



TRYING TO CLOSE THE WAGE GAP BETWEEN MEN AND WOMEN HAS BEEN A LONG STRUGGLE IN MANY SECTORS, INCLUDING AMONG NONPROFITS THAT WORK FOR THE GREATER GOOD. THE BAYER CENTER FOR NONPROFIT MANAGEMENT IS RAISING AWARENESS ABOUT THE ISSUE IN THE PITTSBURGH REGION AND OFFERING GUIDELINES FOR CHANGE.
BY CHRISTINE H. O'TOOLE

THE GAP

When Patricia Arquette used her Feb. 22 Oscar acceptance speech to demand fair pay for women, it wasn't just Hollywood stars who gave her a rousing ovation.

Television viewers saw actresses Meryl Streep and Jennifer Lopez cheering as Ms. Arquette declared, "It's our time to have wage equality once and for all, and equal rights for women in the United States of America." Some 2,400 miles away, women in Pittsburgh's nonprofit sector applauded, too.

Recent analyses of the region's nonprofits have revealed a significant pay gap between men and women executives. The studies

include a report that Bob Orser and Rita Haronian of the Nonprofit Compensation Associates prepared for the Bayer Center for Nonprofit Management at Robert Morris University. It shows that although 64 percent of executive directors at nonprofit agencies in the Pittsburgh region are women, their average pay was just 75 percent of the average salary for men—\$101,475 compared to men's \$135,170. Overall, women's nonprofit pay has stalled at 74 cents for every dollar earned by men, even as women comprise 74 percent of all employees in the sector.

The statistics echo the universal gender gap between men's and women's salaries. Still, women in corporate positions out-earn their sisters in the nonprofit sector, making 81 cents to each male dollar. The gap is not only wider in nonprofits, it affects many more employees. Such imbalance within organizations founded to do good, rather than to earn profit, is ironic.

"Although we are the social justice sector, we have greater inequity than in business and, I believe, in government," says Peggy Outon, executive director of the Bayer Center and head of its 74 Percent Project, which conducts research on female nonprofit leaders. "We are the most unjust. I respect the kindness and generosity and idealism of nonprofit employees, so this is dismaying."

Yet, Heather Arnet, CEO of Pittsburgh's Women and Girls Foundation, emphasizes that the basic issue is the same across both the business and the nonprofit sectors. "People know there's a wage gap," she says. "What they don't know is how to fix it."

The findings have prompted a wave of attention, including from The Heinz Endowments, which has a long history of supporting groups that address issues affecting women and girls. These include the Women and Girls Foundation, YWCA Greater Pittsburgh and a variety of other nonprofit organizations.

"Gender equality has long been a priority for the Endowments and our chair, Teresa Heinz," says Foundation President Grant Oliphant. "The fact that pay inequity continues to be a major challenge in the 21st century is unconscionable. It also is profoundly troubling that our region's nonprofit sector has such a poor record in this area."

Ms. Outon welcomes the concern. "In our sector, the fact that three-quarters of our workforce are women makes this issue critically important to the future," she says.

The Bayer Center also is committed to stimulating the conversation with public events as well as data. It sponsored a debate on the issue on April 14, aptly dubbed Pay Equity Day. In addition, the center commissioned a new theatrical work by Pittsburgh playwright Tami Dixon, producing artistic director of Bricolage theater company, based on Outon's interviews with women in the sector about their career paths. The Bayer Center plans to expand performances at future public events.

"Employing the arts in broadening understanding of this cause is very important," says Janet Sarbaugh, senior director of the Endowments' Arts & Culture Program. "Statistics about pay equity, like a lot of data, can be dry and disassociated from real human beings. Peggy and Tami have done something very important in employing the arts to do what we all know they do so well—convey powerful emotion and personal stories. Their work brings the issue to life in a way that no report can ever do."

Since 2002, Ms. Outon has analyzed IRS filings and wage and benefit data from local organizations, excluding health care and education giants. She also interviewed nonprofit leaders in depth. She makes the case that nonprofits—and in particular, their boards of directors—must change their human resource policies to attract

and retain talent while ensuring that boomer employees reaching the end of their careers can afford to retire.

The board of YWCA Greater Pittsburgh took the issue to heart when it recently hired a consultant to benchmark its CEO's pay and found that Maggie Jensen's salary "was not in the median, and took steps to rectify that," says Ms. Jensen. "I was surprised. The action came from the board."

But she adds that addressing pay equity for all women at nonprofits is more nuanced. "It's a vexing issue that is not easily resolved. We can make inroads, but there are structural things and cultural expectations in place."

