

Marin foundation exec pay detailed

By Richard Halstead IJ, The Marin Independent Journal

April 21, 2005 - Nineteen administrators at the Marin Community Foundation earned salaries of more than \$100,000 last fiscal year.

The administrators, whose salaries ranged from \$103,940 to \$364,734, earned a combined \$3.15 million - not including benefit packages.

Top foundation salaries were highlighted after an order by the judge that oversees the foundation. Santa Clara Superior Court Judge Jack Komar ordered that any salary over \$100,000 be broken out of the foundation's voluminous semi-annual reports to the court.

Komar's order coincided with Senate Finance Committee hearings last summer that delved into abuses at charities and foundations, including excessive compensation. At about the same time, the Internal Revenue Service announced plans to crack down on 2,000 nonprofit organizations for paying excessive salaries or benefits to top managers.

Foundation watchdogs say the Marin Community Foundation's salaries appear to be in line with those at institutions of similar size and type in other parts of the country. They question, however, whether the generous size of foundation salaries in general is justified.

A San Francisco-based advocacy group for minorities has criticized the size of the salaries paid to administrators working for one of the Marin Community Foundation's special projects, the Buck Institute for Age Research. The foundation and the projects each have their own board of trustees who set the salaries. The trustees themselves receive no pay.

The Greenlining Institute in San Francisco has petitioned the state to cap salaries paid to employees of a new stem cell research institute that is being created as a result of the passage of Proposition 71 in November. Greenlining says no employee of the California Institute of Regenerative Medicine should be paid more than \$290,000, the highest annual salary of an institute director at the National Institutes of Health.

"The same principle should apply to the Buck Institute for Age Research," said Robert Gnaizda, Greenlining's general counsel and policy director. "There isn't any demonstration that high salaries are essential to getting very qualified people for prestigious administrative positions."

Phyllis Faber, who heads the Institute for Age Research's board of trustees, said Greenlining's effort to cap salaries is wrong.

"That's a stupid thing to do," Faber said. "That's like capping the price of oil at \$1.50. If you

establish a cap, then market forces can't play and you don't get the best. We're trying to build a world-class institute here."

Nine of the Institute for Age Research's administrators earn more than \$100,000. Their combined salaries amounted to \$1.6 million last year. By comparison, the Marin Community Foundation had eight administrators who were paid more than \$100,000 last year. Their salaries totaled \$1.2 million.

The Institute for Age Research is one of three special projects that was created as part of the 1986 court ruling that created the Marin Community Foundation. The legal decision reaffirmed that the foundation's giving should benefit only Marin residents. The special projects were created to balance the decision, because they would benefit people outside the county. The Institute for Age Research conducts biomedical research to detect, prevent, and treat diseases such as Alzheimer's, Parkinson's, cancer and heart disease.

Only 34 percent of the institute's \$21.2 million budget will come from the trust that funds the foundation this year, said Dale Bredesen, the institute's chief executive. The other 66 percent is covered by grants and donations.

The institute must offer attractive salaries because it competes for employees with universities and other public institutions, which can offer tenure and assorted perks, such as voluminous research libraries, Bredesen said.

"There is no security at the institute," Bredesen said. Institute employees, many of whom are scientists with doctorates, receive five-year contracts, he said.

Bredesen is paid considerably more than the foundation's chief executive, Thomas Peters. Bredesen's salary last year was \$364,734; Peters' salary was \$260,000.

"That doesn't surprise me at all because of the technical nature of the work they do," said Gary Strankman, a special master appointed by the court to monitor the foundation and the projects. Strankman receives an annual salary of \$93,494 for the work he does.

The chief executive of the Salk Institute for Biological Studies in San Diego received a salary of \$471,534 and an expense account of \$146,122 in 2003, the most recent year for which information was available. The Salk Institute is about five times larger than the Institute for Age Research.

Bredesen is a molecular biologist who established himself as a pioneer in the study of Alzheimer's, Huntington's, Lou Gehrig's and Parkinson's with his research into neural cell death.

