

CHARITY NAVIGATOR

2009 CEO Compensation Study

August 2009



Introduction

Charity Navigator has completed its fifth annual CEO Compensation Study. This year's study examined the compensation practices at 5,448¹ 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 earn an average salary of \$158,075² representing a pay raise of 6.1% over the previous year studied.

We know from the conversations taking place in the comment section of our charity ratings pages that many donors will be appalled by this figure. They believe that charity leaders should all but work for free. But these well-meaning donors fail to consider that these CEOs are running multi-million dollar operations that endeavor to 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 business and management expertise similar to that required of for-profit CEOs. Attracting and retaining that type of talent requires a certain level of compensation. While there are nonprofit salaries that we would all agree are out-of-line, it is important for donors to come to terms with charity executives earning a fair wage – which is roughly \$160,000 according to our research.

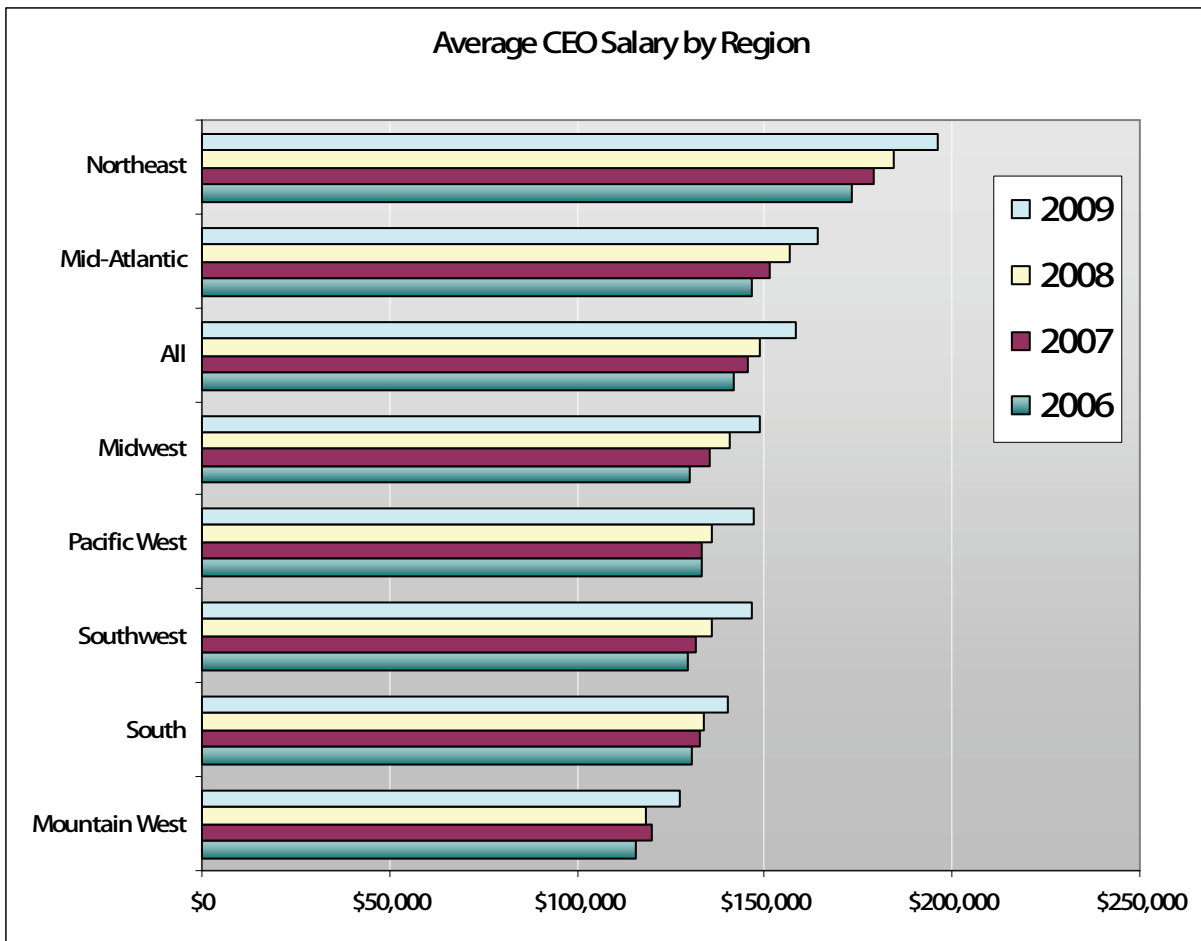
This report offers insight into how a charity's mission, size, and location impact its CEO's salary. It also highlights some questionable salaries, such as those that approach and exceed a million dollars, and suspect compensation policies, such as charities that have multiple highly-paid family members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