Meanwhile, younger workers are speaking out. Ms. Outon says that millennials' advocacy on social justice issues like cultural diversity and gay marriage extends naturally to pay equity. "Young people look at inequality differently," she observes.

Activism for women's pay equity corresponds with growth in the nonprofit sector. In the 1950s, Ms. Outon points out, the IRS counted only 50,000 nonprofits in the United States. Today, there are 1.6 million registered, with perhaps 2.3 million in operation.

"When government got out of the [human services] business in the 1980s, the stakes went up," she says. "Now, we have all this nonprofit infrastructure built by boomers."

74 CENTS
74 PERCENT

THE GENDER WAGE GAP AMONG NONPROFITS IS PARTICULARLY STRIKING WHEN NOTING THAT WOMEN'S PAY IS ONLY 74 CENTS FOR EVERY DOLLAR EARNED BY MEN WHILE WOMEN COMPRISE 74 PERCENT OF THE EMPLOYEES IN THE SECTOR.

SALARIES FOR CHIEF EXECUTIVE OFFICERS

ANNUAL BUDGETS > \$7 MILLION

MALE EXECUTIVES WITH MALE BOARD CHAIRS

\$224,607

FEMALE EXECUTIVES WITH MALE BOARD CHAIRS

\$146,183

FEMALE EXECUTIVES WITH FEMALE BOARD CHAIRS

\$127,667

As older women executives retire, she notes, finding younger replacements will become a challenge because the next generation is half the size of the current cohort. Ms. Outen predicts that demand will outstrip supply, and salaries will have to rise, especially since younger women burdened with significant student loan debt will not be able to consider lesser-paid positions.

“So what happens next is a critical question,” she says. “It’s a hugely important topic for the future of our communities. Education, health care, the arts, human services and the environment are all causes largely supported by nonprofits with underpaid situations.”

The 74 Percent research revealed another anomaly. Salaries for chief executive officers correlate closely with the gender of board chairs in larger nonprofits. Male executives with male chairs made a median 2010 salary of \$224,607. Female executives with male chairs earned \$146,183. Female executives with female chairs ranked the lowest of all categories, earning \$127,667.

Ms. Outen acknowledges that men are more likely to helm larger programmatic organizations, where pay is more generous, and she believes that bigger nonprofits should actively court women for top positions. But she also urges board members of all nonprofits, regardless of their size, to make pay equity for every position a priority.

“Our emphasis is on getting boards to see themselves as employers, as well as protectors of the mission,” she notes. “We certainly realize there’s no magic pot of money in the sky. We want boards to take seriously issues of fair pay and just practice, and plan for how they intend to address bringing people to market rate over time. If we have that level playing field, it is inevitable that more women will be tapped for CEO positions.”

Funders can nudge nonprofits to make pay equity a priority. By asking potential grantees to demonstrate good human resources practices, foundations can wield an incentive to speed the process, Ms. Outen says.

Board policy is one of three issues that can create thriving careers for women at nonprofits. Other aspects focus on human resource practices for young professional women, who expect increased responsibilities and leadership roles, and for older women, who demand secure retirements.

In all cases, regular formal performance evaluations are key. Some 83 percent of local nonprofits in the Bayer study report annual evaluation policies.

The smaller the organization, the more important those issues are, argues Women and Girls Foundation’s Arnet. “If there are only four of you and you lose one person, that’s 25 percent of your workforce. The stakes are high,” she acknowledges. “When the workload and stress are heavy, we must think about compensation and benefits.”

Data by Linda Babcock, an economics professor at Carnegie Mellon University, and others show that women are less likely than men to negotiate contract terms when offered a new job. Ms. Arnet says her organization encourages candidates to do so.

“We make job offers on a Friday and say, take the weekend and think about it,” she explains. “We give them time to do research and actually hope they come back with a counter offer. If we say there’s no room for negotiation, we are affirming that women can’t negotiate. We don’t want them to think negotiating is negative behavior because that’s what men do. Why would you want an employee who isn’t able to agitate for justice?”

Ms. Arnet adds that money is just part of the issue. Professional development, flextime and family-friendly policies are as important for nonprofits to consider as paychecks.

“We offer paid maternity leave and personal time-off-days, not separate categories of sick days and holidays,” she says. “We have a snow day policy—in Pittsburgh, that’s incredibly important. For an hourly wage employee, a snow delay could make you lose your job! No parent should have to make the choice, ‘Do I leave my 6-year-old home alone or go to work?’” *h*