How to Address Compensation

For Nonprofits

Potential Solutions

Problematic Practice	Sustainable Practice	Aspirational Practice
Organizer compensation is lower than the basic cost of living.	Check the MIT Living Wage calculator for your area. Make sure the lowest pay is above the cost of living for a single adult with one or two children, to cover not just immediate necessities but self-investments such as retirement savings and education.	Consider basing pay levels on need, not only experience and responsibilities. For example, consider moving staff with dependents, disabilities, student loans or other expenses higher in the pay range for their job title. (Be careful not to use a protected category such as race or gender as the basis for pay or benefit differentials. Compensation differences can't cross the line into discrimination.) Consider across-the-board raises, as in this story, to above-living-wage levels, as this nonprofit did.
Some staff compensation is lower than prevailing rates at comparable organizations.	To research others' pay for similar positions, use tools such as JVS's Job Quality Survey; "Find Salaries" on Indeed.com; National Committee on Pay Equity; the Bureau of Labor Statistics Occupational Outlooks; and meet prevailing wages, if possible.	Look beyond prevailing wages for organizers, a historically undervalued occupation, and set pay instead based on parity with other mission-essential job categories, such as development.
Years go by without raises, causing pay to fall behind the cost of living.	Give annual COLA raises equal to or exceeding the inflation rate.	If there were past years without raises, calculate how much the cost of living rose then, and adjust pay to catch up.

Continued on next page.

Sustainable Jobs For Organizers

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Ratio between top and bottom pay grows over the years due to percentage raises.	Give flat dollar amount raises (instead of percentage raises) to gradually reduce internal pay inequities.	A 2:1 or 3:1 maximum ratio means that a raise for the ED requires raising the lowest paid first.
	When the budget doesn't allow raises for all, prioritize the lowest paid. Set a maximum ratio between lowest and highest pay.	Some organizations, such as the Sustainable Economies Law Center, pay all staff the same gross amount.
Pay inequity exists between jobs with comparable skill and responsibility, but typically done by different genders and/ or races. There may also be inequities based on funding sources, nepotism, credentialism (requiring degrees unnecessarily) or other unfair reasons.	Have a clear written policy for pay levels, specifying job-related reasons for different levels, such as job responsibilities. Aim for parity in valuing all external relations functions. Just as development staff might be rewarded for fundraising track record and relationships with donors and funders, reward organizers for community relationships, lived experience with the organization's issue(s) and for cultural roots that garner trust with community members. Regularly compare actual compensation with the compensation policy. Immediately give raises to eliminate any unfair differences.	Do a full comparable worth audit, with help from the National Committee for Pay Equity or a pay equity consultant. Raise the pay of undervalued job titles.
Often pay ranges are not included in position postings, and compensation varies by applicants' requests. Those who negotiate higher pay tend to be highly educated white men and other self-confident people, as well as friends and family members of hiring managers.	Always put pay ranges in position postings (for both staff and contractors). Don't negotiate above the range. In interviews, don't ask for previous pay or for pay expectations. Decide in advance the criteria for where someone will fall in the pay range (e.g. years of experience, amount of expertise, need).	If staff size allows, two different people should do the hiring process and the final contract negotiations.

Continued on next page.

