

Tacking HR and Compensation Trends with Tomorrow's Solutions

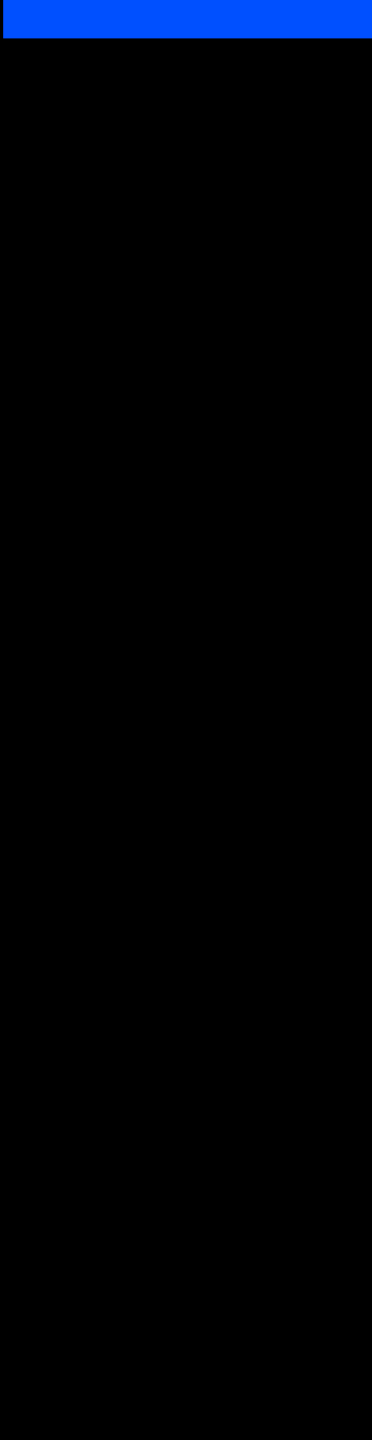
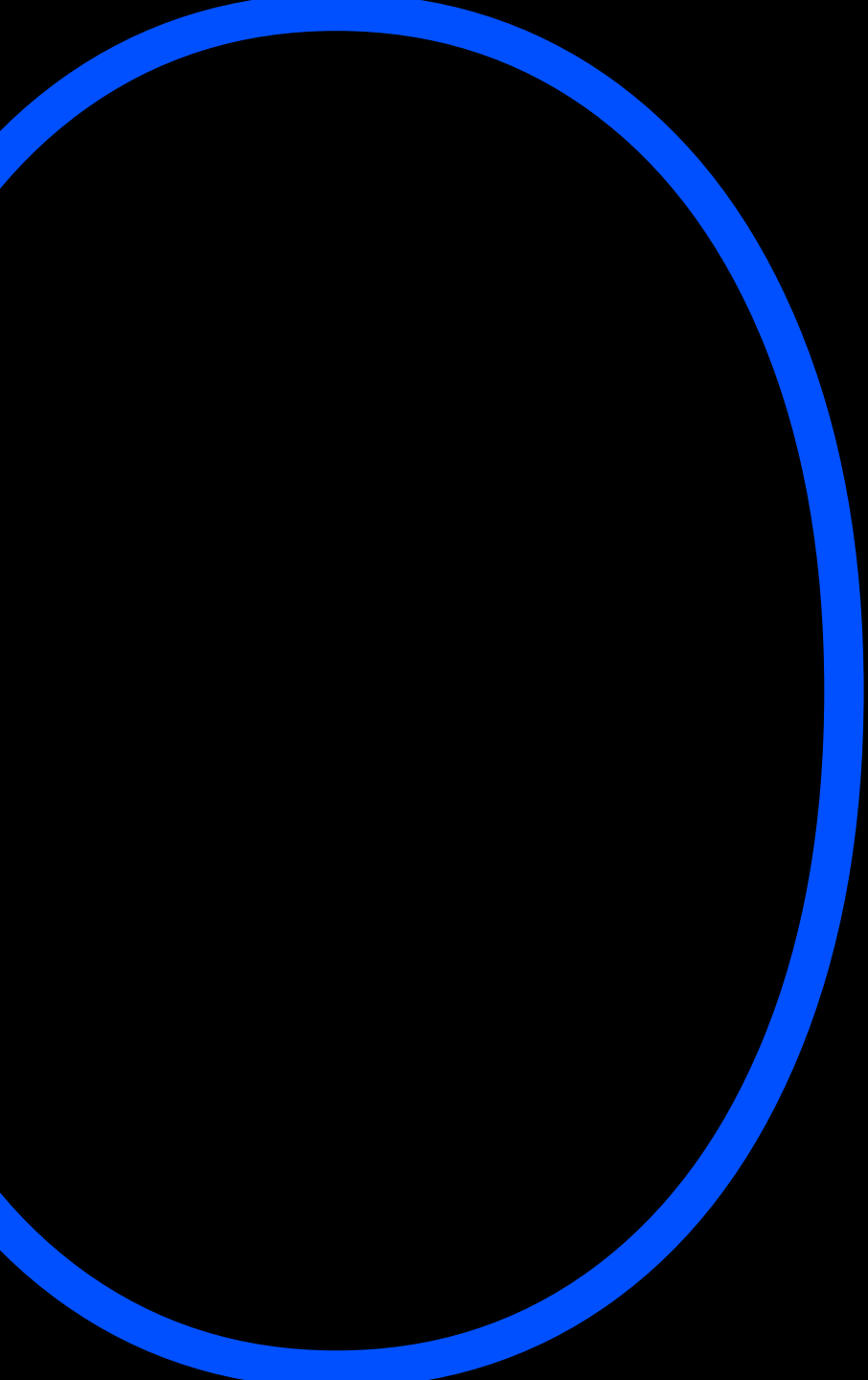
WIPFLI

