EXECs AT SMALL ORGANIZATIONS GET LARGER PERCENTAGE INCREASES

BY MARK HRYWA

Compensation for the chief executive office (CEO) at the nation’s smallest nonprofits might lack a digit when compared to the largest nonprofits. But, bosses at smaller organizations have seen their paychecks grow more during the past several years.

Compensation for CEOs at smaller nonprofits seemed to improve more than at larger organizations between 2010 and 2013, according to the past four editions of the Nonprofit Organizations Salary & Benefits Report by The NonProfit Times and Bluewater Nonprofit Solutions.

Organizations with operating budgets of less than $500,000 reported average total compensation of $60,455 in 2013, up almost 16 percent from 2010 and 7 percent greater than the four-year average (2010-2013) of $55,932. When looking at nonprofits by the size of operating budget, most of the CEO salaries remained flat or declined slightly when comparing the four-year average to the reported 2010 compensation levels.

The smallest differential between the four-year average and 2010 was 0.6 percent, at $1 million to $2.5 million organizations, the only range that saw a less than 1 percent difference. Most categories were up significantly, at least 6 to 9 percent, between 2010 and 2013, with the exception of $5 million to $10 million organizations, where CEOs saw a 3.5 percent difference.

The four-year average for total cash compensation by a CEO approached six figures at the $1 million to $2.5 million level ($99,547) and surpassed it once the budget was higher than $2.5 million ($121,573). All organizations in the categories of at least $5 million operating budgets reported average compensation of more than $150,000, and $25-million-plus reported more than $200,000.

By subsector, CEOs at arts and culture organizations appear to have taken the biggest hits in the years after the recession. Average total compensation dropped from $114,725 in 2010 to $99,988 in 2013, a decline of almost 15 percent. The four-year average dipped below $100,000, to $99,178, nearly 14 percent lower than the 2010 average. On the other side of the spectrum, average compensation for CEOs at religion-related organizations crept into the six figures, from a low of $89,112 in 2010 to $106,654 in 2012, up almost 20 percent. The four-year average of $101,670 was more than 14 percent greater than the 2010 average, and narrowed the gap considerably with arts organizations.

Religion was one of the bright spots for CEO compensation when compared to other subsectors. The only others that reported average increases during the past three years was human services (international and foreign affairs did as well but a smaller sample skewed averages considerably, as did the subsector labeled unknown). Human services CEO compensation enjoyed 12-percent growth from 2010 to 2013, with the four-year average of $108,168 – almost 4 percent more than the $104,092 average compensation in 2010.

The overall average CEO compensation declined between 2010 and 2012, from a high of $115,065, but rebounded last year, back up to $122,286. The four-year average of $114,544 was down just slightly, about 0.5 percent, from the 2010’s overall average.

Last year, the average salary for most nonprofit executives in general was consistently greater than the overall average in the Northeast, South Central and Northwest, according to the study. The lowest average base salary for a CEO last year was found in the Southwest ($106,218) while the Southeast ($114,044) and North Central ($116,314) were more than that but slightly less than the overall average ($118,630).

SALARY INCREASES FOR STAFF

Over the years, the change in salary for nonprofit employees has been on the positive side – at least by the average. There have been some exceptions. The overall average in The NPT survey has steadily crept up since the recession, from 2.28 in 2010, but that year included an average increase of less than 1 percent, or barely above 1 percent, among mutual benefit and membership organizations, arts and religious organizations. Over the years, the average increase has fluctuated anywhere from 2.42 percent (2013) to 3.63 percent (2011), with a four-year average of 2.92 percent.

Employees at public, societal benefit organizations received the highest average salary increase in the previous year at 3.01 percent. The lowest average increase was 2.06 percent, for mutual, membership benefit organizations, and it was the second straight year that no subsector experienced an average salary decrease. Overall, the average increase last year was 2.42 percent.

Among the subsectors that fell short of that average were environmental/animals and human services, both at 2.11 percent, and religion, 2.32 percent.

