

CHARITY NAVIGATOR

2013 Charity CEO Compensation Study

October 2013



Introduction

This report represents Charity Navigator's eighth CEO Compensation Study. This year's study examined the compensation practices at 3,929¹ mid to large sized U.S. based charities that depend on support from the public. Our analysis revealed that the top leaders of these charities earned a median salary of \$125,942² in 2011 representing a pay raise of just 2.5 % over the previous year³.

We know that many donors continue to be concerned by what they believe to be excessive charity CEO pay. Many donors assume that charity leaders work for free or minimal pay and are shocked to see that they earn six figure salaries. But well-meaning donors sometimes fail to consider that these CEOs are typically running multi-million dollar operations that endeavor to help change the world. Leading one of these charities requires an individual that possesses an understanding of the issues that are unique to the charity's mission as well as a high level of fundraising and management expertise. Attracting and retaining that type of talent requires a competitive level of compensation as dictated by the marketplace. While there are nonprofit salaries that most of us would agree are out-of-line, it is important for donors to understand that since the typical charity CEO earns roughly \$126,000, a six-figure salary is not necessarily a sign of excessive pay for charities of \$1 million in revenue .

This report offers insight into how a charity's mission, size, and location impact its CEO's salary. It also highlights some questionable salaries, such as those that approach and exceed a million dollars, and suspect compensation policies, such as charities that have multiple highly-paid family members on staff. We round out the report by offering advice for judging the appropriateness of a nonprofit executive's pay.

Footnotes

¹Data from the 2013 study is based on the 2011 salary data provide on their FYE 2011 and FYE 2012 Forms 990 by 3,929 charities in Charity Navigator's database of nearly 7,000 charities. For more information on what types of organizations Charity Navigator evaluates, please click [here](#). Also, read the appendix to learn which charities were excluded from the study.

²Based on the data found in each charity's most recently filed Form 990, we include salary, cash bonuses, and expense accounts when we measure a CEO's compensation. We do not include contributions to benefit plans or deferred compensation that is allocated to be paid in later years. Deferred compensation is often accrued over many years and then is paid as a lump sum in one year. As such, we do include deferred compensation as part of the compensation figure in the year in which it is actually paid out to the employee.

³Based on comparison salary data for the 3,305 charities that report the same person as CEO for both all of 2011 and 2010. As such, charities were excluded in year-over-year salary comparisons if the CEO changed and/ or if the CEO was only employed for part of 2010.

Methodology

Median versus Mean

In earlier versions of this study, we reported on the mean value of CEO pay (simple average). Since our 2010 study, we've been reporting on the median value (the middle value of a set of numbers) of CEO pay. We prefer to use the median (meaning half the salaries in the dataset are greater and half are lower) as it is less sensitive to extreme salaries than the mean and is a more representative figure of the center of a series of salaries.

Exclusions

To paint a more accurate picture of the compensation landscape among mid to large public charities, we eliminated a number of charities from our sample (see the Appendix for more information on exclusions). Instead of looking at all of the nearly 7,000 charities in our database, we've restricted our analysis to 3,929 charities (and 3,305 when looking at year-over-year comparisons) which is still the largest sample of its kind that is available at no cost. Therefore, the sample has ample data to draw some significant conclusions.

Comparisons to Prior Studies

Changes made to the methodology starting with the 2010 study make it impossible to draw comparisons to iterations of this report prior to 2010.

Geography

Just like the for-profit sector, salaries at nonprofits differ based on the part of the country in which the entity is located. Here's how the median pay for the various regions⁴ compare to the overall median pay (\$125,942) for 2011:

 **Higher CEO Pay:** Northeast (\$149,523) and Mid-Atlantic (\$147,474)

 **Lower CEO Pay:** Mountain West (\$108,893), Midwest (\$114,050), South (\$114,138), Southwest (\$119,393), and Pacific West (\$122,667).

In comparison to 2010 salary data (only for those 3,305 charities that had the same CEO in place for the full two years), each region experienced an increase in median pay. Median pay increased the most in the Northeast (2.7%) and the least in the Mountain West (1.8%).

