

ACS is a large and complex organization—more so than many scientific societies—with 158,000 members and almost 2,000 employees. As a not-for-profit entity, ACS is obliged to take a thoughtful, prudent approach to managing employee compensation, particularly at the executive level. Not only do we have a responsibility to members, we are required by the IRS to ensure that our compensation is “reasonable and not excessive.” At the same time, maintaining ACS’s excellent member benefits and world class publications and information services requires a highly qualified staff of individuals who must be recruited from, and retained in, very competitive marketplaces. The ACS Board of Directors oversees executive compensation, and works to balance IRS rules and member expectations with ACS’s ability to attract talent. The goal is to be fair and competitive, but not excessive.

ACS executes a wide variety of technical, logistical and governance programs; these Society Programs are often the aspect of the Society most visible to members. ACS also has substantial publications and information services components, including the ACS journals, SciFinder and CAS. Though not widely recognized, 80 percent of ACS employees work in CAS or Publications. 10 percent work in administration (e.g., Facilities, Treasury Operations & Finance, Human Resources and Information Technology), supporting CAS, Publications and Society Programs. Only 10 percent work in Society Programs. Because most ACS employees support CAS and Publications in some way, ACS’s competition for staff comes from media and online content providers, as well as other not-for-profit entities.

Like many large employers, ACS uses outside consultants to assess market data for compensation packages provided by comparable organizations. This common and sound practice is also consistent with the IRS recommendation that an independent body (not ACS employees) review and document compensation practices. The consultants gather compensation information from more than 20 not-for-profit organizations with similar missions and sizes, including the American Association for the Advancement of Science, the Institute of Electrical and Electronics Engineers, and the American Medical Association. Because of the relative size and mission of CAS and Publications, the consultants also gather information from dozens of media and online content organizations such as RELX Group (formerly Elsevier), John Wiley & Sons, LinkedIn and Google. The latter two may seem like a mismatch, but in the increasingly globalized world of information technology, organizations like CAS compete directly with these companies to attract and retain talent.

The consultants compile data on the “total compensation” provided to individuals in comparable organizations with responsibilities similar to those at ACS (e.g., Executive Director & Chief Executive Officer, Treasurer & Chief Financial Officer, Secretary & General Counsel). It’s important to note that, per the IRS, total compensation is the benchmark, not salary. Total compensation includes salary, bonuses, benefits (e.g., paid leave, employer-subsidized insurance), retirement plans, and perquisites (or “perks”) such as the use of a company car, employer-provided childcare, tuition subsidies, or stock options. ACS deliberately limits the use of perquisites, and of course, issues no stock.

The consultants report total compensation data in three bins: base salary, total cash (base + bonuses) and market total compensation (including benefits and perks). The data are reported in quartiles that span the range of compensation provided for comparable positions

at similar institutions, as well as medians. For example, the median base salary for Chief Executive Officers (CEOs) at similar organizations is reported, along with the boundaries of the four quartiles that represent the full range of the market for CEOs at comparable institutions. Cost of living is also a factor. Many ACS staff reside in the Washington, DC area; many media/online content companies are also located in areas with high costs of living. Salaries are typically higher in these areas than in other parts of the nation.

Since ACS's competitors comprise not-for-profits and media/online content providers, the consultants report data from both segments. As you can imagine, compensation in the media/online content sector is much higher than in the not-for-profit sector. Accordingly, the total compensation provided to ACS's Member Services staff is compared exclusively to compensation data from not-for-profits (e.g., the compensation provided to the Director of Education is compared to data for similar positions at similar not-for-profits). The total compensation provided to ACS staff who support Society Programs, Publications and CAS (e.g., the CEO) is compared using a hybrid scale that weights the not-for-profit marketplace values at 75%, and the for-profit media/online content provider marketplace at 25%. This is in recognition of the dual responsibilities these employees have for Society Programs as well as CAS and Publications. Total compensation provided to ACS staff who exclusively support CAS and Publications (e.g., their Presidents) is compared using a hybrid scale that weights the not-for-profit marketplace at 25%, and the for-profit media/online content provider at 75%. This is a recognition that these employees are primarily responsible for the performance of CAS and Publications, and in that arena, we compete for staff talent with the Googles of the world. Regardless of how it's calculated, ACS salaries are never tied to the annual dues rate. They are leveled using fair marketplace data, and are primarily funded by CAS and Publications, which generate almost all of the society's revenue.

The Board Committee on Executive Compensation (CEC) reviews the consultants' reports regularly. The Board's philosophy is that ACS executives' total compensation should not exceed the third quartile of the not-for-profit marketplace, and should be at a value around the median of the weighted not-for-profit and media/online content provider marketplaces. This approach assures that ACS is within IRS guidelines, but still offers reasonably competitive compensation. CEC discusses the consultants' reports in detail, accepts some recommendations, modifies or rejects others, then advises the Board on how total compensation for executive staff should be adjusted.

In recent years, like many organizations, ACS has offered lower base salaries and higher performance-based bonuses. Up to 35% of an individual's total cash compensation may be based on meeting specific performance goals. Fringe benefits (paid leave, insurance) typically an additional cost 30-50% of an individual's base salary. Base salary, bonuses and fringe together comprise total compensation for ACS executives; this number is reported annually on IRS Form 990. ACS's Forms 990 are available on the ACS website.

As the world's largest scientific society, ACS must balance members' expectations for financial stewardship with its ability to attract and retain talented employees to ensure long term success. ACS's compensation process is based on best practices and designed to en-

sure compliance with IRS rules and recommendations, while allowing the SOCIETY to maintain its ability to compete for the best possible staff, managers and executives.