# IMPACT

**Developing Solutions to Compensation's Latest Trends and Hot Topics**

**WIPFLI**

1

---

## Welcome

Thank you for joining us!

We hope today's training meets your expectations.

2

2

## No recording of any kind

This includes any video or audio images on your smart devices.

3

3

## Materials/ disclaimer

- Please note that these materials are incomplete without the accompanying oral comments by the trainer(s).
- These materials are informational and educational in nature and represent the speakers' own views. These materials are for the purchasing agency's use only and not for distribution outside of the agency or publishing on a public website.

4

4

Presenter

**Julia Johnson**
Director, Organizational Performance
and Talent Management

5

**Learning Objectives**

Identify the internal and external forces at play to help make your compensation program a success – and in compliance

Leverage alternative non-monetary rewards to help keep employees motivated and engaged

Evaluate elements needed to develop an effective communication strategy

6

# 01

## The market landscape

7

---

# A look back at 2023 workforce trends

( DOL Proposed While-Collar Exemption Rule )
( Pay Transparency )
( Minimum Wage Increases )
( Labor Unions )
( Bonus/ Incentives )
( Labor Shortages )

8

8

## US labor supply continues to face long-term pressure

**SUPPLY & DEMAND OF US WORKERS**



Net annual change in the US working age population (18-64)    Average annual net US job growth since World War II

**9**   Notes: Updated as of March 5, 2021. Population estimates and projections are for the resident population. The US population components shown in the IDB may not match the official population components for the United States, in part, due to differences in how they are displayed (calendar year versus midyear-to-midyear estimates).

9

## The US workforce demographic distribution continues to shift

### 2020 to 2030



- Traditionalists (1925-1945)
- Boomers (1946-1964)
- X'ers (1965-1980)
- Millennials (1981-1996)
- Gen Z (1997-2012)

**2020**
3% 1%
24%
42%
30%

**2030***
9%
22%
25%
44%

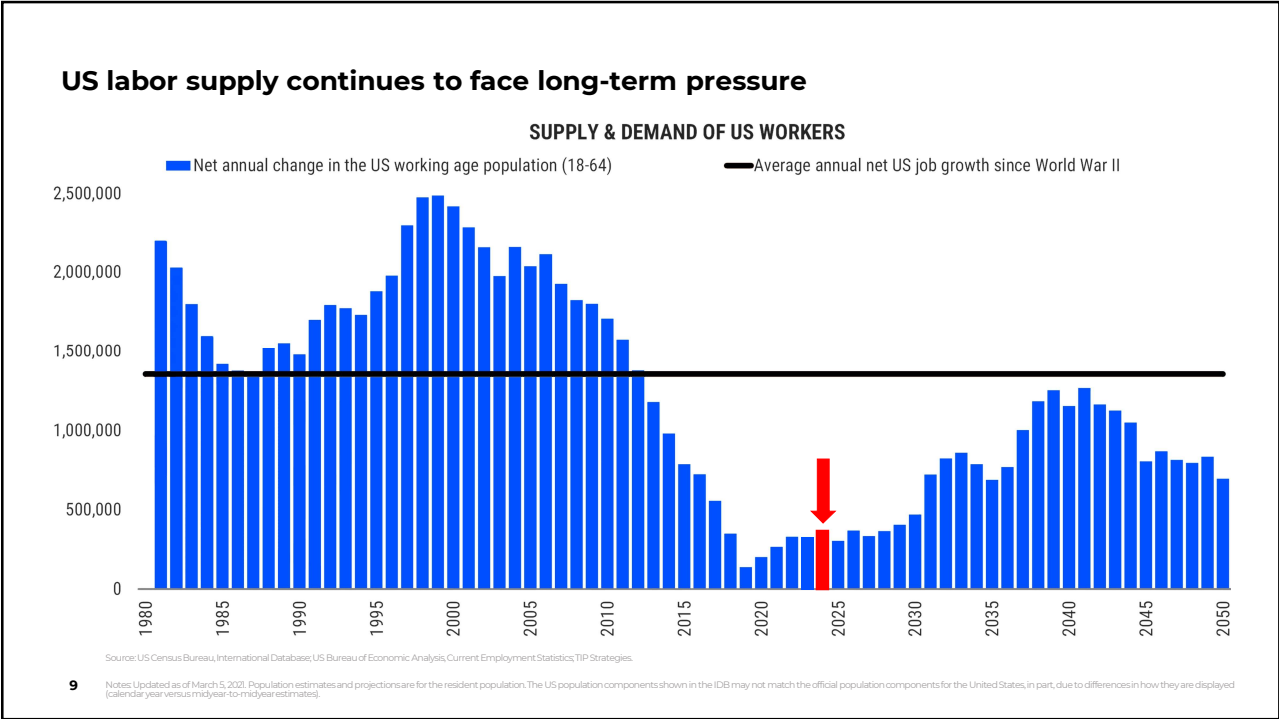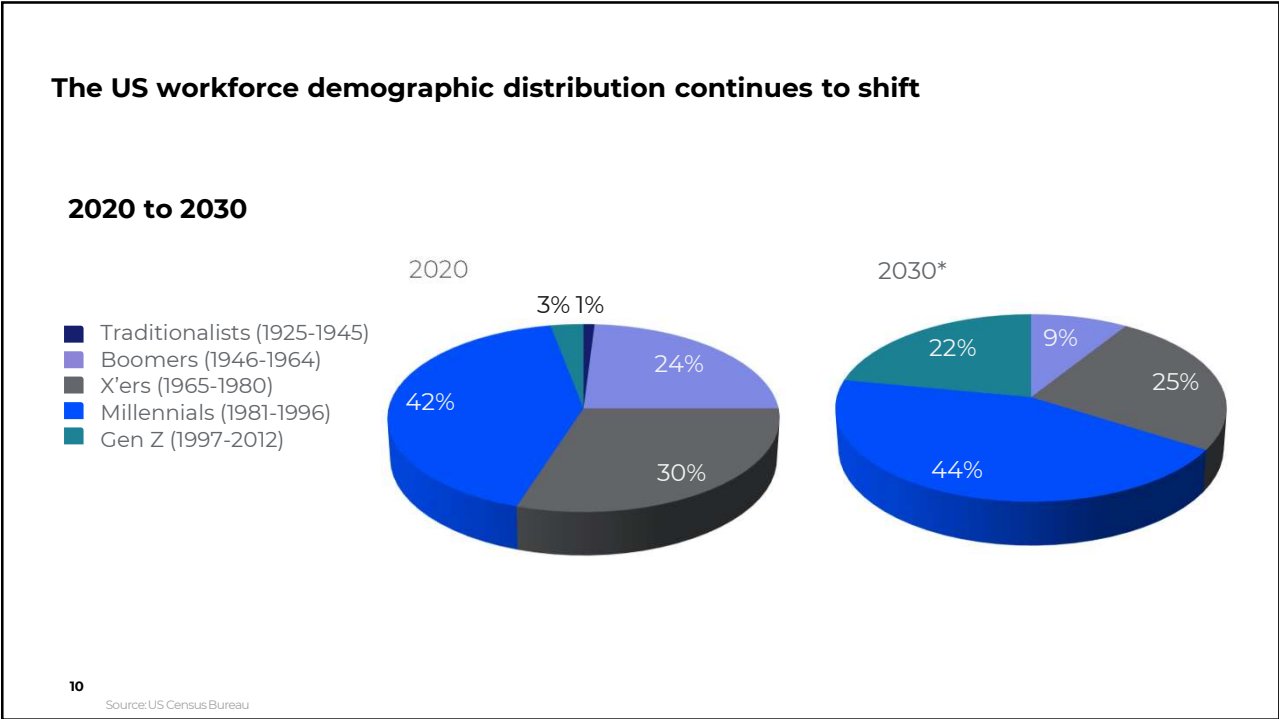**10**   Source: US Census Bureau

