

June 2018

**PAY FOR THE TOP EXECUTIVE AT
NON-PROFIT ORGANIZATIONS**

**STEVEN HALL
& PARTNERS**
EXECUTIVE COMPENSATION

The Internal Revenue Service mandates that non-profit organizations pay reasonable compensation and imposes stiff penalties for those who fail to comply. Steven Hall & Partners analyzed top executive compensation data and related governance practices for 349 non-profit organizations across a variety of organization types that filed Form 990s with the Internal Revenue Service in fiscal 2016. The study looks at each organization's top executive who may be the Executive Director or Chief Executive Officer, and who is not necessarily the highest paid.

	Study Sample Median						
	Count	Revenue	All Employee Compensation			Top Executive Compensation	
			# of Employees	Aggregate Compensation	as % of Revenue	Total Compensation	as % of Aggregate Comp.
Arts, Culture, & Humanities	18	\$27,822,208	494	\$13,771,120	52%	\$466,878	3%
Education & Research	74	31,155,301	360	15,694,225	50%	340,917	3%
Environment & Animals	13	29,405,742	192	10,809,920	35%	317,043	3%
Health	79	32,255,681	355	19,200,093	61%	291,148	2%
Human Services	134	32,549,263	503	13,328,665	49%	218,177	2%
International	2	41,863,842	458	15,073,897	39%	398,432	3%
Public, Societal Benefit	29	32,751,151	391	16,239,670	42%	334,425	2%
TOTAL SAMPLE	349	\$31,800,927	409	\$15,721,747	51%	\$285,572	2%

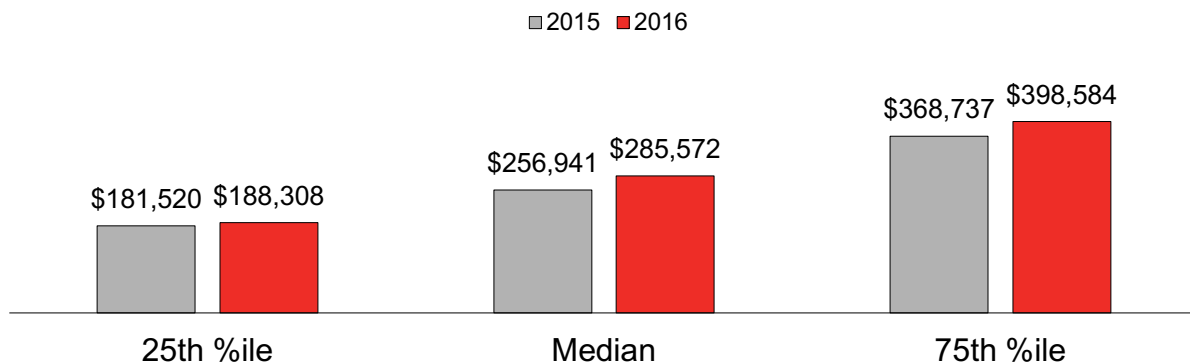
Among the 349 organizations included in our study:

- Revenue for the study group ranged from \$0 to \$77.4 million
 - Median equaled \$31.8 million
- Median number of employees equaled 409
- Median aggregate compensation paid to all employees equaled \$15.7 million
- Median total compensation to the top executive equaled \$285,572 for fiscal 2016
 - Represents a +11% increase over fiscal 2015 median
- Perquisites were provided and disclosed by 24% of organizations
 - Health / club fees were most common perquisite (12% of organizations)
- Governance measures related to executive compensation were reported by 93% of organizations that reported on such measures

COMPENSATION FINDINGS

Median total compensation was \$285,572 among top executives for fiscal 2016. 27% of the organizations studied paid a bonus for fiscal 2016, with the median amount among those paying bonuses being \$37,970. The median value of All Other Compensation, which includes items such as health club fees, housing and tax gross ups, equaled \$32,902.

