

# MERCER

Human Resource Consulting

May 2002

## **2001 Compensation and Benefits Survey**

Sponsored by Arts & Business Council of Greater Philadelphia

### **Survey Results**

**Arts & Business**  
Council of  
Greater Philadelphia

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# I. Introduction

- The Arts & Business Council of Greater Philadelphia is pleased to present this special survey of compensation and benefits practices in use by nonprofit arts and cultural organizations in the region. Approximately 400 such organizations in Southeastern Pennsylvania, Southern New Jersey and Delaware were invited to participate in the survey. Eighty-nine organizations responded to the survey, representing a strong participation across most disciplines.
- Follow-up phonecalls were made to approximately 20 of the responding organizations to gain more detail about specific questions of particular significance. Findings from those calls are incorporated throughout this report.
- Due to limited responses on some questions, we have elected to withhold specific statistics to ensure confidentiality. In generating survey statistics, our rule of thumb is: three responses are necessary to provide the average and median, ten or more responses to provide complete percentile information. Survey methodology also requires that the data be independently arrayed. Therefore, question components do not add up to 100 percent in all cases.
- A similar survey was conducted in 1995. When applicable, data from the 1995 survey has been included in this report for comparison. Some questions were not asked in the 1995 study.
- A glossary in Section X of this report defines the terminology used throughout the document.
- All compensation information in the survey is effective *January 1, 2001*.
- Mercer Human Resource Consulting collected, analyzed and presented the information for this survey, ensuring that all data was treated confidentially. If you have any questions on the analysis or its interpretation, please call Aimee Marr at (215) 982-4414.

***Please remember that the results of this survey are confidential.***

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## II. Observations

### ***Key Findings***

Using the past compensation and benefits survey as a benchmark as well as common practices today in Corporate America, we can evaluate the changes arts and cultural groups in the regional area have made to their programs in the past six years.

These changes include:

***The arts and cultural groups in the region have started to embrace some of the compensation and benefits programs used in for-profit companies.***

These include practices such as:

- salary increases based primarily on merit
- more formal salary structures (primarily used by larger organizations)
- performance-based bonuses, and
- a growing mix of non-compensation related programs and practices to provide a more balanced approach to rewarding employees (e.g., healthcare benefits, flex-time, recognition awards).

This *movement* towards using compensation and benefits practices more prevalent in for-profit companies may be:

- the result of a growing number of arts and cultural groups competing for employees with the for-profit sector or, in some cases, simply hiring employees with prior experience in this sector; and, furthermore,
- the explanation for what appears to be a changing perception of “rewards” on the part of the nonprofit employer and workforce. In the past, the “reward” for employees in the arts and cultural community has been exclusively, or at least more strongly, defined by the criticality of the mission...the “love of the job.” Times have changed and so have the tenets of the employee-employer relationship. Now there is a greater focus on reward and recognition from both parties.

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## II. Observations (continued)

### **Key Findings (continued)**

***The compensation and benefits practices of arts and cultural groups in the region are also comparable to other nonprofits nationally.\****

Survey participants in the study reported salary increases for 2001 (actual) and 2002 (projected) averaging 3%–4%. These percentages are consistent with national pay increases for other nonprofits.

Approximately 19% of survey participants offer bonuses to employees, mirroring the prevalence nationally as well.

- The target bonus percentages vary based on employee level—ranging from 1% of salary (for hourly employees) to 4% for exempt and 9% for management.
- However, it is important to note that most of the survey participants did not have pre-established goals directly linked to the bonus payouts. Rather the performance was assessed at the end of the year based on what had been accomplished.

Most of the survey participants, as well as nonprofits nationally, try to offer some creative “perks” (formally or informally) to recognize employees, provide a better work/life balance and/or create a more relaxed and enjoyable climate within the workplace. Some of these “perks” include:

- 5 hours per month to visit child’s school
- AAA and Sam’s Club memberships
- Birthday off/celebrations
- Casual dress
- Cell phone
- Comp time
- Contests for extra personal days
- Domestic partner benefits
- Early Friday closings in Summer
- Flex-time
- Gift certificates
- Health club subsidies
- Language classes
- Stress therapist on-site once a month
- Theater tickets plus dinner
- Tuition reimbursement
- Weight loss group

\* Source for national nonprofit data: *The NonProfitTimes Salary Survey 2002.*

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## **II. Observations (continued)**

### ***Key Findings (continued)***

***The most critical human resource issues cited by survey participants were the ability to offer competitive compensation levels, the growing cost of providing healthcare benefits and the challenge of attracting, motivating and retaining critical employees.***

The economic slowdown has impacted all industries, not just arts and cultural groups. Organizations are looking to control costs while at the same time maintain employee morale and boost productivity.

### ***Future Challenges...***

***As the region builds on its cultural assets to strengthen and promote economic competitiveness, the region's arts and cultural groups must simultaneously build on their human capital assets to support this strategy for growth.***

Arts and cultural groups play a critical role in shaping the region's image and improving its quality of life and attractiveness to businesses and employees. The impact and longer-term viability of these groups will be closely linked to their ability to attract and retain the right type of artistic, administrative, and managerial employees to execute their mission.

The attraction, motivation, and retention of employees in the for-profit sector has been supported by targeted human resource practices, many of which are now time-honored. We suspect that several of these practices will need to become more commonplace for the arts and cultural organizations in our region, if they want to improve the effectiveness of their people. Highest priority among these practices would be the following:

- specially crafted employee value propositions, designed to articulate the employees' mission in the organization within the broader context of the organization's mission in the region;
- creative reward and recognition programs meant to celebrate employee success or achievement;
- innovative work/life balance programs; and,
- greater usage of performance-based bonuses that are based on pre-established individual and organizational goals.