Presenter



Paige Oveson

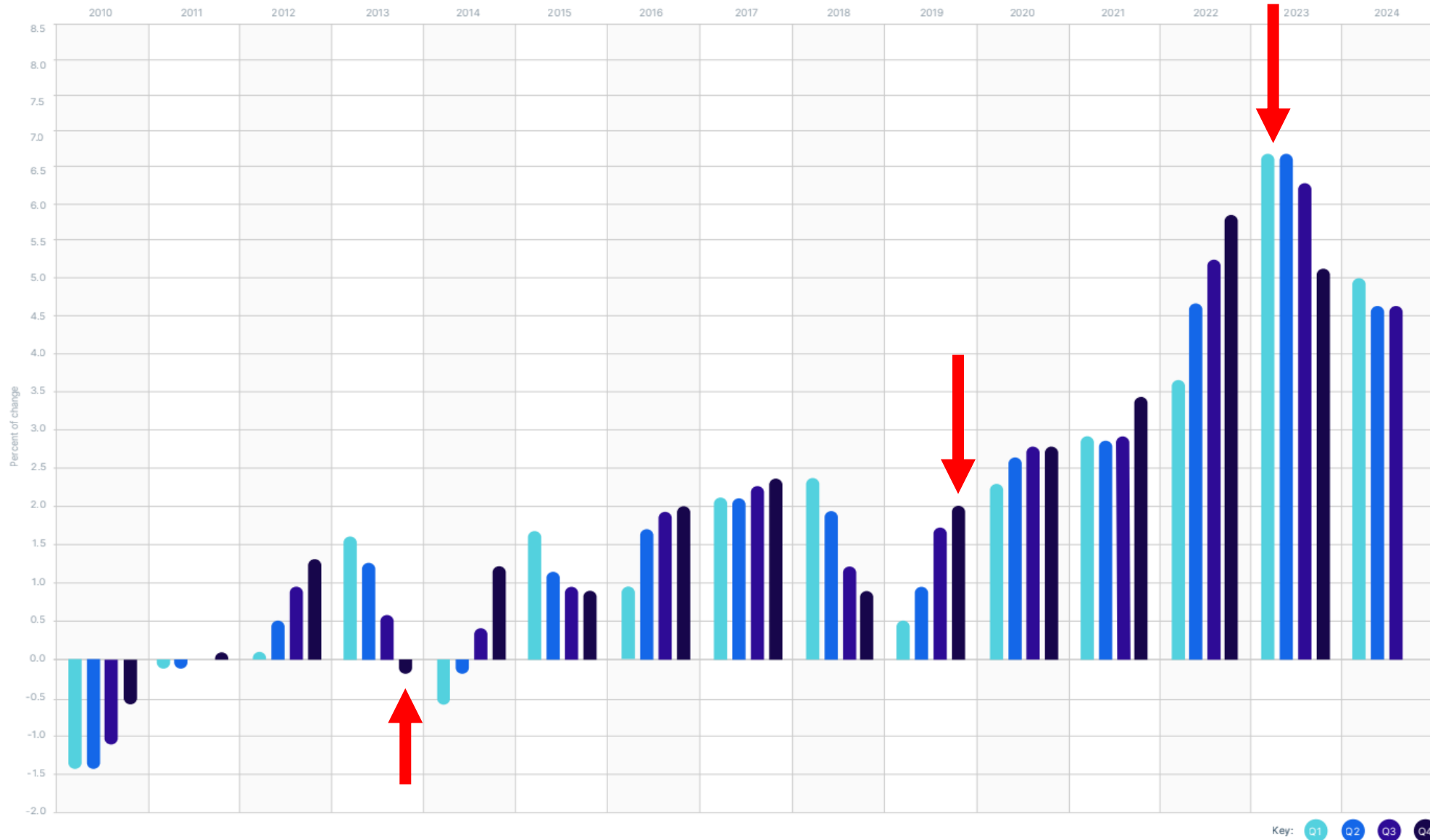
Manager, Talent
Management Consulting



**The market
landscape**

US wages continue to increase to all-time highs

National year-over-year percent change in wages by quarter



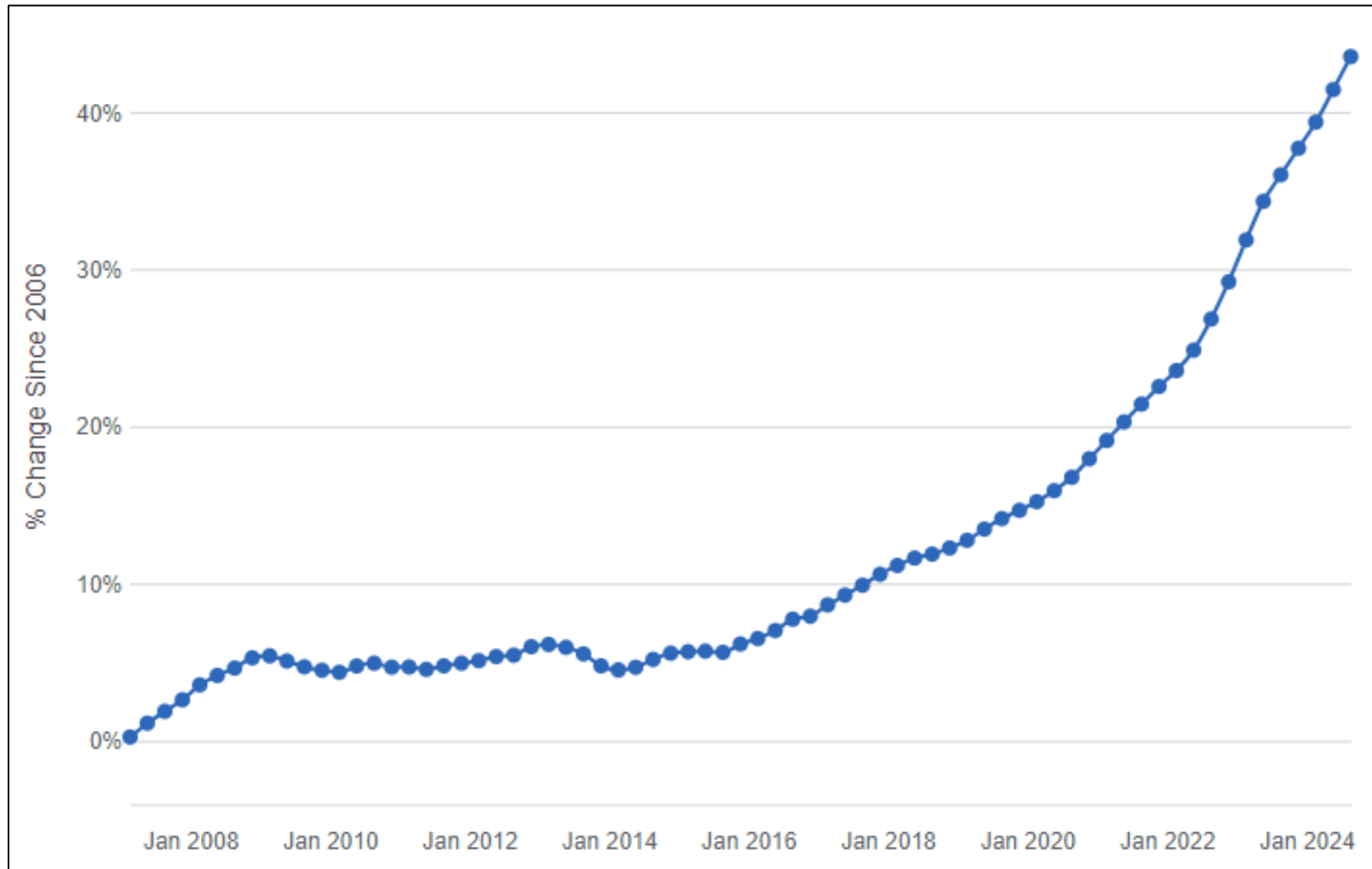
Wage growth has remained strong in 2024, but is cooling compared to recent years

