

THE CHRONICLE OF PHILANTHROPY

IN CASE YOU MISSED IT

Nonprofit CFOs Are in High Demand and Short Supply

The hiring crunch is taking place as fewer students choose to major in accounting and pursue finance careers. Nonprofit CFO work has also become more complex and demanding.

By *Eden Stiffman*

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ISTOCK

Last fall, the business school at University of California’s Berkeley campus launched an effort to tackle a pain point in the nonprofit world: the lack of financially savvy professionals seeking careers at charities and foundations.

Nonprofit job candidates with finance expertise are in high demand and short supply, says Nora Silver, founder and faculty director of the school’s Center for Social Sector Leadership, who with colleagues and students has interviewed 70 chief financial officers working at nonprofits.

“They all tell the same story,” says Silver.

Over a week in February 2023, there were almost 7,000 finance positions available across the United States at nonprofits and foundations with budgets of \$10 million or more, according to a review of LinkedIn job listings conducted by the Berkeley team.

At some organizations, veteran CFOs are pondering retirement and thinking about who will come next. Others are having a hard time hiring more junior finance staff to work with them.

The crunch is part of a trend affecting the broader workforce as [fewer students choose to major in accounting](#) and pursue finance careers.

“Everyone’s experiencing it,” says Rick Cole, a partner at FORVIS, a large accounting firm that serves nonprofit clients. “There aren’t enough people coming in.”

But the staffing crisis is more acute at nonprofits, which tend to attract a smaller pool of financial talent because of lower pay levels than business and a lack of knowledge about nonprofit finance jobs. It’s also exacerbated by the wave of openings created by retiring baby boomers, many of whom have had long tenures in these roles.

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EXECUTIVE TURNOVER

Large Numbers of Nonprofit Leaders Are Stepping Down — and the Competition to Find New Ones Is ‘Fierce’

The job of a CFO is also a lot more complex and demanding these days, requiring leaders to be strategic partners to the rest of the C-suite. Without enough strong

financial talent entering the sector, nonprofits may struggle to navigate challenging economic environments.

“I’ve been doing this now for over 10 years, and I’d say that the demand for top financial talent has never been more competitive,” says Daniel Rodas, a partner at the search firm Isaacson, Miller, which specializes in recruiting financial and operational leaders at nonprofits.

In some instances, that supply-and-demand issue is driving compensation to the 75th percentile or higher, compared with the market median, says Rodas. “It’s reflective of the scarcity of experienced talent in the marketplace today.”

Salary Concerns

With the exception of large colleges and big philanthropies that can pay market rates, nonprofit CFO compensation packages are rarely competitive with the business world, says Rodas. While base salaries are sometimes similar, for-profit organizations can add on sizable performance-based bonuses or equity, such as company stock.

Small and midsize nonprofits have budget constraints that make it even harder for them to keep up salary-wise.

But there are other trade-offs to consider. Many nonprofits or philanthropies offer strong benefits packages and better work-life balance than their for-profit counterparts.

“You’re not going to make Wall Street money, but you also don’t work Wall Street hours,” says Omri Even-Tov, an assistant professor of accounting at Berkeley who helped create the new [Impact CFO](#) program at the Haas School of Business. Working in the nonprofit sector also allows people to make a real difference in society, he says.

The average starting salary for MBA graduates of the Haas school was \$155,000 in 2022, for example. As Silver and Even-Tov interviewed nonprofit CFOs, they found that starting salaries for nonprofit finance positions tended to fall between \$120,000 and \$140,000. But as people moved into larger organizations and more senior positions, their salaries also went up sharply. Still, especially for recent graduates with student debt — tuition and fees for a Haas MBA costs [well over \\$100,000 annually](#) — pay remains an important factor when weighing career tracks.

Lack of Awareness

The nonprofit world is also not well understood by people coming out of undergraduate and graduate programs with an interest in finance, says Ken Jones, chief operating officer at the John D. and Catherine T. MacArthur Foundation.

“They don’t know the foundation world exists,” says Jones, who previously served as MacArthur’s CFO. “It never occurred to them that this would be something they could enter.” The number of jobs at large foundations is relatively small, but Jones attributes this lack of awareness to grant makers’ failure to engage on college campuses.

