

# SPECIAL REPORT

## 2008 NPT SALARY SURVEY

### Fundraisers Expected To Get Biggest Pay Bump

*NPT survey  
shows bringing  
in the money  
pays off*

By Mark Hrywna

**F**undraisers should watch their backs and prepare to be envied by others at their organizations. According to the latest national study of salary and benefits by *The NonProfit Times*, those responsible for raising money can expect to see healthier pay hikes than their co-workers and even their non-development bosses.

The greatest average increases in this year's annual *NPT Salary Survey* of more than 1,400 organizations were for major gifts officer (6.38 percent), planned giving officer (5.10 percent) and development director (4.47 percent).

Other executive positions in the survey saw average salaries rise, just not as much, and not enough to match the rate of inflation (4.1 percent): program director (3.25 percent), executive director/CEO/president (2.27 percent), Webmaster (1.8 percent), chief financial officer (1.19 percent), and chief of direct marketing (0.48 percent).

Of the average salaries for the 10 positions in the survey, only two dropped from 2007 to 2008: director of volunteers, down 1.65 percent, and director of human resources, down 0.57 percent.

Staff at nonprofits fared well relative to executives, with an average increase in 2007 of 3.46 percent, which is anticipated to be 3.66 percent in 2008.

The national average for executive director/CEO/president for 2008 will be \$119,553, up from \$116,902 last year. Other highlights of the survey results include:

- The Mid-Atlantic region had the highest average executive director's salary (\$134,741), followed by New England (\$124,590) and West (\$124,083). The lowest was found in the Central, the only region less than six figures (\$98,157).

- The only executive post outside of CEO that reached six figures in average salary by region was planned giving officer in the South, both in 2007 (\$100,698) and projected for 2008 (\$117,605).

- Categorized by budget size, the largest average CEO salary was found among organizations with budgets of \$50 million or more (\$217,854) and \$25 million to \$49.9 million (\$216,452).

- The largest organizations had seven executives with average salaries of more than \$100,000 (CEO, CFO, program director, planned giving officer, development director, chief of direct marketing, and director of human resources).

- The overall average salary for chief of direct marketing will be \$72,201 for 2008, with three regions above \$82,000 (led by New England at \$82,440), but the

highest percentage increase among them in the Southwest (7.88 percent).

- For development directors, the overall average salary will be \$73,724, led by an average of \$82,916 in the West and a low of \$62,237 in the Central, with the largest increases in the Southwest (6.8 percent) and South (6.56 percent).

"There's always a heightened sense of importance in the resource development part of an organization," said Kristin Mannion, senior client partner and nonprofit practice leader for Washington, D.C.-based Korn/Ferry International, an executive search firm. "If you're not successful in that arena, you will be unable to meet mission."

The only executive position to see an increase year-to-year in all seven geographic regions of the survey was program director, ranging from 0.43 percent in the North Central to 6.65 percent in the South. The greatest percentage increase for executive director was found in the West, at 5.85 percent, while the Central experienced the largest drop, 4.55 percent.

Coastal salaries continue to be greater than in the Midwest. Executive searches in the Northeast and South-

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**The only executive position to see an increase year-to-year in all seven geographic regions of the survey was program director**

ern California are definitely seeing higher salaries, said Heather Eddy, president and chief operating officer of Alford Group Executive Search, a sister company to Alford Group, primarily based in Chicago and Seattle. More open positions than available professionals to fill them in Florida is resulting in high salaries, she said, relating an instance where the hiring salary turned out to be 150 percent more than what an organization expected to pay. "Miami and South Florida are very expensive to live in," she said.

"The Pacific Northwest is beginning to see salaries rise slightly. It has always been a market where salaries have not been as high, and now we're seeing them grow a little more rapidly than the rest of the country," Eddy said.

Candidates are negotiating for salary, performance bonus, increased vacation and different types of retirement benefits, according to Eddy.

In a couple of searches this past year, a candidate has asked for not as much in salary, but more on the benefits side, Eddy said. "It bucked the trend of their hiring practices, thinking how they can broaden compensation."