10

## Wage growth in 2023 remained strong.

National wage growth by industry and job

**Broken out by industry:**

| Rank | Industry | Q/Q Growth | Y/Y Growth |
|---|---|---|---|
| 1 | Nonprofits | 0.6% | 5.9% |
| 2 | Accommodation & Food Services | 0.4% | 5.5% |
| 3 | Health Care | 0.7% | 5.3% |
| 4 | Arts, Entertainment, & Recreation | 0.3% | 4.8% |
| 5 | Retail & Customer Service | -0.1% | 4.7% |
| 6 | Engineering & Science | 0.4% | 4.7% |
| 7 | Manufacturing | 0.2% | 4.6% |
| 8 | Education | -0.2% | 4.6% |
| 9 | Real Estate & Rental/Leasing | -0.2% | 4.5% |
| 10 | Finance & Insurance | 0.3% | 4.4% |
| 11 | Agencies & Consultancies | 0.4% | 4.4% |
| 12 | Construction | -0.4% | 4.2% |
| 13 | Energy & Utilities | -0.2% | 4.1% |
| 14 | Transportation & Warehousing | -0.7% | 3.6% |
| 15 | Technology | -0.4% | 2.8% |

**Broken out by job:**

| Rank | US Metro | Q/Q Growth | Y/Y Growth |
|---|---|---|---|
| 1 | Installation, Maintenance & Repair Jobs | 0.3% | 6.8% |
| 2 | Social Service Jobs | 1.0% | 6.4% |
| 3 | Retail Jobs | -0.1% | 6.0% |
| 4 | Food Service & Restaurant Jobs | 0.2% | 5.6% |
| 5 | Healthcare Practitioners & Technical Jobs | 1.0% | 5.6% |
| 6 | Manufacturing & Production Jobs | 0.1% | 5.5% |
| 7 | Construction Jobs | -0.4% | 5.4% |
| 8 | Legal Jobs | -0.1% | 4.9% |
| 9 | Sales Jobs | 0.0% | 4.8% |
| 10 | Transportation Jobs | -0.6% | 4.8% |
| 11 | Administrative & Clerical Jobs | 0.1% | 4.5% |
| 12 | Media & Publishing Jobs | -1.1% | 4.4% |
| 13 | Architecture & Engineering Jobs | -0.1% | 4.2% |
| 14 | Art & Design Jobs | -0.2% | 4.2% |
| 15 | Science & Biotech Jobs | -0.3% | 4.0% |
| 16 | Marketing & Advertising Jobs | 0.0% | 3.7% |
| 17 | Accounting & Finance Jobs | -0.2% | 3.6% |
| 18 | Human Resources Jobs | -0.1% | 3.3% |
| 19 | Information Technology Jobs | -0.4% | 3.0% |

11  Source: The Payscale Index Report, Q4 2023

11



But what are the latest compensation trends as we look to 2024?

12

Developing Solutions to Compensation's Latest Trends and Hot Topics (WISCAP Annual Conference)

6
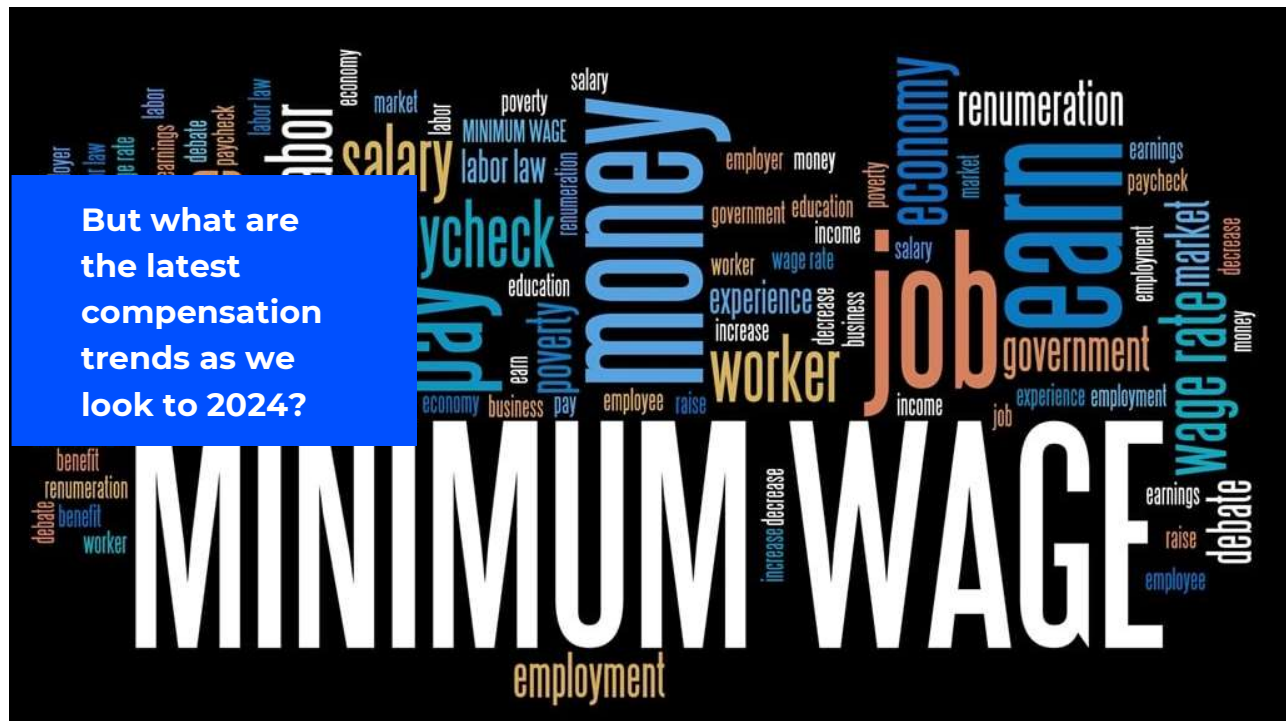
**2024 workforce predictions**

**Job Descriptions**

- Will remain important to talent management and compensation program.

- Important to review at least annually to ensure a solid framework, especially considering recent compliance changes.

**Transparency and Education**

- Consistent messaging and communication will remain critical.

- Equip managers to be able to speak to policies and practices and act as a communication driver inside the organization.

**Quiet Quitting**

- Talent shortage is here to stay. Its important employees are motivated and engaged.

- If a system and process to address retention and attraction of talent, get a system and process in place.

