

PA 11: Employee Compensation

3 points available

A. Credit Rationale

This credit recognizes institutions that ensure that their lowest paid workers earn a living wage. Poverty, or the inability of current generations to meet their needs, is a sustainability challenge even in highly developed countries. By providing employees wages and benefits that meet basic needs, a university or college can enfranchise its entire workforce so that each individual can contribute positively and productively to the community.

B. Criteria

Part 1

More than 75 percent of the institution's employees receive a [living wage](#) (benefits excluded).
Include all regular full-time, regular part-time, and temporary (or non-regular) employees (staff and faculty).
Institutions may choose to include or omit student workers.

Part 2

Institution is able to verify that more than 75 percent of the employees of contractors that work on-site as part of regular and ongoing campus operations receive a living wage (benefits excluded).

Part 2 is only applicable to institutions that have one or more significant on-site contractors, which may include (but are not limited to) regular providers of dining/catering, cleaning/janitorial, maintenance, groundskeeping, transportation, and retail services (e.g., book and supply stores).

Part 3

Total compensation provided to the institution's lowest paid regular (i.e., permanent) employee or pay grade meets or exceeds the local living wage.

Include regular part-time and full-time workers. Newly hired, entry-level employees may be excluded from Part 3 during the first six months of employment. Institutions may choose to include or omit student workers.

To determine the local living wage::

- U.S. institutions must use the [Living Wage Calculator](#) hosted by the Massachusetts Institute of Technology to look up the living wage for "2 [working] Adults, 2 Children" for the community in which the main campus is located.
- Canadian institutions must use [Living Wage Canada](#)'s standards (if a living wage has been calculated for the community in which the main campus is located) or else the appropriate after tax [Low Income Cut-Off](#) (LICO) for a family of four (expressed as an hourly wage),
- Institutions located outside the U.S. and Canada must use local equivalents of the above standards if available or else the local [poverty indicator](#) for a family of four (expressed as an hourly wage).

For further guidance, see F. Measurement.

C. Applicability

This credit applies to all institutions.

D. Scoring

Each part is scored independently. The number of points available for each part of this credit varies based on whether or not the institution has employees of contractors that work on-site as part of regular and ongoing campus operations, as follows:

Part of the credit	Points available for institutions <i>without</i> regular on-site contractors	Points available for institutions <i>with</i> regular on-site contractors
Part 1	1.5	0.75
Part 2	0	0.75
Part 3	1.5	1.5
Total points available	3	3

Part 1

An institution earns the maximum points available for Part 1 of this credit when 100 percent of its employees receive a living wage. Incremental points are available based on the percentage of all employees that receive a living wage (between 75 and 100 percent). For example, an institution that provides 87.5 percent of all employees with a living wage would earn half of the points available for Part 1.

Points earned for Part 1 are calculated according to the formula below. Please note that users do not have to calculate the number of points earned themselves; points earned will be calculated automatically when the data listed under E. Reporting Fields is entered in the online Reporting Tool.

$$\text{Points Earned} = A \times [(B - 75) / 25]$$

A = Points available for Part 1 (1 or 0.75; see above)

B = Percentage of all employees that earn a living wage (0-100)

Part 2

An institution that has significant contractors on-site as part of regular and ongoing campus operations earns the maximum of 0.75 points available for Part 2 of this credit when it is able to verify that 100 percent of the employees of those contractors receive a living wage. Incremental points are available based on the percentage of employees of contractors that receive a living wage (between 75 and 100 percent). For example, an institution for which 87.5 percent of employees of contractors are provided with a living wage would earn 0.375 points (half of the points available for Part 2).

Points earned for Part 2 are calculated according to the formula below. Please note that users do not have to calculate the number of points earned themselves; points earned will be calculated automatically when the data listed under E. Reporting Fields is entered in the online Reporting Tool.

$$\text{Points Earned} = 0.75 \times [(A - 75) / 25]$$

A = Percentage of employees of contractors that work on-site as part of regular and ongoing campus operations that receive a living wage (0-100)

Part 3

An institution earns the maximum of 1.5 points available for Part 3 of this credit when the total compensation provided to its lowest paid regular employee or pay grade meets or exceeds 200 percent of the living wage. Partial points are available as follows:

The total compensation provided to the institution's lowest paid regular employee or pay grade meets or exceeds:	Points earned
The local living wage	0.3
125 percent of the living wage	0.6
150 percent of the living wage	0.9
175 percent of the living wage	1.2
200 percent of the living wage	1.5