According to *The NPT* data, gender split among executive director/CEO/president continued nearly even, with only slightly more men (53 percent) than women (47 percent), among respondents. Males were twice as likely to be CEOs of \$50-million-plus organizations (5.2 percent v. 2.7 percent) while the same was true for females at less than \$500,000 organizations (9.2 percent v. 4.4 percent).

**EXECUTIVE BONUSES**

Almost three in four nonprofits surveyed by *The NPT* don't pay performance-related bonuses to top executives. The 21 percent who replied that they give bonuses primarily award them to the chief executive, with the average bonus being nearly 10 percent of salary, and as a dollar figure, an average \$16,500. Some organizations that give bonuses to the CFO, program director or development director, usually award about 7 to 8 percent of salary.

One nonprofit noted a bonus of \$5,000 per \$1 million increase in revenue. "A really good feeling when you go to bed at night" was another benefit cited by a responder in that category.

Of the other benefits offered to executives, the most common were (in order of most common replies; respondents could choose more than one):

- Salary increases (811);
- Cell phones (763);
- Life insurance (760); and,
- Professional development education (742).

There was a drop-off after those with membership dues (526), expense allowances (448), extra vacation (359) and tuition reimbursement (348) standing out somewhat amongst other choices, such as performance bonuses (251), car/mileage allowance/reimbursement (243) and severance pay (195). Among the 330 replies in the "Other" category, many cited a variety of retirement and/or matching programs, such as 401(k), 401(b), 457(b), 403(b) and SEP.

About the same proportion of nonprofits (21 percent) that offer executive performance bonuses also would consider a one-time bonus to the right candidate if they had to recruit a new chief executive this year, according to *The NPT* data. Almost four in 10 said they would not, while a roughly equal amount did not know.

"We have not offered or paid a bonus or fee to hire an executive, but that is one thing that can be considered," said Van Reiner, president and CEO of the Maryland Science Center in Baltimore. "In the