Region	2011 Median Salary	2011 Maximum Salary	# of Charities/Region	Median Raise	# of Charities included in year-over-year comparison
Mid-Atlantic	\$147,474	\$1,287,963	594	2.6%	506
Midwest	\$114,050	\$756,682	706	2.3%	612
Mountain West	\$108,893	\$1,026,542	211	1.8%	180
Northeast	\$149,523	\$1,496,732	704	2.7%	574
Pacific West	\$122,667	\$1,075,614	639	2.2%	541
South	\$114,138	\$1,848,593	777	2.4%	646
Southwest	\$119,393	\$1,018,353	298	2.4%	246
<i>Grand Total</i>	<i>\$125,942</i>	<i>\$1,848,593</i>	<i>3,929</i>	<i>2.5%</i>	<i>3,305</i>

Footnote

⁴The Appendix at the end of this study includes a description of the states included in each region.

Geography (cont.)

Location and Size

To assist Board compensation committees and others who use this study as part of their benchmarking analysis, we drill down further in the data to examine the variation that occurs not just by location, but also by size.⁵ We determined that regardless of size, charities in the Mountain West have the lowest median pay.

-  **Highest CEO Pay is in the** Mid-Atlantic for small (\$112,408), Northeast for medium (\$169,008) and Northeast for large (\$282,636) charities
-  **Lowest CEO Pay is in the** Mountain West for small (\$85,160), medium (\$121,717) and large (\$184,609) charities

Region	Size					
	Large		Medium		Small	
	Median Salary	# of Charities	Median Salary	# of Charities	Median Salary	# of Charities
Mid-Atlantic	\$267,724	110	\$161,578	210	\$112,408	274
Midwest	\$236,485	141	\$131,692	235	\$87,632	330
Mountain West	\$184,609	41	\$121,717	64	\$85,160	106
Northeast	\$282,636	137	\$169,008	271	\$110,436	296
Pacific West	\$224,265	110	\$148,620	214	\$95,804	315
South	\$227,334	149	\$129,143	276	\$90,507	352
Southwest	\$243,886	47	\$133,305	117	\$88,932	134

The max salary reported by size/ region is as follows:

Max CEO Pay for Large Charities is in the South (\$1,848,593)

Max CEO Pay for Medium Charities is in the Mountain West (\$611,051)

Max CEO Pay for Small Charities is in the Southwest (\$486,790)

Footnote

⁵Size is defined by total expenses such that small are charities with total expenses between \$1 million and \$3.5 million, medium charities are those with total expenses between \$3.5 and \$13.5 million and large charities have total expenses >\$13.5 million.

Charitable Mission

The compensation a CEO receives depends, in part, on the types of programs and services offered by the charity. And the difference in pay across categories can be significant. For example, the median CEO pay at an educational institution is nearly \$88,000 more than that paid to the typical religious leader. Here's how the median pay for the various categories compare to the overall median pay (\$125,942):

-  **Higher CEO Pay:** Education (\$170,178), Arts, Culture and Humanities (\$159,650), Public Benefit (\$142,661) and Health (\$137,919)
-  **Lower CEO Pay:** Religion (\$82,746), Animals (\$104,816), Human Services (\$114,000), Environment (\$117,644) and International (\$120,000)

In comparison to 2010 salaries, all but one of the categories experienced an increase in median pay. Median pay increased the most among Education (3.1%) charities and the least among Environment (2.0%) charities. For the second year in a row, median pay didn't increase or decrease among Religion charities.

Category	2011 Median Salary	2011 Maximum Salary	# of Charities/Category	Median Raise	# of Charities included in year-over-year comparison
Animals	\$104,816	\$608,351	270	2.2%	218
Arts, Culture, Humanities	\$159,650	\$972,274	361	2.3%	293
Education	\$170,178	\$542,991	262	3.1%	224
Environment	\$117,644	\$611,051	236	2.0%	194
Health	\$137,919	\$1,026,542	428	2.5%	370
Human Services	\$114,000	\$1,848,593	1,033	2.6%	888
International	\$120,000	\$890,954	383	2.3%	307
Public Benefit	\$142,661	\$1,097,788	716	2.7%	601
Religion	\$82,746	\$491,161	240	0%	210

