

PA 13: Pay Equity and Living Wage

Rationale

This credit recognizes institutions that are working to ensure that marginalized groups are equitably compensated and that all campus workers receive a living wage. Equitable pay levels avoid overvaluing the work of some employees and undervaluing that of others based on gender, Indigenous, racial, or ethnic identity. An internal pay equity assessment can be used to identify and provide transparency around an institution’s strengths and areas for improvement. Poverty, or the inability of current generations to meet their needs, is a sustainability challenge in every country and region. By providing workers with remuneration sufficient to meet their families' basic needs, an institution and its contractors can enfranchise the entire campus workforce so that each individual can contribute positively and productively to the community.

Applicability

This credit is applicable to all institutions, however indicator 13.3 is only applicable to institutions that have one or more **significant contractors**.

Points available

A total of either 5 or 4 points are available for this credit, as outlined in Table I.

Table I. Points available for pay equity and living wage

Does the institution have one or more significant contractors?	Points available for indicator 13.1	Points available for indicator 13.2	Points available for indicator 13.3	Total points available
Yes	1	3	1	5
No	1	3	0	4

Criteria

13.1 Internal pay equity assessment

An institution earns 1 point for having conducted one or more internal pay equity assessments during the previous three years that A) are inclusive of academic and non-academic staff, B) explicitly address pay equity by gender identity, and C) explicitly address pay equity by racial, ethnic, and/or

Indigenous identity, and for D) publishing the results of its internal pay equity assessments. Partial points are available and earned as outlined in Table I.

Table I. Points earned for indicator 13.1

Criterion	Points available	Points earned
A. The pay equity assessment(s) are inclusive of both academic and non-academic staff.	0.2	
B. The pay equity assessment(s) explicitly address pay equity by gender identity.	0.2	
C. The pay equity assessment(s) explicitly address pay equity by racial, ethnic, and/or Indigenous identity.	0.2	
D. Institution publishes the results of its internal pay equity assessments.	0.4	
Total points earned →		

Measurement

Report on assessments completed within the previous three years and the results of the most recent assessment to have been finalized. External (e.g., market-based) pay equity assessments do not qualify.

Documentation

Report the following information in the online Reporting Tool.

- Has the institution conducted one or more internal pay equity assessments during the previous three years to identify disparities that are not attributable to skills, responsibilities, or level of experience? (required)

If Yes, the following four fields are also required:

- Description of the methodologies used to assess internal pay equity
- Are the pay equity assessment(s) inclusive of both academic and non-academic staff?
- Do the pay equity assessment(s) explicitly address pay equity by gender identity? For example, by revealing the ratio of median pay for employees who identify as women

and/or other marginalized gender identities to that for employees who identify as men, across and/or within employee categories.

- Do the pay equity assessment(s) explicitly address internal pay equity by racial, ethnic, and/or Indigenous identity? For example, by revealing the ratio of median pay for employees who identify as members of a marginalized racial, ethnic, and/or Indigenous group to that for employees who identify as members of a dominant group, across and/or within employee categories.
- Does the institution publish the results of its internal pay equity assessments? (required). To qualify, the results or a summary of the results of the most recent assessment to have been finalized must be accessible to the general public, either on the institution’s website or in its STARS report.

If Yes, at least one of the following fields is also required:

- Published results of the institution’s most recently finalized internal pay equity assessment. Upload.
- Online resource where the results of the institution’s internal pay equity assessments are available. Website URL.

13.2 Percentage of employees that receive a living wage

An institution earns 3 points when A) it is a third party accredited **living wage employer** or B) 100 percent of its **employees** receive **remuneration** (i.e., base wage or salary plus qualifying in-kind benefits, cash bonuses, and allowances) equivalent to at least a **living wage**. Incremental points are available for criterion B based on the institution’s performance within a range from 75 to 100 percent and earned as outlined in Table II.

Table II. Points earned for indicator 13.2, criterion B

Percentage of employees that receive remuneration equivalent to at least a living wage		Minimum threshold		Range		Points available		Points earned
	-	75	÷	25	×	3	=	

Measurement

For criterion A, report on currently valid accreditations. To qualify as a living wage employer accreditation, program criteria must be reasonably consistent with the [Anker Methodology](#) and/or the living wage criteria included in STARS. An updated list of qualifying programs is available in the [STARS Help Center](#).

For criterion B, report the most recent data available from within the previous three years and snapshots of a living wage and employee remuneration taken during the same performance period (e.g., fiscal or calendar year). This may be accomplished, for example, by exporting compensation data

from the institution's human resources system and accessing an online living wage figure within the same month or academic term.