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**2008 SALARY SURVEY**

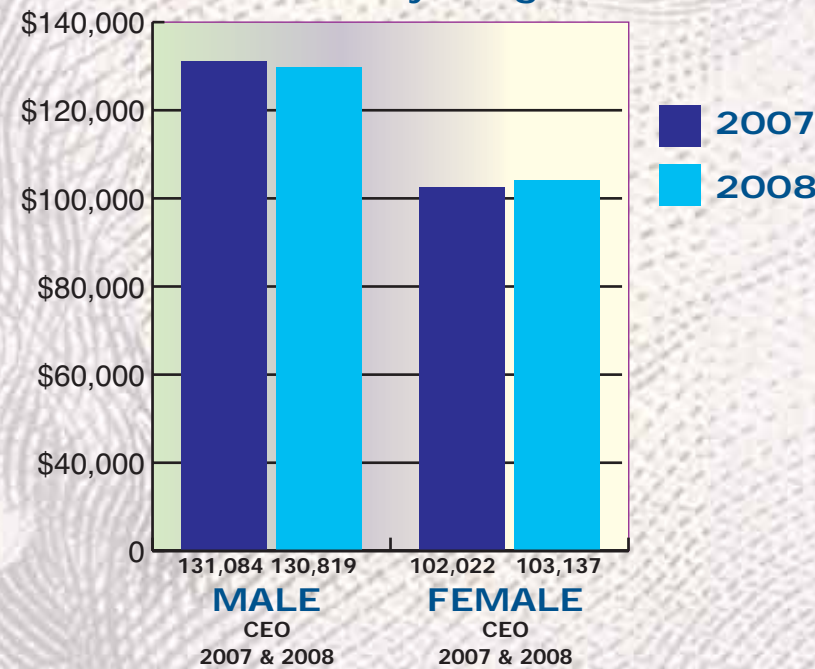
**National**

**AVERAGES 2007/2008**

**Average Salary By Budget Size**

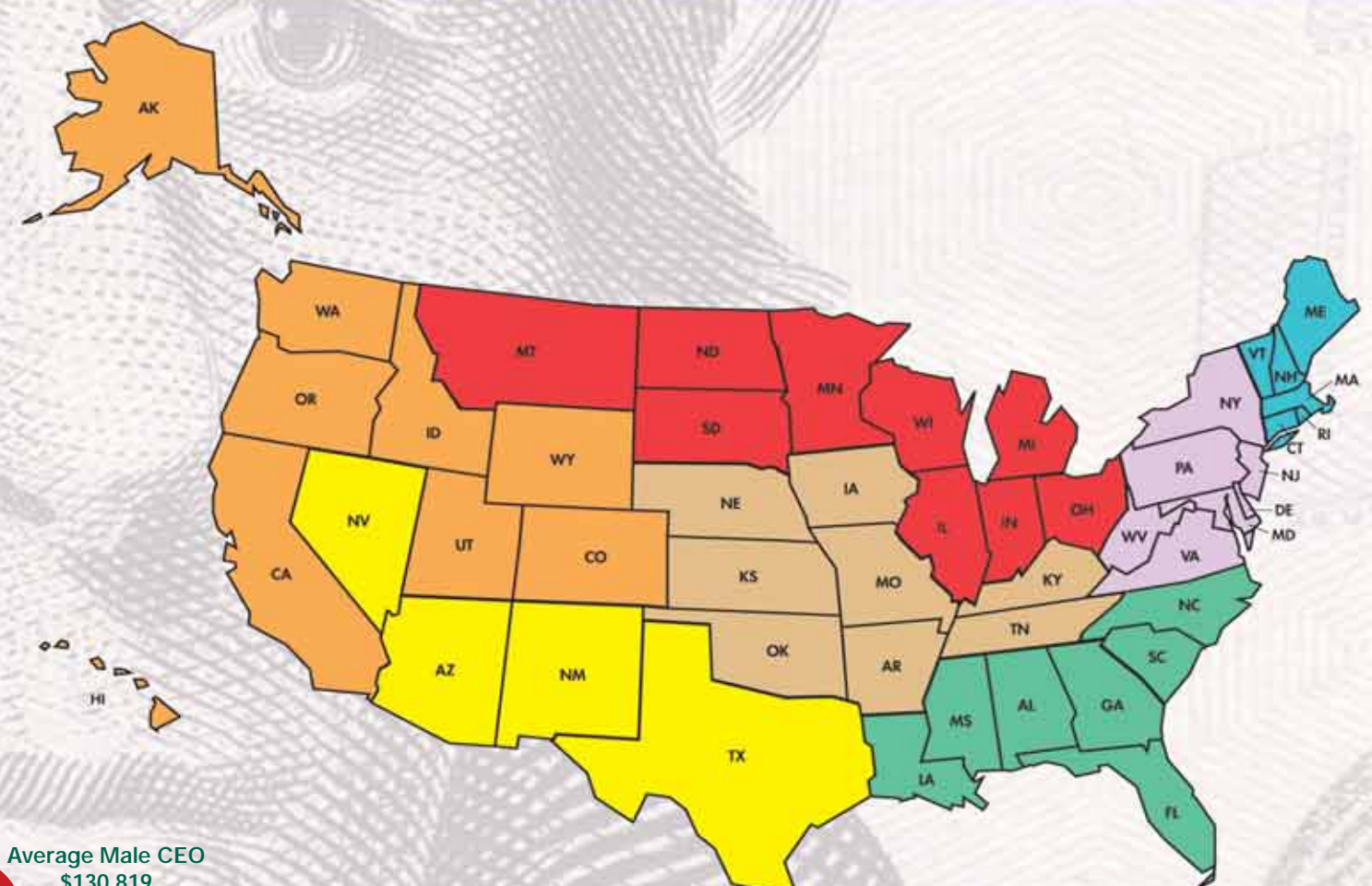
	Overall Average	<\$500,000	\$500K – \$999.9K	\$1M – \$9.9M	\$10M – \$24.9M	\$25M–\$49.9M	\$50M+
Executive Director / CEO / President	\$116,902/\$119,553	\$57,427/\$58,474	\$73,738/\$77,737	\$107,055/\$107,847	\$165,989/\$169,191	\$215,800/\$216,452	\$207,684/\$217,854
Chief Financial Officer	\$83,212/\$84,020	\$50,119/\$45,879	\$48,702/\$46,467	\$68,763/\$70,501	\$97,989/\$100,928	\$122,804/\$121,661	\$145,790/\$147,137
Program Director	\$65,925/\$68,066	\$39,579/\$40,298	\$44,081/\$44,533	\$62,785/\$65,161	\$80,116/\$83,972	\$94,823/\$92,308	\$105,278/\$102,599
Development Director	\$70,568/\$73,725	\$44,834/\$45,288	\$50,065/\$51,447	\$64,038/\$66,359	\$81,337/\$85,365	\$97,445/\$101,504	\$104,595/\$105,221
Planned Giving Officer	\$79,112/\$83,147	NA/NA	\$47,000	\$62,660/\$65,540	\$80,630/\$89,807	\$80,372/\$86,348	\$100,440/\$100,228
Major Gifts Officer	\$71,968/\$76,559	\$60,000/\$61,680	\$64,000/\$65,000	\$61,555/\$65,411	\$74,329/\$80,679	\$83,495/\$90,259	\$87,041/\$89,654
Chief of Direct Marketing	\$71,857/\$72,201	\$37,500/\$34,000	\$41,191/\$45,527	\$56,534/\$58,882	\$73,673/\$73,214	\$111,712/\$115,348	\$107,108/\$104,634
Director of Volunteers	\$43,206/\$42,493	\$28,278/\$28,705	\$32,045/\$30,281	\$37,534/\$38,260	\$49,419/\$48,896	\$57,477/\$55,943	\$71,041/\$58,991
Webmaster	\$53,171/\$54,128	\$31,668/\$28,000	\$35,867/\$34,697	\$46,059/\$47,801	\$56,836/\$58,999	\$60,576/\$61,088	\$68,358/\$67,072
Director of Human Resources	\$68,399/\$68,008	NA/NA	\$50,596/\$49,606	\$52,965/\$54,169	\$67,144/\$69,205	\$82,548/\$84,932	\$114,673/\$108,736