Top Executive Total Compensation



349 Organizations

	2016		
	25th %ile	Median	75th %ile
Revenues	\$28,019,184	\$31,800,927	\$37,581,354
Total Compensation Paid	\$9,745,777	\$15,721,747	\$21,025,829
vs. 2015	+8%	+5%	+5%
# of Employees	164	409	680

Top Executive Compensation

Total Compensation	\$188,308	\$285,572	\$398,584
vs. 2015	+4%	+11%	+8%
Base Salary	\$183,589	\$258,613	\$333,454
Bonus	\$0	\$0	\$8,519
All Other Compensation	\$16,209	\$32,902	\$60,581

Among Organizations that Paid Bonuses

Number of Organizations		94	
Percentage		27%	
Amount Paid	\$21,167	\$37,970	\$66,438

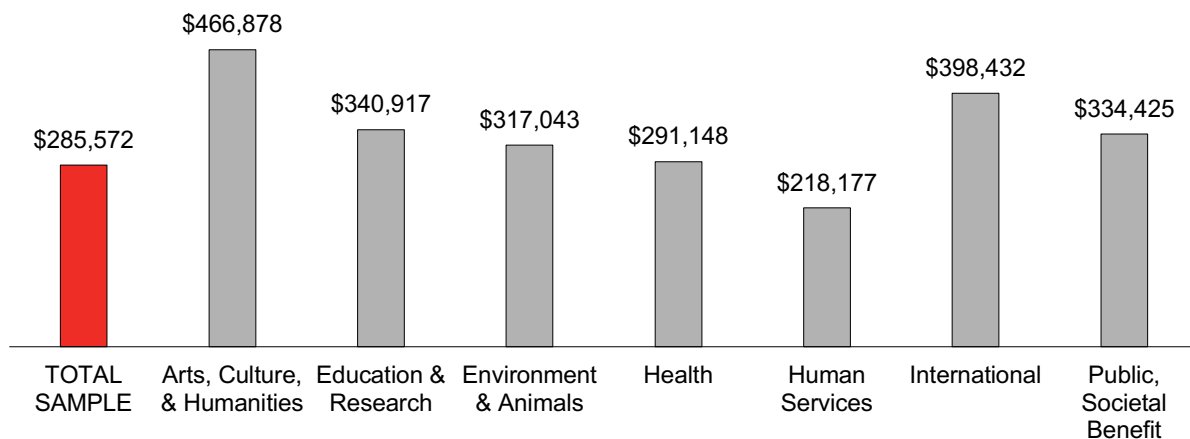
COMPENSATION FINDINGS

By Organization Type

The highest total compensation was observed among Arts, Culture & Humanities organizations, which paid a median of \$466,878, approximately \$68,000 more than the next highest paid sector, International (with median pay of \$398,432). Note that only two organizations were classified in the International sector. Education & Research was the next highest paid sector (with median pay of \$340,917).

The lowest pay was observed among the Human Services sector, where median total compensation for the top executive was \$218,177.

Median Top Executive Total Compensation
by Organization Type



Organization Type	Count	Median Compensation by Organization Type						
		Median Size-based Measures		Total Comp. Paid to All Employees	Top Executive / Executive Director			
		Revenue	# of Emp.		Base Comp.	Bonus Comp.	All Other Comp. ¹	Total Comp. ²
Arts, Culture, & Humanities	18	\$27,822,208	494	\$13,771,120	\$355,860	\$11,000	\$43,988	\$466,878
Education & Research	74	31,155,301	360	15,694,225	275,352	0	44,776	340,917
Environment & Animals	13	29,405,742	192	10,809,920	262,620	0	28,576	317,043
Health	79	32,255,681	355	19,200,093	241,363	0	31,377	291,148
Human Services	134	32,549,263	503	13,328,665	182,108	0	20,635	218,177
International	2	41,863,842	458	15,073,897	343,102	0	55,330	398,432
Public, Societal Benefit	29	32,751,151	391	16,239,670	254,602	0	33,072	334,425
TOTAL SAMPLE	349	\$31,800,927	409	\$15,721,747	\$258,613	\$0	\$32,902	\$285,572

¹ All other compensation includes contributions to benefit and deferred compensation plans, nontaxable benefits and all other compensation as reported in the organization's Form 990.