Jones, who held similar roles at the Annie E. Casey Foundation and Jhpiego, an international health nonprofit affiliated with Johns Hopkins University, serves on the board of the [Foundation Financial Officers Group](#). That organization has been encouraging its more than 225 member grant makers to hire summer interns to increase exposure to the variety of opportunities available at foundations.

With finance, impact investing, and regular market-rate investing, says Jones, “we actually have the components of a great finance or investment career that folks would look for but that they may not recognize.”

Jayson Wang, a class of 2024 MBA candidate at the Haas School, studied economics as an undergraduate before joining the Peace Corps, then working as a consultant and spending four years in finance at the nonprofit IDinsight. He considered a career on

the program side of a nonprofit, but decided to apply his love of numbers and finance to help run social-purpose organizations. “That’s where I’ve found myself enjoying my work the most and also seeing the most need,” he says.

In an MBA program, “we learn these pretty technical finance concepts in our classes but we never really contextualize it or connect it to the social sector,” says Wang, who helped create Berkeley’s Impact CFO program.



BENNY JOHNSON

Jayson Wang, who helped create UC Berkeley’s Impact CFO program, says listening to CFOs talk about case studies, their careers, and their day-to-day work has exposed students to a career path they wouldn’t otherwise hear about in their classes.

In its first year, the program matched 14 students with a mentor whose interests align. Students enrolled in relevant coursework, attended a weekly lecture series, and worked on nonprofit finance projects during the school year.

Listening to CFOs talk about case studies, their careers, and their day-to-day work has exposed students to a career path they wouldn't otherwise hear about in their classes, says Wang. He was paired with a senior associate at Do Good CFO, a consultancy that provides financial expertise to small nonprofits and businesses.

The Impact CFO organizers hope the program can help place students in nonprofit finance internships or help them land full-time jobs at nonprofits or foundations.

Complex Jobs

The job of a nonprofit CFO has become more complex in recent years. It's not just about debits and credits, but requires savvy leadership and strategy skills, too.

"Nonprofits need more than bookkeepers," says Silver, of the Haas school. "The job has become more sophisticated."

Rodas, the executive recruiter, agrees. "The biggest trend that I'm seeing is a desire by committees and decision makers for candidates who can be a strategic financial adviser and partner to the CEO, to the executive team, and to the board and who can help to create actionable, long-range financial and business plans."

That's in contrast to the work at many accounting firms or corporations, where the roles are often narrowly focused on specific financial analyses.

At MacArthur, for example, Jones oversees all aspects of the finance, accounting, tax, and audit work, in addition to IT, grants management, and more.

His finance team includes 12 staff members out of a total of around 200. Having a robust finance team gives large nonprofits and philanthropies a leg up, as they can build their own pipeline of qualified candidates internally.

There also tends to be less turnover of high-level nonprofit finance roles than in the corporate world, with many finance leaders sticking around for 10 or 20 years. But as more baby boomers retire, “it’s really creating a mini crisis,” says Deborah Gillespie, who spent 19 years as CFO at the Joyce Foundation.

When she decided to retire in 2019 and the foundation began recruiting for her replacement, finding the right person was a challenge, she says. “There are not people lined up ready to go. We struggled to find individuals who knew the sector, and the searches went on for a very long time.”

Gillespie believes that increasing public understanding of all that nonprofits accomplish could help address the workforce pipeline challenge. “There’s not enough known about how complex nonprofit organizations are and how interesting they are,” she says. “That really does affect individuals who want to think of this as a career path.”

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EXECUTIVE LEADERSHIP

FINANCE AND REVENUE



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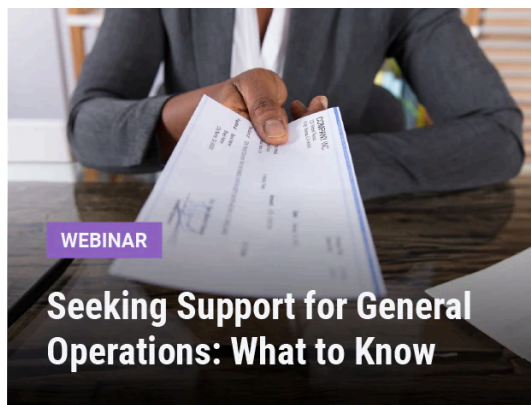
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