

## **Review of Textile Center Employee Benefits**

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For review by Textile Center Board of Directors - Nov. 28, 2018

### **Executive Summary**

This analysis consists of three sections:

- Comparison of Textile Center with other non-profit organizations based on the Minnesota Nonprofit Salary and Benefits Survey 2016
- Summary of Interviews with Textile Center Staff
- Recommendations

For the purpose of this analysis, the Textile Center was compared to organizations that have an annual operating budget of \$1,000,000 to \$1,999,999. The order of benefits considered follows the format used in the Salary and Benefits Survey. Data from the survey is summarized, and **the comparable data from the Textile Center is shown in boldface type.**

Interviews were conducted in October and November with the six members of the Textile Center staff that are eligible to participate in the benefits programs. A simple, standardized guide was used to provide consistency. Staff was informed that their specific interview responses were confidential but would be used in summary form for this report. Two individuals gave permission to share their specific information as an illustration of the actual operation of the plan,

At this point, the recommendations are very general. If the Board of Directors is comfortable with the general direction of the recommendations, more analysis is needed to calculate the specific budget impact.

## **Medical Insurance**

91.1% of the organizations in our size category offer medical insurance; 8.9% do not offer medical insurance

The types of plans cover the full range of HMO, PPO, POS, Indemnity, HDHP (high deductible, low premium) with most organizations offering a single plan option -- PPO and HDHP are the most popular options. Over 90% of the plans include mental health and substance abuse coverage, 77% include chiropractic care.

In our size category, 69.9% of the organizations require the employee to pay some portion of the medical plan premium. 30.1% require no payment.

For employee only coverage, the average employee contributes 22.8% of the cost of the premium.

**Textile Center employees contribute 50% of the cost of the premium for employee only coverage. The monthly premium varies depending on the age of the individual employee and ranges from \$446.52 to \$743.63. (The actual out-of-pocket cost is 50% of this amount).**

For employee plus one dependent, the average employee pays 55.9% of the cost of the premium.

For family coverage, the average employee contributes 63.8%.

**Textile Center employees contribute 100% of the cost of the premium for dependent coverage. The additional cost of coverage for each dependent ranges from \$254.26 to \$696.20 (premiums are age based). There is no actual family coverage option; each dependent premium is separate. (The actual out-of-pocket cost for individual employees is the employee premium amount plus the full cost of each covered dependent.)**

82.2% of the plans include an annual deductible. For employee only coverage in our size category, the annual deductible averages \$1687. For employee plus one dependent, the deductible averages \$3,000 and for family coverage the deductible averages \$3,950.

**Textile Center employees have an annual deductible of \$ 2,500 for employee only and \$7,500 for family for in-network charges. The out of network amounts are \$7,500 for employee and \$15,000 per family. The plan document states that you must pay all of the costs from providers up to the deductible amount before this plan begins to pay. Preventive care, lab services, well child and prenatal care are covered without meeting the deductible.**

**The out-of-pocket maximum is \$7350 for employee only and \$14,700 for family for in-network services. There is no out-of-pocket limit for out of network services.**

A variety of additional features are identified. The average co-pay for a regular office visit, \$22.88. The average co-insurance for a regular office visit is 34.4%.

**The office visit co-pay for Textile Center employees or their covered dependents is \$55.00 for primary care and \$110.00 for specialist visits to network providers.**

**The average prescription drug cost is \$12.00 for generic drugs, \$60.00 for preferred brand drugs, and \$100 for non-preferred plan drugs. Specialty drugs have a 20% coinsurance for preferred (maximum \$200) and 35% coinsurance for no-preferred.**

## **Paid time off for birth or adoption**

18.4% of the organizations in our size category offer paid leave for the birth or adoption of a child. For those organizations that offer this benefit, the average is 6.4 weeks for new mothers and 5.4 weeks for new fathers.

**The Textile Center does not offer this benefit.**

## **Paid Time Off**

41.7% of the organizations surveyed offer separate vacation leave and sick leave accrual programs. 51.6% of the organizations combine vacation and sick leave into a paid time off (PTO) program. The Textile Center is compared with the group that offers separate vacation and sick leave programs. In this section of the survey, organizations of all sizes were considered in one group (not by size of organizational budget). The 50th percentile represents the most common number among the participating organizations.

