

# PA 12: Employee Compensation

3 points available

## 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 with wages and benefits that are sufficient to meet basic needs, a university or college and its contractors can enfranchise the entire campus workforce so that each individual can contribute positively and productively to the community.

## Applicability

This credit applies to all institutions.

## Criteria

### Part 1. Living wage for employees

More than 75 percent of the institution's *employees* receive a *living wage* (benefits excluded).

Include all employees (full-time, part-time, and temporary/adjunct) in Part 1. An institution may choose to include or omit student workers, who are covered in the Student Living Wage credit in Exemplary Practice.

### Part 2. Living wage for employees of contractors

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

Include all regular (i.e., permanent), part-time and full-time workers employed by significant contractors in Part 2. Examples include, but are not limited to, employees of regular providers of dining/catering, cleaning/janitorial, maintenance, groundskeeping, professional, transportation, and retail services. Construction workers and other employees of contractors that work on-site on a temporary or irregular basis may be excluded, as may student workers employed by contractors.

An institution without wage data for its contractors may report the percentage of employees of contractors covered by collective bargaining agreements (i.e., union contracts) in lieu of the above.

### Part 3. Minimum total compensation for employees

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

Provisional compensation for newly hired, entry-level employees (e.g., compensation provided during the first six months of employment) may be excluded from Part 3. An institution may choose to include or omit student workers.

### Determining the local living wage

To determine the local living wage:

- A U.S. institution must use the [Living Wage Calculator](#) hosted by the Massachusetts Institute of Technology to look up the living wage for “2 Adults, 2 Children” (which assumes both adults are working) for the community in which the main campus is located.
- A Canadian institution 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),
- An institution located outside the U.S. and Canada must use a local equivalent of the above standards if available or else the local *poverty indicator* for a family of four (expressed as an hourly wage).

Please note that a family of four is used to help harmonize the living wage standards and poverty indicators used in different countries and is not assumed to be the most common or representative family size in any particular context. For further guidance in determining the local living wage, see Measurement.

### 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 significant contractors with employees that work on-site as part of regular and ongoing campus operations, as follows:

Part of the credit	Points available for institutions without significant on-site contractors	Points available for institutions with significant on-site contractors
Part 1	1.5	0.75
Part 2	n/a	0.75
Part 3	1.5	1.5
<b>Total points available</b>	<b>3</b>	<b>3</b>

#### 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 Reporting Fields is entered in the online Reporting Tool.

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

A = Points available for Part 1 (1.5 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 with employees that work 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 (or are covered by collective bargaining agreements). Incremental points are available based on the percentage of employees of contractors that meet the criteria (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 Reporting Fields is entered in the online Reporting Tool.

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

A = Percentage of employees of on-site contractors known to receive a living wage or be covered by collective bargaining agreements (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 150 percent of the living wage. Partial points are available as follows:

<b>The total compensation provided to the institution's lowest paid regular employee or pay grade meets or exceeds:</b>	<b>Points earned</b>
150 percent of the living wage	1.5
125 percent of the living wage	1.0
The local living wage	0.5

## Reporting Fields

### Required

#### Part 1

- ☐ The local living wage (based on a family of four and expressed as an hourly wage) (US/Canadian dollars)
- ☐ Percentage of employees that receive a living wage (benefits excluded) (0-100)

## Part 2

- ☐ Does the institution have significant contractors with employees that work on-site as part of regular and ongoing campus operations?

If yes:

- ☐ A list or brief description of significant on-site contractors
- ☐ Percentage of employees of on-site contractors known to receive a living wage or be covered by collective bargaining agreements (i.e., union contracts) (0-100)

## Part 3

- ☐ Total compensation provided to the institution's lowest paid regular (i.e., permanent), part-time or full-time employee or pay grade meets or exceeds what percentage of the living wage?
  - ☐ 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 benefits counted 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
- ☐ Website URL where information about employee compensation is available
- ☐ Additional documentation to support the submission (upload)
- ☐ Data source(s) and notes about the submission
- ☐ Contact information for a responsible party (an employee who can respond to questions regarding the data once it is submitted and available to the public)

## 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 wages and salaries must be converted into hourly figures. Hourly compensation for *adjunct academic staff* 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 academic staff should be credited a minimum of

2.25 hours of service per week for each hour of teaching or classroom time in that week. Otherwise, an institution may convert salary data to hourly figures based on the standard work week and year used for waged workers.

An institution 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.

A institution 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 (e.g., Living Wage Ireland or the UK Living Wage Foundation), or a standard that has been created using a methodology consistent with that adopted 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).

If wage data is not available for employees of contractors, an institution may report on collective bargaining status (as outlined in the Criteria) or estimate conservatively by assuming that workers receive the local, legal minimum wage.

## **Standards and Terms**

### **Adjunct academic staff**

Consistent with IPEDS, adjunct academic staff are defined as instructors who "serve in either a temporary or auxiliary capacity to teach academic degree-credit courses, as well as remedial, developmental, or ESL courses, and are paid on a course-by-course basis."

### **Employees**

Employees are defined as personnel paid by the institution and include full-time and part-time workers (as defined by the institution), and both academic staff (i.e., "faculty members") and non-academic staff.

### **Living wage**

Consistent with the Global Living Wage Coalition, a living wage is defined as:

...the remuneration received for a standard workweek 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. See, for example, the [European Union at-risk-of-poverty thresholds](#) for a family of two adults and two children.

**Significant contractor**

Consistent with the Just Employment Policy, significant contractors are defined as contractors that have one or more agreements with the institution “with both an aggregate value greater than \$50,000 [US/Canadian] per year and an aggregate duration longer than one month”.

**Total compensation**

Total compensation refers to the total value of wages and institution-funded benefits that address basic needs (e.g., food, housing, transportation, healthcare, childcare, and/or retirement).