

# Cultural Policy Center

at The University of Chicago

WORKING PAPER

## COMPENSATION ENVIRONMENTS IN THE ILLINOIS NONPROFIT ARTS LABOR MARKET

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**Summary:** This study of executive compensation to arts leaders in Illinois summarizes key employment statistics and presents results from a factor analysis showing four models of compensation environments found within arts organizations. The story told by this study is first, one of small nonprofit businesses, and second, how these small businesses balance resources to compensate their staffs. The study is based on results of a custom survey sent to 655 Illinois nonprofit arts organizations.

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## Compensation Environments in the Illinois Nonprofit Arts Labor Market

As the arts represent only 10 percent of the universe of not-for-profit organizations in the United States, arts organizations typically are not the focus of studies of executive compensation. This study of executive compensation to arts leaders in Illinois summarizes key employment statistics and presents results from a factor analysis showing four models of compensation environments found within arts organizations. The story told by this study is first, one of small nonprofit businesses, and second, how these small businesses balance resources to compensate their staffs. The study is based on results of a custom survey sent to 655 Illinois nonprofit arts organizations. While the majority of arts organizations have at least one full-time staff member, *40 percent of the arts organizations in Illinois do not have full-time staff and nearly one-fifth have no paid staff at all.* Of those organizations that do have paid staff, 90 percent have fewer than 11 staff members. Furthermore, more than 50 percent of new executive directors are coming to their position after turning 40 years old, 25 percent are between ages 50 and 65, and 3 percent are older than 65. In most organizations, employee benefits are limited. Only 10 percent of respondents report their organizations contribute to a retirement fund; 28 percent report their organizations contribute to health insurance. Factor analysis of survey data reveals four distinct organizational compensation environments that balance organizational governance, volunteer labor, budget, executive pay, and benefits. These four benefits environments are: 1) a competitive environment; 2) a generous environment; 3) a restrained environment; 4) and a hard-working, struggling environment. Variation in compensation environments—from competitive or generous to restrained or struggling—shows budget is not the only predictor of compensation. In addition, several sets of figures point to the exceptional nature of the nonprofit arts labor market.

### Research Purpose

A review of available studies underscored the need for more analysis of executive compensation in small and mid-sized arts organizations. In developing the *Illinois Arts Alliance Foundation (IAAF) Executive Compensation Survey*, we sought to provide a detailed picture of compensation to the top paid staff member of arts organizations in Illinois while answering some of the questions raised by other studies that use existing datasets drawn from organizational tax forms, IRS Forms 990. We set out to answer five questions:

- What proportions of leaders managing the day-to-day affairs of Illinois arts organizations are full-time, part-time, or unpaid?
- What is the scope of compensation available to these leaders?
- How does level of compensation compare to organization size?
- How do the credentials and experience of leaders affect compensation?
- What other organizational factors are associated with compensation?

This report answers these questions and goes one step further: Factor analysis of the survey data reveals four distinct organizational environments that balance organizational governance by volunteers, budget size, executive pay, and sets of benefits.

## **National Studies**

Three national groups regularly assemble publicly available data on executive compensation levels as reported on IRS Forms 990, the annual reporting return that most federally tax-exempt organizations must file with the IRS. These groups are The Center on Nonprofits and Philanthropy at the Urban Institute (Washington, D.C.); GuideStar, a national database of nonprofit organizations run by the nonprofit Philanthropic Research, Inc. (Williamsburg, VA); and *The Chronicle of Philanthropy*, a trade publication (Washington, D.C.). Both GuideStar and *The Chronicle of Philanthropy* released annual studies in September 2004 based on fiscal year 2002 tax forms; the Urban Institute's study released in 2002 was based on 1998 data. These studies present listings and some discussion of average incomes and income ranges across geographic and sector boundaries, emphasizing the largest-budget organizations and highest-paid nonprofit executives. The datasets used by these groups are drawn from Section V of the Form 990 and include up to five fields of information: the names, titles, number of hours worked per week, salaries, benefits, and expense accounts of "each person who was an officer, director, trustee, or key employee" (IRS 2002:26).

***The 2004 GuideStar Nonprofit Compensation Report*** (GuideStar 2004) provides limited narrative analysis but has more than 1,650 pages of searchable charts summarizing executive compensation on 83,000 public charities for fiscal year 2002 from IRS Forms 990. The report is available for purchase in national, regional, or state editions. The national edition contains summaries of median salaries in three geographic categories: by nation, state, and Metropolitan Statistical Area (MSA)<sup>1</sup>. The report includes information on arts organizations in only 155 (59 percent) of the 264 MSAs listed in the report. Only two Illinois MSAs, Illinois, Chicago and St. Louis, appear in listings of nonprofit arts organizations. In addition to information on geographic areas, the report also arranges data by budget size, gender, organization type according to NTEE (National Taxonomy of Exempt Entities<sup>2</sup>) category, and job category. The report provides data on jobs in up to 14 top positions (from CEO to marketing executives), 435 organization types, and four or nine budget categories depending on the number of organizations reporting in a given category. Data contained in the report is limited to the 125,494 individuals who received more than \$15,000 annually. These data, therefore,

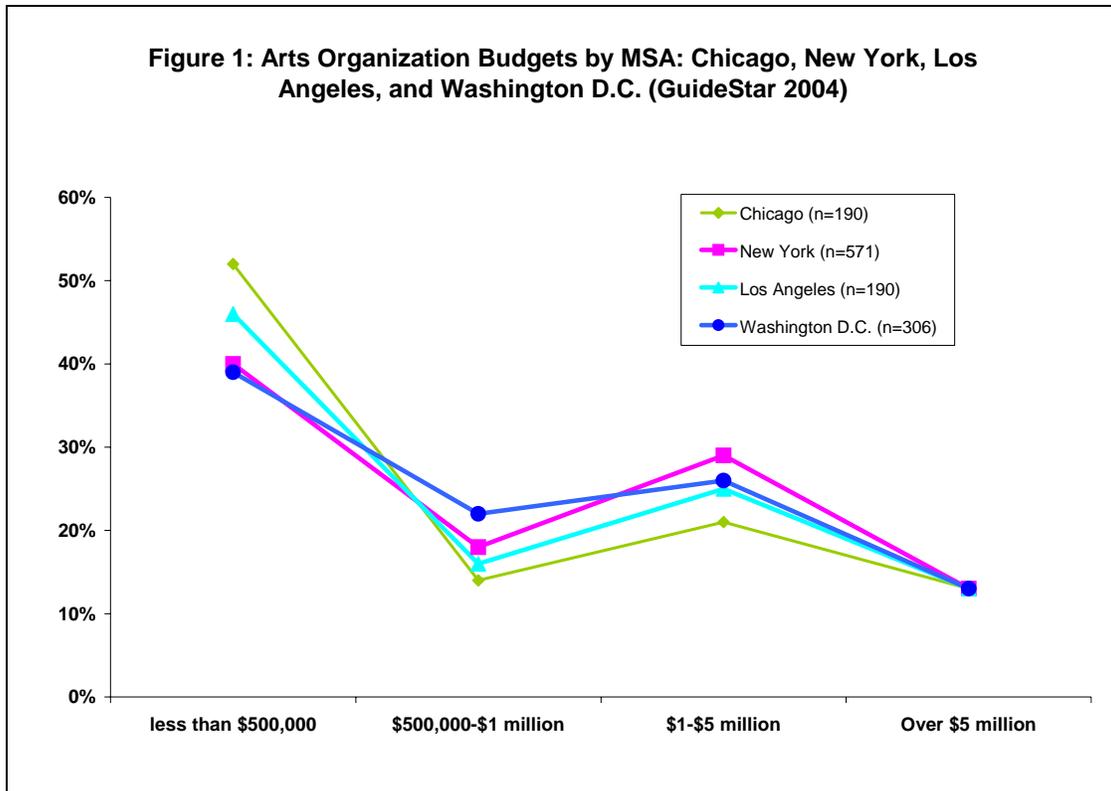
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<sup>1</sup> An MSA is geographic designation with a core, urbanized area with at least 50,000 inhabitants and with adjacent communities having a high degree of economic and social integration with the core. The Chicago MSA includes the city of Chicago, Cook County, and nine adjacent counties. It spans from Racine, Wisconsin to Gary, Indiana.

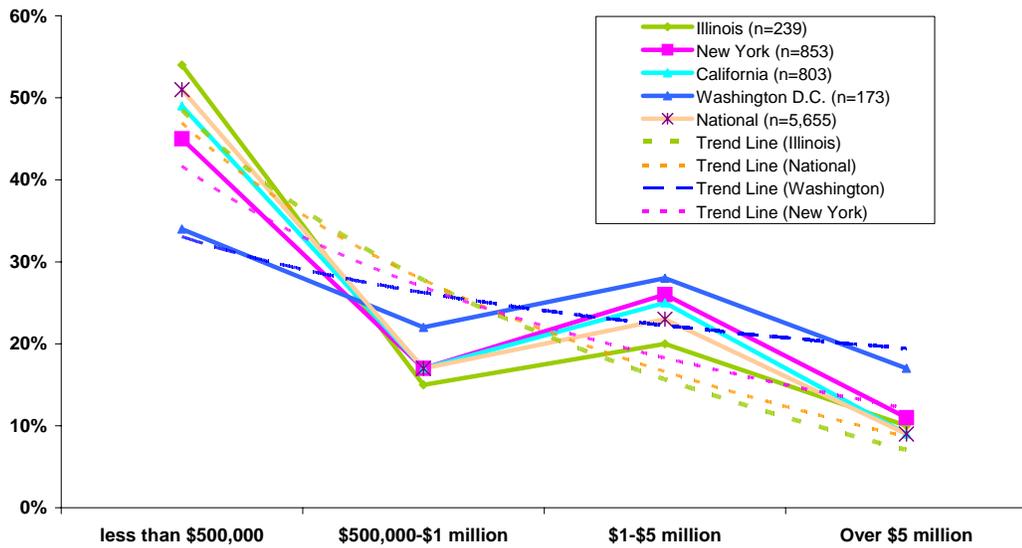
<sup>2</sup> NTEE is the National Taxonomy of Exempt Entities, a hierarchical system of organizational types developed by the National Center for Charitable Statistics (NCCS) at the Urban Institute and used by researchers to categorize non-profit organizations.

exclude staff at more than 120,000 nonprofits, including those that report zero or no salaries to its top executives. Among the data presented is information on 4,000 arts organizations with budgets under \$500,000.

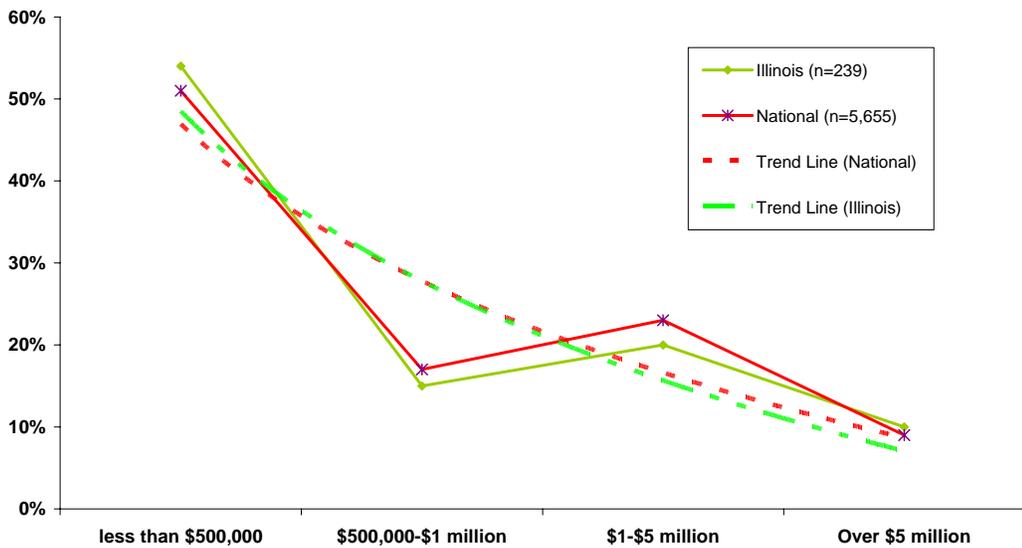
Plotting of the GuideStar data shows a predominance of *small-budget* arts organizations. As shown through a comparison of data for four MSAs, Chicago, New York, Los Angeles, and Washington D.C. (Figure 1), between 40 and 55 percent of arts organizations in these urban areas have budgets of less than \$500,000. A similar picture is seen with the corresponding state-level data for Illinois, New York and California, as compared to Washington D. C. and the national figures (solid lines in Figure 2). The trend lines (dotted lines, Figure 2) show the slope of the decline. There is a more gradual decline in Washington D.C., where there are proportionately fewer small-budget organizations and more large-budget, nationally funded institutions than there are in the nation as a whole or in the other three states compared.