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## II. Observations (continued)

### **Organizational Information**

- The primary disciplines of the majority of survey participants are:
  - Community Arts/Cultural Centers
  - Historical/Cultural Preservation
  - Multi-Disciplinary
  - Music
  - Theaters
- The survey participants are located across the Delaware Valley. Most are in Center City, Philadelphia, Northwest Philadelphia and Bucks County.
- A majority of participants (60 percent) have an operating budget less than \$1 million, while the budgets of another 24 percent are between \$1 million and \$4 million, and the remainder (16%) are greater than \$4 million.
- A majority of participants (74 percent) report a full-time staff size of “less than 20 people”, while part-time staff is “less than 3 people” for 59% of participants.
- The composition of the staff is typically:

66% Female	12% African American
35% Male	4% Asian/Pacific Islander
	92% Caucasian
	1% Indigenous American
	3.5% Latino
	5% Other

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## II. Observations (continued)

### **Compensation Practices**

- Most of the **base salary** compensation practices utilized by surveyed organizations in 2001 were, for the most part, quite similar to the 1995 findings.
  - In 2001, most of the surveyed organizations (63% overall and more than 80% of the larger organizations\*) awarded salary increases that were based primarily on merit (individual performance).
  - The salary increases averaged 3%–4% (this is higher than the 2.0%–3.3% reported in 1995).
  - About a third of the organizations (33%) took a more egalitarian approach to pay increases basing them on cost-of-living or an across-the-board flat percentage.
  - More than 80% of the organizations freeze/limit pay increases if fund raising and/or earned revenue goals are not met.
  - A formal salary structure to manage compensation is used by only a third of the organizations (35%), but is much more common at the larger organizations (over 60% reported using a formal structure).
- Some **nontraditional compensation practices** that have become more commonplace in the for-profit sector are much less prevalent in the nonprofit surveyed organizations.
  - Lump sum payments in lieu of all or a portion of salary increases are used by very few (9%) of the surveyed organizations.
  - Annual performance-based bonuses are used by less than 20% of the organizations, but are more common at the larger organizations (38%).

*\* Defined as having an operating budget greater than \$4 million and/or more than 50 full-time employees.*

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## II. Observations (continued)

### **Benefits Practices**

- 86% of employers surveyed offer **medical benefits** to management-level employees with slightly fewer organizations (67%) offering these benefits to employees below the management level (only 46% offer medical benefits to hourly workers).
  - According to Mercer’s 2001 National Survey on Employer Sponsored Health Plans, almost all nonprofit organizations surveyed offer *both* medical and dental programs to employees.
- The **most prevalent types of medical plans** offered to surveyed organizations are the HMO and PPO programs.
  - Nationally, PPO plans are the most prevalent type of plan offered by nonprofits (84%), 63% offer HMO plans, 32% offer a POS and 26% still offer a traditional indemnity plan. It is not uncommon for an employer to offer more than one medical option.
- 46% of employers surveyed require employees to **contribute towards the cost** of medical coverage.
  - This is slightly lower than the national norms where greater than half of the nonprofit employers surveyed require employees to contribute towards the cost of medical coverage, regardless of type of program—and 80% require employees to contribute towards the cost of coverage for their family.
- Similar to national norms, few employers surveyed offer retiree medical coverage.
- Less than one third of employers surveyed offer a stand-alone prescription drug or vision plan. However, most employers who do not offer a stand-alone program offer this coverage in the existing medical program (e.g., preventive care).
  - 75% of nonprofit employers nationwide offer a stand alone prescription drug program.

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## II. Observations (continued)

### ***Benefits Practices (continued)***

- Other benefits offered by organizations include:
  - Basic (employer paid) life insurance—typical benefit amount of 1x or 2x salary
  - Accidental death & dismemberment—typically mirrors basic life benefit coverage amounts
  - Short-term (STD) and long-term disability (LTD)
    - Typical benefit amount of 60% of base salary for STD, and
    - 60% of base salary for LTD coverage
- Within retirement savings benefits, tax sheltered annuities (403(b)) are much more widely offered than the traditional pension plans.
- **Other common practices** reported by the surveyed organizations include:
  - Comp time
  - Flex-time
  - Non-monetary recognition awards
  - Tuition reimbursement
  - Domestic partner benefits

## II. Observations (continued)

### Position Summary

- Compensation data for the following eight benchmark jobs were collected, analyzed and segmented into groupings by organization size.

Survey Position	Median Base Salary (as of 1/1/01) By Operating Budget			Median Bonus Award (paid in 2001)
	< \$750K	\$750K–\$4 Mil	> \$4 Million	All Orgs
CEO/Exec Dir	\$42,000	\$75,000	\$142,300	\$6,500
COO/GM	\$30,000	\$57,000	\$113,500	\$1,100
Program Dir	\$28,000	\$41,000	\$68,000	\$2,000
Artistic Dir	\$37,500	\$60,600	\$75,000	\$2,000
Development Dir	\$38,000	\$48,000	\$73,900	\$5,000
Mktg/PR Dir	\$20,000	\$36,500	\$68,600	\$10,000
Business/Fin Mgr	*	\$40,000	\$71,400	\$1,000
Admin Asst	\$22,800	\$27,000	\$29,600	\$900

\* Data suppressed to ensure confidentiality.

