XIII. Compensation and Benefits Monitoring Report

I certify that the information contained in this report is true.

Christine M Keller

Christine Keller, Executive Director & CEO

submitted: July 24, 2024

Date

Note: Evidence for this report are from July 1, 2023 through June 30, 2024, unless otherwise noted.

Global Policy Language

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

Interpretation 1

The interpretations and data for Policies A to E reasonably demonstrate the avoidance of jeopardy to the fiscal integrity and public image of AIR with respect to employment, compensation, and benefits for AIR staff.

Rationale 1

In aggregate, the data for Policies A thru E provide evidence of fairness, transparency, fiscal responsibility, and appropriate alignment with market conditions in respect to employment terms and conditions, salary levels, and availability of benefits provided to AIR staff, with special attention on the appropriate handling of the Executive Director's compensation and benefits.

Evidence 1

Evidence is provided within Policies A to E later in this report.

Interpretation 2

The terms of any compensation provided to consultants/contractors will be clearly delineated in writing and signed by the Executive Director or Deputy Director and the other party. Consultants/contractors are not eligible for benefits. (Note: AIR does not currently distinguish between a consultant and a contractor in its processes, treatment, or tasks assigned.)

Evidence 2

Consultants/contractors hired by the Executive Office including instructors, advisors, subject matter experts, coaches, and course mentors sign contracts outlining the scope of work and compensation levels and terms.

Agreements clearly state the individuals are not employees and specify the ownership of any work products, as appropriate.

Interpretation 3

Adequate levels of insurance will be maintained to protect the Association, staff, and Board members in the event of a liability claim and to avoid fiscal jeopardy and/or reputational damage.

Evidence 3

The following insurance policies related to employment and compensation liability were in effect throughout the reporting period: workers compensation, business owners' general liability insurance, and directors' and officers' liability insurance (includes employment practices liability).

A. Policy Language

The Executive Director will not: Change the Executive Director's own compensation and benefits, except as his or her benefits are consistent with a package for all other employees.

Interpretation 1

Changes to the Executive Director's compensation or benefits that are outside the typical benefits provided to other employees will be documented in writing by the Board of Directors.

Evidence 1

A change to the Executive Director's compensation for 2024 was documented in a letter from the Board of Directors dated 12/12/2023. A copy of the letter is kept within the Executive Director's personnel file.

Interpretation 2

The benefits available to the Executive Director will be consistent with the benefits provided to other eligible, full-time, salaried employees in accordance with the AIR Employee Handbook, or will be defined in writing by a contract or statement issued by the Board of Directors.

Evidence 2

The benefits provided to the Executive Director are the same as the benefits for full-time, salaried employees outlined in the AIR Employee Handbook with one exception. An addendum to the Executive Director's employment contract was approved by the Board in August 2018 to specifically authorize and encourage the Executive Director to pursue continuing education activities and to annually report on those activities.

During the reporting period, the Executive Director participated in the Coaching for Leaders community, including the online peer community, expert chats, podcasts, and idea circles. The Executive Director also participated in a common set of LinkedIn Learning courses along with the other staff members.

B. Policy Language

The Executive Director will not: Promise or imply permanent or guaranteed employment.

Interpretation 1

All new employees will receive standard offer letters that contain specific written statements that employment is "at will" unless the letter specifies a fixed term, temporary positions (e.g., internships, summer student workers).

Evidence 1

Per advice from AIR's attorney and HR consultant, offer letters conform to the recommended standard and include the phrase "your employment with AIR is at will." (No new employees were hired during the reporting period.)

Interpretation 2

All new and continuing employees will acknowledge their understanding of the policies and standards within the AIR Employee Handbook at least annually, including the following statement. *"This Handbook is not to be considered a contract, and all employees remain in an at-will capacity with AIR unless otherwise specified in a formal written contract."*

Evidence 2

All AIR employees electronically acknowledged their understanding of the handbook policies and standards in January 2024 and again in February 2024 when a new leave policy was added. There was also an opportunity for questions and discussion of the AIR Employee Handbook during the January staff meeting. No new employees were hired after January 2024.

C. Policy Language

The Executive Director will not: Establish current compensation and benefits that deviate materially from the geographic or professional market for the skills employed.

Interpretation 1

Cost of living salary adjustments will be made at the end of the calendar year as financially prudent, will be based on a consistent and reputable source, and will apply to both full-time and part-time staff who have successfully completed their introduction period. The Executive Director is also eligible for the cost-of-living adjustment per *BRE IV. Executive Director Compensation and Benefits, Policy D*.

