



Should You Let Members See Personnel Documents?

Is this a case of too much transparency?

Q: Members of our organization have demanded to see personnel documents, including employment contracts, salaries, and performance reviews. For many reasons I don't feel this is appropriate. Wouldn't it place the organization in legal jeopardy? Not to mention the potential operational ineffectiveness that could result if current or future employees are reluctant to work for the organization because of its personnel policies.

Do you have any suggestions on how to handle this matter, given the growing cries for transparency in nonprofits?

A: Without knowing the clout your bylaws give to members, I can't answer with total certainty, but only the very rare organization would give its members access to personnel files. Typically, even board members don't have this kind of access other than in narrowly defined circumstances such as:

- approving personnel policies, where the board members might note certain characteristics they wish included in employment contracts
- determining parameters for salary adjustments during budget discussions—and this is in the aggregate, not for individuals; the responsibility for that falls to the executive director
- dealing with a grievance or employment-based lawsuit for which the board requires specifics of the employee's job history.

It's important for you to figure out why your members are making this demand. It sounds like either a lack of trust in management or a gross misunderstanding of the concept of transparency. In both cases, I would approach the situation in a similar manner. Before I offer any suggestions, however, let's talk briefly about transparency and privacy.

All organizations today, nonprofit and for-profit alike, are expected to be transparent. Nonprofits have an added burden of accountability to the publics that support them. However, even the nonprofit watchdog group Guidestar, which promotes transparency both philosophically and through annual publication of nonprofit 990s, warns that the release of information must respect and maintain privacy. So what should be made public? Essential are your frequently updated program information, statistics on impact, audited financials, latest annual report, Form 990, and use of contributions.

The salaries of your five top-earners and names of board members are already reported in your 990, so highlighting these is reasonable. You might even indicate how you benchmark compensation packages. But consider disclosure of anything else in light of your privacy and confidentiality policies as well as local, state, and federal laws, including employment laws. Note that while local and state laws can vary widely, personnel issues are generally protected from indiscriminate disclosure.

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I would ask your members to meet with you. At that meeting I would begin by updating everyone on the impact the organization has made with contributions from the community. I would stress that the members are a key part of the organization's success and that you want them to remain close to the organization, so that you're happy to provide them with whatever information you legally and ethically can. I would ask what their concerns *really* are. To set the stage, I might review the natural tension between transparency and privacy and share your privacy policy and key personnel policies, indicating how these limit to some degree what information you can give them. I'd be forthcoming and fight any urge to become defensive.

Based on their concerns, I might direct them to your financial statements and your 990 and tell them specifically where to find the salaries of the top five earners. I might provide summaries of whatever information you can share that you know they're interested in. I might explain how the board determines a fair and comparable compensation package.

At the conclusion of your time together, I would promise to get back to everyone with answers to questions you didn't have at your fingertips. I would provide your e-mail address or direct line and invite follow-up questions. I'd ask what other information they, as members, would like to see on the Web site. And I'd ensure that this becomes the first of a series of ongoing dialogues with members. ■

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