### III. Participant List

**The following 89 organizations participated in the survey:**

Organization Name		
Abington Art Center	Elfreth's Alley Association, Inc.	Painted Bride Art Center
Academy of Natural Sciences	Free Library of Philadelphia (City)	Pennsylvania Academy of the Fine Arts
Academy of Vocal Arts	Free Library of Philadelphia (Foundation)	Pennsylvania Ballet Association
Allens Lane Art Center	Friends of Historic Rittenhousetown	Pennsylvania Horticultural Society
American Historical Theatre	Geographical Society of Philadelphia	Perkins Center for the Arts
American Poetry Review	Germantown Historical Society	Philadelphia Art Alliance
Anne-Marie Mulgrew & Dancers Company	Greater Philadelphia Cultural Alliance	Philadelphia Boys Choir & Chorale
Appel Farm Arts & Music Center	Group Motion Dance Company	Philadelphia Chamber Music Society
Art Institute of Philadelphia	Headlong Dance Theater	Philadelphia Folklore Project
ARTREACH, INC.	Historic Fallsington, Inc.	Philadelphia Fringe Festival
Arts & Business Council of Greater Philadelphia	Historic Philadelphia, Inc.	Philadelphia Sketch Club
Astral Artistic Services	Independence Seaport Museum	Philadelphia Theatre Company
Atwater Kent Museum	International Ballet Exchange	Philadelphia Young Playwrights Festival
B. Someday, Inc.	International House of Philadelphia	Photo Review
Bach Festival of Philadelphia	James A. Michener Art Museum	Please Touch Museum
Barleysheaf Players	Kardon Institute of the Arts	Print Center
Barnes Foundation	Lenape Chamber Ensemble	Regional Performing Arts Center
Brandywine River Museum, Brandywine Conservancy	Library Company of Philadelphia	Settlement Music School
Bucks County Choral Society	Main Line Art Center	Singing City, Inc.
Bushfire Theatre of Performing Arts	Mann Center for the Performing Arts	Theatre Alliance of Greater Philadelphia
Center in the Park	Mercer Museum	Town and Country Players
Chester County Art Association	Millbrook Society	Village of Arts & Humanities
Clay Studio	Montgomery County Cultural Center	Walnut Street Theatre
Cliveden of the National Trust	Montgomery Theater Project, Inc.	Wharton Esherick Museum
Colonial Dames of America, Chapter II	Morris Arboretum of the University of Penn.	WHYY, Inc.
Community Arts Center of Wallingford	Music Group of Philadelphia	Wilma Theater
Conservation Center for Art/Historic Artifacts	National Liberty Museum	Wood Turning Center
Creative Access	National Museum of American Jewish History	Woodmere Art Museum
Creative Artists Network	Nonprofit Finance Fund	WYBE Public Television - Channel 35
Delaware College of Art & Design	Opera Company of Philadelphia	

## IV. Summary of Organizational Information

### 1. Discipline Classifications (2001: N = 89) (1995: N = 78)

	<i>Organizations Responding 2001</i>		<i>Organizations Responding 1995</i>	
	<i>Number</i>	<i>Percentage</i>	<i>Number</i>	<i>Percentage</i>
Community Arts/Cultural Centers	17	19%	14	18%
Council/Agency/Association	5	6%	8	10%
Dance	5	6%	1	1%
Educational	3	3%	4	5%
Gallery	1	1%	3	4%
Historical/Cultural Preservation	8	9%	5	6%
Horticultural/Zoological	1	1%	3	4%
Library/Archive	2	2%	2	3%
Literary/Publications	2	2%	1	1%
Media Arts	2	2%	-	-
Multi-Disciplinary	13	15%	10	13%
Art/Science Museum	4	4%	7	9%
Music	8	9%	6	8%
Theater	7	8%	6	8%
Other	11	12%	8	10%

- Arts Education Provider, Ethnic & Education Museum, Community Dev. Fin'l Institution, Opera, Creative Arts Therapy, History Museum, Conservation Center & Laboratory, Arts Service

## IV. Summary of Organizational Information (continued)

### 2. Main Geographic Locations (2001: N = 89) (1995: N = 76)

	<i>Organizations Responding 2001</i>		<i>Organizations Responding 1995</i>	
	<i>Number</i>	<i>Percentage</i>	<i>Number</i>	<i>Percentage</i>
<b><u>Pennsylvania</u></b>				
Center City, Philadelphia	49	55%	39	51%
South Philadelphia	3	3%	4	5%
North Philadelphia	1	1%	1	1%
West Philadelphia	4	4%	7	10%
Northwest Philadelphia	10	11%	11	15%
Northeast Philadelphia	1	1%	1	1%
Bucks County	7	8%	-	-
Chester County	3	3%	3	4%
Delaware County	3	3%	4	5%
Montgomery County	5	6%	2	3%
<b><u>New Jersey</u></b>				
Burlington County	1	1%	-	-
Camden County	-	-	-	-
Gloucester County	-	-	-	-
Other	2	2%	-	-
<b><u>Delaware</u></b>				
	-	-	-	-

## IV. Summary of Organizational Information (continued)

### 3. Operating Budget Classification (2001: N = 87) (1995: N = 78)

	<i>Organizations Responding 2001</i>		<i>Organizations Responding 1995</i>	
	<i>Number</i>	<i>Percentage</i>	<i>Number</i>	<i>Percentage</i>
Less than \$50,000	6	7%	3	4%
\$50,000 to \$100,000	7	8%	4	5%
\$100,001 to \$300,000	19	22%	24	31%
\$300,001 to \$500,000	8	9%	19	25%
\$500,001 to \$750,000	4	5%	5	6%
\$750,001 to \$1 Million	8	9%	5	6%
\$1 Million to \$4 Million	21	24%	7	9%
Greater than \$4 Million	14	16%	11	14%

## IV. Summary of Organizational Information (continued)

### 3. Staff Size (2001: N = 88) (1995: N = 77)

	<i>Organizations Responding 2001</i>		<i>Organizations Responding 1995</i>	
	<i>Number</i>	<i>Percentage</i>	<i>Number</i>	<i>Percentage</i>
<b><u>Full-Time</u></b>				
Less than 3	27	31%	14	18%
3 to 5	17	19%	21	28%
6 to 10	11	13%	17	22%
11 to 20	10	11%	7	9%
21 to 30	5	6%	3	4%
31 to 40	3	3%	1	1%
41 to 50	4	5%	1	1%
51 to 75	1	6%	4	5%
76 to 100	6	1%	1	1%
Over 100	5	6%	8	11%

## IV. Summary of Organizational Information (continued)

### *Organizations Responding 2001*

	<i>Number</i>	<i>Percentage</i>
<b><u>Part-Time</u></b>		
None	14	16%
Less than 3	38	43%
3 to 5	1	1%
6 to 10	13	15%
11 to 30	9	10%
31 to 100	9	10%
Over 100	4	5%

### *Organizations Responding 2001*

	<i>Number</i>	<i>Percentage</i>
<b><u>Interns*</u></b>		
None	35	40%
Less than 5	33	38%
6 to 10	13	15%
Over 10	5	6%

Part-time and intern staff size were not collected in the 1995 study.

\* 28% of participants compensate their interns.

