The Pay Equity Playbook

Tools for Small and Mid-Size Organizations

By Frank Sadowski for the Leaders for Equity and Equal Pay (LEEP) Toolkit

CHANGE THE STORY

ADVANCING WOMEN
POWERING THE ECONOMY

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Change The Story VT (CTS) is a partnership initiative of the Vermont Women's Fund, the Vermont Commission on Women and Vermont Works for Women dedicated to advancing women's economic security. Launched in 2015, Change The Story's focus has been on generating awareness about the economic well-being of women in Vermont and its connection to Vermont's economy as well as leveraging broad scale systems and culture change by engaging new allies. Projects have included issuing five reports on the economic status of women in Vermont, developing materials to combat harmful social norms and biases, convening a group of Male Champions for Change committed to gender equity, and working with employers. In 2016, CTS launched the Business Peer Exchange series, a diverse group of organizations who gathered once a month over the course of a year to learn best practices and share resources for taking an intersectional approach to gender equity in the workplace, including pay equity. The cohort-based Business Peer Exchange served as a model for LEEP. You can learn more about Change The Story at www.changethestoryvt.org

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FROM THE AUTHOR

Sometime in 2019 I was pulled into some meetings with a group of people who were deeply committed to finding new ways to promote gender pay equity in Vermont. Those meetings developed into the 2020 pilot of the Leaders for Equity and Equal Pay—or LEEP—Program, which gave me a chance to look deeply into the very different compensation systems of seven organizations. Doing these side-by-side-by-side comparisons was rich, and meetings with the LEEP participants in the midst of a pandemic were remarkable for their keen interest in doing things right for their employees in many areas, including pay equity. It was a great privilege to be part of those discussions.

The foundation for the LEEP Program was laid by all of the individuals and organizations that have supported Change The Story VT (CTS), an incredibly important initiative that has given many Vermont employers the tools to improve gender equity in the workplace. While LEEP's specific focus was pay equity, the participating employers are better in many different ways because of the way CTS approached their work. I benefited from their efforts as well, even before the LEEP Program began.

My special thanks, however, go to Jessica Nordhaus, the director of Change The Story VT and Krysta Sadowski, my daughter and former business partner. They were the prime movers of LEEP. Without them, the program would never have happened. They steered the project from the beginning and made each meeting a great learning opportunity for the participants. And all along the way, they acted with a grace and good humor that put people at ease and helped us get the most out of our time together. I hope that this Playbook can serve as icing for the great cake of a program that they created and provided to the participants.

Frank Sadowski
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DEDICATION

This Playbook is dedicated to the small employers across Vermont that I've worked with to build or maintain their compensation systems over the past 34 years. I had no idea what would happen when I started consulting, but it has been a rich journey. I hope this Playbook will continue to help small to mid-size organizations develop their compensation systems more strategically and ethically so that both the employers and their employees can grow and flourish in the years ahead.

INTRODUCTION

Welcome to ***The Pay Equity Playbook: Tools for Small and Mid-Size Organizations.*** This Playbook developed from a year-long project that was organized and led by **Change The Story VT (CTS)** and **Sadowski Consulting Services (SCS)**. It is part of a Toolkit we created to empower small and mid-size employers to conduct their own pay equity reviews. In 2020, we worked with seven organizations from across Vermont—five companies, one non-profit, and one institute of higher education—to test the Toolkit in a pilot program we called **Leaders in Equity and Equal Pay (LEEP)**.

All of the program participants expressed a commitment to gender pay equity prior to engaging in LEEP; they were interested in a deeper, ongoing exploration of how their compensation systems were working either in support of or against their goals. While the focus of the program was on gender pay equity, the nuances of gender identity and the way multiple identities intersect informed the design of the program and materials. **The tools and methodology described here can be used to examine disparities based on race, age, veteran status and conceivably other identities that people hold.**

The LEEP Program was designed to:

- help employers learn more about the causes and impacts of pay inequity,
- help each organization look deeply into its own compensation program to identify and correct any pay inequity issues that might exist,
- develop a working group to support each other in their commitment to eliminate gender pay inequities, and
- support a cohort of employers dedicated to leading on workplace equity issues in the state of Vermont.

To support LEEP, CTS brought a wealth of research and understanding about the current state, causes, and impacts of gender pay inequity; the efforts being made to close the gender pay gap; and the intersection of gender pay inequity with other forms of inequity (including race, class, ability, etc). CTS also brought their experience building cohesive working groups of organizations and rich, safe environments in which they could share their problems, concerns, and solutions with each other, accelerating the learning for all participants. CTS Director Jessica Nordhaus and Communications Director Al Johnson-Kurts were the primary contributors to LEEP from CTS.

Sadowski Consulting Services works with companies and non-profit organizations to help them achieve pay equity, work for social justice, increase their positive impact on the world, and build more ethical business cultures. Frank Sadowski[1] and Krysta Sadowski were the primary contributors from Sadowski Consulting Services to LEEP. Frank focused primarily on the technical issues related to the pay equity analysis for each organization, while Krysta contributed to the organization and content of the LEEP program. Together, they created the Excel-based **Equity Management Tool (EMT)** to help employers examine their compensation systems and more easily recognize potential gender pay equity issues. This unique tool allows employers to enter their pay data, producing charts that illustrate how they are compensating employees across the organization.

Our goal was to develop and describe a methodology that small employers (roughly defined as having fewer than 400 employees) could use to examine and improve pay equity in their organization.

This Playbook and the Equity Management Tool (EMT) that accompanies it will both be available to organizations free of charge to encourage them to conduct their own gender and racial pay equity audits. You can find the LEEP Toolkit at changethestoryvt.org

Most employers in Vermont are very small by national standards. This presents a challenge. Larger organizations are able to use regression analysis, modeling, and other statistical tools to discover inequities in the way they are paying people. They have enough people working in comparable positions so that statistically significant pay differences can be detected by gender, race, or other identities using those tools.

When an organization has only one or two people with the same job title, however, such tools alone cannot determine pay inequities. While they can be useful to small employers, the results will not usually be statistically significant. **Smaller organizations have a great strength though: their knowledge of each individual employee**. When that knowledge is combined with clarity about how the organization defines equity and with EMT charts that show appropriate comparisons among employees' wages and salaries, small employers can find existing pay equity problems, fix them, and be confident that they are paying equitably.

While this program's work focused primarily on gender pay equity, all of the tools and approaches discussed in this Playbook can be used to determine racial pay equity and pay equity for other identities as well. In our work with LEEP organizations, we also found situations of potential pay inequity that were not the result of gender or race discrimination but involved two or more people who were doing very similar work but were not paid in a way that was consistent with how the organization described pay equity. Because of this, we discuss pay equity generally in this Playbook, although you will find that the examples focus on gender pay equity.

This Playbook focuses on "base pay," meaning wages and salaries. There are equity issues related to other aspects of compensation, such as benefits and variable (or incentive) pay plans, but for most employees in most organizations, their wages or salaries are by far the largest part of their total compensation. It also seems likely that if an employer pays its wages and salaries equitably, it will do the same with other aspects of compensation.

We should also note that the application of the strategies described in this Playbook will differ for organizations with a union. In non-union employers, leadership creates and manages the compensation system, while in unionized organizations the compensation system is negotiated between company and union. Many of the problems discussed here may be found in union as well as non-union employers, but the process of resolving them is different.

22 High School Soccer Players + 4 Yellow Cards = A Worldwide Campaign for #EqualPay

In the fall of 2019, Change The Story was honored to partner with the young women from the Burlington High School varsity soccer team to help highlight their call for #EqualPay—on and off the soccer field.

Inspired by the US Women's National Team and their legal battle demanding compensation and benefits comparable to their male counterparts, the Burlington Seahorses made special soccer jerseys to warm up in at a designated #EqualPay Game and to sell as a fundraiser for a local girls soccer league. Things went national—then global—when four BHS players received yellow card penalties for "excessive celebration" after scoring and stripping off their game jerseys to reveal their #EqualPay shirts underneath. The fans went wild, chanting "Equal Pay! Equal Pay!" echoing what we heard in France when the U.S. women won the World Cup.

Orders for jerseys came flooding in. Vermont businesses Terry Bicycles and AO Glass/Tove by Design offered assistance to meet the overwhelming demand. Athletes (Brandi Chastain, Billie Jean King, Megan Rapinoe...), politicians (Senator Leahy, Hillary Clinton, President Obama...), and a wide range of celebrities took notice and spread the news. The team was featured on national and international media outlets, including Good Morning America and the year-end editions of Time and Sports Illustrated. When all was said and done, this group of remarkable young women raised over $50,000 dedicated to increasing access to sports for girls, particularly for girls of color, and supporting efforts to close the wage gap in Vermont.

You can experience the #EqualPay magic: watch **Yellow Cards for Equal Pay**, an award winning short documentary by filmmaker and #EqualPay co-captain Maia Vota (BHS '20).

What is Gender?

While gender equity in many workplaces has improved in recent decades, the pace of that change is slowed by pervasive attitudes, beliefs and practices that limit us all. This has led to harmful gender-based disparities in economic status for women, trans people, and those of us who live outside the gender binary, which is part of what we hope to address with this Playbook. To move forward together and to remedy our current situation, we need shared language to connect and understand each other's experiences. **We acknowledge the complexity of this subject matter and the many factors that influence gender identity**. The definitions below are simply a starting point.

Gender Identity: One's personal sense of being masculine, feminine, neither of these, both, other gender(s), or without gender.

Transgender: An umbrella term for people for whom the sex and/or gender they were assigned at birth doesn't match their gender identity.

Gender Expansive, Gender Fluid, Genderqueer, Two-Spirit, and/or Nonbinary: A variety of gender identities that are not exclusively masculine or feminine—identities that are outside the binary.

Gender Norms: The implicit or explicit gender-based rules, expectations and standards imposed by society on individuals and groups regarding how they should behave and be treated.

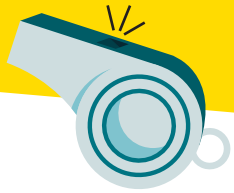
Gender Binary: A system of viewing gender as consisting solely of two opposite categories, termed "men and women," in which other possibilities for gender or anatomy aren't considered.

Sex Assigned At Birth: The assignment and classification of people as male, female, intersex, or another sex assigned at birth often based on physical anatomy and other factors.

Implicit or Unconscious Bias: The attitudes or stereotypes about groups of people, characteristics or traits (gender, age, race, etc.) that affect our understanding, actions and decisions in an unconscious manner. The biases we hold tend to make us favor groups we belong to or identify with.

This Playbook explains how you, as an employer, can make space for your employees to self-identify their gender using our pay equity analysis tools. We have ensured maximum flexibility in the Equity Management Tool for self-identification. It is important to note that the data you receive from outside sources about your employees' genders or sex may be inaccurate or incomplete.

Check your data with your employees to ensure that the information you are working with accurately reflects each person and how they want to be known.



What is Pay Equity?

Equity can be defined broadly as **fair and impartial access, opportunity, treatment, and advancement for all people, regardless of factors outside their control, such as gender and race.** Within an organization, equity can also be an issue in areas like culture-building, recruitment, promotions, performance evaluations, and internal communications, among others.

Taking a larger perspective, employers might work for equity within their organization, while acknowledging—and hopefully also focusing on—inequities in the larger society that hamper the organization's ability to be fully equitable. **Racial and gender segregation by occupation in our society, for instance, may limit an organization's ability to hire equitably.**[2] In that instance, the employer has not been unfair—the society has. While an organization is not responsible for causing that inequity, it does share responsibility for not perpetuating it, and for actively seeking to reverse it.

Pay equity simply means paying employees **fairly or justly** relative to each other based on criteria that the organization sets. This may be described as paying one person "in right relationship" to the pay of other people in the organization. This is also called ***internal equity***. If you are paying employees equitably, you may or may not be paying them equally (see *pay equality* below).

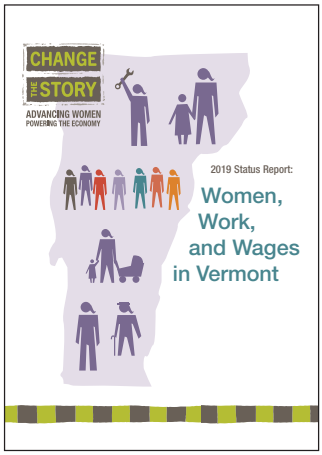
Pay equality simply means paying your employees **the same amount.** If you are paying employees equally, you may or may not be paying them equitably. The concern for **equality** within organizations also reverberates in areas other than pay.

Competitive pay means paying your employees **within the pay range of those who have the same or similar jobs in the same labor market**, e.g., the local, regional, or national markets.[3] "Similarly" means paying within the competitive range (usually +/- 20% of the median pay for the position), which is typically determined through salary surveys. This is generally described as paying within the **competitive range**. Competitive pay could also be described as ***external equity***, but that term is not commonly used.

Comparable pay—not to be confused with competitive pay—involves paying similarly for positions that may have different titles but require similar skills and have a similar level of responsibility in the same labor market. A discussion of comparable pay, for instance, might ask why nursing home aides are not paid the same as corrections officers since those positions require similar skills, responsibilities, working conditions, and degrees of effort.[4] ***Comparable pay*** **has also been described as "equal pay for equal value" or "comparable worth."** This is an important concept related to gender pay equity because it can specifically target comparisons of jobs that are traditionally done by men with jobs traditionally done by women. We will not be discussing ***comparable pay*** here, but there is information on this important topic—along with many others—in the Notes and Additional Resources section at the end of the Playbook.

Watch Krysta Sadowski explain a little bit of everything about pay equity in a series of short videos on the Change The Story VT YouTube Channel.

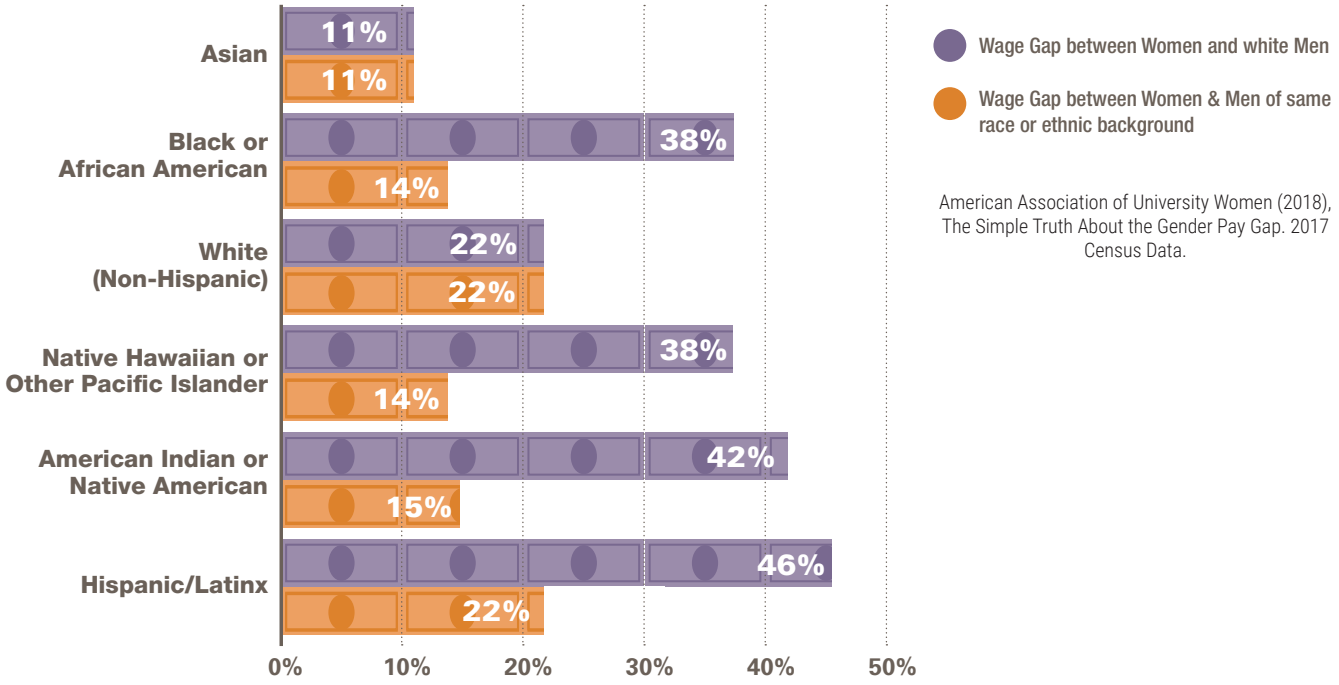
How Does Inequity in Pay Develop?



Change The Story VT has done extensive research on factors that influence gender pay and wealth inequity. Much of this section is drawn from their *2019 Status Report: Women, Work and Wages in Vermont* which can be found along with their other research at www.changethestoryvt.org.

You have likely heard a great deal about the gender wage gap. There is in fact not one gap, but many.

U.S. Gender Wage Gap By Race and Ethnicity Between Women and White Men & Between Women and Men of Same Race or Ethnicity



American Association of University Women (2018), The Simple Truth About the Gender Pay Gap. 2017 Census Data.

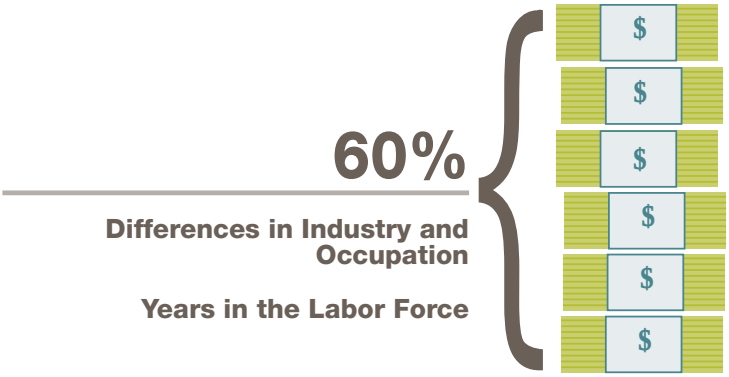
Change The Story VT, 2019 Status Report: Women, Work, and Wages in Vermont

Numbers vary a little by state and methodology, but not by much. This reality is not new, either. White men have always been paid more than white women, and the differences between the pay of white men and other groups become even greater when the comparison goes beyond gender to include race, ethnicity, disability status, and other identities.

