



Compensation Wellness & Equity: An Employer's Responsibility to Ensure Fair Wages and Financial Stability for All

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LEARNING OBJECTIVES



- Understand the integral role financial well-being plays in a health center's workforce wellness strategy.
- Identify ways that financial well-being and equity align with a health center's recruitment and retention plan.
- Utilize the principles of justice, equity, diversity, and inclusion (JEDI) to guide the health center's compensation philosophy, policies, and procedures.
- Examine what it means to be equitable in the design of a compensation package.

WORKFORCE IS THE FUEL



A health center with a **full tank** identifies workforce as an essential organizational issue, invests in appropriate operational and staffing resources, and has some key features...



CORE COMPONENTS

Data-Informed
Workforce Plan

Equitable &
Effective
Compensation
Structure

Positive Culture
Focused on
Engagement

Tested
Recruitment &
Retention
Strategies

Health
Professions
Training Program

Chief Workforce
Officer

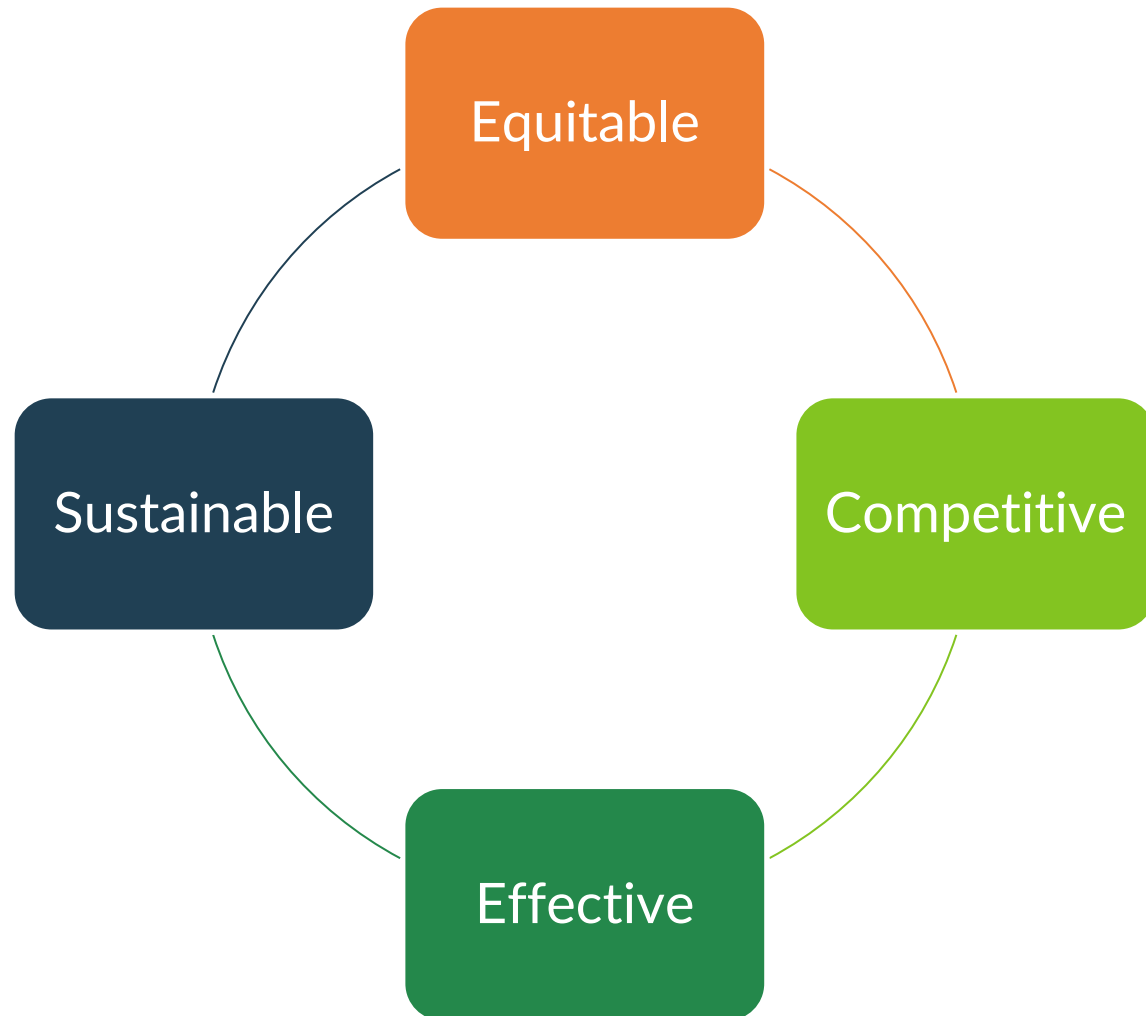
High-Functioning
Managers

Policies that
Support Diversity
& Cultural
Respect

RETENTION PLANNING & COMPENSATION



FOCUS ON COMPENSATION



Equitable and **effective** compensation structure defines a **sustainable** approach to total compensation that is **competitive** and attractive to potential and current staff and maintains fairness.

THINK ABOUT THE TOTAL COMPENSATION PACKAGE



- Salary
- Bonuses
- Benefits
- Professional Development
- Career Pathways
- Promotions
- Culture
- Financial Wellness



JEDI DEFINITIONS



(Social) Justice: An analysis of **how power, privilege, and oppression impact the experience of our social identities.** It reflects a society, community, and institution mutually shaped to meet the needs of all groups through full and equal participation and creates physically and psychologically safe and secure spaces for all.

Equity: The notion of being fair and impartial as an individual engages with an organization or system. It reflects processes and practices that both acknowledge that we live in a world where **everyone has not been afforded the same resources and treatment while also working to remedy this fact.**

Diversity: Having a **variety of social identities** (sex, race, gender, class, religion, ability, health, ethnicity, migration history and many others) that spend time in shared spaces, communities, institutions or society.

Inclusion: The notion that an organization or system is welcoming to new populations and/or identities. This new **presence is not merely welcomed but expected to contribute meaningfully** into the system in a positive, mutually beneficial way.

