New Insights into Utah’s Charitable Nonprofits’ Employee Compensation Packages
by Derrek Hanson and Nancy Basinger PhD

Introduction

This past fall, the Utah Nonprofits Association, in conjunction with The Center for Public Policy and Administration at the University of Utah, co-provides a comprehensive picture of compensation packages of employees working for Utah’s nonprofits. This article compares the average salaries of several categories of nonprofit employees. In addition, we identify trends in benefit packages for employees of Utah’s charities by comparing results.

Background

All managers want to attract, retain and reward quality employees; providing appropriate compensation packages is an important element in their struggle to balance the demands of the labor market to pay higher salaries with donor expectations and IRS regulations to keep costs low. The results reported that the flexibility and benefits offered by their employers helped to balance the relatively lower salary levels paid by charities. How nonprofit compensation packages is available to support this commonly accepted notion.

In 2006, the majority of Utah’s nonprofits - just over 50% - reported using contracted workers and 40% hired temporary workers during some years. All registered 501(c )(3) organizations in Utah have no paid employees, the remaining half have an average of 26 full-time employees and 37 that pay wages, half pay at least 50% of total expenses in wages and salaries.

Salaries – a national comparison

In general, Utah’s nonprofit managers are paid significantly less than those in similarly sized nonprofits across the country (see Table One). For example, the national average annual salary for a Department Director is $112,889. In Utah, those in this position earn an average salary of $65,439, a difference of near $47,450. Financial Officers (CFO) position pays an average annual salary of $82,739; Utah CFOs earn an average of only $50,771, a difference of nearly $32,000. The difference between top managers is significant across position types and across organization size up to the level $10 million budget level. In contrast, nonprofit organizations with annual expense levels in excess of $10 million, receive a salary that is in parity with, or above, the national average. For example, the Department Director position pays a very similar average salary in Utah ($70,125) and national average ($63,396), a difference of nearly $6,729.

Table One:
Mean Salary by Position

<table>
<thead>
<tr>
<th>Position</th>
<th>Executive Director</th>
<th>CFO</th>
<th>Development Director</th>
<th>Marketing Director</th>
<th>Volunteer</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>UT</td>
<td>USA</td>
<td>UT</td>
<td>USA</td>
<td>UT</td>
</tr>
<tr>
<td>Total Annual Expenses</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Under $500K</td>
<td>$41,679</td>
<td>$56,425</td>
<td>$22,365</td>
<td>$38,173</td>
<td>$29,660</td>
</tr>
<tr>
<td>$500 K - $1 M</td>
<td>$62,643</td>
<td>$71,808</td>
<td>$34,239</td>
<td>$48,441</td>
<td>$40,763</td>
</tr>
<tr>
<td>$1 M - $9.9 M</td>
<td>$82,383</td>
<td>$101,136</td>
<td>$52,063</td>
<td>$68,923</td>
<td>$45,244</td>
</tr>
<tr>
<td>$10 M - $24.9 M</td>
<td>$184,389</td>
<td>$152,774</td>
<td>$84,504</td>
<td>$93,817</td>
<td>$80,125</td>
</tr>
<tr>
<td>Overall Mean*</td>
<td>$65,439</td>
<td>$112,889</td>
<td>$50,771</td>
<td>$82,739</td>
<td>$45,546</td>
</tr>
</tbody>
</table>

*Note: For $25 mil and $50 mil+ categories of NPT, too few to report in UT, but all NPT categories in Overall Mean

Nonprofit employee salaries in Utah are also not increasing as quickly as the national average. According to the 2007 annual salary survey conducted by the National Committee for Pay Equity, the national average annual increase in nonprofit sector salaries for the past two years is 3.3% while the average increase in Utah was 2.78%.

Benefits – the Utah trends

Little information is available on the national averages of benefits offered to nonprofit employees. According to The Nonprofit Times, 2003 employer-sponsored health insurance increased at a mean rate of nearly 18 percent and prescription drug costs have been increasing even more rapidly. It is increasingly difficult for nonprofits to offer quality benefits to their employees due to financial constraints.

In both 2003 and 2006, nearly all of Utah’s nonprofits said that they offered vacation, sick, and some sort of paid holiday or compensatory time. The survey also revealed that on average approximately 67% of organizations provided these benefits for hourly employees. Seventy-four percent of organizations provide insurance to employees working at least an average of 30 hours per week (see Graph One: Utah Nonprofit Benefits). Utah’s nonprofits paid a higher premium for these employees. In addition, 36% of nonprofits offered disability and other similar forms of supplemental insurance.
Retirement benefits were offered by 57% of nonprofits; the most common was an employer contribution of 2% of annual wages or an employment of up to 3% of annual wages. Graph One shows the percent of nonprofits that reported offering the various health-related and additional benefits. The percentage of organizations offering each type of benefit to employees and their dependents has dropped in every category from 2003 to 2006. The decrease in the percentage of organizations offering health care benefits to employees decreased only slightly from 2003 to 2006, the decrease in the percentage of organizations offering health care benefits to employees decreased by nearly 10%. The largest benefit reductions were those offered for employee dependent health, vision, and dental insurance.

Conclusion

This article provides a snapshot of the primary findings and changes in the results of the two Utah surveys and The Nonprofit Times Salary Survey. It makes clear that the majority of Utah’s nonprofit employees are earning significantly less than the national average, even when controlling for benefit categories, benefits in Utah’s nonprofit sector are quickly shrinking. Finally, more than 10% of Utah nonprofits stopped providing several benefits for employee dependents over the past three years. Upcoming articles in this series will provide a more detailed analysis of these health insurance resource issues in Utah’s nonprofits.

Data Sources:


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