

Candid Nonprofit Compensation Report Best Practices



Overview

The 2023 Candid (formerly GuideStar) Nonprofit Compensation Report continues to be the most comprehensive compilation of nonprofit key employee compensation available and is the only large-scale analysis of its kind. The Candid report is a valuable resource to use when evaluating nonprofit executive compensation.

The 23rd edition is based on observations from nearly 124,000 Form 990s filed by 501(c) organizations with the IRS for fiscal year 2021. The compensation report traditionally includes data for two fiscal years prior to the year of publication to account for the extensive data collection and analysis process. Council boards of directors should be aware of this lag when determining current competitive compensation. While this lag is reasonable and consistent with IRS' records, there could be some market challenges when using data that lags the market.

NOTE: Council use of the Candid Compensation Report is limited to online viewing only due to licensing restrictions. Councils and their boards may not print or share the report. Your continued use and viewing of the 2023 Candid Compensation Report indicates your acknowledgement and acceptance that the 2023 Candid Compensation Report is for viewing only and is not permitted for download. If you do not agree to these terms, you and your authorized representatives may not access or use the Compensation Report.

Compensation Planning

GOTR HQ encourages council staff and board leadership to commit to compensation practices that achieve the following:

- Align with the fundamental mission, vision and values of Girls on the Run
- Preserve and enhance the vitality of Girls on the Run
- Attract and retain exceptional staff best able to advance the mission of Girls on the Run
- Nurture pride, dignity and joy in work
- Foster a culture of teamwork, innovation, joy and trust

The Candid Nonprofit Compensation Report is a valuable resource for organizations seeking insights into nonprofit executive compensation. To effectively use the report, follow these steps:

1. **Access the Report:**
 - View the report on the Girls on the Run Council Portal.
2. **Understand its Value:**
 - Recognize that the report is the most extensive compilation of nonprofit executive compensation data available, offering a large-scale and unique analysis.
3. **Utilize for Decision-Making:**
 - Leverage the report to make informed decisions about nonprofit executive compensation within your council.
4. **Benchmarking:**
 - Compare your council's compensation practices with the data provided in the report to establish competitive and fair compensation levels.
5. **Strategic Planning:**
 - Incorporate the insights gained from the report into your organization's strategic planning for recruitment and employee retention.
6. **Stay Updated:**
 - Access updated versions of the report at least annually to remain informed about evolving trends and benchmarks in nonprofit compensation.

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7. Documentation:

- Use the report as a reference point for documenting and justifying your organization's compensation decisions, ensuring transparency and compliance.

8. Adaptation:

- Adjust your organization's compensation strategies based on the trends and findings outlined in the report to stay competitive and attractive to qualified talent.

By effectively using the Candid Nonprofit Compensation Report, organizations can enhance their understanding of industry compensation trends and make strategic decisions to ensure fair and competitive compensation for key employees.

Compensation Report Content

The Compensation Report includes compensation data by Budget Size in the following categories:

- **Job Titles** – CEO/ED, and other top positions.
- **NPO Industry Categories** – when possible, the 'Recreation, Sports, Leisure, Athletics' and 'Youth Development' categories are most suitable comparisons for Girls on the Run councils.
- **Scope of Reporting** – National, State or Metropolitan Statistical Area (MSA) aka major city level. In instances where data is not reported for a certain MSA, this typically means that the data pool was too small to include the area in the report. In this case, refer to other, similar MSAs or state level data instead.
- **Incumbent Compensation Increases** – see the percentage of compensation increase after a staff change.
- **Percentiles**
 - 10th percentile – 10% of the people reported upon in the category made less than this amount, and 90% made more.
 - 25th percentile – 25% of the people reported upon in the category made less than this amount, and 75% made more.
 - 50th percentile – 50% of the people reported upon in the category made less than this amount, and 50% made more.
 - 75th percentile – 75% of the people reported upon in the category made less than this amount, and 25% made more.
 - 90th percentile – 90% of the people reported upon in the category made less than this amount, and 10% made more.
- **Compensation Report Executive Summary and Methodology** – Pages 4 -16 of the 2023 Compensation Report covers the Executive Summary and Methodology. Read this section for a better understanding of the listed Job Categories, Output Display, Geography (MSAs), and Organization Type (NTEE Major Groups and NTEE Decile Groups).

Assessing Compensation

To begin, refer to the following datasets in the designated page ranges of the Nonprofit Compensation Report to access information specific to your state, metropolitan statistical area (MSA), organization type, and/or budget size. All states and MSAs are reported alphabetically.

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- National Compensation by Budget Size: (pp. 17 – 22)
- State Compensation by Budget Size: (pp. 617 – 764)
- Compensation by State, NTEE Major Group* and Budget Size: (pp. 957 – 1381)
- Compensation by State and NTEE Decile Group**: (pp. 1382 – 1897)
- Compensation by MSA, NTEE Major Group and Budget Size: (pp. 2024 – 2610)
- Compensation by MSA and NTEE Decile Group: (pp. 2611 – 3166)

* NTEE Major Group for Girls on the Run = Youth Development

** NTEE Decile Group for Girls on the Run = Youth Development; Youth Development Programs

Candid's developers regard the median (midpoint) as a valuable compensation metric in the assessment process. This is because 50% of organizations will fall above it and another 50% will fall below. Averages, on the other hand, include significant outliers that can drastically skew the data. When the average and median figures are within close range of one another, it suggests that compensation figures are relatively evenly distributed among organizations in that category.

Compensation Guidelines:

1. **Regulatory and Legal Compliance:** The compensation policy of Girls on the Run councils must adhere to all regulatory and legal requirements of compensation in a 501(c)(3) non-profit organization. The Girls on the Run council board of directors and management should annually review compensation data to assure such consistency.
2. **Base Salary and Total Cash Compensation Target Levels:** Girls on the Run councils should aim to compensate employees at the median of total cash compensation for comparable jobs in comparable organizations. Girls on the Run councils are encouraged to review compensation information on comparability from Candid and other reliable resources.
3. **Annual Base Salary Adjustments:** Girls on the Run councils must strive to provide competitive total compensation to attract and retain talent. Through the budget process, management should annually review comparative compensation data and provide increases, when possible, based on the financial sustainability of the organization, to ensure salaries are competitive. Overall salary investment must be approved by the board as a part of the budget process, recognizing the goals of the compensation policy and the overall financial outlook of the Girls on the Run council.
4. **Board Review and Approval of Executive Compensation for Independent Council Directors:** The annual compensation and benefits of the council director must be approved by the Board of Directors of the Girls on the Run council. It must document how it reached its decision, including the data on which it relied, in the minutes of the meeting during which the compensation was approved. Documentation will include a description of the compensation and benefits and the date it was approved, the members of the board who were present during the discussion about compensation and benefits, any actions taken (such as abstaining from discussion and vote), and the results of the vote.

Questions? Email humanresources@girlsontherun.org.

Resources

- Candid website: www.guidestar.org