Iowa Nonprofit Employee Benefits Survey 2012
A Report from the Governor’s Nonprofit Project
This report is the work of the Governor’s Nonprofit Project. Our goal is to make Iowa a nonprofit friendly state. In partnership with the Larned A. Waterman Iowa Nonprofit Resource Center, the Iowa Nonprofit Collaborative, and various state agencies, we will work to find effective and efficient collaborative efforts between state agencies and private nonprofits to address Iowa’s community needs.

The survey was conducted by the Employee Benefits Committee of the Governor’s Nonprofit Project in the summer of 2012. Its goal was to collect data on nonprofit employee benefits in Iowa in order to identify strategies for improving the state’s nonprofit employee benefit options. Employee Benefits Committee members are:

- Kim Foltz    Iowa Alliance in Home Care
- Marian Riggs Gelb    Iowa Environmental Council
- Jim Swanstrom    Community Health Charities Iowa
- Lisa Cushatt    United Ways of Iowa
- Karen Bruess    Four Oaks
- Audrey Meyer     Foundation 2, Inc.
- Richard Koontz   Larned A. Waterman Iowa Nonprofit Resource Center
- Shelly Chandler  Iowa Association of Community Providers

The Employee Benefits Committee wishes to thank Governor Terry Branstad for his support of this study. Additionally we wish to thank Jeffrey Boeyink, Chief of Staff, and his staff for their efforts.

To see a copy of the survey questions and the numerical data responses, go to the Larned A. Waterman Iowa Nonprofit Resource Center website at [http://nonprofit.law.uiowa.edu/](http://nonprofit.law.uiowa.edu/)

This survey report was authored by Richard Koontz, Director of the Larned A. Waterman Iowa Nonprofit Resource Center, a program at the University of Iowa College of Law.
A total of 202 Iowa nonprofits responded to the Governor’s Nonprofit Project Employee Benefits Survey; 183 completed it. This group represented different levels of revenue, varying employee levels, and a wide range of missions.

By far the most respondents to the nonprofit employment benefit survey (93 percent) were exempt under Internal Revenue Code (I.R.C.) 501(c)(3). Six percent were exempt under I.R.C. 501(c)(4). Within the 501(c)(3) group there was a significant spread of missions. The most common was social services (31 percent). Others were health/medical (14 percent), education (15 percent), culture (13 percent), philanthropy (5 percent), religion (6 percent), and environment (4 percent).

There was also a significant spread in numbers of full time employees (FTEs). Twenty six percent had only one FTE while 18 percent had two to five FTEs and 20 percent had 6 to 15 FTEs. Among the larger organizations responding, 7 percent had 16 to 25 FTEs, 16 percent had 26 to 100, and 12 percent had over 100 FTEs.
The survey participants represented a variety of organizational income ranges. Income broke down as follows: 15 percent at $50,000 or below in annual gross receipts; 25 percent with a $50,001 - $500,000 income range; and 15 percent with a range of $500,001 - $1,000,000. It is significant that 45 percent of all survey respondents have gross annual revenues of over $1 million, while most nonprofits in Iowa are significantly below that income range.¹

¹In its 2011 survey, INRC found 52.5 percent of Iowa nonprofit had annual revenues of $200,000. In an INRC study of Iowa nonprofits done in 2000, 58 percent of nonprofits had revenues of under $250,000.
Of the nonprofits responding to the survey, 76 percent provide some kind of health insurance for their full-time employees. None of the recipients provide health insurance coverage for part-time employees. Nonprofits that did not provide health insurance cited cost as the primary reason. “The cost of a health insurance program was too great,” was the answer chosen by 41 percent of respondents. Other reasons for not providing coverage were that the nonprofit could not find a provider for a group with so few employees (14 percent), and that the mission of the nonprofit was more important than buying health insurance (14 percent).

There is little correlation between the types of nonprofits and whether or not they provide health coverage. For instance 59 percent of cultural nonprofits surveyed provide health insurance and 41 percent do not, 69 percent of educational nonprofits provide health coverage and 31 percent do not, and 82 percent of social service nonprofits provide health coverage and 18 percent do not. Respondents identified three basic kinds of health insurance plans used: Preferred Plan Provider (43 percent), Major Medical (16 percent), and Health Maintenance Organizations (13 percent). Eleven percent of respondents use something other than these three kinds of health plans.

