What We Did

The Valuing Our Nonprofit Workforce 2014 compensation and benefits survey report fills a critical gap in our knowledge about our region’s workforce. As a provider of capacity building support and programs for nonprofit organizations, Third Sector New England receives frequent requests from executive directors, board members and consultants for compensation and benefits data that is representative of the types of small-to-midsized social justice organization we predominantly work with. Many of our colleagues also value the ability to compare salary and benefits information that is reflective of regional differences across Massachusetts.

The data we captured in our report includes 134 job titles representing information on 23,000 individual salaries from 15 fields of service including economic development, food programs, immigrant and minority advocacy, homeless prevention and more. The operating budgets of the participating organizations range from under $50,000 to over $100,000,000 with a median budget size of just over $2,000,000.

A Closer Look: Findings and Implications is a companion piece to the Valuing Our Nonprofit Workforce 2014 report. It provides some context and guidance on how to use and interpret the information in the report with a focus on fair and appropriate employment practices.

We hope that together the survey and this report on its findings and implications ultimately support the development of our workforce – those passionate, committed, smart and hardworking individuals who strive to make our communities safer, healthier and more just for all of us. This information is especially important for understanding and addressing total compensation for those employees in the nonprofit sector with the least access to resources.

Lyn Freundlich  
Director of Administration and Human Resources

Jonathan Spack  
Executive Director

Some Key Findings

1. Seventy-one percent (71%) of participating organizations have salary increases budgeted in their current fiscal year. This seems to indicate improved economic conditions since we conducted our 2010 survey, when just 58% of organizations reported salary increase budgets.

2. Ninety percent (90%) of surveyed nonprofits offer some type of medical insurance to full-time employees. A significant number pay 80% or more of individual’s premiums.

3. For full-time employees, voluntary turnover increased from 12% to 17%, and for part-time employees, from 11% to 21%. This makes sense. As the economy improves, it is reasonable to surmise that employees feel increasingly comfortable making job or career changes that they may have rejected during the recession.

4. In 2010, we were alarmed to learn that 51% of the nonprofit workforce represented in our study earned less than $28,000 annually. It appears that the needle has shifted a little bit in this area as this time around, about 43% are earning less than $28,000. However, to meet the admittedly outdated wisdom that dictates that housing costs should be about 25% of an individual’s wages, a single person sharing a two-bedroom apartment with a roommate in Boston, would need to earn $45,600 to meet his or her basic needs.

5. In 2014, 59% of the executive directors represented are women. However, women still hold most of those positions in the smallest organizations which are also the ones that pay the lowest salaries. Seventy-five percent (75%) of the groups with budgets under $250,000 have female executive directors, while 60% of the largest groups – those with budgets over $25,000,000- employ male directors.

6. In our 2014 survey, 574 individuals hold the 10 highest paying jobs. Of those, 56% are women and 44% are men; 90% are white. On the other hand, of the 7,453 individuals in the survey holding the 10 lowest paying job titles, 61% are women. Forty percent (40%) are white, which means that people of color hold 10% of the highest paying jobs and 60% of the lowest.
Valuing Our NonProfit Workforce: A Closer Look

Why a Regional Nonprofit Compensation Survey?

Compensation is a tricky topic in the nonprofit sector; it is especially complicated in the social justice segment of the sector. We have all heard stories in the media, through industry newsletters and from trade outlets about unscrupulous nonprofit leaders—those who pay themselves exorbitant salaries; often at the expense of their organizational missions and the people they serve.

Then there is reality as most of us working in the sector experience it. Typically we employ and work alongside dedicated, passionate, hardworking colleagues who take the stewardship of our limited resources very seriously. Many, if not most, put in long hours for little pay. We come to this work because we want to make a difference, not make a fortune. Yet often we find that making a difference comes at the expense of making ends meet. The juxtaposition of concern for own well-being while we fight against poverty and related societal injustice, leaves many of us feeling confused or even guilty.

It is important that we differentiate between the overpaid executive and the majority of the nonprofit workforce, though. We also need to remember that in order to eradicate poverty and other societal ills, we don’t need to take a vow of poverty ourselves. In fact, the nonprofit sector has an opportunity to model appropriate compensation of employees by providing the livable wages and benefits that employees need not simply to survive, but to thrive.