Include all individuals who are in a direct employment relationship with the institution according to national law or its application, i.e., both **regular/permanent employees** and **short-term/casual employees**. Because of the diverse ways that student employment may be structured, however, undergraduate student employees and graduate students who are classified as non-academic employees may be excluded. Graduate students paid for teaching or research responsibilities should be included to the extent that they are classified as direct academic employees in the institution's human resources system.

Consistent with the Global Living Wage Coalition, a living wage is a family concept. An institution's living wage must be based on a family of four (assuming two adults in paid employment) or the nearest alternative available in its national context. A family of four is used to help harmonize different living wage standards and to support international comparability. It is not assumed to be the most common or representative family size.

To determine the living wage, use the most relevant national standard or methodology listed in the [STARS Help Center](#). A US institution, for example, must report the local living wage for "2 Adults (both working), 2 Children" published by the [Massachusetts Institute of Technology Living Wage Calculator](#).

An institution with satellite campuses should use the main campus location to determine the living wage amount, if available, or else a relevant state/provincial, regional, or national living wage.

The pay for employees who are hired on a grant, stipend, or contract basis must be converted into hourly figures, for example based on the average or expected number of hours worked per course, credit hour, or term. Hourly compensation for employees working on a grant, stipend, or contract basis must include all hours that are necessary to perform the employee's duties, such as class preparation and grading time. For example, an employee must 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.

Remuneration may include wages, salaries, and extra-wage components that address the basic needs of employees and their families. To qualify, an extra-wage component must address a basic need that is accounted for in the living wage methodology that is used. In the US, for example, this includes expected and regular cash bonuses, employer contributions to health insurance, retirement plans, and other savings vehicles, and allowances for childcare, commuting, and meals. It excludes work expenses, life insurance, paid leave, disability benefits, student loan and tuition assistance, and allowances for services such as gym membership and legal assistance.

Documentation

Report the following information in the online Reporting Tool, with the wage figures provided in the institution's local currency and expressed as hourly rates and the percentage figure provided within a range from 0 to 100. The wage floor figures are required to provide context for understanding and interpreting the institution's compensation structure. They are not factored into scoring.

- Is the institution a third party accredited living wage employer? (required)

If Yes, the following field is also required:

- Narrative and/or website URL detailing the institution's living wage accreditation

If No, the following eight fields are also required:

- **Local currency code.** Report the three-digit ISO alphabetic code of the currency used to document the institution's financial data (e.g., AUD, CAD, or USD).
- **Performance year for living wage.** The year the performance period (fiscal or calendar year) used for this indicator ended.
- **Living wage.** Use the most relevant national standard or methodology listed in the [STARS Help Center](#) and report as an hourly rate. A US institution, for example, must report the local living wage for "2 Adults (both working), 2 Children" published by the [Massachusetts Institute of Technology Living Wage Calculator](#).
- **Standard or methodology used to determine the living wage**
- **Wage floor for regular/permanent employees.** Report the minimum hourly base pay (benefits excluded) a full-time or part-time employee engaged by the institution on a continuous basis or long-term basis can expect to receive. This may be the lowest end of the institution's pay range, the legal minimum wage, or the lowest base pay that a regular/permanent employee actually receives. Employees hired to work less than 50 percent time and/or on a grant or contract basis may be excluded here as long as they are included as short-term/casual employees.
- **Wage floor for short-term/casual academic staff.** Report the lowest hourly base pay (benefits excluded) an academic staff member (e.g., faculty member, lecturer, or researcher) engaged by the institution on a contingent, temporary, or less than half-time basis can expect to receive. This may be the lowest end of the institution's pay range, the legal minimum wage, or the lowest base pay that a short-term/casual academic staff member actually receives. Include employees paid on a fixed-term, grant, stipend, or contract basis. Graduate students paid for teaching or research responsibilities should be included to the extent that they are classified as direct academic employees in the institution's human resources system.
- **Wage floor for short-term/casual non-academic staff.** Report the lowest hourly base pay (benefits excluded) a non-academic staff member engaged by the institution on a contingent, temporary, or less than half-time basis can expect to receive. This may be the lowest end of the institution's pay range, the legal minimum wage, or the lowest base pay that a short-term/casual employee actually receives. Include employees paid on a fixed-term, grant, stipend, or contract basis. Student workers may be excluded.
- **Percentage of employees that receive remuneration equivalent to at least a living wage.** Report on both regular/permanent and short-term/casual employees. Remuneration may include extra-wage components as outlined in Measurement.
- **Narrative outlining the forms of remuneration included in the living wage calculations.** For example, the specific in-kind benefits, cash bonuses, and allowances accounted for in addition to base pay.