Size

Not surprisingly, there is a predictable relationship between the size of a charity and the CEO's salary - the larger the charity the higher the median pay. Here's how the median pay for the various sizes of charities compare to the overall median pay (\$125,942):

 **Higher CEO Pay:** Large organizations with total expenses greater than \$13.5 million (\$244,209) and medium sized charities with total expenses between \$3.5 and \$13.5 million (\$145,230)

 **Lower CEO Pay:** Small charities with total expenses between \$1 million and \$3.5 million (\$95,661)

Size	2011 Median Salary	2011 Maximum Salary	# of Charities/ Size	Median Raise	# of Charities included in year-over-year comparison
Large	\$244,209	\$1,848,593	735	3.6%	633
Medium	\$145,230	\$611,051	1,387	2.8%	1,160
Small	\$95,661	\$486,790	1,807	1.7%	1,512

These figures demonstrate that as the size and to some degree the complexities of running a nonprofit increases, so does the salary of the institution's top executive. So much so that if we probe deeper into the top tier of charities (by size), we see even larger salaries. Charities with total expenses of \$13.5 million and greater, pay their CEOs upwards of a quarter million dollars. In illuminating this information, it is not our intention to give donors a reason to not support a great charity. Rather, we want donors to understand and appreciate that the top nonprofit leaders, those who are sought after for their ability to manage multi-million to multi-billion dollar institutions and who are tasked with the mammoth goal of helping to make the world a better place, command significant salaries. On the other hand, in our opinion, it is evident that seven-figure salaries do not seem warranted, even in the largest sized charities.

Size	2011 Median Salary	# of Charities
\$13.5 - \$25 Million	\$217,212	305
\$25 - \$50 Million	\$244,472	218
\$50 - \$100 Million	\$285,753	130
\$100 - \$200 Million	\$404,903	44
\$200 - \$500 Million	\$417,634	24
Over \$500 Million	\$422,578	14

Biggest Paychecks

Some CEO salaries raise more eyebrows than others. The following list reveals which charity within each category pays its CEO the most. For context and comparison purposes, the table includes the median pay for each category as well as the total expenses for the charity with the highest salary in each category.

Category	Median Pay/Category	Highest Compensation	Charity Name	Charity's Total Expenses	Supplemental Information Provided By Charity on Form 990 ⁶
Animals	\$104,816	\$608,351	Shedd Aquarium	\$53,816,488	\$450,976 Base compensation; \$136,375 Bonus & incentive; \$22,000 Other
Arts, Culture, Humanities	\$159,650	\$972,274	Music Center	\$47,091,802	\$565,760 Base compensation; \$115,000 \$291,514 Other
Education	\$170,178	\$542,991	Horatio Alger Association of Distinguished Americans	\$14,808,234	\$292,512 Base compensation; \$60,000 Bonus & incentive; \$190,479 Other
Environment	\$117,644	\$611,051	Rocky Mountain Institute	\$11,755,862	\$207,161 Base compensation; \$80,000 Bonus & Incentive; \$238,000 Deferred compensation payout; \$85,890 Unused vacation payout
Health	\$137,919	\$1,026,542	National Jewish Health	\$207,666,858	\$648,286 Base compensation; \$361,756 Bonus & incentive; \$16,500 Other

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Biggest Paychecks (cont.)

Category	Median Pay/Category	Highest Compensation	Charity Name	Charity's Total Expenses	Supplemental Information Provided By Charity on Form 990 ⁶
Human Services	\$114,000	\$1,848,593	Boys & Girls Clubs of America	\$130,347,270	\$455,829 Base compensation; \$116,000 Bonus & incentive; \$1,242,764 Other *The SERP (board approved Supplemental Executive Retirement Plan) Amount Represents Previously Reported Funds Accrued from 2005-2008. The SERP payment made during 2011, which accounts for more than two-thirds of her total 2011 income reported, represents the amounts accrued for SERP through 2008 and does not include any additional accrual since 2008.
International	\$120,000	\$890,954	Council on Foreign Relations	\$55,798,579	\$362,748 Base compensation; \$225,000 Bonus & incentive; \$303,206 Other
Public Benefit	\$142,661	\$1,178,174	National Center for Missing & Exploited Children	\$42,416,263	\$357,337 Base compensation; \$820,837 Vested Retirement. He also received \$194,462 in compensation for concurrent service as CEO of a related organization, the International Centre for Missing and Exploited Children.
Religion	\$82,746	\$491,161	International Fellowship of Christians and Jews	\$106,024,789	\$491,161 Base compensation

Footnote

⁶ Other compensation refers to compensation that the CEO must report to the IRS as taxable income in the current year, other than base salary and bonuses. Examples are payouts from deferred compensation plans, severance packages, and perquisites such as housing allowances and club memberships.