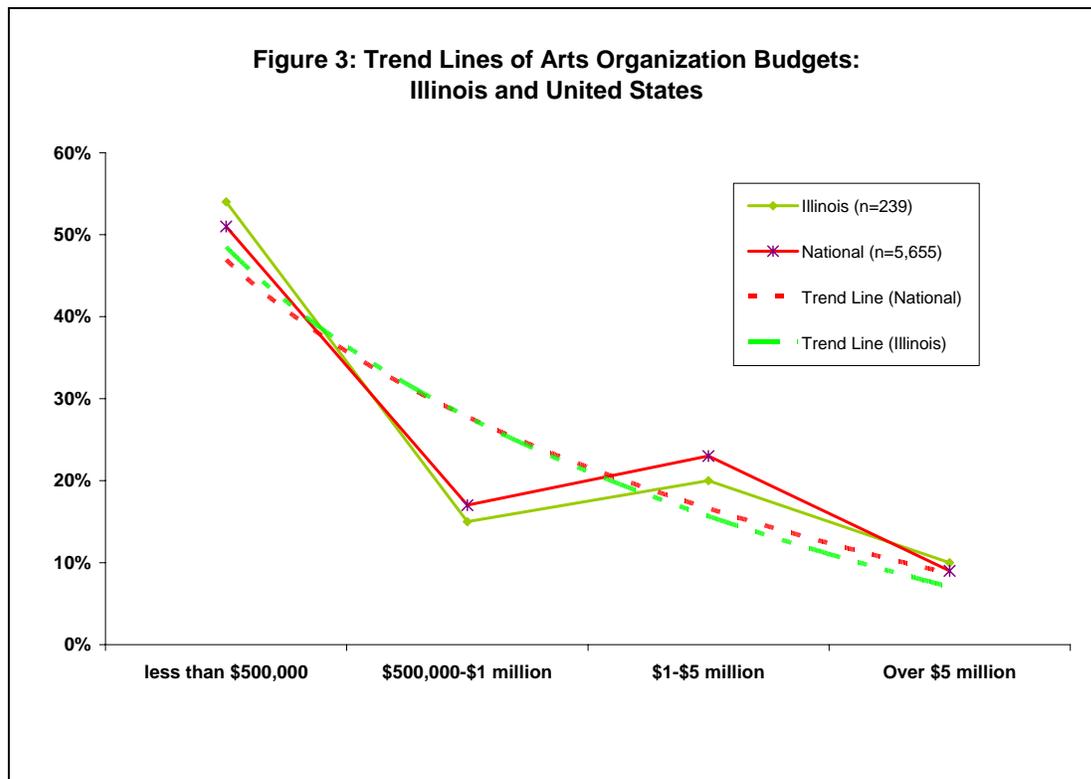
**Figure 2: Arts Organization Budgets by State: Illinois, California, New York, Washington D.C. and United States (with trend lines)**



**Figure 3: Trend Lines of Arts Organization Budgets: Illinois and United States**



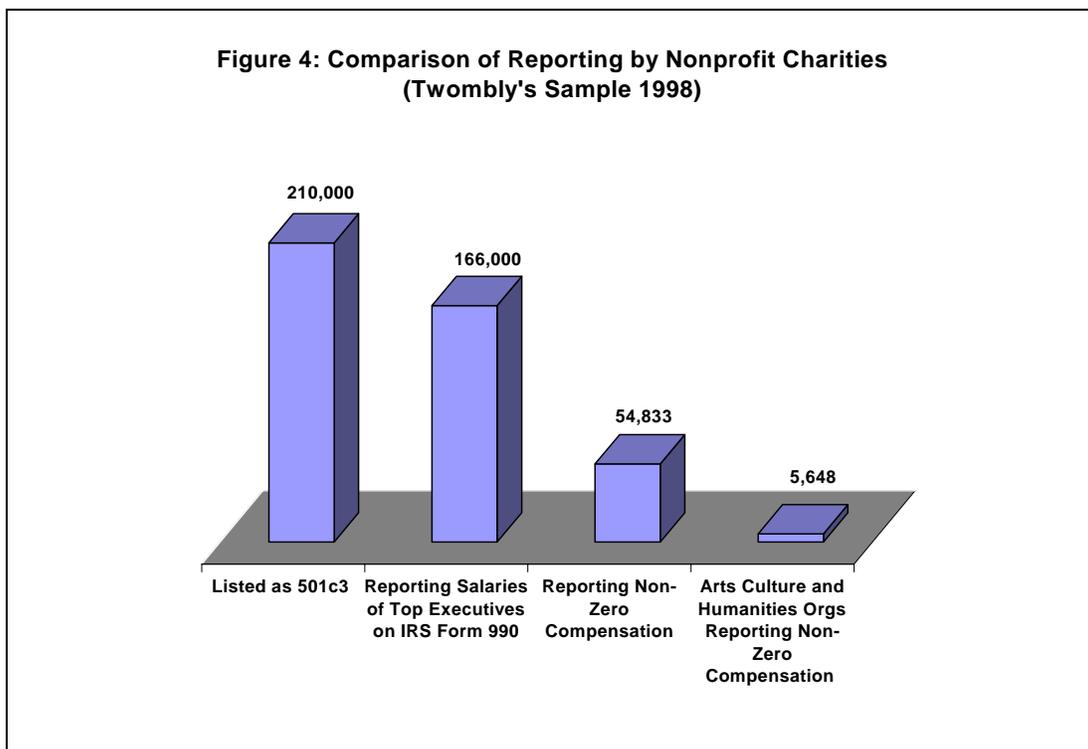
By removing the data for New York, California, and Washington D.C. (Figure 3), we can see that the trend line for Illinois is consistent with the national trend line. The proportion of organizations by budget size in Illinois nearly matches the proportion nationally. These figures vary from 1 percent to 3 percent in each budget category showing that the number of organizations by size in Illinois is similar in proportion to national figures. Therefore, a study of Illinois, in which organizational budget size is a predominant category, may be generalizable beyond the state.



The GuideStar report provides good comparisons for national, regional, and sector-level study. However, its dataset is limited for a study of Illinois: It does not contain data on arts nonprofits in Illinois operating outside of the Chicago and St. Louis MSAs. It does not contain information on arts nonprofits that report they paid less than \$15,000 to their staff leadership. It provides little detail on the organization or leadership qualifications, gender, age, or job characteristics in relation to executive compensation. Our study sought to address these concerns.

*Executive Compensation in the Nonprofit Sector* (Twombly 2002) offers a detailed analysis of the nonprofit arts by sector. Twombly pays particular attention to the “Arts, Culture and Humanities” category of nonprofits and provides some detailed analysis of benefits, deferred compensation, and expense accounts. Twombly’s discussion of methodology also highlights a problem with data on the Form 990.

His initial dataset (Figure 4) began with data reported by 210,000 public charities from all sectors. Of this group, 166,000, or 79 percent, complied with the IRS requirement to report compensation to key decision-makers. Among those who complied, roughly 55,000, or 26 percent of the total, indicated that they paid salaries to their CEOs. Twombly’s final dataset contained 54,883 organizations that reported non-zero salary information. Of this figure, 5,648 (9 percent) were categorized as “Arts, Culture and Humanities” organizations. Arts organizations with paid leadership comprise a relatively small proportion of paid leadership in the entire field of nonprofits.



According to Twombly, 111,000 reported “zero” as payment to their key decision-makers, even though some of these organizations reported salary costs. Twombly interprets this as “non-compliance” in need of greater IRS oversight. A scan of Forms 990 shows that this is clearly true in some cases, i.e. some organizations report a salary to an executive director in their audit, but do not report or report “zero” in section V of the Form 990. In some cases, zero-reporting refers to the actual salary (zero) of individuals acting as staff; in other cases, it refers to board members. However, zero-reporting also points to the exceptional nature of the nonprofit arts economy: Many functioning organizations have budgets so small that they cannot pay staff and are run entirely by volunteers. At the same time, board members, who are by law prohibited from receiving

payment, are considered to be the top decision-makers for many organizations. Through our custom survey, we were able to distinguish board members, volunteers, low-paid staff and non-reporting organizations.

Review of these studies highlights that, while the Forms 990 provide access to a large sample of nonprofits, analysis is limited by the lack of detail available on executive compensation. As Twombly's study points out, only 26 percent of all nonprofits report a compensation figure above zero in this section. Findings in these three studies lead us to anticipate what we might find in Illinois: that small and mid-sized nonprofits are predominant; that women may be the predominant arts leaders in these categories; that they may be paid less than men; that few leaders in the arts have access to or take advantage of benefits offered; and, that perhaps when cost of living is factored in, working in the arts in Illinois may not be all that bad. While zero-reporting is in part simply non-compliance by arts organizations who do indeed pay staff leaders, the overwhelming predominance of *small-budget* arts organizations evident in both the GuideStar and the Twombly report lead us to question: How much does the nearly 74 percent of the 990s that report zero compensation reflect an exceptional labor market and an exceptional economy?

## Survey Design

We designed our survey to capture the complexity of how nonprofits are organized and run throughout the state (see survey outline, Figure 5); that is, we structured the survey so as not to exclude small non-profits, or those run by volunteer staff or by board members. At the same time, we wanted to capture information on benefits that had both monetary and non-monetary value. The resulting four-page survey elicited confidential salary and benefit information for fiscal year 2002 for the top paid staff members of 501(c)3 arts organizations in Illinois. Both the individual and the organizational identity remained anonymous. The only identifier was geographic: We asked, "In what county is your organization located?" This information was never connected to other confidential individual or organizational data in the report. As discussed below, it was used only to gauge the extent to how representative the sample was of the initial population who received the survey.

To clarify the characteristics of the position of the top paid staff member, we stated: "The purpose of this survey is to gather information on the compensation of the person who is in the highest position of authority in your organization and who manages the daily affairs of your nonprofit organization." We asked, "Does your organization have a *paid* staff member who is responsible to manage the daily affairs of the organization?" If the answer was yes, we asked that this paid staff person fill out the survey.<sup>3</sup>

We then asked whether "your type of employment is full-time, part-time, or independent contractor."

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<sup>3</sup> Respondents' most typical title was "executive director." However, top paid staff members also included "artistic director," "office manager," and "president," to name a few. In this report, the top paid staff member will be referred to as "executive director" or "leader."

