Center for Nonprofit Excellence
Compensation Philosophy
August 20, 2019

COMPENSATION PHILOSOPHY

Center for Nonprofit Excellence (CNE) seeks to recruit and retain qualified, high-performing, and motivated employees to fulfill the organization’s mission and support the organization’s strategies and values. Fair compensation of employees is integral to this goal.

In establishing compensation levels, CNE recognizes that its character as a public benefit nonprofit employer creates special considerations that relate to public trust and confidence.

The policy of CNE is to provide compensation that is fair, reasonable, and consistent with compensation paid in the nonprofit sector for positions of comparable complexity and responsibility (market-based). The goal of this policy is to recruit and retain high-performing employees and to motivate, recognize, and reward excellent performance (performance-driven).

COMPENSATION STRUCTURE

CNE’s compensation package for employees may include a salary or hourly base wage, appropriate performance-based pay, and one or more of the following benefits:

- Subsidized health and long-term disability insurance for employees working 20 hours per week or more;
- Paid time off for employees working 20 hours per week or more;
- Employer matching contributions to a 403(b) retirement plan for all eligible employees.

It is the goal of CNE to offer compensation at the top quartile (25%) of the market, and to offer a path to and develop employees into this top quartile based on performance and provided the organization’s fiscal performance can support it. The organization’s compensation system will include periodic adjustments to pay ranges based on market analyses as well as changes in the nonprofit sector, subject to organizational financial constraints. Any adjustments to pay will be consistent and comparable with practice in the nonprofit sector, with the understanding that CNE takes seriously its responsibility to model competitive sector compensation.

ROLE OF THE BOARD OF DIRECTORS

*In General:* The Board of Directors is responsible for the establishment of policies and procedures to ensure that employee compensation is fair and reasonable, performance driven, market-based, and well-documented.

*Committee of the Board of Directors:* The Executive Committee oversees all compensation matters on behalf of the Board of Directors and may consult with outside advisors as needed in adhering to the Compensation Philosophy.
Compensation of Executive Director. The Executive Committee reviews Executive Director performance and compensation benchmarking analyses and makes recommendations to the Board of Directors regarding compensation paid to the Executive Director. The Executive Committee ensures that the basis upon which such compensation recommendations are made are well-justified, reasonable, and documented.

PROCEDURES

Every 3 years the Executive Committee shall conduct a compensation audit. This audit shall include, as available, a comparative analysis of compensation paid by CNE to compensation paid by local, regional, sector, and national nonprofit organizations. This analysis shall also consider compensation levels within the local Charlottesville employment market, including compensation at for-profit entities. This process is designed to benchmark CNE’s practices against relevant market data.

Compensation benchmarking tools. Benchmarking tools used may include,

- Salary and benefit compensation studies by independent sources*
- Written job offers for positions at similar organizations
- Documented telephone calls about similar positions at both nonprofit and for-profit organizations
- Information obtained from the IRS Form 990 filings of similar organizations

In making such comparisons, job descriptions, special requirements and skills, and the level of complexity and responsibility related to each position are examined.

Concurrent Documentation. To approve the compensation for the Executive Director, the Board must document how it reached its decisions, including the data on which it relied, in 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 and implemented;
- The members of the board who were present during the discussion about compensation and benefits, and the results of the vote;
- A description of the comparability data relied upon and how the data was obtained; and
- Any actions taken (such as abstaining from discussion and vote) with respect to consideration of the compensation by anyone who is otherwise a member of the Board but who had a conflict of interest with respect to the decision on the compensation and benefits.

*Salary and benefit compensation studies by independent sources may include:

• Regional Nonprofit Sector Benchmark: Center for Nonprofit Excellence Compensation Survey for Central Virginia (Charlottesville: Center for Nonprofit Excellence).


(Note: The above surveys are published annually or every other year, and the then-most recent and available survey is used for annual benchmarking purposes.)