



## United Way Worldwide Statement about Erroneous Email Claims

A viral email has circulated widely for several years, listing information about executive compensation and overhead costs at several large nonprofit organizations. The email is incorrect in many ways, with outlandish claims about perks and overhead costs. United Way Worldwide cannot detect the original source of the email, so we are in the position of answering each instance as it is brought to our attention. Our hope is that people will refrain from passing around emails with such claims before checking the validity of those claims.

The email compares CEO salaries at many non-profits. First, the President/CEO of Red Cross and the National Commander of the Salvation Army are not those listed in the mail. Gail McGovern has been leading the Red Cross since 2008. In 2007, Todd Basset went from Salvation Army to the National Association of Evangelicals. In 2004, Forbes stated his salary as \$175,000, though the email claims it's \$13,000. I don't know what it was for Commander Israel Gaither, who left in November, or for new Commander William Roberts. But, the comparison is a false one. Salvation Army is classified as a church, so they are not required to complete an IRS Form 990, and the salary and benefits structure works differently. They also fail to point out that the wife of the commander is usually (as is the case now) given the title of President of the Women's Ministries, and also makes a salary. The email seems to imply that the CEO of a major worldwide non-profit should make something like \$13,000 a year, which is unsustainable.

Some versions of the email include claims about veterans' groups, saying their National Commanders make \$0 per year. This is an irrelevant comparison. The Commanders of these groups are more comparable to Board chairs at most nonprofits, rather than employees. They maintain their regular jobs and are elected for one year appointments to those positions. They are not considered staff, though in some cases they receive some form of stipend.

Regarding Brian Gallagher's compensation:

- United Way Worldwide's Executive Compensation Committee and Board of Trustees base Mr. Gallagher's compensation on that of CEO's of other large nationally recognized charities.
- While Mr. Gallagher leads the largest privately-funded non-profit organization in the U.S., his 2010 cash compensation ranks fourth out of the large national charities comprising the Leadership 18 (the country's largest human service non-profits).
- United Way Worldwide (UWW) is the leadership and support organization for the nearly 1,800 local United Ways in 41 countries around the globe. United Way Worldwide's work is supported by the 1% membership fee paid by local United Ways and by corporate and foundation grants.
- Local donors support work in their communities through local United Ways, which are separately incorporated non-profits with their own CEOs and Boards of Directors. Your local United Way can detail the specific expenses for where you donate.

Administrative Costs:

Overhead rates vary at local United Ways. The overall United Way system's administration/overhead rate in the U.S. of 13.8% (far from the 88% claimed in this incorrect email) remains extremely competitive with the top 100 nonprofits in the U.S., and is well below industry standards and recommendations (such as the Better Business Bureau Wise Giving Alliance and the federal Office of Personnel Management/OPM, both at 35% <http://www.bbb.org/us/Charity-Standards/> and <http://www.opm.gov/cfc/html/qfd.asp>). Moreover, United Way helps hundreds of other non-profits maintain low overhead rates.

United Way Worldwide and local United Ways are happy to answer questions regarding our overhead costs and executive compensation packages. United Way Worldwide works diligently to ensure the highest standards of trust and accountability throughout the United Way network. We take very seriously our obligation to protect the public interest. In this case, the false email has threatened our brand reputation and, therefore, our ability to improve lives and communities. Our goal is to advance the common good by creating opportunities for a better life for all. Our LIVE UNITED® message is about inviting everyone to join us to make a difference. We welcome dialogue, but request that people contact us before circulating claims that haven't been verified.

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