Geography

Just like the for-profit sector, salaries at nonprofits differ based on the part of the country in which the entity is located.

- ↑ **Above Average Pay:** Northeast (\$196,113) and Mid-Atlantic (\$164,042)
- ↓ **Below Average Pay:** Mountain West (\$127,333), South (\$139,966), Southwest (\$146,597), Pacific West (\$147,019) and Midwest (\$148,781).

In comparison to last year’s data, each region experienced an increase in average pay. Average pay increased 8.2% in the Pacific West, 7.8% in the Mountain West and in the Southwest, 6.4% in the Northeast, 5.7% in the Midwest, 4.8% in the Mid-Atlantic, and 4.5% in the South. In evaluating compensation trends over several years, the Midwest region is showing the greatest growth in average CEO pay. Since our 2006 study³, average CEO salaries in the Midwest have grown 14.2%, outpacing the Southwest (13.3%), Northeast (13.2%), Mid-Atlantic (11.8%), Pacific West (10.3%), Mountain West (10.2%) and South (7.0%).



Geography (cont.)

If we drill down to the city level, it becomes more obvious why the Northeast, with cities like New York and Boston that experience a higher cost of living, comes out on top in paying the highest average salary. Specifically, the 5 cities with the highest average CEO salary are New York City (\$220,735), San Diego (\$218,738), Boston (\$195,535), Dallas (\$194,642) and Chicago (\$189,224). Cities where charity CEOs are paid the least on average are Portland (\$123,887), Indianapolis (\$126,204), Orlando (\$131,064), Seattle (\$135,891) and Cincinnati (\$139,763).⁴