A NOTE ON EQUITY

Equality



Equity

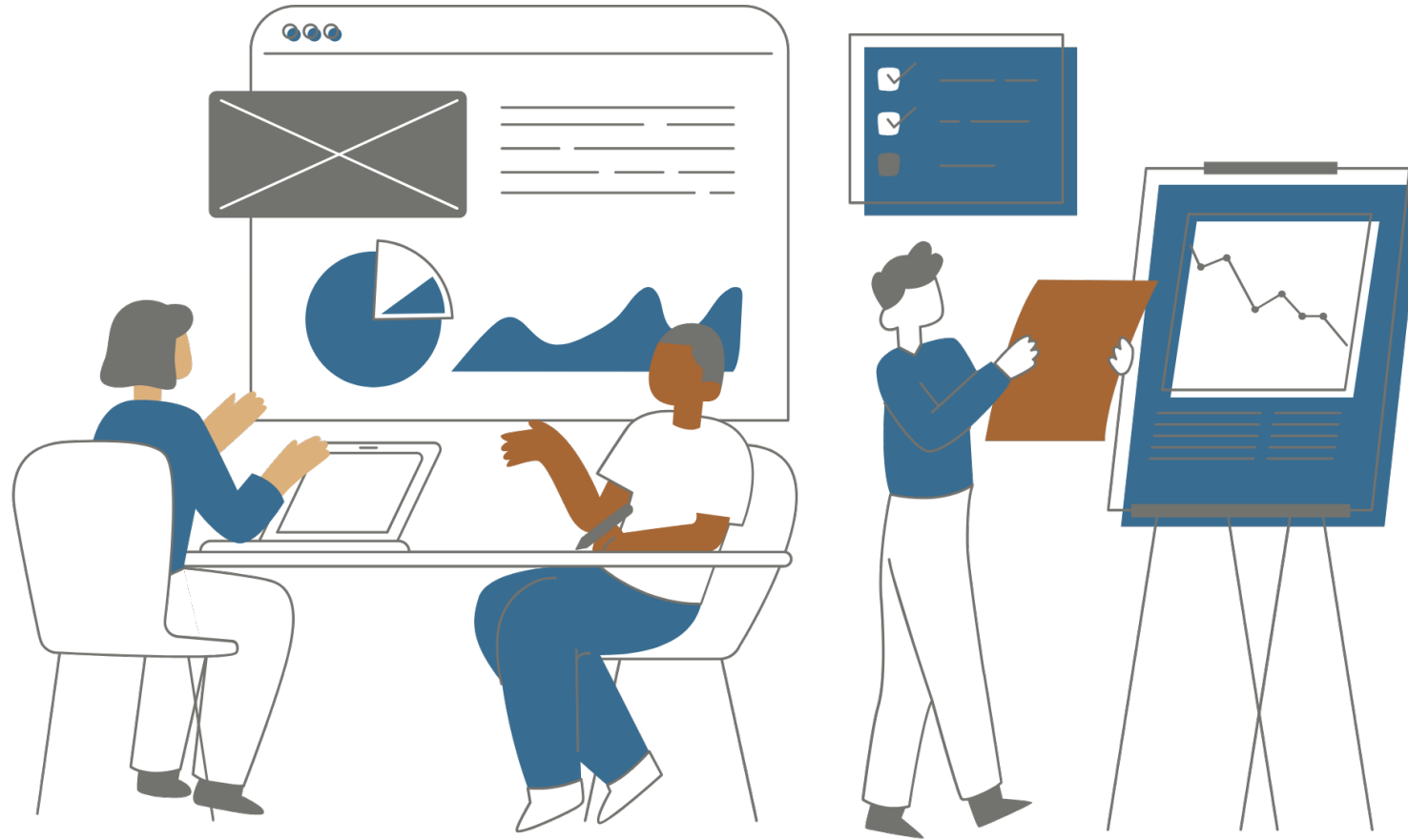


Source: [Robert Wood Johnson Foundation Visualizing Health Equity: One Size Does Not Fit All Infographic](#)

WHAT IS PAY EQUITY?



Equal Pay for Work of Equal Value



WAGE STAGNATION

From 1979 to 2020, salaries grew by 17.5%.
In contrast, productivity grew by 61.8%.

- Juhohn Lee, CNBC, [Why American Wages haven't Grown Despite Increases in Productivity](#)



“...workers essential to social functioning and safety are among the least respected and lowest paid. In the health sector, all workers are essential, but not all workers are treated—or paid—equally...The health care sector may be reaching a point at which it can no longer ignore how workers are treated.”

- Nicole Hallett, JD, AMA Journal of Ethics, [Wage Theft and Worker Exploitation in Health Care](#)



PAY EQUITY STRATEGIES

- Conduct regular pay audits
 - Identify pay gaps
- Prioritize salary adjustments
- Practice pay transparency
- Develop a compensation philosophy and policies
- Develop an employee-focused organizational pay culture



Visit the STAR² Center's [Pay Equity Checklist](#) for more information



COMPENSATION

ELIMINATE PAY INEQUITIES

- Regularly communicate with staff about compensation
 - Train managers to talk about compensation with their direct reports
- Stop using salary history
- Create equitable, inclusive, and fair salary ranges
 - Post in job announcements
 - Stick to it!
- Understand the importance of pay equity and transparency
 - Ensure leadership buy-in!
- Assess current market rates
- Conduct a thorough analysis of current pay policies

Visit the STAR² Center's [Pay Equity White Paper](#) for more information

WHAT IS A COMPENSATION PHILOSOPHY?



- Formal written statement (similar to a mission statement)
- Serves as the foundation for an organization's compensation policies and practices
- Helps to determine pay structures
- Guides the planning and execution of a pay equity audit
- Highlights organizational commitment to its workforce and correcting pay disparities
- Focuses on pay, benefits, and other factors that contribute to the total compensation package
- Should involve all staff and be made available to the entire organization

"Transparency: We openly share our approach and all salaries to create trust, hold ourselves accountable, and serve as a resource for the industry. Simplicity: We aim to maintain an easy-to-understand formula that allows anyone to easily see how we arrive at any individual salary. Fairness: We ensure that those with the same role and responsibilities who are at the same experience level are paid equitably. Generosity: We pay above market to attract the team we need, thrive as individuals, and avoid exceptions and inequity resulting from negotiation."