<b>Figure 5: Outline of Data Gathered by Survey</b>	
• <b>501(c)3 y/n</b>	• <b>Job characteristics</b>
• <b>Top executive</b>	– Average number of hours worked per week
– Paid / unpaid	– How job duties defined
– Current title / title of last job	– How often performance evaluated
– Full-time / part-time	– Work completed 9-5, Monday-Friday
– Age, race, ethnicity, gender	– Check is late
– Years on this job/ years in the field	• <b>Organizational characteristics</b>
– Highest degree earned	– Year founded
– Other credentials	– Audience size
• <b>On executive compensation (access to and value)</b>	– Number of permanent full-time staff
– Base salary	– Percent of workforce that is artists
– Annual raise	– Total operating expenses
– Individual health insurance	– Total operating income
– Family health insurance	– Amount \$ government sources
– Life/disability/other personal insurance	– Amount \$ private sources
– Retirement fund	– Amount \$ earned income
– Cash incentives (moving, contract signing)	– Other sources of income
– Child care/ elder care	• <b>Type of organization</b>
– Pregnancy/family leave	– Arts council
– Flexible spending account	– Arts center
– Expense account	– Humanities organization
– Professional membership fees	– Communication (publishing, media)
– Club memberships	– Museum
– Personal use of facilities/equipment	– Gallery
– Professional development	– Theater facility rental
– Flextime	– Performing arts (theater, dance, music, literary)
– Compensatory time	– Arts service/advocacy
– Other benefits	– Arts education
– Paid vacation days annually	– Other
– Paid holidays	• <b>County located within</b>
– Paid sick days	• <b>Ownership of facility</b>
– Paid personal days	• <b>Property is public, private, commercial, other</b>
– Other paid leave days	• <b>Exempt from property taxes</b>
	▪ <b>Independent, university-run, gov't-run</b>

These questions clarified the difference between “zero” compensation, non-reporting, low pay, and part-time work. In addition, we asked for individual characteristics including age, gender, race, number of years on the job, number of years in the field, highest degree earned, and other credentials. We asked a series of questions on job characteristics illuminating organizational stability, predictability of operations, and governance.

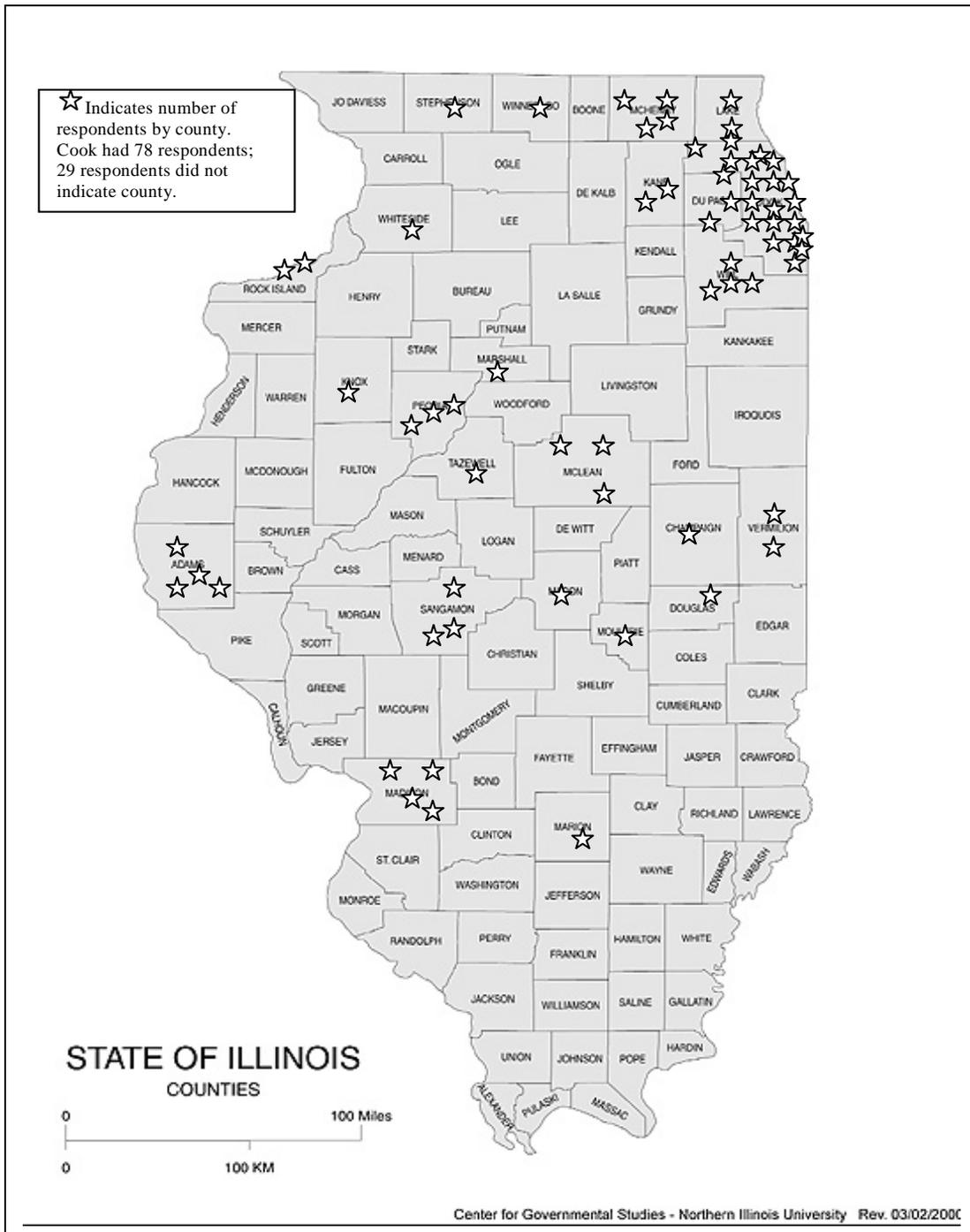
We provided a detailed list of possible benefits. To distinguish between availability of a benefit and its value as a form of compensation to the leader, we asked both whether the organization offered the benefit and what the monetary value of the organization’s contribution was. At the same time, we sought to understand how time off and other types of benefits that did not reflect a direct monetary cost to organizations figured into a benefit package. Finally, we asked a range of questions to illuminate organizational structure, including organizational age, size of audience, sources of support, level of involvement of the board, type, institutional affiliation, geographic location, and property ownership.

## **Organizations Sampled**

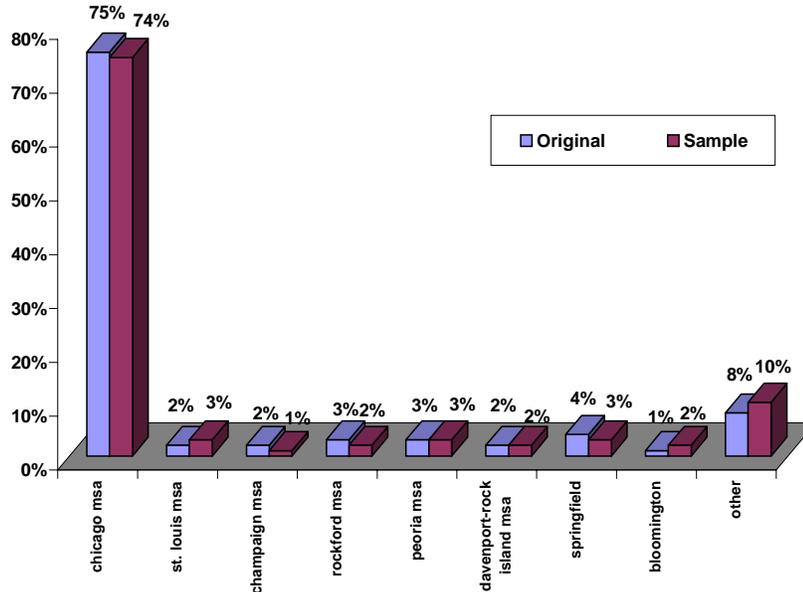
We sought a sample that was more representative of the geographic, financial, and organizational variation of nonprofit arts organizations in Illinois than that used for the GuideStar report. The survey was sent to 688 nonprofit arts organizations in Illinois. This list included both independent 501(c)3s, those affiliated with a university or run by a government agency (and therefore do not file a 990 tax form nor are listed in Guidestar), as well as those known to be arts organizations but not coded as “Arts, Culture, and Humanities” in GuideStar’s data (such as The Art Institute of Chicago, which is coded as a “graduate, professional school”). An examination of organizations by zip code and name indicate that approximately 67 (10 percent) are located within predominantly non-white neighborhoods or present the art of predominantly non-white, ethnic, or racial cultures. Thirty-two organizations were excluded from this initial list because of missing address information, leaving 655 organizations to receive the survey and cover letter in November 2003. Among these organizations, 75 percent (n=490) were from the Chicago MSA. Of the remaining 169 organizations, 17 percent (n=111) were from the remaining seven MSAs in Illinois and 8 percent (n=55) were located in non-urban areas. By the end of January 2004, we received 153 responses (23 percent). The sample of respondents was geographically representative of the original sample: 74 percent of the respondents from the Chicago MSA, 16 percent from other MSAs combined, and 10 percent from non-urban areas (Figure 6 below). Respondents came from at least 24 Illinois counties (Figure 7 below). Among those that were not independent 501(c)3s, 5 percent were affiliated with universities and 2 percent were run by government agencies. While the sample shows the predominance of nonprofit arts organizations within a major MSA, it also shows more evidence of nonprofits outside a major MSA than is evident in other surveys.



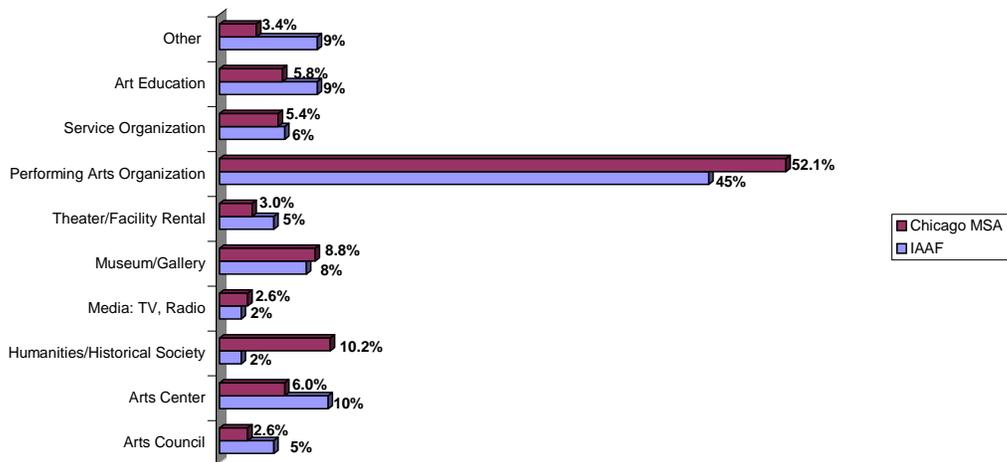
**Figure7: Map of Survey Respondents in Illinois by County**



**Figure 6: Representation by MSA: Original (n=655) to Sample (n=124)**



**Figure 8: Type of Organization**



## Representativeness of Sample

The comparisons above help to frame how geographically representative our sample is of art organizations in Illinois. Comparison of our sample (“Arts: Illinois,” n=141) to a complete dataset of all organizations coded as “Arts, Culture and Humanities” in the Chicago MSA (complete Form 990 data purchased from GuideStar, n=499<sup>4</sup>) and to the Guidestar national sample shows it is also representative by organization type and by budget size. Figure 8 shows the comparison of type of organization in our dataset to Chicago MSA data. The top bar in each category is the Chicago sample; the bottom bar is our sample from the entire state. The predominant category is “performing arts,” which includes all organizations that sponsor performances including symphony, opera, band, and other music, theater, and literary performances. There are fewer performing arts organizations in statewide than in Chicago, and fewer historical societies and more art centers and arts education organizations statewide.

