
Pay Scale Equity Process and Calculator™

Nonprofit organizations that want to integrate a social justice, values-based approach to their compensation and benefits plan often struggle with:

- 1) Recruiting and retaining great employees, because they are not offering competitive compensation packages,
- 2) Maintaining internal integrity and equity across the salary ranges, and
- 3) Working within their budget.

The Pay Scale Equity Calculator™ is a custom-built, management decision tool that organizations can use (1) to analyze their current salaries for pay equity and (2) to design a pay scale that embodies organizational principles and culture.

The calculator provides a more comprehensive look across current salaries and helps organizations to easily identify outliers (individuals paid too high or too low for their level of responsibilities) and pay inequities within job classes and across demographic characteristics. It enables an organization to have compensation practices that are reflective of the fair and equitable world it seeks to build.

Methodology

The organization provides current job and salary details (e.g., title, description, salary/hourly rate, and location) for its staff. Using this information, the Pay Scale Equity Calculator™ is constructed by combining a market-based approach with a social justice approach (base salary + levels of responsibilities), and then applying a lens around staff demographics.

- **Market-Based Approach:** We research market data from national and local sources that are as close as possible to the organization's profile: staff size, budget size, geographic location, and type of work. Sources may include RoadMap's National Compensation Survey of Social Justice Organizations, HR.BLR, Nonprofit Times, Guidestar, Salary.com, O*Net, and when available, local survey data. We look specifically at the median salaries (50% of the data is below the median, 50% of the data is above), and calculate an average of the medians to create a barometer for the market rate for a similar role in the city where staff is based. By comparing the market to the current salary and hourly rates, the organization can see where certain roles may be under or over market rates.
- **Social Justice Approach:** Everyone starts with the same base salary. The base salary is tied to the living wage of the organization's primary location. The organization identifies critical areas of responsibility and we develop a 0-5 scale, with 0 equaling the expectations of any employee and 5 reflecting the highest level of exercising that area of responsibility.



The highest level may be expressed in terms of, for example:

- Scope (individual vs. organization)
- Regularity (occasionally vs. daily)
- Intensity (low-capacity vs. high-capacity)
- Importance (discretionary vs. mission-critical)
- Resource level (cost, number of people, duration)

Every area of responsibility is assigned a dollar amount. Each employee is evaluated for what level of responsibility they hold in every area, and that level is multiplied by the dollar amount assigned to that area. This helps democratize the scale by making it possible to compensate specific responsibilities equally or at different rates. Job titles are also grouped into job classes that represent approximately equal levels of responsibility to form pay scale bands.

- **Demographics:** We conduct a demographic survey of all staff. This includes factors such as race, gender, sexual orientation, language abilities, whether they have dependents, etc. Results from this process show where certain demographics on the team may be concentrated and if there are any patterns of inequality the organization may seek to rectify.

With these approaches, we create an initial pay equity scale calculator that is based on social justice principles and builds from RoadMap's [National Compensation Survey of Social Justice Organizations](#) and [salary policy discussion guide](#).

Social Justice Principals Built into the Calculator

There is no *one* prescribed way to achieve equity in an organization's compensation and benefits. For one organization, equity looks like paying everyone the same amount, for another, equity may look like a needs-based compensation scale.

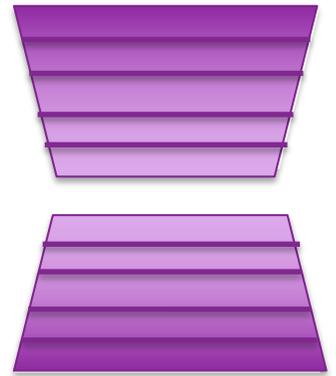
Setting compensation outrightly based on race, gender, nationality, or some other protected class is against the law. Market-based rates, however, perpetuate implicit bias and inequities in the system, and result in significantly underpaying / undervaluing some types of labor and overpaying / overvaluing other types of labor. For example, jobs perceived as "women's" labor and physical labor are often devalued and underpaid, and unexamined compensation practices can further that divide.

Attention to equity is built into the calculator in several ways:

- **Everyone starts with the same base salary.** Everyone starts with the same base salary that is, at a minimum, the living wage for the organization's geographic location; and organizations are encouraged to consider a base salary that is higher than the living wage.
- **Organization-informed key areas of responsibilities are lifted up, valued, and compensated monetarily.** Physical and emotional labor, exposure to liability, and exposure to harm are just a few examples of areas of responsibility that can be lifted up. Inequities are minimized, while still attending to the very real differences in levels of responsibility across roles and compensating them accordingly. An assessment of areas of responsibility helps also (1) to provide transparency and recognition to what people are holding in their roles, and (2) to mitigate the harmful impact of market-based rates.



