

Analysis of Non-profit CEO Compensation in Intellectual Disability and Behavioral Health

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Abstract

In response to a widely circulated news article and proposed legislation to limit non-profit CEO compensation, an analysis of 990 tax forms filed for 383 Pennsylvania and New Jersey agencies that provide supports and services to people with intellectual disability and/or behavioral health challenges. While compensation was strongly related to corporate revenue, there was considerable consistency of compensation within revenue levels. The figures essentially defined market value of CEOs working in these fields. Limitations to studies on CEO compensation are discussed

Keywords: CEO compensation, non-profit, intellectual disability

1.0 Introduction

A recent news article (Livio, 2026) raised concern over the salaries that are being paid to Chief Executive Officers (CEOs) of New Jersey non-profit group home agencies. While the article accurately highlighted issues of concern, it was not a balanced scientific inquiry, nor did it offer sufficient background to fully understand the reported data. This analysis seeks to add both balance and background.

Publication of Livio's (2026) article coincided with efforts in the New Jersey legislature to impose a cap on the salaries of non-profit CEOs who direct the operation of New Jersey group home for people with intellectual disability. A bill proposed by Senator Vitale's bill would limit CEO compensation within this area to \$250,000 per year. Efforts to cap salaries of executives who work in the public sector are not new in New Jersey. In 2011, New Jersey imposed a \$175,000 limit on salaries that could be paid to School Superintendents. The impact of this action was assessed in a study funded by the New Jersey School Boards Association. This study (Jahn, 2014) revealed that the imposed cap was associated with increased superintendent resignations, increased turnover, loss of experienced leadership, and higher pay for lower-level administrators. Experienced administrators were replaced with less experienced administrators. The study concluded that the salary cap did not save money. The law was repealed in 2019, and

New Jersey law now prevents the Department of Education from imposing such caps in the future.

While executive salaries are an easy target for criticism, it should be noted that a process already exists to monitor excessive compensation paid to executives in non-profit agencies. Internal Revenue Service regulations require that non-profit executive compensation must be within the general market for such services within a given area. Compensation that exceeds that which is typical for a given area can result in increased IRS penalties for both the agency and the well-paid employee. This process is sometimes referred to as “intermediate sanctions.” Most agencies comply with this regulation by commissioning compensation surveys, and many Boards of trustees target compensation levels based on these surveys. Absent Internal Revenue Service judgements of excessive compensation, one might reasonably argue that compensation is within market value.

The Livio article (2026), combined with proposed legislation, invites a more detailed analysis of CEO salaries in the intellectual disability field and in related fields.

2.0 Methods

The 990 tax forms were pulled from Pennsylvania and New Jersey non-profit agencies that provide intellectual disability or behavioral health services. Also pulled were the 990 tax forms from a sample of healthcare agencies that were used in an earlier study at Woods System of Care. A total of 383 tax forms were reviewed, and summary statistics are presented. Use of 990 tax forms limited the analysis to non-profit agencies with annual revenues in excess of \$50,000 (smaller agencies do not fully file 990 forms). The absence of smaller agencies and for-profit agencies may bias the results, however, the topic of the paper was non-profit CEO compensation. Note also that a small number of agency 990 tax forms could not be located using multiple resources. In some cases, it was learned that these agencies had either closed or merged with another.

2.1 Sampling

There are five discrete samples employed in this study. They are described below:

1. Pennsylvania Intellectual Disability providers (PA IDD) – The membership list of the PAR provider association yielded 122 agencies that filed 990 tax forms within the previous two years. Note that for-profit agencies and very small agencies are not required to file 990 tax forms.
2. Pennsylvania Behavioral Health providers (PA Beh) - The membership list of the RCPA provider association yielded 40 behavioral health agencies that filed 990 tax forms within the previous two years.
3. New Jersey Intellectual Disability providers (NJ IDD)– The membership of the NJACP provider association yielded 76 agencies that filed 990 tax forms within the previous two years.