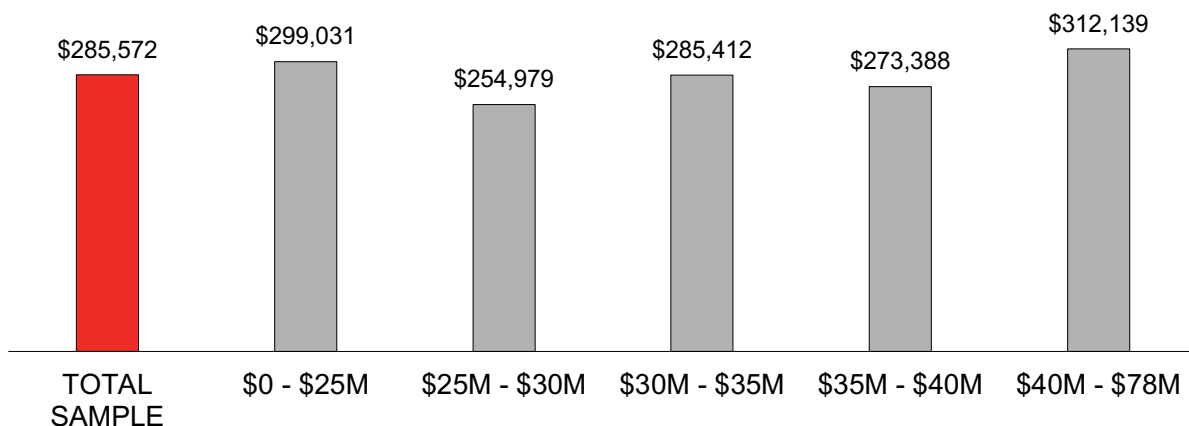
² Total compensation numbers represent medians for each component. Numbers are not additive.

COMPENSATION FINDINGS

By Size

Similar to trends among for-profit companies, compensation levels are generally correlated to revenue size. We note that median compensation for executives at organizations with revenues below \$25 million goes against this trend. The majority of these smaller organizations are categorized as Education & Research and Human Services and have revenues between \$20 and \$25 million.

Median Top Executive Total Compensation
by Revenue Range



Revenue Range	Median Size-based Measures			Median Compensation by Revenue Range				
	Count	Revenue	# of Emp.	Total Comp. Paid to All Employees	Top Executive / Executive Director			
					Base Comp.	Bonus Comp.	All Other Comp. ¹	Total Comp. ²
\$0 - \$25M	39	\$21,571,836	223	\$10,150,212	\$260,860	\$0	\$36,629	\$299,031
\$25M - \$30M	98	28,023,206	412	14,596,182	218,640	0	29,732	254,979
\$30M - \$35M	89	32,255,681	405	17,178,075	233,400	0	31,993	285,412
\$35M - \$40M	63	37,444,572	507	16,231,184	207,646	0	19,441	273,388
\$40M - \$78M	60	43,355,797	471	21,792,187	251,462	0	26,806	312,139
TOTAL SAMPLE	349	\$31,800,927	409	\$15,721,747	\$258,613	\$0	\$32,902	\$285,572

¹ All other compensation includes contributions to benefit and deferred compensation plans, nontaxable benefits and all other compensation as reported in the organization's Form 990.

² Total compensation numbers represent medians for each component. Numbers are not additive.

COMPENSATION FINDINGS

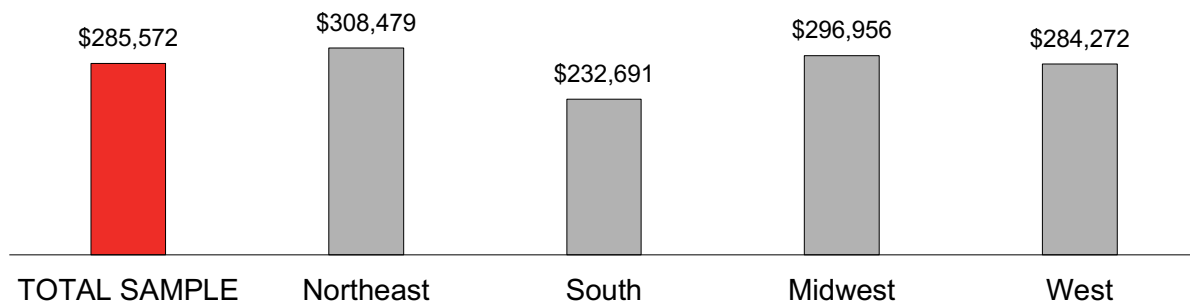
By Region

The highest median total compensation for top executives shifted to organizations located in the Northeast, which paid a median of \$308,479 (+7.7%). The highest median total compensation for 2015 was observed among organizations in the Midwest, which paid a median of \$288,555 in 2015 and \$296,956 (+2.9%) in 2016.