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## IV. Summary of Organizational Information (continued)

### 4. Staff Composition (N = 80)

	<i>Median Response*</i>
% Female	66
% Male	35
% African American	12
% Asian/Pacific Islander	4
% Caucasian	92
% Indigenous American	1
% Latino	3.5
% Other	5

Staff composition was not collected in the 1995 study.

Note: Since median values are reported, responses do not equal 100 percent.

\* Median value represents the number, which is exactly midway between the lowest, and the highest reported data. Because it is not affected by extremes in the data, the median is the most accurate measure of central tendency.

## V. Summary of Compensation Practices

### 5. Basis for Pay Increases (2001: N = 83) (1995: N = 75)

	<i>Organizations Responding 2001</i>		<i>Organizations Responding 1995</i>	
	<i>Number</i>	<i>Percentage</i>	<i>Number</i>	<i>Percentage</i>
Across the Board	27	33%	23	31%
Merit	52	63%*	49	65%
Cost-of-Living	27	33%	15	20%
Other	22	27%	21	28%

Note: 40% of the responding organizations chose more than one type of increase.

\* Increases to approximately 80% for larger organizations (with budgets over \$4 mil and/or more than 50 full-time employees).

### 6. Typical Length of Time Between Salary or Wage Increases (2001: N = 76) (1995: N = 75)

	<i>Organizations Responding 2001</i>		<i>Organizations Responding 1995</i>	
	<i>Number</i>	<i>Percentage</i>	<i>Number</i>	<i>Percentage</i>
12 Months	67	88%	52	69%
13 to 18 Months	1	1%	3	4%
Over 18 Months	1	1%	8	11%
Varies by other factors (i.e., performance, time in position)	2	3%	5	7%
Other	5	7%	7	9%

## V. Summary of Compensation Practices (continued)

### 7. Base salary adjustments are normally made on (2001: N = 76) (1995: N = 72)

	<i>Organizations Responding 2001</i>		<i>Organizations Responding 1995</i>	
	<i>Number</i>	<i>Percentage</i>	<i>Number</i>	<i>Percentage</i>
Common Review Date	49	64%	42	58%
Employee's Anniversary	14	18%	12	17%
Unscheduled	13	17%	18	25%

### 8a. Are yearly salary adjustments dependent on meeting fund raising and/or earned revenue goals? (2001: N = 80) (1995: N = 74)

	<i>Organizations Responding 2001</i>		<i>Organizations Responding 1995</i>	
	<i>Number</i>	<i>Percentage</i>	<i>Number</i>	<i>Percentage</i>
Yes	42	53%	44	60%
No	38	47%	30	40%

## V. Summary of Compensation Practices (continued)

**8b. For organizations answering “Yes” to 8a, when goals are missed, salary adjustments are addressed by (2001: N = 29) (1995: N = 19):**

	2001		1995	
	Organizations Responding	Percentage	Organizations Responding	Percentage
Freezing increases	13	45%	} 14	74%
Limiting increases according to revenues raised	12	41%		
Wage cuts	2	7%	2	10
Deferring or delaying increases until funds are available	2	7%	3	16

*Note: For 8 organizations in which salary increases are dependent on meeting fund-raising goals, the situation of missing goals has not occurred to date.*

## V. Summary of Compensation Practices (continued)

### 9. Organizations using formalized salary structures (2001: N = 80) (1995: N = 76):

	<i>Organizations Responding 2001</i>		<i>Organizations Responding 1995</i>	
	<i>Number</i>	<i>Percentage</i>	<i>Number</i>	<i>Percentage</i>
Yes	28	35%*	19	25%
No	52	65%	57	75%

\* Increases to over 60% for larger organizations (with budgets over \$4 mil and/or more than 50 full-time employees).

### Employee groups covered by formal salary structure (2001: N = 28) (1995: N = 19):

	<i>Organizations Responding 2001</i>		<i>Organizations Responding 1995</i>	
	<i>Number</i>	<i>Percentage</i>	<i>Number</i>	<i>Percentage</i>
Management	25	89%	18	95%
Exempt	21	75%	15	79%
Hourly	11	39%	15	79%

Note: Many organizations use salary structures for more than one group of employees.

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## V. Summary of Compensation Practices (continued)

### 10. Salary structure is determined by (N = 74):

	<i>Organizations Responding</i>	
	<i>Number</i>	<i>Percentage</i>
Board*	8	11%
Management	17	23%
Board* & Management	49	66%

\* Organizations reported that the Board's involvement on compensation issues may include decisions regarding CEO salary level, overall salary increase budget, and bonus plan payouts.

This question was not asked in the 1995 study.

## V. Summary of Compensation Practices (continued)

### 11. 2001 salary adjustments for the following employee categories:

	2001 Actual Increases (Median)			
	<i>Across-the-Board</i>	<i>Merit Increase Budget</i>	<i>Cost of Living</i>	<i>Salary Structure Adjustments</i>
	<i>(N=25)</i>	<i>(N=34)</i>	<i>(N=20)</i>	<i>(N=9)</i>
Management	3.0%	3.5%	3.0%	2.5%
Exempt	3.5%	4.0%	3.0%	2.0%
Hourly	3.0%	3.0%	3.0%	1.0%

### 2002 salary adjustments for the following employee categories:

	2002 Planned Increases (Median)			
	<i>Across-the-Board</i>	<i>Merit Increase Budget</i>	<i>Cost of Living</i>	<i>Salary Structure Adjustments</i>
	<i>(N=22)</i>	<i>(N=31)</i>	<i>(N=20)</i>	<i>(N=8)</i>
Management	3.0%	4.0%	3.0%	3.0%
Exempt	4.0%	4.0%	3.0%	2.7%
Hourly	3.0%	3.0%	3.0%	2.3%

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## V. Summary of Compensation Practices (continued)

### **1995 salary adjustments for the following employee categories:**

	<b>1995 Actual Increases (Median)</b>			
	<b><i>Across-the-Board</i></b>	<b><i>Merit Increase Budget</i></b>	<b><i>Cost of Living</i></b>	<b><i>Salary Structure Adjustments</i></b>
	<b><i>(N=28)</i></b>	<b><i>(N=28)</i></b>	<b><i>(N=11)</i></b>	<b><i>(N=16)</i></b>
Management	3.0%	3.3%	3.0%	2.5%
Exempt	3.0%	2.0%	-	2.0%
Hourly	3.0%	2.0%	3.0%	2.5%

## V. Summary of Compensation Practices (continued)

### 12. Lump sum payments used in lieu of all or a portion of salary increases for the following employee categories (N = 8):

	<i>Organizations Responding "Yes"</i>		<i>Average Lump Sum Amount (as % base pay)</i>
	<i>Number</i>	<i>Percentage</i>	
Management	6	75%	-
Exempt	5	63%	5.7%
Hourly	3	38%	-

This question was not asked in the 1995 study.