Salary increases did not vary much depending on size of an organization. Staff at most categories by operating budget registered wage hikes ranging from 1.97 percent at the largest organizations to 2.64 percent at the smallest. Over the last four years, the overall average was about 2.92 percent.

No subsector reported an average decrease in executive salaries but belts were tightened the most for those at religion organizations where the average raise for an executive was just 0.09 percent. Executives at education and arts/culture nonprofits fared better in 2012, seeing increases of 3.53 percent and 3.21 percent, respectively. Those below the overall average 2.79 percent for 2012 included environment/animals, 2.26 percent, and human services, 2.65 percent.

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Execs At Small Organizations Get Larger Percentage Increases

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Economy, Other Issues Drive Modification Of Benefits Packages

By Martin Daks

Michael Niekamp spent eight years at the Leukemia Lymphoma Society in White Plains, N.Y., most recently as assistant controller. He decamped in 2013 for the National Multiple Sclerosis Society’s headquarters in New York City. Asked why he moved -- which upped his commute from 35 minutes to more than 90 -- Niekamp said it was the excitement of getting “on the ground floor of a finance department that is expanding,” and the attraction of having “more day-to-day contact with the volunteers who are involved in the society’s national board of directors and advisory committees.”

Working at a nonprofit isn’t just about the salary. It also involves feeling good about what you do. “In general, people who work at nonprofit organizations do so, to a large degree, for the rewarding holistic experience,” said Jennifer Dunlap, CEO of Development Resources Inc., an Arlington, Va.-based company that offers recruiting, fundraising and other services to nonprofits and for-profit organizations.

The primary motivation for moving to a new job might not be financial but employee benefits are still important, said Dunlap. “Maintaining a good benefits package can be difficult in this slow economy,” she said.

That challenge, and the response of nonprofits, is reflected in the Nonprofit Organizations Salary and Benefits Reports between 2010 and 2013, issued by The NonProfit Times in partnership with Bluewater Nonprofit Solutions in Roswell, Ga. Throughout the four-year period, for example, the top general benefit was nonmonetary: flextime. It was offered by about 50 percent of the responding organizations. Business casual days, a noncash item, came in at number two in 2010 and in 2013, but fell to third in 2011 and 2012, when free or subsidized parking took the No. 2 spot.

Other popular benefits include paid association or professional society dues -- which were offered by 41 percent of nonprofits in 2010, though it dipped to 38 percent in 2013 -- and charitable payroll deductions, which were offered by almost 35 percent of organizations in the 2010 survey, but fell to 26 percent in 2013. The percentage of nonprofits offering domestic partner coverage increased from 23 percent in 2010 to 28 percent last year, according to the reports.

“I’m still seeing many organizations offering similar benefits packages,” said David Hinley Cheng, managing partner at DRI, a New York City-based executive search firm that specializes in the nonprofit sector. “Flextime and time off in lieu of overtime have been common since the late 1980s and continue to be a mainstay as a way to manage expenses. There really hasn’t been a significant shift in overall benefits.”

Although telecommuting does appear to be gaining traction, it’s not exactly making a quantum leap, with the percentage of nonprofits offering it rising only slightly: from 25 percent in 2010 to 28 percent in 2013, according to the reports.

Cheng, however, says that more nonprofits might adopt a telecommuting option as aging Baby Boomers resist relocation, prompted by the dual concerns of having to sell their house in a shaky market, and worries about moving away from their own aging parents.

One challenge is that nonprofits are “on the cusp of enormous change, but many organizations are defaulting to how things were,” according to Matt DiLauri, the managing director of People & Systems, a national firm based in New York City specializing in nonprofit staffing. “The sheer cost of benefits is at the forefront of just about every conversation,” he said, but added that the Affordable Care Act (ACA) and other issues are changing the game. “There are diverse sets of benefits solutions out there, but people have to be willing to be open to them,” DiLauri said.