The West region saw the largest jump in pay with a median year over year increase of more than 19%, up to \$284,272. The South region continued to have considerably lower pay with a median of \$232,691 (+3.4% from 2015).

Note that among this sample, the Northeast has the highest concentration of organizations in the Education and Research field, which contains the second most organizations (74) and reports the third highest compensation amounts behind the International and the Arts, Culture & Humanities fields, which have two and eighteen organizations, respectively.

Median Top Executive Total Compensation
by Region



Region	Count	Median Compensation by Region						
		Median Size-based Measures		Total Comp. Paid to All Employees	Top Executive / Executive Director			
		Revenue	# of Emp.		Base Comp.	Bonus Comp.	All Other Comp. ¹	Total Comp. ²
Northeast	94	\$31,819,253	386	\$16,446,082	\$252,378	\$0	\$36,970	\$308,479
South	107	31,665,328	417	13,879,989	201,596	0	19,441	232,691
Midwest	68	31,343,769	434	15,143,227	237,640	0	38,304	296,956
West	80	32,588,671	374	16,810,653	232,543	0	25,817	284,272
TOTAL SAMPLE	349	\$31,800,927	409	\$15,721,747	\$258,613	\$0	\$32,902	\$285,572

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² Total compensation numbers represent medians for each component. Numbers are not additive.

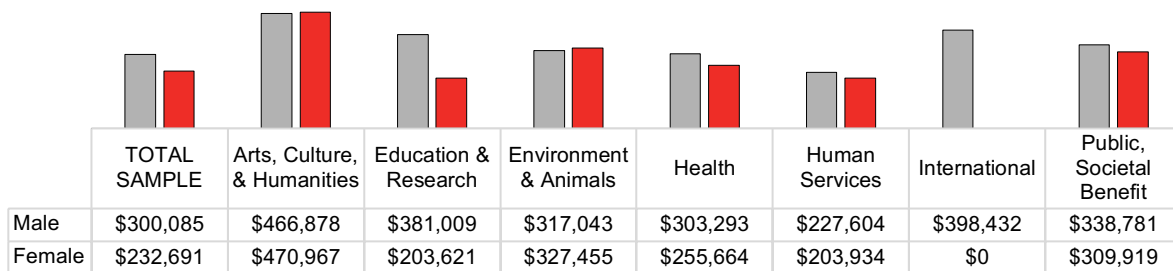
COMPENSATION FINDINGS

By Gender

Median total compensation was generally higher for male top executives compared to their female counterparts. Female top executives had a higher median total compensation in two of the eight industries (Arts, Culture & Humanities and Environment & Animals).

Median Top Executive Total Compensation by Gender

■ Male ■ Female



Organization Type	Gender	Count	Median Compensation by Organization Type						
			Median Size-based Measures		Top Executive / Executive Director				
			Revenue	# of Emp.	Total Comp. Paid to All Employees	Base Comp.	Bonus Comp.	All Other Comp. ¹	Total Comp. ²
Arts, Culture, & Humanities	Male	12	\$28,479,586	488	\$15,090,202	\$355,860	\$29,070	\$43,988	\$466,878
	Female	6	\$23,765,732	578	\$13,110,702	\$351,681	\$0	\$60,564	\$470,967
Education & Research	Male	50	\$31,231,892	317	\$15,256,590	\$306,207	\$0	\$57,000	\$381,009
	Female	24	\$30,908,825	450	\$16,839,429	\$174,271	\$0	\$7,400	\$203,621
Environment & Animals	Male	9	\$27,117,993	201	\$9,577,889	\$262,620	\$0	\$22,138	\$317,043
	Female	4	\$35,370,331	177	\$13,098,566	\$278,719	\$5,000	\$34,214	\$327,455
Health	Male	52	\$32,255,117	351	\$19,762,611	\$263,993	\$0	\$29,930	\$303,293
	Female	27	\$32,658,698	383	\$17,887,616	\$211,724	\$0	\$31,377	\$255,664
Human Services	Male	84	\$33,389,900	564	\$14,803,973	\$187,490	\$0	\$22,698	\$227,604
	Female	50	\$30,831,384	408	\$12,066,690	\$172,584	\$0	\$17,145	\$203,934
International	Male	2	\$41,863,842	458	\$15,073,897	\$343,102	\$0	\$55,330	\$398,432
	Female	0	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Public, Societal Benefit	Male	19	\$32,872,758	391	\$16,242,340	\$244,133	\$0	\$37,420	\$338,781
	Female	10	\$29,444,261	394	\$15,403,216	\$257,555	\$0	\$32,305	\$309,919
TOTAL SAMPLE	Male	228	\$32,224,358	412	\$16,236,762	\$257,492	\$0	\$31,211	\$300,085
	Female	121	\$31,180,376	394	\$14,588,414	\$193,960	\$0	\$22,577	\$232,691

