

Policy on Reimbursement of Foregone Income for Board Service

Rationale:

Under the by-laws of the Association, members of the Board of Trustees, with the exception of the president, may not be compensated, but they may be reimbursed for “out-of-pocket expenses”.¹ According to UUA general counsel Tom Bean, as this term is used in the law, it does not include reimbursement of foregone income. Furthermore, in Massachusetts the attorney general’s office has strongly discouraged the compensation of nonprofit boards.²

The Board has addressed reimbursement of out-of-pocket expenses in its Procedures Manual (Appendix 3D to Section 3 of Board Policies) Section 3.9.2 as follows: “Only prudently incurred expenses related to volunteer service on behalf of the Board are reimbursable from the Association budget. The Board shall comply with all provisions of the Association’s expense reimbursement policies that are applicable to volunteers who serve on committees.”

However, the UUA by-laws, Section 9.4(b) charges the Nominating Committee to “endeavor to nominate individuals so that the membership of the Board of Trustees and each elected committee reflects the full diversity of the Association.”³ The Board’s extended meetings – multiday meetings which require in-person attendance – are especially difficult. In order to have an economically diverse board, we recommend that in certain circumstances board members receive limited reimbursement for income forgone in order to fulfill their duties at extended meetings. UUA general counsel has endorsed this approach because it is consistent with organizational goals and UU values and consonant with UUA bylaws. Note that the purpose of this policy is not to compensate Board members with limited income for their service as Board members. Rather, it is to ensure the economic diversity of the Board by enabling such Board members to serve without foregoing income they otherwise would have earned had they not been physically present for required extended meetings, including quarterly board meetings and General Assembly.

¹ Section 6.14 of the UUA by-laws. “Compensation. Except for the President, members of the Board of Trustees shall not receive compensation for their services but shall be reimbursed as determined by the Board of Trustees for the expenses reasonably incurred by them in the performance of their duties.”

² Massachusetts Governance Principles, Lex Mundi Pro Bono Foundation www.lexmundiprobono.org (September 2013). The Non-Profit Organizations/Public Charities Division of the Massachusetts Office of the Attorney General’s “compensation initiative also included a review of the practice of compensating independent directors for their service to charitable organizations. In this regard, the Division stated that public charities that compensate independent directors should do so only if they have a sound and convincing rationale. Legislation was introduced (but not enacted) in 2012 and 2013 that would have required Massachusetts-based public charities to apply for approval from the Division in order to provide compensation to independent directors and trustees for their service in those roles.”

³ UUA by-laws Section 9.4(b): “The Nominating Committee shall endeavor to nominate individuals so that the membership of the Board of Trustees and each elected committee reflects the full diversity of the Association, especially in regard to historically marginalized communities, but also balancing amongst size of congregation, lay and ordained, geography, age (including youth and young adults), and gender, among others. The Nominating Committee shall consult with groups and organizations including those traditionally underrepresented in Unitarian Universalist leadership, to help inform the nominating process.”

Recommended addition to Policy 3.9:

The Board affirms that while volunteer service does entail sacrifice, service on the UUA Board should not cause an undue personal hardship. Therefore, in order to have an economically diverse board, in certain circumstances, Board members may receive limited reimbursement for income forgone in the course of fulfilling their duties at extended meetings. This includes attendance at quarterly board meetings and General Assembly.

Appendix to Policy 3.9 - Guidelines

To ensure that persons from diverse socio-economic groups may serve on the Board, the Board shall reimburse Board members for foregone income as follows:

1. Reimbursement payments are made available for members who need them to enable their full participation in the work of the Board at extended meetings required for Board service, including quarterly Board meetings and General Assembly. While service as a Board member in other circumstances can include shorter video Board calls, visiting congregations, and attending conferences and meetings, these are generally not eligible for reimbursement under this policy.
2. The payment shall be at a flat rate up to eight hours daily, calculated as the hourly wage of a standard work week at four times the federal poverty guidelines⁴ for a family of one issued in January by HHS⁵. In 2018, this would be \$23.34 per hour or \$186.77 per day for contract work.
3. This policy applies to reimbursement of foregone income that would have been earned through hourly wages or on a contract basis, for Board members earning up to four times the federal poverty guidelines for a family of one. It does not apply to salaried individuals or those who earn above the income threshold, except in extraordinary circumstances.
4. Total amount spent annually for all such qualifying board members shall be limited to a budgeted amount set by the Board.
5. Board members wishing to receive reimbursement for foregone income will complete a request form and submit it to the Executive Vice President. The form will include annual income, forgone income, and the hourly wage or contract services rate. Members so requesting compensation for lost income will be required to provide evidence of such.
6. The request form may be submitted in advance of the Board meeting triggering the request.
7. Disputes about the implementation of this policy will be resolved by the Audit Committee.

⁴ This is the same standard used by the Affordable Care Act.

⁵ Federal Poverty guidelines for 2018 specify a threshold of \$12,140 for a family of 1.