One such approach involves a flexible work week. “I’ve been working with some clients who

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four years was $44,000, ranging from $40,000 to $48,000. Arts organizations saw the largest drop off for the past four years, with an average salary of $146,019 in 2010 dipping to below $100,000 the last three years, including $99,964 last year. Human services meanwhile saw a continual rise since 2010, from $91,323 to $101,252 last year.

Perhaps the average CEO salary at arts organizations played a role in the position’s tenure as well, as the subsector saw among the shortest tenures in the survey over the last four years, rarely longer than nine years.

ON THE JOB

The tenure of chief financial officers (CFOs) has consistently been 8.5 to 9 years in each of the past four surveys. While CEO tenure has remained consistent between about 10 years and 11.5 years, it has risen the past two years, from an average 10.2 in 2011 to 11.7 last year. The shortest CEO tenures reported last year were by arts organizations, at 9 years, while the longest were nearly 13.5 years, by human services organizations.

The reality is, candidates look at (Form) 990s and salary surveys, so they must be paying at least with what the last person made, or more,” she said.

“We’ve had double the number of conversations (with boards) around what’s fair compensation, what’s the market rate, what salary data do we look at? Over time, we’re getting more understanding, but having to do more education,” Eddy said, adding that boards are increasingly asking how to factor in a performance bonus.

Boards will begin to face this issue of retirements as the early wave of retiring CEOs heads for the door, according to Eddy. Boards could be used to having a chief executive in place a long time and awarding cost-of-living increases over the years that has made the salary below market level and they’ve never had to recalibrate it to a market rate,” she said. “One of the unfortunate situations of our sector is that, if they’re motivated by salary -- and a lot of people are not -- often times they have to leave their organization to get a significant salary bump,” Eddy said.

That could be among the reasons for the short tenures of folks in the development department. The average tenure for a chief development officer was 4.4 last year, and the four-year average was 4.75 years. The longest was found among religion related nonprofits, at 7.3 years while the shortest was arts at 3.43 years. Tenures tended to be longer at larger organizations, from less than three years at organizations with less than $1 million in revenue, and more than 7.3 years at $50 million-plus.
SPECIAL REPORT: NPT SALARY & BENEFITS STUDY

Improved Economy Starts Tune For Musical Chairs

By Mark Hrywna

Considering the condition that the economy was in just a few years ago, Miki Vukovich is grateful that his organization was able to avoid staff cuts. “We’ve weathered the recession quite well compared to other nonprofits. We haven’t had to do massive cutbacks or any layoffs, so I count my blessings there,” said Vukovich, executive director of the Tony Hawk Foundation.

That’s not to say that there have not been difficult decisions since the recession. The Vista, Calif.-based foundation at one time paid about 99 percent of healthcare costs for its handful of employees. That changed about three years ago. That cost has been going up and now the organization pays approximately half of the cost of healthcare.

“The long-term, it’s all a balance,” he said, adding that the company contribution declined over time so staff had time to make that adjustment.

Vukovich also is fortunate that he has not had to worry too much about employee turnover. The foundation has four full-time staff and one part-time employee, with little turnover during the past several years. The development manager left last fall after five years with the organization. Almost all of the staff has been with the organization at least four years.

Vukovich and the development director both have been with the organization for 10 years, after it started as a family foundation in 2002. Its mission is to support recreational programs with a focus for 10 years, after it started as a family foundation in 2002. Its mission is to support recreational programs with a focus on creating public skateboard parks in low-income communities.

Smaller organizations such as the Tony Hawk Foundation – which typically has about $1 million in annual revenue – usually don’t see as much turnover as larger organizations. Last year, organizations with revenue of less than $500,000 were the only category of nonprofits that registered less than 10 percent in terms of employee turnover, according to the 2014 Nonprofit Organizations Salary & Benefits Report by The NonProfit Times and Bluewater Nonprofit Solutions.

