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Nonprofit CEO pay up in U.S. despite economy

Pittsburgh Business Times - by [Patty Tascarella](#)

Despite the dicey economy, nonprofit CEO pay rose nationwide, according to a study of 3,005 charities, with a median compensation of \$147,273, up 4.7 percent from the previous year.

Charity Navigator, a Glen Rock, N.J.-based firm that evaluates nonprofits, used data from the nonprofits' Form 990 filings with the **Internal Revenue Service** for the 2008 fiscal year for its sixth annual study.

Unlike previous studies, Charity Navigator did not provide Pittsburgh breakout data, nor its list of the highest-paid nonprofit CEOs.

Among the findings released Aug. 18:

- Only 14 charities paid their CEO more than \$1 million.
- CEOs in the Northeastern United States drew the highest salaries, a median \$185,000, followed by the Mid-Atlantic region at \$164,575. Mid-Atlantic CEOs had the highest median raise among geographic regions at 5.9 percent.
- Education nonprofits were the highest-paying sector, with average CEO compensation of \$272,645 and raises of 5.9 percent.
- Religious nonprofit CEO pay was the lowest, at an average of \$90,000. Raises were 1 percent.
- Charities with more than \$500 million in total expenses reported median CEO pay of \$695,379. Nonprofits with expenses ranging from \$1 million to \$3.5 million reported median pay of \$95,481.

Charity Navigator President and CEO Ken Berger said relatively high CEO compensation is a key factor in causing a donor not to support a charity.

"That is especially true now, given the recession's impact on many donors' paychecks," Berger said in a prepared statement.

"Donors want to know that their charitable donations will go as far as possible to support the charity's good works, rather than pad a CEO's wallet."

He said the study's results provide strong evidence that the majority of nonprofit CEOs are not "excessively compensated."

Charity Navigator's numbers surprised two nonprofit recruiters who believe local pay is much lower.

"We're seeing some increases, but they're very modest, smaller than they were three or four years ago," said Robert Teeter, president of Greensburg-based **Teeter Associates**. "It's something like 2 percent. A few nonprofits are still frozen."

Todd Owens, a principal of **Dewey & Kaye**, part of **McCrorry & McDowell**, Downtown, said the median salary "seems a little high." He said that fiscal 2008 data would have been budgeted before the downturn.

"If you looked at fiscal year 2009, you'd probably see increases that were much smaller," Owens said.

"I know many CEOs in this region who have not had pay increases in two or three years."

Owens said his clients are spending "considerable time" defining a salary range prior to beginning a CEO search and are assessing what comparable nonprofits pay their leaders.

"We are also seeing a reduction in benefits such as automobiles, health and golf club memberships and other perks that are now viewed as nonessential, given the current economic climate," he said.

John Thornburgh, executive vice president and director of the higher education practice at nonprofit recruitment firm Witt/Kieffer, said scrutiny has increased when it comes to executive compensation in the education sector.

"That's going to be a factor for the foreseeable future," Thornburgh said. "We're not going to see a rollback, but the heyday of uncapped compensation packages with all sorts of perks, benefits and bonuses is long gone."

Because nonprofits are recruiting more heavily from the corporate sector, Thornburgh said, salaries have become "as competitive as possible to get the best leaders" but boards also are much more focused on performance and results.

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