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## **Study: Small nonprofits lag in benefits**

By Mary Moore

While Massachusetts nonprofits generally are on par with other states in terms of providing benefits to employees, the state's small organizations are lagging behind their larger counterparts statewide, according to a study sponsored by the Boston Foundation, [Braver PC](#) and the Massachusetts Nonprofit Network.

Just over half of the Massachusetts nonprofits with annual budgets of less than \$250,000 offer employee health insurance benefits, according to the results of the study, and retirement plans are offered by 44 percent. Other benefits are offered at even lower rates among small nonprofits: dental insurance at 20 percent, long term disability at 10 percent and life insurance at 7 percent. Other types of employee benefits are infrequently offered by these small organizations, the report found.

Even when it comes to time off, small organizations offer 20 percent fewer vacation days and 40 percent fewer holidays and sick days than larger organizations.

"These are people who contribute so much to the commonwealth and to the quality of life in the Commonwealth," said Geeta Pradhan, Director of Programs at the Boston Foundation. "It's important to look for ways that smaller organizations can provide benefits to employees."

The research report will be released Thursday during a press conference at the Boston Foundation. The findings include information from 649 nonprofits throughout Massachusetts — breaking them into three categories based on budget size — and brings to light substantial differences in the benefits offered to employees.

Nonprofits employ nearly 14 percent of the Massachusetts workforce, according to the Boston Foundation. Smaller organizations facing tough financial decisions, especially in a recession, often have to strike a balance between attracting top quality talent with good benefits packages and keeping their organizations afloat.

Meanwhile, at the state's large nonprofit organizations — those with budgets of \$50 million or more, typically universities and hospitals — virtually all offer full time employees health, dental and life insurance as well as retirement benefits. More than 80 percent offer long-term disability coverage, flexible spending accounts, unpaid leave and tuition assistance. And part-time employees often receive many of the benefits given to full-time workers.

Midsized organizations also show strong numbers when it comes to offering benefits packages. Ninety percent of organizations with budgets ranging from \$250,000 to \$50 million offer health insurance and retirement plans to their employees. Dental, life and long-term disability insurance also are offered by more than half of these organizations.

The study found that cost was the primary reason smaller nonprofits did not offer benefits — 41 percent of these small organizations did not offer health insurance because of the high cost of these benefits. Twenty-nine percent said it was because they had just one employee.

Grassroots organizations that do offer health insurance report paying premiums that are, on average, 20 percent higher for single coverage and 22 percent higher for family coverage when compared with larger institutions. They cite the cost of health insurance premiums as an obstacle to providing coverage, yet many smaller organizations cover the full cost. More than one-third of small organizations reported paying 100 percent of health insurance premiums, while none of the large organizations in the study covered the entire cost.

The study found that the financial health of an organization, as measured by its operating income, leverage and liquidity, was rarely a significant factor in predicting the likelihood of providing benefits.

The study offers suggestions to improve the benefits options for nonprofits. For example, a task force supported by Blue Cross Blue Shield Foundation of Massachusetts is developing a matrix of enhanced health care options for the state's nonprofit employees. The goal is to convene a commission of major policymakers and stakeholders to initiate the statutory or regulatory changes necessary to implement the preferred options.

In addition, the Massachusetts Nonprofit Network is working with Massachusetts State Treasurer Timothy Cahill's office to pass legislation that would utilize the resources and expertise of the Treasurer's office to assist in managing retirement plans and funds for nonprofit employees.