Biggest Paychecks (cont.)

Seven Figure Salaries

Of the 3,929 charities included in the study, only 9 paid their top executive more than \$1 million (in our last study that looked at 2010 data there were 6). All 9 are large charities (total expenses >\$13.5 million) that are located in the South (3), Northeast (2), Mid-Atlantic (1), Pacific West (1), Mountain West (1) and Southwest (1). Furthermore, this list is comprised of 2 Education charities (Icahn School of Medicine at Mount Sinai, The Rockefeller University), 2 Public Benefit charities (The Heritage Foundation, National Center for Missing & Exploited Children), 3 Human Services charities (Boys & Girls Clubs of America, Goodwill Southern California, Miami Jewish Health Systems) and 2 Health charities (National Jewish Health, Oklahoma Medical Research Foundation)

Half A Million In Pay

The study also revealed that 78 charities paid their CEOs between \$500,000 and \$1 million (in our review of 2010 salaries there were 65). 73 of these charities are Large (total expenses >\$13.5 million) and 5 of the charities are Medium (total expenses between \$3.5 and \$13.5 million). This group consists of 12 Education charities, 19 Public Benefit charities, 15 Arts, Culture, Humanities charities, 12 Health charities, 10 Human Services charities, 5 International charities, 3 Animal charities and 2 Environment charities.

Other Salaries of Note

Organizations that Compensate Relatives over \$100,000

When relevant, our charity reports also include information on salaries paid to top executives and Board Directors, not just the CEO. For example, there are a number of charities that have members of the same family on the payroll. In fact, there are 32 organizations that compensate at least one of the CEO's relatives, with that relative earning over \$100,000. Here are the 3 that have two relatives on staff earning more than \$100,000 as well as the 2 charities that have the highest compensated relatives.

Charity	Person	Title	Relationship	Salary
American Endowment Foundation	Philip T. Tobin	Chief Executive Officer, Chairman, Co-Founder	CEO	\$160,000
	Thomas J. Tobin	President, Co-Founder	Relative of the CEO (son)	\$133,000
	John W. Tobin	Executive Vice President	Relative of the CEO (son)	\$120,000
Hosanna/Faith Comes By Hearing	Gerald Jackson	President	CEO	\$88,707
	Morgan Jackson	Senior Vice President	Relative of the CEO (son)	\$117,337
	Clay Jackson	Secretary, Treasurer	Relative of the CEO (son)	\$116,407
New Missions	Timothy DeTellis	President	CEO	\$127,316
	Jeanne DeTellis	Vice President	Relative of the CEO	\$135,000
	Charles DeTellis	Treasurer	Relative of the CEO	\$111,826
National Center for Policy Analysis	John C Goodman	President	CEO	\$360,771
	Jeanette Goodman	Chief Development Officer	Relative of the CEO (wife)	\$482,229
South Coast Repertory	Paula Tomei	Managing Director	CEO	\$143,164
	David Emmes	Founding Artistic Director	Relative of the CEO (husband)	\$384,033

Process for Determining CEO Pay

CEO pay shouldn't be set in a vacuum of information. Rather, nonprofit Boards should have a documented policy for establishing the CEO's pay. That objective process should include a review of the CEO's performance and benchmarking against comparable organizations. At Charity Navigator, we track whether or not a charity has such a process. Our findings show that among the charities in this study, 6% (244) do not have a process for setting CEO pay. Of those without a process:

- CEO pay increased at more than half of the charities (141) without such policies
- CEO pay increased by more than 2.5% (median pay raise for all charities in this study) for 106 of these charities
- CEO pay increased by more than 10% for 34 of these charities

Loans to Related Parties

Making loans to related parties such as key officers, staff, or Board members, is not standard practice in the sector as it diverts the charity's funds away from its charitable mission and can lead to real and perceived conflict-of-interest problems. This practice is discouraged by sector trade groups which point to the Sarbanes-Oxley Act when they call for charities to refrain from making loans to directors and executives. The IRS is concerned enough with the practice that it requires charities to disclose on their Form 990 any loans to or from current and former officers, directors, trustees, key employees, and other "disqualified persons." Some state laws go so far as to prohibit loans to board members and officers.