13

13



# How many of your organizations are feeling the same or similar 2023 – 2024 market pressures?
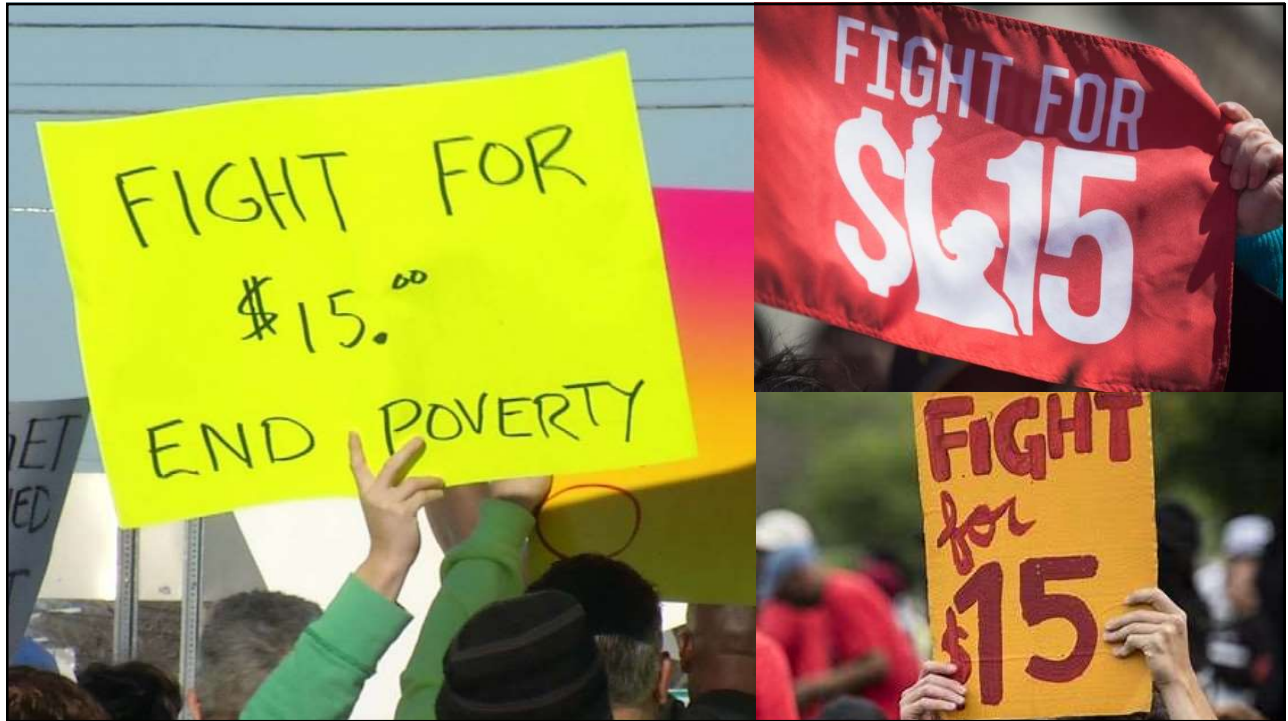
14

14

# 02

**Current Wage Trends and Hot Topics**

15

# Rising Wages

16

17



18

19



**Did you know, with an annual increase of $3,250 per year, an employee would be able to do the following?**

Purchase **3.3** months of food

Cover **3.2** months of transportation services/ vehicle expenses

Pay for **1.6** months of housing/ rent

Pay for **6.6** months of medical / healthcare expenses

20

20

Develop a compensation strategy to guide your decision-making in . . .

21

---

**Consider the objectives of your compensation strategy and philosophy**



**Strategic alignment**

- Reflect organization's **mission and values**
- Support personnel **recruitment and selection strategies**
- Motivate employees to help achieve program and organizational goals

**Fair and equitable**

- Recognize the value each position brings to the organization
- Pay salaries **equitable for work being performed**
- Foster equitable pay across departmental lines

**Top talent**

- **Attract and retain** qualified employees
- Ensure **wages are comparable** to similar work in organizations you compete with for employees

**Consistency and accountability**

- **Increase understanding** of pay administration
- **Minimize inconsistent administration** of pay
- **Increase manager accountability**

22

22

Developing Solutions to Compensation's Latest Trends and Hot Topics
(WISCAP Annual Conference)

**Consider your compensation philosophy and strategy mix**

| Compensation component | 25th Percentile (Lag) | 50th Percentile (Meet) | 75th Percentile (Lead) |
|---|---|---|---|
| Base salary | | | |
| Annual incentives | | | |
| Basic benefits | | | |
| Supplemental benefits | | | |
| Supplemental retirement plan | | | |
| Perquisites | | | |
| Total compensation | | | |

23

23



# Does your organization have a formal, written compensation philosophy?

24

24

# Notice of Proposed Rulemaking (NPRM)

25

---

## Notice of Proposed Rulemaking (NPRM): Workforce
### Staff wages -  steps for consideration

### Progress towards equity for education staff

**NPRM outlines:**

- NPRM instructs Agency's are to make **measurable progress** towards pay equity with K-3 teacher salaries in their local or neighboring school district for Head Start/ Early Head Start Teachers.

- Achievement of **pay equity for all education staff working directly with child**, considering hours worked and experience of employee.

- Head Start Teacher **earn wages comparable** to the pay of public preschool Teachers.

- Promote wage that are **comparable to similar service industries**, considering the role's responsibilities, qualifications, experience and hours worked.

**Wipfli proposed solution:**

- **Obtain and monitor** your local/ neighboring school district salary schedules. Most can be found online via an internet search for "salary schedules for XZY school district".

- Incorporate the **certified and non-certified salary schedules for teaching positions** into your next wage comparability study.

- Convert salaried wages into hourly wage by **understanding public school teachers' employment contracts**, specifically how many months/days they work in a year.

- Use published wage and salary surveys to **include other industries/sectors** such as preschools and daycares to complement the nonprofit and public school district data.

**26**    Pages 15-40 of NPRM (version proposed November 2023)

26

**Notice of Proposed Rulemaking (NPRM): Workforce**
Pay scale -  steps for consideration

**Minimum pay requirements and wage comparability in the salary structure**

**NPRM outlines:**

- **Implement a pay structure** for all staff that promotes comparable wages.

- Review and update your pay structure at **least every five years** to assist with competitive wages.

- Wages cannot exceed the **Level II Executive Schedule** ($221,900 for 2024).

- Establish a **salary floor or pay minimum** that is generally sufficient for staff to **cover basic needs.**

**27**  Pages 36-43 of NPRM (version proposed November 2023)

**Wipfli proposed solution:**

- Use the external market analysis data, and any appropriate school district data, to **develop a formal salary structure following traditional base compensation methodology**.

- The labor market is competitive and dynamic. **Be proactive** - don't wait five years to complete your next wage study and salary structure update.

- Monitor the annual Executive Level II Pay Cap threshold, announced every January. **Set this as your salary structure maximum(s).**

- Utilize a living wage tool (e.g., the living wage calculator) to **set appropriate pay minimums in your salary structure**. Don't wait for the NPRM to pass to incorporate sufficient wages to allow staff to provide for themselves/ their families.

27

---

**Notice of Proposed Rulemaking (NPRM): Workforce**
Staff Benefits -  steps for consideration

**Establish more comprehensive and competitive employee benefits**

**NPRM outlines:**

- Provide or facilitate **access to high quality and affordable health care.**

- Offer periods of leave aligned with the eligibility and protections in the **Family Medical Leave Act (FMLA)**, regardless of employer size.

