

Trends & Issues

A dialogue about compensation survey data

The HR Council welcomed the opportunity to work with TREC on enhancing the Canadian content of the *TREC 2011 Salary and Benefits Survey*.

On April 7, 2011 representatives of nine environmental nonprofits gathered in Toronto via web conference to discuss the preliminary results of the *TREC 2011 Salary and Benefits Survey*. The participants in this discussion are people who filled in the questionnaires and will use the survey data in the course of their work, who readily connected the survey and its findings to their experiences in their own organizations and in other workplaces. The energy and fruitfulness of the discussion – as well as the many suggestions for improving the survey in the future – suggest that data from this compensation survey, and others, are valuable to the people and organizations using them. This report highlights some of the lessons from the survey and how participants interpreted and used those lessons.

Donna Neusch of Training Resources for the Environmental Community (TREC) started with an overview of the survey methodology, and Bonnie Shiell of the HR Council for the Nonprofit Sector (HR Council) presented top-line findings for Canadian environmental organizations.

Participants brought a general spirit of engagement and attentive participation to the discussion. This in itself seems to be evidence of the usefulness of the survey. Examination of particular questions (not just the data they yielded, but also the design of the questions themselves) gave rise to conversations about the nuances of how individual organizations function, variations across provinces, and possibilities for different interpretations of the questions.

About the *TREC 2011 Salary and Benefits Survey*¹

TREC is a capacity-building organization that provides a range of supports (such as leadership development, fiscal management, and applied research) to environmental organizations, predominantly in Western North America. TREC has included Canadian environmental organizations in two past compensation surveys (2006 and 2008) however in those waves Canadian data were mixed with data from the U.S. In the 2011 survey, Canadian data were gathered and analyzed separately for the first time.

1. For more information about TREC and for the opportunity to purchase the survey, please visit trec.org

Survey scope:

- 115 Canadian environmental nonprofits provided data on 42 different jobs in 13 job families.

Organizations are classified into:

- Seven ‘annual operating budget’ groups (ranging from less than \$250,000 to \$10 million or more)
- Six regions (B.C., Prairies, Ontario, Quebec, Atlantic, North)²
- Five areas of environmental interest
 - » Energy and climate
 - » Species and habitat conservation
 - » Smart growth, land use and recreation
 - » Consumption and sustainable behaviour
 - » Environmental health and environmental justice

The bulk of the 115 participating organizations have operating budgets under \$2.5 million, are based in Ontario and work in species and habitat conservation

Jobs are classified into families. Six job families cover most of the jobs for which information is available from the *2011 TREC Salary and Benefits Survey*:³

- Administrative/General office
- Communications/Marketing
- Conservation/Environmental programs
- Executive
- Finance
- Income Development/Fundraising

Our conversation addressed survey findings about...

- Patterns in cash compensation
- Defining ‘full-time’ and taking hours worked into account
- Bonuses
- Salary Increases
- Turnover
- Executive employment agreements
- Benefits (including pension plans, executive benefits, paid vacation time, sick days, bereavement, parental leave)

Patterns in cash compensation

Cash compensation for staff tends to take a bigger bite out of the budgets of organizations with smaller operating budgets and the budgets of organizations that are located in Atlantic Canada. Yet, in both cases, these organizations have lower per-employee costs than other organizations.

Per-employee costs generally increase with larger operating budgets and, for each of the common job families, the top budget category usually shows the highest per-employee cost. However, a participant noticed that conservation and environmental programs was the only job family for which the highest per-employee cost was in a mid-range budget category. Discussion ensued about why this might be so. Perhaps competition between organizations to retain their executive and financial staff is reflected in compensation patterns for these kinds of jobs – while there is less competition for staff doing conservation work because their field provides fewer alternatives: “there’s no [other] place to go,” as one participant put it. Perhaps compensation patterns reflect the greater complexities and responsibilities that come with the management and administration of an organization with a bigger budget, while the tasks associated with program activities vary less.