**Male and Female 2007 and 2008 Average CEO Salary Range**



**Average Female CEO \$103,137**

**Average Male CEO \$130,819**



**Regional**

**AVERAGES 2007**

	New England	Mid-Atlantic	South	Central	North Central	Southwest	West
Executive Director / CEO / President	\$119,604	\$132,829	\$111,185	\$102,832	\$105,121	\$113,230	\$117,224
Chief Financial Officer	\$87,485	\$93,858	\$72,094	\$72,389	\$76,748	\$73,267	\$88,384
Program Director	\$66,850	\$73,479	\$54,566	\$62,971	\$60,726	\$59,697	\$70,928
Development Director	\$74,788	\$79,086	\$60,149	\$59,987	\$64,319	\$63,644	\$78,758
Planned Giving Officer	\$74,440	\$81,958	\$100,698	\$71,227	\$65,157	\$80,467	\$84,309
Major Gifts Officer	\$87,843	\$77,738	\$72,696	\$64,320	\$61,696	\$60,540	\$72,810
Chief of Direct Marketing	\$78,422	\$86,246	\$70,962	\$60,832	\$65,965	\$54,892	\$78,519
Director of Volunteers	\$48,138	\$52,290	\$37,385	\$37,292	\$36,923	\$41,281	\$45,143
Webmaster	\$51,394	\$56,596	\$49,383	\$49,919	\$51,357	\$50,886	\$54,229
Director of Human Resources	\$69,781	\$76,194	\$65,467	\$62,795	\$62,006	\$56,162	\$73,738

past the institution has offered moving expenses and benefits like that but no cash, but it is something the board would consider."