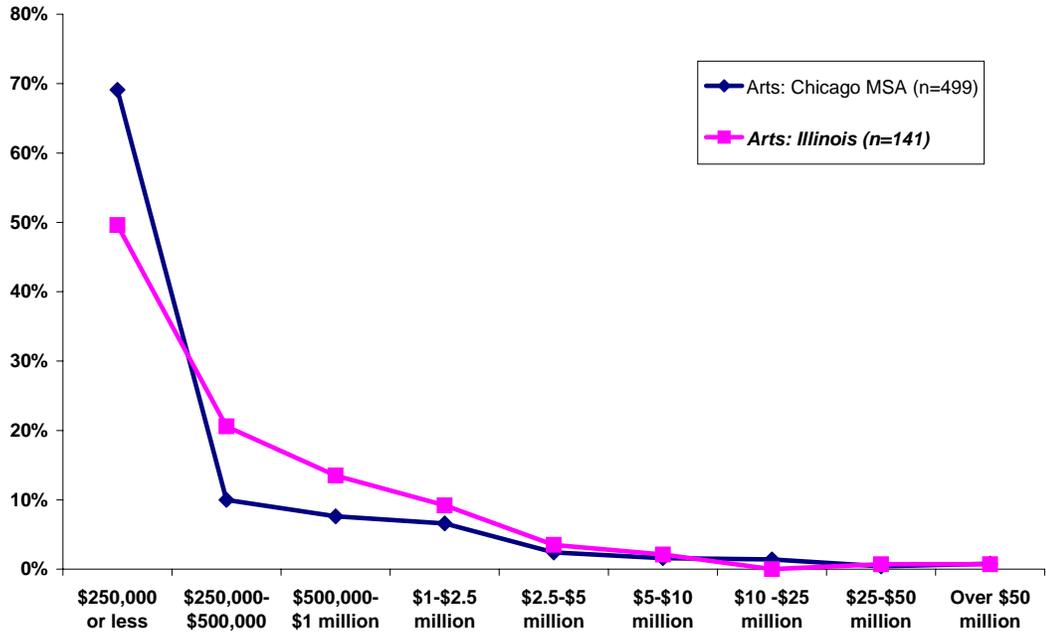
Figure 9, a comparison by budget size between our sample and the Chicago MSA, shows that 5 percent to 10 percent of organizations have budgets between \$250,000 and \$500,000, and an even greater proportion of organizations in the smallest budget category (\$250,000 or less) in both samples. At the same time, this graph shows a greater proportion of small-budget arts organizations in Chicago (nearly 70 percent) than in our Illinois sample (50 percent). Greater market opportunities to establish new nonprofits in large urban areas and to sustain staff on alternative jobs might explain why there are more small nonprofit arts organizations in urban areas.

Figure 10 shows the comparison of our “Arts: Illinois” sample to both the Chicago MSA and the GuideStar national sample. Our sample falls directly between the sample of the large urban area and the national sample that has excluded many small nonprofits because of zero or under \$15,000 reporting. As anticipated, our sample is more representative of small-budget organizations than the national sample. It shows proportionately fewer small-budget organizations than the Chicago MSA sample. When all arts organizations, even those paying little or no compensation to their top leaders, are included in the smallest budget category, there are 19 percent more small-budget arts organizations in Illinois than in the U.S. overall, and 9 percent fewer than in the large urban area of the Chicago MSA. The “Arts: Illinois” sample represents small-budget organizations; it is not overly skewed by them. Furthermore, while the findings discussed below are definitely representative of the survey respondents, it is likely that they are generalizable to the entire original sample and a larger national sample.

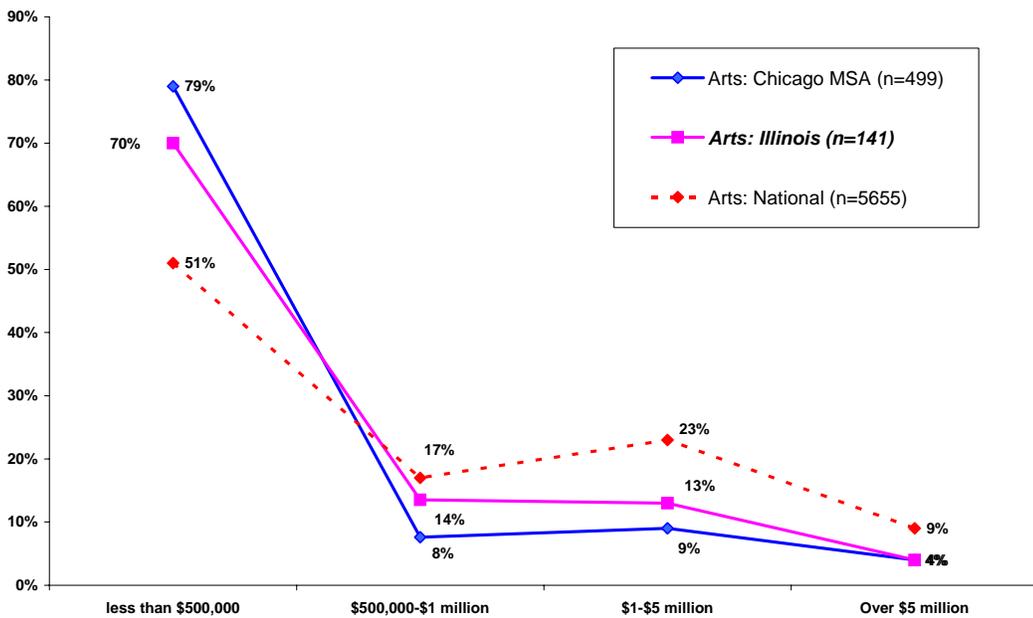
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<sup>4</sup> The initial data set contained 790 cases. In our examination of these data, we found organizations with NTEE subcategories such as Arts, Cultural Organizations–Multipurpose, Art Museum, History Museum, Symphony Orchestras, and those whose name clearly indicated it as an arts organization. We removed 291 cases from the data set including those sub-categorized as “printing” or “ethnic awareness” that did not have an arts name and those organizations that might be better categorized elsewhere such as the “Barrington Area Hockey League” or “Schaaf Truck And Tractor Museum”—organizations better categorized as “Recreation, Sports, Leisure, Athletics” or “Agricultural, Not elsewhere categorized.”

**Figure 9: Budget Size Comparison:  
Arts in Chicago MSA to Arts in Illinois**



**Figure 10: Budget Size Comparison  
of Three Samples of Arts Organizations**

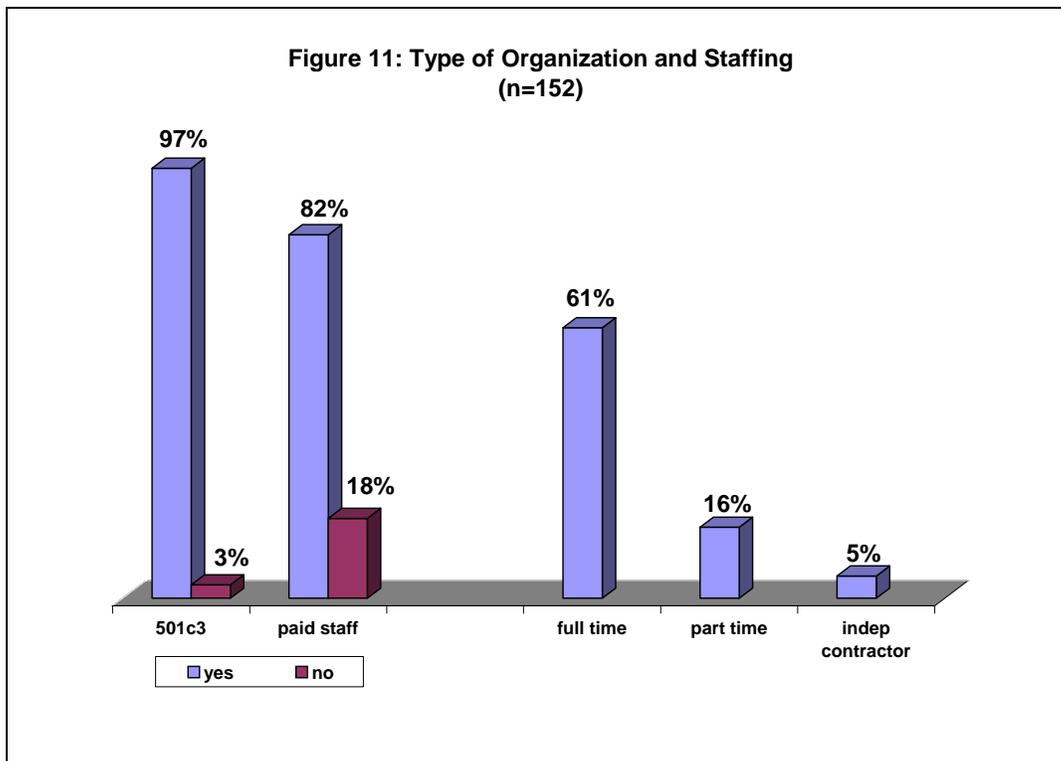


Note: The "Art: National" line excludes organizations paying less than \$15,000 to their top leaders.

## Findings: Characteristics of Employment

So far, we have demonstrated how our custom survey captured a broad and detailed sample of Illinois' nonprofit arts organizations. The survey did not eliminate small-budget budget arts organizations or those reporting zero or low compensation to their leaders. Furthermore, we have shown that survey responses are likely to be representative not only of Illinois, but also of work in the arts nationally. Now I move to the characteristics of employment.

**Tax Exempt Status and Full-time Employees:** Nearly all respondents (97 percent) worked for nonprofits with 501(c)3 tax-exempt status (Figure 11). Of this number, 82 percent of the represented organizations had paid staff, leaving 18 percent with no paid staff. Among all organizations, 61 percent had full-time staff, 16 percent part-time staff, and five percent had independent contractors as their paid workers.



These data resulted from the following direct questions: #2 “Does your organization have a paid staff member who is responsible for managing the daily affairs of the organization?... if your answer to #2 is “yes,” please have this paid staff member fill out the remainder of the survey” and from ... #4 “Your type of employment is Full-time, Part-time, other arrangement.” As shown in Figure 11, the 5 percent who had “some other arrangement” worked as independent contractors, an arrangement in which the worker is likely an independent artist and files taxes as a small business. While the majority of the organizations responding had at least one full-time staff member, **40 percent of the arts organizations represented in this sample do not have full-time staff and nearly one-fifth have no paid staff.**

**Characteristics of Respondents:**

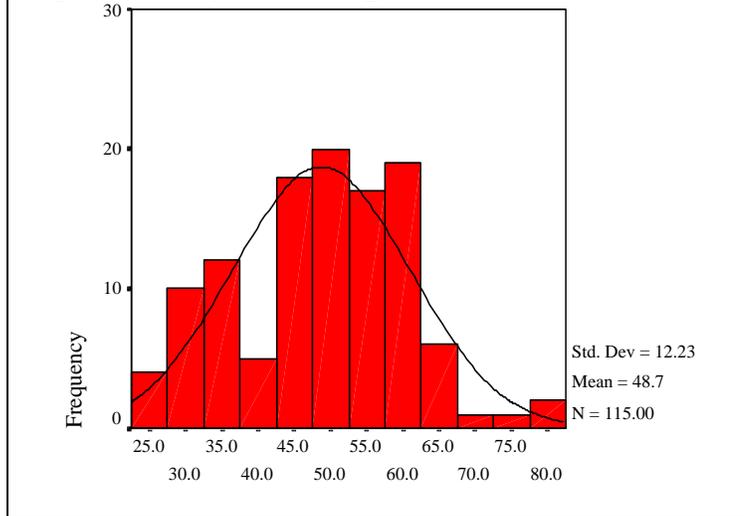
The racial/ethnic categories of respondents are consistent with the estimated demographic composition of organizations included in the original sample. Respondents are predominantly White (91 percent). The remaining races included Black (3 percent), Hispanic (1 percent), Asian (3 percent), Native American (1 percent), and Bi-racial (1 percent).

Respondents ranged in age from 26-80 (Figure 12), with an average age of 48. Seventy percent are female, 30 percent male, and 1 percent no response.