Why nonprofits don't get health plans

- Too expensive
- No provider for group so small
- Buying insurance outside mission
- Other
- Commitment to health care too risky

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Health Insurance Coverage, continued next page

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The survey, however, did not ask whether nonprofits had part time employees, and so it is not clear how many part-timers, if any, were in these organizations needing coverage. See the Iowa Workforce Development Statewide Fringe Benefit Profile for information on part-time benefit rates overall in Iowa.
The nonprofits with larger annual revenues purchase health insurance plans for employees more often, but even some nonprofits in the smallest income range in the survey ($50,000 or less) provide health insurance plans.

The figures for Iowa’s nonprofit health care coverage compared to the overall Iowa employers benefit picture, as set out in a report by the Iowa Workforce Development for 2011, are as follows: 70.5 percent of Iowa employers offer a health/medical insurance plan. Most provide a Preferred Provider Option (68.5 percent), while 19.8 percent provide traditional indemnity.

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Seventy percent of respondents provide full-time employees with retirement plans.

A variety of retirement plan types are used by Iowa nonprofits. Twenty-five percent use 403(b) plans with employer contributions and an additional 7 percent use 403(b) plans without employer contribution. Nonprofits in Iowa also use 401(k) plans with 19 percent offering employer contributions and 3 percent without employer contributions. Eight percent indicated they use simplified employee pensions and 10 percent report the use of SIMPLE IRAs.

Where plans are used with employer contributions, there are again variations on the contributed amounts. Fifty one percent say the employer contributes the same percentage to the plan for all employees. Three percent of nonprofits contribute a fixed dollar amount and 4 percent contribute based on employees' years of service. Twelve percent of respondents knew there was an employer contribution to the plan, but the calculation was not described.

Iowa Workforce Development’s survey of employers across Iowa finds that 51.1 percent of employers provide full-time employees with retirement or pension plans. Of these plans, 80.2 percent are defined contribution and 20.8 percent are defined benefit.4

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While there is a correlation between a nonprofit's annual income range and the provision of retirement plans to employees, some nonprofits in even the smallest income range in the survey ($50,000 or less) provide retirement plans.

Revenue ranges of survey respondents have little effect on the kind of plan offered. For the $0 - $50,000 group that do have retirement plans, 50 percent use 403(b) plans and 50 percent use 401(k) plans. Nonprofits that have annual revenues of $50,001 to $500,000 do not have 403(b) plans without employer contributions.
Retirement Plans, continued

Thirteen percent have 403(b) plans with employer contributions; 2 percent have 401(k) plans without employer contributions; 4.4 percent have 401(k) plans with employer contributions; 6.6 percent have simplified employee pensions; and 17.7 percent have SIMPLE IRAs.

Where a nonprofit's annual revenue is $500,001 to $1 million, 12 percent have 403(b) plans without employer contributions; 24 percent have 403(b) plans with employer contributions; 8 percent have 401(k) plans without employer contributions, 16 percent have 401(k) plans with employer contributions; none have simplified employee pensions; and 16 percent have SIMPLE IRA's.

For the over $1 million range, 30.4 percent use 403(b) plans with employer contributions; 8.6 percent use 403(b) plans without employer contributions; 29.3 percent use 401(k) plans with employer contributions; 2.1 percent use 401(k) plans without employer contributions; 11.9 percent use simplified employee pensions; and 6.5 percent use SIMPLE IRAs.
State-Run Health Insurance Plan for Nonprofits

One of the survey questions asked about the last General Assembly’s bill on government run health insurance for nonprofits in Iowa (SF2262). The survey question was as follows: “Iowa’s General Assembly has considered in the last session legislation to allow nonprofits to participate in the health care plan for state employees. Assuming that the cost of this coverage was within the budgetary means of your nonprofit, and its coverage was at least comparable to existing coverage, would your nonprofit consider participating in the state-run plan?” Eighty six percent of survey respondents answered yes.

