwards to bring them closer to the mid or upper level, based on their years of experience and performance reviews. These adjustments are limited by projected income when budget is approved at the start of the fiscal year. The ET considers where individuals should be on the salary range scale based on both guidelines and experience.

EVIDENCE:

We report compliance. See above at the evidence for EL 7.4.a.i.

b. Provide staff with access to benefits comparable to those offered by other religious and non-profit organizations

INTERPRETATION:

The ET interprets this to mean that the ET will provide access to benefits for paid staff as appropriate to their employment classification as detailed in the Personnel Manual. We review benefit plans on a regular basis in comparison with other UU churches and local non-profit and religious organizations.

EVIDENCE:

We report partial compliance with regard to retirement plans and full compliance for all other benefits. Listed below are the details of the benefits packages offered to the paid staff at First Unitarian Church of Wilmington:

Benefit	Full Time	PT (min 20 hrs)	Limited PT	Comment
<i>Worker's Comp</i>	<i>X</i>	<i>X</i>	<i>X</i>	
<i>Medical Insurance</i>	<i>X</i>	<i>X</i>		
<i>Social Security</i>	<i>X</i>	<i>X</i>	<i>X</i>	
<i>FMLA</i>	<i>X</i>	<i>X</i>		<i>Must be employed at least 12 months for FMLA or 90 days for short term disability</i>
<i>Long Term Disability</i>				<i>May be purchased from UUA by employee (Dental is also available at UUA)</i>
<i>Life Insurance</i>	<i>X</i>			<i>After 1 year, 2x salary up to max 200,000</i>
<i>Retirement Savings (403b Plan) terminated Jan 31, 2011</i>	<i>X</i>	<i>X</i>		<i>After 1 year Matching employee contrib. rate by Board part of budget process Supplemental contribution by church rate from Board part of Budget Process</i>
<i>Retirement Savings UUA Plan all eligible employees as of Feb 1, 2010</i>	<i>X</i>	<i>X</i>		<i>8% rest of FY 10-11, then 10% salary to be equal with minster contracts.</i>
<i>Personal/Sick Time</i>	<i>X</i>	<i>X</i>		<i>5 per year. Rolling year from date of hire. PT prorated.</i>
<i>Holidays</i>	<i>X</i>	<i>X</i>		<i>Paid holidays (Xmas, New Year's Etc.)</i>
<i>Vacation</i>	<i>X</i>	<i>X</i>		<i>Paid vacation days, PT prorated.</i>
<i>Brief Personal Leave</i>	<i>X</i>	<i>X</i>		<i>Funerals, house closing, etc.</i>
<i>Educational/Professional Leave</i>	<i>X</i>	<i>X</i>		

Jury Duty	X	X		
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The UUA informed us that lay employees who are eligible must be enrolled in the UUA's retirement plan at the same level as the ministers.

OUR PLAN TO COME INTO COMPLIANCE:

Effective Feb 1, 2011, lay staff members will no longer be covered under a 403(b) plan offered through Hartford. Staff will be covered under the UUA Retirement plan. The UUA has made arrangements with First Unitarian Church to gradually bring together the lay staff and ministers to the same level over the next two years. Staff retirement is currently budgeted at 5%, and this will be increased in February to 8%. Due to a decrease in the budget for health care contributions, this will keep us basically budget neutral in FY 2010-2011. Beginning with FY 2011-2012 the lay staff will receive contributions from the church to the retirement at 10% of salary, same as ministers. It is a minimal increase over the current budgeted amount. However the Executive Team will have to calculate this increase into the 70% limitation.

i. Offer access to health care and retirement plans for each eligible employee.

INTERPRETATION:

The Executive Team offers health care and retirement through the UUA. All eligible employees are covered under the UUA Health plan unless they decline. Ministers and lay staff retirement are now both covered under UUA retirement plan. The Business Manager, in conjunction with the Personnel Team, reviews the Personnel Manual on a regular basis. With changes to the retirement plan, the new manual will be reviewed with the personnel team after the board meeting in January.

EVIDENCE:

We report compliance. The following amounts have been paid in fiscal year 2010-2011 through December 31, 2010:

<u>Employer Paid Insurance</u>	<u>Health Insurance</u>	<u>Life Insurance</u>
Karen Rockhold	\$2703.10	134.40
Marina VanRenssen	\$5312.95	151.68
Catherine Williamson	\$0	198.12
Robert Doss	\$1928.92	0
Barbara Gadon	\$2850.87	248.88
Terry Walls	\$2060.35	123.42
Scott Ward	\$2298.65	211.26
Joshua Snyder	\$3517.18	352.98
 <u>Pension Contributions</u>		
Joshua Snyder	\$3240.96	
Barbara Gadon	\$4596.00	

403(b) Employer Contribution

Fran Grubb	\$54.85
Terry Walls	\$812.19
Scott Ward	\$1382.58
Catherine Williamson	\$1296.52
Marina VanRenssen	\$1069.90
Karen Rockhold	\$507.65
Susan Madison	\$225.19

Worker's Compensation Insurance: \$1900 in current year payments, still carrying credit from LY

ii. Offer access to other benefits that can be purchased from pre or after tax income.

