

## Case for Support

### **Possible points to make in a proposal from a sponsoring organization to a funder for a grant to produce a Fairpay compensation and benefits survey for nonprofits in your community:**

Nonprofits in our community need the information found in a local or regional compensation and benefits survey to help them:

- Set salaries and benefits that are fair to both their employees and funders in order to attract and retain the best qualified and experienced employees, minimizing staff turnover.
- Evaluate nonprofit industry standards for compensation for a range of positions in their local or regional economic market. There are national salary and benefits surveys, such as the NonProfit Times annual salary survey, the Chronicle of Philanthropy annual compensation report and the Guidestar compensation report. Most of these only report on several of the highest paid positions and have little relation to what nonprofits pay in their own local community. In essence, they give nonprofits, particularly the small to medium sized, a lot of information that they don't need and not enough of what they do need.
- Stand up to the scrutiny of an increasingly skeptical public and avoid problems with the IRS, which is currently monitoring nonprofits to ferret out those who are paying exorbitant salaries and benefits to their top executives. In addition, other government agencies and state and federal legislation to make nonprofits more accountable are looming on the horizon.

A new FAIRPAY survey will be even more useful to our nonprofit community because of extensive changes that the Internal Revenue Service has made to the Annual Form 990 information tax return.

Since 2001 the IRS has encouraged charities to go through a set of steps to ensure that executive compensation is set appropriately. On the new form 990, the IRS has standardized reporting to make comparing salaries easier and is requiring charities to provide information about the process they use to set the salaries of employees who receive \$150,000 or more in total compensation.

A new FAIRPAY survey will help nonprofit organizations in our community navigate through this new process and will be a primary tool to help them document the rationale they use to set the salaries they pay their executives.

California's Nonprofit Integrity Act requires board approval of CEO and CFO compensation and benefits. As many as 20 other states are considering similar legislation.

Good salary and benefits information for nonprofits in our community will help them get their organizations in order before the regulatory storm arrives.

We get numerous salary and benefits questions daily from board members, executive directors, human resources staff and others at local nonprofits, but have no information to give them and no where to send them to get it.

Fairpay Proposal Points for Funders

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**Our publishing a survey in our community will be good for us (the sponsoring organization) as it will help us:**

- increase our visibility in the community
- enable us to fulfill our mission
- generate a new source of non-philanthropic income.

Funding the survey will provide good public exposure for the foundation or corporation who funds it.

Two of the four surveys currently conducted by the Fairpay team are sponsored or funded, as follows:

Northern California: Hood & Strong (a regional CPA firm)  
Pittsburgh: United Way of Allegheny County

There are also regional salary and benefit surveys produced by statewide associations and management support organizations in:

Colorado  
Delaware  
Georgia  
Louisiana  
Maine  
Michigan  
Minnesota  
New Jersey  
South Carolina  
Utah  
Vermont  
Seattle, WA  
Dallas, TX  
Louisville, KY  
New York State  
Phoenix, AZ  
Kansas City, MO

The proposal should also include a description of what is in a Fairpay survey and why it is of such high quality (see Fairpay web copy).

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