4. New Jersey Behavioral Health providers (NJ Beh) – The membership of the NJAMHAA provider association, combined with provider lists generated by the New Jersey Department of Mental Health and Addiction Services yielded 119 non-profit agencies. Note that the behavioral health field has a higher concentration of for-profit agencies than the intellectual disability field.
5. Healthcare Providers – As part of an earlier study of executive compensation, a sample of 26 health care agencies was selected. The agencies were within the general Northeast region of the United States and reasonably comparable with Woods System of Care annual revenue.

2.2 About the data

Two pieces of information were collected from each 990 tax form – the salary of the CEO and the most recently reported annual revenue of the agency. Neither of the resultant data sets really conformed with statistical assumptions of a normal distribution. Data were skewed such that larger agencies (with better paid CEOs) overly influenced measures of central tendency. The implication of these findings is that traditional measures of central tendency (the mean) are not accurate representations. Median values will be used in most analyses.

3.0 Results

The figure below depicts the median CEO salary for each of the samples studied.

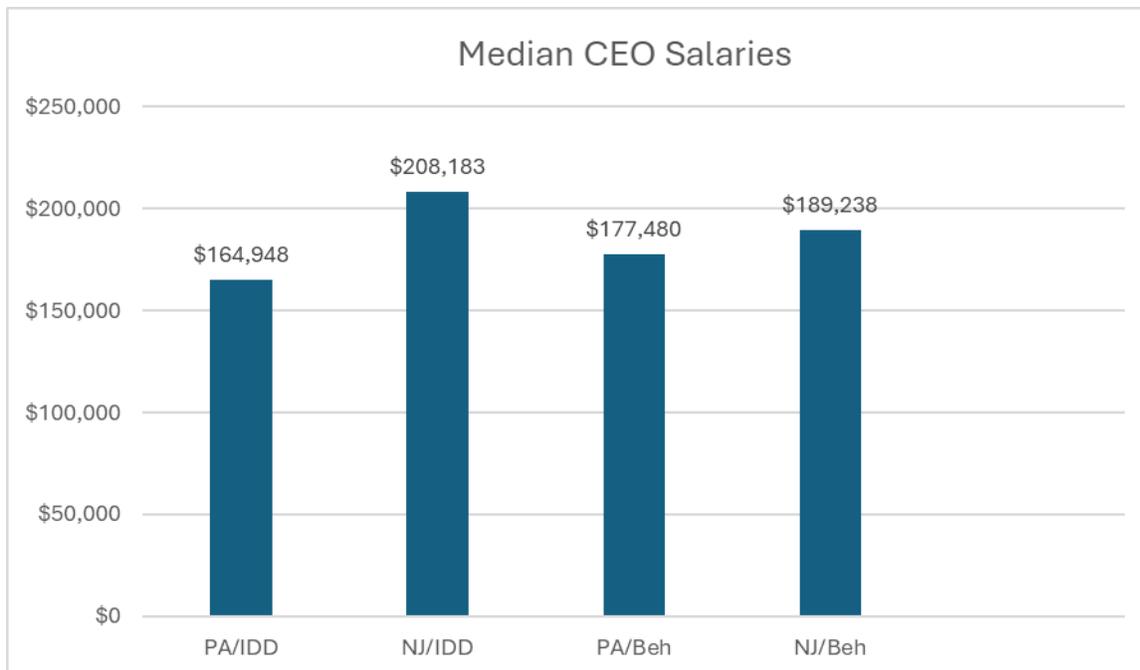


Figure 1. Median CEO Salaries (in dollars) in Four Different Types of Agencies

Additional clarification is presented in Table 1 with median CEO salary, median agency revenue, and percentage of agency revenue devoted to CEO salary. are presented by agency type.

Table 1. Median Revenue and Median CEO compensation by Agency Type

Agency Type	Median Annual Revenue	Median CEO Salary	CEO is X % of Revenue
PA/IDD	\$12,408,837	\$164,948	1.3%
NJ/IDD	\$18,255,5358	\$205,183	1.1%
PA/BEH	\$15,151,346	\$177,480	1.2%
NJ/BEH	\$11,452,836	\$189,238	1.7%

The CEO compensation data do not satisfy the requirements of parametric statistical analyses (like analysis of variance). We resorted to the non-parametric Kruskal Wallis test to ascertain whether significant differences were detected between the four types of agencies. No statistically significant differences were noted (KW = 5.138, df=3, ns). Thus, while New Jersey CEOs have higher median compensation than Pennsylvania CEOs, this difference did not achieve statistical significance.