2. Responses from Quebec and the North were in the low single digits (in the former case, this can be explained in large part by the fact that the survey was not available in French), so regional data for these two areas are often unavailable or must be analyzed with extreme caution.

3. Other job families covered in the survey are: advocacy/government affairs; human resources; information technology; legal; regional management; science; and volunteerism. The number of Canadian survey participants reporting data for jobs in each of these categories was 20 or fewer.

The survey findings show regional variations in salaries. Salaries are highest in the Prairies and lower in the Atlantic Provinces. Some participants asked whether the data could be broken out by province to see whether Alberta was bringing compensation averages up for the combined “Prairie” category, but this is impossible as respondents were asked to state only their region – not their province.

Defining ‘full-time’ and taking hours worked into account

The survey defines full-time jobs as 30 hours or more per week. A participant indicated that this definition had given her pause when she completed the survey because she was not asked to indicate whether a given salary was being offered for 30 hours or 40 hours of work per week. One suggested solution to this problem is to break down annual salaries according to the number of hours of work required of a position, arriving at an hourly rate of pay that would enable ‘apples to apples’ comparisons of cash compensation, regardless of the number of hours employees worked per week.

Bonuses

The survey findings suggest that bonuses are a relatively small part of the compensation picture among environmental nonprofits. Although one in five environmental nonprofits reported giving bonuses, bonuses represented less than 1% of cash compensation overall. Bonuses were more common in environmental health/environmental justice organizations, and in Ontario, the Prairies, and the North.

The researchers asked the group for insights about these findings. In particular, Neusch was interested to know whether some organizations might be reporting small ‘recognition’ awards (say, \$100) as bonuses – as opposed to more substantial, performance-driven bonuses. Some participants reported that their organizations did indeed give out small sums – at Christmas, for instance, but they were uncertain about whether survey respondents would have reported these as bonuses. Making

a distinction between these two types of bonus compensation was suggested as a possible refinement to future surveys.

Salary increases

The survey found that salary increases for the previous year average 3.9% for all staff and 3.7% for executives. The projected all-staff increase for the current year is 4.35%. There was some discussion of anomalies in the data resulting from some organizations having cut salaries during the recession and restored them more recently and thus having current ‘salary increases’ that appear large but do not accurately represent the usually incremental rate of increase. Participants agreed that clearly anomalous data points should be suppressed if possible, as they were likely to distort the averages.

Turnover

Turnover varies by region, field of activity and organization size. Half of organizations in Ontario and the Atlantic provinces reported no turnover at all, but turnover is higher in the Prairies and British Columbia. Turnover was higher in the fields of consumption and sustainable behaviour, smart growth, land use and recreation. Half of organizations with operating budgets under \$250,000 report no turnover at all.

Discussion about the low turnover rates in small organizations suggests that many small organizations may be run by a small core of founders or deeply committed staff members and that in these cases turnover would effectively mean the dissolution of the organization. Participants also noted that absolute numbers of employees departing organizations is a more valuable measure of turnover than percentages, since in an organization of two or three people, a single employee’s departure causes a turnover rate of 50% or 33%, which may not offer a meaningful picture of the organization’s health.

Executive employment agreements

About four in 10 organizations report using executive employment agreements, with higher proportions doing so in the field of smart growth, land use and recreation, and in the Prairies and Quebec. Researchers were somewhat surprised at the prevalence of these agreements and wondered whether respondents might be confusing executive employment agreements with written offers of employment.

The survey defined executive employment agreements as “A legal agreement that is used to define a particular employee’s terms and conditions of employment, and to specify what that employee’s obligations are after the employment relationship has ended.” One participant pointed out that this definition includes two ideas: terms of employment and terms of the post-employment relationship and suggested that having an agreement about terms of employment is likely common, whereas defining post-employment terms is likely rarer.