But how much is too much? What level of benefits is appropriate? Looking at how groups across the region and in various nonprofit fields answer these questions will allow individual organizations, and the sector as a whole, to be clear and articulate about how compensation decisions are made. Decision makers, from executive directors to boards to funders, can also use this information to envision a more robustly supported nonprofit workforce and to begin to chart the path from our current reality to a more sustainable one. After all, the subject of nonprofit compensation and benefits is sensitive precisely because it is tied inextricably to the morale, longevity and, ultimately, the success of our workforce.
Our Second Look

In our 2010 compensation survey, we found that over half of our workforce earned less than $28,000. In a region where the per capita income was over $33,400, the average mortgage payment was approximately $2,200, and monthly loan payments for recent college graduates hovered around $280, these findings were alarming. Further, in 2010, female executive directors were working in the smallest organizations in the regions and service fields that pay the least. And of the executive director positions surveyed, 97 percent were held by white leaders.

As a regional provider of capacity-building support and programs to nonprofit organizations, Third Sector New England hoped to jump-start conversations across the sector about the overall value of the nonprofit workforce. We wanted to encourage funders and policymakers to look at the ways in which our practices conflict with the social justice principles we stand for. We hoped that groups would retool hiring and promotion practices. Perhaps most importantly, we concluded that all of us, in every part of the sector, would benefit from stepping back and adjusting our mindset, shifting from our usual crisis-oriented responses to more proactive, strategic operations.

In part, we recommissioned this study in 2013 to monitor progress against those lofty goals. But more immediately we also seek to provide executive directors, board members and consultants with up-to-date compensation and benefits data. Common wisdom tells us that the economy has stabilized. Has there been an impact on nonprofit salaries? Are organizations implementing cost-of-living or merit increases? And this time around, how do groups across the region provide health insurance and other benefits for staff? We want to provide decision makers with the information they need in order to be competitive in the market and to attract and retain an effective workforce.

The information that follows sheds light on these issues and poses further questions. We hope that it ultimately supports the professionalization and development of our workforce. After all, our staff are our instruments of change. Whether door-to-door canvasser, social services case manager, after-school activity leader or cook in a soup kitchen, all of the employees represented in this study have chosen to work in the nonprofit sector. Each and every one should have the opportunity to turn this work into a career, one which provides the wages, benefits and opportunities necessary to commit for the long haul.

Including Underrepresented Groups

At Third Sector New England, we provide a range of capacity-building services to small to midsize social justice-oriented nonprofit organizations, and we strive to promote the recognition of community-based organizations in general. Compensation data for groups like these is difficult to find. It is espe-
cially challenging to find it all in one place. While we have made a concerted effort to include groups that are usually underrepresented in surveys like these, our outreach included groups of all sizes and with a range of purposes and missions.

- About one-third have budgets under $1 million and 22 percent have budgets of over $10 million.
- Forty-five out of the 250 groups responding have five or fewer employees; 77 have 10 or fewer; 75 have more than 100 employees.
- Social justice is more difficult to quantify, but 32 groups focus on community development, social justice, civil rights or policy change. Ninety-one provide services to underserved populations.
- About one-quarter of the groups that provided data are located in Greater Boston. Twelve are in Rhode Island, one is in Connecticut, and two are in New Hampshire. The remainder come from across Massachusetts, with nearly 30 percent in Berkshire County and Western Massachusetts, and the remaining 45 percent or so from other parts of the state.

Using This Data: Aligning Values and Practice

There is no single right way to use the data. Being able to clearly articulate organizational values related to compensation and benefits, and the ways in which they are reflected by practice, assure staff that decisions which can feel very personal are in fact systematic and fair. And when employees are confident they are being treated fairly, even if they wish that they earned more money or received more paid time off, morale, productivity and impact are likely to be high.

For instance, groups working on access to health care might pay for 100 percent of their employees’ health insurance coverage. Organizations addressing the disparity of wealth may intentionally pay everyone a similar wage. Environmental groups employing scientists might need to pay some staff with Ph.D.’s or other specific qualifications significantly more than others with similar responsibilities but fewer qualifications.

Other questions to consider include:

- Should employees who have worked here longer earn more than those doing similar jobs with less tenure?
- What role should performance play in determining compensation?
- Are there particular skills—such as being bilingual, for instance—that are valuable enough to merit additional financial reward?
- How important is internal equity and fairness? How important is it for the organization to pay competitively within the market?
- What is the ideal ratio between the highest and lowest salary?
- Should benefits be awarded consistently across the organization?
- Are there aspects of some positions that are so demanding or unusual—such as being on call or traveling away from home for long periods of time—that warrant more paid time off?
• Should all employees, no matter their pay level, pay the same amount for individual health insurance premiums? Should they receive the same percent of their pay as retirement contributions from the organization?

Having the answers to these questions in hand makes the compensation ranges for each position presented in this report more useful.

