

EXECUTIVES AT ENVIRONMENTAL CHARITIES GO (FOR THE) GREEN

Huge Compensation Packages for Officers and Key Employees of Major Environmental Groups

SUMMARY OF FINDINGS:

- Executives at some of the best known environmental charities in the country are earning astronomical compensation packages, unbeknownst to many donors.
- Environmental non-profits employ aggressive fundraising programs based on the premise that contributions will fund program activities. There is not adequate disclosure of six-figure executive salaries.
- NRDC and Environmental Defense were found to have the most lavish compensation packages.
- Compensation packages paid to executives of Greenpeace Fund, Inc., while not conspicuously large, appear to be entirely inappropriate considering the organization performs essentially no work.

STUDY PREMISE:

Public Interest Watch (PIW) analyzed financial data from some of the most influential and best known environmental organizations in the country and discovered that many of these groups are quietly lavishing extraordinary compensation packages on their executives, while publicly soliciting urgent donations to fund their program activities.

To witness some of the recent fundraising activities of major environmental groups, one would think that they are teetering on insolvency: Environmental Defense recently began an Internet spam campaign in which donors are rewarded with a t-shirt if they disclose private email addresses of friends and acquaintances who might be potential donors; Greenpeace volunteers literally panhandle donations of \$5 and \$10 on street corners.

In the private sector, when a company faces a cash-flow crisis, it not only seeks to increase revenues, but it cuts costs. The environmental groups we looked at have certainly embraced the former through their increasingly aggressive fundraising campaigns, but there is no evidence of any belt-tightening by management.

These organizations ask the general public to make financial sacrifices to support their stated missions and program activities, but they do not adequately inform the general public that—in several cases—their money could be going to fund six figure salaries, not program activities.

At PIW, we believe that contributors to organizations such as Environmental Defense would be shocked to learn that their financial sacrifice is—in part—funding an executive compensation package for Environmental Defense President Fred Krupp that is in excess of \$320,000 per year as well as enormous six-figure compensation packages for other Environmental Defense executives. There are several other instances of outrageous executive compensation outlined in this report.

This report is based on data filed on IRS Form 990 by the organizations in question. The most recent publicly available filings are for the 2001 and 2002 fiscal years. It is logical to assume that executive compensation has increased in the last couple of years, but actual data for current compensation packages is not yet available.

Below is a thorough description of the methodology of our analysis and of the most egregious compensation structures of the environmental organizations analyzed by PIW. Additionally, for context we have included a snapshot of the pay structure of the Sierra Club Foundation, which we find to be an appropriate example of executive compensation.

METHODOLOGY:

- PIW reviewed the most recently available public disclosure data available for the following groups: Natural Resources Defense Council (NRDC), Environmental Defense, Sierra Club, and Greenpeace.
- Analysis was conducted using data provided by these groups on IRS Form 990.
- For NRDC and Environmental Defense, information for the 2001 Fiscal Year was the most recently available information; for Sierra Club and Greenpeace, information for the 2002 Fiscal Year was the most recently available information.¹

¹ While it is logical to assume that executive compensation in 2003 and 2004 has increased since 2001 and 2002, PIW was not able to obtain financial data for these recent years.

- In each case, PIW only analyzed data from 501(c)3 charitable organizations.
 - Both NRDC and Environmental Defense are 501(c)3 organizations.
 - The data presented for Sierra Club and Greenpeace reflect activities at “Sierra Club Foundation” and “Greenpeace Fund,” the two charitable affiliates of the larger 501(c)4 non-profit organizations, Sierra Club, Inc. and Greenpeace, Inc.²

INDIVIDUAL ORGANIZATIONS:

Natural Resources Defense Council

According to its Form 990 for the Fiscal Year 2001, NRDC’s stated purpose is as follows:

“NRDC’s purpose is to safeguard the Earth, its people, its plants and animals, and the natural systems on which all life depends. Our work is divided among seven broad program areas[:] Water and Coasts, Health and the Environment, Land and Forests, Air and Energy, Urban International and Nuclear[.] Working at the local, regional national, and international levels, NRDC places special emphasis on public education, with the goal of keeping our more than 550,000 members—as well as the general public-up-to-date on environmental issues and developments,. In addition, our legislative team targets all of these areas to keep environmental protection at the forefront of policy making[.]”

