

Inside the Financial Practices of Elite Boarding Schools: Family Hires, Million-Dollar Pay, and Transparency Issues

IRS Filings Reveal How Groton, Andover, Exeter, Choate, Deerfield, Hotchkiss, Loomis, and St. Paul's Allocate Millions to Executive Pay and Family Members

BOSTON, MA, UNITED STATES, February 13, 2025 /EINPresswire.com/ -- A recent objective review of IRS Form 990 filings from ProPublica's Nonprofit Explorer (<https://projects.propublica.org/nonprofits/>) reveals significant variations in family-related employment practices and executive compensation at eight prestigious U.S. private schools. These institutions collectively manage endowments exceeding \$12.7 billion and have educated generations of political, business, and cultural leaders.

Key Findings

- Over 70% of these schools employ family members of trustees or senior leadership, a practice that has raised concerns about governance and hiring transparency.
- Family member compensation has grown by 47.3%, compared to a 31.2% increase in faculty salaries, with some schools seeing family pay rise by more than 100%. For instance, Groton School's family compensation grew by 124.7% from 2015 to 2023 ([2]).
- Million-dollar salaries are common among heads of top private schools, with annual compensation ranging from \$575,000 to \$1.1 million, as outlined in IRS Form 990 filings ([1]-[8]).

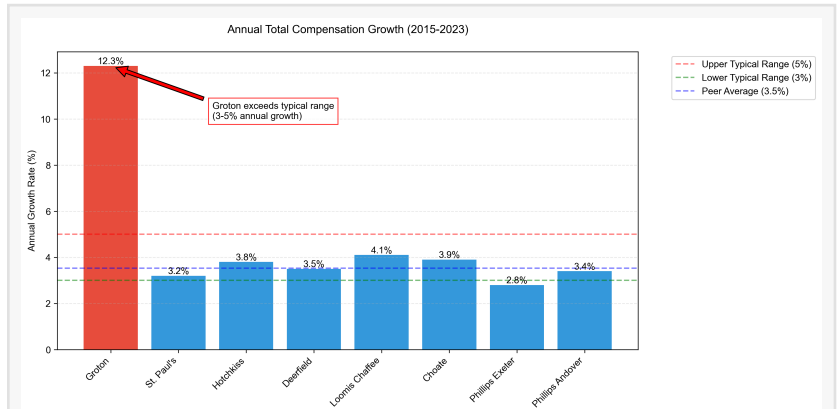


Figure 1: Annual Total Compensation Growth Rate of Heads of Schools, 2015–2023

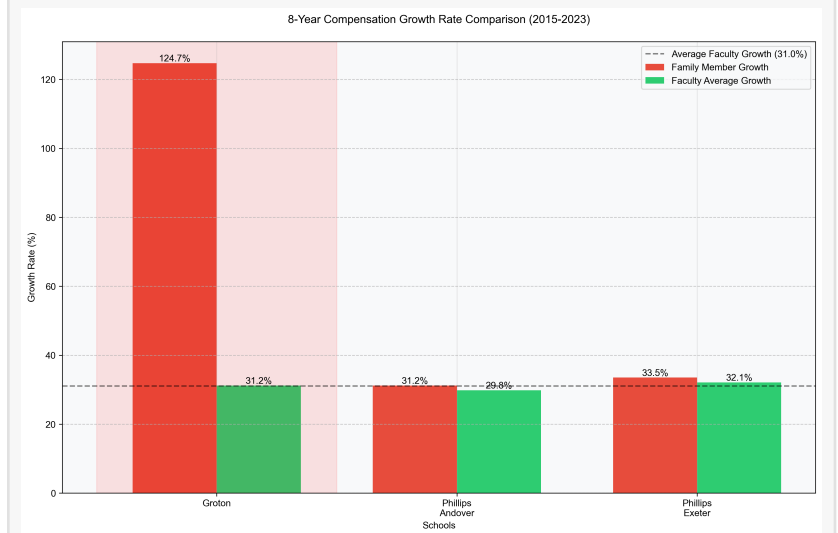


Figure 2: Comparison of Family Member Compensation Growth vs. Faculty Salary Growth, 2015–2023

□ Transparency in financial reporting varies significantly, with some schools providing limited disclosure on related-party transactions and executive compensation practices.

Methodology

This study analyzed IRS Form 990 filings (2015–2023), public data, and Schedule L disclosures of related-party transactions for the following schools: Phillips Academy Andover, Choate Rosemary Hall, Deerfield Academy, Phillips Exeter Academy, Groton School, The Hotchkiss School, Loomis Chaffee, and St. Paul’s School. The data was sourced from ProPublica’s Nonprofit Explorer and official school financial reports.

