

Most of America's 50 Richest Funds Pay Their Board Members

By Lisa Chiu

The Chronicle of Philanthropy

July 24, 2011

When James Buchanan Duke signed his name to the document that would create the Duke Endowment in 1924, the tobacco and hydroelectric-power tycoon gave clear instructions that are still followed nearly 90 years later. The fund continues to have 15 trustees who meet 10 times a year, and its founding document is still read aloud on an annual basis.

And it also still follows Mr. Duke's order to pay its board members.

Duke is hardly alone. A *Chronicle* analysis finds that 38 of the nation's 50 wealthiest foundations compensate board members, awarding a total of more than \$11-million to their trustees, according to the latest available informational tax returns. But in some corners, the practice is drawing scrutiny.

Lawmakers in the Massachusetts Senate voted in May to ban payments to trustees at all nonprofits, including foundations that are registered in the state. The proposal, which didn't pass as part of a budget bill, is still waiting to be considered by the state legislature.

Emotional Debate

At the heart of the debate in Massachusetts and elsewhere are questions about whether foundations should keep giving money to trustees at a time when nonprofits face struggles to attract private and government aid because of the bad economy. The debate often grows emotional because very few charities pay their board members.

"Far and away, most foundation trustees are upper-middle class or higher, so there's no justification for the need for compensation," says Aaron Dorfman, executive director of the

National Committee for Responsive Philanthropy, a foundation watchdog in Washington. "There's been no data to support the contention that compensating trustees actually results in better board service."

[Read the full article](#) .