E. Reporting Fields

Required

- ☐ The local living wage (based on a family of four and expressed as an hourly wage) (US/Canadian dollars)
- ☐ Percentage of all employees (regular full-time, regular part-time, and temporary workers) that receive a living wage (benefits excluded) (0-100)
- ☐ Does the institution have employees of contractors that work onsite as part of regular and ongoing campus operations?
 - If yes:*
 - ☐ Percentage of employees of contractors that work on-site as part of regular and ongoing campus operations that the institution has verified as receiving a living wage (benefits excluded) (0-100; enter '0' if unknown)
- ☐ The total compensation provided to the institution's lowest paid regular (i.e. permanent) employee or pay grade meets or exceeds what percentage of the living wage?
 - ☐ 200 percent
 - ☐ 175 percent
 - ☐ 150 percent
 - ☐ 125 percent
 - ☐ 100 percent
 - ☐ None of the above (i.e., the lowest paid regular employee or pay grade earns less than the living wage)

- A brief description of the minimum total compensation provided to the institution's lowest paid employee or pay grade, including any in-kind benefits included as part of the total compensation figure

Optional

- Has the institution made a formal commitment to pay a living wage?
If yes, provide:
 - A copy or brief description of the institution's written policy stating its commitment to a living wage
- Has the institution made a formal commitment to provide a living wage to its student employees and/or graduate teaching/research assistants (e.g. by adopting a student bill-of-rights)?
If yes, provide:
 - A brief description of the institution's commitment to a student living wage
- The website URL where information about the programs or initiatives is available
- Additional documentation to support the submission (upload)
- Data source(s) and notes about the submission
- Contact information for a responsible party (a staff member, faculty member, or administrator who can respond to questions regarding the data once it is submitted and available to the public)

F. Measurement

Timeframe

Report on current compensation status and offerings from within the three years prior to the anticipated date of submission, for example at a single representative point during the performance year that aligns with other institutional commitments. When using a representative point, institutions should strive to ensure that it recognizes seasonal and other variations that influence employment.

Sampling and Data Standards

For this credit, employee compensation should be converted into an hourly figure. Hourly compensation for adjunct faculty and other employees working on a contract basis must include all hours that are necessary to perform the employee's duties, such as class preparation and grading time. Consistent with U.S. Internal Revenue Service guidelines, adjunct faculty members should be credited a minimum of 2.25 hours of service per week for each hour of teaching or classroom time in that week.

Institutions with satellite campuses should use the main campus location to determine the local living wage, if available, or else a state/provincial/regional living wage.

Institutions located outside the U.S. and Canada should use a living wage calculator or standard that is appropriate for the institution's locality. This might be a public ordinance, a standard adopted by a campaign or NGO, or a standard that has been created using a methodology consistent with that adopted by the [ISEAL Alliance Living Wage Working Group](#) (see, for example, the UK [Living Wage Foundation](#), [Living Wage Ireland](#), and the benchmark reports published by the [Global Living Wage Coalition](#)).

In the absence of an appropriate calculator or existing standard, an institution may define the local living wage as the local poverty indicator for a family of four (expressed as an hourly wage).

G. Standards and Terms

Living wage

Consistent with the [ISEAL Alliance Living Wage Working Group](#), a living wage is defined as:

...the remuneration received for a standard work week by a worker in a particular place sufficient to afford a decent standard of living for the worker and her or his family. Elements of a decent standard of living include food, water, housing, education, health care, transport, clothing, and other essential needs including provision for unexpected events.

Living Wage Calculator

The [Living Wage Calculator](#) is a tool produced by Dr. Amy K. Glasmeier and the Massachusetts Institute of Technology. The calculator is designed to provide a minimum estimate of the cost of living for low wage families in the United States. Calculator results assume a standard full-time work-year of 2,080 hours (52, 40 hour work weeks).

Living Wage Canada

Living Wage Canada is a site/portal to facilitate learning and information sharing among Canadian communities to help build a national living wage movement. [The website](#) includes details about the Canadian Living Wage Framework which provides a consistent living wage definition, calculation methodology, and strategy for recognizing corporate and community leadership who commit to pass a living wage policy.

Low Income Cut-Off

Low Income Cut-Offs (LICOs) are Canadian income thresholds below which a family will likely devote a larger share of its income on the necessities of food, shelter and clothing than the average family. LICOs may be found in tables included in the *Low Income Lines* publications available on the [Statistics Canada website](#).

Poverty indicator

An official threshold or guideline used to determine poverty level and/or eligibility for public benefits to meet basic needs.

Total compensation

Total compensation refers to the total wages and benefits provided to employees. Total compensation may include in-kind benefits that address basic needs (e.g., food, housing, transportation, healthcare, retirement) and are funded by the institution.