An organization may strive to pay the market average salary for each position. Another approach an organization may consider would be to pay new employees a salary that is lower than the average market pay for a particular job and more tenured staff a rate higher than average market wages.

A group that wants to minimize the ratio between the highest and lowest salaries could keep their most highly compensated staff members’ pay below the average and the lowest paid staff could be compensated at a level significantly above the average.

Comparing pay across similar organizations is a complex but useful practice. Remember that different organizations use different titles for the same or similar jobs. Look closely at the job descriptions to find the best match. Some responsibilities within a particular position may overlap with more than one other title. This exercise can be a little harrowing. But because all of the organizations represented are nonprofits and because we can sort them by size and mission at least, our comparisons remain informative if not perfect.

**What Has Changed?**

First, it is important to remember that we can’t completely and accurately address what has or has not changed since 2010. Of the 250 organizations who responded to our current survey, 65 also participated in 2010, and 185 are new to this study. The 2010 survey represented 24,000 individual employees; this one represents 23,000. The ratio of groups responding from different parts of the region and from different fields within the sector has also shifted somewhat. That means it is impossible to conclude from this report that any particular individual employee’s salary has increased or decreased. Nor does it mean that specific organizations are paying more or less now than they were in 2010.

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<th>Region</th>
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<td>2010</td>
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<td>Berkshire County Massachusetts</td>
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<td>Greater Boston</td>
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<td>Northeastern Massachusetts and New Hampshire</td>
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What we have is a snapshot of current compensation and benefit practices of 250 nonprofit organizations in Massachusetts, Rhode Island, Connecticut and New Hampshire. This new data provides up-to-date benchmarks we can use when considering compensation levels for positions across the nonprofit organizations that we work with. It also provides us with information about how the groups that responded to our survey allocate and administer benefits. In comparing our 2010 snapshot with our current data, we can discern some overall trends. One piece of good news: Overall salaries reported here have increased.

**Turnover rates**

Turnover rates in 2014 are reportedly higher than they were in 2010. For full-time employees, voluntary turnover increased from 12 percent to 17 percent and for part-time employees from 11 percent to 21 percent. This makes sense. As the economy improves it is reasonable to surmise that employees feel increasingly comfortable making job or career changes that they may have rejected during the recession.

**Raises**

Seventy-one percent of responding organizations report that their current budgets include some level of salary increases. This is an improvement from 2010, when 42 percent indicated that they did not plan to give any raises. Organizations that have budgeted for raises this year report average salary increases of 3.07 percent. Seventy-seven percent of the groups that expect to issue pay increases plan to give across-the-board raises within the next 12 months, and 58 percent plan for cost-of-living increases.

**Salaries**

**By position**

Executive, administrative and finance are the only categories of jobs in which the median pay for every position reported on increased. The typical employee holding a position in those areas earns 4.5 percent to 12 percent more than survey respondents reported in 2010. The median salary for administrative directors has increased nearly 12 percent; for staff accountants, it has increased by 9 percent; and for junior administrative assistants by more than 10 percent.

The median pay for technology positions increased fairly consistently, with IT directors’ salaries up 16.83 percent and database administrators’ up 11 percent. For the most part, development positions increased as well. Development director positions pay 11 percent more in the 2014 survey than they did in 2010, and major gifts manager jobs pay 7.5 percent more.
The most consistent decreases reported are in health care–related positions. Sixteen job titles are reported under the Medical and Clinical Services heading and another 17 are under Social Services and Mental Health. The reported median pay for nine of those 33 jobs is less than it was in 2010. For example, physical therapists are earning a median of 5 percent less, and master’s-level case manager salaries are down more than 2 percent (although for master’s-level counselors, the median salary has increased by 4 percent).

**Geography, field and size**

For the most part, there are no visible regional changes between 2010 and 2014, although organizations in Southeastern Massachusetts report the largest average change in pay for their employees—more than 12 percent. The 2014 sample size, however, was much larger; it increased 128 percent, from 18 responding organizations in 2010 to 41 in 2014, so drawing any particular conclusion should be done cautiously.

Somewhat more tellingly, groups working in Arts, Culture and Recreation, one of the fields with the lowest salaries in 2010, report an average increase in pay of 19 percent in 2014. Artistic directors, in fact, are among the three most highly compensated jobs, with the median salary for that position at $93,000. In 2010, artistic directors’ salaries ranked 24th in our study. It is important to note that the sample size for that category of data decreased from 11 to five positions, so we must be cautious in drawing firm conclusions. Interestingly, recent statistics have shown that fiscal year 2013 is the first time that federal, state and local funding streams have increased for the arts since fy2008.¹

When considering the size of an organization, the largest organizations—those with budgets of $2.5 million or more—report average wage increases of between 2.5 percent and 5 percent in the current survey. The data from smaller groups show somewhat larger increases of 8.5 percent to 13.5 percent. It is possible that economic stabilization had a greater and more positive impact on the smallest of the region’s nonprofits, thus enabling them to increase salaries the most.