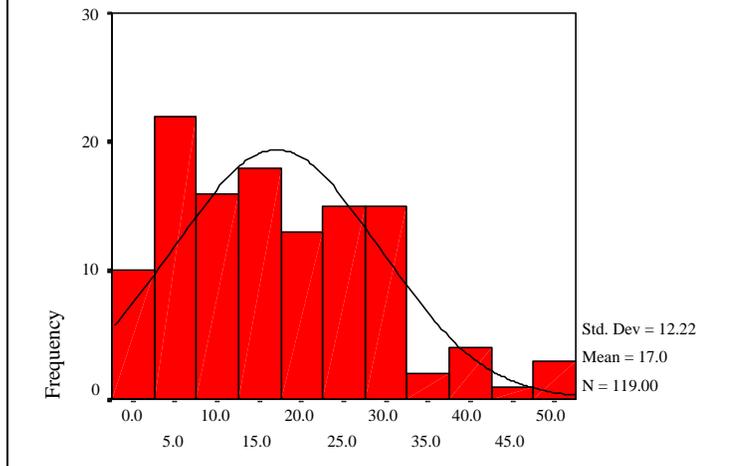
Respondents are highly educated: 90 percent have college degrees; 33 percent have master's degrees; and 8 percent have doctorates.

More than half of the respondents were on the job for fewer than five years (Figure 13) with an average length of time on the job of nine years. This chart shows that there is new leadership coming into the organizations represented in this survey. At the same time, a quarter of respondents are very experienced, with more than 25 years on this job. Furthermore, there is a fairly even spread of experience with the average years in the field of 17 years (Figure 14). These data show that arts organizations in Illinois have both new and seasoned leaders running their organizations.

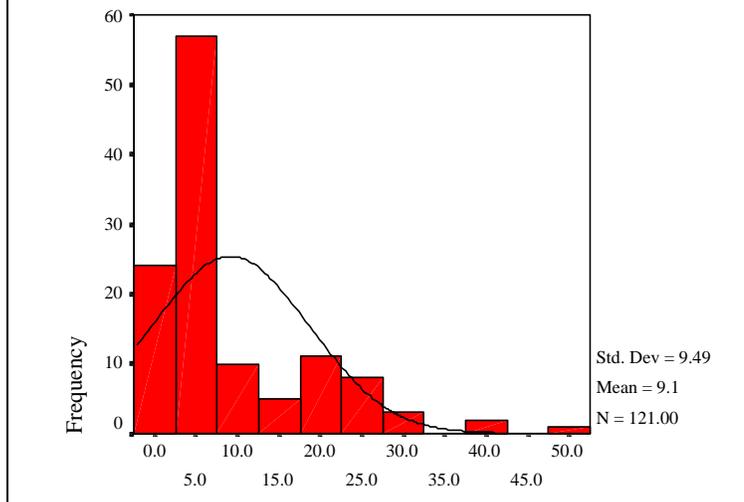
**Figure 12: Respondent's Age**



**Figure 13: Respondent's Experience in the Field**



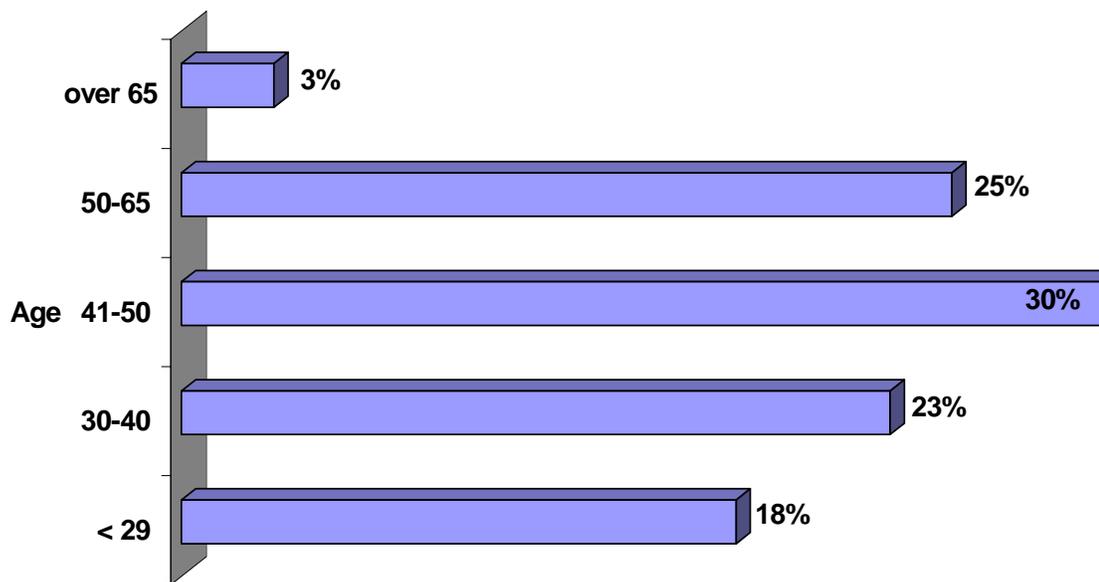
**Figure 14: Respondent's Experience on the Job**



There is a significant relationship between age and years on the job. However, not everyone entering the field is under 30 years old. Figure 15 shows that more than half of the new leaders are age 40 or older.

Of the 60 respondents who said that they'd been in their present positions less than five years, their "previous title" indicates that they transferred from related positions. For example, a former "attorney" is now a "vice president" of an organization. Those who were relatively new to their jobs came from "school," a "board of directors," or other managerial positions. What is new in this study is evidence that over 50 percent of new leadership comes to the position after turning 40 years of age, as a second, third, or even fourth career, and that the field is renewing itself with young and mature new leaders while still retaining leaders over the long term. Furthermore, leaders of arts organizations are highly educated, experienced, and skilled workers in the nonprofit arena.

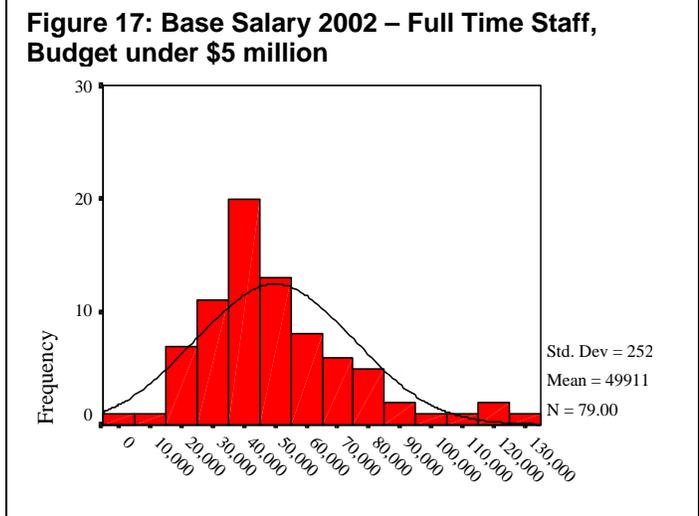
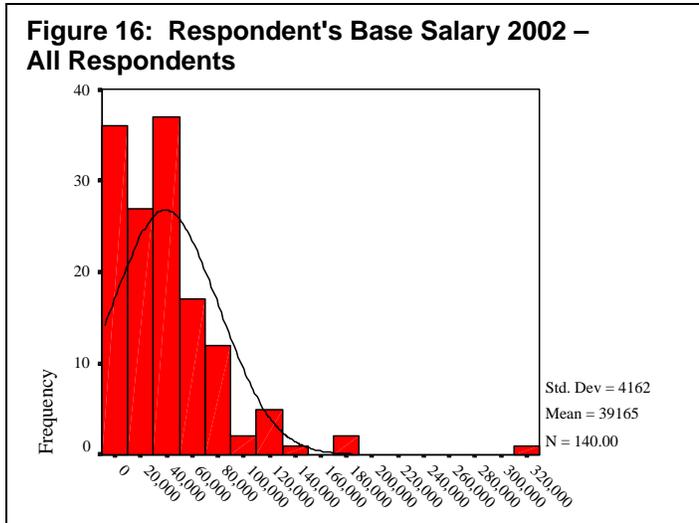
**Figure 15: On the Job Less than 5 Years  
(n=60)**



## Types of Executive Compensation

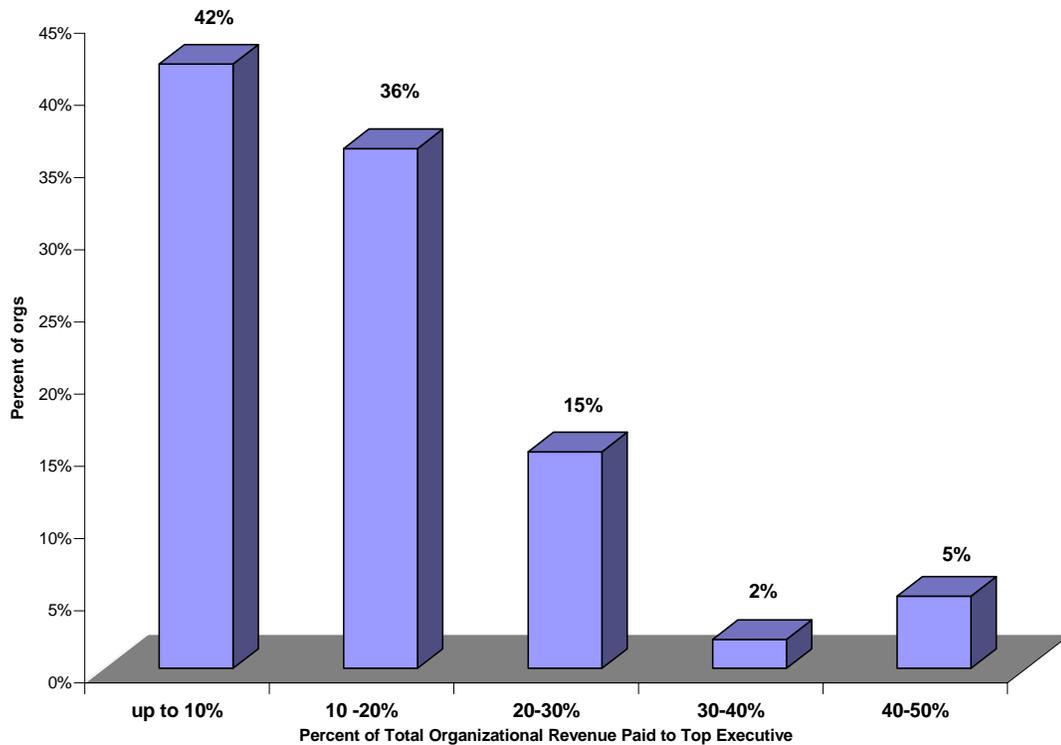
Respondents reported compensation in terms of salary and benefits. In answer to the question, “What was your base salary in 2002?” 9 percent (n=13) left the question blank and 18 percent (n=26) reported “zero.”

Figure 16 and 17 show two views of the arts labor market: one that includes all respondents including unpaid and part-time executive directors (Figure 16); the other, only full-time executive directors of organizations with operating budgets under \$5 million (Figure 17). The salary range of those reporting salaries greater than zero (n=114) was \$3,600 to \$310,000; the mean or average salary was \$39,165 (Figure 16). The most frequent salary paid to an executive director is \$35,000, followed by \$25,000. When only full-time directors of small and mid-sized organizations are included (Figure 17), we see something more like a normal curve of employment with the peak in the range \$35,000-\$45,000. The salary range is \$3,600 to \$125,000, and the mean salary is \$49,911.



As shown in Figure 18, executive directors’ salaries typically are less than 10 percent of the total operating expenses (42 percent of organizations in our sample). However, the relationship of the executive director’s salary to the total operating expenses can vary from 10 percent to 50 percent (see Charts B and C, page 22). Cross tabulation of executive director salary with budget size shows that it is more typical for an executive director salary to go above 10 percent when organizational budget is less than \$1 million, above 20 percent only when budget is below \$500,000, and above 30 percent when budget is below \$100,000.