> "The varied factors that influence the wage gap—different jobs, different hours, and different work histories—are not purely the result of women's choices. There are significant structural factors that influence the decisions working women make that result in lower pay, and these deserve as much attention as overt discrimination."
>
> *- Center for American Progress, "Explaining the Gender Wage Gap", 2014*

The wage gap has been narrowing, but very slowly. Research has found the wage gap is the product of intersecting variables:

60% of the gender wage gap is due to two factors: occupational segregation—or career clustering—and time in and out of the labor force. [5]



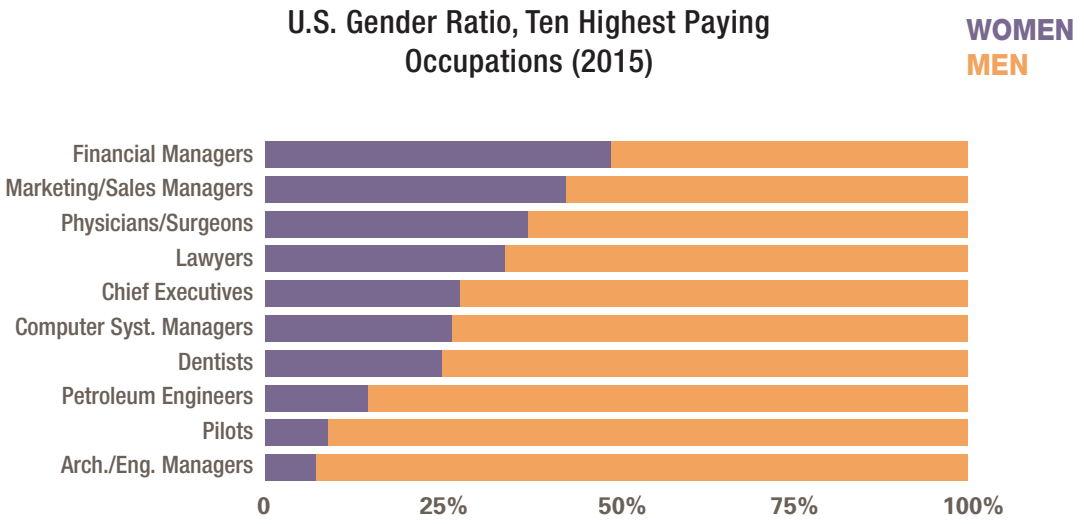
Differences in Industry: Historic Occupational Segregation or Career Clustering

Until the last 60 or 70 years, most middle- and upper-class **white women** were guided toward a relatively small number of jobs—teacher, nurse, secretary, factory worker (in certain industries)—until they married, at which point they were generally expected to leave the workforce. They were often actively discouraged from what were considered **white men's** jobs—engineer, business manager, doctor, politician. **Black men** had even fewer options; they were most often laborers, whether on farms or in factories, and were blocked from most other positions. **Black women** were channeled into domestic positions and some service occupations. This has been called America's caste system. [6] The label is apt and the impacts have been lasting, informing job and career "choices," norms and expectations.

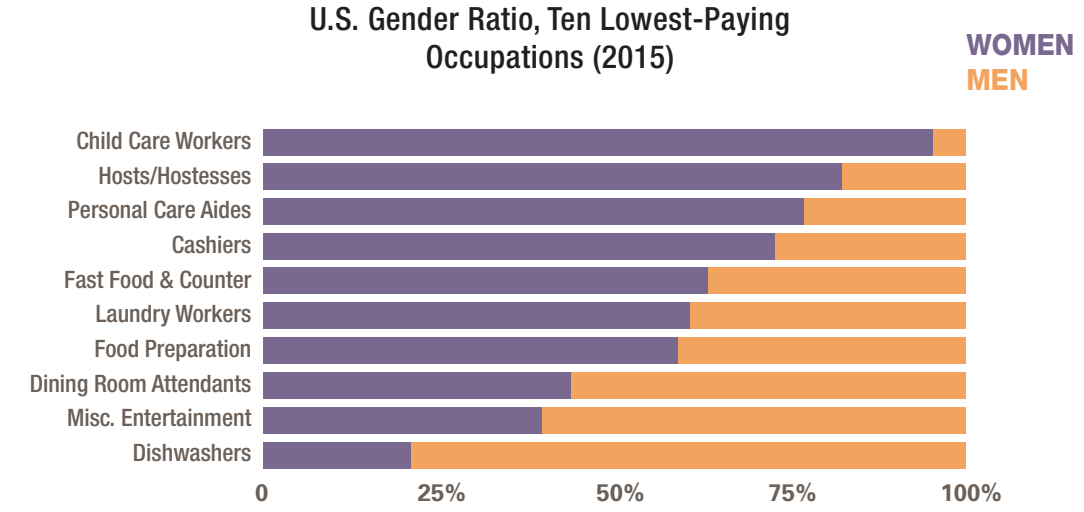
Examples of Historically Women's Work

Some of these mores have started to break down in the last two or three generations, but they still exist in many people's minds and in American culture at large. A significant number of working people continue to be clustered in fields that are either predominantly male or predominantly female. **Earnings in traditionally female fields are lower, not because they require fewer skills but because they are undervalued.**

Occupational segregation or career clustering by gender and race is responsible for much of the difference in the median earnings of each group.



Washington Center for Equitable Growth analysis: Bureau of Labor Statistics "May 2015 National Occupational Employment and Wage Estimates" and "Employed persons by detailed occupation, sex, race, and Hispanic or Latino ethnicity."

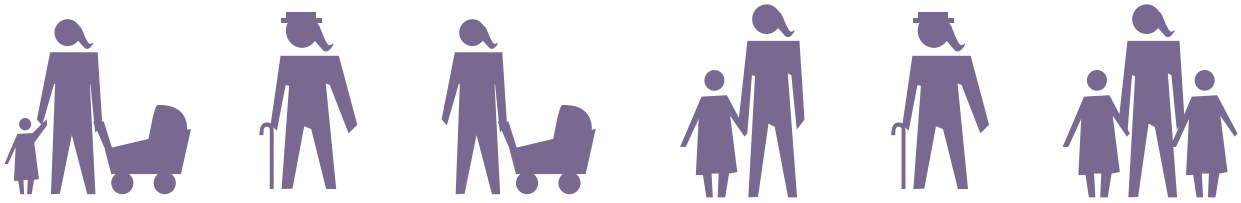


Washington Center for Equitable Growth analysis: Bureau of Labor Statistics "May 2015 National Occupational Employment and Wage Estimates" and "Employed persons by detailed occupation, sex, race, and Hispanic or Latino ethnicity."

It is important to note that the careers in the bottom graph enable those in the top graph.[7] Many positions once considered "(white) man's work" still hold significant barriers for women, Black, Indigenous, and other people of color (BIPOC), people with disabilities, and LGBTQIA+ individuals. **There is a long way to go before everyone who wants to enter these jobs can thrive.** For more information about the decades of work that's been done to improve access to non-traditional careers in Vermont, check out vtworksforwomen.org

Time In and Out of The Workforce

Despite changes in some family patterns, women continue to be the primary caregivers to children and aging family members. In 2018, "**women were 4 times more likely than men to cite family and/or personal obligations as reasons for working part-time—and 7 times more likely to cite access to child care**. Over the course of their careers, more than 4 out of 10 women in the United States leave the labor force altogether at some point to care for family members. This decision is characterized by some to be a personal choice. Doing so, however, ignores the economic and social context in which most families make such decisions—and their long-term costs."[8]

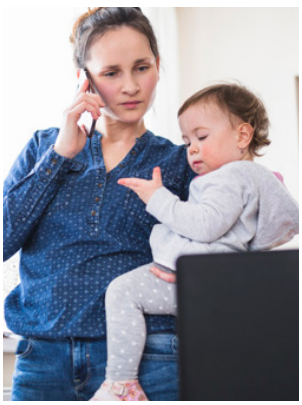


The COVID-19 pandemic only exacerbated the problem as many women had to reduce their hours or leave their jobs entirely to do unpaid caregiving work within their families. Dramatic job losses for women—particularly women of color—erased many of the financial gains women made in the prior 30 years and created America's first "shecession".[9] **The persistence of gender norms and expectations has driven the "choices" women make**, and it is also often the most practical option for heterosexual couples. This "practicality" occurs because occupational segregation and pay differentials still exist, making it more likely that a woman's earnings will be lower than a man's.

The cost of leaving the workforce to raise children

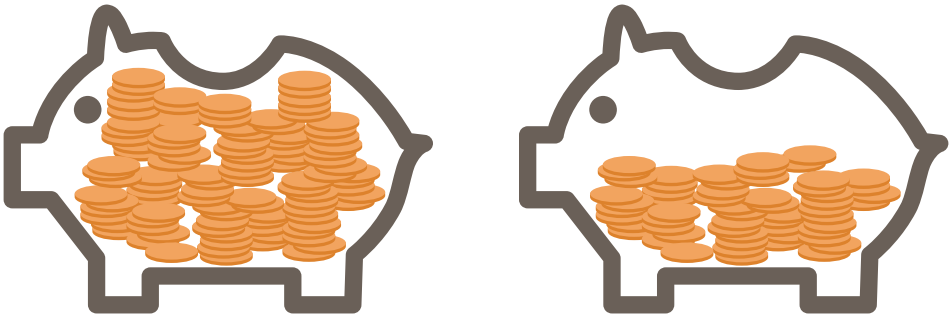
Consider the example of a 35 year-old new mother who earns the equivalent of Vermont's median full-time wage for women ($41,145). If she leaves the workforce for five years until her child enters kindergarten, she will lose an estimated $433,000 in:

- income ($205,730)
- wage increases ($112,563)
- retirement assets ($114,298).



The remaining 40% of the wage gap is attributed to bias, discrimination, and gender norms or expectations that limit women's salaries and opportunities, particularly for women of color, women with disabilities and people living outside the gender binary.

Unfortunately, there are many different psychological and sociological factors, both within and outside the workplace, that make eliminating the wage gap difficult. These start affecting girls very early in life. A study of 10,000 families found that on average American parents pay boys twice as much for doing weekly chores ($13.80) as they pay girls ($6.71)![10] Clearly, there are both conscious and unconscious stereotypes and expectations surrounding children and families from—or even before—birth.



$13.80 $6.71

These expectations extend in many directions. Women and the LGBTQIA+ community disproportionately experience **sexual harassment** in and out of the workplace as well as **intimate partner violence**; both affect earnings.[11] **Inadequate child care and family leave policies** are among the policy level issues that contribute to this gap.[12]

> "While sexual harassment is increasingly being recognized in the national dialogue, it is nothing new—and over time it has negatively impacted women's workplace opportunities and career decisions, resulting in significant and often overlooked financial consequences."
>
> *- National Partnership for Women and Families*

Unconscious Bias in the Workplace

All of us carry expectations and presumptions about gender that influence our behavior.[13] **Many of these deeply held beliefs support the pay differential.** Men's efforts to self-promote and negotiate for themselves, for instance, generally receive a positive response, while the same actions by women are often perceived negatively, even though men and women are equally likely to negotiate their salaries.[14] Socialized biases and gender norms are not limited to the way we perceive others; they are as likely to impact the way we see ourselves.

There are many examples of how unconscious, or implicit, bias shows up in the workplace:

- Research shows that we tend to underestimate women's performance and overestimate men's (including our own!).[15]
- We often associate men with careers and leadership, while we associate women with family and caregiving.[16]
- Motherhood may trigger assumptions that women are less committed to their careers, creating a "motherhood penalty" while studies have shown that men earn a "fatherhood bonus" for each child born.[17]

The Motherhood Penalty

Mothers | **Women without Children**

HIRING
Mothers were **6 times less likely** than women without children to be recommended for hire.

STARTING SALARY
Mothers were recommended a starting salary that was **7.9% lower** than the salary offered to non-mothers.

PROMOTION
Non-mothers were **8.2 times more likely** to be recommended for a promotion than mothers.

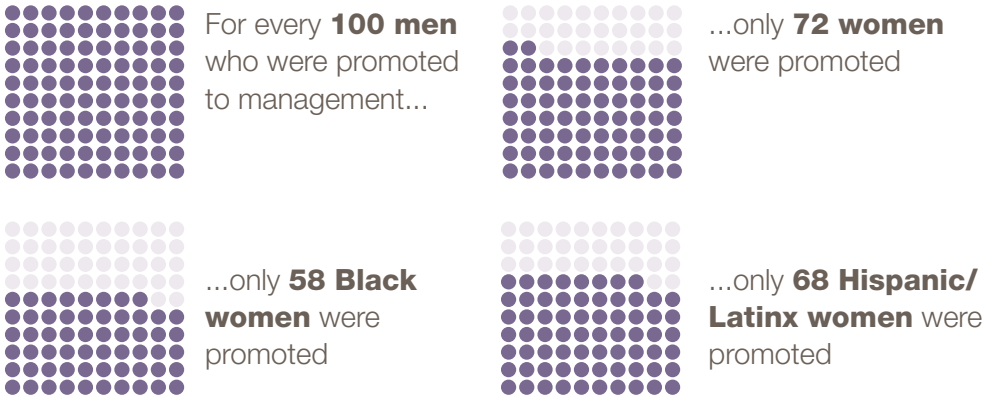
It is important to note that due to the binary nature of the way data are often collected, there are people who are not reflected in many gender-based research, employment, and compensation studies.

- In exploring the reasons behind low representation of Asian Americans in leadership positions, two studies "theorized that whites are threatened by the 'unfairly high' levels of competence possessed by Asians and essentially use the stereotype that Asians lack social skill as a pretext for discrimination."[18]

In the workplace, all of these factors affect starting pay. One study of men and women who were just one year beyond graduating from college found that even after controlling for most factors that would affect the wages of recent college graduates—undergraduate major, hours worked, age, occupation, region, economic sector, the selectiveness of an undergraduate institution, GPA, and marital status—a 7% gap between the earnings of the men and women had already developed.[19] This gives us an indication of the power of these biases. After that, the inequities often continue—and grow.

Consider the **"broken rung"** effect where biased promotional practices can exacerbate the wage gap, hamper a woman's path to leadership and significantly diminish lifetime earnings and savings. Recent research indicates that men get promoted more quickly early in their careers than women do, and white women get promoted more quickly than Black or Latinx women.[20]

Ratio of Promotions to First-level Manager, by Gender and Race



Analysis by McKinsey & Company and LeanIn.org - Women in the Workplace 2019.

As a result, even if people are paid equally at the beginning of their careers when starting the same job, men's pay in the aggregate increases more rapidly than women's, regardless of performance. The same problem exists for other groups of people who have been historically marginalized.

Among other things, bias affects who you hire, what jobs you hire them for, how you promote them, and how robust your employee retention and engagement levels are. **There are many ways that employers can work to reduce the impact of bias in these areas.[21] The first step is to increase awareness of unconscious bias and address it directly.**

So What Can We Do About Our Biases?

Acknowledge them and design with them in mind. Three elements are essential in an employer's hiring, performance review, pay increase, and promotion processes to decrease the potential impact of bias.

First, **involve diverse groups** in designing policy and processes and in making determinations. The broader the group you have making and reviewing those decisions, the more likely individual biases will be recognized. And the more you recognize them, the less likely they are to control decision-making.

Second, **create clear criteria for those decisions** to help ensure that each person is evaluated on the same basis and double-check those criteria to see where gender norms and racial bias might be operating. What specific skills, abilities, and strengths does your organization want in new hires? In promotions? When criteria are vague or nonexistent, biases can take over.

Third, **collect and review data** to determine if you are making progress toward equity. Have you actually increased the number of women, BIPOC individuals or other underrepresented people in your organization? Unless you collect and analyze data on a regular basis, you will not fully know whether your organization is making progress toward your goals.

As an employer, you will need to address your organization's culture, its policies, its practices, and the individual and collective biases that live within it to create an equitable workplace. This Playbook focuses primarily on preventing and repairing inequities in pay in your organization, and it will also help you analyze your data regularly, but **the issues of who you hire, how you train, who you promote, what conscious and unconscious biases are at play, and career clustering are all intertwined with pay equity.** To fully eliminate pay inequities and build a truly inclusive culture, organizations need to work on all of these issues.

While this Playbook is primarily focused on identifying and resolving current pay inequities in your organization, if you do not address biases like these, inequities will continue to exist.

Why Care About Pay Inequity?

If you are reading this, you probably don't need to be convinced that pay equity is important. Here are four reasons that may help others to focus on this issue.

- **Research shows that diversity and equity improve profitability.**[22]
- **Pay equity is a key indicator that many of your other employee-focused systems are working well.** Pay equity is determined at the nexus of your recruiting, performance review, compensation, and promotion systems. In each of these systems, you may have many people making many decisions, and they all affect someone's pay. If those decisions collectively support pay equity, it is a great indication of a cohesive organization with excellent values embedded in your workforce.
- If you can confidently and accurately state that you are paying your employees equitably, your **recruiting, retention, employee engagement, reputation, and brand value will be strengthened.** Some people would say that it helps your organization "play offense" in the game of business.
- The other side of the coin is that pay equity reviews will help your organization **avoid lawsuits, negative publicity, and a poor reputation.** Those are the "defensive" reasons for doing such a review, and it should go without saying: there are laws against paying a protected class of employees inequitably. Employers cannot discriminate based on sex, race, age, and disability, among other categories. (The complete list varies by state.) Discrimination can be very expensive, and such cases generate a lot of bad publicity.

Separate from the business case, **you should pay people fairly because it is the right thing to do.** In other words, you should be doing this whether you see an advantage to your business or not.

Fairness is an important ethical value. It is one of the first ethical values we typically develop. Your employees expect fairness. They may not all agree on how fairness is defined, but being perceived as unfair is a key way that both leaders and organizations as a whole lose credibility with people. **Being treated fairly also means that people feel that they are valued.** Trust is the starting point for employee engagement. If employees don't feel valued, it will be difficult to get the level of energy, communication, and productivity that is necessary to make an organization successful.

The process of improving pay equity will help identify where your organization is excelling and where there are opportunities to improve your systems. Getting to pay equity often includes improving communication, gaining greater agreement about priorities and standards, clarifying what key organizational values mean in practice, and decreasing the impact of unconscious bias in your organization. All of this work helps an organization operate more consistently with its mission, vision, and values, building cohesiveness, and contributing to productivity and organizational health, in addition to improving pay equity.

Achieving Pay Equity – An Ongoing Process

As we've seen, pay equity is impacted by many different decisions in your organization. Even if an organization is committed to pay equity, problems can develop. Having thoughtfully developed systems and policies makes a tremendous difference and will take an organization a long way toward a goal of pay equity, but it is important to recognize that **the forces perpetuating pay inequity can be so insidious that they can create issues for even the most socially conscious employers.** Pay equity is hard enough to achieve in a stable environment, let alone during sudden crises, layoffs, rapid growth, acquisitions, or mergers.