- Caryn Hubbard, Buffer, [How We Decide What To Pay Our Team: Our Salary Formula and Compensation Philosophy](#)

HOW TO TALK TO STAFF?



- Assume staff already talk to each other (federally protected in most cases)
- Be prepared to explain:
 - Policies and procedures
 - Salary ranges and reasoning
 - Deciding factors for bonuses and raises
 - Bonuses should be for **ALL** staff regardless of role
 - Benefits – show value
- Be open to concerns, critiques, feedback, and different staff needs
- Brainstorm flexible, adaptable benefits and career paths



COMPENSATION IN JOB ANNOUNCEMENTS & INTERVIEWS



- Include salary ranges in job postings
 - Required in several states
- Discuss compensation right away
 - First interview
 - Ensure pay expectations between candidate and health center align
 - Explain compensation philosophy
- Discuss benefits
- Take a JEDI lens
 - Understand the history of pay inequity and marginalized populations
- Speak to your health center's commitment to pay equity



COMPENSATION & ONBOARDING



- Make compensation a conversation priority
- Explain benefits & **educate staff on how to maximize them**
- Conduct stay interviews
 - Discuss salary
- Discuss career paths and ladders
- Ensure new hire understands compensation policies and procedures



A CULTURE FOCUSED ON FINANCIAL WELLNESS



- Provide **financial literacy classes**
- Host speakers and training opportunities
- Offer solutions to ease your employee's financial stress
- Hold annual workshops for retirement planning help and setting long-term financial goals
- Pay employees a **thriving** wage



COST OF LIVING



Salaries are **NOT** keeping up with the cost of living for many workers.

- In 2022, lowest earners spent an average of \$5,090 on food, representing 31% of their income.
- In contrast, highest earners spent an average of \$15,713 on food, representing 8% of their income.
- Cost of living varies by state (important to understand the cost of living in your state)
 - Hawaii is the most expensive with a total average annual expenditure (for essential expenses) of \$55,491, leaving about \$5,929 of annual disposable income
- As of February 2024, average home-sale price was \$385,000
 - In 22 states you need at least a six-figure income to buy a home
- The average rent for a 899 sq. ft. apartment is \$1713

Keep in mind this is an average. Individuals and family most likely pay more and where you live can create significant cost differences. These figures only represent essential needs. It does not account for medical debt, student loan debt, retirement, college expenses, unforeseen emergencies, or any other expenses not deemed “essential.”

WHAT IS A THRIVING WAGE?



A thriving wage goes beyond a living wage. While a living wage focuses on necessities, a thriving wage accounts for necessities, disposable income, and savings. This may mean providing salaries that are 50% or more above an area's living wage estimate

– Mala Nagarajan, Vega Mala Consulting, [How do we quantify a thriving wage?](#) (as cited in the [STAR² Center Pay Equity White Paper](#))