¹ All other compensation includes contributions to benefit and deferred compensation plans, nontaxable benefits and all other compensation as reported in the organization's Form 990.

² Total compensation numbers represent medians for each component. Numbers are not additive.

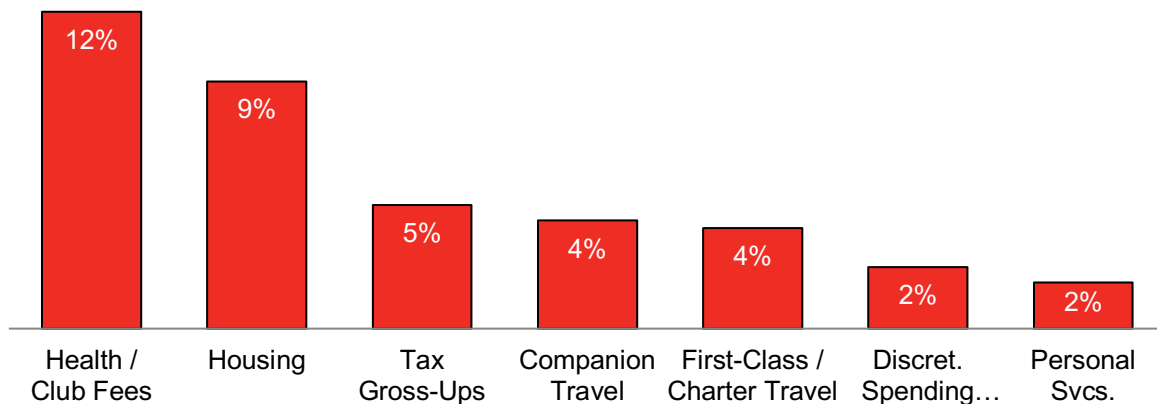
PERQUISITES FINDINGS

In addition to the regular cash compensation that executives receive, some non-profit organizations provide their top executives with benefits that are intended to attract and retain top talent. SH&P has tracked and analyzed the seven types of perquisites that are disclosed in schedule J on form 990. Of note, 41 organizations did not file Schedule J and were excluded from this analysis.

The use of perquisites remains a minority practice for non-profit organizations and in Fiscal 2016, 85 organizations (24%) disclosed the use of at least one perquisite. The most common perquisite continues to be fees or dues of a health or social club.

The next most prevalent type of perquisite is organization sponsored housing, which was employed by 9% of the organizations studied. Housing was the most popular perquisite for organizations in the Education & Research Industry (35%), mainly due to the expectation by schools and universities that presidents reside on campus.

Prevalence of Perquisites Usage



PERQUISITES FINDINGS

By Organization Type

Organization Type	Count	Prevalence of Perquisites Usage by Organization Type						
		Health / Club Fees	Housing	Tax Gross-Ups	Companion Travel	First-Class / Charter Travel	Discret. Spending Account	Personal Services
Arts, Culture, & Humanities	17	24%	24%	12%	12%	6%	0%	0%
Education & Research	66	30%	39%	9%	9%	5%	12%	9%
Environment & Animals	12	17%	8%	0%	0%	8%	0%	0%
Health	74	8%	0%	4%	1%	3%	0%	0%
Human Services	111	6%	1%	3%	5%	3%	0%	0%
International	2	0%	0%	0%	0%	0%	0%	0%
Public, Societal Benefit	26	8%	0%	8%	0%	12%	0%	0%
TOTAL SAMPLE	308	13%	10%	5%	5%	4%	3%	2%