National wage growth by industry and job

Rank	Industry	Q/Q Growth	Y/Y Growth
1	Education	1.2%	5.5%
2	Nonprofits	1.5%	5.5%
3	Arts, Entertainment, & Recreation	1.6%	5.4%
4	Agencies & Consultancies	1.1%	5.3%
5	Energy & Utilities	1.6%	5.3%
6	Retail & Customer Service	1.3%	5.0%
7	Accommodation & Food Services	1.4%	4.7%
8	Finance & Insurance	1.3%	4.7%
9	Construction	1.5%	4.6%
10	Engineering & Science	1.1%	4.5%
11	Transportation & Warehousing	1.0%	4.4%
12	Real Estate & Rental/Leasing	1.0%	4.3%
13	Manufacturing	1.0%	4.3%
14	Technology	1.1%	4.2%
15	Health Care	0.9%	4.1%

Rank	Job	Q/Q Growth	Y/Y Growth
1	Media & Publishing Jobs	2.4%	7.1%
2	Construction Jobs	2.0%	6.0%
3	Science & Biotech Jobs	1.6%	5.8%
4	Social Service Jobs	1.2%	5.7%
5	Installation, Maintenance & Repair Jobs	1.3%	5.4%
6	Food Service & Restaurant Jobs	1.1%	5.3%
7	Legal Jobs	1.5%	5.2%
8	Manufacturing & Production Jobs	1.1%	5.1%
9	Sales Jobs	0.9%	5.1%
10	Art & Design Jobs	0.9%	4.6%
11	Transportation Jobs	1.6%	4.6%
12	Human Resources Jobs	1.2%	4.5%
13	Administrative & Clerical Jobs	1.3%	4.5%
14	Marketing & Advertising Jobs	1.1%	4.3%
15	Information Technology Jobs	1.2%	4.2%
16	Healthcare Practitioners & Technical Jobs	0.9%	4.2%
17	Accounting & Finance Jobs	1.3%	4.2%
18	Retail Jobs	0.7%	4.1%
19	Architecture & Engineering Jobs	0.7%	3.6%

U.S. wage growth for the nonprofit industry



Wage growth for Nonprofits, Q3 2024

1.5%
since last quarter

5.5%
year over year

43.6%
Since 2006

So, what are the latest compensation an HR trends as we look to 2025?

