

## Executive Compensation Myths and Facts

For a number of years, a factually inaccurate, viral email entitled “Think Before You Donate” about the executive compensation and overhead costs at several large nonprofit organizations has been circulating on the Internet. This document is designed to address a number of myths and provide facts regarding several false claims specifically regarding United Way Worldwide.

**Myth:** A donor’s money is used primarily to pay overhead and administrative costs.

**Fact:** The average administration and overhead rate of United Ways across the U.S. network is 13.8 percent (specific rates vary for each United Way). This rate is competitive with the top 100 nonprofits in the U.S. and is below industry standards and recommendations; both the [Better Business Bureau Wise Giving Alliance](#) and the [Federal Office of Personnel Management](#) recommend 35 percent.

**Myth:** United Way Worldwide is an administrative organization and does not distribute funds locally.

**Fact:** United Way Worldwide is the leadership and support organization for the nearly 1,800 local United Ways in 41 countries and territories around the world. The work of United Way Worldwide is supported by the 1 percent membership fee paid annually by local United Ways as well as corporate and foundation grants. The full breakdown of how United Way uses financial contributions is seen in the chart to the right.

**Myth:** Executive compensation, including that of President and CEO Brian A. Gallagher, is not commensurate with responsibility or industry standard.

**Fact:** Compensation for United Way Worldwide executives, including Brian A. Gallagher, is overseen by United Way Worldwide’s Executive Compensation Committee of the Board of Trustees. The Committee is comprised of volunteer members of the Board of Trustees and is responsible for ensuring that United Way Worldwide’s compensation program falls within a reasonable range of competitive practices for comparable organizations, including other large, nationally-recognized charities. To do this, the Committee commissions an annual review by an independent consulting firm to evaluate compensation against market data and competitive pay practices. The Committee and the Board of Trustees review and approve executive pay levels based on the evaluation, performance and the organization’s pay policies.

Brian A. Gallagher leads the largest privately-funded charity as determined by *The Chronicle of Philanthropy*, raising in excess of \$5 billion annually. United Way Worldwide prides itself on transparency and proactively discloses executive compensation in a report of the Executive Compensation Committee filed with its annual [IRS form 990](#).

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United Way Worldwide can answer additional questions you may have regarding the use of donations and executive compensation. United Way Worldwide works diligently to ensure the highest standards of trust and accountability throughout the United Way network, and we take our obligation to protect the public interest very seriously.

For questions, please contact Felipe Benitez, Director of Public Relations, United Way Worldwide: [Felipe.Benitez@unitedway.org](mailto:Felipe.Benitez@unitedway.org).