**Livable wages**

In 2010, we were alarmed to learn that 51 percent of the nonprofit workforce represented in our study earned less than $28,000. It appears that the needle has shifted a little bit in this area; now, about 43 percent are earning less than $28,000 annually.

Though this data is somewhat encouraging, consider that nationally the median salary for a security guard is $25,000; for the groups in our survey it is only $20,800 for the same position. The national median for a janitor is $29,000, but only $21,060 here. And for a controller it is $90,000 nationally, while in the groups we surveyed it is only $78,600. National statistics can be found at www.glassdoor.com.

At the same time, the cost of living in Boston is 49 percent higher than it is nationally; it is 20 percent more in Lowell and 15 percent more in Worcester. You can view more cost of living data at www.bestplaces.net/cost-of-living. Further, the Boston area has the fifth highest rental cost in the nation, with the average asking price of $1,900 for a two-bedroom apartment—that’s $22,800 a year! Even in the less expensive neighborhoods in and around Boston, a similar unit rents for about $1,400 per month, or $16,800 per year.² Without even considering college loan payments, child care or other basic living expenses, it is clear that our least compensated employees really aren’t being paid a livable wage. To meet the admittedly outdated wisdom that dictates that housing costs should be about 25 percent of an individual’s wages, a single person sharing a two-bedroom apartment with a roommate in Boston would need to earn $45,600 per year currently, to meet his or her base needs. Sixty-seven of the 134 positions (50 percent) represented in this study pay a median salary below that level.

A word about benefits

Salary is only part of overall compensation as most employers provide health and other insurance coverage for staff. Given that health coverage in particular is expensive, and that the costs largely cannot be contained by individual organizations, it is striking that 90 percent of the groups that responded provide some type of insurance to employees at an average cost to the organization of $628 per month. A full 12 percent of survey respondents pay 100 percent of the premiums for individual employee coverage, and 41 percent pay at least 20 percent of these premiums. So while salaries fall short of meeting the needs of many staff, it is important to recognize that a very high percentage of organizations are taking a significant portion of this burden off of their employees’ shoulders.

Other benefits of note:

- 56 percent provide life insurance. 73 percent of these pay 100 percent of the premium.
- 52 percent offer long-term disability coverage. 68 percent of these pay 100 percent of the premium.
- 43 percent provide short-term disability plans. 56 percent of these pay 100 percent of the premium.
- 71 percent provide some sort of retirement plan for employees. 66 percent contribute to it.
- 95 percent have paid-time-off policies in place. The remaining 5 percent either have informal policies or approach the issue in some other (undefined) manner.
- Given that the sum of the combined average of paid vacation and holidays provided to workers in the private sector is only 16 days, it is reassuring to note that the average responding organizations provide their least tenured staff, those with only one year of service, 23 days.3

Incumbent demographics

In light of the social justice mission that many of our participating nonprofits share (and the social justice orientation of most of the others), it is important to consider who holds which positions within our organizations, both from a gender and racial perspective. In 2010 we found that overall, 54 percent of the executive directors represented were women. However, the majority of those women worked in organizations paying the lowest salaries. We also found that 97 percent of the executive director positions in the study that year were held by white leaders.

In 2014, 59 percent of the executive directors represented are women. But by and large, women still hold those positions in the smallest organizations: Seventy-five percent of the groups with budgets under $250,000 have female executive directors, while 60 percent of the largest groups—those with budgets over $25 million—employ male directors. The average pay reported for all executive director positions in this survey is $120,063—but for men it is $139,832; for women, $106,214. Only eight of the 212 executive directors represented here are people of color.

The demographics of the other surveyed positions are also telling. Overall, 68 percent of the employees in the 2014 study are women; 32 percent are men. 64 percent are white and 36 percent are people of color. Note however that of the 574 individuals holding the top 10 paying jobs by title, and the 7,453 individuals holding the 10 lowest paying jobs, women hold 56% of the highest paying positions and 61% of the lowest paying ones. At the same time, people of color hold only 10% of the highest paying jobs, but 60% of the lowest paying positions.

Assuming this data is representative of the sector, nonprofits in our region

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continue to employ significantly more people of color in our lowest paying positions, but white staff members still hold the most lucrative ones. This is not unique to nonprofits. Many of the groups represented here, however, focus on social justice–related issues, including combating racism. Yet it seems that we are, perhaps unwittingly, contributing to the very problems against which we are fighting.