The smallest organizations saw 9.35 percent turnover, on average, while those with $5 million to $10 million in revenue registered the highest turnover at 15.5 percent. The overall average last year approached 11 percent and categories that eclipsed that level also included organizations with more than $10 million in annual revenue:

• 13.33 percent, $25 million to $50 million;
• 12.11 percent, $50 million or more; and,
• 11.6 percent, $10 million to $25 million.

Employee turnover has increased since the 2010 NPT/Bluewater study, when it was 9.1 percent, to 10.92 percent last year, with a four-year average just more than 10 percent. The lowest turnover has consistently been within religion and religion-related organizations, with a four-year average of less than 6 percent – far less than other subsectors. The second-lowest area for employee turnover was mutual, membership benefit organizations, which sported a four-year average turnover of 8.54 percent.

On the other side of the spectrum, human services organizations usually reported the highest employee turnover. It was 12.4 percent for the 2013 survey, again the highest number. It has averaged 11.5 percent for the past four years, at least a point greater than any other subsector. The hours and related low pay of frontline human services employees, such as youth workers or home care workers and aides, may contribute to the high turnover.

“For the many who are just trying to get by financially, switching jobs and employers from time to time can be the only way to get more than incremental and cost-offsetting increases,” said Irv Katz, president of the National Human Services Assembly in Washington, D.C.

“There’s not a lot of turnover but it’s important to keep it that way. As the economy turns around, that might be a little bit of a challenge to try to keep up,” Tony Hawk’s Vukovich said.

That might change in 2014, according to recruiters, who said that with the economic landscape improving in general and people getting more comfortable with the economy, employees are less resistant to changing jobs.

“It’s opening up even more than last year. People are getting more confident,” said Nury Harris, president of Careers in Nonprofits, a firm with offices in Chicago, Ill., and Washington, D.C. Compensation likely is a culprit of the high turnover within human services, she said, as it’s an area where employees

There’s not a lot of turnover but it’s important to keep it that way. As the economy turns around, that might be a little bit of a challenge to try to keep up. –Miki Vukovich

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A Mixed Bag Of Health Plans Offered At Nonprofits

By Martin Daks

Concerns regarding rising healthcare costs have been at or near the top of the worry list of many nonprofit executives. An analysis of the Nonprofit Organizations Salary and Benefits Reports for 2010 through 2013, along with conversations with executives, shows the concern benefits have on the budget’s bottom line.

In 2013, the final full year before the enactment of the Affordable Care Act (ACA), 85.4 percent of nonprofits offered some kind of medical plan, a proportion that has grown slightly from 2010, when 84.7 percent did so. The number of nonprofits offering medical coverage to part-time employees also inched up during that period, from 23 percent to 25.6 percent.

In 2013, 61.7 percent of nonprofit organizations offered relatively unrestricted Preferred Provider Organization (PPO) health plans to their employees, according to the most recent Nonprofit Organizations Salary and Benefits Report issued by The NonProfit Times in partnership with Roswell, Ga.-based Bluewater Nonprofit Solutions Conversations. That proportion is down from 66.6 percent in 2010.

The wait time to qualify for medical benefits is declining with 18.1 percent in 2013 enabling employees to sign on as of their start date, compared to 15.6 percent in 2010. Similarly, in 2013, 28.1 percent offered medical benefits to employees on the first of the month following their start date, against 26.1 percent in 2010; employees on the first of the month following employees to sign on as of their start date, continue to be a minority, declining with 18.1 percent in 2013 enabling from 66.6 percent in 2010.

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The American Heart Association also has a “comprehensive” employee wellness program titled “It’s All About Me!” she said.

“The highlights include quarterly lifestyle challenges, personal health coaching, and a health risk (wellness) assessment that feature the “My Life Check - Simple 7” questions,” Neyerdousky explained. “Additionally many of our facilities offer designated walking paths in the building and on the grounds to encourage physical fitness and healthy activity.”

