

A photograph of three young men of African descent, looking thoughtfully at each other in conversation. The image is overlaid with a semi-transparent red filter.

# Pay Equity

## A Hub ONE Priority for Advancing Missions

JANUARY 2022



**When pay is low and burnout is high, talented people struggle and often leave in search of a better work life. Such problems are pronounced in many nonprofit organizations and threaten their very reason for being. How can an organization address society's most complex, deeply rooted challenges without basic human resources infrastructure?**

Passionate about creating real impact and improving the outlook for their community, a group of four nonprofit leaders on a quest to build better ways to fulfill their missions began to surface human resources issues at odds with their goals. They saw how staff turnover eroded quality service delivery and that many of their employees were sacrificing their own wellbeing to do the work amid surging demand, while they themselves were living in poverty and qualifying for some of the services they were providing to others. The leaders knew that low pay, lacking benefits, and inadequate infrastructure could no longer be overlooked.

Compensation equity quickly became a focus when these four organizations launched Hub ONE, a joint venture to transform *how* the nonprofit sector serves people and solves problems in their region—and beyond.

Hub ONE organizations include Big Brothers Big Sisters of Southwest Michigan, Prevention Works, Urban Alliance, and Boys & Girls Club

of Greater Kalamazoo. While their missions and models vary, all focus on reducing and alleviating poverty.

### **Pay equity makes it possible**

Together, Hub ONE organizations identified five strategic priorities to transform their collective work and results—all of which depend on capable, confident, consistent staffing:

- **Optimize operations**
- **Reimagine and restructure the systems in which we work**
- **Build shared infrastructure**
- **Deliver effective, efficient, equitable services**
- **Monitor and share impact of model**

**Stryker Johnston Foundation** partners with Hub ONE in a trust-based philanthropy model that provides the support and flexibility the nonprofits need to experiment on all aspects of this transformation.

### **A RESOURCE FOR NONPROFITS AND FUNDERS**

This is the first of a two-part case study sharing the journey of Hub ONE to rectify long-standing issues of nonprofit staffing, structure, and compensation.

# The Effects of a Tradition of Scarcity

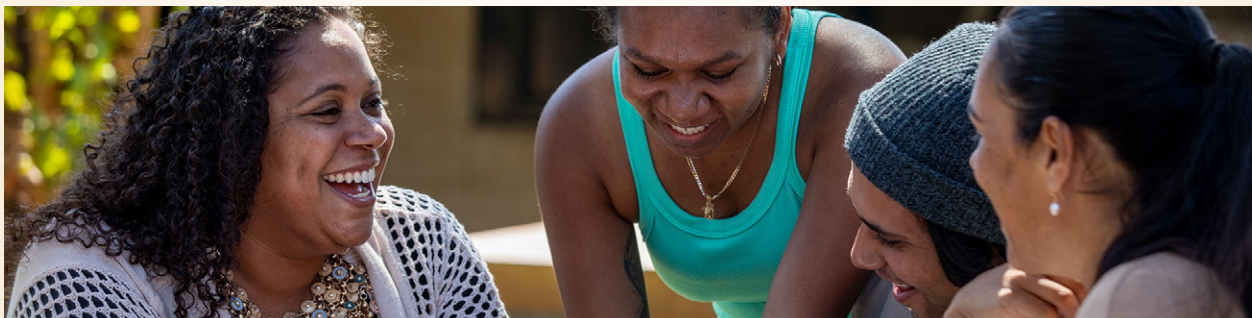
Hub ONE leaders were aware that the forces they were attempting to shift were much bigger than their own organizations. With deep experience as leaders navigating the realities and challenges of the nonprofit sector, all were well acquainted with a scarcity mindset that pressures organizations to operate as leanly as possible and sometimes more so. In this view, adequate pay and basic organizational functions like human resources can look like luxuries when pitted against program investments—despite the fact that it takes talented staff to design and deliver quality services.