- Offer **paid vacation or PTO and sick leave** to full-time staff (30 hours or more).

- **Review at least every five years the competitiveness of your benefit offerings** and consider including more health benefits, retirements savings plans, FSA/HSA, life, disability and long-term care insurance options.

**28**  Pages 47-60 of NPRM (version proposed November 2023)

**Wipfli proposed solution:**

- Familiarize yourself with and adhere to **existing federal, state and local laws** – your jurisdiction may already require this compliance.

- Research and **determine the most appropriate type of employee leave program** to support your organization (e.g., vacation and sick time or paid time off). Consider HRIS integration and limitations.

- **Conduct an analysis** or engage your **insurance broker or third-party administrator** to determine the competitiveness of your offerings for your local market and organization size.

- **Partner with your local/neighboring school districts** to understand their employee benefits. Complete a FOIA request, if needed.

28

**How many of your organizations are preparing for the NPRM to pass?**

29

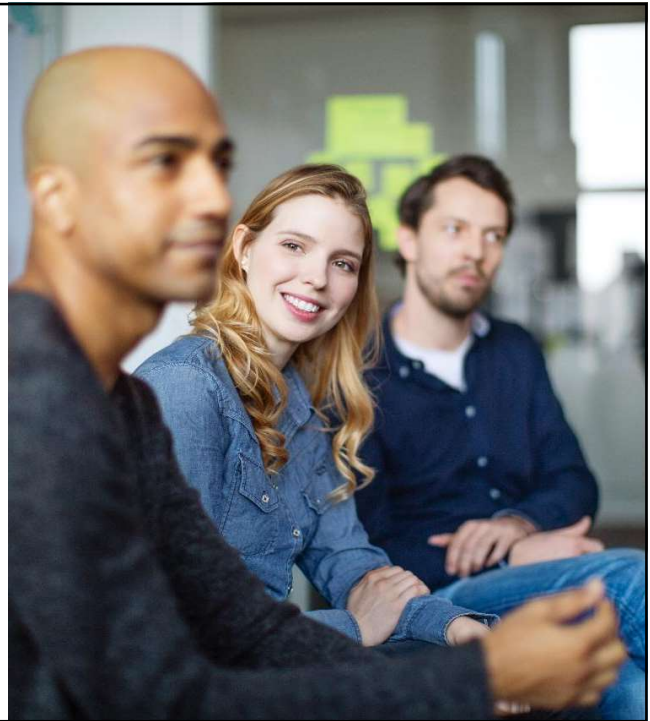Total Rewards and Employee Benefits

30

**What is a total rewards mindset?**

The **monetary and nonmonetary** return provided to employees in exchange for their time, talents, efforts and results.

It refers to everything that employees value in the employment relationship.
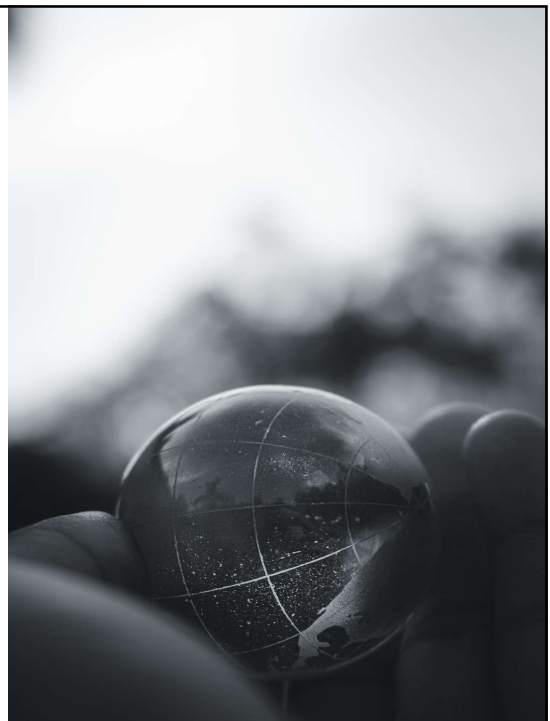
WorldatWork

31

31

**What does a total rewards mindset involve?**

- It involves the deliberate integration of five key elements of:
  - **Benefits**
  - **Work-life effectiveness and environment**
  - **Compensation**
  - Performance and recognition
  - Development and career planning

32

32

**Roles and drivers of total reward components**

**Total rewards**

**Compensation** attract and retain staff

**Base Pay**
- Wages / Salaries

**Variable / Incentive Pay**
- **Annual Incentives** drive short-term results and behaviors
- **Long-term Incentives** drive long-term results and behaviors

**Benefits** provide a sense of security and protection
- **Basic & Supplemental Benefits**
- **Supplemental Retirement Plans** also a retention lever

**Perquisites** retain staff
- **Well-being**
- **Performance and Recognition**
- **Development and Career Planning**
- **Advancement Opportunities**

33

33

---

**Benefits**

**Social benefits**

- Federal and State Unemployment (FUTA, SUTA)
- Workers' Compensation
- Social Security (FICA)

**Group benefits**

- Medical, Dental, Vision, Drug
- Mental
- Life and AD&D
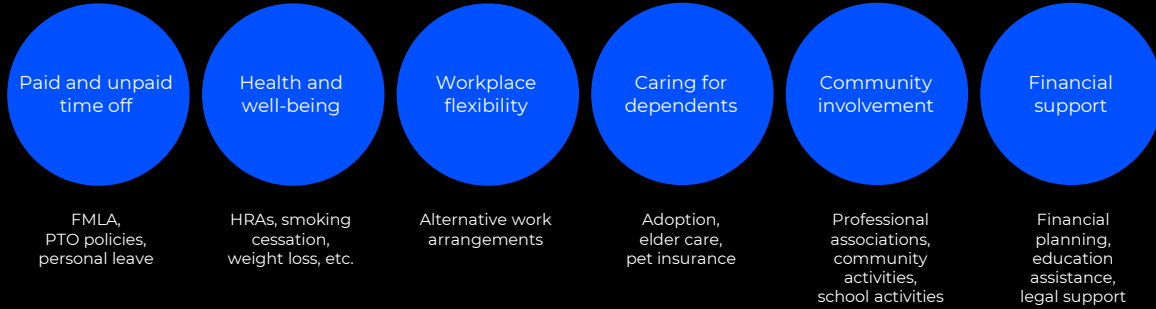- Short- and Long-Term Disability
- Retirement

**Salary continuation**

- Vacation
- Sick Leave
- Holiday
- Bereavement Leave
- Jury Duty
- Military Leave
- Inclement Weather Days
- Personal Days
- Breaks

34

34

Developing Solutions to Compensation's Latest Trends and Hot Topics
(WISCAP Annual Conference)                                            17

# Work-life effectiveness

| Paid and unpaid time off | Health and well-being | Workplace flexibility | Caring for dependents | Community involvement | Financial support |
|---|---|---|---|---|---|
| FMLA, PTO policies, personal leave | HRAs, smoking cessation, weight loss, etc. | Alternative work arrangements | Adoption, elder care, pet insurance | Professional associations, community activities, school activities | Financial planning, education assistance, legal support |