SF2262 Excerpt

Sec. 2. NEW SECTION . 8A.472 Eligibility. 1. Nonstate public employees and employees of a nonprofit employer shall be considered state employees for purposes of eligibility to obtain employee health or medical insurance from a state health or medical group insurance plan as provided to state employees by the department of administrative services through the Iowa health care coverage partnership program. 2. A nonstate public employer or nonprofit employer is not eligible to participate in a state health or medical group insurance plan through the Iowa health care coverage partnership program unless all employees and elected officials of the nonstate public employer or all employees of the nonprofit employer elect to enroll in the state plan pursuant to the program.
Nonprofits are able to provide a number of employee benefits beyond health insurance and retirement plans. The survey looked at a wide variety of these. What nonprofits provide most frequently are holiday time off (84 percent), paid vacation time off (78 percent), and paid sick leave (72 percent). Other common benefits are life insurance (60 percent), dental insurance (54 percent), flex spending (50 percent), and long term disability (47 percent). What is rarely offered at nonprofits in Iowa as an employee benefit are tuition assistance (15 percent), child care (9 percent), leave sharing (5 percent), profit sharing (2 percent) relocation expenses (4 percent), clothing allowance (1 percent) and employee purchase programs (2 percent).

Iowa Workforce Development has the following 2011 figures on fringe benefits for all employers in Iowa: vacation time (84.7 percent for FTE), sick leave (56.1 percent for FTE), holidays (89 percent for FTE), life insurance (57.4 percent of FTE), dental insurance (51.9 percent for FTE), flex-spending (45 percent for FTE), long-term disability (41.2 percent for FTE), tuition assistance (28.2 percent), child care (2.9 percent for FTE), profit sharing (20.3 percent for FTE), relocation expenses (10.4 percent), and clothing allowance (39.9 percent).5

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Employee Benefit Committee Conclusions and Recommendations

**Conclusion:** As primary employee benefits, most nonprofits can provide some holiday time off and, to a slightly lesser extent, holiday and sick time off. This is important to a very basic level of employee job satisfaction and retention for nonprofit employers.

**Conclusion:** Retirement plans and health insurance are very rarely offered by smaller nonprofits in Iowa (nonprofits with gross annual receipts of $500,000 or less). The vast majority of nonprofits in Iowa with gross annual receipts of over $500,000 have both health insurance and retirement plans for their full-time time employees. Given that 72.4 percent of nonprofits in Iowa are within this first group of lower income recipients, it is a challenge to keep a stable nonprofit workforce in Iowa due to this lack of retirement and healthcare care plans.

**Conclusion:** On some employee benefits, the nonprofit sector is often behind that of Iowa's workforce generally. While nonprofits responding to this survey are roughly at comparable percentages for things like healthcare care plans and holidays (and even above the general percentage for things like sick leave), nonprofit workers consistently have significantly fewer benefits such as tuition assistance, relocation expenses and clothing allowance.

**Conclusion:** Nonprofits need assistance finding vendors of health care that will sell to smaller groups. Perhaps the Iowa Insurance Commissioner could play a role.

**Recommendation:** There should be a long-standing Iowa Nonprofit Committee that continues to review issues central to the complex nonprofit world, including those of employee benefits. The committee would cooperate with state government by providing helpful information from the nonprofit sector, proposed solutions to nonprofits on issues, and advice on proposed legislation concerning nonprofits.

**Recommendation:** More in-depth surveying should be done of Iowa nonprofits, particularly smaller nonprofits, on their compensation and employee benefit issues. This would include looking at a broader annual gross receipt groups of nonprofits, finding information tied to different sectors of the nonprofit community, looking at employee benefits for certain professions within each sector, and relating benefits to

Conclusions/Recommendations, continued next page

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individual income levels. Because nonprofits are significant employers in Iowa, it is important to accurately document information about these organizations and the issues of importance to them. Perhaps Iowa Workforce Development could play a role.

**Recommendation:** It should be recognized that a satisfied nonprofit workforce is essential to a sustained, effective response to Iowa's central needs and quality of life and that adequate employee benefits are essential to this satisfied nonprofit workforce.  

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