FOCUS ON BENEFITS



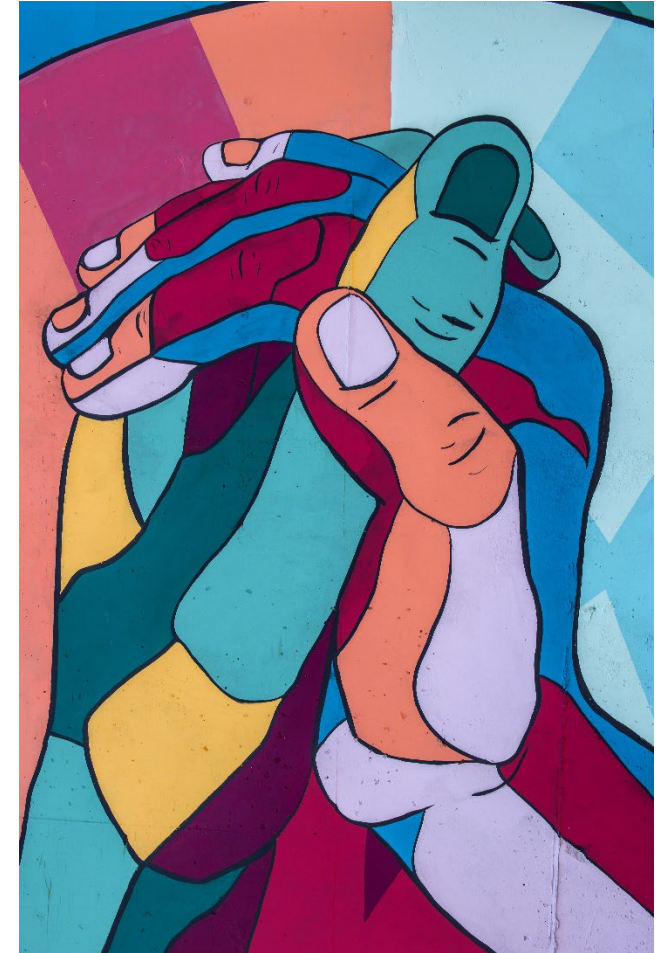
Speak with the workforce about what they need/want!

FOCUS ON BENEFITS

Think Outside the Box



- Does your healthcare plan include transgender care?
- Does your leave include maternal and paternal leave? Is it paid?
- Is holiday leave flexible and does it include people of different backgrounds and belief systems?
- Do you offer mentorship programs? If so, is it specific to BIPOC and other underrepresented/diverse groups?
- Are training programs offering students what they need?
- Does your leave policy define family broadly? (ex: bereavement leave)
- How much emphasis is put on continuing education and career ladders? Are you looking at it from a DEI lens?
- Do your benefits take into account parents (especially single parents)?
- How important is work-life balance in your benefits package?



PAY EQUITY AUDIT



1. Secure leadership buy-in
2. Develop a compensation philosophy
3. Identify goals, outcomes, timelines, and resources
4. Understand the legal context of pay equity
5. Research internal compensation policies and practices
6. Gather data
7. Run an analysis to identify pay discrepancies
8. Interpret data
9. Communicate findings and propose action steps
10. Act and implement remediation practices
11. Continue to test and monitor



INVEST IN THE WORKFORCE



Turnover is **EXPENSIVE!**

*Calculate your health center's turnover costs by using the [STAR² Center Financial Assessment for Provider Turnover Tool](#) (newly updated!)



As leaders, ask yourselves:

- What's the actual cost of turnover?
- What's the cost of a provider vacancy?
- How much does it cost to recruit?
- How much money is your organization losing to these workforce issues?
- How can you better invest money to retain staff and minimize losses?

"Pay equity touches on every aspect of the acronym [JEDI]; as we work towards pay equity we are doing justice by undoing systemic marginalization of those people who have been and continue to be undercompensated at work. The "e" is in the statement itself—we are creating a more equitable organization by examining pay structures; we are increasing diversity by showing we value everyone's work and contributions; and we are creating inclusive spaces that demonstrate our organizational values."

- Helen Rhea Vernier, ACU, Associate Director of Workforce Development

STAR² CENTER RESOURCE HIGHLIGHT

Pay Equity Checklist

STAR² CENTER
Health Center Pay Equity Checklist

WHAT IS PAY EQUITY?

Pay equity means equal pay for work of equal value. It is important to distinguish pay equity from pay equality, which means equal pay for equal work. Pay equity overlooks the inequities and restrictions marginalized groups face when seeking to access the same professional opportunities as other employees in an organization, who are often times, the most highly compensated individuals. Pay equity bridges that gap by connecting equal pay to work of equal value.

HOW TO STRIVE FOR PAY EQUITY?