35

35

---

## Conduct a high-level benefits analysis to gauge competitiveness of offerings
Sample benefits analysis – National data

**For illustrative purposes only; not a recommendation**

**Sample Organization**
2023 Benefits Analysis Worksheet (Data Collected February 2023)

| Benefit Survey | Health Insurance (average of all plans) | | Dental Insurance | | Vision Insurance | | Disability | |
|---|---|---|---|---|---|---|---|---|
| | Single | Family | Single | Family | Single | Family | % of Employers that provide Company Paid Short-term Disability | % of Employers that provide Company Paid Long-term Disability |
| | % Premium Paid by Employer | % Premium Paid by Employer | % Premium Paid by Employer | % Premium Paid by Employer | % Premium Paid by Employer | % Premium Paid by Employer | | |
| Alliance for Strong Families - Human Services Compensation Study (National) | 79.5% | 68.0% | | | | | 36.2% | 64.6% |
| Bureau of Labor Statistics - National Civilian Workers | | | | | | | | |
| Bureau of Labor Statistics - National Civilian Workers - Educational Services | | | | | | | | |
| Bureau of Labor Statistics - National Civilian Workers - Educational: Elementary & Secondary Schools | | | | | | | | |
| Bureau of Labor Statistics - National Civilian Workers - Healthcare and Social Services | | | | | | | | |
| Center for Community Futures - National | 82.0% | 42.3% | 36.7% | 21.7% | 20.9% | 14.6% | 100.0% | 100.0% |
| CompData - Nonprofit (National) | 83.2% | 74.1% | 67.0% | 37.0% | | | 83.5% | 91.5% |
| Grantmaker Council of Foundations Benefits Report - National | 80.0% | 71.3% | 75.0% | | 35.1% | | 42.6% | 56.0% |
| Kaiser Foundation - National | 83.0% | 72.0% | | | | | | |
| Kaiser Foundation - Not for Profit (Private) | 85.0% | 74.0% | | | | | | |
| NonProfit Times - All Nonprofit Organizations | 84.2% | 58.8% | 63.8% | 42.7% | 43.6% | 29.6% | 37.1% | 41.1% |
| NonProfit Times - Human Services | 86.4% | 57.4% | 53.8% | 33.8% | 35.3% | 18.8% | 41.1% | 44.4% |
| NonProfit Times - National Arts, Culture and Humanities | 86.6% | 56.4% | 85.1% | 70.1% | 68.8% | 58.8% | 20.0% | 21.7% |
| SHRM Employee Benefits Survey | | | | | | | 66.0% | 71.0% |
| Average of Surveys | 80.1% | 70.1% | 62.1% | 39.0% | 37.0% | 28.9% | 52.0% | 59.6% |

36

36

## Conduct a high-level benefits analysis to gauge competitiveness of offerings
Sample benefits analysis – National data (continued)

**\*For illustrative purposes only; not a recommendation**

**Sample Organization**

2023 Benefits Analysis Worksheet (Data Collected February 2023)

| | Life Insurance | | Time Away from Work | | | | | Retirement | Benefit Costs | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Benefit Survey | % of Employers that provide Company Paid Life Insurance | PTO Days - 5 years of service | Vacation Days - 1 year of service | Vacation Days - 5 year of service | Vacation Days - 10 year of service | Sick Days - 5 year of service | Holidays/ Year* | Retirement Savings (e.g., 401K) Employer Contribution | Benefit Costs as a % of Salary - Not Mandated | Benefit Costs as a % of Salary - Mandated | Benefit Costs as a % of Salary |
| Alliance for Strong Families - Human Services Compensation Study (National) | 78.2% | 18.0 | 12.0 | | | 12.0 | 11.0 | 4.0% | | | |
| Bureau of Labor Statistics - National Civilian Workers | | | | | | | | | 22.0% | 7.5% | 29.5% |
| Bureau of Labor Statistics - National Civilian Workers - Educational Services | | | | | | | | | 29.2% | 5.3% | 34.5% |
| Bureau of Labor Statistics - National Civilian Workers - Educational: Elementary & Secondary Schools | | | | | | | | | 29.9% | 5.0% | 34.9% |
| Bureau of Labor Statistics - National Civilian Workers - Healthcare and Social Services | | | | | | | | | 23.4% | 7.2% | 30.6% |
| Center for Community Futures - National | 85.0% | 24.6 | 10.0 | 15.0 | 20.5 | 12.0 | 12.0 | 5.5% | | | 30.4% |
| CompData - Nonprofit (National) | 97.9% | 20.8 | 12.1 | 15.1 | 18.6 | 13.1 | 13.5 | 5.7% | 18.7% | 11.1% | 29.8% |
| Grantmaker Council of Foundations Benefits Report - National | 57.2% | 20.0 | | 15.0 | | 10.0 | 11.0 | 6.4% | 16.8% | 7.5% | 24.8% |
| Kaiser Foundation - National | | | | | | | | | | | |
| Kaiser Foundation - Not for Profit (Private) | | | | | | | | | | | |
| NonProfit Times - All Nonprofit Organizations | 54.5% | 19.7 | 12.0 | 17.3 | 19.6 | 10.3 | 12.8 | 6.3% | | | |
| NonProfit Times - Human Services | 61.7% | 20.8 | 11.3 | 16.3 | 18.1 | 10.5 | 12.8 | 6.2% | | | |
| NonProfit Times - National Arts, Culture and Humanities | 31.7% | 15.7 | 11.4 | 15.9 | 18.1 | 9.5 | 12.5 | 6.6% | | | |
| SHRM Employee Benefits Survey | 84.0% | | | | | | | 6.8% | | | |
| **Average of Surveys** | **61.5%** | **20** | **12** | **16** | **20** | **10** | **12** | **6.1%** | **20.9%** | **7.3%** | **28.7%** |

37

37

# Wage Compression

38

38

## What is wage compression?

- Is when there are only **small variations in base pay** between employees in the same position regardless of other factors.

- Most commonly occurs in a **fast moving or tight labor market** in which organizations need to pay more to attract new employees compared to the wages they are paying current employees.

### Where do we commonly see wage compression?

- **Current**: The pay of one or more employees is very close to the pay of more experienced employees in the same role.

- **New**: New hires are paid the same as or more than similarly experienced current staff.

- **Supervisory**: Employees in lower-level jobs are paid almost as much as supervisor.

39

---

## Pay compression release considerations

- Evaluate needed market adjustments and bring all employees to the new minimums of the range and assess associated financial impact.

- Determine factors to be used to release compression, e.g., length of service, performance, placement in range, etc.

- Calculate financial impact for all employees and create response strategy.