### 13 – 14. Annual bonuses (based on performance) offered to the following employee categories (N = 17)\*:

	<i>Organizations Responding "Yes"</i>		<i>Average Target Bonus Amount (as % base pay)</i>
	<i>Number</i>	<i>Percentage</i>	
Management	17	100%*	9%
Exempt	9	53%	4%
Hourly	7	41%	1%

This question was not asked in the 1995 study.

\* Represents 19% of all organizations and 38% of larger organizations (with budgets over \$4 mil and/or more than 50 full-time employees).

Note: Most organizations reported that bonus awards are typically discretionary, after an assessment of organizational and individual performance.

## VI. Summary of Benefit Practices

### 15. Number of participants reporting the following benefits and the cost shared by the employee (and family) in terms of contribution % (N = 76):

#### Results from 2001

	<i>Offered To</i>			<i>Contribution % (Median)</i>	
	<i>Management</i>	<i>Exempt</i>	<i>Hourly</i>	<i>Employee Contribution</i>	<i>Employee &amp; Family Contribution</i>
Medical Coverage	<b>65</b>	<b>51</b>	<b>35</b>		
HMO	44	32	27	37%	100%
Preferred Provider	37	30	23	40%	50%
Point-of-Service	19	15	12	31%	76%
Indemnity	9	8	5	50%	93%
Dental	51	39	28	100%	100%
Post-retirement Medical	3	2	2	-	-
Stand Alone Prescription Drug	25	19	11	-	100%
Stand Alone Vision	26	19	15	100%	100%
Life Insurance	29	27	19	-	-
1x	11	11	7	-	-
2x	11	11	8	-	-
3x	1	-	-	-	-
Other	1	1	-	-	-

## VI. Summary of Benefit Practices (continued)

### Results from 1995

	<i>Offered To</i>		
	<i>Management</i>	<i>Exempt</i>	<i>Hourly</i>
Medical Coverage			
HMO	*	*	*
Preferred Provider	42	29	21
Point-of-Service	24	20	13
Indemnity	27	21	18
Dental	34	25	18
Post-retirement Medical	6	4	2
Stand Alone Prescription Drug	33	24	17
Stand Alone Vision	21	15	9
Life Insurance	19	18	14

The question on contribution % was not asked in the 1995 study.

\* Data on these plans were not collected in the 1995 study.

## VI. Summary of Benefit Practices (continued)

	<i>Offered To (2001)</i>			<i>Offered To (1995)</i>		
	<i>Management</i>	<i>Exempt</i>	<i>Hourly</i>	<i>Management</i>	<i>Exempt</i>	<i>Hourly</i>
Accidental Death & Dismemberment	19	19	13	16	14	12
Flexible Healthcare	12	11	10	17	12	12
Flexible Dependent Care	10	9	7	*	*	*
Short-term Disability	20	19	14	28	16	12
Median Benefit Level (%)	60%	60%	60%	*	*	*
Long-term Disability	30	29	18	29	20	15
Median Benefit Level (%)	60%	60%	60%	*	*	*
Tax Sheltered Annuity (403(b))	43	37	25	25	21	18
Average Employer Match (%)	8%	6%	7%	*	*	*
Defined Benefit Pension Plan	8	8	4	14	11	7

\* Data on these plans were not collected in the 1995 study.

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## VI. Summary of Benefit Practices (continued)

**16. Organizations who offer a consolidated paid time off (PTO) “bank” of days (vacation/sick/personal/additional holidays) for the following employee categories (N = 14):**

	<i>Organizations Responding</i>		<i># Days/Year</i>		
	<i>Number</i>	<i>Percentage</i>	<i>25th Percentile</i>	<i>50th Percentile</i>	<i>75th Percentile</i>
Management	14	100%	16	20	25
Exempt	7	50%	18	22	29
Hourly	5	36%	19	20	26

## VI. Summary of Benefit Practices (continued)

### 17. For those employers not offering a PTO bank of days, the number of sick and personal days allocated by type of day and employee category (N = 53):

		<i># Days/Year</i>		
		<i>Sick</i>	<i>Personal</i>	<i>Additional</i>
<b>Management</b>	25th Percentile	5	2	3
	Median	10	3	6
	75th Percentile	10	4	9.5
<b>Exempt</b>	25th Percentile	5	2	3
	Median	10	3	5.5
	75th Percentile	10	3.3	7.3
<b>Hourly</b>	25th Percentile	2.5	1.5	2
	Median	6	2	5
	75th Percentile	11	3	6.3

This question was not asked in the 1995 study.