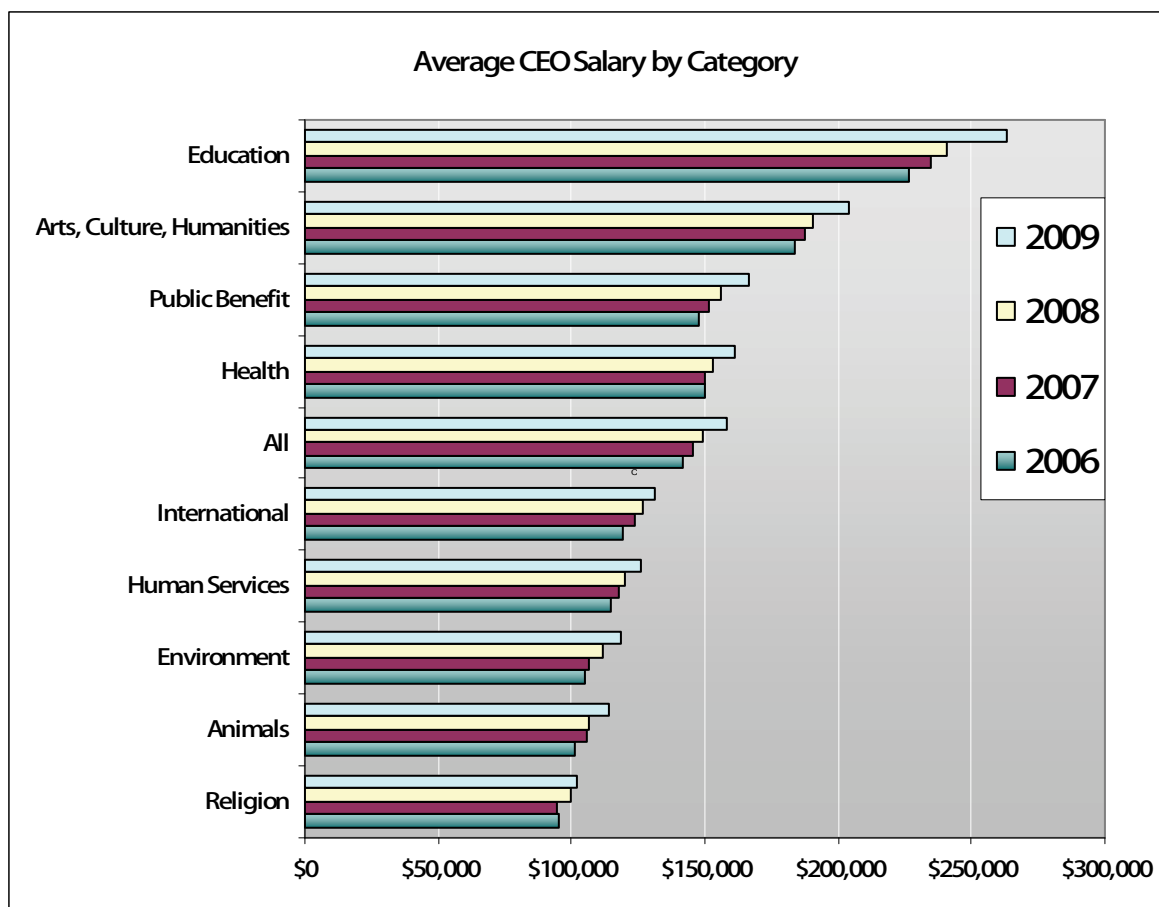
Region	City	Average CEO Salary
Northeast	New York City	\$220,735
	Boston	\$195,535
Mid-Atlantic	Pittsburgh	\$184,302
	Washington, DC	\$175,027
	Philadelphia	\$170,404
	Baltimore	\$163,515
Midwest	Chicago	\$189,224
	Detroit	\$182,461
	St. Louis	\$175,151
	Minneapolis/ St. Paul	\$151,426
	Milwaukee	\$150,611
	Kansas City	\$140,045
	Cincinnati	\$139,763
	Indianapolis	\$126,204
Pacific West	San Diego	\$218,738
	Los Angeles	\$178,812
	San Francisco	\$159,842
	Seattle	\$135,891
	Portland	\$123,887
Southwest	Dallas	\$194,642
	Houston	\$179,848
	Colorado Springs	\$152,782
	Phoenix	\$150,356
South	Miami	\$179,020
	Nashville	\$178,819
	Atlanta	\$173,691
	Charlotte	\$144,689
	Orlando	\$131,064
Mountain West	Cleveland	\$188,322
	Denver	\$158,995

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 average CEO pay at an educational institution is \$160,000 more than that paid to the typical religious leader.

- ↑ **Above Average Pay:** Education (\$263,105), Arts, Culture and Humanities (\$204,055), Public Benefit (\$166,298), and Health (\$161,133).
- ↓ **Below Average Pay:** Religion (\$101,872), Animals (\$114,258), Environment (\$118,159), Human Services (\$126,267), and International (\$131,096).

Compensation in each category increased when compared to compensation figures from last year. Specifically, average pay was up 2.2% at Religion charities, 3.2% at International charities, 5.1% at Health charities, 5.2% at Human Services charities. 5.8% at Environment charities, 6.6% at Public Benefit charities, 6.9% for Arts charities, 7.3% for Animal charities and 9.4% for Education charities. Since our 2006 CEO Compensation Study, the average pay at Education charities has grown the most (16.3%)