## **Vacation Days**

At the 50th percentile, employees average 10.0 days of paid vacation after 1 year of service, 16.0 days after 5 years of service and 20.0 days after 10 years of service.

**The Textile Center provides the following paid vacation days per year.**

<b>1 and 2 years of service</b>	<b>10 days</b>
<b>over 2 and less than 5 years of service</b>	<b>15 days</b>
<b>over 5 and less than 8 years of service</b>	<b>20 days</b>
<b>over 8 years of service</b>	<b>25 days</b>

Vacation time is pro-rated for partial years of service and for part-time employees.

## **Sick Days**

At the 50th percentile, employees average 12.0 days of paid sick leave. This benefit does not vary based on years of service.

**The Textile Center provides 12 days of paid sick leave per year.**

## **Personal Days**

45.9% of the organizations offer personal days in addition to sick and vacation days. The average number of days offered at the 50th percentile is 2.6 days.

**The Textile Center provides 3 days paid bereavement leave in the event of the death of a close family member.**

## **Paid Holidays**

The average number of paid holidays is 9 days at the 50th percentile.

**The Textile Center provides 9 paid holidays per year.**

## **Retirement Savings Plan**

83.1% of organizations in our size category offer a retirement savings plan. The majority of those programs are 403b plans.

**Textile Center employees can elect to participate in a 403(b) plan through TIA.**

## **Core Retirement Plan Contribution**

19.4% of those organizations offer a CORE contribution (no employee match required). The average core contribution is 3.8%.

**The Textile Center does not offer a core retirement plan contribution.**

## **Retirement Plan Matching Contribution**

63.9% of the organizations have a matching contribution. The average match is 90.7% up to an average maximum of 3.5% of the employees salary.

**The Textile Center does not offer a retirement plan matching contribution..**

## **Life Insurance**

59.1% of organizations in our size category provide employer paid or subsidized term life insurance. For the Executive Director, the median percentage of insurance provided is 130% of salary. For other management staff and all other employees, the median percentage is 100% of salary.

**The Textile Center does not offer life insurance.**

## **Dental Insurance**

Dental insurance is fully employer paid by 30.7% of the organizations, shared by 33.0% of the organizations and paid by employees at 13.0% of the organization. Dental insurance is not offered by 23.9% of the organizations.

**Textile Center employees are eligible to participate in a dental plan at \$30.20 per employee; employee plus spouse is \$62.00 per month, individual children are covered at \$30.45. The benefit is fully paid by the employee.**

**The annual deductible is \$50 per person and \$150 per family. The annual maximum is \$1,000.**

## **Elder Care Insurance**

Only 2.3% of the organizations in our size category offer this benefit; it is fully paid by the employee.

**The Textile Center does not offer elder care insurance.**

## **Long Term Care Insurance**

Less than 10% of the organizations in our category offer this benefit. 3.4% pay the entire cost, while it is a shared cost for 1.1% and paid by employees in 4.5% of the organizations.

**The Textile Center does not offer long term care insurance.**

## **Long-Term Disability Insurance**

46.6% of the organizations offer employer-paid long term disability insurance while 4.5% share the costs and 10.2% offer the benefit as employee paid. 38.6% do not offer the benefit.

**The Textile Center does not offer long-term disability insurance.**

## **Short-Term Disability Insurance**

31.8% of the organizations offer employer-paid short term disability insurance while 4.5% share the costs and 15.9% offer the benefit as employee paid. 47.7% do not offer the benefit.

**The Textile Center does not offer short-term disability insurance.**

## **Physical Fitness / Wellness Program**

13.8% of the organizations offer some form of this benefit.

**The Textile Center does not offer this benefit.**

## **Prescription Drug Insurance**

97.3% of the organizations offer prescription drug coverage as part of the medical insurance benefit.

**The Textile Center does offer prescription drug insurance as part of the medical insurance.**

## **Vision Insurance**

15.9% of the organizations offer employer-paid vision insurance while 11.4% share the costs and 11.4% offer the benefit as employee paid. 61.4% do not offer the benefit.

**The Textile Center does not offer vision insurance.**

## **Cafeteria /Section 125 Plans**

46% of the organizations offer pre-tax dependent care flexible spending accounts, 49.4% offer pre-tax health expense accounts, and 11.4% offer pre-tax transit contributions. By definition, these benefits are all employee paid but provide significant tax savings.