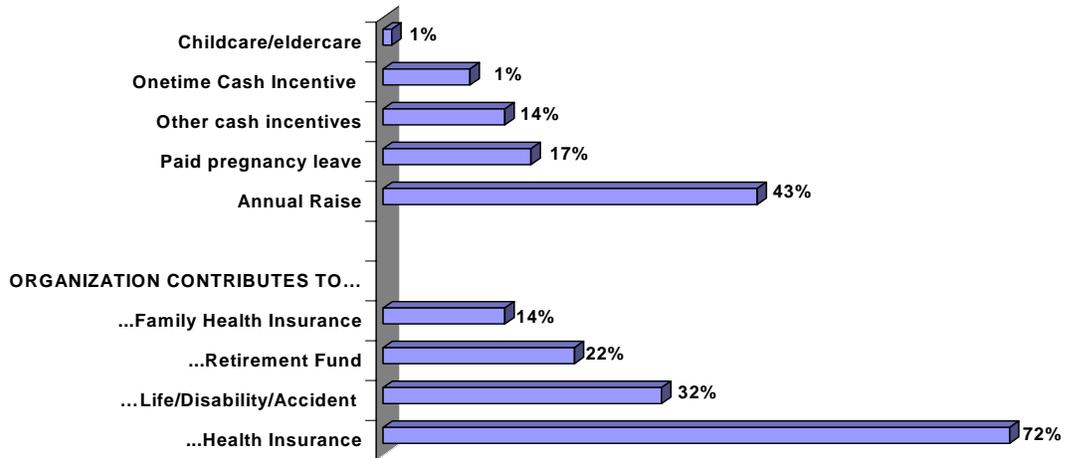
**Figure 18: Proportion of Revenue Paid to Top Executive**



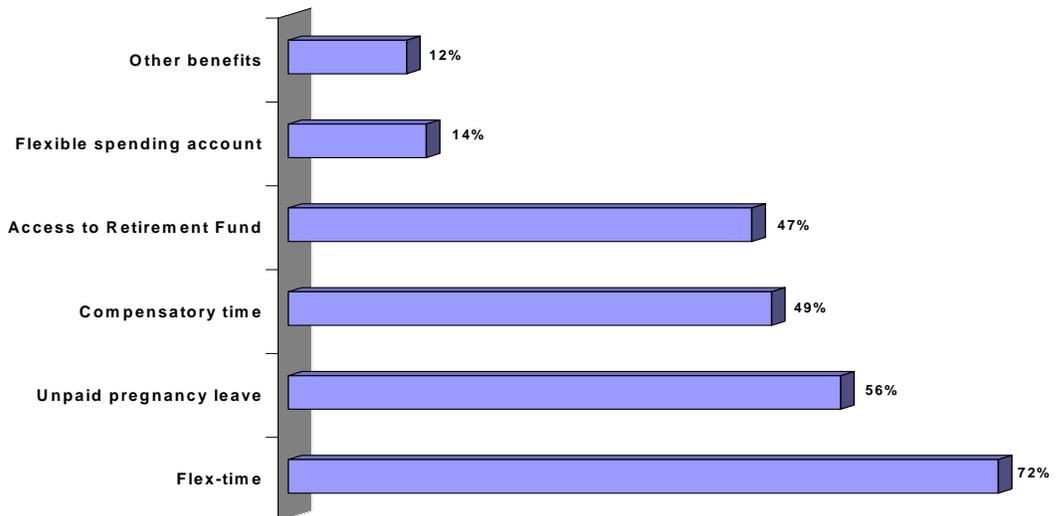
## Benefits

Among full-time employees of small and mid-sized organizations, 27 percent report receiving no benefits. The remaining 73 percent report the monetary value of their benefits in a range between \$120 and \$120,000. Among the range of benefits respondents report receiving are both those associated with a direct cost to the organization and those that represent an indirect cost to the organization. Figure 19, “Benefits (Direct Cost),” lists benefits that involve a direct cost to the organization. Paid health insurance is the most typical benefit, with 72 percent of the respondents having access to a health insurance plan. However, 50 percent report that benefit as having zero value, indicating their organizations do not contribute to their plans or they do not participate. The remaining respondents report that their organizations’ contributions to health insurance are between \$480 and \$10,000 annually, with \$4,000 as the median value for those receiving health insurance. One-third of respondents report that they have access to a retirement fund. Of the 10 percent that report a value to their organizations’ contributions, this value ranges from \$1,000 to more than \$120,000, with a median value of \$2,900 for organizations’ contributions to their retirement accounts.

**Figure 19: Benefits (Direct Cost)**

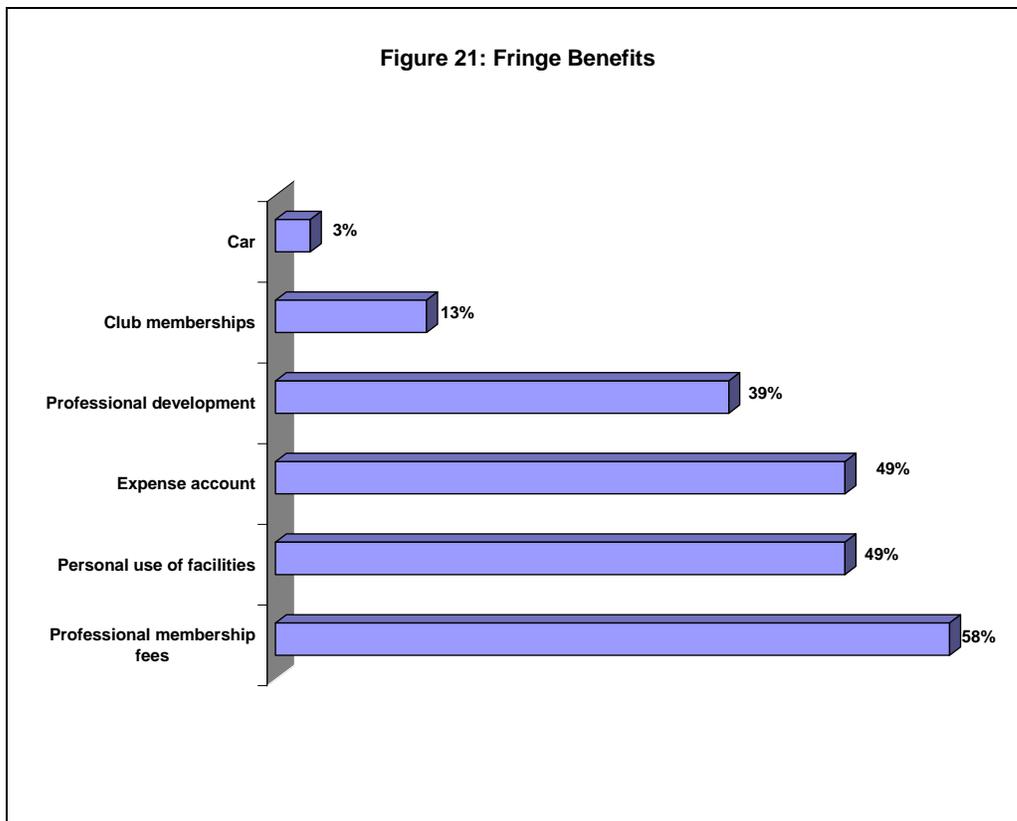


**Figure 20: Benefits (Indirect Cost)**



Respondents also reported on other benefits categorized as having an “indirect cost” to the organization (Figure 20). This cost is incurred in managing or providing oversight of the benefit or replacing the employee in an absence, rather than a direct cash outlay for the benefit cost. Among these benefits are “access to a retirement account,” “compensatory time,” “unpaid leave,” and “flex-time.” Nearly 50 percent or more of all full-time employees report access to these four benefits. Nearly 15 percent of respondents report having access to a “flexible spending account” and “other benefits.”

Fringe benefits (Figure 21) are a third category of employee benefit. These fringe benefits represent a range of expenses incurred by the organization in support of the employee’s work. These might include an expense account, club or professional memberships, personal use of facilities, or a car. Less than 10 percent of respondents report these adding value (ranging from \$100 to \$7,000) to their levels of compensation.



## How Does Executive Compensation Compare to Organizational Budget?

Chart A below shows the variation between average and median salary by budget size<sup>5</sup>. As shown in the yellow bar, the average salary for all arts organizations in Illinois is \$39,165; the median (salary amount found in the middle position when the salaries are ranked in ascending order, least to most) is \$32,500. The greatest variation is seen in the purple bar, a comparison of mean and median salaries for organizations with budgets from \$1-\$100,000, which shows the average as \$6,628 and the median as \$15,250. This

<b>CHART A: Comparison of Budget Size to Mean and Median Salary 2002</b>				
Budget by Size	n	% of All Orgs	Average 2002	Median 2002
All Sizes	135	100%	\$39,165	\$32,500
\$1-\$100,000	42	31%	\$6,628	\$15,250
\$100,001-\$250,000	25	19%	\$27,046	\$26,250
\$250,001-\$500,000	26	19%	\$37,517	\$36,000
\$500,001-\$1,000,000	19	14%	\$55,216	\$53,400
\$1,000,001-\$2,000,000	10	7%	\$62,430	\$57,000
\$2,000,001-\$10,000,000	11	8%	\$114,563	\$100,000
over \$10,000,000	2	2%	\$224,000	\$138,000

variation in the lower budget categories can be attributed to the inclusion of part-time and unpaid executive directors; the variation in the highest category is attributable to the variation in size among the largest organizations.

When salary ranges are captured within a budget category, as shown in Chart B below, we can begin to see more variation in executive salaries within a budget category. These data show that zero compensation (19 percent) occurs in only the smallest organizations; that is, 17 percent of leaders working for organizations with budgets under \$100,000 and 2 percent with budgets under \$250,000 work for free. An additional 10 percent of leaders working for organizations with budgets under \$250,000 are paid less than \$15,000. This shows us that we might estimate a figure of 30 percent to represent the number of small-budget art organizations with volunteer or part-time staff that are excluded in the GuideStar report.

<sup>5</sup> Data is drawn from respondents who provided information on organizational expenses and who answered "what is was your base salary in 2002?" (n=135). Cases where the respondent did not answer "base salary" were excluded as "System-missing."

## CHART B: Comparison of Budget Size to Base Salary

**All Organizations (n=135)**

Budget Size	% of All Orgs	Mean Salary	Base Salary				
			\$0	\$1-\$14,999	\$15,000-\$29,999	\$30,000-\$50,000	Over \$50,000
All Sizes:	100%	\$39,165	20%	11%	15%	28%	25%
\$1-\$100,000	31%	\$6,628	17%	9%	4%	2%	
\$100,001-\$250,000	19%	\$27,046	2%	1%	7%	7%	2%
\$250,001-\$500,000	19%	\$37,517			4%	13%	2%
\$500,001-\$1,000,000	14%	\$55,216			1%	5%	8%
\$1,000,001-\$2,000,000	7%	\$62,430				2%	5%
\$2,000,001-\$10,000,000	8%	\$114,563					8%
over \$10,000,000	2%	\$224,000					2%

## CHART C: Comparison of Budget Size to Base Salary

**Small-to-Mid-sized**

**Organizations with full-time staff (n=79)**

Budget Size	% of All Orgs	Mean Salary	Base Salary				
			\$0	\$1-\$14,999	\$15,000-\$29,999	\$30,000-\$50,000	Over \$50,000
All Sizes:	100%	\$49,911		3%	14%	46%	38%
\$1-\$100,000	8%	\$21,975			3%	3%	
\$100,001-\$250,000	19%	\$35,603			7%	10%	3%
\$250,001-\$500,000	28%	\$40,024			4%	20%	4%
\$500,001-\$1,000,000	23%	\$54,394			1%	9%	13%
\$1,000,001-\$2,000,000	13%	\$62,430				4%	9%
\$2,000,001-\$5,000,000	10%	\$ 99,141					10%

When only full-time staff are included (Chart C), salaries show a gradual increase. As shown in Chart C, when part-time and unpaid staff are excluded (n=56 or 41 percent), the mean salary jumps to \$49,911, a figure that is higher than Chicago's household mean of \$42,000. Nonetheless, 46 percent of all full-time staff earn between \$30,000 and \$50,000 annually, with the largest number (30 percent, as shown in the green bars) working for organizations with budgets between \$100,000 and \$500,000. In both Charts B and C, we can see detail in the category of organizations with budgets under \$500,000. In this detail, we can see a larger variation in salary: from \$6,628 to over \$50,000 for organizations with budgets under \$500,000.