The Conservancy of Southwest Florida has awarded bonuses, about 8 to 10 percent of annual salary paid in two six-month increments, to the past two CEOs, said Sharon Truluck, director, human resources at the Naples, Fla.-based nonprofit.

"On the front end of (the executive search), I don't think it made it any easier because we didn't advertise that we were having a bonus," Truluck said. "The bonus was negotiated at the time of hire. We already had our candidate. It helped us get the best candidate because that was something over the norm that we had."

More than three-quarters of respondents said they do not offer executives post-retirement benefits other than mandated medical coverage, such as COBRA, while only 14 percent do.

When it comes to executives in general, about a quarter of nonprofits surveyed said they base salary increase policies on merit increases, while almost 30 percent base them on general increases. More than 45 percent base them on both general and merit.

Two-thirds of respondents said that on average, during the past three years, hourly and salaried non-exempt staff been receiving about the same increases as exempt salaries staff. Roughly 10 percent said non-exempt pay was increasing faster while another 10 percent said exempt pay was increasing faster. Only about 14 percent responded they did not know. Of the 268 nonprofits combined that replied one was increasing faster than the other, the average increase was 6.43 percent (based on only 45 responses), with a low of 0.05 percent to a high of 26 percent. Several noted the increase in the federal hourly minimum wage resulted in a spike in wage hikes.

**HEALTH INSURANCE**

Most nonprofits (66 percent) expect health insurance premiums to increase during 2008, by an average of 12 percent. The low among respondents was a 2-percent drop and the high was a 100-percent jump. While 14 percent of respondents do not know if their premiums will increase, 11 percent said they would not increase in 2008. Almost 9 percent said they have no health insurance benefits.

Of the nearly 900 organizations that responded their premiums will rise, most expect to share the increased cost with the employees, while others will shop for lower premiums or make changes in benefits levels.

In some cases, the organization will pay the entire cost of the increase while in others the employee will cover the increase. The average share for an employee was 23 percent of the increased premiums, among 390 respondents, while the organization's share of the hike averaged 60 percent, among 630 groups.

**ABOUT THE PARTICIPANTS**

Half of the 1,454 survey responses were from nonprofits with annual gross income of \$1 million to \$9,999,999, followed by 14 percent from those with less than \$500,000, 12 percent from \$500,000 to \$999,999, and 12 percent from \$10 million to \$24,999,999. The fewest responses were from those with annual gross income of \$50 million or more (8 percent) and \$25 million to \$49,999,999 (5 percent).

The Mid-Atlantic region was represented best in the survey, making up 26 percent of the responses, followed by North Central (20 percent), West (15 percent), and Southwest (11 percent), South (10 percent), Central (10 percent) and New England (9 percent). *NPT*

# One CEO Set A Ceiling On His Own Compensation

By Mark Hrywna

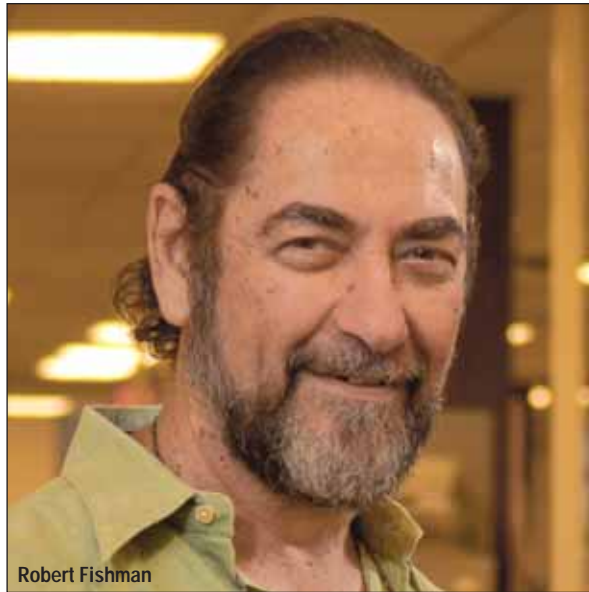
**H**ow much is enough? Philadelphia-based Resources for Human Development (RHD) hopes to answer that question, at least at their own nonprofit, by limiting executive compensation to no more than 14 times the compensation of the lowest-paid employee.