## VI. Summary of Benefit Practices (continued)

**18. The number of vacation days by years of service as well as by employee category (e.g., see shaded area where 7 organizations reported that with 1 year of service, management employees get 1 to 5 days vacation)**

Employee Group	1 to 5 Days		6 to 10 Days		11 to 15 Days		16 to 19 Days		20 Days or More		
	Years	Number of Respondents	Years	Number of Respondents	Years	Number of Respondents	Years	Number of Respondents	Years	Number of Respondents	
Management	0	11	0	7	0	6	0	2	0	3	
	1	7	1	21	1	11	1	1	1	6	
	2	-	2	4	2	3	3	5	2	-	
	5	2	3	-	3	9	5	6	4	6	
			5	1	4	2	7	4	5	7	
					5	6	8	-	7	2	
					7	1	10	3	13	3	
					10	1			15	2	
	Exempt	0	9	0	8	0	5	0	2	0	3
		1	5	1	18	1	10	1	1	1	3
5		5	2	4	2	4	2	2	4	4	
			3	1	3	7	3	3	5	7	
			5	-	4	-	5	3	6	2	
					5	4	7	1	10	1	
					7	2	8	-	15	4	
					10	-	10	2	16	2	
							13	1	24	1	
Hourly		0	5	0	4	0	4	0	4	0	4
	1	4	1	13	1	6	2	-	1	2	
	2	-	2	2	2	4	3	3	4	1	
	5	4	5	-	3	4	5	2	5	5	
					4	1	7	1	6	2	
					5	2	13	2	8	1	
					7	-			10	1	
				10	1			14	2		
								24	2		

## VII. Summary of Additional Compensation & Benefits Practices

<i>(N = 56)</i>	<i># Orgs Currently Using Practice or Implementing Soon For</i>		
	<i>Management</i>	<i>Exempt</i>	<i>Hourly</i>
Comp Time	34	28	11
Domestic Partner Benefits	11	10	8
Employee Assistance Plan	6	6	7
Employee Referral Incentives	2	-	1
Flex-time	23	20	14
Job Sharing	3	2	1
Non-monetary Recognition Awards*	14	10	9
On-site/Subsidized Childcare (other than FSA)	-	-	-
On-site/Subsidized Healthcare	-	-	-
Performance Management Plan	6	6	5
– Competency-based performance management plan	5	4	3
– Multi-rater feedback	2	2	2
Sabbaticals	5	6	3
Spot Cash Awards	6	4	3
Succession Planning	2	2	1
Telecommuting	3	2	2
Tuition Reimbursement	13	9	9

This question was not asked in the 1995 study.

\* See additional detail on next page.

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## **VII. Summary of Additional Compensation & Benefits Practices (continued)**

Some of the non-monetary recognition awards used at the surveyed organizations include:

- Gift certificates
- Comp days/time
- Service awards (theater, dinner)
- Casual dress
- Flex time
- Education support
- Staff development seminars
- Training trips
- Early closings on Fridays during summertime
- Contests for extra personal days
- Free tickets to shows for employees and family
- Birthday celebrations
- Executive Director hosted party

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## VIII. Position Summary Tables

Survey participants were asked to match their organization's positions with the following survey benchmark positions:

**CEO/President/Executive Director/Managing Director:** Serves as chief administrative officer; works with Board; recruits, hires and supervises staff; manages fundraising, budgets, financial administration, program initiation and development, marketing and public relations, and oversees all organizational operations. Serves as public spokesperson for organization.

**COO/General Manager:** This is the number two position in your organization. Assists the CEO/President/Executive Director/Managing Director with management of major aspects of the organization.

**Program/Associate/Education/Outreach Director:** Assists executive director with management of major programs for organization; manages educational and/or outreach programs; may supervise program and support staff; prepares program budgets.

**Artistic Director:** This position oversees the artistic product of the organization; in most cases reports directly to the Board; provides leadership over all artistic staff in the organization; sets and implements artistic standards of the organization.

**Development Director:** Prepares government, corporate and foundation proposals; manages individual, annual and capital campaigns, planned giving and membership drives. Assists executive director in direct relations with funders.

**Marketing/Public Relations Director:** Develops and executes marketing strategies, outreach, coordination and distribution of printed materials, promotional activities, group sales and press relations. Handles public requests for organizational information.

**Business/Financial Manager:** Manages all aspects of finance and accounting including project budgets, financial reports and statements, general ledger, journals, taxes, payroll, audit, and purchasing of goods and services.

**Administrative Assistant:** Assists senior and/or support staff with clerical duties and administrative support; answers phones, performs word processing, files correspondence, coordinates schedules, and coordinates Board meetings.

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## VIII. Position Summary Tables (continued)

For each of the survey benchmark jobs, data are reported and segmented into three groupings: organizations with operating budgets greater than \$4 million, budgets between \$750,000 to \$4 million, and budgets less than \$750,000. A fourth category is also displayed that groups all incumbents reported for each benchmark.

The number of organizations and number of employees for each benchmark are shown separately to indicate the frequency of multi-incumbent jobs. For example, 47 organizations reported data for Administrative Assistant, however, many reported average salary data for multiple incumbents, resulting in a total of 110 employees that match the benchmark.

Base salary and bonus award levels were collected for each benchmark position. The following are definitions for the summary statistics used in the position tables:

**25th Percentile:** The salary rate or bonus award within the sample that is higher than 25 percent of all the reported data.

**Median:** The salary rate or bonus award within the sample which is exactly midway between the lowest and the highest reported data. The median is not affected by extremes in the range of data, and is therefore the most accurate measure of central tendency.

**75th Percentile:** The salary rate or bonus award within the sample that is higher than 75 percent of all the reported data.

## VIII. Position Summary Tables (continued)

*Survey Position Title: CEO/President/Executive Director/Managing Director*

### Summary Statistics

	Number of Organizations	Number of Employees	Base Salary as of 1/1/01			Most recent bonus award		
			25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile
All Incumbents	69	74	\$44,000	\$65,000	\$104,000	\$3,000	\$6,500	\$12,500
Operating Budget Greater than \$4M	12	12	116,000	142,300	178,100	***	15,000	***
Operating Budget \$750,000 - \$4M	29	29	62,500	75,000	90,000	***	7,300	***
Operating Budget Less Than \$750,000	26	31	35,800	42,000	46,100	***	3,000	***

\*\*\* Data suppressed to ensure confidentiality

Note: For most organizations that matched this position, the responsibilities of their positions are comparable to those of the benchmark position. Four organizations reported that their positions have additional responsibilities, mainly artistic in nature. Five organizations indicated that their positions have fewer responsibilities.

