

United Way president gets benefits boost

By Kerry Hall

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Charlotte's United Way has boosted retirement benefits for its top official to more than \$800,000 – more than six times the previous year, according to the agency's latest tax filing.

The nonprofit contributed \$822,507 to President Gloria Pace King's employee benefit plan in the fiscal year ending June 2007, up from \$108,590 the previous year.

King's annual compensation, including salary, benefits and expense account, now tops \$1.2 million.

The agency said in its tax filing that the increase was part of a new Supplemental Executive Retirement Plan created last year for select managers. The current contribution includes 18 months' expense because the plan is retroactive to Jan. 1, 2006, according to the filing. It may also include payments promised in 2001 but not delivered.

Observer calls Tuesday afternoon to the United Way requesting comment from King and other officials were not returned.

Graham Denton, the agency's board chairman, told the Observer's news partner WCNC that King's compensation was deserved.

"She has been here 14 years. She's done a terrific job," Denton told WCNC-TV, the Observer's news partner, which first reported the story.

“We're just fortunate to have what I think is one of the best United Way CEOs in the country. I think she's earned what we pay her.”

United Way executives are typically paid more than other nonprofit managers, said Aaron Dorfman executive director of the National Committee for Responsive Philanthropy, a charity watchdog group.

Still, Dorfman said, he's rarely seen such a big jump in compensation.

“Nonprofit executives deserve fair compensation packages, but this is outrageous,” he said. “Why do people believe that we can retain the trust of the public when we pay people at outrageous levels like this?”

In its annual survey of nonprofits in Washington, Professionals for Nonprofits found managers of social service, educational and arts and culture nonprofits with budgets of \$50 million or more earned \$240,000 to \$300,000 in annual salary. The survey did not include benefits.

United Way of Central Carolinas supports 98 agencies in Mecklenburg, Union, Cabarrus and Anson counties. Last year, under King's leadership, it raised a record \$44 million. King earned a salary of \$365,000 in fiscal 2007.

During that same time, the United Way of Greater St. Louis paid its top executive \$254,487 in salary and contributed \$75,826 for health, dental, life and pension benefits, according to the agency's tax filings. The St. Louis United Way raised almost \$69 million last year.

In Atlanta, the United Way of Metropolitan Atlanta supplemented its CEO's pension with a lump sum of nearly \$1.6 million in cash before he retired in July 2007. Atlanta officials raised almost \$79 million in 2007.

A 2002 Observer investigation compared Charlotte's United Way with other United Way agencies and found King's total pay was fifth-highest among executives for the 50 largest United Ways. Her total compensation in 2001 was \$303,037, including \$30,058 for an employee benefit plan, according to tax returns.

Denton said the goal is to enable King, who is in her early 60s, to draw 60 percent of her salary once she retires. He said she is eligible to retire in three years. It's unclear what future retirement contributions will be, but Denton said they would be less than the current amount.

Additional retirement payments are common in the private sector. They are used to compensate high-level executives, whose pensions are capped by federal tax law.

King's new retirement plan was originally intended to start in 2001 but it didn't. It's unclear why. As a result, future contributions will be larger "than they would have been" to make up for the lost years, the tax filing says.

Late Tuesday, the Observer asked for copies of King's original employment agreement and any changes made to it since her hiring. The United Way said it would provide the information today.

One consultant wonders why Charlotte's United Way didn't account for King's increasing retirement benefits in the past.

"I think the tough question to answer is if this was promised to (King) in 2001, why was it never booked as a liability for the organization," said Barbara Clare, financial services director for the Management Assistance Program for Nonprofits, a consulting firm that provides technical assistance to nonprofits in the Minneapolis-St. Paul area.

"They should have put it on (the tax form), if it was part of an agreement. And if it wasn't part of an agreement, why are they paying her retroactively to that date?"

Dorfman said it is unusual for nonprofit managers to receive a guaranteed percentage of pay upon retirement. He said he thinks such payments will turn off donors.

"I don't think the people who donated to the United Way wanted their contributions going for excessive executive compensation," he said.

King, who grew up in Cleveland, Ohio, beat out 175 applicants to become head of the United Way of Central Carolinas in 1994.

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