

NONPROFIT RESEARCH ABRIDGED

connecting nonprofit sector research & leadership

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Executive Compensation in Maricopa County Nonprofit Organizations

Selected Highlights from the 2004 Nonprofit Compensation and Benefits Report

This issue of *Nonprofit Research Abridged* highlights findings on executive compensation from the *Nonprofit Compensation and Benefits Report*, recently published by the ASU Center for Nonprofit Leadership and Management. All 501(c)3 nonprofit organizations were invited to participate in the study with the exception of hospitals, foundations, and higher education institutions. Data were collected in July and August of 2004 through an online survey instrument; 229 Maricopa County nonprofit organizations completed the survey.

Executive Directors

Executive director compensation rises with organization budget size. The table below depicts executive director compensation for the 203 reported executive directors across five organization budget categories. The overall average salary paid to executive directors was \$80,923--an average increase of 3.8 percent per year from the 2001 compensation study.

Nearly 21 percent of organizations reporting a current executive director offer an executive director bonus program. Of these organizations, the average maximum bonus as a percentage of salary was 16 percent.

Executive Director Compensation by Organization Budget*

Organization Budget **	Median Salary	Average Salary	75% Earn More Than	25% Earn More Than	Median Starting Salary
\$0-\$350,000 (51)	\$43,200	\$44,164	\$36,000	\$50,000	\$40,000
\$350,001-\$1,000,000 (39)	\$60,000	\$63,867	\$52,000	\$75,000	\$52,000
\$1,000,001-\$2,000,000 (34)	\$71,250	\$81,581	\$60,000	\$100,372	\$65,000
\$2,000,001-\$5,000,000 (36)	\$85,000	\$93,491	\$79,000	\$106,500	\$75,000
\$5,000,001+ (43)	\$120,000	\$128,949	\$97,500	\$135,590	\$93,600
ALL REPORTED EMPLOYEES (203)	\$72,000	\$80,923	\$50,000	\$100,000	\$60,000

*Executive Director includes all reported titles for the top position in the organization (CEO, President, etc.).

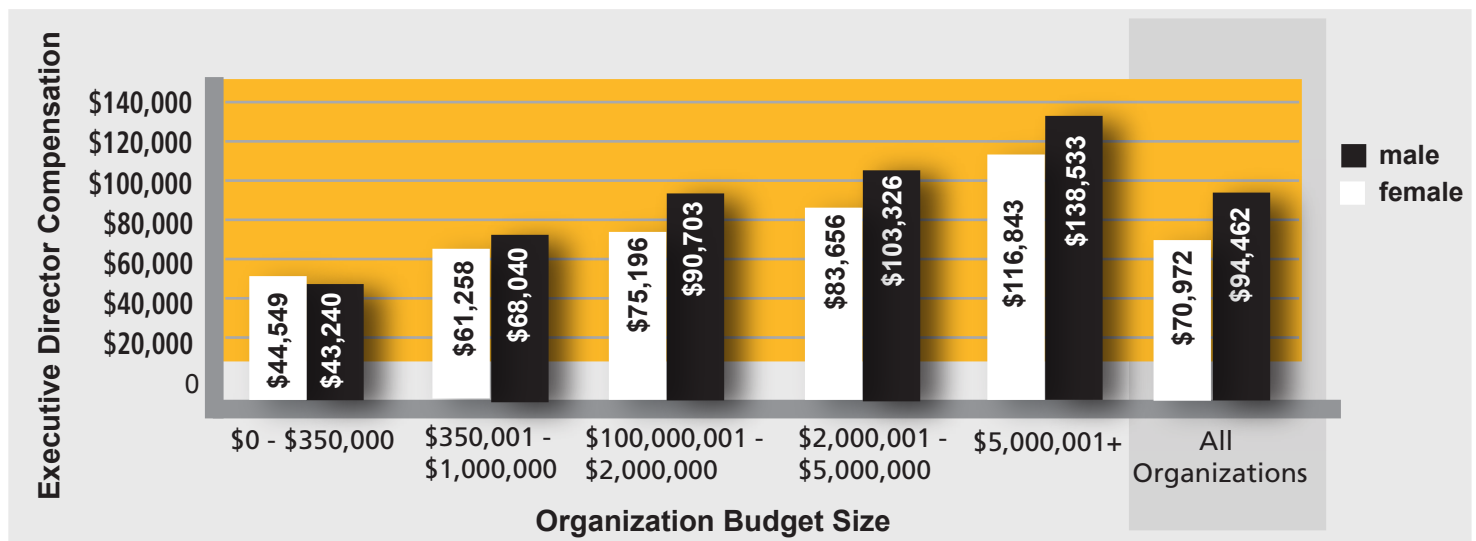
**The number of reported executive directors within each budget category is in parenthesis.

The Nonprofit Compensation and Benefits Report, published by the ASU Center for Nonprofit Leadership and Management, contains compensation data on 59 nonprofit positions and detailed salary and demographic information on executive directors and development directors. The full report is available for purchase; organizations that completed the survey will receive a complimentary copy. To order the full report, please visit <http://nonprofit.asu.edu> or call (480) 965-0607.

Although female executive directors outnumber male executive directors overall (58 to 42 percent), gender representation varies by organization budget size. Organizations with budgets of \$2 million or less were more likely to have a female executive director, while organizations with budgets of \$5 million or more were more likely to have a male executive director.