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## VIII. Position Summary Tables (continued)

### *Survey Position Title: CEO/President/Executive Director/Managing Director*

<i>Position Perquisites</i>	<b>Organizations Responding</b>	
	<i>Number</i>	<i>Percentage</i>
Automobile	10	14%
Private Parking Space	22	30%
Entertainment Allowance	22	30%
Club Membership	10	14%
Travel Budget	40	54%
Car Allowance	5	7%
Cellular Phone	25	34%
Executive Coaching	5	7%
Financial Counseling	4	5%
Legal Counseling	3	4%
Other	8	11%

- Reimbursement for mileage, ½ of health care expenses, expenses for working from home and parking; Palm Pilot; Board dues; Residence

## VIII. Position Summary Tables (continued)

*Survey Position Title: COO/General Manager*

### Summary Statistics

	Number of Organizations	Number of Employees	Base Salary as of 1/1/01			Most recent bonus award		
			25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile
All Incumbents	24	24	\$45,800	\$65,000	\$88,800	***	\$1,100	***
Operating Budget Greater than \$4M	6	6	***	113,500	***	***	***	***
Operating Budget \$750,000 - \$4M	14	14	47,100	57,000	70,000	***	***	***
Operating Budget Less Than \$750,000	3	3	***	30,000	***	***	***	***

\*\*\* Data suppressed to ensure confidentiality

Note: For most organizations that matched this position, the responsibilities of their positions are comparable to those of the benchmark position. Three organizations reported that their positions have additional responsibilities such as training and artistic functions. Two organizations indicated that their positions have fewer responsibilities.

## VIII. Position Summary Tables (continued)

*Survey Position Title: Program/Associate/Education/Outreach Director*

### Summary Statistics

	Number of Organizations	Number of Employees	Base Salary as of 1/1/01			Most recent bonus award		
			25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile
All Incumbents	49	64	\$30,000	\$42,000	\$52,000	***	\$2,000	***
Operating Budget Greater than \$4M	12	17	50,000	68,000	82,300	***	***	***
Operating Budget \$750,000 - \$4M	25	35	30,000	41,000	49,000	***	2,000	***
Operating Budget Less Than \$750,000	11	11	26,000	28,000	37,500	***	***	***

\*\*\* Data suppressed to ensure confidentiality

Note: For most organizations that matched this position, the responsibilities of their positions are comparable to those of the benchmark position. Two organizations reported that their positions have additional responsibilities such as marketing. Five organizations indicated that their positions have fewer responsibilities.

## VIII. Position Summary Tables (continued)

*Survey Position Title: Artistic Director*

### Summary Statistics

	Number of Organizations	Number of Employees	Base Salary as of 1/1/01			Most recent bonus award		
			25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile
All Incumbents	22	25	\$41,800	\$55,800	\$67,800	***	\$2,000	***
Operating Budget Greater than \$4M	5	5	***	75,000	***	***	***	***
Operating Budget \$750,000 - \$4M	9	10	54,500	60,600	66,600	***	***	***
Operating Budget Less Than \$750,000	8	10	27,000	37,500	44,300	***	***	***

\*\*\* Data suppressed to ensure confidentiality

Note: For most organizations that matched this position, the responsibilities of their positions are comparable to those of the benchmark position. Four organizations reported that their positions do not report directly to the Board, but to the top (Executive Director) position instead.

## VIII. Position Summary Tables (continued)

*Survey Position Title: Development Director*

### Summary Statistics

	Number of Organizations	Number of Employees	Base Salary as of 1/1/01			Most recent bonus award		
			25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile
All Incumbents	41	41	\$43,500	\$55,000	\$67,600	***	\$5,000	***
Operating Budget Greater than \$4M	10	10	64,700	73,900	86,400	***	***	***
Operating Budget \$750,000 - \$4M	25	25	42,000	48,000	61,700	***	4,000	***
Operating Budget Less Than \$750,000	4	4	***	38,000	***	***	***	***

\*\*\* Data suppressed to ensure confidentiality

Note: For most organizations that matched this position, the responsibilities of their positions are comparable to those of the benchmark position. Two organizations reported that their positions have additional responsibilities such as office management and marketing. Two organizations indicated that their positions have fewer responsibilities.

## VIII. Position Summary Tables (continued)

### Survey Position Title: Marketing/Public Relations Director

#### Summary Statistics

	Number of Organizations	Number of Employees	Base Salary as of 1/1/01			Most recent bonus award		
			25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile
All Incumbents	34	35	\$31,600	\$43,000	\$63,800	***	\$10,000	***
Operating Budget Greater than \$4M	10	11	52,900	68,600	73,400	***	***	***
Operating Budget \$750,000 - \$4M	20	20	31,000	36,500	46,300	***	***	***
Operating Budget Less Than \$750,000	3	3	***	20,000	***	***	***	***

\*\*\* Data suppressed to ensure confidentiality

Note: For most organizations that matched this position, the responsibilities of their positions are comparable to those of the benchmark position. One organization reported that their position is also responsible for website management. Five organizations indicated that their positions lack either the marketing or public relations responsibilities.

## VIII. Position Summary Tables (continued)

*Survey Position Title: Business/Financial Manager*

### Summary Statistics

	Number of Organizations	Number of Employees	Base Salary as of 1/1/01			Most recent bonus award		
			25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile
All Incumbents	34	34	\$34,300	\$50,000	\$71,500	***	\$1,000	***
Operating Budget Greater than \$4M	12	12	59,300	71,400	77,100	***	***	***
Operating Budget \$750,000 - \$4M	19	19	32,300	40,000	53,500	***	500	***
Operating Budget Less Than \$750,000	1	1	***	***	***	***	***	***

\*\*\* Data suppressed to ensure confidentiality

Note: For most organizations that matched this position, the responsibilities of their positions are comparable to those of the benchmark position. Five organizations reported that their positions have additional responsibilities such as Information Technology and Human Resources. Four organizations indicated that their positions lack purchasing responsibilities.

## VIII. Position Summary Tables (continued)

### Survey Position Title: Administrative Assistant

#### Summary Statistics

	Number of Organizations	Number of Employees	Base Salary as of 1/1/01			Most recent bonus award		
			25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile
All Incumbents	47	110	\$23,000	\$27,200	\$30,000	***	\$900	***
Operating Budget Greater than \$4M	10	58	26,800	29,600	31,300	***	***	***
Operating Budget \$750,000 - \$4M	23	33	23,500	27,000	30,000	***	750	***
Operating Budget Less Than \$750,000	12	12	20,300	22,800	29,300	***	***	***

\*\*\* Data suppressed to ensure confidentiality

Note: For most organizations that matched this position, the responsibilities of their positions are comparable to those of the benchmark position. Six organizations reported that their positions have additional responsibilities such as bookkeeping, payroll administration, purchasing and writing press releases.