So, what is needed to achieve pay equity in a small organization? In our experience, there are at least five elements:

1. Executive Commitment, Understanding, and Attention: Given the importance and intersectional nature of pay equity, **support from the top and the willingness to commit time, funds, and energy to the ongoing work is critical.** In most organizations, a commitment to pay equity is far from universal. Consistent, dedicated leadership is the prerequisite to instilling the needed new values as well as systems improvements required to reach and maintain pay equity in any organization.

2. A Compensation Philosophy: This is a statement describing why your organization pays the way it does. It should be **developed from your organization's mission, values, and strategy**, and it should explicitly articulate your organization's commitment to pay equity and the values underlying your pay system. This is a critical tool for aligning the many systems, people, and processes that ultimately impact how your organization pays its people.

3. Annual Pay Equity Assessments: Conducting **a pay equity assessment annually** will catch and correct inequities as they arise. This provides critical feedback to your systems. You are running blind without this information, and there is simply no other way to find and correct the root causes of pay problems without good data. If you don't regularly assess whether you actually have pay equity, your stated values and equity commitments quickly become false advertising.

4. A Diverse Group of People in the Room Where Pay Decisions are Made: Our experience has shown that without **broad representation involved in decision-making** about hiring, promotions, and salary increases, true equity is never achieved. The more perspectives there are in the room, the less likely unconscious biases will influence your compensation decisions.

5. Eternal Vigilance and Assigned Responsibility: Achieving pay equity is not a one-and-done activity. Each new hire, promotion or pay raise can challenge pay equity. **Maintaining pay equity takes consistent and persistent attention; someone in your organization needs to be given the responsibility and then leadership needs to be held accountable for the results.**

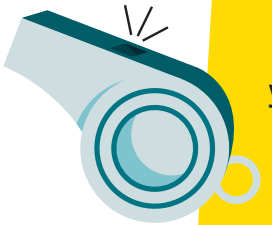
The good news is this: If you do the work, you will reap the rewards. Like every important business practice, achieving true pay equity takes commitment and work, but it has tremendous rewards for your business, your employees and their families, and for your community. In addition, investing time and energy into ensuring equitable compensation is one of the most powerful ways employers can lead our society toward a more inclusive and just economy.

PREPARING TO DO A PAY EQUITY STUDY

Before you can start a pay equity study, you need three things:

1. A compensation philosophy.
2. Current and comprehensive job descriptions.
3. Good data on the competitive pay range for each position in your organization.

This is ongoing work, but if job descriptions and competitive pay ranges are updated at the start (*and kept updated*), analyzing your current situation will be much more straightforward.



You also need to answer a critical question:

What criteria will you use to determine how you will increase the pay of your employees?

Developing Your Compensation Philosophy[23]

Compensation can be a hard topic to discuss. For some, any discussion about money can be difficult; many of us just don't like to talk about the subject. Others find it difficult to discuss why some people are paid more than others, and some people can get triggered emotionally due to feelings that they were not paid fairly at some point in their life. **For most people, compensation is simply not well understood.** As a result, many people don't know how to begin discussing it. However, those realities present an opportunity.

Your organization will only benefit when you make conscious decisions about pay and benefits, structure them to support your strategic plan, and then communicate the rationale behind those decisions to your employees.

In any organization, trust is usually lowest when issues related to compensation arise. Issues related to power also arise: it matters who is involved in decision-making. Clear, unapologetic, and consistent communication, backed by doing what you say you will do, will build trust over time, which will lead to greater commitment from your employees.

One key to this work is the development of a compensation philosophy. The Society for Human Resource Management (SHRM) defines a compensation philosophy as a "formal statement documenting the employer's position about employee compensation [which] explains the 'why' behind employee pay and creates a framework for consistency".[24]

Your compensation philosophy should grow from your organization's mission, vision, values, and strategic plan. If the compensation philosophy is aligned well with your organization's purpose and direction, it will help you reach your goals (assuming it is well implemented and communicated).

Where Does the Compensation Philosophy Fit In?

In developing your compensation philosophy, you need to involve your whole leadership team. An organization's HR Manager (or any single person) can draft a proposal to get the discussion started, but unless your leaders collectively embrace the compensation philosophy, it will be worthless. Your leadership group might think about these broad questions:

The LEEP Compensation Philosophy Worksheet on page 57 can help you work through it!

Q: What **values** do we want to express in our compensation philosophy?

Q: How can our compensation philosophy help us further our organization's **mission** and achieve our **goals**?

Q: How can our compensation philosophy help us **recruit and retain** the people we need to reach our goals?

Q: **What do we hope will be different** as a result of implementing an excellent compensation philosophy and executing it well?

Once you develop answers to those broader questions, the focus must get more specific. You will need to answer questions like these:

Q: What is the right mix of base pay (wages and salaries), benefits, and variable pay (bonuses, commission pay, etc.) for our employees? Your answer may vary depending on which employees you are discussing.

Q: How do we want to be positioned in the labor marketplace – paying at market, above market, below market, or with a differentiated strategy? [26]

Most employers do not ask these questions and don't shape their compensation plans based on their business strategies. Some do, however, to great advantage. For example:

PAY FOR PERFORMANCE

A steel producer has a compensation philosophy that focuses on rewarding productivity. It pays lower base wages, sometimes half of what competitors pay hourly employees, with weekly cash bonuses based on productivity that can be 100% - 200% of base wages. Every employee is on a performance-related pay system. The results: They have the highest labor wages and the lowest labor cost per ton produced in the industry.

TRANSPARENCY & PROFIT SHARING

A start-up wanted employees to be highly engaged. The organization's owners created an "open book" organization, fully sharing the organization's financial information with all of its employees, educating them so that they would know how each job could influence the organization's profitability. At the same time, they created an annual profit-sharing program. Their accounting department posted charts of financial data around the plant, and the CEO held monthly meetings to discuss the organization's performance and plans. Base pay and benefits were competitive, and the profit-sharing payments created total compensation that was well above average. This helped develop a culture with clear, open communication, great understanding of the business, and a high level of employee engagement, which fostered high quality products and innovation. The result was substantial growth and high profitability.

EMPLOYEE OWNERSHIP

Research has found that after employee ownership goes into effect, an organization's performance typically improves even though the people, the methods, and the markets remain unchanged. Research also finds, however, that only half of the impact of employee ownership comes from the change itself. The other half comes from excellent communication about what ownership actually means to each employee.

These approaches are most successful when they are consistent with the core values of an organization. In some cases, those values drive the compensation philosophy even before a strategy has been developed. Two examples:

NO-COST HEALTH INSURANCE

The owners of one company we've worked with believe very strongly that health insurance should be available to everyone at no cost. As a result, the full cost of insuring all employees is built into their budget, and the employer must plan its strategy and the rest of its budget with that cost being fixed.

LIVABLE WAGE

Ben & Jerry's may have been one of the first companies to commit to paying a "livable wage"[26] to their lowest paid employees, building a budget that would accommodate the costs of that decision. Today, there are many other employers making similar commitments due to their values, before strategies are planned.

It is important to mention here that any time an organization provides pay and benefits that differ substantially from the market, there will be ramifications that will impact the attraction and retention of employees. Obviously, if total compensation is significantly above average, most of those ramifications are likely to be very positive, but the picture gets more complicated when a portion of a company's total compensation is significantly above average, while another is below average, e.g., a company that has below market wages and salaries coupled with benefits that are much more generous than average. **Different aspects of compensation will matter to some potential employees much more than others**. Older employees are typically more interested in retirement benefits than younger employees, who tend to focus more on pay than on benefit quality. That is not an argument for average compensation; it is an argument for understanding the potential consequences of the way your total compensation package is designed so that you can attract and retain the people you want.

To summarize, your pay system should support your business strategy, help your organization achieve its mission, and exemplify your values. Pay equity should be one of those values. Include it explicitly in your compensation philosophy.

Developing Your Pay Ranges

Your pay ranges are simply the minimum and maximum that you will pay someone in each position. They need to be set in some relationship to the competitive ranges (what the relevant market is paying), but it is important to note that your ranges do not need to match the competitive ranges exactly. **How the competitive ranges relate to your organization's ranges should be based on your compensation philosophy.**

For example, imagine that you have several customer service representatives, all responsible for answering the same questions and providing similar responses. They all require roughly the same level of skills, knowledge, and experience, and they all have the same level of responsibility. When you check local salary surveys, you find that the ***competitive range*** is $17.00 - $25.00 (per hour) and the range midpoint is $21.00. If part of your compensation philosophy is to pay competitively, you would probably make your ***organization's range*** for that position $17.00 - $25.00. However, if one of your business strategies is to become known for the best customer service in the industry, you may want to do this by attracting more highly qualified staff. To do that, you may want to pay above average wages to the customer service representatives. In that case, you might make your ***organization's range*** for that position $19.00 - $27.00, or even higher.

Determine Your Pay Ranges Based on Your Compensation Philosophy

Customer Service Representative	Pay Range		
	Low	Midpoint	High
Researched Competitive (Market) Range	$ 17.00	$ 21.00	$ 25.00
Compensation Philosophy = Competitive Pay	$ 17.00	$ 21.00	$ 25.00
Compensation Philosophy = Best Customer Service	$ 19.00+	$ 23.00+	$ 27.00+

Keys to Creating Good Pay Ranges

You'll want to use as many different sources of salary and wage information as possible. Every salary survey has its strengths and limitations. If it is possible to find two or more sources for a given position, you are more likely to find an accurate competitive range. Be sure to use data from the appropriate labor market. If you are conducting a national search for a key position, the competitive range for that position needs to be based on national averages, not local data.

Smaller firms are more likely to have positions with a title common to those in other organizations, but with job responsibilities that are unique to the position, like an HR Manager who is also responsible for running a Customer Service Department. The larger an organization grows, the more likely that the responsibilities of the position will be more similar to those surveyed with the same title.

When you have a unique position, think about the skills and level of responsibility needed. What experience would you want in a replacement for that position? Where would you find them? While you cannot ask people about their current salary (see below), you can ask a possible candidate if that position in a particular pay range would be of interest. **There is both an art and a science to developing competitive ranges**. The common error is to estimate the competitive range below what it really is.

When using salary surveys, **focus on the 25th - 75th percentile of the range of data** provided to develop your understanding of the competitive range. The further you get toward the extreme ends of a survey's range (especially below the 10th and above the 90th percentiles), the more likely it is that the comparisons will have been influenced by unique variables (such as relationships with owners, unique skills, or longevity in position), creating poor comparisons.

A Note About How Unique Variables Affect Pay and Pay Equity

There is a rationale underlying pay. Pay for most positions is determined by a combination of these things:

- the amount of training or education required for the position,
- how common or rare the required skills and talent are,
- the level of responsibility the position has,
- the amount of decision-making authority it has, and the impact on the company of making a decision, good or bad.

At the extremes of any pay range, however, other unique or uncommon factors often help determine why someone's pay might be extremely low or high. Examples include having an extremely rare and uniquely valuable skill set (think LeBron James), being the owner's daughter and future CEO, handling an uncommon combination of responsibilities (like an HR Director who also manages Customer Service), or beginning a job with much less experience than is usually required.

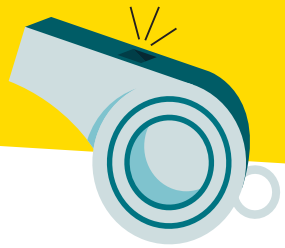
This is where we often see "Perfectly Logical Explanations" (we call them PLE's) creep in about why someone is paid a higher salary, even when these explanations aren't necessarily articulated in the compensation philosophy. It's fine to pay someone at the extremes of their range as long as there is a defendable reason why.

In many states now **it is illegal to ask a job applicant about their salary history.** This law helps improve pay equity because if someone was paid poorly in a previous position due to bias or discrimination, that inequity is not continued at the next company. The question used to be a crutch for employers that did not have good pay information; it is a poor way to determine pay and almost guarantees that pay inequities will result.

Employees often know what their counterparts are making elsewhere, so a conversation with a new hire might be able to provide data points about compensation at other organizations. This information is useful, but confirm it with credible survey information.

Competitive pay ranges need to be reviewed regularly. This is necessary because the pay for some positions is increasing much more rapidly than it is for others, especially if inflation is low. At a minimum, a comprehensive review needs to be done at least every three years if inflation is low, but **if you have positions requiring skills that are in short supply (most companies do), you may need to review the competitive ranges for these positions annually.** We have seen too many situations where employers have lost employees with key skills or have had trouble hiring critical people because they were unaware that the competitive range for those skills had increased.

And be aware: it is illegal for employers to share pay information directly, without an independent third party, due to the potential for price fixing.



A Note About Job Descriptions

To ensure that you are accurately matching survey data to your jobs, you need **good job descriptions**. If your job descriptions lack clarity, it makes it difficult to develop accurate competitive pay ranges. Here are a few tips to help you avoid those pitfalls:

- Include the complete range of the position's responsibilities.
- Clarify the level of experience (beginner, intermediate, or senior) and expertise wanted.
- Describe excellence. If someone was doing a great job in this position, what would that look like? The answer to that question can help identify the level of technical expertise, communication skills, decision-making and leadership skills, and potential for growth that is really desired. It can also help you determine who should be paid in the high end of the range.

The Sadowski Performance Rubric Template is a useful tool to help you define excellence in your job descriptions and performance reviews. You can find it in the LEEP Materials section on p. 57

Clear, thorough job descriptions improve pay equity by minimizing the influence of personal opinion in hiring, evaluations, and promotions. They are an important tool to keep updated.

Once you have determined the competitive pay ranges, then you can decide to modify them based on your compensation philosophy and comparisons of internal equity. If the **competitive ranges** will be different from the **organization's ranges**, make sure that you have documented that difference in company files. Sooner or later, peers or successors will need to understand your rationale, and you will need to remember to be consistent in the future.

Pay Ranges v. Pay Grades

People get confused about the difference. **Pay ranges are unique to each position. With small employers, the collection of those pay ranges might comprise the pay system**. With larger employers, however, this can easily become unwieldy. In that situation, positions with similar competitive pay ranges are typically grouped together and placed in a common **pay grade**.

The positions in each grade will tend to have similar levels of authority, education or experience requirements, and similar levels of competencies. (Exceptions are usually due to skill shortages in the market, which may push competitive pay for those jobs into a higher pay grade that is inconsistent with the level of authority, training required, etc. for the other positions in the pay grade.) Organizations typically have 6-15 pay grades that progress from the lowest to the highest levels of skills, responsibility, and authority. Pay ranges and pay grades most commonly extend +/- 20% from their midpoint, but they may be any size.

A Tale of Two Employers

The following examples show the kinds of decisions we have been discussing. Imagine two employers with the same four job titles in their warehouses.

TNT COMPANY

The Forklift Operator at TNT is seen as a peer of the Shippers and Receivers. Therefore, those positions are all put into the same pay grade (B). The Team Leaders, however, are recognized as having substantially greater responsibilities than the other three positions. Consistent with this recognition, the Team Leader position is placed in pay grade C, one grade above the others. By examining the competitive pay ranges, TNT leadership believes that most other employers have these positions in similar relationship.

TNT Company

Position	Competitive Pay Range			Pay Grade	Organization's Pay Range		
	Low	Midpoint	High		Low	Midpoint	High
Shipper	$ 18.00	$ 22.00	$ 27.00	B	$ 18.00	$ 22.00	$ 26.00
Receiver	$ 19.00	$ 23.00	$ 27.00	B	$ 18.00	$ 22.00	$ 26.00
Forklift Operator	$ 17.00	$ 21.00	$ 25.00	B	$ 18.00	$ 22.00	$ 26.00
Team Leader	**$ 22.00**	**$ 27.00**	**$ 32.00**	**C**	**$ 22.00**	**$ 27.00**	**$ 32.00**

BIG BANG COMPANY

Down the road at Big Bang Co., the positions have somewhat different responsibilities and relationships to each other. The Shippers and Receivers are viewed similarly (grade B), and the Team Leaders are seen as Shippers or Receivers with a few additional responsibilities. As a result, the Team Leader is also placed in grade B, but the employer makes a rule that Team Leaders must be paid in the top quartile of the grade to recognize that they do have some additional responsibilities (grade B*). As a result, Team Leaders are paid a little more than most Shippers and Receivers, but the most experienced Shippers and Receivers might be paid as much or more than a Team Leader.

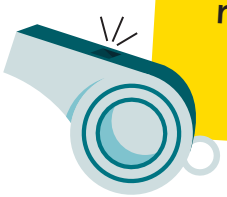
Big Bang has safety as one of their core values, and their research found that the warehouse positions with the greatest chance of severe injury are the Forklift Operators. Therefore, their policy is that only the safest Shippers, Receivers, and Team Leaders can become Forklift Operators, who are expected to help lead the warehouse safety efforts. In this way, the employer reinforces their organizational values, rewards safe employees, and creates a safer warehouse. And they save much more in workers' compensation by having fewer safety incidents than they pay to the Forklift Operators in their above-market wages.

Big Bang Company

Position	Competitive Pay Range			Pay Grade	Organization's Pay Range		
	Low	Midpoint	High		Low	Midpoint	High
Shipper	$ 18.00	$ 22.00	$ 26.00	B	$ 18.00	$ 22.00	$ 26.00
Receiver	$ 19.00	$ 23.00	$ 27.00	B	$ 18.00	$ 22.00	$ 26.00
Team Leader	$ 22.00	$ 27.00	$ 32.00	B*	$ 24.00	$ 25.00	$ 26.00
Forklift Operator	**$ 17.00**	**$ 21.00**	**$ 25.00**	**C**	**$ 22.00**	**$ 27.00**	**$ 32.00**

Some employers use a point system to score positions based on various criteria like the level of technical skills required, level of managerial responsibilities, dollar amount of budget managed, etc. After scoring, the positions are grouped into pay grades based on common score ranges.

Scoring systems help ensure internal equity but can be out of sync with the competitive market. They should not be used without some reference to the market.



Here's another way to look at the difference between competitive pay ranges and organizational pay ranges or grades:

- *You discover and estimate* competitive pay ranges by looking at the data.
- *You create* your organization's pay ranges or grades by combining the competitive ranges with your compensation philosophy—which is, of course, derived from your values and your strategy.

You can be confident that your pay ranges or grades are reasonably accurate if:

- they show a progression of responsibility, authority, experience, and training as the pay ranges increase,
- you can typically hire the people you want at a level of pay that is in the lowest quartile of the pay range or grade, especially for the lowest pay levels, and
- you don't have a problem retaining people and your employee engagement is high.

Confidence in your pay ranges is critical for the aspects of your pay equity review that compare the pay of employees in different positions.