Implications

Taken together, the wages we pay and the demographics of the people in our most highly and most poorly paid positions indicate that we haven’t made significant progress in those areas since our 2010 report. That isn’t surprising. The related issues that we identified and raised in 2010 extend well beyond our nonprofit sector. The underfunding of our workforce and the racial disparity revealed within it by this survey reflect the deeply ingrained societal ills that many of our organizations seek to eradicate, yet that we ironically practice ourselves.

That is the very reason we cannot give up. It is all too easy to focus on the immediate, indeed often critical, matters at hand. We have programs to deliver, proposals to write, fires to extinguish. Yet even though the path is not clear, nonprofit organizations engaged in addressing racism, poverty and other inequities can and should lead by example.

The results of this survey and the questions they raise can spur us to use this data to look deeply, not just at our compensation practices but also at how we hire and promote staff. We have the opportunity to reflect and act on who we choose to train and develop professionally. Considering what we are learning from data like that reported in our survey, we can think about the ways we reward and recognize success. For example, do our individual and collective systems unintentionally reward those who already have a leg up? How can we re-tool them to ensure they are more fair?

That isn’t to say that the answers are easy or obvious. It does mean we are likely to try things that don’t work. But we must be willing to take risks and be creative. Even apparent failures can produce valuable lessons.

Sometime ago, I worked with an organization that decided to conduct an internal salary audit. The most glaring finding was that they were unintentionally paying young white staff more than older immigrant women who were basically doing the same job. Deeper examination revealed that the more privileged employees were comfortable advocating for themselves and consistently negotiating higher starting salaries when they were hired. As their salaries increased over time, the disparity became even greater. The solution was twofold. First, the organization made internal equity adjustments so that employees with similar levels of responsibility and tenure were paid similar wages. Next, they established a new policy: Starting salaries for all new employees would be set according to a relative job grade; there would be no negotiation during the offer process. Likewise, annual increases would be
issued consistently with across-the-board raises for all staff who were meeting performance goals.

At TSNE, we have wrestled for the last year or two with the fact that all of our senior leadership positions are held by white people. There is very little mobility within the organization, and all of the senior staff are successful in their roles. Replacing these leaders to achieve greater diversity wasn’t a sound option. After significant consideration and input from the full staff, the executive director decided to expand the leadership team to include employees who don’t hold director-level positions. First, the leadership team redrafted its charter to reaffirm and clarify its role and that of individual members. One new position was then created for a member of TSNE’s internal diversity committee. Next, two at-large positions were filled by staff who had expressed interest and demonstrated the ability to be thoughtful about the organization as a whole. Our leadership team now includes two people of color, three members who are not department directors and two who hold coordinator-level jobs. All will fill these roles for one year and will be financially compensated for the additional responsibility. Looking at the challenge through a different lens—embracing it, in fact—enabled this process to move forward in a relatively short period of time and result in a win for the leadership team, the staff and the organization as a whole.

Neither of these solutions has been perfect, or even wrinkle-free. The equity adjustment the first group made precluded any raises for other staff that year; they were unable to afford them for a number of years. And at TSNE, while there is more diverse representation on the leadership team where most organizational decisions are discussed and made, all of our senior staff are still white. We expect to learn from this yearlong experiment and make further revisions as a result.

What is important is that both groups identified systemic ways in which they were perpetuating inequities, albeit unwittingly. They were willing to consider making changes to deeply ingrained infrastructure and systems. And both are using those experiences to learn and reflect, in an effort to continuously improve.

Consider this a call to action—a call for every one of our organizations to reflect, innovate and take risks. It is also a call to our funders to do the same: to consider how funding practices, overhead limits and preconceived notions about compensation contribute to the perpetuation of the very issues they seek to address.
More About Third Sector New England

Third Sector New England is a nonprofit organization that helps other nonprofits more effectively fulfill their mission and strengthen communities. We primarily serve organizations in the region that work to advance social justice. We use a collaborative, holistic approach in our work, taking the time to learn about each partner’s unique culture. We understand that to achieve lasting results, you need to focus on the entire organization, its community, and how they work together.

We also understand that each nonprofit’s needs are unique. And we provide a wide variety of services to support those needs — trainings, consulting, grants, fiscal sponsorship, shared services, and shared nonprofit office space. We also help build collaboration within the sector. As a partner, we meet nonprofits where they are, in order to help them succeed in making a positive community impact.

For updates on trends, best practices and news from the sector, sign-up for the TSNE-Bulletin and/or join our other e-communities at www.tsne.org.

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