40

**\*For illustrative purposes only; not a recommendation**

**Compression Release Calculation Estimating Tool**

| Length of Service Category | | Compa Ratio | | | | |
|---|---|---|---|---|---|---|
| | | 80%-90% | 91%-94% | 95%-99% | 100%-104% | 105%+ |
| | | 0.90 | 0.09 | 0.01 | 0.01 | 0.00 |
| 10+ years | 0.22 | 6.0% | 4.5% | 3.0% | 2.0% | 1.50% |
| | | 0.012 | 0.001 | 0.000 | 0.000 | 0.000 |
| 7 - 10 years | 0.07 | 5.0% | 3.5% | 2.0% | 1.5% | 1.0% |
| | | 0.003 | 0.000 | 0.000 | 0.000 | 0.000 |
| 4 - 6 years | 0.19 | 4.0% | 2.5% | 1.5% | 1.0% | 0.50% |
| | | 0.007 | 0.000 | 0.000 | 0.000 | 0.000 |
| 1 - 3 years | 0.12 | 3.0% | 1.5% | 1.0% | 0.5% | 0.0% |
| | | 0.003 | 0.000 | 0.000 | 0.000 | 0.000 |
| 0 - 1 years | 0.40 | 2.0% | 1.0% | 0.5% | 0.0% | 0.0% |
| | | 0.007 | 0.000 | 0.000 | 0.000 | 0.000 |
| | 1.00 | | | | | |
| _Cell totals:_ | | 0.032 | 0.002 | 0.000 | 0.000 | 0.000 |

40

## Perform a comparative ratio and wage compression release analysis

Sample wage compression release

**Step 1**:
Issue pay increases to align with your compensation philosophy *(e.g., range minimum, range midpoint (market), etc.).*

| Range | Job Title | Length of Service Category | Annualized Salary | 2024 Pay Ranges - Hourly | | | Current Compa Ratio | Range Outlier | Financial Impact Analysis [Based on Hours Worked] - Step 1: Bring to Range Minimum | | | | | Financial Impact Analysis [Based on Hours Worked] - Step 2: Compression Release Based on Length of Service | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Min | Midpoint | Max | | | Hourly Increase $ | Annualized Increase $ | New Hourly Rate | New Annual Rate | New Compa Ratio | Compression Increase (%) | Hourly Increase $ | Annualized Increase $ | New Hourly Rate | New Annual Rate | New Compa Ratio |
| 8 | EHS Home Educator 2 | 10+ years | $51,792 | $28.21 | $31.34 | $37.61 | 79% | below minimum | $3.31 | $6,878 | $28.21 | $58,670 | 90% | 6.0% | $1.69 | $3,520 | $29.90 | $62,191 | 95% |
| 8 | EHS Home Educator 2 | 10+ years | $52,437 | $28.21 | $31.34 | $37.61 | 80% | below minimum | $3.00 | $6,234 | $28.21 | $58,670 | 90% | 6.0% | $1.69 | $3,520 | $29.90 | $62,191 | 95% |
| 8 | Kitchen Operation Special | 4 - 6 years | $58,677 | $28.21 | $31.34 | $37.61 | 90% | | $0.00 | $0 | $28.21 | $58,677 | 90% | 4.0% | $1.13 | $2,347 | $29.34 | $61,024 | 94% |
| 8 | QS ERSEA  PFCE Specialist | 10+ years | $65,666 | $28.21 | $31.34 | $37.61 | 101% | | $0.00 | $0 | $31.57 | $65,666 | 101% | 2.0% | $0.63 | $1,313 | $32.20 | $66,979 | 103% |
| 8 | QS ERSEA PFCE HB Special | 7 - 10 years | $58,490 | $28.21 | $31.34 | $37.61 | 90% | below minimum | $0.09 | $181 | $28.21 | $58,670 | 90% | 5.0% | $1.41 | $2,934 | $29.62 | $61,604 | 95% |
| 8 | QS Hlth Nutr Specialist | 10+ years | $62,442 | $28.21 | $31.34 | $37.61 | 96% | | $0.00 | $0 | $30.02 | $62,442 | 96% | 3.0% | $0.90 | $1,873 | $30.92 | $64,315 | 99% |
| 8 | QS Hlth Nutr Specialist | 4 - 6 years | $58,490 | $28.21 | $31.34 | $37.61 | 90% | below minimum | $0.09 | $181 | $28.21 | $58,670 | 90% | 4.0% | $1.13 | $2,347 | $29.34 | $61,017 | 94% |
| 7 | Community Outreach Advocate | 4 - 6 years | $49,587 | $25.95 | $28.83 | $34.60 | 83% | below minimum | $2.11 | $4,390 | $25.95 | $53,977 | 90% | 4.0% | $1.04 | $2,159 | $26.99 | $56,136 | 94% |
| 7 | Community Outreach Advocate | 1 - 3 years | $44,491 | $25.95 | $28.83 | $34.60 | 74% | below minimum | $4.56 | $9,486 | $25.95 | $53,977 | 90% | 3.0% | $0.78 | $1,619 | $26.73 | $55,596 | 93% |
| 7 | Community Outreach Advocate | 1 - 3 years | $49,587 | $25.95 | $28.83 | $34.60 | 83% | below minimum | $2.11 | $4,390 | $25.95 | $53,977 | 90% | 3.0% | $0.78 | $1,619 | $26.73 | $55,596 | 93% |
| 7 | Community Outreach Advocate | 1 - 3 years | $49,587 | $25.95 | $28.83 | $34.60 | 83% | below minimum | $2.11 | $4,390 | $25.95 | $53,977 | 90% | 3.0% | $0.78 | $1,619 | $26.73 | $55,596 | 93% |
| 7 | Community Outreach Advocate | 0 - 1 years | $44,491 | $25.95 | $28.83 | $34.60 | 74% | below minimum | $4.56 | $9,486 | $25.95 | $53,977 | 90% | 0.0% | $0.00 | $0 | $25.95 | $53,977 | 90% |
| 7 | ERSEA Specialist | 4 - 6 years | $56,597 | $25.95 | $28.83 | $34.60 | 94% | | $0.00 | $0 | $27.21 | $56,597 | 94% | 2.5% | $0.68 | $1,415 | $27.89 | $58,012 | 97% |
| 7 | ERSEA Specialist | 1 - 3 years | $56,597 | $25.95 | $28.83 | $34.60 | 94% | | $0.00 | $0 | $27.21 | $56,597 | 94% | 1.5% | $0.41 | $849 | $27.62 | $57,446 | 96% |
| 7 | Family Engagement Advocate | 10+ years | $44,491 | $25.95 | $28.83 | $34.60 | 74% | below minimum | $4.56 | $9,486 | $25.95 | $53,977 | 90% | 6.0% | $1.56 | $3,239 | $27.51 | $57,215 | 95% |

**\*For illustrative purposes only; not a recommendation**

**Step 2**:
Once compression release factor has been determined, use release factor and employee's new compa-ratio to address wage compression.

41

41

---

## Tips for addressing pay compression

**01** — When you find wage compression, **create a strategy** to address it.

**02** — Create hiring budgets and **review pay equity** as positions become open.

**03** — Develop pay administration **policies**.

**04** — Determine **measurable factors** that can be used to release pay compression.

42

42

# Pay Equity

43

---

**Pay equity and pay parity are often used interchangeably. Both underscore the importance of paying fairly and consistently, without discrimination.**

## Pay Equity

Focuses on the fairness of pay when considering **comparability of jobs and individual circumstances** (e.g., education, experience, length of service) to demonstrate there is no pay gap based on protected classes.

▶

Requires leadership to examine the roles and responsibilities of each individual employee to ensure employees with similar roles and tasks are being fairly and equally compensated.

44

44

**Five actional steps to improving pay equity at your organization**

- **Review your job descriptions annually.** Monitoring pay equity is a continual process that depends on keeping your job descriptions up to date so that **"comparable work"** can be determined.