Criteria for Pay Increases

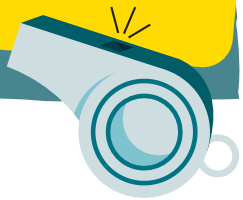
Another key component of your organization's compensation program is how you decide on raises for employees. Pay increases are based on many different criteria: the competitive market; experience (in the job, the employer, or the profession); the number of skills mastered; past or recent performance; or some combination of those.

Two key questions are:

Q: What criteria are consistent with your compensation philosophy?

Q: Which criteria for pay increases will support your desired organizational culture and your organization's strategy?

The criteria you use is tied to the way that you want pay to function in your organization. This communicates a great deal to each employee so think carefully about what messages you want to send.



There are many ways to determine pay increases; here are some extreme examples:

PAY FOR PRODUCTION

Each machine in a factory is run by a different employee. Those employees are paid based on their machine's output each day (piecework). This variability makes each employee highly aware of the relationship between every aspect of their work and their pay, but they will be less concerned with total company output.

A SOCIAL MISSION

A non-profit does very difficult work to further a cause. As a result, every employee has to make a choice to work there; they could make more money with less effort working elsewhere. The organization says to its employees, "Our compensation policy is to pay at the midpoint of each position's competitive range and provide a good benefit package. We will adjust your pay annually to reflect any changes in that range. Now let's work together to further the great mission of our organization."

EMPLOYEE OWNERSHIP

The compensation philosophy of an employee-owned company is to pay all employees competitively and to grant stock to each employee based on their time at the organization. Groups of employee-owners then work on improvements to increase the value of the stock as rapidly as possible.

"How can I make more money here?" is rarely the first question that employees ask, but it is a reasonable one, and every employer needs to be able to answer that question. The best answers don't have to be easy—they might include improving existing skills, gaining expertise in new areas, moving into a new position, or demonstrating the capability to handle additional responsibilities, for example. Companies need to let the employee know what they can do to earn more. **The question indicates motivation on the employee's part. The challenge is for the organization to align that motivation with what it needs from its employees.** You don't want the question to become, "When are you going to pay me more?" Build agency in your employees, not dependency.

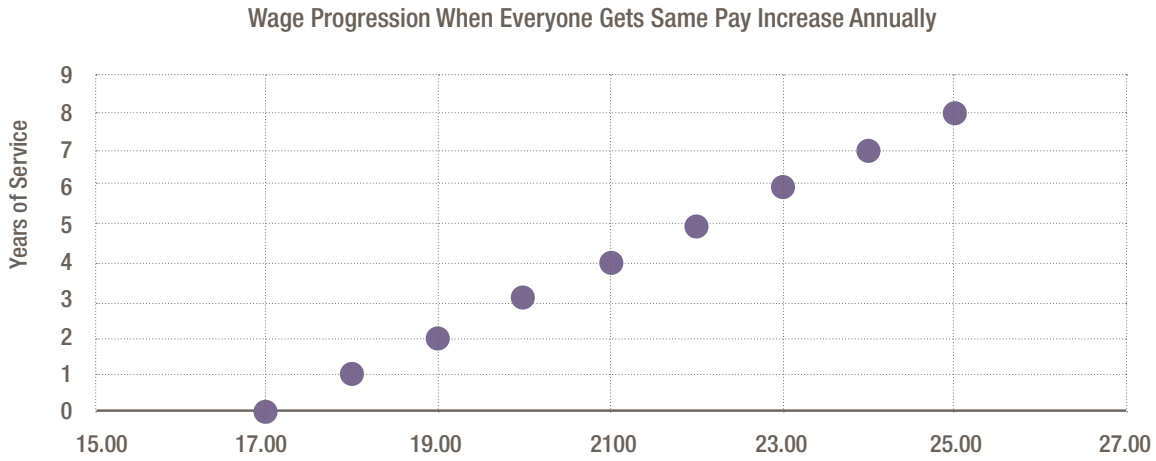
Beyond across-the-board increases for all employees (typically done as a percentage of pay to maintain the pay differentials among positions), **the following are the most common systems for determining pay increases:**

1. **Pay Increases by Job:** Often—particularly in lower paid private sector positions, in the public sector, and in unionized settings—pay rates are the same for everyone in a position, no matter the skill level, experience, or time in that position. There is no flexibility for someone in the position to be paid differently and no opportunity for an individual to negotiate their pay. In this situation, the only increases given are when the pay rate for that position is increased. **As a result, everyone in that position gets the same increase at the same time.**

   When an increase is market-driven, it is usually reactive. The pay rate for the position tends to remain the same until the organization finds that it cannot get and keep people in the position at the current rate. In unionized settings, raises result from contract negotiations. In many organizations, an across-the-board increase to all or most employees is provided annually. Increasing pay in this way eliminates the possibility of unequal pay for the same position. **Whether the situation is seen as equitable depends on the range of performance possible in the position.** If the situation is structured so that everyone in the position must do essentially the same tasks in the same way, then the situation is considered equitable. If, however, there is the potential for a wide range in performance depending on the individual's abilities or motivation, paying people equally may not be seen as equitable.

2. **Pay Increases Based on Experience in the Position:** For some positions, everyone starts the job at the same wage. Pay may increase for the individual on a set schedule (after completion of a probation period, three months, etc.) After that, **all employees are given the same increases, usually at the same time.** As a result, those who are in the position the longest are paid more than others in the position. If the starting pay needs to be increased so that it remains competitive, the pay for everyone else in the position is typically increased somewhat to limit **"compression" (the closing of gaps in the pay for positions in a hierarchy)** so that employees with more experience continue to be paid more than employees with less experience.

   In the simple example illustrated below, imagine that an organization hires one new person each year into a position at $17.00/hour, then gives each employee the same increase each year. After eight years, the hourly rates for the employees in that position would be arrayed as follows:



3. **Pay Increases Based on Skill Acquisition:** Pay may be determined by the skills someone has or the range of jobs they are considered qualified for. Sometimes qualification is determined informally, but often there is a more formal certification process. An employee in a position starts at a base wage, which increases when they are certified in a new skill, and each additional skill adds another increment to the base wage. **The assumption is that higher levels of skill and/or the increased flexibility gained when an employee can do a wider range of work tasks is of greater value to the employer**. There is no reward for experience alone. A position's wage progression chart in an organization that increases pay based on skill acquisition would follow the same steady upward trajectory as the chart above (with the y-axis representing "Skills Acquired").

4. **Pay Increases Based on Performance (Merit):** For a wide range of positions, pay may initially be set based on the skills and experience that an individual has acquired, their past performance, and their anticipated performance. This pay level may or may not be negotiated. After that, **their pay is increased based on their performance, with higher performance leading to higher pay**. The higher pay may come in base pay or incentive pay. The most extreme form of this design is "piecework," where employee pay is totally determined by daily production. Pay based on commissions is another form of this.

For most positions where merit increases are the rule, an employee performing very well will get a higher wage increase than someone who is not performing as well. In some systems, raises are structured so that the highest performers are eventually paid at the high end of the organization's pay range over time, while pay for lower performers increases at a slower pace and remains lower in the range. Alternatively, high performers may be moved to a higher-level position and range more quickly, e.g., from Engineer I to Engineer II. In more rare circumstances, there may be no differences in base pay within a position, but performance determines the size of an annual bonus.

In Figure 1 below, we see that drivers with higher performance review scores (top value on the x-axis) make more than those who score lower, regardless of experience (bottom value, x-axis).

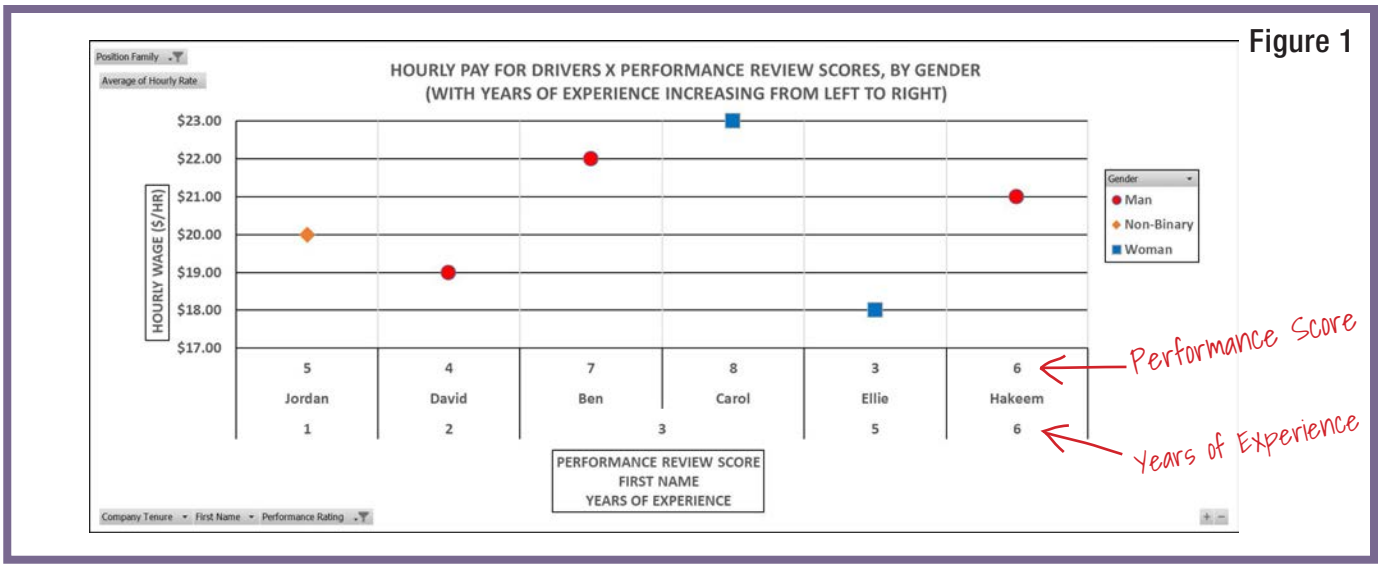


Figure 1

Although she has the same years of experience, Carol makes more than Ben because she scores higher on her performance review. She also makes more than Hakeem even though he's been with the company three years longer.

The keys to successful performance-based pay are:

- Clarity about what is considered full competence and high performance in a position, whether that is meeting specific goals or fulfilling a wider range of responsibilities than others with the same title.
- Trust that performance goals or expectations and the evaluation process are fair.
- Enough employee discretion in how they use their time so that a range of performance in a position is possible, depending on their decisions, skills, and abilities.

Ensuring that these conditions are met is an ongoing challenge.

There are three other ways that pay increases often happen that need to be mentioned.

First are **pay increases based on changes in a position's competitive pay range.** As mentioned previously, pay for some positions is increasing at a much higher rate than average. When this happens, organizations will need to increase some people's pay—and the pay ranges of their positions—more rapidly than others to stay competitive. This is crucial to maintaining the ability to attract and retain people with skills that may be in short supply and/or are very valuable.

Second are **individual pay adjustments.** These may happen for a variety of reasons. In skills-based or performance-based pay systems, there may be **appeals** based on a difference of opinion about whether the criteria had been met for a larger raise or higher pay. Human systems are never perfect; it is important to have a process for employees to express feeling they aren't being treated fairly, which is crucial for maintaining high employee engagement and trust.

Finally, **individual pay increases** outside of an organization's standard process may be based on a **unilateral decision** by someone in an organization who has the authority to do so. This could occur because that person disagrees with a decision made within the pay system's usual procedures or in response to a complaint (the "squeaky wheel") when there is no formal appeals process.

However well-intended, these decisions typically indicate a weakness in the organization's pay system, and they often have the unintended consequence of creating greater inequity or at least decreasing confidence in the organization's pay system.

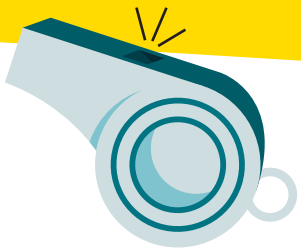
Regardless of how organizations say they pay people, there are clear tendencies, depending on the level of the position.

- **For the lowest paid positions** (which usually pay hourly wages) with clear, limited, and fixed responsibilities, **there is typically a pay rate for the job**, regardless of the past experience of the employee. Pay increases come when the pay rate for the job is increased, which may be due to market conditions, general inflation, or bargaining through a union. Alternatively, pay for these positions is often determined by the combination of the position and the time employed in that position—or the additional skills acquired that make the capabilities of that person greater than those who are newly hired.

- **For professional-level positions, the major variable is experience,** either the time with the organization or the time that the person has been in their profession. Negotiation may or may not influence the starting salary. Some employers will describe their criteria for raises as both experience and performance at this level. In that situation, experience usually has the predominant influence on pay. While individual performance has some direct impact on pay for most people at this level, some of that impact may also be indirect, with high performance leading to greater opportunities for advancement (e.g., Engineer I to Engineer II) or promotion (Engineer to Engineering Manager).

- **For leadership positions** (generally defined as those involved in decision-making with organizational impact)**, the major variable affecting pay is the size of the organization,** determined either by revenues or budget. How an organization is structured—as a for-profit, non-profit, or cooperative entity, for instance—also has a major impact. The industry, previous experience, and previous perceived performance also have some impact on the salary range. Negotiating skills typically play a role as well, particularly in determining starting salary. Time in the position and performance primarily influence salary increases. Depending on the organization, base pay may vary by time in position and the competitive range, while variable compensation (annual bonuses, grants of stock options, etc.) is usually based on the organization's performance.

It's important to remember there are biases baked into our systems of determining who is "leadership material". Fewer women (particularly Black and Latinx women) are promoted out of entry level positions, so may have less experience in their field as they are coming into your organization.



It is likely that your organization uses more than one of these approaches. As you think about your compensation philosophy, think about the values that should guide how your organization pays people in all of these areas and how pay at different levels might need to be treated differently.

Defining Pay Equity for Your Organization

With the wide range of possible compensation philosophies and the many different ways that you can structure your pay systems and pay increases, defining pay equity for your organization may seem problematic. It doesn't need to be. **Pay equity is all about consistency**.

First, your company needs to be clear in its compensation philosophy:

- **how you want to pay** each position relative to the competitive market; and
- **what criteria you will use** to determine pay increases for each position.

Second, you need to be clear about how you will ensure that you are actually operating consistently with your philosophy.

Here are some important questions for your organizational leadership to consider as you embark on your pay equity study:

Is your organization paying *all* of your employees in ways that are consistent with its values and compensation philosophy?

Are the decisions determining starting pay and pay increases consistent within each position or within groups of positions for which you have similar approaches to compensation?

How can you be sure that you are acting consistently? How would you know when you have a problem?

Help is here! You are now ready to use the **LEEP Equity Management Tool** to diagnose any existing inequities and make a plan to ensure that you are paying equitably into the future.

DOING YOUR PAY EQUITY STUDY

The LEEP Equity Management Tool (EMT) was created by Sadowski Consulting Services, LLC and further developed in collaboration with Gallagher, Flynn & Company, LLP. It was used by the LEEP Pilot Program cohort to identify gender pay equity issues in their own organizations. The EMT also has the ability to help look at racial pay equity, and other factors that you think may be affecting pay equity.

Once you have a compensation philosophy and pay ranges, there are three steps to doing a pay equity study for your organization:

1. Enter your organization's data into the Equity Management Tool.
2. Produce charts that illustrate the range and relationship of compa ratios in specific departments or your organization as a whole and determine where you have pay equity and where you don't.
3. Analyze those charts and develop your plan for action and future review.

Then there is the final step of making the changes needed to improve your pay equity.

Entering Data into the Equity Management Tool

If you are reading his Playbook, you should also have access to the EMT, which is free and available to download at changethestoryvt.org/payequity. **The first step is to enter your pay data**, which you can do on the EMT tab titled "Data Sheet". The EMT also includes "Overview and Instructions" and "Definitions" tabs to provide guidance along the way.

At a minimum, you need to enter the following data for each of your employees:

- Last Name or First Name
- Current Annual Salary or Hourly Wage
- Pay Range Minimum (Low)
- Pay Range Maximum (High)
- Gender Identity (for a gender pay equity study)
- Racial Identity (for a racial pay equity study)
- Company Tenure (in years)
- Performance Rating (if pay is related to performance)

Detailed directions can be found in the EMT User Guide: Step-by-step Instructions for Building Great Charts on p. 57

With more data, you can better determine what factors actually influence your pay.

Notes About the Equity Management Tool

✓ All data for the pay range or grade midpoints needs to be in the same unit as the current wage or salary for each position.

✓ If you can add data on experience in position, experience in industry, age, veteran status, or disability status, more analysis is possible.

✓ We acknowledge the complexities of gender—in particular that a range of gender identities exist beyond the binary of "man" and "woman" and beyond the limitations of federal data designations that focus on two binary options for "sex". To recognize this reality, the EMT allows employers to add as many markers as are needed to reflect each employee's gender identity. As with any identity marker, depending on how many employees are in each category, you may or may not have large enough numbers to produce accurate comparative output using the EMT.

✓ When using the EMT, please note the key and chart will only show the gender, race and identity markers that are representative of your employees.

✓ There are many ways to summarize performance ratings. After performance reviews, many employers develop a summary score for each employee. If the scale used is consistent for all employees, it doesn't matter what the scale is. Other employers are not that specific but group their employees as high performers (H), consistent competent employees (M), and poor performers (L). The greater the ability to differentiate within whatever scale is used, the easier it will be to determine pay equity. Unfortunately, with greater differentiation also comes increased potential for bias to significantly influence employee pay. **This reality makes it critical to work to reduce bias in your performance review program.**

For a helpful tool to design your performance reviews and keep your job descriptions clear and up-to-date, see the Sadowski Performance Rubric Template linked in the LEEP Materials section of this Playbook.

What are Compa Ratios?

If comparing the pay of people who do the same job was all that was needed to determine pay equity, comparing either their wages or their annual salaries would be sufficient. In small organizations, however, the number of people in the same job is usually very small; in many cases, there will be only one person in a particular job. In those cases, what comparisons can you use?

To make broader comparisons possible, another measure is needed. **Compa ratios show the relationship between an individual wage or salary and the midpoint of the organization's pay range for that position.** A compa ratio of 1.0 means that the salary is at the midpoint of the pay range. A compa ratio below 1.0 means that the pay is below the midpoint of the range; a compa ratio above 1.0 means the pay is above the midpoint.

Imagine a pay grade (B) with a range of $40,000 - $60,000 and a midpoint of $50,000. A position in that pay range has three people with salaries of $45,000, $50,000, and $55,000, which results in comp ratios of 0.9, 1.0, and 1.1, respectively.