Benefits

The most common benefits offered by environmental nonprofits include flextime, business casual dress policies, telecommuting, and subsidized training and professional development. Benefits that are common in larger organizations but less common in smaller organizations include employee assistance plans, tuition assistance, and payment of association/professional society dues.

In organizations with more than 25 employees, basic life insurance and long-term disability insurance are practically universal, whereas less than half of smaller organizations offer these as benefits. (When it comes to offering these kinds of benefits, the number of employees working for an organization appears to be a stronger determinant than the organization’s operating budget.)

A participant observed that she (and possibly others) might have completed the survey incorrectly because her organization’s insurance plan does not align well with the benefit options presented on the survey. Their extended health insurance plan covers

dental, long-term disability and other coverage – but she may not have reported the individual benefits because they are all offered under the umbrella of what she thinks of as a ‘health plan.’

Only a minority of respondents provided information about the per-employee cost of benefits, so these results should be treated with some caution. The findings suggest that costs per employee seem to be higher in B.C. It is not clear whether this is because benefits offered by organizations in B.C. were more generous or whether they are simply paying more for comparable coverage.

Participants noted that there are some provincial variations in employers’ obligations with respect to provincial health care. Organizations in Ontario, for instance, pay a portion of their taxes for the health system while those in B.C. pay a per capita tax for their staff’s access to the health system. It was suggested that these health system-related costs, although technically separate from insurance costs, might have affected how people answered the questions.

Some benefits are very uncommon or absent from the benefits picture provided by the survey. For example, no responding organizations offer pre-retirement counseling or on-site child care facilities. This could be noteworthy given that so many nonprofit employees belong to the “sandwich generation” (people with elderly parents and young children, both requiring care). Or, as someone observed, this could identify benefits that are beyond the reach of nonprofits – it would be extremely expensive for nonprofits, so many being small organizations without economies of scale, to operate child care facilities for staff. Neusch acknowledged this point and observed that a substantial redesign of the benefits section – reflecting the impracticability of some benefits for environmental nonprofits – could be considered. Shiell agreed, saying that more finely tuned questions about a smaller number of benefits might be more useful.

Pension plans

The proportion of organizations that offer pension plans is very small (5.1%), but it is more common for organizations (especially those with larger operating budgets) to contribute to employees' RRSPs. RRSP contributions made by environmental nonprofits are generally around 5% of employees' salaries.

One participant indicated that she would have appreciated an opportunity in the survey to offer more details about her organization's RRSP contribution program; she did not think the existing questions enabled her to adequately show what was available to employees of her organization.

Executive benefits

Benefits to executives over and above the benefits offered to employees at large are rare in Canada's environmental nonprofits. The most common form these benefits take are as extra vacation days.

Paid vacation

The survey asks how much vacation time employees receive beyond the legislated minimum. The responses to the survey, however, track very closely with the legislated requirements in each province. The researchers wonder if respondents misunderstood the question and they asked discussion participants for their thoughts. Could it be that respondents reported the legislated number of vacation days instead of the paid vacation employees received in excess of legislated minimums? Should these data be discarded because they are questionable?

One participant said that, although it might be difficult to get good data on paid vacation and sick days, they are still very valuable. Participants were aware that staff frequently compares their own paid vacation time and sick days to offerings from other organizations. She thinks it is common for misinformation to circulate about standard practice in the sector in this regard. Another participant observed that paid vacation is one way in which her organization compensates for offering low salaries and that this form of compensation seems to be very

important to employees. It was suggested that clarification could be achieved in future surveys by asking whether employers exceed or meet the legislated requirements.

Sick days, Bereavement, Parental leave

Discussion about these benefits revolved around the difficulty of capturing accurate data about them because of the range and complexity of practices across organizations. Especially with regard to sick days and parental leave, however, participants underscored the value of knowing how the sector is behaving because generosity in these areas is a way in which many nonprofits attempt to make up for the low salaries they are able to offer. Being competitive on these benefit offerings is important for environmental nonprofits.

Thank you

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