- **The difference between the lowest paid worker and highest paid worker is known;** organizations are encouraged to work toward having the highest paid worker make no more than 3 times (target: 2.5) the lowest paid worker.
- **The organization can see where certain demographics are concentrated** and if inequality in compensation is patterned across identities.
- **Market-based rates are not integrated into the proposed scale;** they are shared in comparison to base rate plus level of responsibility calculation in order to help organizations identify where market-based pay is significantly more. This helps to identify where it may be more difficult to recruit/hire for the role or where a more explicit conversation about the organization's compensation philosophy.
- **The possible range within each band is the same across the organization.** Market-based scales prioritize lower, incremental salary bands at lower levels and higher, wide-ranging salary bands at higher levels, disproportionately rewarding those already at higher levels of compensation with access to additional compensation. Equitable compensation scale principals prioritize consistency across the bands (e.g., the Assistant salary band is the same spread as an Executive salary band spread) and may even have an inverse range that allows for greater jumps in compensation at lower levels (e.g., the Assistant salary band is a larger possible compensation spread than the Executive salary band).



Using the Pay Scale Calculator

The pay scale calculator is an Excel document with editable cells and automated formulas to help an organization assess the budgetary impact of implementing an equitable compensation scale. We will train someone on your team who is involved in compensation policies on how to use the calculator effectively.

The initial pay scale calculator shows how current salaries compare to what staff salaries would be using the base rate plus their total areas of responsibility. It shows proposed minimum and maximum salaries for a job class (staff with similar titles and levels of responsibilities) to create a pay scale band for that job class. It also shows how staff salaries compare to market rates and how staff are situated across the organization based on their demographics.

As a result of this process, the organization has a customized salary scale tool that can be used to:

- Set the base rate
- Set band ranges for job classes
- Identify compensation of the highest paid staff compared to the lowest paid staff
- Set compensation amounts for different areas of responsibilities
- Inform promotions and bonuses
- Set salaries for new hires and new positions
- Serve as guide for professional development for staff as they consider which areas of responsibility, they should increase in order to grow their role in the organization
- Run what-if projections for a variety of budget scenarios and compensation priorities



- Make organization-wide shifts in compensation, including building toward equity goals

Supporting an Equitable Approach to Compensation

The pay scale calculator is an important material step for organizations wanting to have more equitable compensation practices. *The pay scale calculator is not an instant fix for inequity across the organization*, which is itself informed by current and historical inequities on a large scale. The calculator should be complemented by a broader organizational conversation about its approach to pay.

The development of a compensation philosophy where the organization make values-based decisions about their salary policy includes questions such as:

- To what degree to value skills, merit, and seniority
- How much each area of responsibility should be compensated, and whether these areas of responsibility sufficiently capture the key range of responsibilities across the team
- How to define the “steps” in the salary scale and make clear to staff what growth is necessary to advance in pay bands
- The basis and timing of increases as it relates to the budget, the calendar year, the fiscal year, and performance evaluations
- How often to review the pay scale structure
- To what degree to accommodate market-based rates, especially for higher level positions; and to what degree the organization will support internal equity within pay bands by investing in internal employee development
- To what degree benefits also reflect organizational values
- To what degree staff input will be considered in the pay scale, who can propose changes, and who can make final decisions

To ensure accountability and collective buy-in, we recommend these (and other – see [RoadMap’s salary policy discussion guide](#)) questions and an organization’s salary policy be discussed and developed by a cross-organizational committee.

Building Organizational Compensation Transparency

It’s up to each organization how transparent it would like to be about the pay scale. Some choose to have total salary transparency, while others begin with transparency around the base rate and how many times larger the pay ceiling is than the base rate, or they start with transparency around job classes and pay scale bands to clarify staff pathways for growth within the organization. We can help you determine what makes sense for your organization.

In communicating the adoption of an equitable pay scale to your team, it’s important to note that the salary scale assessment will not immediately rectify all inequalities within an organizational legacy or historical, social, and political institutions. (For example, an organization can decide to remove educational requirements – which are an explicit barrier to getting the best candidates – from the hiring process, but it cannot change who has access to educational opportunities that could still boost their qualifications). An equitable pay scale is an important step within a much larger context, and we will support you in building pay equity over time.