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# The Nonprofit Labor Market: Misconceptions, Realities, and How to Play Smartly

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# Learning Objectives



IDENTIFY CONSIDERATIONS IN  
PAY STRUCTURES AND  
COMPENSATION STUDIES



EXPLAIN TALENT  
EXPECTATIONS AND  
NEGOTIATION STRATEGIES



DESCRIBE THE FUTURE OF THE  
WORKPLACE



# Workforce Review

## The Labor Market

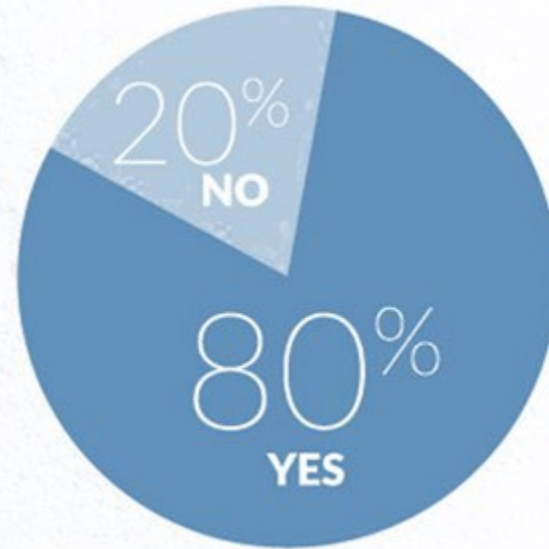
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# Nonprofit Talent Priorities

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**Organizations that  
are prioritizing talent  
acquisition (recruitment)  
in 2023:**



# Unemployment Rate – August 2023 = 3.8%

## 6,400,000 unemployed people



Source: St. Louis FED



# Job Openings – July 2023 = 8,827,000

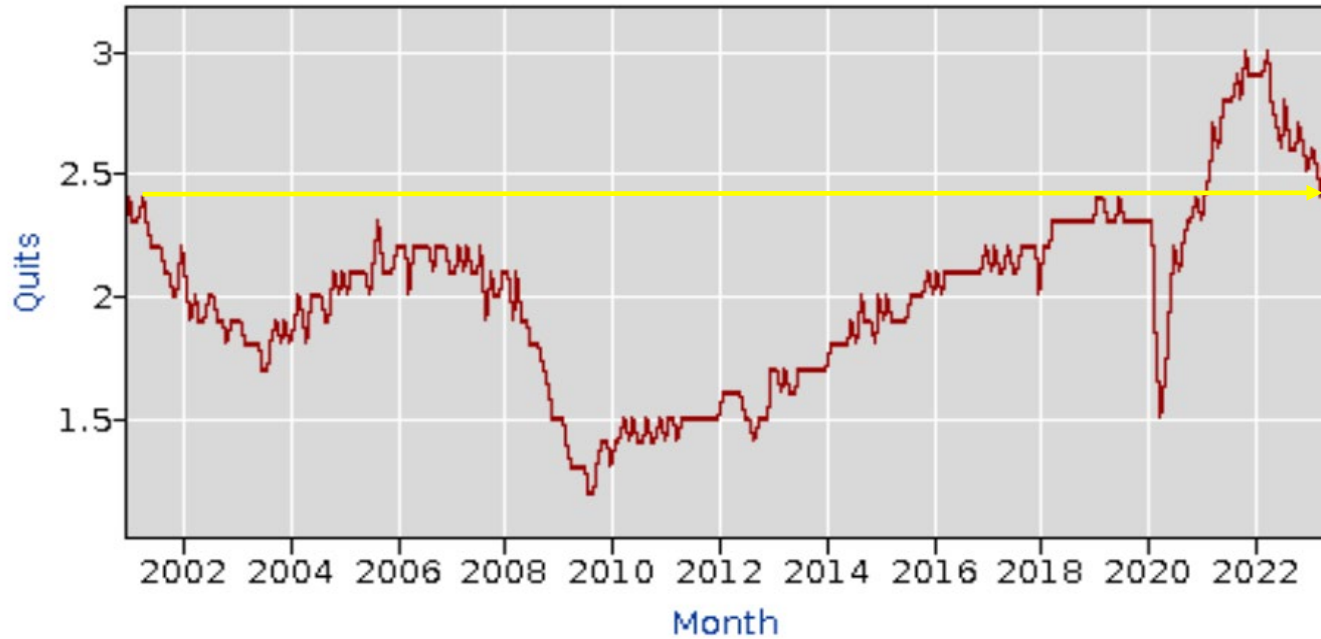
1.4 open jobs for every 1 unemployed person



