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Longtime Nonprofit Leaders Cite Financial Security Worries

By Sam Kean and Suzanne Perry

Money — in particular, the lack of it — keeps many veteran nonprofit leaders on the job year after year.

Many baby boomers were pioneers when they started their nonprofit work, creating new organizations and even entire fields — and they were less concerned about compensation packages and career advancement than their younger colleagues are today.

"I can tell you, back in 1975 that is not what people thought about," says Robert Lynch, 58, president of Americans for the Arts, an advocacy group in Washington. "We weren't worried about security, we were worried about the adventure of doing something."

Mr. Lynch fondly recalls traveling around the country for a year in a Volkswagen bus after graduating from college, then designing an internship for himself at a university arts extension service. He became the service's executive director within a year.

Mr. Lynch says he occasionally reminds emerging leaders that they will be unhappy working in the nonprofit world if they are motivated by money. "You have to invest some time in the passion of what we're doing here," he tells them.

Financial Stresses

At the same time, he says, many baby boomers regret that their finances are not healthier as they contemplate stepping down. He urges younger leaders to think about their financial futures; Americans for the Arts pushes all staff members to participate in its retirement plan.

Nonprofit workers often have difficulty with retirement planning: A survey released in January by Fidelity Investments, in Boston, found that nonprofit employees surveyed contributed more to savings plans in 2007 than they did in 2006. However, the report also noted that 44 percent of nonprofit workers had debts greater than $5,000, which could hamper their ability to save more.

In fact, some veteran leaders who would like to leave their organizations hesitate because of financial worries. Unlike corporations, most nonprofit groups can't afford to offer people big compensation packages to entice them to step down.

"We frequently leave without a nest egg, without a real pension, without health care," says Kim Fellner, 59, development director at Working America, a worker's advocacy group in Washington, who in 2003 left a job as executive director of a group that she helped to found, the National Organizers Alliance.

Ms. Fellner says her organization agreed to cover her health insurance for one year, but otherwise she did not have much of a financial cushion. "It did make it scarier to leave," she says. "But I didn't want whether I stayed or left to be predicated on that." However, she says, "I was a little bit foolish to take that approach." For a period before she took her present job, she says, she and her husband paid more than $1,000 a month for health insurance, almost as much as their mortgage payment.

Debt Burdens

Ms. Fellner and other veteran leaders agree that young people care more about compensation than their generation, but say it's understandable.

Both housing and health care were "somewhat affordable" when baby boomers were young — and many of the leaders were white and middle class, even wealthy, so they did not have to worry as much about pay as today's more-diverse work force does, says Ms. Fellner.

Lawrence Dark, 52, executive director of the Good Samaritan Foundation, in Washington, which operates training programs for young people, says, "I wouldn't have asked about my benefits and how can I move up the company, not in a nonprofit. That sounds more corporate."

But he says he understands the shift because younger nonprofit workers graduate with far more college debt than people of his generation.

A survey released this week of nearly 6,000 potential nonprofit leaders — 81 percent of whom were under age 50 — showed that 44 percent carried student-loan debt.

Sixty-four percent of the people surveyed said they had financial concerns about committing to a career in the nonprofit world.

The survey was conducted last September by the Annie E. Casey Foundation, in Baltimore; CompassPoint Nonprofit Services, a consulting and training group in San Francisco; Idealist.org, a Web site for nonprofit job seekers and recruiters; and the Eugene and Agnes E. Meyer Foundation, in Washington.

Ms. Fellner suggests that grant makers consider helping nonprofit groups provide benefits to departing baby boomers — such as exit sabbaticals or "bridge" health care until they qualify for Medicare — and to younger employees, such as student-loan subsidies.