The issue seems to be ignored at a significant number of organizations. In 2013, for example, approximately 15 percent of nonprofits did not offer medical plans. By category, just fewer than 27 percent of organizations focused on arts, culture and humanities did not have medical plans, followed by 25 percent of educational, environmental and animal nonprofits that did not offer these benefits. At the other end of the scale, employees at 92.7 percent of human services nonprofits were offered medical benefits, as were employees at 87.5 percent of international and foreign affairs organizations.

Considered on a geographic basis, the Southwestern U.S. was the leader, with 89.8 percent of nonprofits having employee medical plans, closely followed by the Northeastern with a rate of 88.9 percent. The rest of the U.S. clustered around the 80-to-85 percent mark, with the exception of the Southwest, which at 70.9 percent, had the tail position regarding medical benefits.

When it comes to retail-pharmacy prescription drug plans, PPO types were the most popular, offered by 63.2 percent of nonprofits in 2013 (65.3 percent in 2010), followed by Health Maintenance Organization, or HMO-style drug plans, which were offered by 28.8 percent (down from 33.3 percent in 2010), while 19.8 percent offered Point of Service, or POS plans, falling from 11.3 percent in 2010.

The PPO format was also the most-offered model for dental plans, with 74 percent of organizations featuring that model (almost unchanged from 74 percent in 2010), followed by dental HMOs at 14.4 percent (down from 15.2 percent in 2010), and 9.9 percent for the dental POS model, virtually level with 9.9 percent in 2010. Coverage for vision was mixed, with 76.9 percent of nonprofits offering a Vision Preferred Provider organization plan in 2013, little changed from 75.7 in 2010, while 23.5 percent offered a Vision Maintenance Organization (OMO) format, down slightly from 26.9 percent in 2010.

A position at a large New York City nonprofit. After a few months in her new position, however, both sides realized it wasn’t a good fit, she said.

Today, Lewis is controller at Planned Parenthood of Nassau County in Hempstead, N.Y. “It was more for me about the culture of the organization and the fit,” she said. Planned Parenthood is bigger and more complex because it’s a health facility, which is complicated in its accounting but the culture is “just what you’d expect at a nonprofit,” Lewis said.

“People just want to work. After what we went through (in the recession), they don’t have the luxury still to forgo a good position or a benefit package,” Harrigan said. NPT

MUSICAL CHAIRS

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are typically underpaid.

Turnover had held steady until 2013, according to Heather Eddy, president and CEO of Alford Executive Search in Evanston, Ill. “With economic uncertainty, people are less apt to say, look for something else because they’re unhappy. This year (2013), we started to see a lot more movement,” she said.

What’s important to potential employees is opportunity and professional development, according to Harrigan. People want to know that there’s room for growth, that they can go somewhere in the next two years if they join that nonprofit,” she said. “After professional development and a commitment from their organization,” Harrigan said, “everything else follows that,” as far as what types of benefits are priorities.

For an individual, the timing can play a big role in determining what benefits are important. When she started at the Long Island Children’s Museum about a dozen years ago, Denise Lewis was raising her two young children. Part of the appeal was negotiating a flexible work schedule allowing her to be off Fridays.

Arts organizations had perhaps the most consistent turnover rate among organizations in the survey, usually falling between 8 and 9.62 percent, with a four-year average of 8.86 percent. Other groups, such as environment and animals organizations, enjoyed a four-year average of 9.5 percent, but that included a spike of 14.8 percent in 2011, surrounded by averages between 7 and 8.8 percent.

Lewis was looking for something new after 11 years as controller at the Garden City, N.Y.-based museum. “I felt like I had just done everything there that I could. I was ready for a change,” she said, adding that she still talks to former colleagues and even board members at the $4-million organization.

Lewis has always worked at a nonprofit, drawn to the organizations by the mission, the passion of its employees and what she describes as welcoming environments. Before the museum, she spent three years with the New York Philharmonic. So last year, she accepted a position at a large New York City nonprofit. After a few months in her new position, however, both sides realized it wasn’t a good fit, she said.

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