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Benefit mix doesn't meet the needs of some categories of employees, such as older staff approaching retirement, parents in need of childcare, and those with student loans. If the employer contributes to employees' accounts (e.g. HSA, retirement, flexible benefits) on a percentage basis or matches employee contributions, that favors affluent staff.	Invite staff input into benefit plans. Remember that it's more affordable to the employer to fund cash-like benefits (HSAs, childcare reimbursements, student loan payments, transit passes, retirement accounts) than to increase paychecks, which incur employer taxes. Set up Health Savings Accounts (HSAs) and commuting cost accounts as allowed by the IRS, so that employees can contribute money pre-tax.	Explore variable needs-based benefits, as ERISA allows. Use flexible benefits plans (see Roadmap report for suggestions) to best meet individual staff needs. Affluent employees with no qualifying needs could voluntarily decline to draw on their accounts. Make employer contributions to benefits and retirement accounts at a flat per-employee level.
Most small nonprofits offer no retirement accounts at all, not even empty ones where employees can make pre-tax contributions. One reason is that EDs and other administrative staff sometimes lack the expertise in setting them up.	Check out Just Futures' user-friendly 401(k) plan for the nonprofit sector with social-justice-oriented investments (currently in process). Set up retirement accounts even if the employer doesn't contribute, so that staff can contribute pre-tax.	Investing in organizers and other staff means supporting their long-term futures by substantial retirement contributions, without requiring a staff match. Compare types of retirement accounts (401(k), SEP, SIMPLE and state-facilitated plans); choose one with socially screened investments that doesn't burden employees with high fees. Set up retirement accounts to allow bigger contributions by older workers closer to retirement, legal as long as they don't favor higher-paid staff.
Interns are often exploited, with minimal or no pay, and given tasks with no educational dimension, which violates IRS rules. While volunteers are the lifeblood of many community-based organizations, the difference between a volunteer and an intern is that volunteers are not bound to a job description or a certain schedule, but are free to choose their roles. It's unjust for anyone with specific required shifts and responsibilities not to be paid.	Pay student interns at least the amount that the organization believes the minimum wage should be (e.g. $16/hour), unless their college pays them. Make sure interns get an educational experience, as required by law. If the organization provides stipends or expense reimbursements to some volunteers or board members, consider a needs-based sliding scale so low-income people get more.	Consider creating fellowships with educational programing as well as work responsibilities, paid at entry-level professional levels.
Compensation policy is an afterthought, undiscussed and disconnected from the organization's values and mission.	Build in regular discussions of overall compensation practices, such as at annual retreats. Don't wait for organizers and other staff and contractors to complain, but proactively notice inflation and inequities.	The board can set an aspirational goal for future, e.g. "We aim to pay within the top 20% of our field, so we can recruit and retain the best diverse talent."

ALL DUE RESPECT

STAFFING THE MISSION

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How to Address Insurance
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Problematic Practice	Sustainable Practice	Aspirational Practice
Some nonprofits violate their own core values by leaving employees and their families without health benefits. Some employees acquire medical debt or go without needed care.	If 100% of family insurance for all staff is impossible to fit into the budget, employee contributions to health insurance should be scaled to be affordable at each pay tier. One option is to buy full family plans for the lowest paid staff; contribute 50% or more to individual plans for the highest paid management staff; and offer no health insurance for those covered elsewhere, by a family member, public program (eg VA, Medicare) or by another employer or school. At a minimum, for any staff otherwise uninsured, reimburse the cost of a subsidized “bronze” plan under the Affordable Care Act for income-eligible staff; and for ACA-ineligible others, buy a basic high-deductible catastrophic-only plan.	Full family health coverage for all staff is the gold standard; prioritize it in fund-raising and budgeting. Consider paying for treatments uncovered by conventional insurance, such as acupuncture and chiropractic, gender-affirming care and reproductive health, to be covered by flexible spending accounts. Initiate conversations with funders about the positive impact on the mission of fully funding health benefits for all.
Part-time employees get no benefits, or get an employer contribution too small for them to afford even the cheapest health insurance plan. Although less common than in the corporate sector, some nonprofits keep part-time staff hours below the minimum needed to be eligible for health benefits under their personnel policy. It is unethical to employ anyone and leave them completely without health coverage.	For part-timers with no other source of health insurance, make prorated contributions to Health Savings Accounts. Allow part-timers to buy into the health plan.	Consider fully insuring all staff, including part-timers.
Many employers haven’t prepared to support employees who develop disabilities or long-term serious illnesses, and don’t offer life insurance to help the survivors of deceased employees.	Disability insurance and life insurance can be affordable if purchased as group plans, especially for larger nonprofits.	Consider the services of a [Professional Employer Organization (PEO)]() to access group plan discounts.

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Long-term people with staff-like responsibilities are often misclassified as contractors to avoid employer taxes for social insurance programs, putting organization at risk.	Managers should be familiar with the IRS criteria for a contract position exempt from employer taxes. (For example, contractors must control their own equipment, time and methods of work, and must not get any paid leave or benefits. Turn contractors into employees with benefits and paid leave if the positions are ongoing, embedded in the organization, and meet the IRS criteria for an employee. (Seasonal, intermittent and temporary workers can also be classified as employees.)	
Contracted positions comply with Fair Labor Standards Act guidelines, but are not paid sufficient premium over staff wages to cover the 15.2% double FICA and Medicare contributions, and to self-insure against unemployment and workplace injuries.	Add at least 16% to equivalent staff pay for self-employed contractors.	Use Practice Best Practice's calculator to convert hourly wage levels into consultant fees that include the long-term costs of being self-employed, such as business development, marketing and equipment, and long-term needs such as retirement savings, health care and dependent education.