The following is a breakdown of the total compensations packages of NRDC’s top executives and other employees listed in Form 990 for the 2001 Fiscal Year:

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² It is possible—likely—that the employees of the Sierra Club Foundation and Greenpeace Fund, Inc. received substantial additional compensation from the groups’ respective 501(c)4 affiliates, Sierra Club, Inc. and Greenpeace, Inc

Name	Title	Salary	Contribution to Employee Pension	Total Compensation
<i>Officers:</i>				
John Adams	President	\$278,667.00	\$89,675.00	\$368,342.00
Frances Beinecke	Executive Director	\$166,302.00	\$30,478.00	\$196,780.00
Patricia Sullivan	Deputy Director	\$144,697.00	\$23,161.00	\$167,858.00
Judy Keefer	Director of Finance	\$123,209.00	\$28,769.00	\$151,978.00
Subtotal:		\$712,875.00	\$172,083.00	\$884,958.00
<i>Other Employees:</i>				
Jack Murray	Director-Development	\$165,888.00	\$24,974.00	\$190,862.00
David Hawkins	Senior Attorney	\$152,616.00	\$26,132.00	\$178,748.00
Tom Cochran	Senior Scientist	\$142,944.00	\$25,702.00	\$168,646.00
Alan Metrick	Director-Communications	\$142,775.00	\$23,031.00	\$165,806.00
Gregory Wetstone	Director-Programs	\$142,775.00	\$22,054.00	\$164,829.00
Subtotal:		\$746,998.00	\$121,893.00	\$868,891.00
Total:		\$1,459,873.00	\$293,976.00	\$1,753,849.00

Environmental Defense Incorporated

According to its Form 990 for the Fiscal Year 2001, Environmental Defense's stated purpose is: "Restoring Biodiversity and defending endangered species," "Stabilizing Climate," "Protecting Human Health," "Safeguarding the World's Oceans and Fish Stocks," and "Education and Membership Activities."

The following is a breakdown of the total compensations packages of Environmental Defense's top executives and other employees listed in Form 990 for the 2001 Fiscal Year³:

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³ Environmental Defense's Form 990 for the 2001 Fiscal Year lists potential First Lady Teresa Heinz as the organization's Vice Chairperson, but she did receive compensation for her work.

Name	Title	Salary	Contribution to Employee Pension	Total Compensation
<i>Officers:</i>				
Fred Krupp	President	\$286,539.00	\$40,875.00	\$327,414.00
Diana Josephson	Senior Vice President	\$228,802.00	\$20,208.00	\$249,010.00
Marcia Aronoff	V.P.- Programs	\$194,650.00	\$21,618.00	\$216,268.00
Deborah McGinn	V.P.- Finance & Administration	\$113,019.00	\$7,677.00	\$120,696.00
Liza Henshaw*	Chief Information Officer	\$12,115.00	\$1,273.00	\$13,388.00
Paula Tupper Hayes	V.P.- Development	\$163,492.00	\$28,223.00	\$191,715.00
Tom Belford*	V.P.- Marketing/Communications	\$61,250.00	\$2,974.00	\$64,224.00
Anthony J. Pietrantone	Director- Finance & Administration	\$124,018.00	\$19,889.00	\$143,907.00
Subtotal:		\$1,183,885.00	\$117,337.00	\$1,301,222.00
<i>Other Employees:</i>				
Joel Plagenz	Associate Director	\$171,108.00	\$20,154.00	\$191,262.00
Dan Dudeck	Economist	\$151,055.00	\$24,936.00	\$175,991.00
Zach Willey	Economist	\$134,535.00	\$23,434.00	\$157,969.00
Thomas Graf	Regional Director	\$131,646.00	\$21,200.00	\$152,846.00
Steve Cochran	Director- Strategic Communications	\$117,559.00	\$21,221.00	\$138,780.00
Subtotal:		\$705,813.00	\$113,945.00	\$819,758.00
Total:		\$1,889,698.00	\$231,282.00	\$2,120,980.00

* Reflects partial year salary.

