

For area nonprofit execs, virtue is its own reward, but 6-figure salary helps

By Susan R. Miller

Just because you run a nonprofit does not mean you aren't paid handsomely.

Ask the more than 100 not-for-profit executives in Palm Beach, Martin and St. Lucie counties who draw a salary of \$100,000 or more. Add in benefits and expense accounts and that number climbs by 20, according to a survey of nonprofit executives in the tri-county area.

And sometimes, it means a payout of much more than \$100,000. Much, much more.

Ask Gary Strack of Boca Raton Community Hospital (\$607,359), Marvin Tanck of Gulfstream Goodwill Industries (\$349,839) or Jeffrey Klein of the Jewish Federation of Palm Beach County in suburban West Palm Beach (\$378,699).

Although that kind of big-bucks salary may come as a surprise to many donors who expect that a large chunk of the money they are giving goes toward programs and services, higher salaries in the not-for-profit world are becoming less the exception and more the rule.

"It's no longer asking someone to do the job because they love it, and no longer someone taking the job because they love it," said James Abruzzo, executive vice president and managing director of the nonprofit practice for DHR International, a Chicago recruitment firm. "Managing a nonprofit is a real profession; good leaders are in great demand."

More than 1 million charities and foundations are registered with the IRS, according to the National Center for Charitable Statistics. Nonprofits accounted for 8.3 percent of wages and salaries paid in the United States in 2004, the center says.

At the same time, many of today's business leaders, regardless of whether they work at for-profit or not-for-profit organizations, are on the precipice of retirement. That will leave a sizable gap in the ranks of leadership, resulting in an even greater pressure to increase salaries, said Brian Vogel, a principal with Quatt Associates, a Washington company that advises nonprofits and other employers on compensation.

The survey of 780 nonprofit executives, based on data provided by GuideStar Philanthropic Research Inc. and updated with the latest available data from tax returns, found the median salary of top executives who work full time at \$50,363. Salaries ranged from more than \$400,000 to as little as \$12,000 annually.

Abruzzo and other nonprofit consultants see salaries continuing to go up as a result of demand. But there's a "rosy side" to it, he said.

"There are many talented corporate executives who are in their 50s who are thinking it might be better to work in a nonprofit setting," he said.

The IRS has increased the number of nonprofit audits it conducts each year. Sen. Charles Grassley, the Iowa Republican who heads the Senate Finance Committee, also has been leading the charge against charitable abuses.

"Boards are skittish about paying too much, so they are hiring people like me to do compensation surveys and give them advice on best practices," Abruzzo said. "At the same time, everything is becoming transparent. Some boards now know what everyone else's CEO is making, and that has tended to push up compensation rather than keep it down."

Despite the high salaries, compensation at nonprofit companies pales when you compare it with what top corporate executives receive. The median total pay for chief executive officers at 1,522 of the largest U.S. companies grew 30 percent in 2004 to \$2.4 million. That's double the rate of growth in 2003, according to a survey released this month by Portland, Maine-based researcher The Corporate Library.

"Nonprofit salaries will never be as high as the for-profit market, but I anticipate they will continue to go up and there will be strict scrutiny," Vogel said.

Lynn's ex-leader tops list

Topping the list of highest-paid executives in the tri-county area was Donald E. Ross, former president of Lynn University in Boca Raton.

He retired last year with a paycheck of \$524,717. He also received a bonus package of more than \$4.5 million in deferred retirement benefits for the 2003-04 academic year and an additional \$788,538, which was an accrual of housing benefits he did not collect during his 35-year tenure.

The university's board hired the accounting firm KPMG to determine an equitable retirement package based on his performance and years of service, a university spokesman said.

Ross' son, Kevin, who took over the presidency in July 2005, has a \$250,000 salary along with \$46,011 in benefits, \$30,000 of which is earned but unpaid compensation, the spokesman said. He also receives a \$25,000 expense allowance.

In second place was Strack, president and chief executive of Boca Raton Community Hospital. His total compensation package is \$607,359, up \$70,082 from the previous year's package.

Strack's salary is a drop in the bucket when you consider that Harold Varmus, chief executive at New York's Memorial Sloan-Kettering Cancer Center, has a total compensation package of \$2.49 million, according to a recent survey by *The Chronicle of Philanthropy*.

The next two highest-paid executives for fiscal 2004, the most recent tax filings available for those organizations, no longer hold the positions.

R. Michael Barry, former CEO of Jupiter Medical Center, whose salary was \$356,412, came in third. The hospital's board of directors fired him this year after the hospital posted a \$6 million loss in 2005.

Paul Dell Uomo, a former Milwaukee hospital executive, will replace him Wednesday. Hospital officials declined to discuss his compensation package.

Richard Herman, who stepped down in 2004 as president and chief executive of Harbor Branch Oceanographic Institution north of Fort Pierce, was No. 4 with a salary of \$345,326. His replacement, scientist Shirley Pomponi, makes \$192,000 a year.

"The salary structure we have now is more reflective of our status as a nonprofit," Pomponi said. "My salary is consistent with other oceanographic research institutes."

Gulfstream Goodwill Industries President and Chief Executive Marvin Tanck came in fifth with a salary of \$331,912 and \$17,927 in benefits for a total compensation of \$349,839. The organization's revenues for fiscal 2004 were \$25.1 million.

Klein, chief executive of the Jewish Federation of Palm Beach County since 1986, ranked sixth. He pulls in a salary of \$327,575, plus \$51,124 in perks.

His counterpart to the south, William Bernstein, executive vice president of the Jewish Federation of South Palm Beach County, lists a salary of \$250,000, \$8,500 in benefits and a \$25,640 expense account.

Rounding out the top 10 were other executives of Boca Raton Community Hospital and Bethesda Healthcare System Inc.

In addition to hospitals and universities, museums and performing arts centers historically have paid more, Abruzzo said. Locally, Judith Mitchell, chief executive of the Kravis Center in West Palm Beach, makes \$240,000 in salary and an additional \$37,300 in benefits. Christina Orr-Cahall, executive director of the Norton Gallery, also pulls in a \$240,000 annual salary, plus \$30,488 in benefits and a \$37,500 expense account.

"There's a small pool of qualified candidates and it's a mobile pool. People move from director of one art museum to another," Abruzzo said. "When they do move, it's for a lot more money. The same thing for performing arts centers and symphony orchestras."