**The Textile Center does offer a program to make pre-tax contributions for dependent care and health care.**

## **Tuition for College or University Credits**

12.5% of the organizations in our size category offer a tuition reimbursement benefit.

**The Textile Center does not offer a tuition reimbursement program.**

## **Professional Development**

90.9% offer employer-paid professional development while it is a shared cost for 4.5% of the organizations and paid by the employee at 1.1% of the organizations.

**The Textile Center budgets for professional development. In 2018, the budgeted amount was \$**

## **Summary of Interviews with Textile Center Staff**

Textile Center staff members consistently praised the organization as a great place to work. However, the overall impression of the employee benefits ranged from adequate to minimal to below standard for most other arts organizations. Staff members were concerned about the coverage and cost for themselves and their families but also believe that improvements are needed to attract and retain competent staff. In general, they did not see the benefits package as competitive with other nonprofit arts organizations.

### **Health Insurance**

The health insurance program was the major focus of most of the interviews. With a \$2500 deductible, it is viewed as a catastrophic policy that offers protection in the event of a serious accident or illness. However, the \$2500 deductible can create a significant financial impact even in the case of a minor injury or illness or a short hospitalization.

The \$55 per office visit copay (for primary care -- \$110 for specialists) was viewed as higher than the community standard. Individual stated that the size of the copay is a consideration when they decide if they are "sick enough" to need medical care.

The prescription drug copay for standard medications is appropriate, but the cost for specialty or branded medications is seen as prohibitive.

The premiums were viewed as the most significant issue. The Textile Center's policy to pay 50% of the premium for the employee-only coverage and nothing toward the cost of dependent coverage was seen as below community standards. The age-based premiums and pricing based on each covered individual (no family option) were seen as problematic. One individual stated that this plan is not a practical choice for a family; the monthly premiums and deductibles are cost prohibitive.

Two individuals gave permission to share specific examples of concerns they have with the health plan. One individual stated that the cost of the monthly premium for employee and one dependent is 28% of gross pay and 47% of net pay. This is before any actual medical expenses (subject to the \$2500 deductible) are incurred. Another individual was involved in a relatively minor accident this year but found that the medical expenses quickly reached the deductible limit and therefore a \$2500 out-of-pocket cost in addition to the monthly premiums and regular medical expenses of the dependent on the policy.

### **Dental Insurance**

The dental benefit was described as basic and minimal. The PPO plan is the most basic policy and the \$1000 annual maximum means it won't cover major work.

### **Retirement Contribution**

There is strong interest in providing a core contribution or matching contribution to the retirement plan. Several individuals thought that this should be an organizational priority.

### **Life Insurance**

Feedback on life insurance was mixed. Some individuals had not interest; others had very strong interest especially if group rates would be significantly lower than commercial products.

### **Long-term and Short-term Disability Insurance**

While there is interest, it is not the highest priority for most of the employees. However, there is a sense that this should be part of the organization's strategy for the future.

### **Professional Development**

Staff expressed interest in additional professional development opportunities such as the ability to participate in professional organizations and attend conferences. There was excellent feedback on excel training offered this year.

### **Summary of Staff Feedback**

The majority of the staff would prioritize reducing the employee costs for health insurance and providing some funding for the retirement program. There was strong interest in exploring the options for life insurance and disability insurance and funding additional professional development opportunities.



## **Recommendations**

- Increase the employer funding for the employee only health insurance coverage .
- Consider providing some funding for dependent health insurance coverage.
- Actively consider participating in the health care consortium being formed by the Minnesota Council on Nonprofits. Access to a larger group would likely reduce the deductible and eliminate age-based premiums but the final plan specifications are not yet available.
- Adopt a multi-year plan to fund a basic contribution and match for the retirement program.
- Request bids for life insurance and group long-term disability insurance.

### **Next steps:**

Calculate the cost of increasing the employer share of the health care premium for employee only coverage from 50% to 75% and 90%. This would provide information for the 2019 budgeting process.

Calculate the cost of subsidizing 10% of the cost of health care coverage for dependents.

Calculate the cost of providing a retirement contribution of 2% of salary, with an additional 1% added in years 2 and 3 of the program.

Calculate the cost of providing a 1% and 2% match on employee contributions.