By Size

Revenue Range	Count	Prevalence of Perquisites Usage by Revenue Range						
		Health / Club Fees	Housing	Tax Gross-Ups	Companion Travel	First-Class / Charter Travel	Discret. Spending Account	Personal Services
\$0 - \$25M	36	14%	11%	6%	6%	3%	6%	3%
\$25M - \$30M	88	10%	10%	3%	3%	5%	1%	2%
\$30M - \$35M	81	14%	15%	7%	6%	5%	4%	1%
\$35M - \$40M	52	17%	12%	8%	2%	0%	4%	4%
\$40M - \$78M	51	14%	2%	2%	6%	8%	0%	0%
TOTAL SAMPLE	308	13%	10%	5%	5%	4%	3%	2%

By Region

Region	Count	Prevalence of Perquisites Usage by Region						
		Health / Club Fees	Housing	Tax Gross-Ups	Companion Travel	First-Class / Charter Travel	Discret. Spending Account	Personal Services
Northeast	85	12%	15%	5%	2%	2%	4%	4%
South	85	14%	4%	9%	7%	8%	2%	2%
Midwest	63	22%	10%	3%	6%	2%	0%	2%
West	75	7%	13%	3%	3%	4%	4%	0%
TOTAL SAMPLE	308	13%	10%	5%	5%	4%	3%	2%

By Gender

Region	Count	Prevalence of Perquisites Usage by Gender						
		Health / Club Fees	Housing	Tax Gross-Ups	Companion Travel	First-Class / Charter Travel	Discret. Spending Account	Personal Services
Female	102	6%	7%	4%	0%	0%	0%	1%
Male	206	17%	12%	6%	7%	6%	4%	2%
TOTAL SAMPLE	308	13%	10%	5%	5%	4%	3%	2%

GOVERNANCE FINDINGS

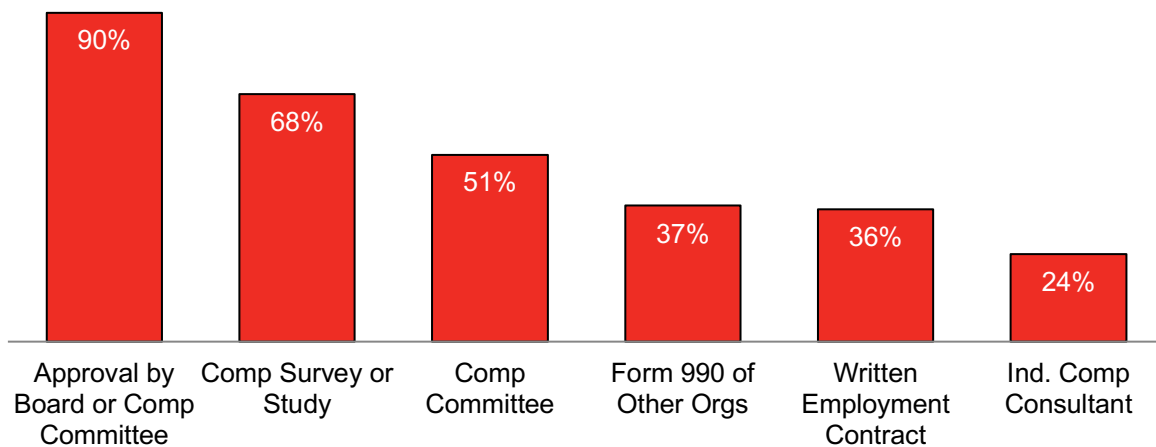
Governance measures are often used to help organizations develop reasonable compensation programs and establish rebuttable presumption which provides important legal protections for directors and organizations. SH&P has tracked and analyzed each of the six governance measures outlined in Schedule J of Form 990.

In fiscal 2016, 93% of organizations disclosed the use of at least one governance measure. The most common governance measure was the requirement that the Board or Compensation Committee determine/approve top executive compensation, employed by 90% of organizations.