- Has the institution made a formal commitment to pay a living wage? (optional)

If Yes, provide the following:

- Narrative and/or website URL detailing the institution’s formal commitment to pay a living wage (optional)

13.3 Percentage of significant contractors that pay a collectively determined or living wage

An institution earns 1 point when it is able to verify that each of its **significant contractors** meets at least one of the following criteria:

- The contractor is a third party accredited living wage employer or otherwise ensures that all of its on-site employees receive remuneration equivalent to at least a living wage.
- The contractor’s lowest-paid, on-site employees are covered by a **collective bargaining** agreement (i.e., a union contract).
- The contractor is a **worker cooperative**.

Partial points are available based on the extent which criterion B is met and earned as outlined in Table III.

Table III. Points earned for indicator 13.3, criterion B

Number of significant contractors known to pay a collectively determined or living wage		Total number of significant contractors		Points available		Points earned
	÷		×	1	=	

Measurement

For criterion A, report on currently valid accreditations.

For criterion B, report on the institution’s most recently established agreements with significant contractors and the living wage reported in indicator 13.2. If no qualifying information is available for a contractor, report conservatively by assuming that its employees are earning the legal minimum wage.

An institution that is accredited as a living wage employer under a standard that is inclusive of its significant contractors (e.g., Living Wage for US) may report on that basis rather than apply the STARS criteria.

Documentation

- Does the institution have one or more significant contractors? (required)

If No, the following field is also required:

- Documentation affirming that the institution has no significant contractors. Upload a letter of affirmation from the procurement office or equivalent.

If Yes, the following three fields are also required:

- Total number of significant contractors
- Number of significant contractors known to pay a collectively determined or living wage
- Description of the methodology used to determine which significant contractors pay a collectively determined or living wage. For example, policies, accreditations, contract language, and/or information provided by the contractors.

The Reporting Tool will automatically calculate the following figure:

- Percentage of significant contractors that pay a collectively determined or living wage

Glossary

Academic staff – Personnel whose primary assignment is instruction, research, or public service. Also known as “faculty members”, academic staff include personnel who hold an academic rank with titles such as professor, associate professor, assistant professor, instructor, lecturer, or the equivalent of any of these academic ranks. The category includes personnel with other titles, (e.g., dean, director, associate dean, assistant dean, chair or head of department), if their principal activity is instruction or research. It does not include graduate, instruction and research assistants; student teachers; or teacher aides. [Adapted from the International Standard Classification of Education (ISCED) and the work of the Organization for Economic Cooperation and Development (OECD).]

Collective bargaining – Negotiations that take place between an employer, a group of employers, or one or more employers' organizations, on the one hand, and one or more workers' organizations, on the other hand, for:

- determining working conditions and terms of employment,
- regulating relations between employers and workers, and/or
- regulating relations between employers or their organizations and a workers' organization or workers' organizations.

[Adapted from the definition used by the International Labor Organization (ILO).]

Employees – Personnel compensated directly by the institution (unless otherwise specified in credit language). Also known as “staff members” or “direct employees”, employees include academic, non-academic, and executive staff and regular/permanent and short-term/casual employees.

Living wage – 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 their 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. [Adapted from the definition used by the Global Living Wage Network.]

Living wage employer – An organization that has obtained third party accreditation based on its provision of a living wage.

Non-academic staff – Administrative, clerical, operational, support, and technical staff whose primary assignment is something other than instruction or research, i.e., personnel who are not classified as academic staff.

Regular/permanent employees – Personnel employed by the institution on a continuous basis, on contracts of longer than 24 months, or as otherwise defined in an institution’s human resources system. Employees hired to work less than 50 percent time and/or on a grant or contract basis may be excluded as long as they are included as short-term/casual employees.

Remuneration – The complete compensation package that an employer provides to a worker. Also known as total compensation, remuneration includes a base wage or salary and may include other components such as in-kind benefits, bonuses, and allowances.

Short-term/casual employees – Personnel compensated directly by the institution who are not classified as regular or permanent, e.g., workers employed on a contingent, temporary, or less than half-time basis; on contracts of 24 months or less; or as otherwise defined in an institution’s human resources system.

Significant contractor – An entity that provides regular services that are foundational to the operations of the institution, e.g., functions that were once performed by direct employees and subsequently contracted out or that direct employees would be required to perform in the absence of a contractor. Examples include contracted providers of regular on-site dining/catering, cleaning/janitorial, maintenance, groundskeeping, professional/technical, transportation, and retail services. Construction and renovation firms and other contractors that perform highly specialized services on a limited or irregular basis may be excluded, as may sole proprietors, independent contractors, and any contracts with an aggregate value of \$50,000 US Dollars (USD) or less per year or an aggregate duration of one month or less.

Worker cooperative – A values-driven business that is owned by workers who participate in its financial success on the basis of their labor contribution to the cooperative and have representation on and vote for the board of directors, adhering to the principle of one worker, one vote. [Adapted from the definition used by the Democracy at Work Institute.]