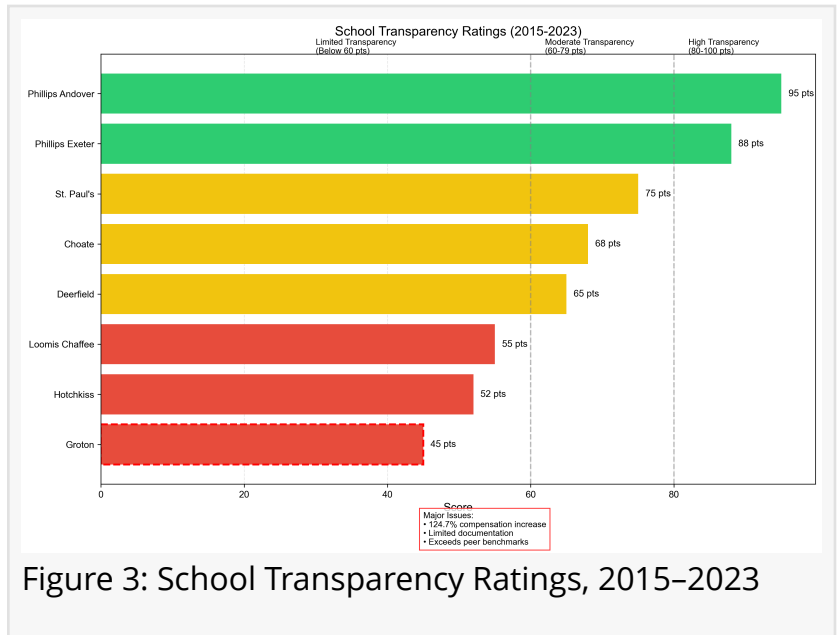


Figure 3: School Transparency Ratings, 2015–2023

Executive Compensation Analysis (2022–2023)

The annual compensation for heads of top private schools generally ranges from \$575,000 to \$1.1 million, with significant variations across institutions. Notably, Groton School’s head compensation reached \$1,064,788, with 35% of it coming from additional compensation, a higher proportion than most other schools. □See Figure 1: Annual Total Compensation Growth Rate of Heads of Schools, 2015–2023□This represents 2.1% of Groton's total expenses, significantly above the typical range of 0.5% to 1.7% seen at other institutions. Schools like Phillips Academy Andover and Deerfield Academy also report compensation above \$1 million, while Phillips Exeter Academy has compensation on the lower end of the scale. These variations highlight differences in compensation practices across leading private schools ([1]-[8]).

Key Trends and Observations

1. Compensation as a Percentage of Expenses

- Head-of-school salaries typically account for 0.5% to 1.5% of total school expenses.
- Groton School exceeds this range at 2.1%, while Phillips Exeter has the lowest at 0.5%.

2. Groton’s Rapid Increase in Additional Compensation

- Between 2022 and 2023, Groton School’s additional compensation increased from 19.9% to 35% of total pay, a 15.1 percentage point rise—far above other institutions where compensation ratios remained stable.

3. Size-Adjusted Compensation Differences

- Smaller schools (<600 students) spend an average of 1.8% of total expenses on head compensation, compared to 0.9% at larger schools (>800 students).

Family Employment and Governance Practices

- Phillips Academy Andover: Family member compensation increased 31.2%, in line with faculty

pay growth ([1]).

- Phillips Exeter Academy: Family compensation grew by 33.5%, slightly exceeding faculty increases of 32.1% ([8]).

- Groton School: Family compensation surged by 124.7%, rising from \$80,297 in 2015 to \$180,423 in 2023, a trend that warrants further governance review ([2])(See Figure 2: Comparison of Family Member Compensation Growth vs. Faculty Salary Growth, 2015–2023).

- Some position titles at Groton evolved from “general employment” to “Teacher and Advisor to Head of School” in 2020, prompting questions about hiring transparency([2]).

Transparency Scores: Variations in Disclosure Practices

A 100-point scoring system was used to assess four key transparency factors:

- Documentation Completeness (40 points)
- Compensation Process Clarity (25 points)
- Historical Consistency (20 points)
- Related Party Transaction Disclosure (15 points)

Results:

- High Transparency: Phillips Academy Andover (95 points), Phillips Exeter Academy (88 points).
- Moderate Transparency: St. Paul’s School (75 points), Choate Rosemary Hall (68 points).
- Limited Transparency: Groton School (45 points).

(See Figure 3: School Transparency Ratings, 2015–2023)

Recommendations for Strengthening Governance

1. Adopt Standardized Documentation: Clear, consistent records for all employment and compensation decisions.
2. Increase Independent Oversight: Third-party reviews should be integrated into governance processes.
3. Improve Public Transparency: Regular disclosures on related-party transactions and executive pay practices.

Conclusion

This analysis reveals significant disparities in family-related employment, executive compensation, governance, and transparency among top U.S. private schools. While some institutions demonstrate strong oversight, others show room for improvement in documentation and financial reporting. Stronger governance frameworks are essential to maintaining public trust and institutional integrity.

About the Analysis

This study reviewed IRS Form 990 filings from 2015–2023, publicly available data, and related-party transaction disclosures. Schools included in this study represent some of the most well-known private institutions in the U.S. For full data access, visit ProPublica’s Nonprofit Explorer (<https://projects.propublica.org/nonprofits/>).

References

1. Phillips Academy Andover 990 filings:

<https://projects.propublica.org/nonprofits/organizations/42103579>

2. Groton School 990 filings: <https://projects.propublica.org/nonprofits/organizations/42104265>

3. St. Paul's School 990 filings:

<https://projects.propublica.org/nonprofits/organizations/20222227>

4. Hotchkiss School 990 filings:

<https://projects.propublica.org/nonprofits/organizations/60647018>

5. Deerfield Academy 990 filings:

<https://projects.propublica.org/nonprofits/organizations/42103563>

6. Loomis Chaffee School 990 filings:

<https://projects.propublica.org/nonprofits/organizations/60653119>

7. Choate Rosemary Hall 990 filings:

<https://projects.propublica.org/nonprofits/organizations/60910420>

8. Phillips Exeter Academy 990 filings:

<https://projects.propublica.org/nonprofits/organizations/20222174>

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