- Conduct regular and ongoing pay audits
 - Gather employee data
 - Account for pay differentials
 - Questions to consider when assessing pay differentials:
 - Are there clear and written policies that outline decisions for pay differentials? Does staff know and understand this information?
 - Are pay differentials based solely on non-subjective factors? (i.e., experience, education)
 - Does your organization provide pay raises that align with salary increases for new hires?
 - Identify the causes of pay gaps
 - Assess the role, race, gender, age, disability status, etc. play in the identified pay differentials
 - Implement remediation policies and practices
 - Update operational procedures
- Prioritize salary adjustments
 - Provide yearly pay raises - beyond a cost of living adjustment (account for inflation)
 - Provide regular pay bonuses
 - Provide professional promotions that include meaningful pay raises
- Practice pay transparency
 - Develop salary ranges and make them public
 - Discontinue use of salary histories
 - Develop clear compensation policies (e.g., pay raises based on tenure)
- Develop an employee-focused organizational pay culture
 - Provide a thriving wage (beyond a basic living wage) for all staff regardless of career level or education
 - Align pay equity with the organization's mission and values
 - Move away from subjective evaluation-based compensation models to more objective measures (e.g., experience, tenure, location, true cost of living)
 - Speak to staff about their compensation needs
 - Identify pay equity as a fundamental component of justice, diversity, equity, and inclusion (JEDI)
 - Understand the importance of pay equity and transparency in the retention and recruitment of different workforce generations

IMPLEMENTING PAY EQUITY

After reviewing the components of the pay equity checklist and selecting key changes to make in your organization, regularly test* the new strategies, procedures, and/or policies by asking the following questions to ensure there is an effective and successful implementation process.

*The testing time frame is based on your organizational needs and resources, but it is recommended to evaluate strategies, procedures, and/or policies at the three month, six month, and one year mark. If the strategy is not working, reevaluate, identify ways to improve, and make necessary changes. If the strategy is successful continue evaluating its efficacy.



RESOURCES & REFERENCES

- Forbes, [A Push to Fix Pay Equity Has Focused On the Median Pay Gap. A New Report Says Doing So Created an Unfair 'Glass Floor'](#)
- Harvard Business Review, [How to Identify - and Fix - Pay Inequality at Your Company](#)
- Ontario Equal Pay Coalition, [Factsheet 3: The Difference Between Equal Pay and Pay Equity](#)
- Reuters, [How Employers Should Handle Pay Equity Issues in 2021](#)
- Society for Human Resource Management, [SHRM Research Shows Pay Equity Pays Off for Employers](#)
- Society for Human Resource Management, [The Importance of Pay Equity](#)
- Syndio, [2021 Pay Equity Trends What Leaders in Fair Pay Are Doing Differently](#)
- Syndio, [How to Achieve Fair Pay Policies](#)
- U.S. Equal Employment Opportunity Commission, [Facts About Equal Pay and Compensation Discrimination](#)

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  www.clinicians.org www.chcworkforce.org



Click [here](#) to access the Pay Equity Checklist!

STAR² CENTER RESOURCE HIGHLIGHT

Pay Equity White Paper



Click [here](#) to access the
Pay Equity White
Paper!



The cover of the white paper features three photographs at the top: a group of diverse people sitting and talking, two women looking at a tablet, and a person in a wheelchair. Below the photos is an orange banner with the text "EQUAL PAY FOR WORK OF EQUAL VALUE:". Underneath, the title "Establishing Pay Equity Principles to Advance Workforce Financial Wellness" is written in a white, serif font. To the right, the text "STAR² CENTER WHITE PAPER 2023" is displayed in a white, sans-serif font. At the bottom, there is a small paragraph of text and logos for ACU and STAR² CENTER, along with the websites www.clinicians.org and www.chcworkforce.org.

EQUAL PAY FOR WORK OF EQUAL VALUE:

*Establishing Pay Equity Principles to Advance
Workforce Financial Wellness*

STAR² CENTER
WHITE PAPER 2023

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LIVING & THRIVING WAGE RESOURCES



- Buffer – Salary Calculator: <https://buffer.com/salary-calculator/>
- GOBankingRates – This Is the Living Wage You Need in All 50 States: <https://www.gobankingrates.com/money/jobs/living-wage-every-state/>
- MIT – Living Wage Calculator: <https://livingwage.mit.edu/>
- Payscale – How to Ask for a Raise and Get It: <https://www.payscale.com/research-and-insights/how-to-ask-for-a-raise/>
- Vega Mala Consulting – How Do We Quantify a Thriving Wage: <https://www.vegamala.com/how-do-we-quantify-a-thriving-wage/#>