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## **IX. Critical HR Issues**

- Respondents were asked to list the three human resources related issues that will be most critical to their organization in the next one to two years. Over 70 (approximately 85%) of the responding organizations listed at least one critical issue.
- Among these organizations, benefits and compensation are the two most significant issues. About one-third of the respondents indicated that the top HR issue for their organization is either the cost of providing healthcare benefits to employees or the lack of funding to maintain or reach competitive compensation levels.
- The other most frequently cited issues, listed in order of frequency, are:
  - Understaffing
  - Developing and training staff (primarily on supervisory/managerial and technology skills)
  - Retaining talented employees
  - Developing or revising human resources policies
  - Attracting talented candidates
  - Succession planning at the management level and above
  - Developing formalized/standardized compensation programs (e.g. salary structures, annual incentive plans)
  - Board development
- For organizations who rely heavily on volunteers, their issues centered around:
  - Lack of volunteers
  - Aging volunteer pool
  - Need for paid staff to assist with daily operations and administration

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## **X. Glossary of Compensation and Benefit Terms**

- Accidental Death & Dismemberment Insurance – Provides coverage for death or dismemberment resulting directly from accidental causes.
- Across the Board Increase – A pay increase that is identical and given to all eligible employees (i.e., general increases).
- Annual Incentive Plan – A short-term incentive plan based on performance of the individual, work group, and/or organization over a period of a year or less.
- Cost of Living Increase – A pay increase that is identical for all employees and is based on price indices that are tracked and published by the Bureau of Labor Statistics.
- Comp Time – Time off from work provided in lieu of overtime pay.
- Defined Benefit Pension Plan – A program providing guaranteed benefits to employees during retirement. Benefits, typically payable on a monthly basis, are generally determined based on an employee's final average pay and years of service at retirement or termination.
- Domestic Partner Benefits – Health and welfare or other benefits offered to an employee's unmarried domestic partner.
- Exempt Employees – A group of employees who are exempt from overtime requirements of the Fair Labor Standards Act. This classification includes most professional and administrative positions.
- Flex-time – A program allowing employees to choose alternative work schedules.

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## **X. Glossary of Compensation and Benefit Terms (continued)**

- Flexible (Healthcare and/or Dependent Care) Spending Accounts (FSA) – “Accounts” holding employee pretax contributions, that may be used to reimburse employees for deductible medical expenses and up to \$5,000 in annual dependent care expenses.
- Hourly Employees – Employees paid on an hourly wage basis. May also include part-time employees.
- HMO – A health maintenance organization.
- Indemnity Coverage – Program providing medical benefits/coverage regardless of doctors or facilities used. Employee cost unaffected by choice of doctor or facility.
- Job Sharing – An arrangement for two part-time employees to share the duties of one job.
- Long-term Disability – Payment of a portion of salary during periods of prolonged illness or incapacity. Benefits generally begin 25 to 26 weeks after the occurrence of disability. Benefits may be paid for prolonged periods of time.
- Lump Sum Payments – A cash payment awarded to employees in lieu of a pay increase. The payment may replace the entire pay increase or supplement a portion of it.
- Management Employees – The organization’s senior staff. A group of employees that manage key departments or areas.
- Merit Increase – A pay increase based on an individual’s performance over a given period.

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## **X. Glossary of Compensation and Benefit Terms (continued)**

- Merit Increase Budget – The average total increase, merit plus cost-of-living, budgeted for each employee group for the fiscal year indicated. (Note that individual merit increases may vary from the budgeted average for performance reasons.)
- Non-monetary Recognition Awards – Compensation that is not cash, such as travel and merchandise, excluding other non-taxable items (not reported on a W-2) granted in recognition of performance.
- Paid Sick Leave – Continuation of full pay during illness; continuation of pay is generally available regardless of length of service.
- Performance Management Plan – A formal process for managing and evaluating individual employee performance through goal setting, monitoring of progress during performance period, and assessing achievements at end of performance period.
- Point of Service (POS) – Program providing medical benefits regardless of doctors or facilities utilized. Employee costs (i.e., copays and deductibles) are lower if specified doctors and facilities used.
- Preferred Provider (PPO) – Program providing medical benefits only if certain doctors and/or facilities are utilized. Employee costs are typically lower than those under other types of programs.
- Salary Structure Adjustment – The percentage(s) by which your organization has increased its salary structure(s) for 2001. Note that such adjustment affects only the salary structure(s), and not the raises of individual employees.
- Salary Structures – A formal system of grades and pay ranges for jobs that exist in an organization.

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## **X. Glossary of Compensation and Benefit Terms (continued)**

- Short-term Disability – Payment of all or a portion of salary during illness, typically beginning after the first week of illness and paying benefits until the 26th or 27th week of illness. Period during which full pay is received generally depends on the employee's length of service with organization.
- Spot Cash Awards – Non-periodic awards granted in recognition of performance.
- Tax-Sheltered Annuity (403(b)) Savings Plan – Retirement program for nonprofits where your organization makes annual contributions to a separate account for each employee. Ultimate retirement benefits are dependent upon annual contributions and investment earnings credited to an employee's account.

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## **XI. About Mercer Human Resource Consulting**

Mercer Human Resource Consulting is a global consulting firm that helps organizations use the power of their people to enhance business success.

We partner with our clients in all aspects of strategic and operational human resource consulting and implementation. Our special areas of emphasis include employee benefits, compensation, communication, and actuarial services. We also advise on investment issues. With over 14,000 employees in offices in 140 cities in 40 countries, we can develop seamless business solutions and deliver them to clients anywhere in the world. Our commitment to full ownership of all our operations allows Mercer consultants to share thought leadership and maintain the highest service and technical standards wherever we work.