Evidence 1

The typical benchmark for cost-of-living adjustments (COLA) to AIR staff salaries is the federal rate used by the Social Security Administration and the U.S. Military. For 2024 the federal COLA rate was 3.2 percent. All AIR employees received a slightly higher 3.5 percent increase, plus a $2,500 bonus in 2024. AIR's retirement contributions on behalf of staff increased from 5 to 7 percent.[1] In total, all staff received a 5.5 percent increase in compensation, plus a one-time bonus.[2]

Interpretation 2

AIR staff insurance benefits will be reviewed at least every two years by an experienced insurance broker for an assessment of the cost and value, alignment with industry standards, and the offerings of similar small, nonprofit organizations – considering AIR's financial circumstances.

Evidence 2

Each fall the Executive Director and Director of Finance consult with the employment benefits specialists from Brown and Brown Insurance about potential changes to staff insurance benefits. After these discussions, no changes were made to benefits for the 2024 fiscal year. A more extensive review and comparison of alternative benefit options and carriers is scheduled for later this year with AIR's broker from Brown and Brown and will provide information for 2025 benefits decisions.

Interpretation 3

Full-time staff positions will be benchmarked by a reputable outside source (as available). The benchmarks will be updated once every three to five years or in the event of material changes in AIR staffing patterns or structures.

Evidence 3

A staff compensation study was conducted in the fall of 2022 by AIR's HR consultant, Linda Barineau. Despite considerable time and effort by the HR consultant, salary benchmarks for all AIR positions were not available due, in large part, to the nature of the work done by AIR as a small, nonprofit association and the lack of a common geographic location for AIR staff and operations. The executive director also accessed salary data from a survey by the American Society of Association Executive (ASAE), which helped to supplement the work of the HR consultant. Acknowledging the limitations of the benchmarking data, no material discrepancies were identified when comparing by position and geography, and full-time staff salaries were largely within the ranges of the benchmarks. Efforts will continue to ensure internal consistency and fairness in salary levels as well as the ranges for position groupings. Attention will also continue to be given to external market conditions and locations.

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[1] The retirement contributions by AIR were reduced from 10 percent to 2 percent in 2020 as part of the cutbacks from the pandemic. Subsequently, retirement contributions have increased slightly each year with a goal of reaching 8 percent and then remaining stable.

[2] The executive director's salary (and other compensation) is handled separately by Board. However, the retirement contributions by AIR for the executive director are consistent with those of other staff.

D. Policy Language

The Executive Director will not: Create obligations over a longer term than revenues can be safely projected, in no event longer than one year, and in all events subject to losses in revenue.

Interpretation

AIR's audited financial statements will contain no long-term liabilities for compensation and benefits paid to employees.

Rationale

AIR employees are "at will" and do not receive any guaranteed period of employment; thus, AIR does not incur any long-term liabilities for compensation or benefits. If AIR were to have a financial obligation greater than one year it would appear on the financial statements as a long-term liability.

Evidence

The audited financial statements for 2023 shows no long-term liabilities for any reason, including compensation and benefits paid to AIR employees or compensation paid to contractors.

E. Policy Language

The Executive Director will not … Establish or change retirement benefits so as to cause unpredictable or inequitable situations, including those that

1. *Incur unfunded liabilities*
2. *Provide less than some basic level of benefits to all full-time employees, though differential benefits to encourage longevity are not prohibited*
3. *Treat the Executive Director differently from other key employees.*

Interpretation

AIR will have a "defined contribution" retirement plan, will automatically enroll all eligible employees (i.e., those regularly scheduled to work 25 hours or more per week), and will treat the Executive Director the same as other key employees.

Rationale

By offering equal access to a common retirement plan, AIR avoids unpredictable and inequitable situations. A basic level of retirement benefits is available for all eligible employees, including the Executive Director. Because AIR's retirement benefits are part of a "defined contribution" plan rather than a "defined benefits" plan (i.e., an example of a "defined benefits" plan is a pension plan that guarantees future benefits), AIR retirement benefits are not considered a long-term liability.

Evidence

- The audited financial statements for 2023 show no long-term liabilities for any reason, including retirement benefits.
- AIR's retirement plan through TIAA includes an automatic contribution of a set proportion of an employee's gross monthly salary (with no required employee contribution or match) for all employees who regularly work over 25 hours per week. Employees also have the option to make pre-tax contributions (subject to IRS limits). All eligible employees participated during the reporting period. In 2024, the contributions by AIR were increased from 5 percent to 7 percent of staff salaries.[3]
- The Executive Director receives the same tax-deferred contribution of 7 percent as other employees and the option to make pre-tax contributions as all other AIR employees per the contract with TIAA.

[3] AIR is preparing to change retirement plan administrators from TIAA to Voya in late summer of 2024 to provide additional tools, investment options, and services for AIR staff as well as a higher level of service to AIR for plan administration and compliance reporting.