QUESTIONS





STAR² CENTER RESOURCES



- [Recruitment & Retention Self-Assessment Tool](#)
- [Health Center Comprehensive Workforce Plan Template \(formerly Health Center Provider Recruitment & Retention Plan\)](#)
- [Pay Equity Checklist](#)
- [Pay Equity White Paper](#)
- [Financial Assessment For Provider Turnover Tool](#)
- [Building an Inclusive Organization Toolkit](#)
- [Onboarding Checklist](#)
- [HP-ET Financial Impact Assessment Tool](#)
- [Supporting Mental Health Through Compensation Equity Factsheet](#)

[You can find all of the STAR² Center's free resources here](#)

[Sign up for our newsletter here for new resources, trainings, and updates](#)

READY TO LEARN MORE?

Check out the
STAR² Center Self-Paced Courses

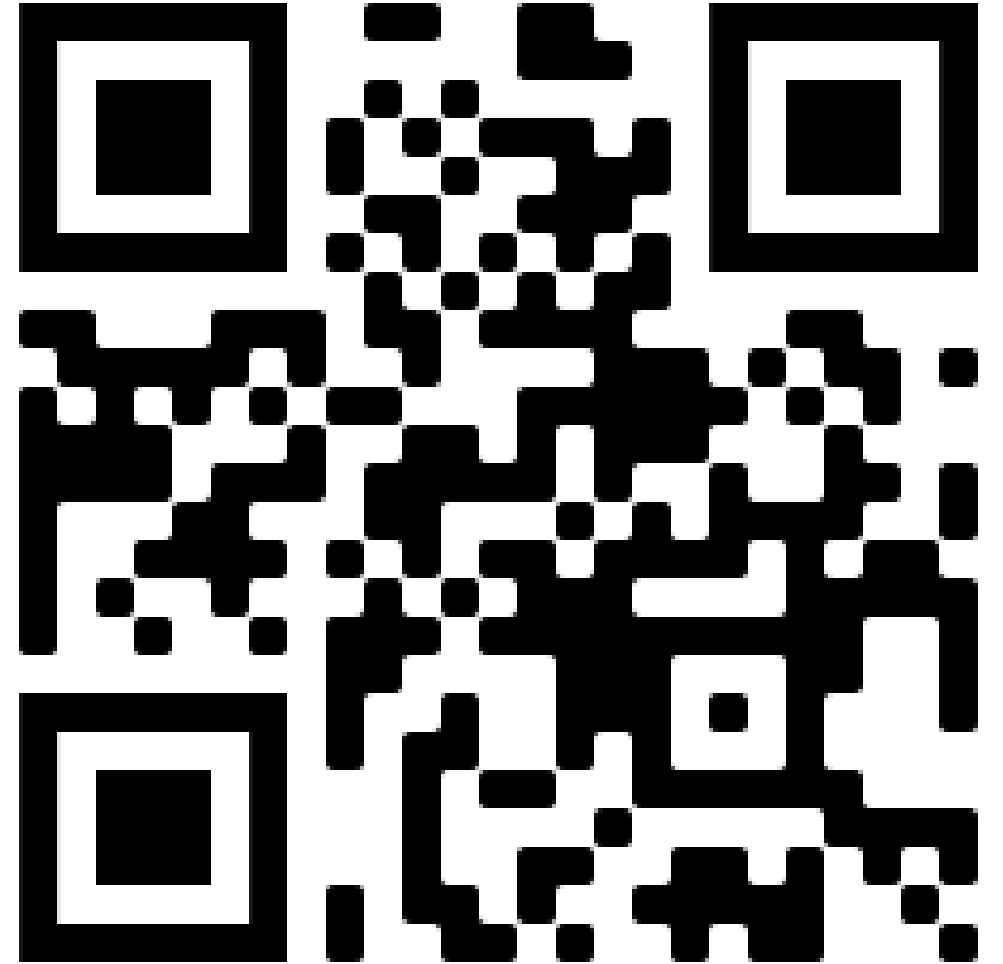
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