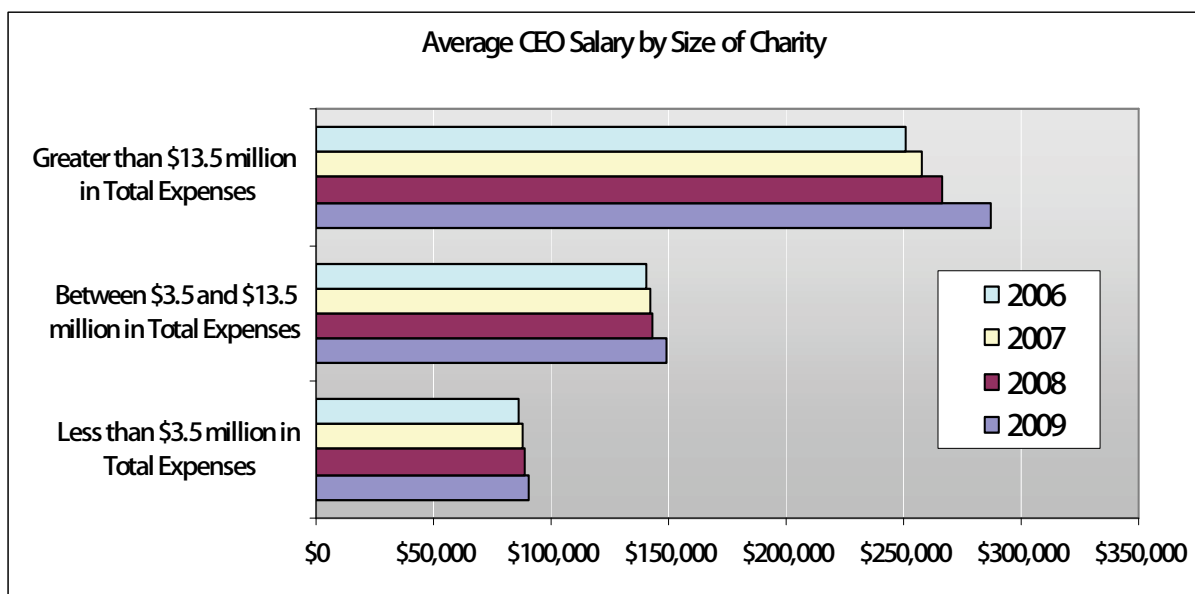
Size

There is a predictable relationship between the size of a charity and the CEO's salary - the larger the charity the higher the average pay.

- ↑ **Above Average Pay:** Organizations with total expenses greater than \$13.5 million (\$286,760)
- ↓ **Below Average Pay:** Charities with total expenses under \$3.5 million (\$90,747) as well as those between \$3.5 and \$13.5 million (\$149,306)

All three sizes of charities experienced increases over last year. The average CEO compensation grew by 7.6% at charities with total expenses greater than \$13.5 million, by 4.5% at those between \$3.5 and \$13.5 million in total expenses and by 2.5% at those under \$3.5 million in total expenses. Since the 2006 study, CEO compensation increased 5.1% for organizations with total expenses under \$3.5 million and 6.2% for those organizations in between \$3.5 million and \$13.5 million. In contrast, compensation for the CEOs running the organizations with at least \$13.5 million in total expenses increased 14.5% during that same timeframe.

These figures demonstrate that as the size, and thus the complexities of running a nonprofit increase, 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. A look at organizations with total expenses between \$50 and \$100 million pay their CEOs on average \$378,026 and organizations with total expenses of \$100 million or more pay their CEOs on average \$462,037. In illuminating this information, it is not our intention to give donors, who often bemoan this level of pay, an excuse 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 dollar institutions and who are tasked with the mammoth goal of making the world a better place, command significant salaries.



Biggest Paychecks

Some CEO salaries raise more eyebrows than others. The following list reveals which charity within each category pays its CEO the most.

Category	CEO Compensation	Charity Name
Education	\$2,377,100	University of Delaware
Health	\$2,027,891	Salk Institute for Biological Studies
Arts, Culture, Humanities	\$1,644,331	Citi Performing Arts Center
Human Services	\$1,577,600	Boy Scouts of America National Council
Public Benefit	\$1,180,242	The Pittsburgh Foundation
International	\$654,500	Council on Foreign Relations
Animals	\$628,642	Wildlife Conservation Society
Environment	\$430,000	Conservation International
Religion	\$419,500	Trinity Broadcasting Network

While this list is sure to astound many donors, salaries really should be examined in the context of the charity's overall performance. Consider the following examples of well paid CEOs at charities with poor fiscal health.