"He has a hugely responsible job," Faber said. "He's the person who articulates the vision for the Buck Institute."

Peters' salary is "not out of whack with the industry by any stretch of the imagination," said Rick

Cohen, head of the National Committee for Responsible Philanthropy. "If he were sitting in the New York Community Trust, he would be sniffing at \$260,000."

With more than \$1 billion in assets, the Marin Community Foundation is the fourth-largest community foundation in the nation. It ranks 42 among all foundations, based on asset size.

"All the salaries of the executives are set based on comparables with other agencies of like nature," Strankman said.

"Community foundations are very complex and it takes really good people to do all of the things we do," said Sara Barnes, chairwoman of the foundation's board of trustees. "I and the board are comfortable with the salaries and very pleased with the leadership we have."

According to a Council on Foundation's salary survey, the median salary for a foundation chief executive was \$110,000 in 2004; the median salary for a program officer was \$67,057. The survey, however, lumps together different kinds of foundations in different parts of the country with varying costs of living. The council reported that median salaries in the western United States were almost 6 percent higher.

The council also found that chief executives' salaries increased with the number of assets their foundation managed. The median salary for chief executives whose foundations manage \$250 million in assets or more was \$225,000.

Marin Community Foundation's administrators do more than dole out money to grant applicants, Peters said. They also work to attract new donors to the foundation. In addition to the initial trust established by Marin resident Beryl Buck, which now amounts to about \$850 million, the foundation manages another \$150 million, entrusted to it by more than 300 individuals, families and businesses.

The donors of these funds decide how much and to whom to give the money each year. Last year, they provided more than \$14 million to Marin organizations. And new money continues to pour in.

Peters said this year the foundation will set an "all-time record on new money coming into the foundation." The amount of money supplied to Marin organizations by these donor-controlled funds this year will rise to \$20 million, Peters estimated.

But while Peters' salary is on par with the salary of other foundation chief executives, "It is certainly a much better salary than most of the nonprofits that may be assisted by foundations," Cohen said. "Many nonprofits can't make payroll given current grantmaking practices."

Peters announced in January that the Marin Community Foundation will cut its giving by \$2.5 million this year to \$27 million, and expects to have to trim another \$2 million over each of the next two years due to the stock market's poor performance since 2000. The foundation limits its giving each year to an amount equal to 5 percent of the value of its assets.

Some local nonprofits responded to the bad news with a request that the foundation boost its giving temporarily.

"They don't have to give the 5 percent minimum," said Veronica Reed, director of the Novato Youth Center. The Internal Revenue Service requires foundations to give at least 5 percent of its assets each year, Reed said.

But Peters says the only way to guarantee the continued existence of the trust is to hold the line on allocations.

"There is an interesting thing about large foundations. They look after themselves very well. As a matter of fact, you could put a sign on the front door that says: after us you come first," said Bill Sommerville, president of the Philanthropic Ventures Foundation in Oakland.

Philanthropic Ventures, which Sommerville co-founded, specializes in giving out \$5,000 to \$15,000 grants with a minimum of red tape. Sommerville says the pay of foundation administrators should be judged according to the public's perception of the foundation's performance.

"Is the foundation serving the public in a dynamic, outstanding way? If it is not, then indeed they are overpaid," Sommerville said. "If it is, then maybe they deserve the money they're getting."

Sommerville said foundations need to make it easier for the people who really need help to get grants.

"I'm talking about finding people rather than just waiting for the mail," Sommerville said. "I'm talking about funding things regardless if they're incorporated as charitable organizations. I'm talking about giving grants quickly."

"There is a slice of the foundation world that may be taking salaries that are really not warranted," Cohen said.

In 2001, the Greenlining Institute criticized the Marin Community Foundation for ignoring low-income Latinos and other minority groups in Marin. But Gnaizda said the foundation, under Peters' leadership, has improved its performance since then.

"It appears far more is being distributed to low-income nonprofits and to those who represent underserved minorities," Gnaizda said.

Contact Richard Halstead via e-mail at rhalstead@marinij.com