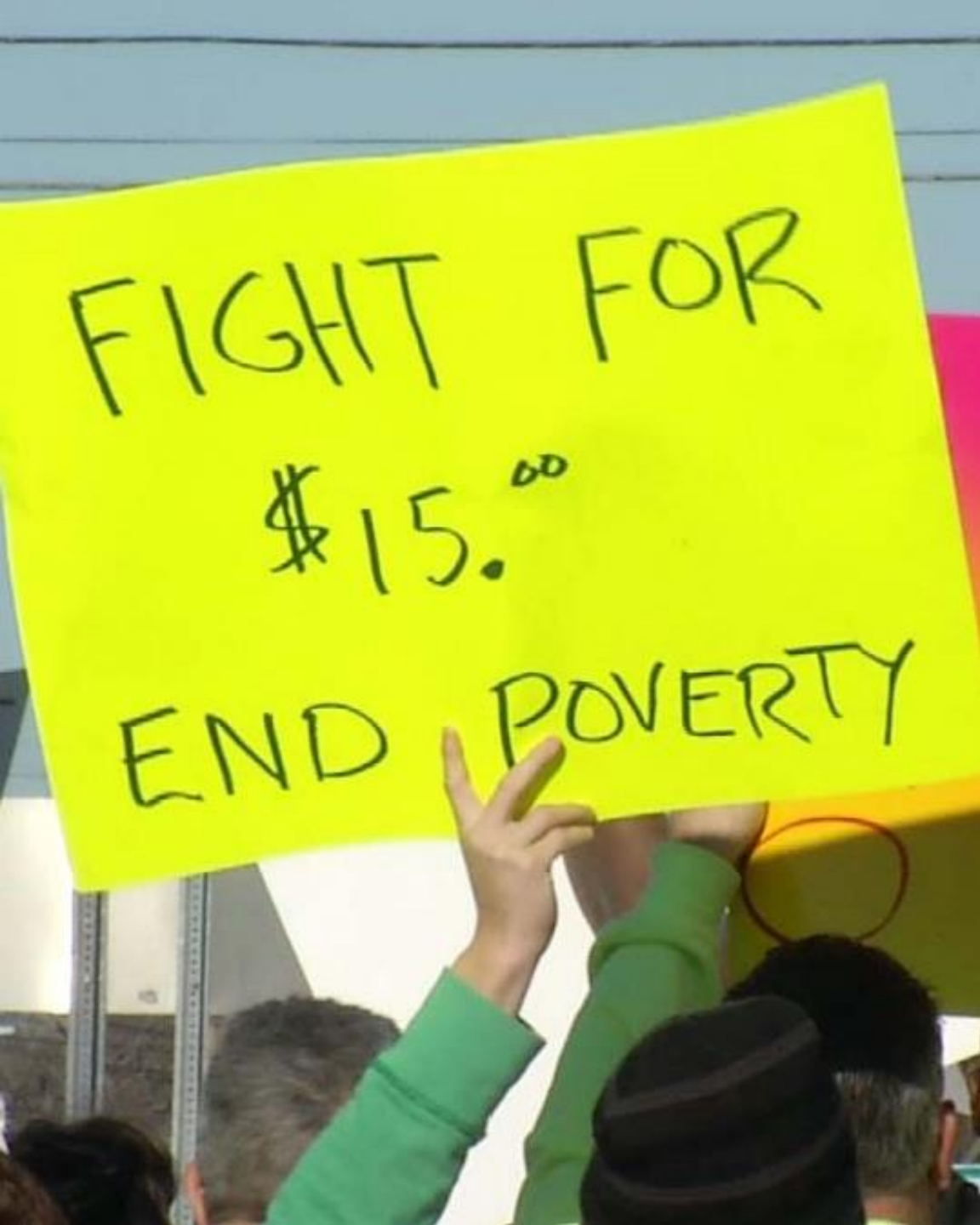
MINIMUM WAGE

employment



Rising Wages

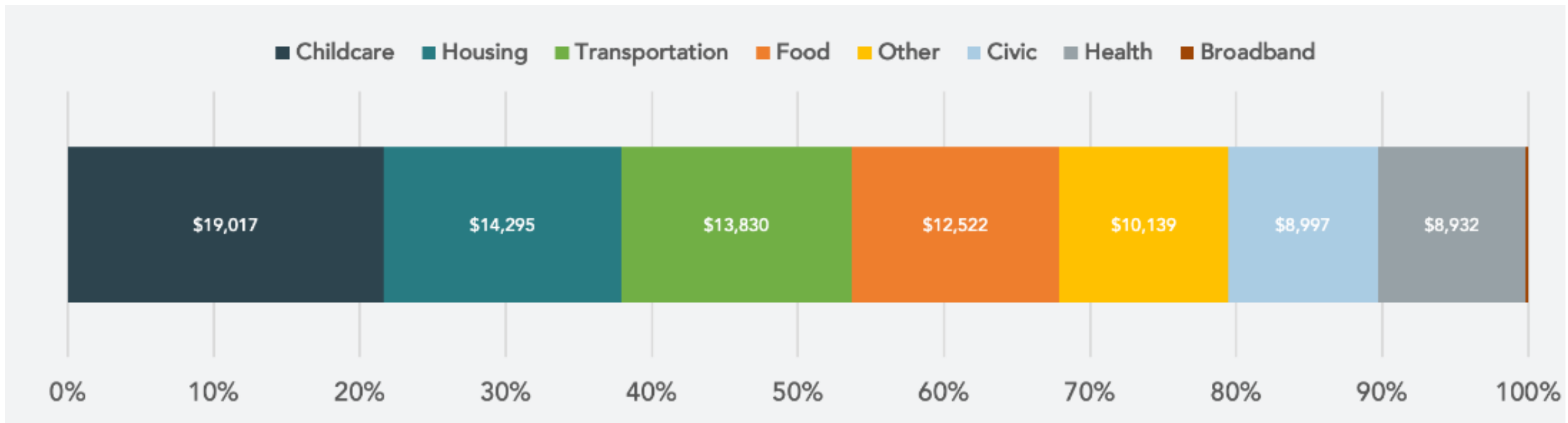




The cost of childcare and housing for families with children continues to exceed all other expenses

Living wage varies based on the cost of living and taxes where families live.

Living Wage Expenditures for a Family of Four (Two Adults and Two Children) After Taxes.



Did you know, with an annual increase of \$3,250 per year (or an additional \$1.56 per hour), an employee would be able to do the following?



Purchase **3.1** months of food



Cover **2.8** months of transportation services/ vehicle expenses



Pay for **2.7** months of housing/ rent



Pay for **4.4** months of medical / healthcare expenses

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



Sample compensation philosophy

At [Organization Name] our compensation philosophy is deeply rooted in our mission, vision, and values. We understand our employees are the driving force behind our organization's success in creating positive social impact. Our compensation philosophy serves as guiding framework and reinforces our commitment to attracting, motivating, and retaining talented individuals who share our passion for our mission and are dedicated to making a difference.