In our entire database of charities, 3% (205) charities report loans to their officers.⁷

Footnote

⁷Our analysis does not distinguish between loans to CEOs versus other key officers, staff and Board members so this figure doesn't specifically indicate only loans to CEOs.

Conclusions

While it is true that the paychecks of some nonprofit executives are outrageously high, this study confirms that those receiving excessive pay are in the minority. The data also shows that top pay at charities can vary greatly by location - with CEOs in the Northeast typically earning \$41,000 more than their peers in the Mountain West - by mission - with the heads of Education charities earning \$88,000 more than those running Religion charities - and by size - with CEOs managing large charities earning \$149,000 more than those at small charities. Finally, the study shows that with a 2.5% median increase in pay from 2010 to 2011, the improvement in the larger economy is beginning to trickle down to charities such that their CEOs have been awarded modest increases in pay.

We recognize that many donors will be hesitant to agree that the CEO of their favorite charity deserves a six figure salary. To the skeptics, we ask that you keep in mind that most of the charities included in this study are multi-million dollar operations. Leading one of them requires an individual that possesses both an understanding of the issues that are unique to the charity's mission as well as extensive management and fundraising expertise. Even so, charities tend to pay less than private sector firms for similar competencies. For example, the charities in our study pay a median total compensation of roughly \$126,000, compared to median salaries at S&P 500 companies of \$9.6 million in 2011 (which represents a 2% increase over the prior year).⁸

Footnote

⁸USA TODAY's analysis of data from GMI for 2011 is accessible [online](#).

Appendix

Advice for Donors

We offer the following tips to help you assess the compensation of a charity's top leader.

1. ***Obtain comparison data.***

Use the information provided in this study to compare a CEO's salary to other similarly sized charities, as well as those in the same category and region.

- i. Our 2013 [Metro Market Study](#) provides median CEO salaries for 30 large cities.
- ii. [Charity Navigator registered users](#) can compare the CEO salaries of specific charities on their "My Charities" page and on each charity's rating page by clicking on the "Compare These Charities" link.
- iii. Registered users can also access Charity Navigator's [Sector Analysis Tool](#) to calculate the *average* CEO pay by cause and state.

2. ***Find out if the charity has a Compensation Committee.***

Drawing on its experience in investigating charities, the IRS has redesigned the Form 990 (the informational tax return that charities must file annually and the document that Charity Navigator utilizes to obtain a majority of the necessary data to rate each charity) to provide more transparency regarding executive compensation practices. At Charity Navigator we agree with the IRS that it is important for each charity to conduct an independent review of its CEO's pay using comparative data. As such, we have included this as part of our [Accountability & Transparency Methodology](#) (launched in September 2011) so you can determine if a charity follows this best practice. If the charity you are considering has not yet been rated by us, then we encourage you to review its Form 990 or contact it directly to inquire if it has a compensation committee in place and how it makes salary decisions.

3. ***Be cautious if the charity has given the CEO a loan.***

If one of a charity's top leaders received a loan, then you may want to think twice about supporting it. We maintain that a charity isn't in business to provide low or no-interest loans to its CEO or other senior staff. If the CEO's compensation is reasonable, then why does he/she require a discount loan to work for that charity? We track this information as part of our Accountability & Transparency rating analysis. However, if the charity you are considering isn't rated by us, then check its Form 990 to see if the CEO or other leadership received a loan.

(tips continue on next page ⇒)

Appendix (cont.)