Greenpeace Fund, Inc.

Greenpeace Fund, Inc. is the charitable (501(c)3) affiliate of Greenpeace, Inc. According to its Form 990 for the Fiscal Year 2002, Greenpeace Fund, Inc.'s stated purpose is:

“TO PROTECT AND PRESERVE THE ENVIRONMENT THROUGH THE CONSIDERATION AND FUNDING OF GRANTS TO OTHER ORGANIZATIONS.”

We find it particularly appalling that a group, the stated purpose of which is to act as a pass-through for contributions to Greenpeace and other organizations⁴, pays out more than \$400,00 in annual salaries. What actual work is performed by these individuals?

⁴ See PIW's investigation "Green Peace, Dirty Money," September 2003

Furthermore certain employees of Greenpeace Fund, Inc. received additional compensation from Greenpeace itself (Greenpeace, Inc.).

The following is a breakdown of the total compensations packages of Greenpeace Fund, Inc.'s top executives and other employees listed in Form 990 for the 2002 Fiscal Year:

Name	Title	Salary	Contribution to Employee Pension	Total Compensation
<i>Officers:</i>				
John Passacantando	Executive Officer	\$70,674.00	\$0.00	\$70,674.00
Ellen McPeake	Chief Operating Officer	\$50,024.00	\$0.00	\$50,024.00
Leslie Allen	Gift Planning Manager	\$54,808.00	\$0.00	\$54,808.00
Gail Smith-Gliss	Senior Financial Manager	\$18,346.00	\$0.00	\$18,346.00
Michael Rodman	Human Resource Manager	\$9,760.00	\$0.00	\$9,760.00
Thomas Wetterer	Staff Attorney	\$8,068.00	\$0.00	\$8,068.00
Penelope Winkler	Director- Special Contributions	\$88,336.00	\$0.00	\$88,336.00
Subtotal:		\$300,016.00	\$0.00	\$300,016.00
<i>Other Employees**:</i>				
Leslie Allen	Manager	\$58,241.00	\$8,581.00	\$66,822.00
Antje Wirth-Reisinger	Manager	\$50,344.00	\$840.00	\$51,184.00
Subtotal:		\$108,585.00	\$9,421.00	\$118,006.00
Total:		\$408,601.00	\$9,421.00	\$418,022.00

Sierra Club Foundation

The Sierra Club Foundation is the charitable (501(c)3) affiliate of the Sierra Club. According to its Form 990 for the Fiscal Year 2002, Environmental Defense's stated purpose is:

“The Sierra Club Foundation (The Foundation) endeavors to preserve and enhance the natural environment through support to the Sierra Club and other conservation organizations and individuals. Grants are provided to these organizations and individuals to support charitable, education, scientific, literary, and legal endeavors. The Foundation provides limited support for lobbying activities as permitted by Section 501(h) of the Internal Revenue Code. No support is provided for political activities.”

Unlike Greenpeace Fund, Inc., the Sierra Club Foundation appears to perform substantial work. Comparatively speaking, we do not, therefore, find the compensation packages paid to Sierra Club Foundation executives to be unreasonable. We include it in this report for context, and to offer an example of what we believe to be appropriate compensation.

Name	Title	Salary	Contribution to Employee Pension	Total Compensation
<i>Officers:</i>				
John DeCock	Executive Director	\$127,265.00	\$10,739.00	\$138,004.00
Nancy Thomas	Director- Finance	\$95,020.00	\$6,609.00	\$101,629.00
Igbal Parupia	Controller	\$60,647.00	\$1,874.00	\$62,521.00
Mary E. McGarrahan	Director- Administration	\$46,009.00	\$3,249.00	\$49,258.00
Andrea Manion	Director- Grants	\$56,498.00	\$3,960.00	\$60,458.00
Subtotal:		\$385,439.00	\$26,431.00	\$411,870.00
<i>Other Employees:</i>				
None				
Subtotal:		\$0.00	\$0.00	\$0.00
Total:		\$385,439.00	\$26,431.00	\$411,870.00

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