There is often a disconnect between how nonprofits and foundations view “support.” In a recent survey of hundreds of nonprofit and foundation leaders, only 43% of those leading nonprofits said their funders are willing to provide financial support to strengthen overall agency health, which is often considered “overhead” and therefore not a priority investment. Surprisingly, while 95% of foundation leaders said they care about the overall health of the nonprofit organizations they fund, only 32% of these foundation leaders reported providing operating support to a majority of their grantees. Specifically, nonprofits ranked their need for staffing support second only to support for fundraising. But for foundation leaders, staffing support didn’t even make the list of top grantee needs.<sup>1</sup>

All Hub ONE organizations were experiencing high rates of turnover. For one of these nonprofits, it was 400%, even before the COVID-19 pandemic sent community needs surging, disrupted work plans and processes, and further strained tight budgets and stressed-out staff. A national study released right before the first U.S. outbreak showed extremely high turnover rates in the sector; 45% of nonprofit leaders planned to change jobs within the next year, and 23% said they’d leave the sector. About half planning to leave cited low pay as a primary motivator. An increasingly tight labor market, rising wages in other sectors, and inflation make this situation even worse.<sup>2</sup>

**“We saw burnout among our employees, and we were feeling it ourselves as leaders responsible for fulfilling a mission amid a major human resources problem. Traditional funding models frequently don’t allow for this kind of support. And often, it’s really hard to have honest conversations with funders about challenges like this and how they can help.”**