- ⇒ The 2-star Masonic Homes of California spends over 45% of its expenses on administrative endeavors, including the CEO's \$1,224,987 salary. This is the 9th highest CEO salary among the 5,400+ charities Charity Navigator examined for this report.
- ⇒ Although the CEO of The Association for Firefighters & Paramedics earns less than the average charity, it is hard to justify a six figure salary for someone who runs a charity that spends only 3% of its \$3 million budget on its programs and services.
- ⇒ Twenty 0-star charities have CEOs earning salaries higher than the \$158,075 overall average level of pay.

Compensation from Affiliates

Some charities are able to pay their CEOs through multiple affiliated organizations -- allowing them to report a lower salary on any one Form 990, satisfying donors who want to keep the number low. Charity Navigator publishes the salary paid by the charity, as well as the portion paid by an affiliate entity (or entities), in separate columns; this lets donors know how much the CEO earns for running that organization, no matter how diverse the money trail. Some organizations listed on our site pay their executives exclusively through one of their affiliates. The following list shows some of the highest:

Charity Name	Compensation from Affiliates
Safe Kids Worldwide	\$2,171,588
Arby's Foundation	\$1,299,686
Children's Hospital and Health System Foundation of Wisconsin	\$1,007,157
MusiCares	\$921,208
Motion Picture and Television Fund	\$606,557
ULI Foundation	\$573,547
American Academy of Neurology Foundation	\$570,402
John Wayne Cancer Institute	\$511,368
St. Louis Art Museum Foundation	\$420,540
Deborah Hospital Foundation	\$408,351

Other Salaries of Note

When relevant, our charity reports also include information on salaries paid to top executives and Board Directors, not just the CEO. Here are some examples of compensation practices that stand out.

There are a number of charities that have members of the same family on the payroll. Here are some of the organizations that compensate at least two relatives, with at least one over \$100,000.

Organizations that Compensate Relatives over \$100,000

Charity	Person	Title	Salary
All God's Children International	Doug Frazier	Executive Director	\$63,972
	Hollen Frazier	International Adoption Director	\$70,771
	Ronald Beazely	President, Co-Founder	\$104,445
	Jan Beazely	Co-Founder	\$71,831
Feed The Children	Larry Jones	President	\$228,334
	Frances Jones	Executive Vice President	\$176,699
	Larri Jones	Vice President	\$155,327
Hosanna/Faith Comes By Hearing	Gerald Jackson	President	\$82,344
	Morgan Jackson	International Director	\$120,723
	Clay Jackson	Secretary, Treasurer	\$111,037
Institute for Justice	William H. Mellor	President, General Counsel, Co-founder	\$374,002
	Steve Simpson	Senior Attorney	\$145,833
	Deborah Simpson	Managing Director	\$130,664
	John Bell	Vice President for Leadership	\$93,000
National Breast Cancer Foundation, Inc.	Janelle Hail	President, CEO	\$126,250
	Kevin Hail	Chief Operating Officer	\$114,170
	Neal Hail	Executive Director	\$105,053
	Brent Hail	Vice President of Operations	\$83,275

(chart continues on next page ⇨)

Other Salaries of Note

Organizations that Compensate Relatives over \$100,000 (cont.)

Charity	Person	Title	Salary
The Ayn Rand Institute	Yaron Brook	President, Executive Director	\$348,398.00
	Debi Ghate	Secretary	\$123,684.00
	Onkar Ghate	Dean of OAC	\$107,002.00
Trinity Broadcasting Network	Paul F. Crouch Sr.	President, Director	\$419,500.00
	Janice Crouch	Vice President, Director	\$361,000.00
	Paul Crouch	Vice President, Director	\$161,792.00
	Ruth Brown	Secretary, Treasurer	\$95,680.00
Turning Point	David P. Jeremiah	President, CEO	\$136,663.00
	David Jeremiah	Vice President, Director	\$190,664.00
	Donna Jeremiah	Secretary, Director	\$126,902.00
YouthBuild USA	Timothy Cross	Chief Operating Officer	\$115,220.00
	Dorothy Stoneman	President	\$111,331.00
	John Bell	Vice President for Leadership	\$93,000.00