Examples of Compa Ratios in Two Salary Ranges

Pay Grade	Organization's Pay Ranges			Salary	Compa Ratio
	Low	Midpoint	High		
B	$ 40,000	$ 50,000	$ 60,000	$ 45,000	0.90
B	$ 40,000	$ 50,000	$ 60,000	$ 50,000	1.00
B	$ 40,000	$ 50,000	$ 60,000	$ 55,000	1.10
C	$ 50,000	$ 60,000	$ 70,000	$ 50,000	0.83
C	$ 50,000	$ 60,000	$ 70,000	$ 54,000	0.90
C	$ 50,000	$ 60,000	$ 70,000	$ 55,000	0.92
C	$ 50,000	$ 60,000	$ 70,000	$ 60,000	1.00
C	$ 50,000	$ 60,000	$ 70,000	$ 66,000	1.1

Now imagine that there is another position in the organization that has a pay grade (C) of $50,000 - $70,000, with a midpoint of $60,000. There are five positions in that pay range; their salaries and corresponding compa ratios are listed in the table above.

If the employer pays based on experience, a salary of $50,000 in grade B should mean that the incumbent has at least several years of experience in the position, while $50,000 might be the starting salary in grade C. There is no way to directly compare salaries across pay grades. However, **compa ratios describe where someone is in their pay grade, and that allows for comparisons across pay grades**.

If the positions in two different pay grades are both paid based on experience only, then we could expect that employees with the same amount of experience would have the same compa ratios, whichever pay grade they are in. In the example above, the person in grade B with the salary of $45,000 would be expected to have the same experience as the person in grade C with a salary of $54,000 because both have a compa ratio of 0.90. **That would be equitable as defined by the company**.

The assumption here is that **whatever the pay range, if two people have the same compa ratio in different pay ranges or grades, they should have a similar relationship to the key variables driving pay increases.** Greater experience or higher performance should lead to higher pay within each pay range or grade. Comparing the compa ratios of those salaries lets us know if that is the case.

What if performance is the key driver of pay increases? In this case, as an employee moves toward becoming fully competent in the position—meaning that the person is able to handle all of the usual responsibilities of their position without instruction or assistance—the salary should move toward the range midpoint, so the compa ratio should move toward 1.0. In this framework, the ideal is that a new employee's salary would start low in the range as they learn the position. Then it increases as the employee picks up the responsibilities and demonstrates the abilities required for the position. Once the employee moves beyond that—by learning specialized skills, developing a high level of expertise in a particular area, training others, or leading in difficult situations for example—the employee's salary should move toward the top of the pay range, moving the compa ratio past 1.0.

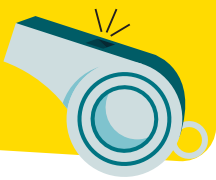
Rubric with Clearly Defined Expectations for Performance within a Pay Range

	Novice	Moving Toward Competence	Moving Toward Excellence	Excellence
	1st Quartile (0-25th percentile in the pay range)	2nd Quartile (26-50th percentile in the pay range)	3rd Quartile (51-75th percentile in the pay range)	4th Quartile (76-100th percentile in the pay range)
Defined As	New in the position; actively building the skills and knowledge to perform the role well.	Has mastered core skills and knowledge of job functions; is moving toward more independent work.	Consistently performs at or above standard; is able to perform job functions without supervision; takes on additional activities when needed.	Performs at a consistently high level in all areas without supervision and is looked to as a model for others in the position; takes on stretch projects.

A concern for pay equity can lead to important discussions, increased coordination, and greater clarity across your organization. It is hard to do performance evaluations well. Most employers do not have broad agreement about what excellence looks like, and they have not created a clear picture of what excellence looks like in each position. In addition, in most organizations there is a gap between managers' and employees' understandings of competence and excellence in the position.[27] Whether or not you are using performance as a variable impacting pay increases, those are important understandings to develop.

The EMT will calculate each position's compa ratio for you once you provide the wage, salary, and pay range information.

One final note on compa ratios: **They are only as good as your pay ranges, so work hard to get those right.**



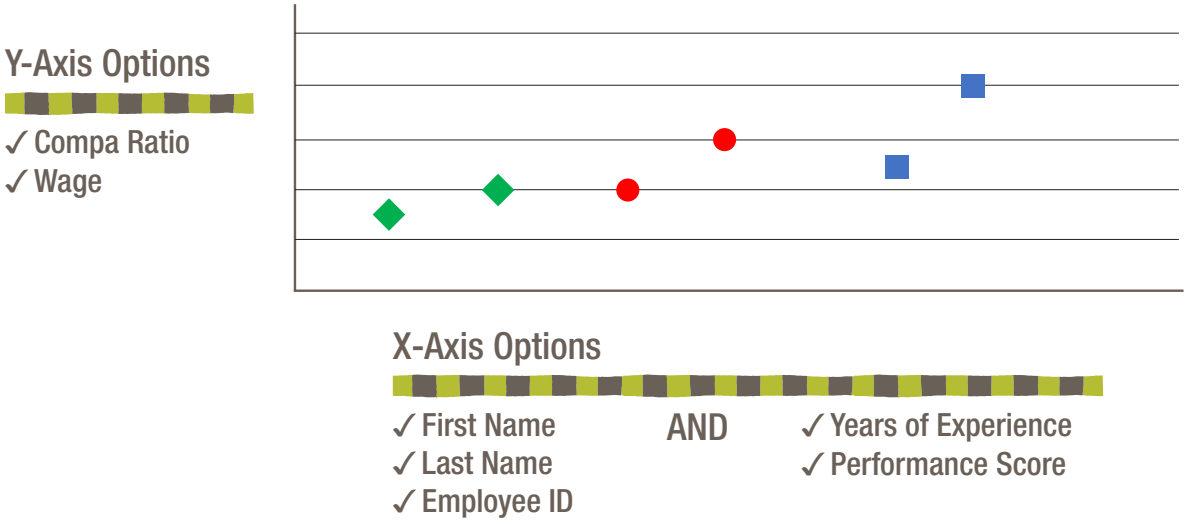
What Charts Do You Want to Produce?

OK, so now you have your compensation philosophy completed, and you have your data entered into the EMT. **You are ready to produce charts that will describe the current state of your organization's pay equity**. The EMT allows you to produce a wide range of charts. Here are some of the filters that you can use to build the group you want to analyze:

Filters (Who Will Be In the Chart)	How Filtered Population Can Be Displayed
• All Employees • Exempt Employees • Non-Exempt Employees • Employees in Specific Pay Grades • Employees in Specific Positions	• By Gender • By Race • By Veteran Status • By Additional Categories You Create

And here are the possible variables to make your charts. While the EMT will allow you to examine multiple variables at once, the clearest charts will be produced when you enter one option for the y-axis (compa ratio or wage) and your criteria for pay increases (years of experience or performance scores), which will be displayed on the x-axis along with your means for identifying individual employees (name, ID, etc.):

Possible Variables for the EMT Charts
Choose 1 from each group:



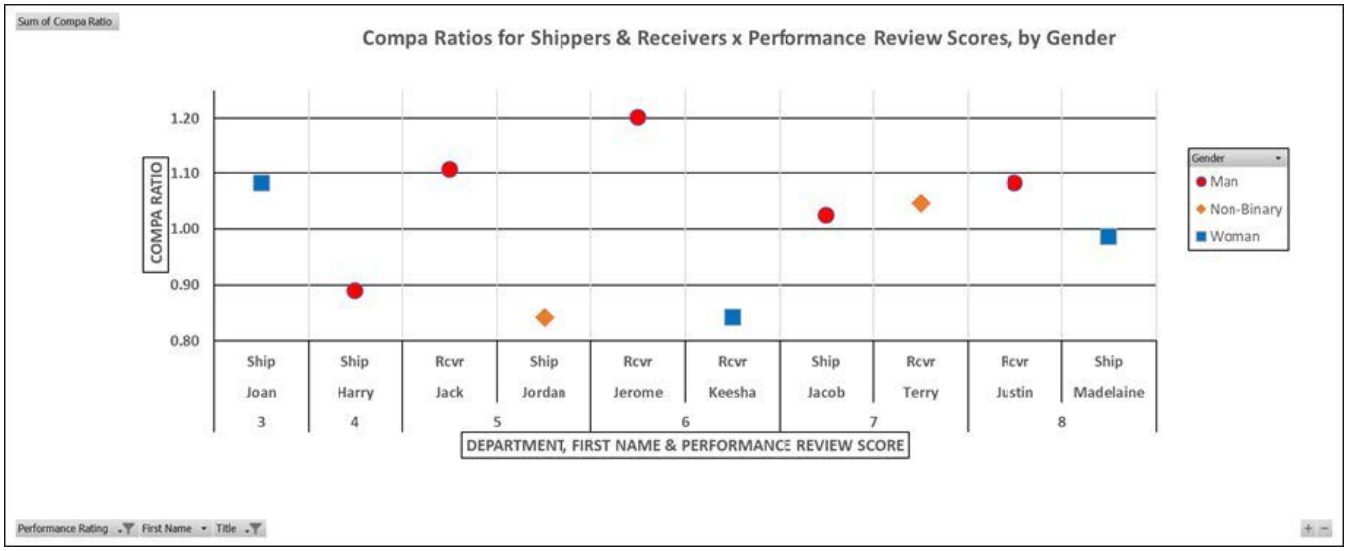
If you have additional data that you would like to use to understand how you are paying (e.g. certifications, manager's name, trainings attended, etc.), that information can easily be added to the database for a more in-depth analysis. The more data that you can add to the database, the more you will be able to understand what factors have actually influenced your company's pay.

The charts that you will want to produce from the EMT will depend on your compensation philosophy. If your philosophy focuses on paying based on experience, then using the variables of Experience in the Position, Experience with the Company, or Experience in the Profession will help you see whether employee pay is consistent with your philosophy. If your philosophy supports pay based on performance, then you would be most interested in using the company performance review scores. You can filter employees by gender, race, or another variable to see if there are differences in the way particular groups of employees are paid.

A Sample of Charts the EMT Can Produce

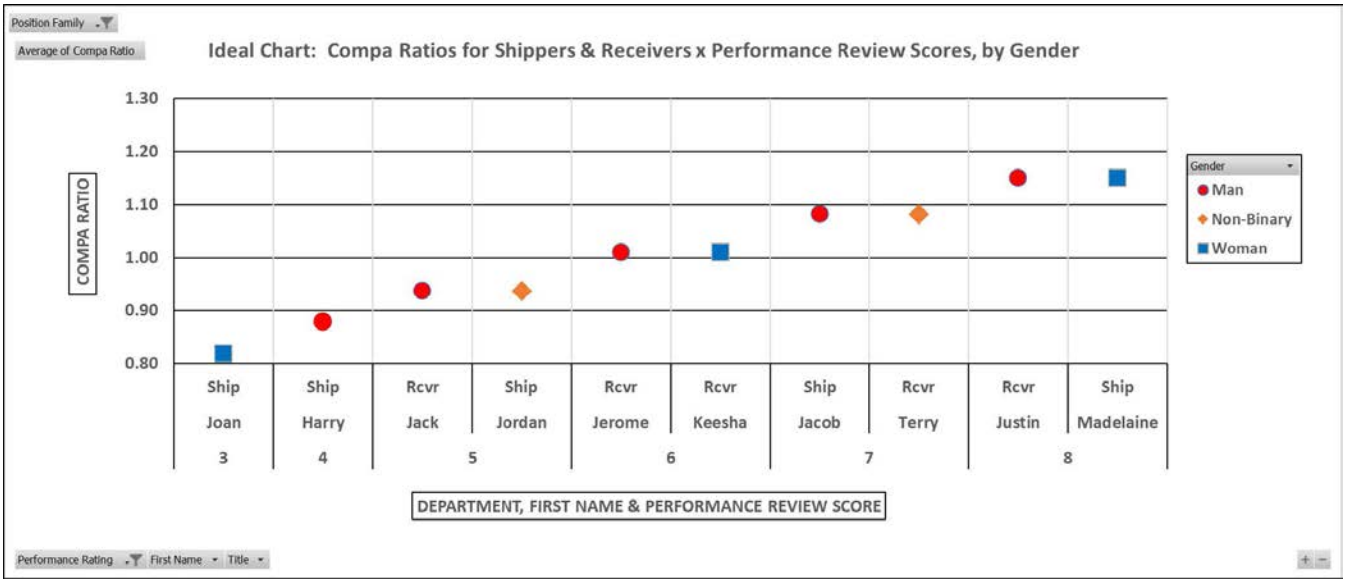
Imagine you have become the HR Manager for a company that was just purchased. The new owners replaced all of the senior management before you arrived. From what you have heard, the previous senior managers determined pay increases for everyone in the company, but they left nothing that describes how they paid people. Before you implement a new compensation philosophy, you need to figure that out. You start with **Shipping and Receiving**. You found performance review scores in the files for everyone in the department so you wonder if that helped determine pay. You use **Performance Review Score** as the x-axis variable in the EMT to produce the chart in Figure 2:

Figure 2



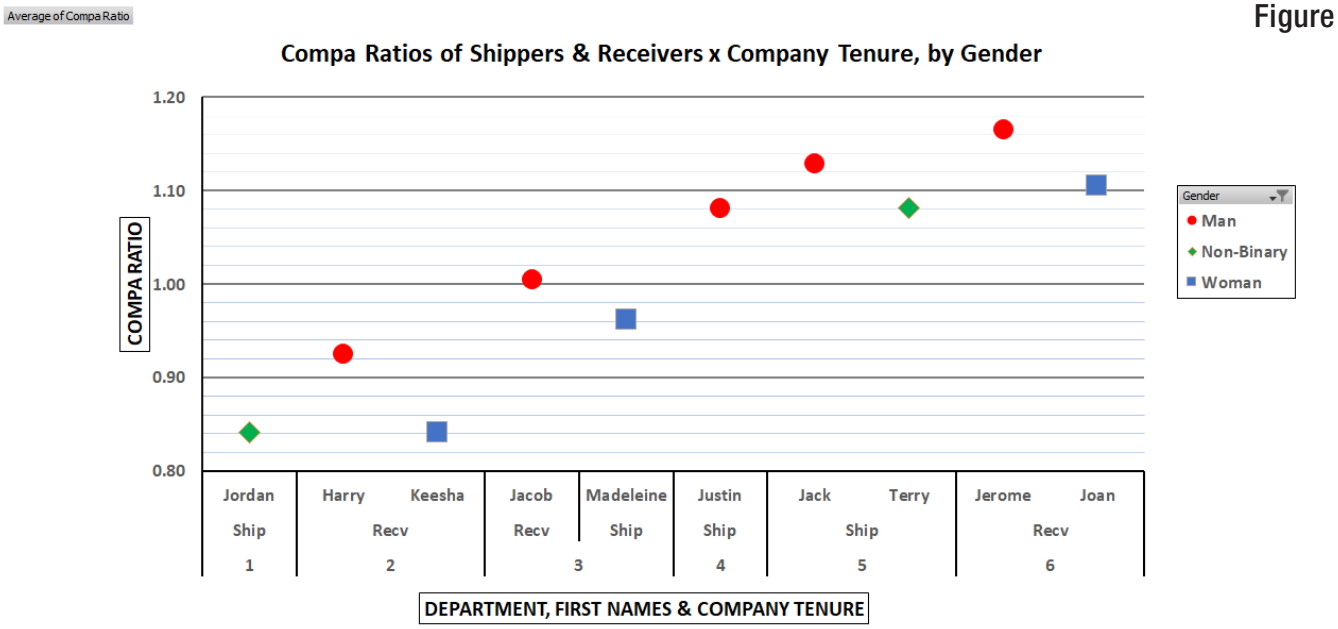
The chart reveals that performance review scores do not have much of an impact on pay. If it did, the data points would show a trend line from the lower left to the upper right of the graph, as in Figure 3:

Figure 3



If performance scores don't impact pay, another likely variable for this department is **years of experience**. Figure 4 shows what that chart looks like:

Figure 4

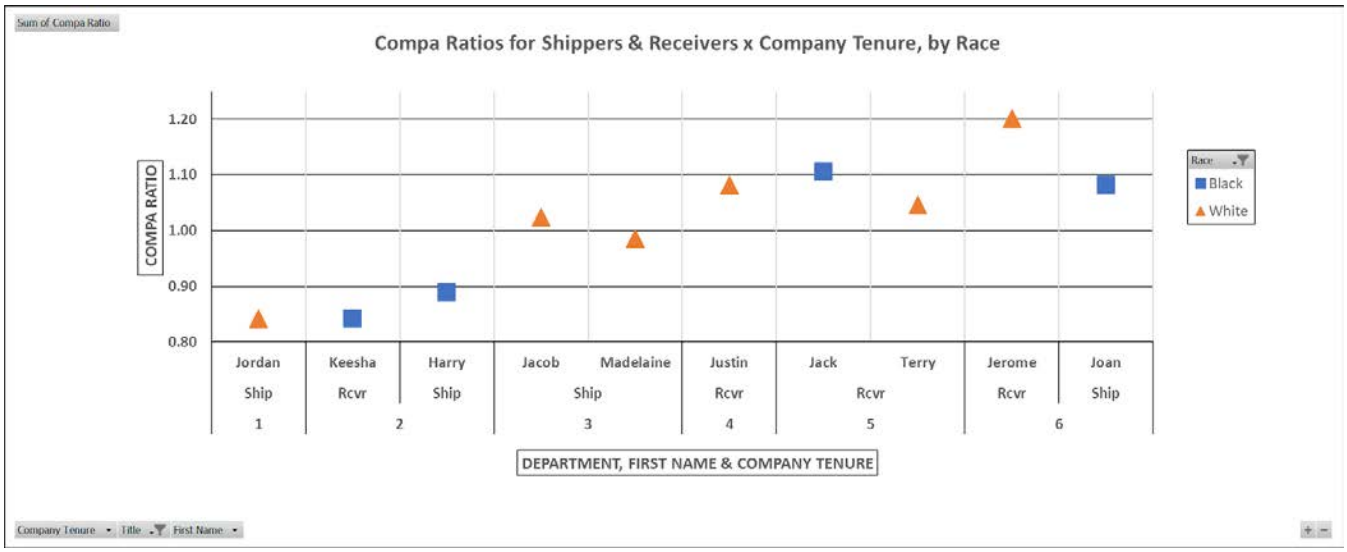


Clearly, time at the company is a major factor affecting pay for this group of employees. **That is a critical discovery**. However, the increases are not automatic. If they were, people with the same level of experience would be paid the same—but they aren't.

That's one problem. And there is another. **In every situation where two employees have the same amount of experience, women and non-binary people are paid less than the men**. You wonder, could someone be discriminating in other ways as well?