Source: Bureau of Labor Statistics



# Voluntary Quits – July 2023 = 2.3% (30% of jobs quit in last 12 months)



Source: Bureau of Labor Statistics





# Retention Realities & Misconceptions

## Top reason employees leave a job in 90 days



Day to day role was not as expected



Incident or bad experience

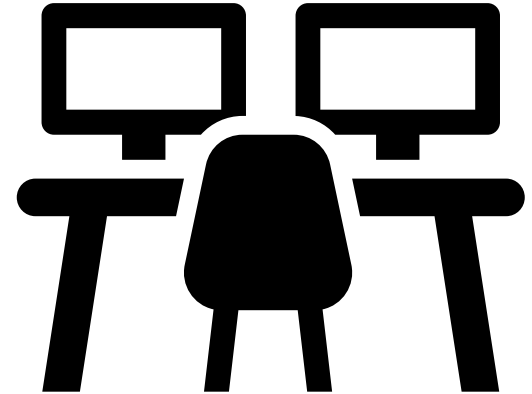


Company culture was not as expected



Unsatisfactory leadership

[www.enterprisealumni.com](http://www.enterprisealumni.com)



# Polling Question - Grade your organization

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Please choose the average timeframe when employees quit, that you've hired over the last 12 months:

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**A**-First 90 days

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**B**-6 months

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**C**-9 months

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**D**-No quits

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# Compensation Decisions

## How to Play Smart

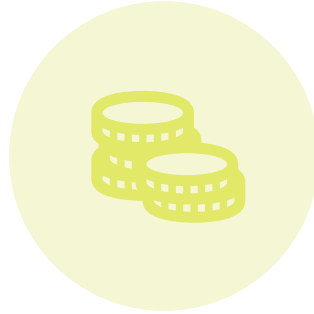
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# Common Pay Needs of Nonprofit Organizations



COMPENSATION STUDY  
OF JOBS



PAY STRUCTURE DESIGN



FAIR LABOR STANDARDS  
ACT (FLSA) REVIEW



# Compensation Decisions – How to Play Smart

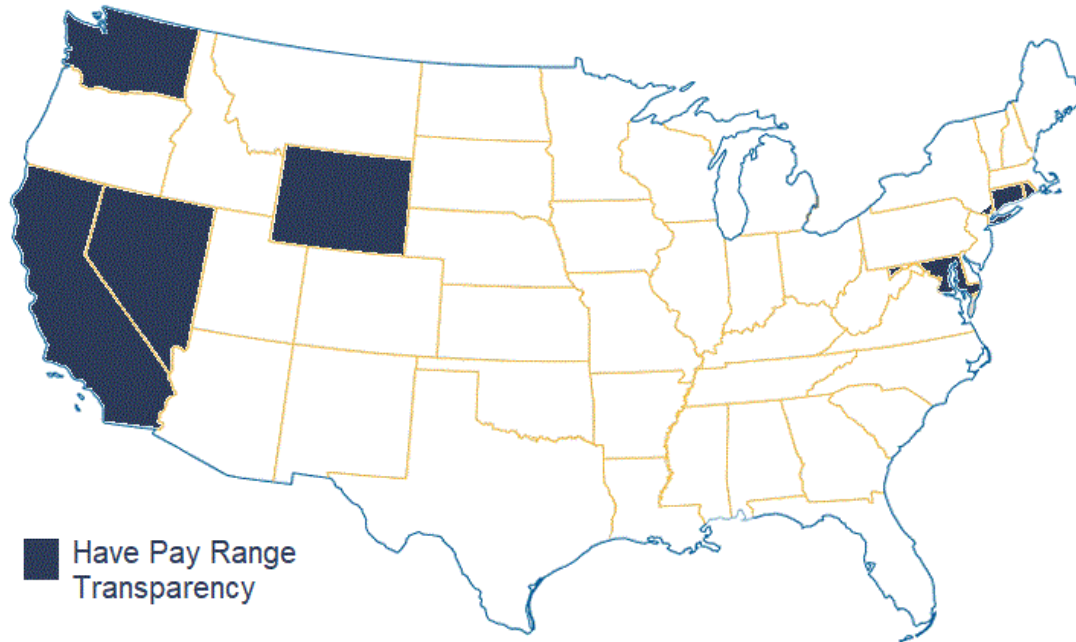
## Compensation Study Process

- Gather current job descriptions and organizational chart
- Identify credible salary surveys
- Match on job duties not job titles and filter the data on the following criteria:
  - Local or relevant Geography
  - Similar Mission
  - Similar sized revenues/assets
- Keep organization strategy and culture in mind during pay program design
- Provide results both graphically (for management) and in spreadsheet form (for analysis and easy HR systems import)