Our compensation philosophy key objectives are:

- 1. Mission-Driven:** Our primary focus is to achieve our mission and create meaningful change in the communities we serve. Our compensation philosophy reflects this by valuing and rewarding employees who actively contribute to our mission's advancement. We recognize the importance of attracting and retaining talented individuals who share our passion and are dedicated to making a difference.
- 2. Competitive Total Rewards:** We believe in providing competitive total rewards to our employees, considering both monetary and non-monetary elements. Our compensation philosophy encompasses a comprehensive approach that includes base pay, benefits, recognition programs, professional development opportunities, and work-life integration and well-being initiatives. We strive to offer a compelling rewards package to attract and retain top talent.
- 3. Values-Driven Culture:** Our compensation philosophy is deeply rooted in our organizational values. We value integrity, respect, collaboration, diversity, and innovation. We aim to foster a culture embracing these values and incorporate them into our compensation practices. Employees who embody and demonstrate our values are recognized and rewarded accordingly.
- 4. Performance-Based:** We believe in recognizing and rewarding exceptional performance aligned with our mission, vision, and values. Our compensation philosophy includes performance-based elements such as merit-based increases and bonuses/incentive opportunities. We provide clear performance expectations, regular feedback, and opportunities for professional growth to empower employees to excel in their roles and contribute to our organization's ongoing success.
- 5. Fiscal Responsibility:** As a not-for-profit organization, we prioritize responsible financial management. Our compensation philosophy and practices are aligned with our financial ability. We strive to allocate resources efficiently to achieve our mission while offering competitive compensation reflecting the value our employees bring to our organization.
- 6. Pay Equity:** We are dedicated to maintaining pay equity within our organization. Our compensation philosophy is designed to compensate employees equitably for their knowledge, skills, responsibilities, and contributions, regardless of age, gender, race, or sex. We regularly review and assess our compensation practices to identify and address any potential disparities. .



Wage Compression



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.

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.

Total Rewards and Employee Benefits

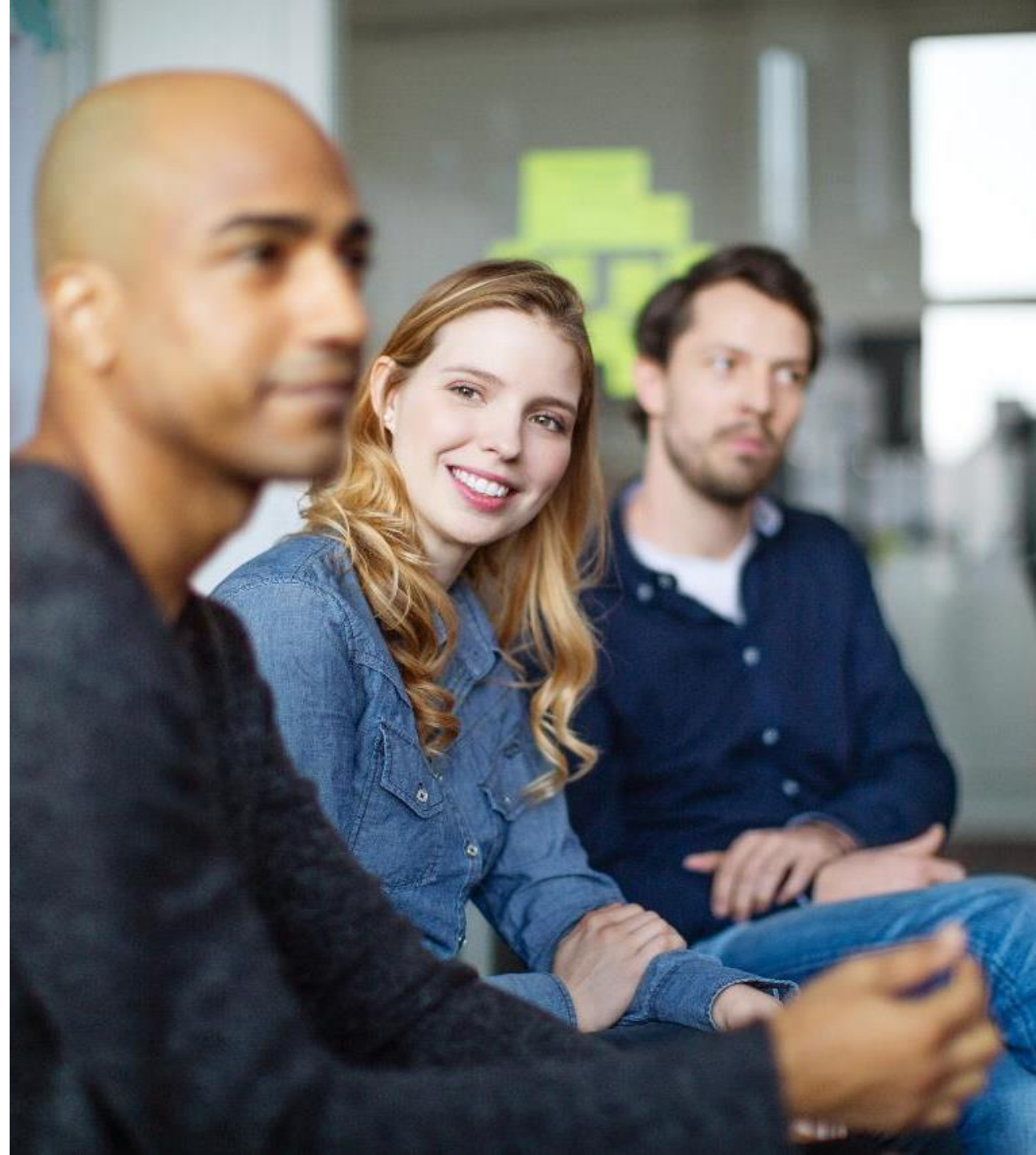


What is a total rewards mindset?

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



A total rewards strategy

Elements include:

- Employee benefits
- Well-being
- Development
- Recognition
- Compensation

Advantages include:

- ✓ Greater flexibility due to customization
- ✓ More profitability from more engaged employees
- ✓ Better place to work with offerings employees value



Administer an employee survey to understand what offerings employee's value

Rate the importance of each item on a scale of 1 to 5 where: 1=Not Important and 5=Very Important.

	1	2	3	4	5
PTO	0	0	0	0	0
401(k) match	0	0	0	0	0
Medical	0	0	0	0	0

Paid Time Off
 401(k) Match
 Medical benefits
 Mental health support

0 1 2 3 4 5

Considering only the items below, which is the ONE Most Valuable? Which is the ONE Least Valuable?