- **Stay informed of compensation trends.** Regularly review your pay across your teams and departments, and benchmark positions externally. This creates **competitive onboarding and compensation practices which align with industry standards.**

- **Develop a formal salary structure.** Developing a data-driven salary range for each position – not the individual employee – using the job description to **create a framework for a fair base compensation program**.

- **Train managers on pay equity strategies.**
  - Incorporate strategies into pay administration. Minimizing pay gaps requires **careful and proactive planning and analysis**, including knowing the skills, experience, length of service and compa ratios of current position incumbents.
  - Develop clear performance objectives. Educating managers on **clear and subjective performance reviews and promotion criteria** will help them make informed pay decisions. Have department leaders and Human Resources both approve performance ratings and pay increases.

- **Conduct an annual pay analysis.** Review every employee's pay and **investigate instances where someone's pay is significantly different from their peers**. Work with senior leadership to implement adjustments, where needed, and document your findings and actions.

45

# Pay Transparency

46

**Pay transparency**

- The degree to which employers are open about **what, why, how, and how much employees are compensated,** and their comfort-level with employees sharing pay-related information with others.

- This can **extend beyond just base pay** to include variable pay and other rewards components as well as other facets and/or means to attain rewards (e.g., promotions, recognition, development, performance assessment).

47

## Varying levels of pay transparency

| Nonexistent | Minimal transparency | Moderate transparency | Significant transparency | Extreme transparency |
|---|---|---|---|---|
| We don't share pay-related philosophies, polices or practices with employees. | Employees have limited access to or understanding of pay-related philosophies, policies and practices. | Employee access to pay-related information is generally limited to their own salary range, pay determination factors, rewards opportunities, etc. | Pay transparency is viewed as an essential element to organizational success and critical to achieving a culture of fairness. Employees have access to broad pay-related information such as salary structure for all/most positions, merit budgets, job evaluation methods, etc., and have significant understanding of how pay and rewards are determined for themselves and the broader organization. | Fairness and transparency are embedded in our value system. Employees fully understand pay philosophies, policies and practices, and have access to individual pay and reward levels for all/most of the workforce. |
| 4% | 35% | 46% | 13% | 1% |

N = 425

48

**Pay transparency matters because:**

**01** Promotes pay equity for everyone

**02** Saves times during talent acquisition

**03** Encourages market competitiveness

**04** In some states/localities, it is the law

49
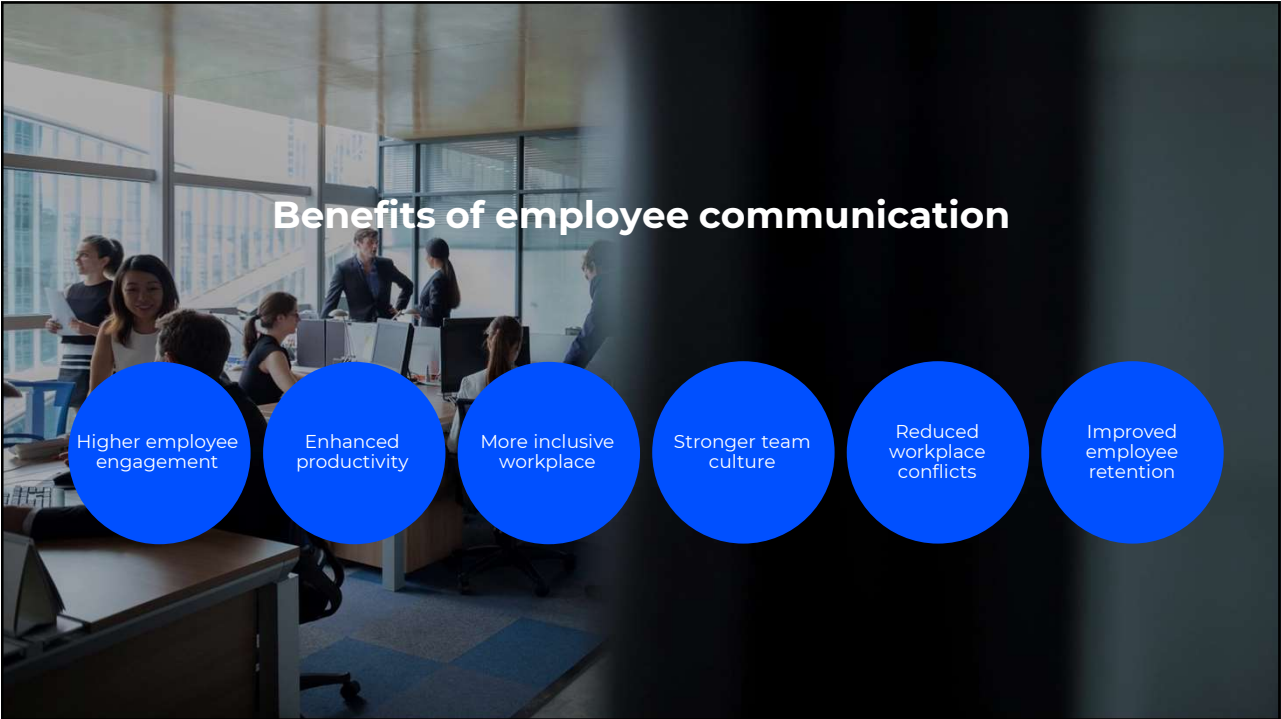
49

# Information is Power

- Multiple states and localities enacted laws in recent years that **prohibits asking job candidates about their pay history** (or basing job offers on that history) **and laws requiring employers to post—or reveal upon request—a salary range** for specific positions within their companies.

- 8 states currently have pay transparency laws in place, with 15 additional states pending pay transparency legislation. *(February 2024)*

See if your state has pay transparency laws. *(SHRM)*

50

# Communication Strategies

51

---

## Benefits of employee communication

Higher employee engagement · Enhanced productivity · More inclusive workplace · Stronger team culture · Reduced workplace conflicts · Improved employee retention

52

# Breaking out of the black box of communication

53

---

**Most common pitfalls of employee/ manager communication**

**Focusing on weaknesses**

**Disregarding professional development**

**Being unapproachable**

**Being uninvolved**

**Being too involved**

**Using passive-aggressive language**

54

54

**Tips to effectively communicate compensation to employees**

# 01 Prepare in advance

- **Time** the conversation appropriately
- Be familiar with your **pay philosophy**
- Know your **organization's level** of pay transparency
- Identify the **type of employee** (e.g., high performer, low performer, flight risk)
- Collect **relevant data** to support the conversation and pay decision.

# 02 Navigate the conversation

- Only share information that supports your **organization's pay transparency level**.
- Clearly **explain your compensation strategy and reference data**, where applicable, to support your decision.
- **Don't rush** the conversation.
- Listen more than you talk to **gain understanding** about where your employee is coming from.
- Welcome a **follow-up conversation**, as needed. It's okay to not have all the answers.