INTERPRETATION:

New employees are given the Personnel Manual which outlines their options for benefits which they can purchase on their own. Each year, the UUA offers open enrollment for disability and dental insurance plans, and employees are notified when open enrollment is available.

EVIDENCE:

We report compliance. All employees are aware of benefit options offered through the UUA plans. Health insurance held open enrollment in November 2010, but open enrollment is not scheduled for other insurance plans. Employees may sign up at any time for those plans, but waiting periods may apply.

c. Comply with applicable regulatory and tax requirements

INTERPRETATION:

Our 403b plan was set up so that Hartford has created the plan document and administration in accordance with federal regulations. We maintain meticulous records of contributions to the 403b plan. Where we participate in UUA insurance and benefit programs, we rely on the UUA plans to comply with regulatory and tax requirements. The Business Manager works with our payroll provider, Paychex on how to withhold different types of employee contributions to different plans, whether pre- or post- tax. Where needed, we consult with professionals (accountants) and the church tax law handbook of the IRS.

EVIDENCE:

We report partial compliance. The UUA Retirement plan requirements are enforced by the UUA. We learned that we were not in compliance with the requirements of the UUA plan since we paid ministers and lay staff at different percentages. Our plan to come into compliance is to close the Hartford plan as of January 31, 2011, and to begin participation in the UUA plan for all eligible employees. Employees will be able to

rollover their Hartford accounts to the new plan, and receive 8% contribution from the church for the remainder of the fiscal year. Once the conversion is complete, and all staff are receiving 10% of their salary as the church contribution, equal to ministers, we will be in full compliance. The target date for full compliance is July 1, 2010.

In 2010-2011 all payments have been made on behalf of staff members according to the tax and regulatory requirements through the above agencies. Records for payroll and benefits administration are located in the Business Manager Office, the UUA compensation office, and at Hartford. The following amounts have been paid as of December 31, 2010:

<u>Employer FICA:</u>	\$9780.74
<u>SECA—Cash in lieu of FICA</u>	
Joshua Snyder	\$3520.97
Barbara Gadon	\$2483.64

5. Negotiate individual compensation and benefit treatment that differs from the Executive Team’s Personnel Procedures.

INTERPRETATION:

The ET uses the Personnel Manual as its guide for administration. Under past circumstances the ET has negotiated special adjustments for compensation and benefits to an individual as part of negotiations at the time they were hired. For example, the DRE has 3 weeks vacation upon date of hire, rather than the standard 2 weeks. The Membership coordinator gets 2 weeks paid vacation even though she works less than 20 hours per week. However, these exceptions were negotiated with the staff members in question prior to the creation of the Personnel Manual.

EVIDENCE:

We report compliance. Other than the exceptions listed above which are grandfathered in, all other lay staff are covered under the Personnel Manual including those hired in 2010.

6. Allow any employee to lose benefits already accrued from any foregoing plan.

INTERPRETATION:

The ET interprets this to mean accrued pension and retirement benefits through the current UUA Retirement Plan. This plan applies to all eligible staff.

EVIDENCE:

We report compliance. No employees lost benefits already accrued in previous retirement plans.

7. Treat themselves differently from other comparable key employees.

INTERPRETATION:

Two members of the ET are ministers; therefore determining their compensation and benefits is the responsibility of the Board. The Business Manager is the only ET member who would be in a position to treat him/herself differently from other key employees. To remain compliant, the CEO (Sr. Minister) approves all compensation changes for the Business Manager that might occur outside the budget process.

EVIDENCE:

We report compliance. Executive Team members recue themselves from decisions about their own positions. For example, the Minister did not participate in decisions related to her position compensation and status, and the Business Manager also did not participate in decisions made by other Executive Team members related to her position.

EXECUTIVE TEAM ASSESSMENT:

The Executive Team is very grateful to Joyce Stewart, the Benefits Administrator for the UUA, and Betsy Gabriel, the Compensation Consultant for the Northern Joseph Priestly District, for their assistance in crafting and negotiating the plan to come into compliance. The Executive Team was unknowingly out of compliance with the UUA's plan, and they helped steer us back onto course with a plan that is both fair to our staff and sensitive to the financial conditions of First Unitarian Church.

For more information related to the staffing plan for FY 11-12, see appendix attached.

Respectfully Submitted by the Executive Team,

Rev. Dr. Joshua Snyder,
Rev. Barbara Gadon,
Marina VanRenssen