	Most Valued	Least Valued
PTO	0	0
Bonus	0	0
Medical	0	0
EAP	0	0

MOST VALUABLE
 Base Pay
 401(k) Match
 Bonus
 PTO
 HSA
 Medical
 EAP
 Flex
LEAST VALUABLE

Traditional Employee Surveys vs Trade-Off Surveys (i.e., conjoint)

Participants **will likely select all “4’s” and “5’s”** when asked about benefits and rewards on a Scale of 1 to 5.

While understandable, it **creates significant challenges** when trying to use the data to prioritize and inform decisions.

Each question includes a **combination of a set of pre-determined items being tested.**

Through a series of simple questions, results provide **insights into the true rank and value of programs.**

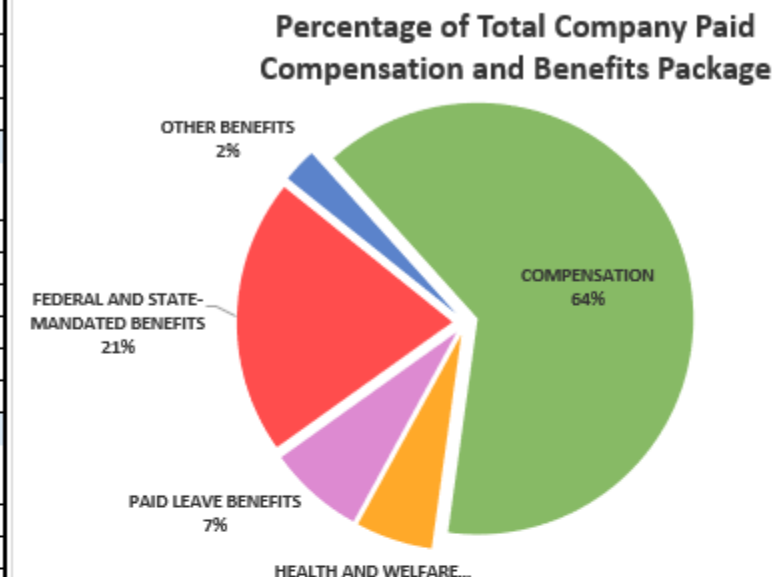
Explore other total rewards factors

- **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.

Consider utilizing a total rewards statements

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

	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



Source:
Society for Human Resource Management (SHRM)

AI in Human Resources

The background of the slide features a grid of lightbulbs. One lightbulb in the center is brightly lit, casting a white glow, while all other lightbulbs are unlit and appear as dark, translucent shapes against a dark blue background. The overall aesthetic is clean and modern, with a focus on the single illuminated bulb as a symbol of an idea or innovation.

AI Adoption is Growing in Human Resources (HR)



3 in 4 HR professionals agree that advancements in AI will increase the importance of human intelligence in the workplace over the next five years.

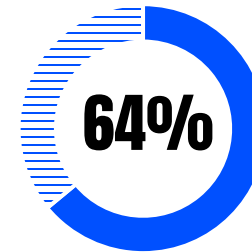
Only about 1 in 4 employers use artificial intelligence to support HR-related activities; for many, AI in HR is still in its infancy.

1:4



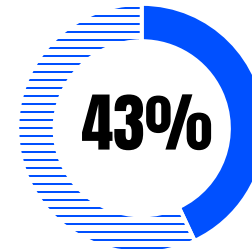
Among the organizations using AI to support HR-related activities, **2 in 5** have concerns about the security and privacy of data.

Top 3 areas organizations are using AI to support HR-related activities:



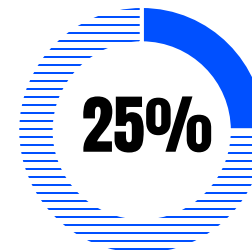
Recruiting, interviewing and hiring

- 2/3 are using AI to help generate job descriptions and interview guides



Learning and development

- Nearly 1/2 are using AI to create personalized learning plans for employees



Performance management

So How Does Generative AI have the Capability of Changing Human Resources?

Talent Acquisition

Identify and screen qualified candidates

Employee Retention

Examine factors influencing employee retention and engagement

Employee Upskilling

Enhance learning experiences for talent development

Job Descriptions

Development of job descriptions and intersections of key words to an applicant

Content Creation

Quickly produces large volumes of content

Administrative Support

Streamline administrative tasks

Best Practices – Responsible AI in the Workplace

Informed Consent

- Obtain voluntary and informed agreement from employees or applicants to participate in AI related initiatives.

Align on your AI strategy

- Develop a program purpose, procedure, and ensure goals, risks, and benefits are articulated and aligned.

Debias and Explainable AI

- Explicitly outline the steps taken to remove, minimize, and mitigate bias in your AI systems.

AI Training and Development

- Provide continuous employee training and development to ensure the safe and responsible use of AI tools.

Laws and Regulations

- Express ongoing commitment to comply with all laws and regulations relates to data and the use of AI

Chat GPT

Recruitment and Selection

A computer monitor with a silver stand and a black bezel. The screen is light gray and displays the text 'Create a job description for an executive director of a nonprofit.' in a large, bold, black font. In the bottom right corner of the screen, there is a small gray speech bubble icon containing three white dots.

**Create a job
description for an
executive director of a
nonprofit.**

Job Title: Executive Director

Responsible for leading and managing the operation of all agency functions and programs. Includes developing and implementing internal policies, maintaining compliance with applicable regulatory guidelines, managing the agency's fiscal activities, providing professional leadership, guidance, and development for all staff, communicating agency information to the Board, and ensuring a strong, positive public image by representing the agency through the community and through other local, state, and federal organizations.

Responsibilities:

1. Provide visionary leadership to the organization, ensuring alignment with its mission, values, and strategic goals.
2. Oversee and manage daily operations, including program development, fundraising, and financial management.
3. Cultivate and maintain relationships with donors, partners, and stakeholders to secure funding and support for the nonprofit's initiatives.
4. Develop and implement strategic plans to enhance organizational impact and sustainability.
5. Lead and inspire a diverse team, fostering a collaborative and inclusive work environment.
6. Stay informed about industry trends, policy changes, and best practices to guide decision-making.
7. Represent the nonprofit in public forums, conferences, and meetings to enhance its visibility and influence.
8. Manage and optimize resources effectively to ensure efficient program delivery and financial sustainability.
9. Collaborate with the Board of Directors, providing regular updates and working collaboratively on governance matters.
10. Monitor and evaluate the effectiveness of programs, making data-driven decisions to drive continuous improvement.