While visual inspection of the above table might suggest that New Jersey compensation appears to exceed Pennsylvania compensation, this conclusion may be in error because the revenues associated with the four samples are not equal. Note that the median agency revenue for New Jersey IDD programs was 48% greater than that of the Pennsylvania counterpart. In this data set, it was determined that agency revenue was highly correlated with CEO salary (Pearson $r = .74$; Spearman $\rho = .67$), with larger agencies offering greater CEO compensation. To address the possibility that revenue distorts the simple presentation of median salaries, the graph below depicts the percent of median agency revenue that is devoted to CEO compensation for the four samples. The variation is minimal, with the slight possibility that New Jersey behavioral health agencies may spend slightly more on CEOs. These data are presented in Figure 2 below.

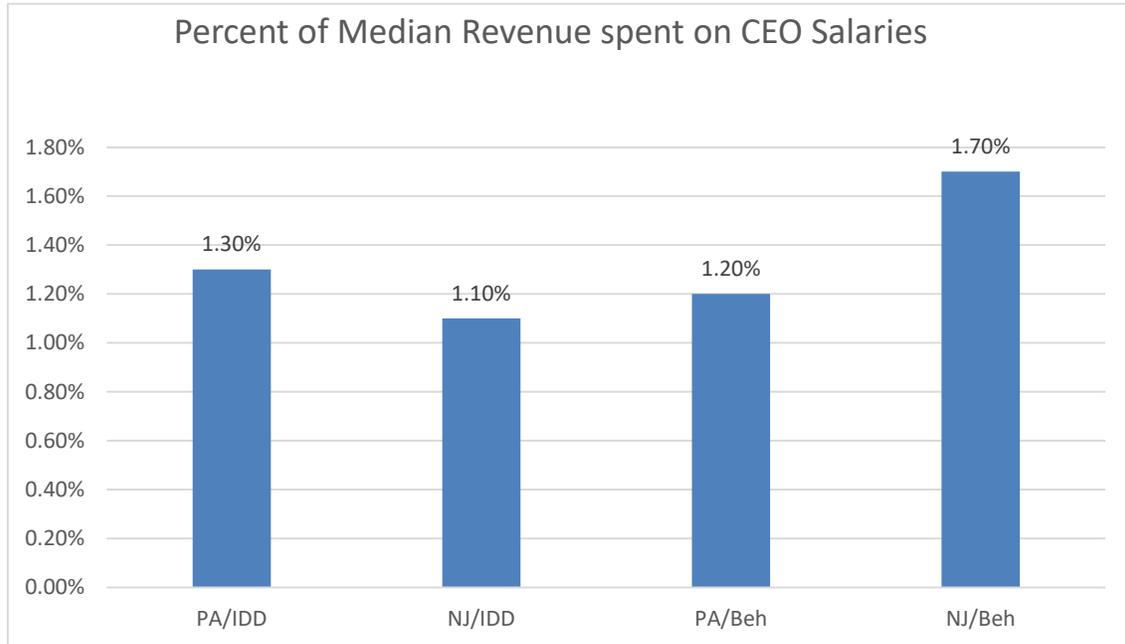


Figure 2. CEO compensation as a percentage of agency revenue.

3.1 Impact of Agency Revenue on CEO compensation

Candid and the Economic Research Institute (Capincrouse, 2022) issued summary information regarding agency revenue and CEO salary. These national statistics are based on 2019-2020 data, and it was necessary to adjust for inflation. The data are presented below:

<i>Annual Revenue</i>	<i>Median</i>	<i>Inflation Adjusted</i>
<i>small (<1M)</i>	\$65,000	\$76929
<i>Medium (1-10M)</i>	\$109,000	\$129004
<i>Large (10-100M)</i>	\$196,282	\$231971
<i>Very Large (>100M)</i>	\$483,858	\$573658

It is clear that agency revenue is strongly related to CEO compensation. These data can be used as a framework with which to estimate the reasonableness of reported Pennsylvania and New Jersey CEO salaries. Because of passage of time, it was necessary to adjust the national median values for inflation (2020 to 2023). Consider CEO salaries for **“large”** agencies. Across our data sets, we observed that both Pennsylvania and New Jersey CEO salaries were generally comparable with national data. While the data for individual CEOs may stand out, there does not appear to be a trend towards overcompensation.