# States with Pay Range Transparency Laws

State law adoption is accelerating since 2019



# Polling Question-Does your organization have pay ranges?

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**A** - No formal pay ranges in place

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**B** - Yes, a step system for like jobs

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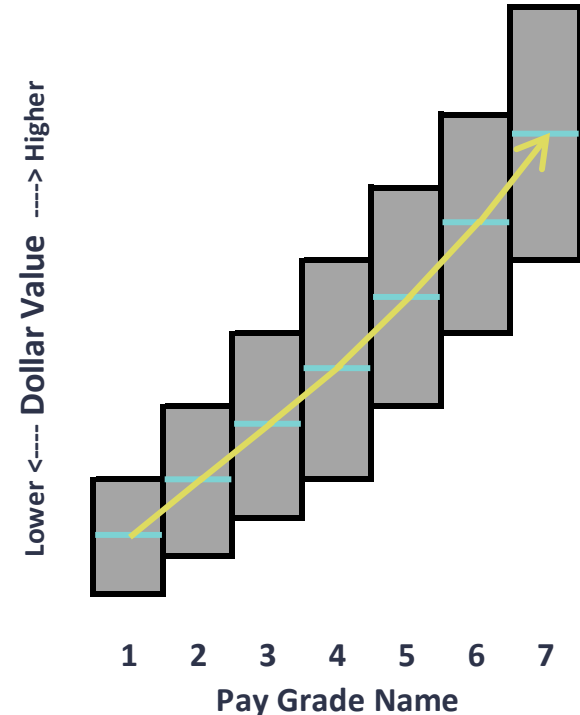
**C** - Yes, a pay range for like jobs

# Compensation Decisions – How to Play Smart

## Anatomy of a Pay Structure

- A pay structure is the formal hierarchy of the organization's pay grades and it should be aligned with the base pay strategy.
  - **Blue bars** are the control point of each grade.
  - The **green line** represents the organizations base pay policy which is derived by connecting adjacent grade midpoints.
- An organization can have several pay structures defined by geography, major function, classification, or business unit.

Pay Structure - Example

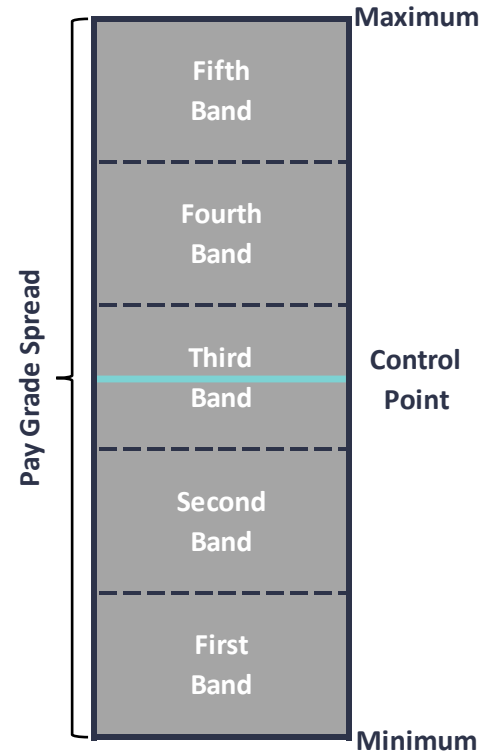




# Compensation Decisions – How to Play Smart

## Anatomy of a Pay Grade

- A pay grade is a tool that allows for base pay management of comparably valued jobs.
- It contains two extremes, the minimum and maximum and a target value in this case called a Control Point or in some cases a “midpoint”.
- To enhance the base pay management utility of a pay grade, it is usually divided into bands; five bands are displayed in this approach.



# Compensation Decisions – How to Play Smart

- Maintain and adjust your compensation system each year
- Communicate transparently to employees about fiscal constraints
- Determine annual pay increase budget by Cost of Labor rather than Cost of Living
- Conduct a compensation study (data-driven decision making) rather than gut-driven increases or providing broad increases
- Restrain from building pay structures based on job title alone





## Conclusion and Questions

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# Key Takeaways

- Don't ignore workforce realities
  - Address the greatest risk in your organization
- Maximize compensation policies and create pathways for growth
- Promote a healthy work culture



# Thank you!



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