Advice for Donors

4. ***Consider the performance of the charity in relation to the CEO's pay.***

If you come across a charity whose CEO pay is higher than other similar charities, don't immediately dismiss that charity's request for funding. You're better off supporting a charity that is fiscally efficient, accountable and transparent, achieving its programmatic goals and paying its CEO well, than a charity that has substandard fiscal health, fails to live up to its mission, but under-pays its CEO. Charity Navigator's ratings can be of help in your research into the charity's Financial Health and commitment to being Accountable & Transparent. If possible, also conduct your own review of the charity's size and performance to determine if it is delivering on its intended results.

5. ***Be skeptical of charities that report zero CEO compensation.***

There are very few individuals that can afford to work full-time managing complex, multi-million dollar organizations without receiving any compensation. If a charity you are considering reports no salary for its CEO, then we recommend you contact it directly- using the information we provide- to learn how it has been able to attract and retain a competent leader without paying that individual. It might have a legitimate answer. However, it may be that the charity failed to appropriately report the CEO's salary to the IRS or respond to our analysts' requests for that data.

Advice for Charities

We are not alone in recommending that charity Boards include an independent compensation committee which is responsible for reviewing the CEO's performance and ensuring that the CEO's pay is appropriate. We offer this report and the other tools available on our free website as a starting point in that committee's endeavors to set a reasonable level of pay. But this study should not be a substitute for hiring an outside expert to conduct a compensation study (especially for charities over \$1 million in annual revenue).

Appendix (cont.)

Exclusions

Charity records that were excluded from this study include:

- **Fiscal Year Ends**—This study examines 2011 CEO compensation for charities in Charity Navigator’s database that have Forms 990 for the fiscal years ending 2011 and 2012. Other fiscal years were excluded.
- **No CEO Reported**– The organization either did not report any leadership information on its Form 990 or it only reported the board of directors (no compensated staff).
- **No Compensation Reported** – Although there are a few actual volunteer CEOs that receive no pay, the current process by which we collect data precludes us from identifying which charities have nonpaid CEOs versus those that simply failed to report compensation on their Form 990. In the future, we may be able to isolate each group and offer some analysis on volunteer CEOs.
- **Affiliate Pay** – Some charities pay their leaders through multiple affiliated organizations. In these cases, we do publish the affiliate pay on the charity’s ratings page. However, we’ve excluded those records from this study, since we currently can not confirm how much of the affiliate pay is compensation for the CEO position as opposed to a separate job.
- **Older Data** – This study excludes the few charities in our database whose most recent financial data is from their fiscal year ending 2010 or earlier.
- **Prior or Interim CEO** – If the organization reported a prior or an interim CEO on the current Form 990, then there is a good chance that the current CEO served a partial term with partial pay. Including such records would skew the data towards lower pay and would be less accurate. So we have excluded these records.
- **New CEO with Lower Salary** – Similarly, if the current CEO is different than the prior CEO and has a salary at least 20% lower, we assume that there’s a good chance that the current CEO served a partial term and thus didn’t receive a full year’s pay. Again, we exclude these records so as not to skew the data to lower pay.

As a result of these exclusions, we restricted our analysis to 3,929 charities overall. And when we examined changes in compensation from 2010 to 2011, the exclusions reduced the sample size to 3,305.

Appendix (cont.)

Regions

The various regions in our study are defined as follows:

- **Mid-Atlantic:** New Jersey, Maryland, West Virginia, Washington, DC, Pennsylvania, Delaware
- **Midwest:** Ohio, Illinois, Missouri, Indiana, Michigan, Minnesota, Wisconsin, Kansas, Nebraska, Iowa, North Dakota, South Dakota
- **Mountain West:** Montana, Idaho, Wyoming, Utah, Colorado, Nevada
- **Northeast:** Rhode Island, New York, Connecticut, Maine, New Hampshire, Massachusetts, Vermont
- **Pacific West:** Oregon, Washington, California, Hawaii, Alaska
- **South:** Florida, Georgia, Mississippi, South Carolina, North Carolina, Virginia, Alabama, Tennessee, Louisiana, Arkansas, Kentucky, Virgin Islands, Puerto Rico
- **Southwest:** Oklahoma, New Mexico, Texas, Arizona

Additional Reading

See Charity Navigator's President & CEO's blog, Ken's Commentary, for more on the topic of [CEO Compensation](#).