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Excessive Executive Compensation Needs to Be Stemmed

By Pablo Eisenberg

Fast-spiraling salaries have become the norm for top officials of large foundations -- and a growing number of executives seem to see fat paychecks as an entitlement. This corporatelike pay structure is beginning to undermine the integrity of major foundations and public confidence in them, as well as in the small foundations that mimic their big sisters' grandiose spending habits.

Nothing could have made it clearer that chief executives and their boards believe a high salary is paramount than the situation at the Daniels Fund, in Denver. Just as Hank Brown, president of the fund, was laying off 21 staff members and closing the foundation's offices in New Mexico, Utah, and Wyoming to cut spending on administrative costs, he accepted a \$30,000 raise, bringing his annual pay to \$400,000. Although Mr. Brown said the board did not accept his offer to take a pay cut, his objections appeared to lack much conviction. He could just have said "no" or perhaps that the devil made him do it.

Mr. Brown's salary is now the same as that paid to the president of the United States, and compared with other foundation executives, both Mr. Brown and George W. Bush rank fairly low on the salary scale. More than two dozen chief executives received more than \$400,000 in salary in 2002, not to mention generous benefits, according to The Chronicle's most-recent survey (October 2, 2003). Of those, 12 were paid more than \$500,000, and two received more than \$600,000. Several others were within \$5,000 of reaching the \$400,000 level.

Leading the pack was Thomas Lofton, chairman of the Lilly Endowment, who earned \$822,000 in 2002. The endowment's president, N. Clay Robbins, received \$660,000, the second-highest salary among top foundation officials. Taking into account their generous benefits -- a combined \$590,000 -- the two received more than \$2-million in compensation.

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Many foundation heads receive perks such as cars, deferred compensation, club memberships, parking allowances, and supplemental disability and life insurance. Quite a few have sizable expense allowances. Among the largest: \$139,476 for Charles Overby, chairman of the Freedom Forum; \$117,375 for Vartan Gregorian, president of the Carnegie Corporation of New York; \$89,964 for William Bowen, president of the Andrew W. Mellon Foundation;