"We're protecting RHD's values and standards of behavior with money," said Executive Director Robert Fishman, who founded the organization in 1970. "By writing into the organization's bylaws the maximum multiple an executive can earn, including benefits and perks, we are preventing any possible abuse of power and money in the future."

RHD has a budget of \$165 million and almost 150 programs with 4,000 employees in 11 states, specializing in supporting individuals challenged by mental illness, developmental disabilities, chemical addictions and homelessness. The base compensation (salaries, benefits and perks) for the lowest-paid employee is approximately \$20,000 annually, which would mean a limit of almost \$280,000 for the top executive.

The concept of capping executive compensation has been around for some time and there's often talk about the factor between entry-level and CEO salaries, however, it's not very common, said Linda Crompton, president of Washington, D.C.-based BoardSource.

"There's a lot of discussion about executive compensation, and what's the appropriate range comparatively speaking to rest of organization," said



Robert Fishman

Kristin Mannion, senior client partner and nonprofit practice leader for Washington, D.C. executive search firm Korn/Ferry International. "It has not permeated in any big way the thinking. At this point the primary driver is still the competitive marketplace, it's not the philosophical thinking."

There has been such a focus on abuses that corporate executives take "with their ability to get compensation that makes absolutely no sense, but more than that, it is not formally reviewed by anyone else," Fishman said. "I think it does raise a very valid question, who sets those salary limits, who reviews that," he said.

"What we're saying, in general, is there are a number of ways money is handled in corporations that warrant publication, disclosure and review," Fishman said. "We should do the same thing we're

advising others to do."

He explained the genesis of the salary cap. "The biggest thing people couldn't understand was why I was limiting my salaries in the future," Fishman said. "I'm in my 70s, and it was baffling to people. We were talking about having a value system. With all that's not being done around us, now was the time to set a limit," he said.

"It seemed to me I ought to set the tone," said Fishman, who in a few years likely will reach the cap. "Some say, 'Gee whiz, if you continue to be with us, shouldn't you get more?' This is enough. If we never say, 'This is enough,' nothing's enough obviously."

Added Fishman: "I felt that was quite an adequate compensation. As others come in to run this corporation, I don't want them to negotiate what they want without going through a formal process with the board and representatives."

RHD has an eight-member board, eight-person management team and nine-person stakeholder group, representing all workers. Changing the bylaws would require a majority of each of those three groups. "So, it can be changed but I wanted to make a mechanism to make it a challenged bylaws," Fishman said. The cap is not set in stone and can always be addressed again by the board, he said, but it would take a debate. "Let's define it, disclose it, discuss it with a number of disinterested parties, when and if there's a decision to change it," he said.

Fishman is unconvinced that money is the sole motivation for all employees. "We've had a corporation that has financial ability and values that prove an attempt to equalize human value in the workplace," he said. "We all have to be present for this to happen; that's profound proof to me about the fact that people say money is the motivation for success; it is for some people, in some industries, but to say it would destroy the economic viability of a corporation is blatantly not true." *NPT*



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## Who's Next? Nonprofits Are Starting To Get The Idea

By Mark Hrywna

**I**f all the studies are to be believed about an impending leadership vacuum within the nonprofit sector as a result of Baby Boomer executives and founders retiring, then locusts should be flying in at any minute.

But if responses to the 2008 *NPT Salary Survey* are any indication, perhaps nonprofits are taking a cue and planning for the future turnover.

Despite the dire warnings in recent years, almost three out of four nonprofits surveyed said their board does not have an executive succession plan in place. Only 27 percent of respondents said their nonprofit has a plan.

If you're looking for a silver lining, however, it's the third consecutive year in the *NPT Salary Survey* that the percentage of nonprofits saying they don't have an executive succession plan has decreased, dropping from 82 percent in 2006, to 76 percent last year, and 72 percent in 2008.