Qualifications:

1. Proven experience in nonprofit leadership, with a track record of successful program management and fundraising.
2. Strong interpersonal and communication skills, with the ability to engage and inspire diverse stakeholders.
3. Strategic thinker with the ability to translate vision into actionable plans and measurable outcomes.
4. Demonstrated ability to build and sustain relationships with donors, community partners, and board members.
5. Financial acumen and experience managing budgets, grants, and financial reporting.
6. Bachelor's degree in a relevant field; advanced degree preferred.
7. Commitment to the organization's mission and values.
8. Knowledge of nonprofit governance and compliance.

Chat GPT

Recruitment and Selection



**Translate this job
description into a job
posting.**

 **Job Opportunity: Executive Director at [Nonprofit Organization]  **

Are you a dynamic leader with a passion for driving positive change? [Nonprofit Organization] is seeking an experienced and visionary Executive Director to lead our impactful initiatives and shape the future of our organization.

Responsibilities:

- Lead daily operations, overseeing program development, fundraising, and financial management.
- Cultivate and nurture relationships with donors, partners, and stakeholders.
- Develop and implement strategic plans to enhance organizational impact.
- Inspire and manage a diverse team, fostering a collaborative work environment.
- Represent the nonprofit in public forums, conferences, and meetings.

Qualifications:

- Proven nonprofit leadership experience.
- Strong interpersonal and communication skills.
- Strategic thinker with a track record of success.
- Financial acumen and budget management experience.
- Bachelor's degree in a relevant field; advanced degree preferred.

Join us in making a difference! If you're ready to contribute your skills and passion to a meaningful cause, submit your resume, cover letter, and references to [Organization's Contact Information]. Application deadline: [Specify Deadline].

[Nonprofit Organization] is an equal opportunity employer committed to diversity and inclusion. We encourage candidates of all backgrounds to apply.

#ExecutiveDirector #NonprofitLeadership #JobOpportunity #MakeADifference 

Chat GPT

Recruitment and Selection

Develop an interview guide containing candidate questions, specifically about past experiences, innovation and leadership.



Introduction:

1. Can you provide a brief overview of your professional background and experiences?
2. What motivated you to pursue a career in your field, and how has your journey shaped your approach to leadership?

Past Experiences:

1. Share a specific example of a challenging situation you encountered in a previous role. How did you navigate it, and what was the outcome?
2. Describe a project or initiative you led that resulted in a positive impact on the organization. What strategies did you employ to ensure success?
3. Reflecting on your past experiences, how have you handled situations where team members had differing perspectives or conflicts arose?

Innovation:

1. Can you provide an example of a time when you introduced an innovative solution or approach to a problem? What was the outcome, and how did it contribute to the organization's goals?
2. How do you foster a culture of innovation within your team or organization? Share specific strategies or practices you've implemented.

Leadership:

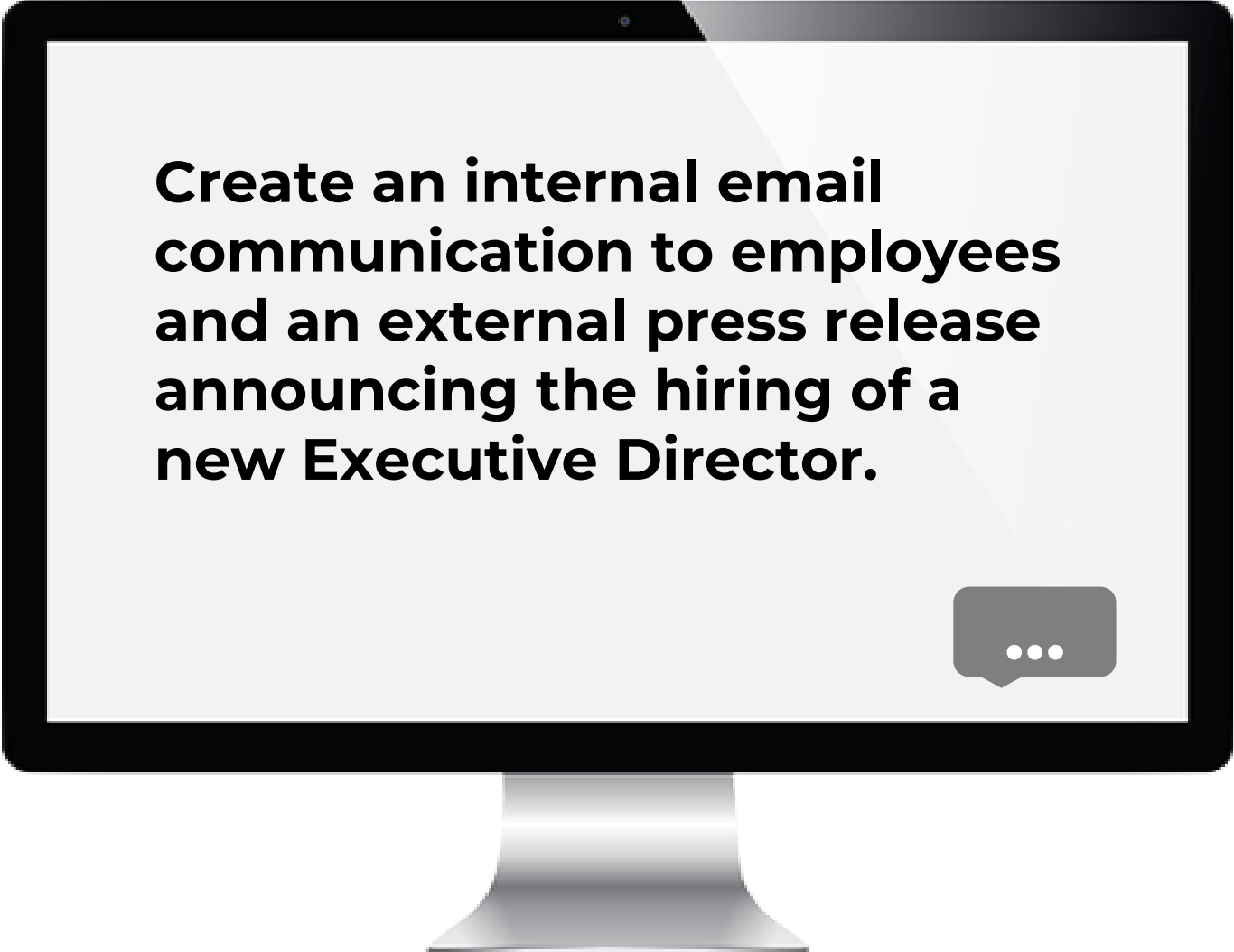
1. Discuss a situation where you had to make a tough decision as a leader. How did you approach it, and what lessons did you learn from the experience?
2. Describe a time when you successfully motivated and inspired your team during a challenging period. What leadership qualities did you emphasize?
3. How do you balance being a visionary leader with the practicalities of day-to-day management? Provide examples of how you've implemented your vision while ensuring operational success.