Creating a chart based on race tells this story (Figure 5):

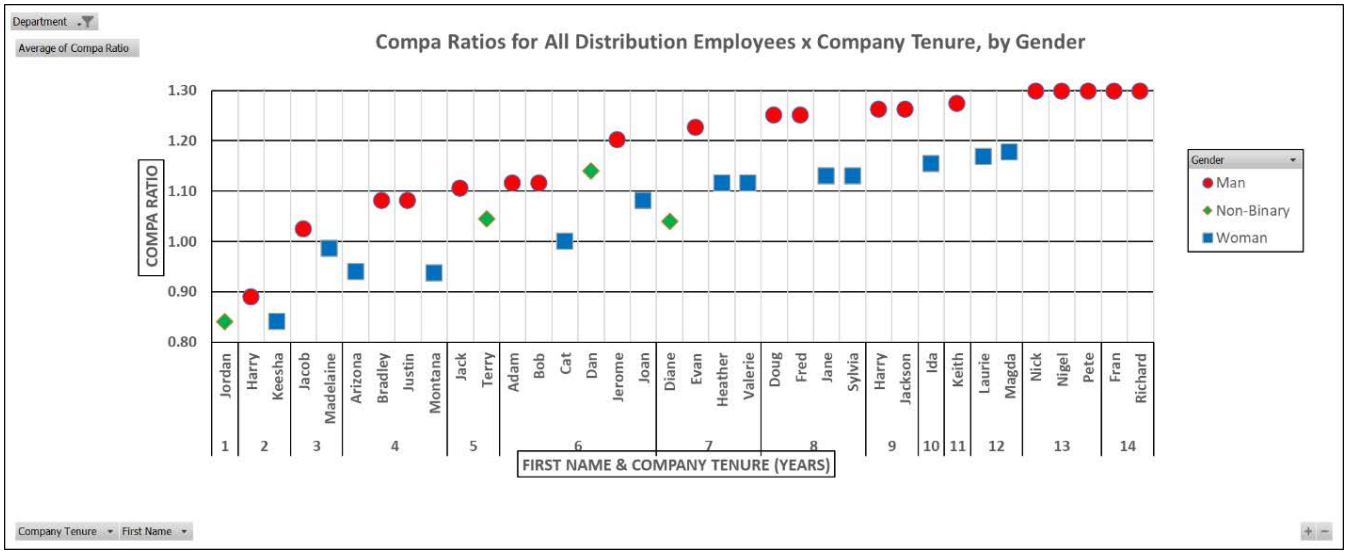
Figure 5



If you only examined this chart by race, you might conclude that it doesn't play a significant role in determining compensation. However, there are two employees that stand out. You make a note to find out more about Keesha's situation. You suspect she may not have received any raise in the last year since her compa ratio is in line with a first-year employee's pay although she has been at the company for two years. You also want to find out why Joan's compa ratio is lower than Jerome's even though they both have six years of experience. Intersectional bias may be impacting the compensation of the two Black women in the department.[28] **It is challenging to tease out whether pay discrimination against women of color is due to racism or sexism, as it is a combination of both**.

There is a consistent pattern of pay inequity in this one department. **You wonder if the same pattern exists elsewhere in the company**. You find an old organization chart to determine which departments reported to the same senior manager and create a chart for all of them: Shipping, Receiving, Warehouse, and Drivers.

Figure 6



Clearly, the pattern holds, and **the discrimination is even more obvious when looking at all the other departments run by the same person**. You realize you will need to create a chart that filters by race as well to see what that tells you. That senior manager appeared to pay men—and perhaps particularly white men—more than others with the same level of experience. Whatever changes are made, this has to be fixed. You commit to running charts for each of the remaining departments in the company to see if their pay patterns are similar.

This is an introduction to the kind of charts you can create and the kind of investigations that you can do. You can create similar charts for positions that are paid based on performance.

Disparities in the charts you create will likely not be so clearly egregious as those in this example. You may have to put on your detective's hat to do some sleuthing. And remember you can use the EMT in a proactive way. Before you give pay increases, for instance, you can check to make sure that the resulting pay patterns are consistent with your compensation philosophy. That is always the standard as you look at the reality of your current pay rates and compa ratios.

Analyzing the Data – Three Case Studies

At this point it is important to acknowledge the difference between the pay equity analysis that is typically done for large firms and the analysis that you must do for small organizations. Large organizations have enough employees so that they can use statistical analysis to identify when one group (women or Black employees, for example) are being paid less than other groups (men or white employees, for example). If there is a statistically significant difference, then the organization has a problem.

Because there are few people in each job in small organizations, however, this kind of analysis is impossible. **The challenge in a small organization is to describe the current situation using the data available to identify *possible* problems, then take advantage of your organization's relatively small size to gather more data on individual cases.**

Once you have the EMT charts for your organization, first ask what each chart should look like if it is consistent with your compensation philosophy. If there are disparities, get curious and ask why they exist. Often in small organizations, where employees are known, employers can identify the reasons for the disparities quickly. A close look at your charts and that kind of purposeful analysis will lead you to determine whether there are pay equity problems and point you toward how they should be fixed.

Here are three hypothetical cases that illustrate how the data from the EMT can be useful in small organizations.

CASE #1: PAYING PEOPLE BASED ONLY ON EXPERIENCE

The new owner of Donna's Automotive Repairs wants to pay all of the company's hourly employees based only on their years of experience with the company. There are three different groups and five different positions, each with a different pay grade: the first group is the Administrative support staff (A); the second is Body Shop employees (B); and the third is all Mechanics, with separate ranges for Junior Mechanics (JM), Mechanics (M), and Senior Mechanics (SM). **The owner wants to have each new employee start at a compa ratio of 0.8 in their pay range, with pay increases each year.** (They may have to make exceptions if employees with a great deal of experience join them, but most of their employees join them when they are young and stay with them a long time.) The former owner said that this was the way he paid too, but he wasn't sure how consistent they were.

So, in theory a chart of the compa ratios of this group should show a steady stepped increase with each year of experience. The people with the same amount of experience should be paid the same. But when a chart for **Compa Ratios x Years of Experience by Gender** was created for all the positions at Donna's, it looked quite different:

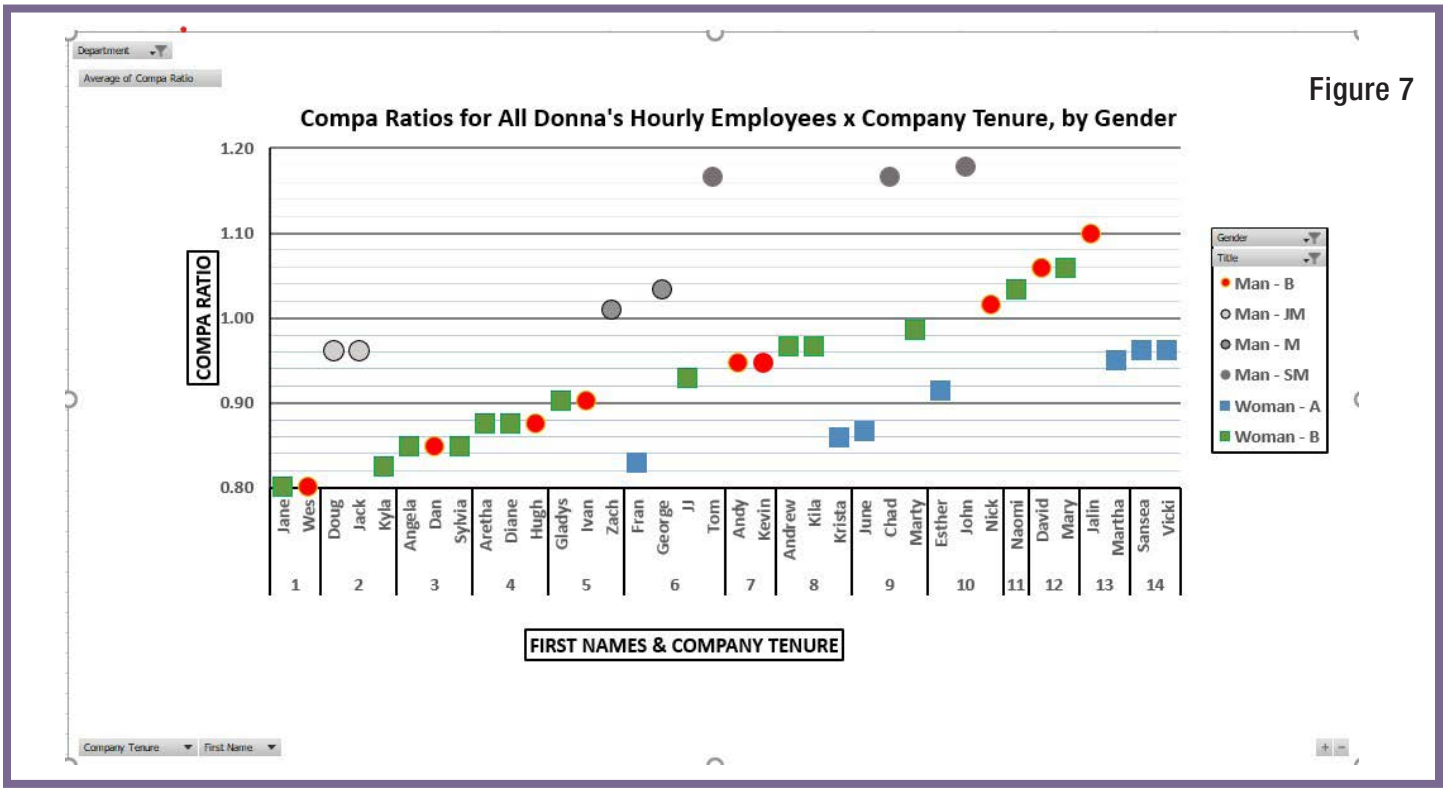


Figure 7

The results varied by the group. A review of the chart produced the following conclusions:

1. The employees in **the Body Shop (B) were being paid according to the compensation philosophy of paying only for experience**. It would be easy to continue to pay that group as they have been.

2. T**he Administrative staff (A)**—all women and most of them long-term employees—may also have been given pay increases based on experience, but they **were all being paid at a much lower compa ratio than the other hourly employees**. They may have started much lower in their pay ranges than the other employees did, or their raises may have been smaller over the years. The reason is unclear, in part because we don't know who was determining pay and pay increases under the previous owner. We can't ignore the possibility that the work had been chronically undervalued because the group was all women. A related compounding factor is that the market compensation for these types of positions could also be growing very slowly. Whatever the reason, if the stated compensation philosophy is to be followed, then these employees need significant raises.

3. Charting the pay for **the Mechanics (JM, M, and SM—all men—**illustrates the opposite problem. They are **being paid much higher in their pay ranges than either of the other two groups**. It isn't clear exactly why this has happened, but the chart raises lots of questions for the new owner:

Q: Are the Mechanics in greater demand than the others—which is pushing up their price—while the company's pay ranges for these positions have not been kept current? (In other words, if the pay ranges were more in line with the competitive pay ranges, would the compa ratios be lower?)

Q: Has the company lost people in this group because their wages were not competitive?

Q: Have the Mechanics, individually or collectively, been a "squeaky wheel"? Or were they perhaps favored by the old owner? He may have seen this group as the main revenue driver for the business and compensated them accordingly without articulating that clearly.

Q: Did they start with wages at a higher compa ratio, or have they had higher than average pay increases?

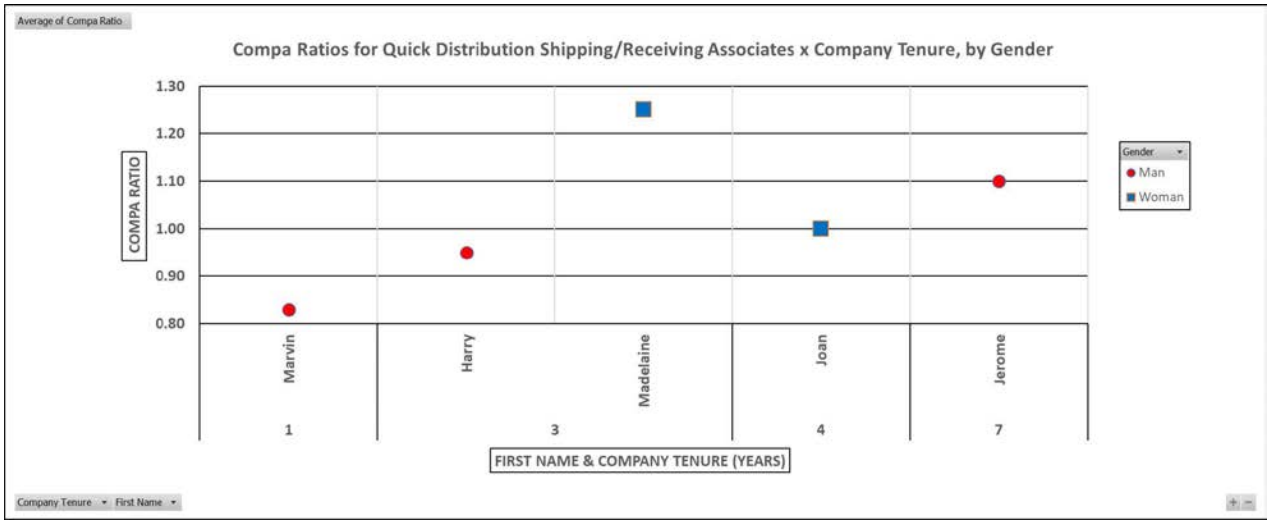
If any of these things are true, we can see how the disparities grow over time. Look at the Year 6 employees to see a particularly stark example of that, with a compa ratio range from .83 for Fran in Admin to over 1.15 for Tom, the Senior Mechanic.

Whatever the reasons, **the new owner faces a compensation challenge with the Administrative staff and the Mechanics group**. She first needs to ensure that the pay ranges she inherited are accurate and closely enough aligned with competitive ranges that she can retain her employees. Learning more about the history behind the current pay scheme would be helpful, too. **Then she needs to decide whether to stay with her current compensation philosophy or revise it, keeping in mind that all of these positions don't necessarily need to have the same compensation philosophy**. Once those determinations are made, she can create a plan to bring employee pay into alignment with her values and business strategy.

CASE #2: PAYING PEOPLE WITH THE SAME JOB TITLE BASED BOTH ON EXPERIENCE AND PERFORMANCE

Quick Distribution, Inc. has five Shipping/Receiving Associates in the same warehouse. Same position, same pay range. **The employer's compensation philosophy states that for this position, experience is the primary driver of pay, but if someone performs in an outstanding manner, they will be rewarded for their exemplary performance**. When we look at the employees' compa ratios and years of experience, we see the following:

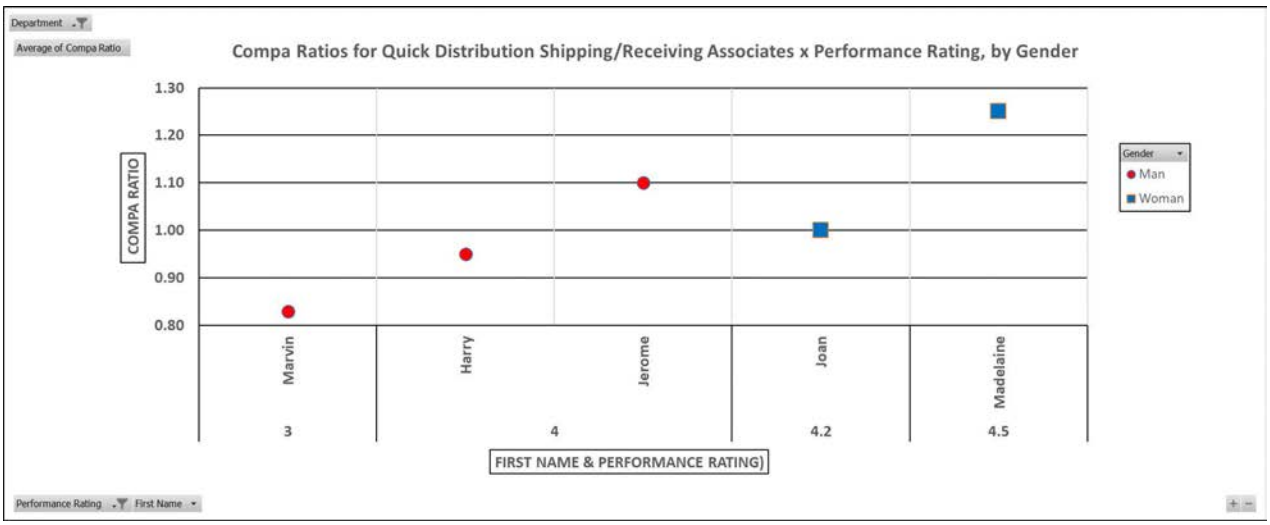
Figure 8



At first glance, the expected upward trend from left to right exists for four employees: the greater the years of experience, the higher the pay. **Madelaine is the exception. She is being paid much more than expected**. (Based only on experience, we would expect Madelaine's pay to be the same as Harry's because they have the same years of experience in the position.) When we look at performance scores, however, we see something different.

In Fig. 9 we see each employee's compa ratio tracks with their performance rating except for Joan's.

Figure 9



The beauty and strength of small employers is that you don't have to go too far before you can find someone who knows the people represented in these graphs. We sent the charts to the manager of this group, and asked him to explain why people are paid the way they are. The manager explained via email:

S/R Associates Pay Explained Inbox ×

Henry Jones Thu, June 3, 9:54 PM (2 days ago)

to: Frank

So, the primary driver of pay is experience, but if someone is performing in a really outstanding way, they get a bump. Right?

Marvin is a pretty new employee, and he is being paid at the low end of the position's range.

Madelaine, on the other hand, is a star, as you can see from her performance score. She does a lot more than just the shipping and receiving duties that everyone else is doing. She quickly learned the system and now trains other employees how to use it; they all look to her for direction on problems when I'm not able to be on the floor. One way we can recognize her stellar work and leadership is with a wage that is at the top of the range. I think that is consistent with our philosophy.

Harry and Jerome are solid employees, but not outstanding. You can see they have the same performance rating, which is about average for our department at this level, and Jerome has been here longer. In our system, you get to a 1.0 compa ratio in about 4 years if you don't get a performance bump, so it makes sense that Harry is a little below 1.0, while Jerome is a little above.

Everybody else makes sense, but Joan has me stumped. We usually give performance bumps when ratings get above 4, and a 4.2 is very good, but it doesn't look like she has received one. Something doesn't look right. If there is a problem here, it is that Joan is too low. I'll talk to some people and get back to you. Thanks for showing me this.

Henry Jones
Distribution Manager
Quick Distribution, Inc.