More than half (51 percent) of those that do not have a plan in place have begun the process of forming one. Among those 232 responses, many nonprofits indicated in comments that they're "beginning to work on it," a plan is "being considered," or it's "being discussed." Others indicated a succession plan is part of their organization's strategic planning process, a goal for 2007 or priority for 2008, and some only recently replaced their executive director.

"There's a huge trend we're seeing in that the realization is hitting many nonprofits that, whether the succession is planned or unplanned by the person, we need to have something in place," said Heather Eddy, president and chief operating officer of Alford Group Executive Search, a sister company to Alford Group, primarily based in Chicago and Seattle. "We're seeing an increased amount of assistance in helping them write their succession plans, of organizations of all sizes," she said.

"I've worked with several long-time founding executive directors who started



The EcoTarium was among the organizations that would consider offering a bonus to if it had to recruit a chief executive. 'When you have a board that's dominated with people from the private sector, those things tend to be more common,' said Stephen Pitcher, president.

used to develop internal talent to assume leadership positions, whether it is as executive director/president, or other positions," said Scott C. Benjamin, president of Charles Settlement House, a 90-year-old, neighborhood-based human services provider in Rochester, N.Y. "We also realized that we don't have a structure in place for any un-

expected leadership void -- for instance, if I had a serious medical crisis that took me out of work for an extended period of time, how would my duties be split up or handled in my ab-

sence? And that also goes for other management positions."

On a short-term basis, the organization of 22 employees and a \$1.3-million budget gets by, but there's no plan for longer-term situations, said Benjamin, who replaced a retiring executive director two years ago.

Succession planning also is a process of ongoing communication between the board and CEO on their expectations and how those two are aligned. There should be conversations between the board and CEO at least once a year, Crompton said. "If you make it a routine thing, perhaps

at the evaluation meeting of CEO, part of that will be focused on succession, and it's not such an awkward topic to raise," she said.

"People know it's there, it's on the list, but it tends not to rise to the top of the list until it has to," Crompton said of succession planning. "That's why we're big advocates of building in elements you'll need in the recruitment of a CEO into an ongoing, systematic process, so it's seen as an automatic thing, more likely to get done rather than treating it as a discreet set of tasks that look daunting." *NPT*

organizations 30 years ago or so," Eddy said. "It's a daunting task for a board that has had an executive that long."

Executive succession "seems to be an area of increasing interest, judging by the number of people accessing our tools," said Linda Crompton, president of BoardSource in Washington, D.C. People are definitely starting to pay attention to the impact that demographics will have on both the CEO and board level, she said.

If nonprofits don't have a success plan, when there is a change in leadership, often an organization pays the price because of a lack of leadership, and the potential for more staff to leave, potentially having an effect on donor support. "You run the risk of losing focus and direction if you don't have strong leadership and a plan to continue that leadership if a CEO resigns or is let go," Crompton said.

She suggested looking at succession planning more as a process than an event, with ongoing planning even if a CEO is in place. The process never really stops, beginning with a job profile that should be updated periodically, as the organization changes and adopts new strategic plans, opens new lines of business or drops others, she said. "There probably will be a need to constantly refine and redefine that job description for the CEO."

Trees Forever in Marion, Iowa currently has a CEO and still has had a succession plan in place for less than a year, though it's purposely rather general in terms of how to handle situations. "We're a fairly small organization so we felt like there was no real way to try to address it other than to be real general," said Paula Land, director of operations and organization effectiveness. The plan came out of a "recent emphasis on the need to succession plan."

There is definitely becoming much more emphasis and effort on developing talent, according to Kristin Mannion, senior client partner and nonprofit practice leader with Korn/Ferry International, an executive search firm in Washington, D.C. "The smart organizations are really looking at that," she said, and looking internally to develop successors as it becomes more pressing.

"Although I'm not planning to go anywhere anytime soon, we realize that a good succession plan also can be



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