In both of these charts, as the figures cluster to the lower right, there appears to be a relationship between size of the salary and budget size. Statistical tests support this observation. They indicate a rather strong correlation between base salary and total revenue. In a test run including large and small organizations having either part-time or

full-time directors (n=135), Pearson's R = .79, Spearman = .85, and Pearson's Chi-Squared was also significant: The attained value 154.246 exceeds the critical value of 42.98 at df 24 and .01 level of significance. The same was true for a test run with only full-time staff at small and mid-sized organizations (n=79): Both Pearson's R, Spearman = .66 and Chi-Squared shows a significant relationship, with the attained value of 62.11 exceeding the critical value of 30.57 at df 15 and .01 level of significance. The same tests comparing budget size to several different benefit indexes (rather than salary) do not show a significant relationship, indicating that budget size might not be as important to type and value of benefits as it is to level of salary.

## **What makes a difference in level of executive compensation?**

Review of frequencies and cross-tabulations among budget size, base salary, and a range of benefit indexes leave many questions unanswered. Variation in salary within each budget category indicates that budget size is not the only predictor of executive salary. For nearly half (42 percent) of the organizations represented in our survey, the salaries of the paid staff leader represents less than 10 percent of the organization's operating expenses. Lack of significance between organizational budget and several benefit indexes indicated that other variables and possibly groups of variables may have an effect on availability of benefits. To take the analysis further, I first isolated each aspect of compensation and included all 159 variables in a single correlation matrix to see what variable was associated with which aspect of compensation. I then included all significant variables in a factor analysis to show how they clustered in different compensation packages.

**Correlation Matrix:** The 159 variables that contained numeric data were examined for their correlation to executive compensation (See Appendix A: Correlation Matrix for significant variables). Executive compensation was examined through five different dependent variables: "base salary," "monetary value of benefits Q20-30," "total number of benefits," "number of benefits with direct cost to organization," and "number of benefits with indirect cost to organization." First, I examined 159 variables for bivariate correlation to each of these dependent variables. While the value of the correlation changed somewhat based on the dependent variable, there were numerous variables that each registered as "significant" for each of these as dependent variables. Those variables relating to money were strongest and most frequent when base salary or monetary value of benefits was the dependent variable; those variables referring to characteristics of the position (annual performance evaluation) or how work was structured (job duties in contract, job description or by daily needs) were strongest when the dependent variable was one of the three that gauged the number of benefits. This is detailed below.

**Base Salary:** Among the variables that had a strong positive correlation (over .5) to base salary were a range of variables representing monetary values, including: "total benefits" (.794); "value of organization's contribution to a retirement fund" (.668); "donations from individuals, foundations, and corporations" (.722); and a range of variables representing earned income, including "ticket sales" (.806), "merchandise sales" (.652),

“food sales” (.899), “other sales” (.541); and “other earned income sources such as rentals” (.931). Size of audience, size of staff, and several benefit variables were among a range of variables that were moderately significant. No organizational types (such as museum, performing arts, gallery, etc.) showed any significance to base salary. Among those variables tested that showed no positive or negative significance to base salary were age, gender, race, years in school, years in the field, percent of employees working for an organization who are artists, or university affiliation. This means that executive directors’ salaries increased with donated and earned income to an organization.

**Benefits:** Four different variables representing “benefits” were examined as dependent variables: total value of benefits, total number of benefits, number of benefits having a direct cost to the organization (such as contributions to health care or contributions to a retirement fund), and number of benefits having an indirect cost to the organization (such as providing access to a retirement fund, flexible spending accounts or flex time).

- **Total value of benefits:** The cash value of the benefits added together created the first index for the value of benefits. The variables significant to this index and that had a relatively strong (.5 or greater) positive correlation were those representing cash values including base salary; value of organization’s retirement contribution; value of total compensation; total operating expenses; government grants; endowment interest; board donations; donations by individuals, foundations and corporations; and a range of earned income revenue sources including tickets, merchandise, memberships, food, other sales, and other income sources such as rentals. Similar to base salary, the value of benefits increase with budget size and those revenue variables related to budget size.
- **Total number of benefits:** The number of variables offered by an organization created a second benefits index. The significant variables with relatively strong positive correlation (.5 or greater) were base salary; organizational contribution to health insurance; access to a retirement fund; organizational contribution to a retirement fund; one-time awards at contract signing; pregnancy leave; offers of unpaid pregnancy leave; compensatory time; and number of paid days off. Those other significant variables having a moderate and positive (.3 to .5) correlation were those representing the structure of work including average weekly hours; those representing the structure of the position including annual performance evaluation and annual raise; and those representing income sources, including a line item from government and government grants. Among the variables that had a negative effect on the number of benefits were part-time status (-.453), job duties by daily needs (-.263), frequency of late paychecks (-.299), and executive director salary as percent of total expenses (-.0328). Finally, educational background showed a weak but significant correlation to total number of benefits. Therefore, the number and type of benefits available were not directly related to budget size or other revenue variables.
- **Benefits with direct cost and benefits with indirect cost to organization:** The index representing the total number of benefits was divided into two categories: benefits representing a direct cost to the organization and those representing an

indirect cost to the organization. These two indexes loaded consistently with the all-benefits index with the following exceptions: 1) *the index of benefits with direct cost to the organization* was significant for executive directors having an employment contract, receiving an annual raise or receiving cash performance incentives, and those run by a municipal, county, or state agency, whereas 2) *the index of benefits with indirect cost to organization* was significant to executive directors with job descriptions instead of contracts, those with flex-time as a benefit, and organizations with more staff.

## Compensation Environments

I used factor analysis to identify organizational factors affecting executive compensation. Factor analysis simplified the correlation matrix and identified the number of factors that could explain the intercorrelation between the variables. A group of factors are composed of a set of common variables; in addition to these shared properties, each factor might have its own unique and distinguishing variable(s) or two factors might show contrasting strength in particular variables.<sup>6</sup> I included all variables that were significant to either base salary or any of the benefits indices (at .01 or .05 level) in the factor analysis. Through six data reductions, 135 variables were dropped, leaving 23 variables in the factor analysis. These remaining variables converged into four factors affecting compensation. These factors represent four distinct compensation environments: the competitive environment, the generous environment, the restrained environment, and the hard-working, struggling environment. Three variables were shared by all factors: “total value of benefits,” “base salary,” “does your organization contribute to your retirement fund (yes/no).” The following variables were significant for three factors: “total actual operating expenses,” “food services,” and “number of staff” (see Appendix B: Rotated Factor Matrix).

Factor One represents a *competitive environment* in a pacesetter organization. This is a successful organization capable of attracting the most skilled and talented leadership. The benefits it offers have strong cash value. This is an organization with strong staff leadership, a strong donor base from individuals, foundations and corporations; a strong board; and robust ticket sales. Organizations operating with a competitive environment are the only ones that show a strong contribution to their executives’ retirement funds; this was the only factor with *any* loadings (and very strong loadings at that) for “value of organization’s contribution to your retirement fund” and “donations from individuals, foundations and corporations.” It also had strong loadings with “total value of benefits,” “actual operating expenses,” “ticket sales,” “food service,” “board donations,” and the “executive director’s base salary.” This grouping of variables is pacesetter because it establishes the most attractive environment enabling this organization to hire whomever it wants as its leader. This culture is heavy on benefits that have monetary value, but does not invest in those that have indirect value. Interestingly, “pregnancy leave” and “health

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<sup>6</sup> Variables were kept through each data reduction if their loading was over .3. Those under .3 were examined for level of significance and communality. A variable was dropped if it had a weak correlation (less than .2), was not significant at the .01, level and had low communality.

insurance” are not individually significant in its range of benefits, while “access to retirement,” “does your organization contribute to your retirement fund” and “value of retirement fund” were each significant. There are several reasons why health insurance may not show up: Health insurance could be paid for through a partner’s plan, or it could be entirely paid for by the employee, indicating there was no value to it in the organization’s compensation package. Pregnancy leave and retirement are both benefits that only the employee can access for him or herself. The presence of “retirement” and the absence of “pregnancy leave” could mean that pacesetting organizations are either run by men or run by women who are past child-bearing age. Nonetheless, competitive, pacesetting organizations are ones with whom other organizations must reckon in order to establish the attractiveness of their executive director positions.

Factor Two represents a *generous environment* in a benefit-friendly, standard-bearer organization. It is generous because it offers any and all benefits to support its staff leader. It is distinguished from the other factors through its moderate to strong loadings on each of the variables that represent compensation and benefits. It loaded strongly (.908-.551) for the variables referring to numbers of benefits including “all benefits index,” “number of benefits with direct cost to organization,” “number of benefits with indirect cost to organization,” “access to retirement fund,” and “offer unpaid pregnancy leave.” It loaded moderately (.371-.480) for benefits with monetary value including “organization contributes to retirement fund,” “paid pregnancy leave,” “organization pays any portion of health insurance,” and “base salary.” This factor represents an organization that is very supportive of its leader through every available employee benefit. One is likely to find a human resource expert affiliated with the organization, either through its board or the executive director’s training. This factor represents a strong, overall commitment to its staff. Remarkably absent is any loading on most of the revenue variables prominent in the *competitive environment* of a pacesetting organization, such as “donations from individuals, foundations, or corporations,” “revenue from ticket sales,” and even “board donations.” However, there is a weak loading on “line item from government,” indicating that this type of organization may have a connection with local, county, or state government. Its relatively weak loadings on other budgetary concerns including “actual total operating expenses,” “your base salary,” and earned income from “food service” indicate its revenue sources, while present, are not determinants of benefits offered to its employees. This is a reality typical of an organization with strong ties to a larger institution, such as a university, or a larger institutional field, such as county government.

Factor Three represents a *restrained environment* in a judicious organization. It has strong governance committed to the bottom line. Power is based in a management structure external to staff. A *restrained environment* helps this organization be successful in ways distinct from *competitive, pacesetting organizations*. What this type of organization lacks in “donations from individuals, foundations and corporations,” it gets through a combination of “line item from government” and “board donations.” Most striking in the variables that load strongly are “how many full-time staff” (.971), “line item from government” (.917), “board donations” (.791), “actual operating expenses” (.616), and “income from food service” (.554). It also shows a moderately weak loading

for revenue from “tickets” (.263). In comparison to Factor Two, this factor is “benefits averse.” It balances staff concerns with institutional ties to government, ties to the community through its board, concern for the bottom line, and customer-service through ticket sales and food service. It does not attract star leadership because it has strong governance through its political and board relationships. This organization attracts competent managers who are fairly and adequately compensated, just as all staff are in this organization. This is evident by its weak loadings for the salary and benefits variables “base salary” (.195), “paid pregnancy leave” (.180), “organization contribute to retirement fund,” (.132), “total value of benefits” (.131), and, most surprisingly, a negative value for “organization pay any part of health insurance” (-.133).

Factor Four represents a *hard-working environment* in a struggling, but principled organization. It struggles to do the most it can with its limited income, but it is nonetheless as supportive as it can be to its very hard-working leader. It represents a strong work ethic and high principles in its operations, and it emphasizes good pay, health insurance, a contribution to a retirement fund, and all the benefits that do not have any direct cost to the organization. These benefits are given in exchange for hard work from its leader. Notably absent is “paid pregnancy leave.” Factor Four has all the strengths of Factor Two with out any indicators of being swayed by budgetary pressures: There are no loadings on “actual total operating expenses,” “food service,” “line item from government,” or “board donations.” The strongest loadings come from the indicators of how much time the leader puts in: “full-time” (.935), “part-time” (*a strong negative variable at -.856*) and “average weekly hours” (.651). It has the strongest loading of any of the factors on “organization pay any portion of health insurance” (.505), indicating that not only does the organization provide this benefit, but the leader who works there also takes advantage of the organization’s willingness to provide this benefit.