Median	Pennsylvania ID/A	45% of CEO salaries above Candid
Median	Pennsylvania BEH	54% of CEO salaries above Candid
Median	NJ Behavioral Health	40% of CEO salaries above Candid
Median	NJ ID/A	42% of CEO salaries above Candid

4.0 Discussion

4.1 Limitations of CEO Compensation Analyses

The job title of CEO is not consistently defined position. In small agencies focused on just the provision of services and supports, the CEO may actually function as a Chief Operating Officer, directing daily operations. In larger agencies, the CEO may be more externally focused on growth, mergers, and corporate expansion. The same job title simply does not ensure the same set of responsibilities and activities.

4.2 Limitation of Compensation Caps

One must also note that there are ways to bypass caps. During WWII, salaries in the United States were capped. To get around this limitation, employers introduced the concept of healthcare insurance for employees. When Education Superintendent salaries were capped in New Jersey, a number of Superintendents resigned to assume interim status in the superintendent role, all while collecting pension funds. In a larger agency, the CEO of an affiliate agency might be assigned responsibilities with other affiliated agencies, with each contributing to total compensation. Consider the New Jersey CEO of a South Jersey school who is simultaneously Chief Financial Officer of two affiliated agencies. Consider the New Jersey behavioral health CEO who is also responsible for data quality across multiple affiliates in addition to her own.

4.3 Traditional Healthcare pays better

Despite the growing recognition that both intellectual disability and behavioral health services are functionally part of the larger healthcare system, a recent single agency study revealed that even when matched for annual revenue, traditional healthcare agencies offered greater CEO compensation. In a study comparing Woods System of Care executive compensation with a sample of traditional healthcare agencies with generally equivalent annual revenues (small hospitals, clinics, etc.), it appeared that executive salaries within Woods System of Care fell at about the 30th percentile among traditional healthcare agencies. It is suggested that a broader study of traditional healthcare agency compensation be undertaken.

Any major discrepancy between traditional healthcare agencies and agencies that provide intellectual disability and/or behavioral health becomes a significant factor because the skills and responsibilities of most executive staff easily crosswalk from traditional healthcare to intellectual disability and/or behavioral health. In a sense, the collective agencies are recruiting from the same talent pool.

4.4 Conclusion

The basic question is “How much is too much?” A salary has to be sufficient to attract a top-quality pool of talent. Many Boards target executive salaries to the 75th percentile of the market in order to ensure sufficient competition for open positions. Attracting top leadership requires compensation packages that are broadly competitive with those of the non-profit sector, the for-profit sector, and the traditional healthcare sector because these three areas ultimately compete for the same executives. Imposing an artificial cap on non-profit CEO salaries would be expected to result in shortages of quality talent as top quality talent seeks employment elsewhere. As noted in basic economic theory, price controls generally result in shortages (Pettenger, 2017). It is perhaps most reasonable to let market forces determine compensation levels.

This study found that while specific individual CEO salaries may seem excessive, the salaries in the intellectual disability and behavioral health sectors are generally consistent with the market. Even the "excessive" individual salaries may be justifiable by the CEO's skill base and/or by additional responsibilities assumed by the CEO. Both Pennsylvania and New Jersey agencies range from small family-like businesses to national corporations. Company revenues range from as little as \$60,000 per year to more than \$1 billion per year. With a strong correlation between revenue and CEO salary, no analysis that considers *only* the compensation metric will yield a valid result. It is probably insufficient to judge executive compensation solely on job title and salary. Charity watch (undated) suggests that executive salaries are best determined by considering factors such as special skills, relevant education, experience, and the complexity of the organization. Costs of living within commuting distance must also be considered. While compensation offers a simple point of comparison, it obscures the complexity of the assessment process.

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