Wrap-up:

1. In your opinion, what is the role of a leader in fostering a positive and inclusive work environment?
2. How do you stay informed about industry trends and incorporate relevant innovations into your leadership approach?

Chat GPT

Recruitment and Selection



Create an internal email communication to employees and an external press release announcing the hiring of a new Executive Director.



****Internal Email Communication to Employees:****

Subject: Exciting News - New Executive Director Announcement!

Dear [Organization] Team,

I hope this email finds you well. We have some exciting news to share with you all. After an extensive search and selection process, we are thrilled to announce that [New Executive Director's Full Name] has joined [Organization] as our new Executive Director.

[New Executive Director] brings a wealth of experience in [relevant background], and we are confident that their leadership will guide us towards even greater success. We were impressed by [his/her] passion for our mission and innovative approach to [relevant industry/sector].

Please join me in extending a warm welcome to [New Executive Director]. We are looking forward to working together and achieving new heights as a team. [His/Her] first day will be on [Date], and we will be organizing a welcome event to introduce [him/her] to the entire organization.

Thank you all for your continued dedication and hard work. Let's embark on this exciting new chapter together!

Best regards,

[Your Name]
[Your Position]
[Organization]

****External Press Release:****

FOR IMMEDIATE RELEASE

[Organization's Name] Announces [New Executive Director's Full Name] as New Leader

[CITY], [Date] — [Organization], a leading [describe organization's focus] nonprofit, is delighted to announce the appointment of [New Executive Director's Full Name] as its new Executive Director.

With a proven track record in [relevant industry/sector], [New Executive Director] brings a wealth of experience and a fresh perspective to [Organization]. [He/She] is known for [highlight a key achievement or quality], making [him/her] an ideal fit to lead [Organization] into its next phase of growth.

[New Executive Director] expressed excitement about joining [Organization]: "I am honored to be part of this incredible organization with a rich history of [organization's achievements or impact]. I look forward to working collaboratively with the dedicated team and advancing our mission to [organization's mission]."

[New Executive Director's Full Name] will officially assume [his/her] role on [Date]. [Include any relevant details about welcome events or introductions.]

[Organization] expresses gratitude for the outgoing [Current/Former Executive Director's Full Name], who has made significant contributions during [his/her] tenure. The organization looks forward to continued success under [New Executive Director]'s leadership.

For media inquiries, please contact:

[Your Name]
[Your Position]
[Your Contact Information]

Pay Transparency





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).

Varying levels of pay transparency

Nonexistent	Minimal transparency	Moderate transparency	Significant transparency	Extreme transparency
<p>We don't share pay-related philosophies, policies or practices with employees.</p>	<p>Employees have limited access to or understanding of pay-related philosophies, policies and practices.</p>	<p>Employee access to pay-related information is generally limited to their own salary range, pay determination factors, rewards opportunities, etc.</p>	<p>Pay transparency is viewed as an essential element to organizational success and critical to achieving a culture of equity. 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 awareness of how pay and rewards are determined for themselves and the broader organization.</p>	<p>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.</p>

Best practices for implementing pay transparency

01

Develop a strategy

02

Communicate the why

03

Get buy-in from leadership


04

Provide training

05

In some states/localities, it is the law



A large, stylized graphic of the number '2025' in a vibrant blue color. The '0' is a simple circle, the '2' is a curved shape, and the '5' is a shape with a horizontal base. The graphic is positioned on the left side of the page, with the text '2025 Custom Salary and Employee Benefits Survey' placed to its right.

**2025 Custom
Salary and
Employee
Benefits Survey**



WIPELI

Competitive advantages of participating

- **Market Benchmarking:** These surveys allow agencies to compare their compensation and benefit offerings with industry standards to assist in remaining competitive in attracting and retaining top talent.
- **Informed Decision-Making:** Access to comprehensive data helps agencies make informed decisions about salary adjustments, benefit offerings, and overall compensation strategies.
- **Identifying Trends:** Results will illustrate pay and benefits trends among participants, enabling agencies to stay ahead of market changes and adapt their offerings/strategies accordingly.
- **Employee Satisfaction:** Allows agencies to align compensation and benefits which can improve employee satisfaction and retention, reducing turnover rates.

How to participate

- **Register to participate:** Follow the registration steps by [completing the Form](#). WISCAP and Wipfli will contact you directly after completion.
- **Anticipated timing:**
 - Providing the necessary data will be in the **March timeframe** sometime.
 - Results distributed in **May timeframe**.
- **Time commitment:** Hours to a few days
 - **35 positions in the compensation portion.**
 - **Various mandatory and voluntary employee benefit offerings.**