Other Salaries of Note

Five Highest Salaries Overall (of all salaries tracked in Charity Navigator's database)

Charity Name	Salary	Title
Columbia University	\$4,301,018	Clinical Professor
University of Southern California	\$3,974,320	Head Football Coach
Emory University	\$3,733,030	Executive Vice President of Health Affairs
Cornell University	\$3,150,893	Head of Reproductive Medicine
Mount Sinai School of Medicine	\$2,842,816	Director of Interventional Cardiology

Five Highest CEO Salaries

Charity Name	Salary	Title
University of Delaware	\$2,377,100	President
Salk Institute for Biological Studies	\$2,027,891	President, CEO
Rochester Institute of Technology	\$1,656,261	President
Citi Performing Arts Center	\$1,644,331	President, CEO
Boy Scouts of America National Council	\$1,577,600	Chief Scout Executive

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. However, 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 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 business and management expertise similar to that required of for-profit CEOs. Attracting and retaining that type of talent requires a certain level of compensation - roughly \$160,000 according to our analysis. For comparative purposes, the average salary of CEOs at S&P 250 companies is \$1 million, excluding bonus packages and stock options that drive the average compensation up to \$7.6 million.⁶

Given the current economic climate, many readers of this study may question how it is that our study shows an increase in the average charity CEO compensation. Almost on a daily basis we learn of charities cutting programs, staff and salaries. So, how could it be that the average nonprofit CEO was awarded a 6% raise? Here it is important for readers to remember that unlike the for-profit sector, there is a long lag in time from when a charity completes its fiscal year and when it files its Form 990. In fact, many charities file their 990 eight months to a year after their fiscal year ends.⁷ So, although our analysis is based on the most current data publicly available, 80% of the data for this study is taken from the charities' 2007 fiscal year ending. As such, the impact of the recession on the average charity CEO pay will not be seen until future studies.

Advice for Donors

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

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

Use the information provided in this article to compare a CEO's salary to other similarly sized charities, as well as those in the same category and region. [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. 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 recently redesigned the Form 990 (the informational tax return that charities must file annually and the document that Charity Navigator utilizes to obtain 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, before the end of this year, we plan to begin to disclose this information on our charity ratings pages. In the meantime, we encourage donors to contact any charity they wish to support to inquire if the organization has a compensation committee in place and how the organization makes salary decisions.

3. ***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.

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, 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.

Advice for Donors (cont.)

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

While it can be difficult to ascertain, if you do learn that a charity's top leader received a loan, you should think twice about supporting that charity. We maintain that a charity isn't in business to provide low or no-interest loans so its CEO can move into an exclusive neighborhood or purchase a new, luxury car. If the CEO's compensation is reasonable, then why does he/she require a discount loan to work for that charity?

Endnotes

¹All data is based on the 5,448 charities in Charity Navigator's database as of July 2009. For more information on what types of organizations Charity Navigator evaluates, please click [here](#).

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.

³Charity Navigator began issuing a CEO Compensation Study in 2005. At that time, our database contained approximately 4,300 charities. This is more than 1,000 charities fewer than we monitor today. By the time we issued the 2006 study, we had data for nearly 5,100 charities. This is only about 300 charities fewer than we currently monitor. Furthermore, the majority of the charities examined for the 2006 study are the same charities analyzed for the 2009 study. As such, we felt it is more appropriate to use the 2006 study as the baseline for historical comparisons rather than the 2005 study.

⁴The average sample size for each of these 30 cities was 100 charities. However, the sample size ranged from 27 charities (Charlotte) to 590 charities (New York).

⁵As of July 1, 2009, Charity Navigator's database includes 245 charities with total expenses of \$100 million or more and 211 charities with total expenses between \$50 and \$100 million.

⁶To view USA Today and the Associated Press complete study, please click [here](#).

⁷Visit Charity Navigator [FAQs](#) for more information about the timeliness of nonprofit data.