CASE #3: COMPARING EMPLOYEES IN DIFFERENT POSITIONS BASED ONLY ON PERFORMANCE

MachineWorks, LLC is a small, very technically based organization that has six engineers with very different skills and responsibilities. Here is a report we received from Sheila, the HR Director:

Engineering EMT Charts Inbox ×

Sheila Lopez Tues, June 1, 4:22 PM (4 days ago)

to: Frank

First, some background: Several years ago, we did extensive research to create individualized pay ranges for our engineers because of their specialized skills. Since then, the pay ranges have been updated annually based on survey data we receive. In HR we were vaguely aware that some of the competitive ranges were increasing much faster than average, but we were confident that our system made the necessary adjustments, and we were busy with other things so we didn't dive into the data and fully appreciate what was happening to those pay ranges (our first mistake).

All of the engineers report to the Engineering Manager, Bruce. He determines their pay increases.

Last week, Keesha, one of our best engineers, came into my office to speak to me about her salary. She said that at a conference she recently attended, she learned a lot about what engineers with her skills are making now, and she was bothered. Apparently pay has jumped dramatically in the last three years because there is so much demand for people with her skills. She didn't have solid numbers, but she thought she might be in line for a pretty significant raise!

That worried me because Keesha is outstanding. I said I would look into her situation and get back to her. I left a short message with Bruce asking about Keesha's pay. Later that afternoon, Bruce sent me an email saying that "Keesha's pay was well above what the other engineers were making, even though she was one of the youngest." (I have to say that was a red flag for me - Keesha has been working as an engineer for about the same number of years as James, Anne and Ben, and an employee's age should not play a role in compensation decisions.)

Bruce also sent along this chart:

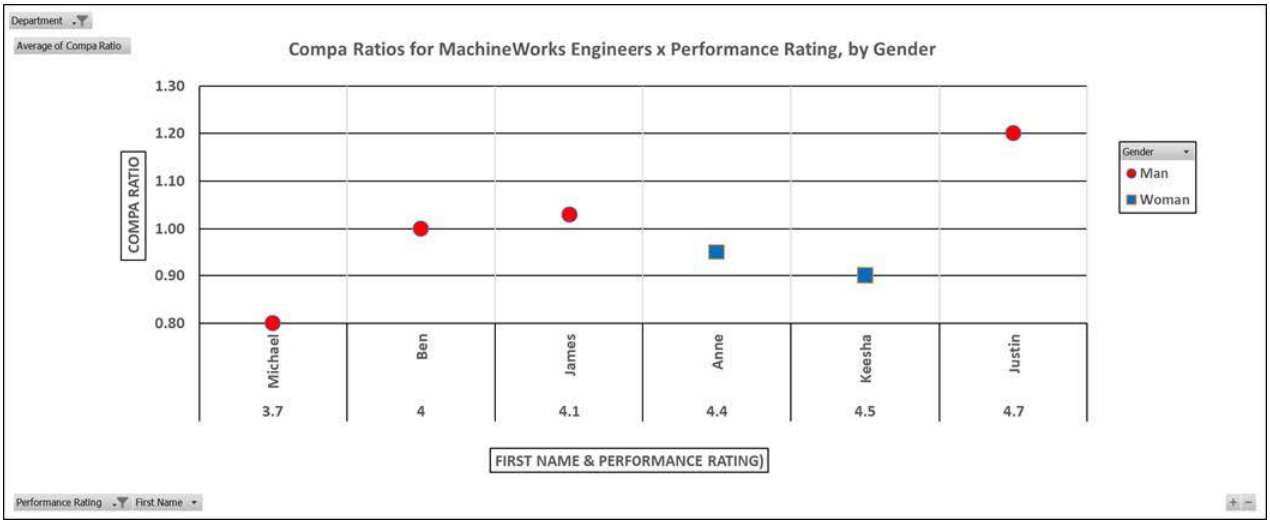
Employee	Gender	Pay Range	Current Salary	Years in Profession
Keesha	F	A	$ 124,218	5
James	M	B	$ 108,000	6
Anne	F	C	$ 94,188	6
Ben	M	D	$ 90,750	5
Justin	M	E	$ 99,000	10
Michael	M	F	$ 60,000	1

I could tell something was missing! Our company's compensation philosophy is to strongly reward high performers. I wondered why the performance review scores were not included. I added those to the chart along with the midpoints of each of the pay ranges and the compa ratios.

Employee	Gender	Pay Range	Current Salary	Years in Profession	Range Midpoint	Compa Ratio	Performance Evaluation
Keesha	F	A	$ 124,218	5	$ 138,020	0.90	4.5
James	M	B	$ 108,000	6	$ 120,017	1.03	4.1
Anne	F	C	$ 94,188	6	$ 99,145	0.95	4.4
Ben	M	D	$ 90,750	5	$ 90,750	1.00	4.0
Justin	M	E	$ 99,000	10	$ 82,500	1.20	4.7
Michael	M	F	$ 60,000	1	$ 75,000	0.80	3.7

When I put the data into the EMT, it revealed a bigger problem (Figure 10). If we were paying these positions consistent with our compensation philosophy, the data points in the chart should increase steadily from left to right. Anne and Keesha's compa ratios were clearly way too low relative to their performance. Both have been consistent high performers since they arrived. Their compa ratios should have been up between James's and Justin's!

Figure 10



Decisions on salaries are the responsibility of each department manager, and HR hadn't reviewed the decisions after they were made. We simply sent the managers the new pay range data and assumed that they would follow the compensation philosophy (our second mistake). We had not taken responsibility for reviewing compliance with our compensation philosophy (our third mistake). We have now made that part of our HR department's annual responsibilities before salary increases are announced each year.

Here's what the EMT helped me figure out: Bruce saw Keesha's and Anne's competitive pay ranges increasing much faster than average. That, coupled with their high performance, called for very big increases in their pay. (Their pay should have been in the upper half of their respective pay ranges with compa ratios over 1.0). While Bruce was accurately evaluating his team members, in an effort to save money, he was not appropriately paying them for their performance. For the last several years, he would give Keesha and Anne raises that were a little above the company's average increase each year (which was publicized) and praise them highly, all the while they fell lower in their respective rapidly increasing pay ranges.

It was clear Bruce was uncomfortable with the fact that Keesha and Anne's performance—and the rapid increase in the market for their skills—demanded large raises. I can understand that; we never specifically covered that kind of situation in our training. But he knew what was expected, he didn't talk to anyone about it, and he took advantage of some of our best employees, who happen to be women in key positions. He also put the company in some jeopardy.

Once I looked at their salary increases and the pay range changes in the last few years, I went directly to the CEO. Bruce resigned after he was confronted with the data, and we increased Keesha's and Anne's salaries significantly.

Looking back on it, we were very lucky that they didn't get recruited from us—or sue us! Another firm could have increased their salaries by $10,000 or more and still had room to give them big raises down the road. It would have cost us much more to replace them, if we could even find people with those specialized skills.

I take four lessons from this:
(1) We need to improve our systems to make sure every year that everyone is following our policies.
(2) We need to be more transparent about our pay ranges and give employees more information, not less.
(3) We need some implicit bias training.
(4) We need to do more to encourage our managers to bring difficult issues to leadership.

Thanks for your help, Frank!

Sheila Lopez
Director of Human Resources
MachineWorks, LLC

"Sometimes we forget that ethics is a team sport. We need to create an atmosphere where we can have good discussions about what it means to follow our policies and do the right thing in a given situation."

- Sheila, Director of Human Resources, MachineWorks

ASK FRANK: Fixing Common Problems

1. Where Do I Start?

Dear Frank,

I just started managing HR in a small firm, and it is unclear what has been guiding compensation. **There is no compensation philosophy, pay ranges are outdated, and nobody has any idea how raises have been given in the past**. Based on what I have seen so far, I think it is likely that the women and people of color on the staff have been treated unfairly in the past.

Where do I start?

- Questioning in Quechee

Dear Quechee Questioner,

It is likely that the organization's default compensation strategy has simply been to "be competitive." If the firm hires people frequently, they can't be too out of touch with the market for those positions. The positions with long-term incumbents, however, are the most likely to be non-competitive. Start by updating your competitive pay ranges so that you know where you are in the market.

Next, build a compensation philosophy that supports your strategic plan. Your senior management team needs to be involved in this process so that they will embrace any resulting changes in compensation strategy.

Meanwhile, if you are having problems recruiting or retaining employees in certain positions, focus on understanding what is causing those problems. You need to fix those quickly, and people will often support concrete problem-solving before they can get comfortable supporting a very different way of paying people than they have practiced in the past. They need to be able to see the advantages of doing things differently.

After that, look at the positions that have the largest number of employees. Use the EMT to see if the organization has been paying women and BIPOC employees differently. If there have been problems, and you are new, you will probably be hearing about them. **Employees know much more about what is going on than most managers realize.**

Start by assuming pay was based on experience in the position, even if the compensation philosophy was unwritten. Consistency with that philosophy means that a chart of the compa ratios for each position would have the data points moving from the lower left of the chart to the upper right because the compa ratio for each employee should increase with each additional year of experience. The chart should also show that employees with the same amount of experience should have the same compa ratios. An "ideal" chart that shows complete consistency with a pay-for-experience philosophy would look like the following (Figure 11):

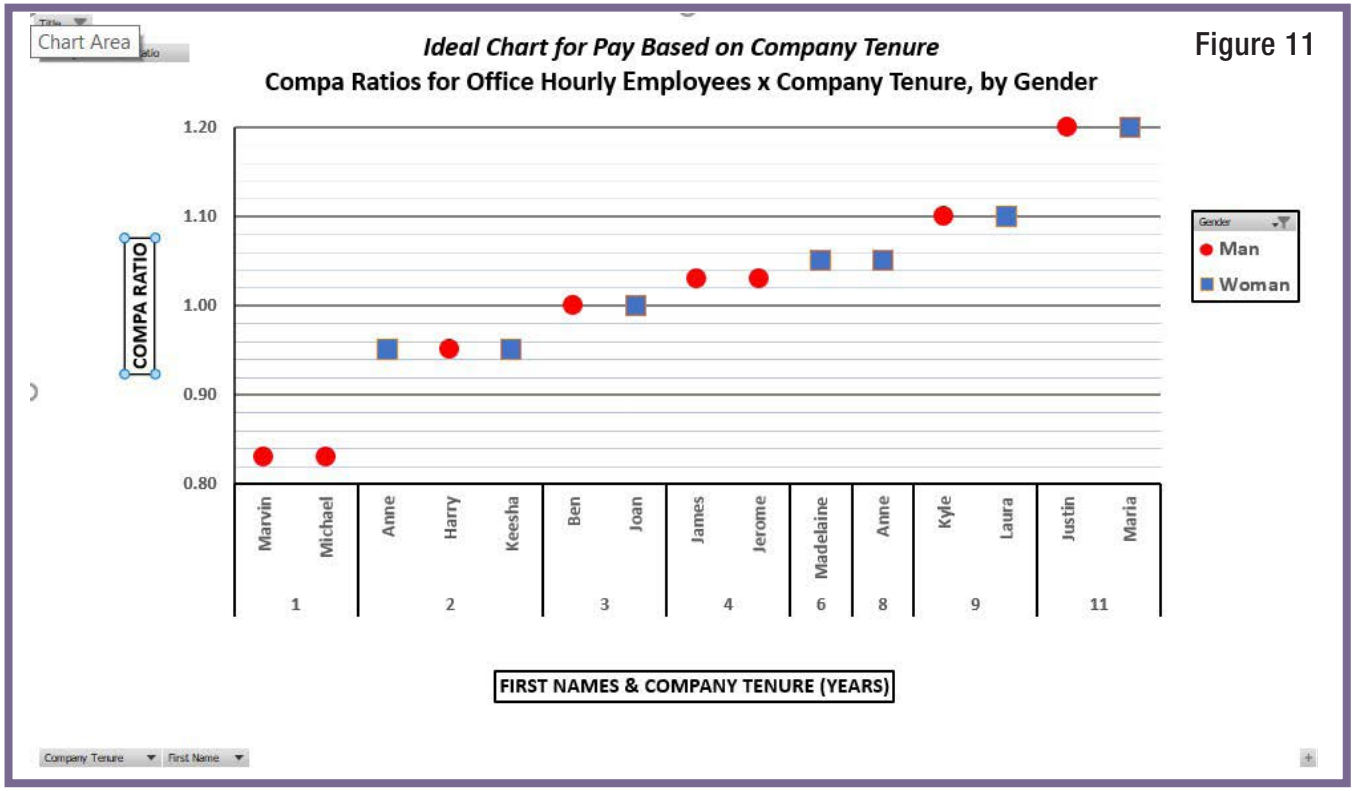


Figure 11

If your charts don't look like this, there may be many reasons why that is the case. These are among the most common:

- Managers or owners will give almost everyone the same percentage raise each year, but they might give some employees a larger raise to recognize particularly good performance, team leadership, or special skills that are useful to the organization.
- Managers and owners may favor some and not others, for many reasons.
- Managers and owners may increase someone's pay to keep them from leaving.
- Unconscious bias might have impacted pay decisions. Look at whether women or BIPOC employees tend to be paid less than white employees with the same amount of experience. That might show group bias. If, however, you see situations where women are sometimes paid less than men, but sometimes they are paid more than policy would dictate, each variation from policy may have been for a different reason (and all of them need to be fixed).
- Some people may negotiate higher starting salaries than others.

The reality is that situations like this are common, especially when compensation has not been well managed for several years. **When bringing wages and salaries into compliance with a policy, remember that it is not the fault of the employee if their pay is above what policy would dictate; that is the result of management decisions (or neglect)**. Bring them back into alignment with the philosophy gradually over time or leave those situations alone. For those employees who have been paid below what policy dictates, understand why those problems developed, then create a plan to change the employees' pay to be consistent with your compensation philosophy.

2. What About Salary Negotiation?

Dear Frank,

Over the last several years I have been fixing a variety of pay disparities at my company, trying to make my compensation system more equitable and consistent. **Now I have a candidate with specialized skills that I really want to hire, and I'm going to have to negotiate. I'm worried the result will upend all the pay equity work I have done**. What do I do?

- Nervous in Newport

Don't be nervous!

This is not an uncommon problem when you are hiring at the professional and executive levels. **First, take a hard look at the position and who you are actually recruiting**. Our experience has been that employers often base their pay ranges on the minimal level of experience required for the position, but when they do a search, they are most attracted to a candidate with a much higher level of experience and expertise. As a result, you may intend to hire someone into the first quartile of the competitive range, while the candidate is already being paid—or think they should be paid—in the fourth quartile of that range. A variation on this is trying to fit a senior-level person into a pay range that was designed for someone with much less experience. If that is the case, you may need to create a senior level pay range for the position you are trying to fill.

There may be other factors influencing pay that you are undervaluing. The size of an organization is the major factor affecting executive pay; for a position at that level, a gap may result from trying to bring someone from a larger company into a much smaller firm. This is often the situation when smaller employers recognize they need someone experienced in leading through a growth stage. The value of that experience may not be fully captured in salary surveys for executive positions (and some professional positions as well).

Here is another common issue at the professional level: imagine you have five account managers, and you need to hire a sixth whose skills are roughly comparable. How do you decide what to offer the candidate? In the past, most employers would typically not worry much about how the new account manager's pay would relate to that of the existing account managers as long as it was in the same pay range. **If we are concerned about equity, however, we must be mindful of the different perceptions of men and women negotiating, and we need to be concerned that unconscious bias might influence our offer.** In that case, how do we determine what our salary offer should be?

A sample rubric for determining and communicating proficiencies can be found in the LEEP Materials section of the Playbook.

This is where it becomes important to understand the full range of the position's responsibilities and what constitutes excellence in the position. Assuming that you have performance-based pay for these positions, the questions are:

- How do the skills and experience of the candidate you want compare to those of the existing staff?
- Are those skills less than, comparable to, or higher than those of your current employees?
- Where do you expect that candidate's skill level to be relative to the others in the position?

Make your salary offer based on that analysis and be willing to explain your rationale to the person you are recruiting.

Once you have made that determination, make your best pitch. If you have a better benefit package than the candidate currently has, figure out what that is worth to them. Point out any non-quantifiable but important benefits—more training, more exciting work, mission-driven work, potential bonuses, etc. Non-salary issues like those can be negotiated.

Let's imagine you have done all of that, and there is still a gap between what you can offer and the salary the candidate will accept. At the end of the day, you may have to decide whether:

a you tell the person you are recruiting that you can't go any higher. If you take this route, explain the criteria for your pay range and talk about your organization's commitment to pay equity. That may well be a new idea to the candidate, and it will say a great deal to them about your organization's values.

or

b you are willing to create some potential inequity in your system. Realistically, it is very difficult to know exactly how the candidate compares to the rest of the staff. As a result, there may be a little room to increase your offer without creating great inequity. The problem with this is that if you have overestimated the candidate's skills, you may have made a small inequity problem larger.

In some industries it is understood that when an offer is very high relative to other salaries, raises will be minimal for the next several years so that equity can be regained, but that is not common. There may be flexibility in variable pay (bonuses, etc.) that would minimize any inequities created, but your policies regarding pay equity should probably focus on salary and variable pay separately. A sign-on bonus might be used to cover the salary gap, but the question is whether that tool is used equitably. There may be creative ways to bridge the gap, but any negotiation resulting in an increased offer potentially creates an equity problem. **If pay equity is a key aspect of your compensation philosophy, which it should be, it is worth analyzing what problems negotiating creates.**

One organization we know refused to negotiate after a candidate rejected an offer created through the process described here. Instead, they explained their organization's values, compensation philosophy and compensation system to that person, then detailed how they developed their offer. Perhaps out of amazement that an employer would be so clear and transparent, but probably because he was impressed by the company's effort to live by its values, the recruit accepted the original offer.

3. How Do I Manage Changes in Pay Structure?

Dear Frank,

Our market was once very stable, but now it is changing rapidly. We will need to become more innovative, flexible, and adaptable. Leadership wants to move to a performance-based pay system that will reward these values. I'm worried that will put us above market and the competitive ranges we've determined. **Can we change our compensation system mid-stream and create one that values both experience and performance?**

--Scrambling in Salisbury

Dear Scrambling,

The short answer is that you can, but let's step back for a minute. Your statement implies that your organization is making some substantial changes in its strategic plan to meet the changing market. It sounds like there are significant cultural changes ahead, which will be difficult for an organization that has not had to change much. Your compensation system is just one piece of what needs revising, and **your compensation system can support the change but not lead it**.

Your primary focus needs to be bringing your employees up to speed. Help them see both the burning platform that won't hold your organization much longer and the opportunities available if people are willing to jump into something new.