**Discussion:** While the correlation matrix illuminates individual relationships between compensation and organizational variables, factor analysis shows how these variables cluster together in four distinct compensation environments. This analysis is useful for both executive directors and governing board members. Executive directors may see what they might expect to receive as a compensation package and what they might further request. Governing board members may see how they might improve their benefit package to offer a more competitive or generous package. Both executive directors and board members can see how their compensation packages align with the environments described here. They can use the four compensation models to evaluate the relationship of compensation to other characteristics of their organizational environments. They may find that they are more generous, more competitive, more restrained or more hard-working environments than they previously thought. Through reviewing the list of benefits assessed in this survey, they may consider adjusting their benefits package. Nonetheless, both executive directors and board members can see how organizational characteristics limit the range of what is possible. Each factor shows an organizational environment that balances governance, volunteer labor, budget, executive pay and benefits. Variation in compensation environments—from competitive or generous to restrained or struggling—shows how budget is not the only predictor of compensation.

## Conclusions

We have answered the five questions we set out to answer:

- What proportion of leaders managing the day-to-day affairs of Illinois arts organizations are full-time, part-time, or unpaid? Our findings show 61 percent are full-time, 16 percent are part-time, 5 percent are independent contractors, and 18 percent are unpaid.
- What is the scope of compensation available to these leaders? There is much discussion on this topic. In short, benefits are limited: Among full-time employees, 27 percent report receiving no benefits. The most typical benefits are flex-time (72 percent), access to health insurance (72 percent), unpaid pregnancy leave (56 percent), compensatory time (49 percent) and access to retirement fund (47 percent). Only 10 percent of respondents report their organization contributed to a retirement fund; and 28 percent, to health insurance.
- How does level of compensation compare to organization size? Base salary is strongly associated with budget size; however, budget is not the only determinant of salary. Benefits are not as strongly associated with budget size as they are to other variables.
- How do the credentials and experience of leaders affect compensation? Credentials and experience—measured by age, years on the job, years in the field, and level of education in years—are not significant variables associated with base salary, value of benefits, or number of benefits.
- How do other organizational factors effect compensation? Four factors were identified as compensation environments that affect compensation levels. These factors are described as a competitive environment, a generous environment, a restrained environment, and a hard-working, struggling environment.

This study moved beyond answering these questions. It shows that individual statistics, such as average salary or number of benefits, are only the tip of the iceberg in the story of executive compensation in the arts. By including all organizations large and small in the sample, we begin to see just how exceptional the arts labor market is: 40 percent of the organizations do not have full-time staff, and more than 50 percent of “new” staff leaders are coming to the field as a second career after turning 40. This picture leads us to consider: If arts nonprofits constitute a labor market, how does the existence of a substantial percentage of unpaid workers affect the market overall? The presence of unpaid and extremely low-paid executive directors in this sample is also another tip in the iceberg regarding the level of unpaid labor involved in the arts. Should we exclude or consider unpaid workers separately, perhaps simply as “volunteers,” while those who are paid are the real staff deserving of our consideration? I am inclined to say “no.” When we include the small organizations with part-time or unpaid staff, as we did in the study, we begin to see the glacier: that in fact, the arts are predominantly comprised of unpaid laborers. Those who are paid are the exception, albeit skilled, seasoned, and knowledgeable exceptions. We see how the range and scope of work performed by valuable unpaid contributors to the field helps shape the environments in which we work.

The factor analysis performed in this study gives us one way to understand the complex variations among and within arts organizations. We can see how some organizations balance governance, volunteer labor, budget, and executive compensation, and can be characterized as generous or hard-working, while others are just as competitive or restrained as we might find in other fields. Through this study, we see a complete and detailed picture of executive compensation in the arts in Illinois. The findings in this study can be accurately generalized to the national level. At the same time, this study only begins to paint the picture of the exceptional economy that is created through the arts. Furthermore, it only begins to address the question: How can arts nonprofits exist as a competitive labor market, able to attract, retain, and support talented leaders while embracing a vast pool of valuable yet unpaid laborers?

## Appendix A: Correlation Matrix

Correlation Matrix		Base salary		\$ Value of Benefits (q20-30)?		# All benefits		# Direct costs		# Indirect costs	
Q45 base salary in 2002	Pearson Correlation	1.000		0.784	**	0.566	**	0.562	**	0.475	**
	Sig. (2-tailed)	.		0.000		0.000		0.000		0.000	
	N	140.000		98.000		91.000		102.000		92.000	
q46 total benefits (q20-30)?	Pearson Correlation	0.784	**	1.000		0.360	**	0.339	**	0.310	**
	Sig. (2-tailed)	0.000		.		0.001		0.001		0.005	
	N	98.000		99.000		81.000		89.000		81.000	
all benefits index direct/indirect	Pearson Correlation	0.566	**	0.360	**	1.000		0.910	**	0.929	**
	Sig. (2-tailed)	0.000		0.001		.		0.000		0.000	
	N	91.000		81.000		95.000		95.000		95.000	
# benefits with direct costs	Pearson Correlation	0.562	**	0.339	**	0.910	**	1.000		0.693	**
	Sig. (2-tailed)	0.000		0.001		0.000		.		0.000	
	N	102.000		89.000		95.000		107.000		95.000	
# benefits with indirect costs	Pearson Correlation	0.475	**	0.310	**	0.929	**	0.693	**	1.000	
	Sig. (2-tailed)	0.000		0.005		0.000		0.000		.	
	N	92.000		81.000		95.000		95.000		96.000	
Q4 full time	Pearson Correlation	0.404	**	0.191		0.476	**	0.462	**	0.405	**
	Sig. (2-tailed)	0.000		0.059		0.000		0.000		0.000	
	N	115.000		99.000		95.000		107.000		96.000	
Q4 part time	Pearson Correlation	-0.363	**	-0.183		-0.453	**	-0.429	**	-0.386	**
	Sig. (2-tailed)	0.000		0.069		0.000		0.000		0.000	
	N	115.000		99.000		95.000		107.000		96.000	
Q14 average weekly hours	Pearson Correlation	0.344	**	0.231	*	0.422	**	0.398	**	0.379	**
	Sig. (2-tailed)	0.000		0.022		0.000		0.000		0.000	
	N	114.000		98.000		95.000		106.000		96.000	
check late index	Pearson Correlation	-0.332	**	-0.186		-0.299	**	-0.261	*	-0.263	**
	Sig. (2-tailed)	0.001		0.099		0.008		0.015		0.019	
	N	94.000		80.000		78.000		86.000		79.000	
Q20 org pay portion health ins.?	Pearson Correlation	0.408	**	0.249	*	0.651	**	0.627	**	0.557	**
	Sig. (2-tailed)	0.000		0.013		0.000		0.000		0.000	

Correlation Matrix		Base salary		\$ Value of Benefits (q20-30)?		# All benefits		# Direct costs		# Indirect costs	
	N	115.000		99.000		95.000		107.000		96.000	
Q23 Access to retirement fund?	Pearson Correlation	0.518	**	0.327	**	0.696	**	0.555	**	0.730	**
	Sig. (2-tailed)	0.000		0.001		0.000		0.000		0.000	
	N	115.000		99.000		95.000		107.000		96.000	
Q23 Org. contributes to retirement fund?	Pearson Correlation	0.524	**	0.408	**	0.605	**	0.628	**	0.549	**
	Sig. (2-tailed)	0.000		0.000		0.000		0.000		0.000	
	N	114.000		98.000		95.000		107.000		96.000	
Q24 Value org's retirement contrib.	Pearson Correlation	0.668	**	0.940	**	0.170		0.157		0.139	
	Sig. (2-tailed)	0.000		0.000		0.105		0.113		0.184	
	N	109.000		94.000		92.000		103.000		93.000	
Q28 Pregnancy Leave?	Pearson Correlation	0.291	**	0.124		0.553	**	0.650	**	0.409	**
	Sig. (2-tailed)	0.002		0.232		0.000		0.000		0.000	
	N	110.000		95.000		95.000		107.000		96.000	
Q29 Offer unpaid pregnancy leave?	Pearson Correlation	0.390	**	0.233		0.647	**	0.415	**	0.758	**
	Sig. (2-tailed)	0.000		0.029		0.000		0.000		0.000	
	N	102.000		88.000		95.000		100.000		96.000	
Paid days off	Pearson Correlation	0.523	**	0.326	*	0.633	**	0.533	**	0.612	**
	Sig. (2-tailed)	0.000		0.020		0.000		0.000		0.000	
	N	54.000		51.000		51.000		53.000		51.000	
Q52 How many full time staff?	Pearson Correlation	0.389	**	0.303	**	0.238	**	0.188		0.222	**
	Sig. (2-tailed)	0.000		0.002		0.021		0.053		0.030	
	N	121.000		98.000		94.000		106.000		95.000	
Q54 Actual total operating expenses	Pearson Correlation	0.679	**	0.824	**	0.260	*	0.235	*	0.226	*
	Sig. (2-tailed)	0.000		0.000		0.012		0.017		0.028	
	N	135.000		96.000		93.000		103.000		94.000	
Q56a line item from government	Pearson Correlation	0.314	**	0.209		0.345	**	0.261	*	0.334	*
	Sig. (2-tailed)	0.006		0.116		0.009		0.046		0.011	
	N	75.000		58.000		56.000		59.000		57.000	
Q56eboard	Pearson Correlation	0.621	**	0.660	**	0.267	*	0.227		0.250	
	Sig. (2-tailed)	0.000		0.000		0.039		0.069		0.052	
	N	80.000		64.000		60.000		65.000		61.000	
Q56f Donations - ind, fdns, corps	Pearson Correlation	0.722	**	0.940	**	0.185		0.188		0.142	

Correlation Matrix		Base salary		\$ Value of Benefits (q20-30)?		# All benefits		# Direct costs		# Indirect costs	
	Sig. (2-tailed)	0.000		0.000		0.113		0.091		0.220	
	N	104.000		78.000		75.000		82.000		76.000	
Q56 h tickets	Pearson Correlation	0.806	**	0.974	**	0.240		0.231		0.195	
	Sig. (2-tailed)	0.000		0.000		0.072		0.070		0.142	
	N	80.000		59.000		57.000		62.000		58.000	
Q56l food	Pearson Correlation	0.899	**	0.853	**	0.448	*	0.474	**	0.369	*
	Sig. (2-tailed)	0.000		0.000		0.011		0.006		0.041	
	N	36.000		28.000		31.000		32.000		31.000	
**	Correlation is significant at the 0.01 level (2-tailed).										
*	Correlation is significant at the 0.05 level (2-tailed).										
a	Cannot be computed because at least one of the variables is constant.										

## Appendix B: Rotated Factor Matrix

Rotated Factor Matrix <sup>a</sup>				
	Factor			
	1	2	3	4
Q24 Value of organization's retirement contribution	.981			
Q56f Donations - individuals, foundations, corporations	.978			
Q56 h tickets	.956		.263	
q46 total benefits (q20-30)?	.927	.212	.131	.130
Q54 Actual total operating expenses	.774	.119	.616	
Q56l food	.759	.114	.554	
Q45 what was your base salary in 2002	.620	.371	.195	.333
all benefits index direct and indirect added		.908		.141
number of benefits with indirect costs		.829		.106
number of benefits with direct costs to organization		.714		.244
Q23 Access to retirement fund?	.129	.579		.350
Q29 Offer unpaid pregnancy leave?		.551		.131
Q23 Organization contribute to a retirement fund?	.213	.480	.132	.233
Q28 Pregnancy Leave? Paid days off	.188	.308		.160
Q52 How many full time staff?	.166	.143	.971	
Q56a line item from government		.196	.916	
Q56eboard	.579		.791	
Q4 full time		.232		.935
Q4 part time		-.194		-.856
Q14 average weekly hours		.214		.651
Q20 organization pay health insurance?		.426	-.133	.505
check late index		-.100		-.137

Extraction Method: Principal Axis Factoring.  
 Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 7 iterations.

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