55

55

---

## Navigating the conversation

Suggested talking points for steering difficult pay conversations

56

### When an employee isn't getting an increase because their pay is high within range.

- **Show appreciation for their work** and be specific about their individual contributions.
- **Share how their pay is determined.** For example, you may share that your organization conducted a market study three months ago and the research showed that this employee's pay is high for their skillset. Therefore, they will not receive a pay increase this year.
- **Discuss other non-monetary drivers.** There might be something else you can offer to this employee. Perhaps they value more flexibility or autonomy or the opportunity to work on a particular project. It's up to you to find out what each individual cares about.
- **Discuss their professional development and career planning**. Explain how they can continue to advance within the organization — whether it's by improving their performance, obtaining new skills, or when market data shows a gain in the position's value.
- **Determine goals they can work on in the immediate future.** Make it clear how they can increase their value to the organization.

56

**Navigating the conversation**

Suggested talking points for steering difficult pay conversations

57

**When an employee isn't getting an increase because performance doesn't merit a raise.**

- Recognize the contributions they've made so far.

- Let them know that due to their performance, they're not eligible for a raise at this time.

- Show them a way forward. Give them specific performance goals to work on and a time-frame for checking in on their progress.

57

---

**Navigating the conversation**

Suggested talking points for steering difficult pay conversations

58

**When an employee gets an increase but feels it's not enough.**

- **Reiterate their accomplishments**.
  - Re-focus the conversation on the key accomplishments they've met and how on their pay is linked directly to those accomplishments.

- **Discuss the market value for their role and skillset**.

- **Share context as to why the organization believes their pay is fair** — and if applicable, let them know you already advocated for that increase amount.

- **Listen to what's behind their concern.** There may be room for negotiation; can you offer other non-monetary rewards they deem valuable, such as more challenging work, stretch assignments, special projects, etc.?

58

**When an employee brings a salary report they found online and asks for more pay.**

- **Explain that not all data is relevant.** The salary report your employee finds may not be relevant to your business, your industry, or the size of your organization.

- **Refer to your own data**. If you've been annually conducting market analysis on your positions, you'll have current information to address your employee concerns. However, don't forget your organization's level of pay transparency.

- **Explain the difference between role pricing v. people pricing.** Let your employee know that job requirements are used to determine the appropriate value and range for jobs; employee skills, abilities and experience drive position in range.

**Navigating the conversation**

Suggested talking points for steering difficult pay conversations

59

59

# Explore other total rewards factors

- **Listen to the ask behind the ask.** What really matters to your employees? Pay be not be the most important thing to all employees (it may be learning and development opportunities). Listen for what they're saying in between the lines of what they're saying.

- **Know what interests your employees.** For some, it may be the chance to contribute to a special project of interest; for others it might be greater autonomy or chance to work on a high visibility project. Get to know your employees as individuals so you can give them what they care about.

- **Discuss career and development opportunities**. Let employees know how they can prepare to move into a new position, which may have higher earning potential. Make sure you let employees know how they can grow.

- **Review their full total rewards package**. Your compensation includes not only cash, but group benefits and perks such as PTO, remote work, 401K plans with company match, etc.
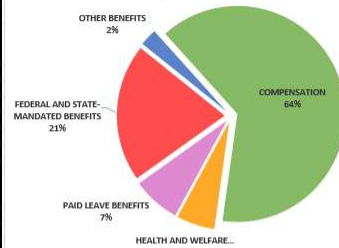
60

60

**Sample total rewards statements**

| | Employee Annualized Contribution | Company Annualized Cost/Contribution |
|---|---|---|
| **COMPENSATION** | | |
| Annualized salary or hourly pay | N/A | $56,000.00 |
| Annual bonus (estimated based upon an average of prior year payouts) | N/A | $10,000.00 |
| Other (shift differential, OT, etc.) | N/A | $600.00 |
| **TOTAL COMPENSATION** | | **$66,600.00** |
| | | |
| **HEALTH AND WELFARE BENEFITS** | | |
| Medical | $12.50 | |
| Dental | $100.00 | |
| Vision | $100.00 | |
| Short-term disability | N/A | |
| Long-term disability | N/A | $6,000.00 |
| 401(k) plan | | |
| **TOTAL HEALTH AND WELFARE BENEFITS** | | **$6,000.00** |
| | | |
| **PAID LEAVE BENEFITS** | | |
| Vacation/annual leave | N/A | $500.00 |
| Sick leave | N/A | $1,000.00 |
| Personal days | N/A | $6,000.00 |
| Other (bereavement, jury duty, military leave) | N/A | |
| **TOTAL PAID LEAVE BENEFITS** | | **$7,500.00** |
| | | |
| **FEDERAL AND STATE-MANDATED BENEFITS** | | |
| Social Security | | $7,500.00 |
| Medicare | | $4,000.00 |
| Unemployment insurance (federal) | N/A | $10,000.00 |
| Unemployment insurance (state) | N/A | |
| Worker's compensation | N/A | |
| **TOTAL FEDERAL AND STATE-MANDATED BENEFITS** | | **$21,500.00** |
| | | |
| **OTHER BENEFITS** | | |
| Flexible spending accounts (FSAs)--pretax benefit | | $680.00 |
| Other | | $2,000.00 |
| Other | | |
| **TOTAL OTHER BENEFITS** | | **$2,680.00** |
| | | |
| **TOTAL VALUE OF EMPLOYER-PROVIDED BENEFITS** | N/A | $37,680.00 |
| **TOTAL COMPENSATION AND BENEFITS** (Annual Salary/Wages + Employer-Provided Benefits) | | **$104,280.00** |

Percentage of Total Company Paid Compensation and Benefits Package

OTHER BENEFITS 2%
FEDERAL AND STATE-MANDATED BENEFITS 21%
COMPENSATION 64%
PAID LEAVE BENEFITS 7%
HEALTH AND WELFARE...

*For illustrative purposes only; not a recommendation*

61

61

---

# How many of your organizations utilize total rewards statements to aide in communicating the full rewards package?

# Are they created manually or generated by your HRIS?

62

62

Developing Solutions to Compensation's Latest Trends and Hot Topics (WISCAP Annual Conference)                    31

03

Closing

63

---



## Tips for the journey ahead

- Implement total reward practices – be fluid, everything is subject to change.

- Work closely with leadership.

- It's a continuous process – doesn't have to be 100% right now.

- Remember, it's a marathon, not a sprint.

- Celebrate wins and milestones (especially right now for taking the first step).

64

## What near-term, actionable next steps can your organization take to address these topics?

Develop a compensation strategy and philosophy statement to ground your practices in.

➔

Form a compensation committee and meet regularly to begin to resolve these topics inside your organization

➔

Incorporate pay administration guidelines into existing documentation *(e.g., P&P manuals, administrative guides).*

➔

Ground your pay decisions in your compensation philosophy and best practices, while considering the external market.

65  Want Wipfli's assistance?  Download our nonprofit request for proposal template.

65

---

# wipfli.com/nonprofits

## Stay Connected

**My Wipfli — Access to our experts**
wipfli.com/mywipfli

- Regulation questions
- Audit
- Process
- Human Resource
- Technology
- Leadership

**Bring Wipfli to you**

Kate D. Atkins, MS
katkins@wipfli.com
608 270 2944

**Social media**
- linkedin.com/showcase/wipfli-nonprofit
- facebook.com/WipfliNGP

**WIPFLI**

66

66

**Julia Johnson**

Director, Organizational Performance and
Talent Management

JAJohnson@WIPFLI.com

920.662.2876

**wipfli.com**

67

## Thank You

Thank you for your participation.

We hope today's training met your expectations.

68

68

69



70