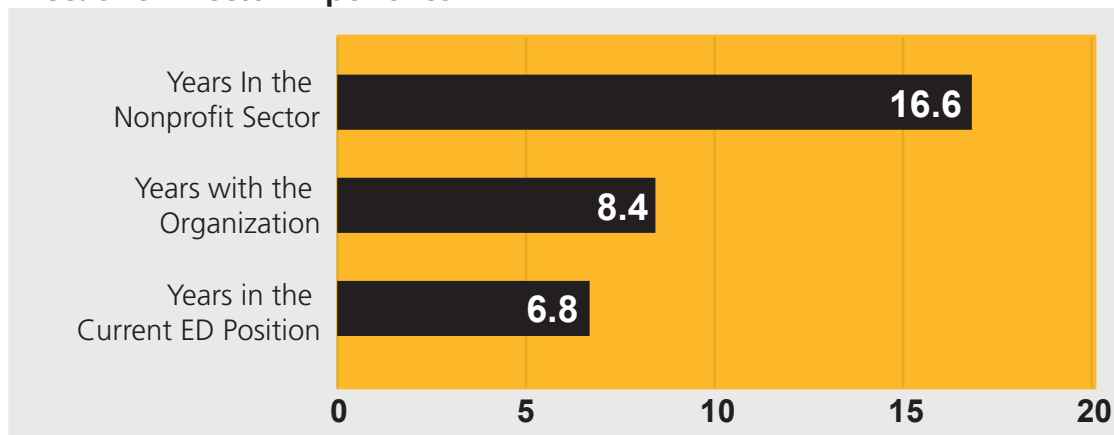
Consistent with the 2001 compensation study, gender and salary were significantly associated. The overall average salary for male executive directors was \$94,462, while for female executive directors it was \$70,972. One factor contributing to this difference was the higher percentage of male executive directors in larger organizations. However, even within organization budget categories, male executive directors earned more on average than female executive directors, with the exception of the \$0 - \$350,000 organization budget category. The table below depicts executive director compensation by gender across the five organization budget categories. The male-female salary difference was most pronounced at the organization budget category of \$5 million and higher, where the average female executive director pay was \$116,843, compared with males' average pay of \$138,533.

Gender Gap In Executive Director Pay by Organization Budget



Executive directors in Maricopa County indicated significant depth of experience with an average of nearly 17 years tenure in the nonprofit sector. Maricopa county executive directors have been in their positions for almost seven years on average. Two-thirds of executive directors were recruited from outside their organizations, compared with 33 percent that were working previously for their organization. Most executive directors (81 percent) were working in the nonprofit sector prior to their current executive director position; 19 percent were recruited from outside of the nonprofit sector.

Executive Director Experience



Development Directors

Similar to executive director and other nonprofit executive positions, development director compensation is positively related to organization budget size. The table below depicts development director compensation for the 84 reported development directors across five organization budget categories. The overall average salary for development directors was \$64,690; an average increase of 3.3 percent per year from the 2001 compensation study. Twenty-one percent of organizations with a current development director offered a development director bonus program. Of these organizations, the average maximum bonus as a percentage of salary was 11.4 percent.

Development Director Compensation by Organization Budget*

Organization Budget**	Median Salary	Average Salary	75% Earn More Than	25% Earn More Than	Median Starting Salary
\$0-\$350,000 (8)	\$40,800	\$41,488	\$25,200	\$49,875	\$40,000
\$350,001-\$1,000,000 (14)	\$44,750	\$46,000	\$35,750	\$50,000	\$36,500
\$1,000,001-\$2,000,000 (10)	\$56,800	\$57,685	\$49,050	\$65,325	\$50,000
\$2,000,001-\$5,000,000 (22)	\$59,000	\$59,771	\$50,450	\$70,000	\$52,437
\$5,000,001+ (30)	\$80,831	\$85,541	\$57,842	\$96,250	\$61,785
ALL REPORTED EMPLOYEES (84)	\$57,685	\$64,690	\$49,625	\$75,750	\$50,000

*Development Director includes all reported titles for the top development position in the organization (Vice-President of Development, etc.).

**Number of reported development directors within each budget category is in parenthesis.

Of the 81 development directors that reported gender, 59 were female (73 percent), compared with 22 (27 percent) male. Unlike executive directors, the percentage of male development directors did not increase with organization budget size. At every budget category the majority of development directors were female.

Gender and salary were not significantly associated for the development directors in this study. On average, female development directors in Maricopa County nonprofit organizations earned \$65,420, compared with \$64,543 for the male development directors.

Development directors in the study indicated an average of nearly 12 years experience in the nonprofit sector, however, the average length of time in the current position was 2.8 years. The average length of time for development directors with their current organization was 4.1 years.

Statistical Measures

The *average* is the mean, which is calculated by adding the dollar amount of all the responses (salaries) and dividing the sum by the number of responses. The *median* is the mid-point at which half the reported salaries fall below and half fall above. The median is an important measure of average in compensation studies because unlike the mean, it is not distorted by one or a few unusually high or low salaries.

The *inter-quartile range* is reported to indicate salary variance, expressed as *25% earn more than* and *75% earn more than*. Together with the average, these figures give a picture of the overall salary variance within a job position.

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Nonprofit Research Abridged is published by the Arizona State University Center for Nonprofit Leadership & Management as a service to the nonprofit community and contains summaries of commissioned nonprofit research studies. To receive the full research report, obtain relevant citations, or for further questions, please contact Stephanie Hiatt, Abridged Editor, at hiatt@asu.edu.

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