A significant number of organizations also used a survey or other study to assist in the determination of pay (68% of organizations) and had an established Compensation Committee to oversee compensation-related matters (51% of organizations).

The review of Form 990s of similar organizations to determine compensation (37% of organizations), and the use of a compensation consultant (24% of organizations) remains a minority practice.

Prevalence of Governance Measure Usage



GOVERNANCE FINDINGS

By Organization Type

Organization Type	Count	Prevalence of Governance Measures by Organization Type					
		Board / Cmt. Approval	Survey / Study	Comp. Cmt.	Form 990s	Empl. Contract	Consultant
Arts, Culture, & Humanities	17	100%	82%	76%	76%	47%	24%
Education & Research	66	91%	70%	55%	47%	53%	23%
Environment & Animals	12	100%	92%	67%	50%	33%	50%
Health	74	86%	62%	46%	36%	42%	26%
Human Services	111	88%	64%	44%	26%	22%	16%
International	2	100%	100%	50%	50%	0%	50%
Public, Societal Benefit	26	96%	73%	65%	31%	38%	42%
TOTAL SAMPLE	308	90%	68%	51%	37%	36%	24%

By Size

Revenue Range	Count	Prevalence of Governance Measures by Revenue Range					
		Board / Cmt. Approval	Survey / Study	Comp. Cmt.	Form 990s	Empl. Contract	Consultant
\$0 - \$25M	36	83%	56%	47%	22%	31%	11%
\$25M - \$30M	88	91%	65%	48%	41%	38%	18%
\$30M - \$35M	81	93%	73%	58%	41%	36%	37%
\$35M - \$40M	52	87%	62%	52%	38%	42%	19%
\$40M - \$78M	51	94%	80%	49%	35%	33%	27%
TOTAL SAMPLE	308	90%	68%	51%	37%	36%	24%

By Region

Region	Count	Prevalence of Governance Measures by Region					
		Board / Cmt. Approval	Survey / Study	Comp. Cmt.	Form 990s	Empl. Contract	Consultant
Northeast	85	93%	66%	59%	45%	42%	26%
South	85	92%	62%	45%	34%	36%	21%
Midwest	63	86%	71%	52%	37%	27%	27%
West	75	89%	73%	49%	33%	37%	23%
TOTAL SAMPLE	308	90%	68%	51%	37%	36%	24%

METHODOLOGY

Steven Hall & Partners analyzed top executive compensation data and governance practices for 349 non-profit organizations that filed Form 990s with the Internal Revenue Service in fiscal 2016. The study looks at each organization's top executive who may be the Executive Director or Chief Executive Officer, and who is not necessarily the highest paid.

Executive compensation analyses reflect the components of total compensation (base salary, bonus, and all other compensation). Base salaries for new hires have been annualized. All other compensation includes contributions to benefit and deferred compensation plans, nontaxable benefits, and all other compensation as reported.

Perquisites and executive compensation-related governance practices are as reported in each organization's Form 990, Schedule J. Data has been analyzed in aggregate, as well as by organization type, revenue and region, as appropriate.

About Steven Hall & Partners

Steven Hall & Partners is an independent compensation consulting firm, specializing exclusively in the areas of executive compensation, board compensation, non-profit compensation and related governance issues. By focusing solely on this critical and complex segment of the human resources arena, we are able to provide our clients with the highest quality expertise and best counsel available on a practical basis. For more information, please visit www.shallpartners.com and follow us on Twitter [@SHallPartners](https://twitter.com/SHallPartners).

SH&P has established a practice dedicated to non-profit compensation because we recognize the unique and particular importance of providing executive compensation consulting to those organizations. Our clients seek to balance the need to pay competitively to retain talented executives with the desire to honor the organization's mission and use donor resources responsibly while navigating the waters of public scrutiny and regulatory reforms. Unlike their peers at public companies, when assessing the reasonableness of compensation, non-profit Boards are faced with a deficit of timely, publicly available compensation data for non-profit organizations. We strive to partner with our non-profit clients to ensure that they have the tools and information needed to successfully navigate the questions surrounding non-profit executive compensation.

For more information on our non-profit practice, please see "[Non-Profit Compensation](#)" on our website at www.shallpartners.com/services/.

Contact Information

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