Then, give them the direction, tools, resources, and recognition that will support them. Don't think about money as a carrot that helps you get people to do what they otherwise would not do. That's a demeaning and inaccurate view of your employees. Think of compensation strategy as a communication system. What messages do you want it to deliver? How can it support the change effort? Think less about individual compensation and more about group bonuses, organization-wide profit sharing, etc. Different types of compensation support different goals. Help people come together around their new goals.

The issue of long-time employees being paid above market is a touchy one. The problem was created by your organization—not the employees—and it developed over years. **Also keep in mind that most employees set up their lives based on their paycheck, which they assume will always increase**. (Pay cuts almost always indicate a problem—with the employee, the company, the sector, or the economy). Think about how to end the practice of paying above market without reducing engagement of those employees affected. Can you contain the problem and allow it to resolve itself through retirements? Is that problem really central to your change process? **Consider your priorities for change carefully**.

4. How Can I Know I Am Paying Fairly?

Dear Frank,

The organization I lead has about 200 employees and sees continuing innovation as its key to success. Because of that innovation, we have no problem attracting and keeping a diverse group of employees even in a very tight labor market. Our performance review system is informal but it works. We have about 25 managers who get together several times a year to discuss every employee. There are a few employees who have been so consistently outstanding that they have been labeled high performers. Almost all the rest are solid, with just a few employees on improvement plans.

In order to give people—particularly the high performers—more perspective on the whole organization, to avoid creating silos, and to deepen employee skills, we move folks around to different departments, changing their responsibilities and giving them special projects. People typically don't get pay increases unless the change is really a promotion. **There is a pay range for each position, but because people move so often (compared to other organizations) comparing compa ratios isn't very meaningful.** We only have a few jobs with multiple people in them.

I think the staff is really pretty happy, and having so many people involved in evaluations should keep things objective, but I can't be sure. How can I know that I am paying for performance fairly and not letting bias creep into our system?

-Multi-tasker in Montpelier

First, congratulations, Multi-tasker!

Probably the most critical aspect of performance evaluation is having a system in which everyone has confidence. Multiple viewpoints on any individual employee make it difficult for any one person's biases to distort an evaluation. Taking the time for those meetings also puts a great deal of focus on developing your people.

Since many of your employees move in and out of positions with different pay ranges, then you're right: compa ratio comparisons will not be too meaningful in your system. However, you can review your pay equity in the following ways:

- ✓ Analyze the organization's pay increases and total compensation (if employees have the potential for bonuses) both for last year and for the last several years cumulatively. Create a chart ranking the pay increases. That ranking should mirror the rankings of your performance evaluations. Have those "high performers" received the greatest increases in pay cumulatively over the last few years? Have the lowest performers received the least? There should be a strong correlation between performance and pay. Take a hard look at any situations where that is not true.

- ✓ After that review, look at that data at the group level. Are the median pay increases equal for men and women collectively and for white and BIPOC employees, or has one group received substantially greater increases? There might be individual exceptions that need to be considered if some employees are at the top end of their pay ranges, but that should be a good way to ensure pay equity.
- ✓ Another issue to be considered here is occupational segregation or "career clustering" which can translate to differences in opportunity. Are some parts of your organization staffed predominantly by women and others by men? If so, see if you can knock down the barriers that create that disparity.
- ✓ Finally, look at the opportunities that you have been creating for people, including lateral transfers, special project assignments, and training investments. Check to see that women are getting the same types of opportunities to expand their skills as men are. Make the same comparison for white and BIPOC employees.

All organizations will need to become more capable of adapting quickly to change, to be more innovative and more flexible to succeed in this rapidly changing world. As they change, **pay equity will be a major indicator of whether organizations are becoming more or less values-driven and people-focused**. Maintaining focus on pay equity will help ensure that employers change, adapt, and innovate in the right directions.

IN CLOSING

LEEP Toolkit Materials

Our design team produced several tools and templates to support LEEP program participants in their work. You are welcome to use these resources as you design your way to sustainable pay equity. The full LEEP Toolkit can be found at changethestoryvt.org.

- **LEEP Equity Management Tool (EMT)**
- **EMT User Guide: Step-by-step Instructions for Building Great Charts**
- **LEEP Compensation Philosophy Worksheet (you will be prompted to make a copy)**
- **LEEP Pay Equity Plan Template (you will be prompted to make a copy)**
- **Sadowski Performance Rubric Template**

Achieving pay equity is easier done in some organizations than others. As organizations grow, achieving that goal becomes more difficult for almost everyone. Even more difficult is developing a compensation system that really helps an organization fully engage its employees and meet its goals. If you can do both of these things well, you are probably on your way to becoming a great employer. Enjoy the journey. Make it a great trip. Be in touch if we can be of help.

Notes and Additional Resources

Introduction

[1] Frank can be reached at https://www.sadowskiconsultingservices.com/ and through LinkedIn: https://www.linkedin.com/in/frank-sadowski/

What is Pay Equity?

[2] With the dramatic increase in remote work during the COVID-19 pandemic, understanding the "market" for a given position became much more difficult. Particularly for positions requiring hard-to-find skills, many employers found themselves competing for talent outside their local area, increasing the competitive wages and salaries for some positions and making the local labor market more like the national market. Smaller organizations not used to competing outside their geographic area for talent may find that their pay will need to increase substantially to remain competitive.

How Does Inequity in Pay Develop?

[3] From "3 cognitive biases perpetuating racism at work – and how to overcome them" at weforum.org, Aug 19, 2020. Retrieved on Jan 18, 2021. https://www.weforum.org/agenda/2020/08/cognitive-bias-unconscious-racism-moral-licensing/

[4] For more on pay for value, comparable pay and occupational segregation, see Anna Louie Sussman's opinion piece in the New York Times: "'Women's Work' Can No Longer Be Taken For Granted." Nov 13, 2020. https://nyti.ms/3z9x91V

[5] For more information on the intersecting variables that affect the gender pay gap, see https://www.pewresearch.org/fact-tank/2021/05/25/gender-pay-gap-facts/

[6] For a brilliant discussion of America's caste system, see Isabel Wilkerson's. *Caste: The Origins of Our Discontents*. New York: Random House, 2020.

[7] You can learn more about the systemic and chronic undervaluing of women's labor through the work of scholar and activist Sylvia Federici, explored in "The Future of Work: The Lockdown Showed How the Economy Exploits Women. She Already Knew." *The New York Times Magazine*, Feb., 2021. https://www.nytimes.com/2021/02/17/magazine/waged-housework.html

[8] For more on how care responsibilities impact women's economic status, see Change The Story's "2019 Status Report Women, Work and Wages in Vermont," pages 29-30. https://changethestoryvt.org/wp-content/uploads/2019/12/WomenWorkWages2019.pdf Cited research: Cheryl Sandberg, Neil Scovell. *Lean In: Women, Work, and the Will to Lead*. New York: Alfred A. Knopf, 2013), p 98.

[9] Carranza, Chabeli, "In 2020, women gained back less than half the jobs they lost at the worst of the pandemic", The 19th, January 8th, 2021. https://19thnews.org/2021/01/women-economy-job-loss-2020-december/

[10] To find out more about how early the gender pay gap starts, see "Gender Pay Gap Starts with Kids in America," BusyKid.com, June 29, 2018. Retrieved on 12/12/19. BusyKid is a mobile app that allows children to earn and track how they use their allowance money. https://busykid.com/2018/06/gender-pay-gap-starts- with-kids-in-america/

[11] For more on how sexual harassment and intimate partner violence impact the earnings of women and people living outside the binary, see:
- National Partnership for Women & Families Fact Sheet Sexual Harassment and the Gender Wage Gap, March 2020. https://www.nationalpartnership.org/our-work/resources/economic-justice/fair-pay/sexual-harassment-and-the-gender-wage-gap.pdf
- Peterson, Cora, et al. "Lifetime Economic Burden of Intimate Partner Violence Among U.S. Adults." American Journal of Preventive Medicine, vol. 55, no. 4, Oct. 2018, pp. 433–44. PubMed Central, doi:10.1016/j.amepre.2018.04.049. Retrieved on 12/12/19. https://www.ncbi.nlm.nih.gov/pmc/articles/PMC6161830/
- Shaw, Elise, M.A., Ariane Hegewisch, M. Phil., and Cynthia Hess, PhD. "Sexual Harassment and Assault at Work: Understanding the Costs," Institute for Women's Policy Research, October 2018. Retrieved on 5/10/21 from: https://iwpr.org/publications/sexualharassment-work-cost/
- Feldblum, ChaiI R. & Victoria A. Lipnic, "Report of the co-chairs of the EEOC Select Task Force on the Study of Harassment in the Workplace," Equal Employment Opportunities Commission, June 2016. Retrieved on 5/10/21 from: https://www.eeoc.gov/select-task-force-study-harassment-workplace

[12] "2019 Status Report: Women, Work, and Wages in Vermont", Change The Story VT, Pages 29-30 https://changethestoryvt.org/wp-content/uploads/2019/12/WomenWorkWages2019.pdf. All five CTS reports can be found at https://changethestoryvt.org/reports/

[13] A great way to explore and discuss gender norms and implicit biases is by using Change The Story's Let's Talk Gender cards. https://changethestoryvt.org/letstalkgender/

[14] Holding background factors constant, women ask for raises just as often as men, but men are more likely to be successful. Women who asked obtained a raise 15% of the time, while men obtained a pay increase 20% of the time. While that may sound like a modest difference, over a lifetime it really adds up. https://hbr.org/2018/06/research-women-ask-for-raises-as-often-as-men-but-are-less-likely-to-get-them

[15] Some call the phenomena where men predict better performance outcomes for themselves the "Confidence Gap". If you want a scholarly treatment of the Confidence Gap, visit https://www.ncbi.nlm.nih.gov/pmc/articles/PMC5089055/ A longer format article with recommendations for combating the tendency of many to underestimate women's performance and overestimate men's can be found in The Atlantic's "The Confidence Gap" https://www.theatlantic.com/magazine/archive/2014/05/the-confidence-gap/359815/

[16] Harvard's Project Implicit uses a series of short online Implicit Association Tests to assess the biases many of us hold in terms of unconsciously connecting men with careers and leadership, and women with family and caregiving. https://implicit.harvard.edu/implicit/

[17] For more on the gendered economic and professional impact of parenthood as well as a distillation and citation of various resources, see page 32 of Change The Story's "2019 Status Report: Women, Work and Wages in Vermont". https://changethestoryvt.org/wp-content/uploads/2019/12/WomenWorkWages2019.pdf

[18] Johnson, Stefanie K. and Thomas Sy, "Why Aren't There More Asian Americans in Leadership Positions?", Harvard Business Review, Dec. 19, 2016. https://hbr.org/2016/12/why-arent-there-more-asian-americans-in-leadership-positions

[19] Hill, Catherine, "Graduating to a Pay Gap: The Earnings of Women and Men One Year After College Graduation", The American Association of University Women, 2012. https://www.aauw.org/resource/graduating-to-a-pay-gap/

[20] LeanIn.org and McKinsey & Company, "Women in the Workplace 2019: Five years in, the path to equality is clear," 2019. https://www.mckinsey.com/~/media/McKinsey/Featured%20Insights/Gender%20Equality/Women%20in%20the%20Workplace%202019/Women-in-the-workplace-2019.ashx

[21] Two collections with great resources on how to eliminate bias in the workplace are:
- McKinsey & Company/LeanIn.org annual reports "Women in the Workplace". https://www.mckinsey.com/featured-insights/diversity-and-inclusion/women-in-the-workplace
- Harvard Business Review articles and collections, e.g. "10 Ways to Mitigate Bias in Your Company's Decision Making" by Elizabeth C. Tippett, Oct. 2019. https://hbr.org/2019/10/10-ways-to-mitigate-bias-in-your-companys-decision-making

Why Care About Pay Inequity?

[22] Powers, Anna "A Study Finds That Diverse Companies Produce 19% More Revenue," Forbes, June 27, 2018. Retrieved from forbes.com on Jan. 18, 2021. https://www.forbes.com/sites/annapowers/2018/06/27/a-study-finds-that-diverse-companies-produce-19-more-revenue/?sh=622e1f8b506f

Developing Your Compensation Philosophy

[23] Many of the ideas in this section come from a presentation developed by Krysta Sadowski when she worked for Gallagher, Flynn & Company. Thanks also go to Dan Lyons of Gallagher, Flynn & Company for refining and extending Krysta's work.

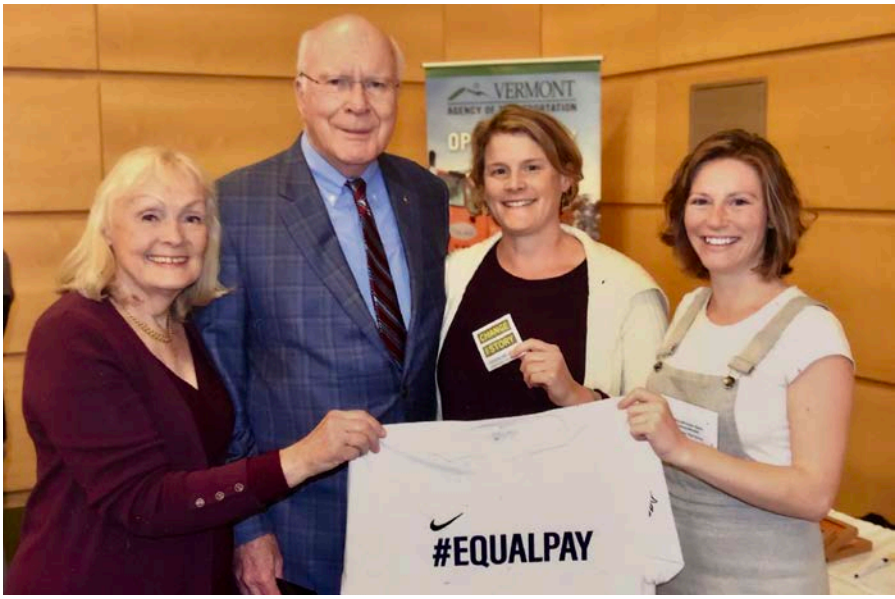
[24] "HR Q&As: What is a compensation philosophy? What should be included in a compensation philosophy?" at shrm.org. Retrieved on March 17, 2021. https://www.shrm.org/resourcesandtools/tools-and-samples/hr-qa/pages/compensationphilosophy.aspx

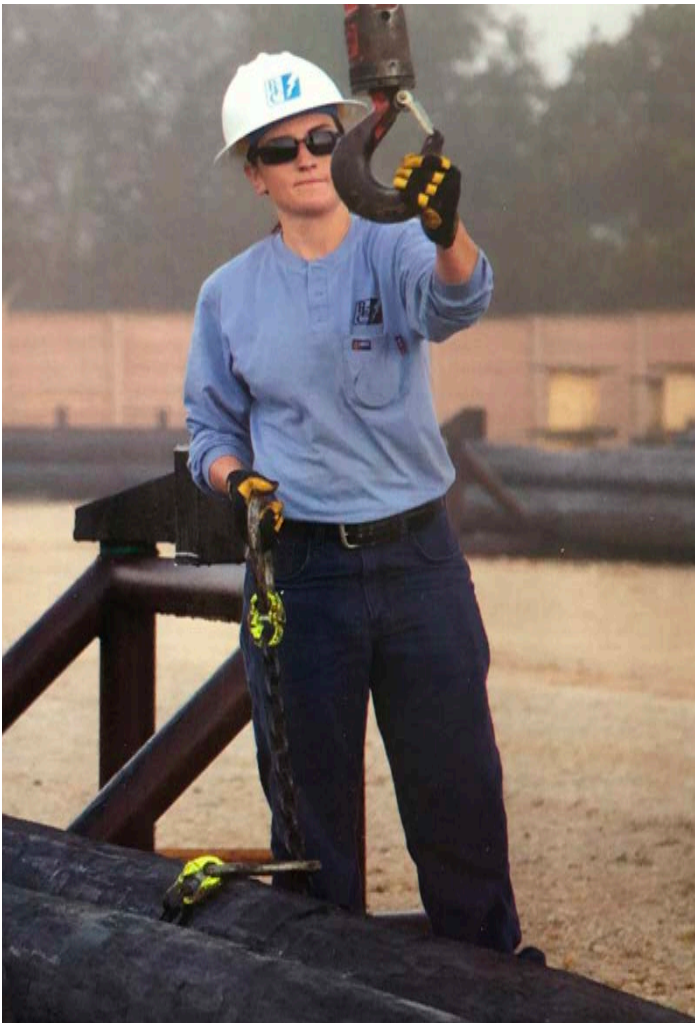
[25] For a long form discussion about differentiated compensation, see Becker, Brian, Mark A. Huselid and Mary Gardner, *The Differentiated Workforce: Transforming Talent into Strategic Impact*. Boston, Harvard Business School Publishing, 2009.

[26] There are many different calculations of a "livable wage," and companies often create their own definitions. (One company describes it as being able to buy a house, which is a unique calculus.) These definitions are not problem-free; people will have differences of opinion about what is needed to make life "livable." If an organization wants to make a livable wage part of its compensation plan, it is important to develop a clear consistent definition of the term and ensure that any adjustments made over time are transparent to employees. The most comprehensive definition for Vermont is from the Vermont Legislative Joint Fiscal Office, available at https://legislature.vermont.gov/ assets/Legislative-Reports/2019-Basic-Needs-Budget-and-Livable-Wage-report-FINAL-1-15-2019.pdf

[27] For more on addressing the gap between managers' and employees' understandings of competence and excellence in positions, see "6 Tips on Setting Expectations for Employees" by Brian O'Connell, Dec., 2020. https://www.shrm.org/resourcesandtools/hr-topics/people-managers/pages/setting-employee-expectations.aspx

[28] For more on intersectionality, go to the source. Legal scholar Professor Kimberlé Crenshaw coined the term in 1989 to describe how systems of oppression overlap for people who identify in multiple ways (e.g. racism and sexism intersect and impact Black women in distinct ways from both Black people and non-Black women). An accessible way to understand her legal theory which is now in more common use (and sometimes mis-use), watch Professor Crenshaw's talk at TEDWomen 2016, "The Urgency of Intersectionality." https://www.ted.com/talks/kimberle_crenshaw_the_urgency_of_intersectionality?language=en





ADVANCING WOMEN
POWERING THE ECONOMY

The Vermont Women's Fund, committed to supporting the advancement, self-sufficiency, and economic and social equality of women and girls, makes grants to promote ideas and support programs which focus on the needs of women and girls in Vermont, and to increase public awareness of these needs.

The Vermont Commission on Women is a non-partisan state agency advancing rights and opportunities for women and girls, through public education, coalition building, and advocacy efforts.

Vermont Works for Women helps women and girls recognize their potential and explore, pursue, and excel in work that leads to economic independence.