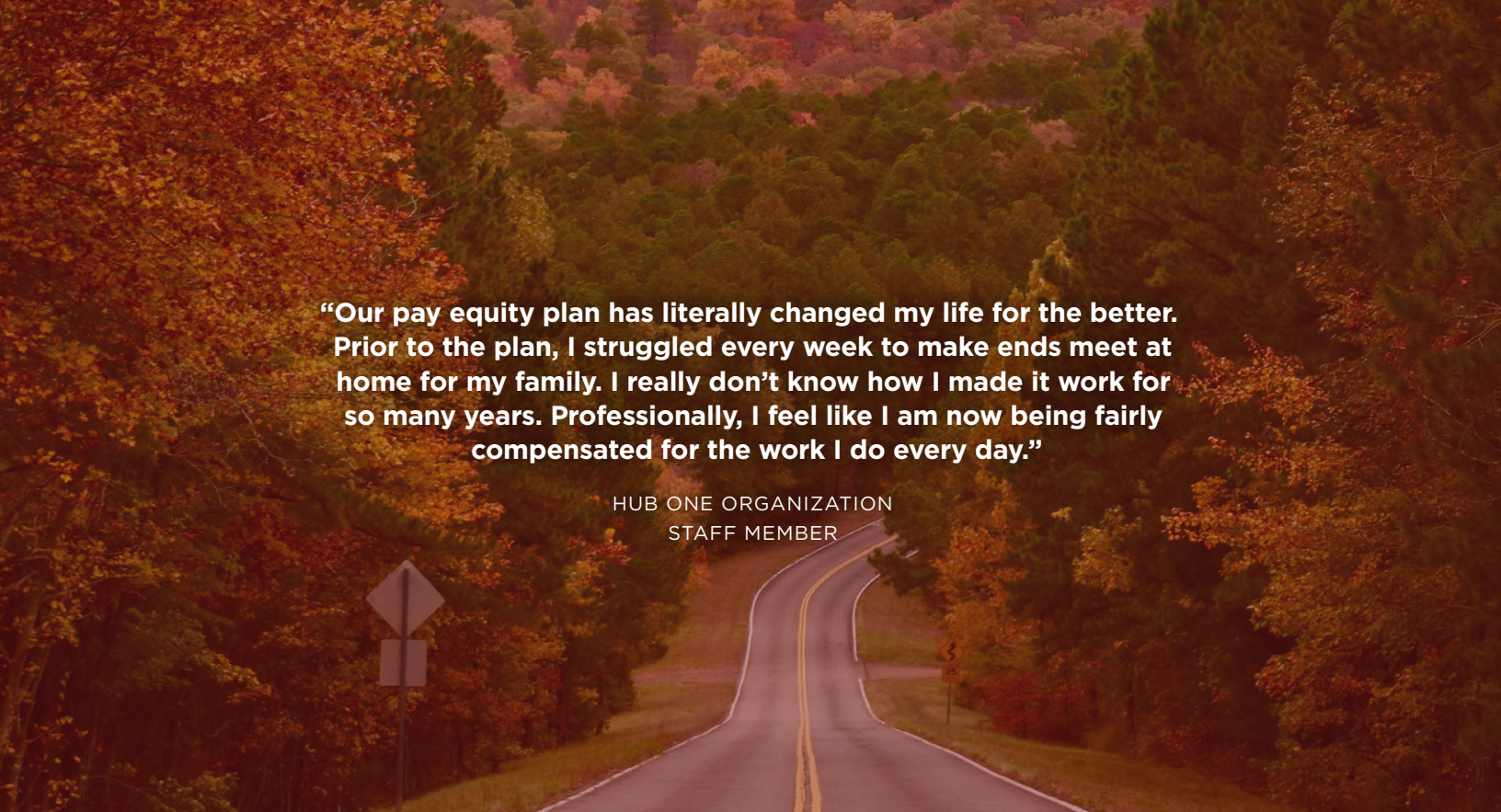
AMY KUCHTA, CEO, BIG BROTHERS BIG SISTERS OF SOUTHWEST MICHIGAN



1 [http://cep.org/wp-content/uploads/2018/10/Strengthening\\_Grantees\\_FNL\\_forwebsite.pdf](http://cep.org/wp-content/uploads/2018/10/Strengthening_Grantees_FNL_forwebsite.pdf)

2 <https://www.forbes.com/sites/chrisstrub/2020/02/10/nonprofithr/?sh=4b835c0315ca>





**“Our pay equity plan has literally changed my life for the better. Prior to the plan, I struggled every week to make ends meet at home for my family. I really don’t know how I made it work for so many years. Professionally, I feel like I am now being fairly compensated for the work I do every day.”**

HUB ONE ORGANIZATION  
STAFF MEMBER

Deficient nonprofit personnel practices over decades have also had a negative effect on equity within nonprofits and the good they’re capable of doing. While American communities are richly diverse, nonprofit leaders are typically much whiter than the populations they serve.<sup>3</sup> More than 75% of nonprofit employees are women, yet those leading the most affluent, influential organizations are overwhelmingly male.<sup>4</sup>

## THE PRICE OF UNDERFUNDING HUMAN RESOURCES

Hub ONE organizations knew first-hand the effects of handling staffing on a shoestring budget:

- Diminished organizational capacity to attract, retain, and develop talent
- Compensation below market rates and cost of living
- Accelerated burnout and resignations
- Persistent staffing demographic disparities

While Hub ONE organizations were aware of these issues and how inadequate compensation steadily undercut their ability to do their best work, it wasn’t until they attempted a close collaboration and coordination of services that they fully appreciated the problem. Aware that many funders would like to see nonprofits align around collective action and impact, their own earnest, self-led attempt showed how nearly impossible cross-organizational collaboration is without a well-compensated staff and a healthy human resources function—including fundamentals like accurate job descriptions.

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3 <https://philanthropynewsdigest.org/columns/mycareer-pnd/perceptions-of-diversity-in-the-nonprofit-workplace>

4 <https://www.missionbox.com/article/127/nonprofit-leadership-is-there-a-gender-gap>



# Envisioning Nonprofit Pay Equity

From the outset of their venture, Hub ONE leaders prioritized equity as a core value. They wanted to help produce more equitable outcomes for people living in greater Kalamazoo, and they recognized that without operating in equitable ways themselves, they'd never get there. Staff compensation was a glaring gap.

Together they envisioned a future where all Hub ONE organizations are able to nurture the diverse and talented people they need to fulfill their missions effectively and efficiently—and to come to the table as strong, authentic collaborators with other nonprofits, with funders, and with community.

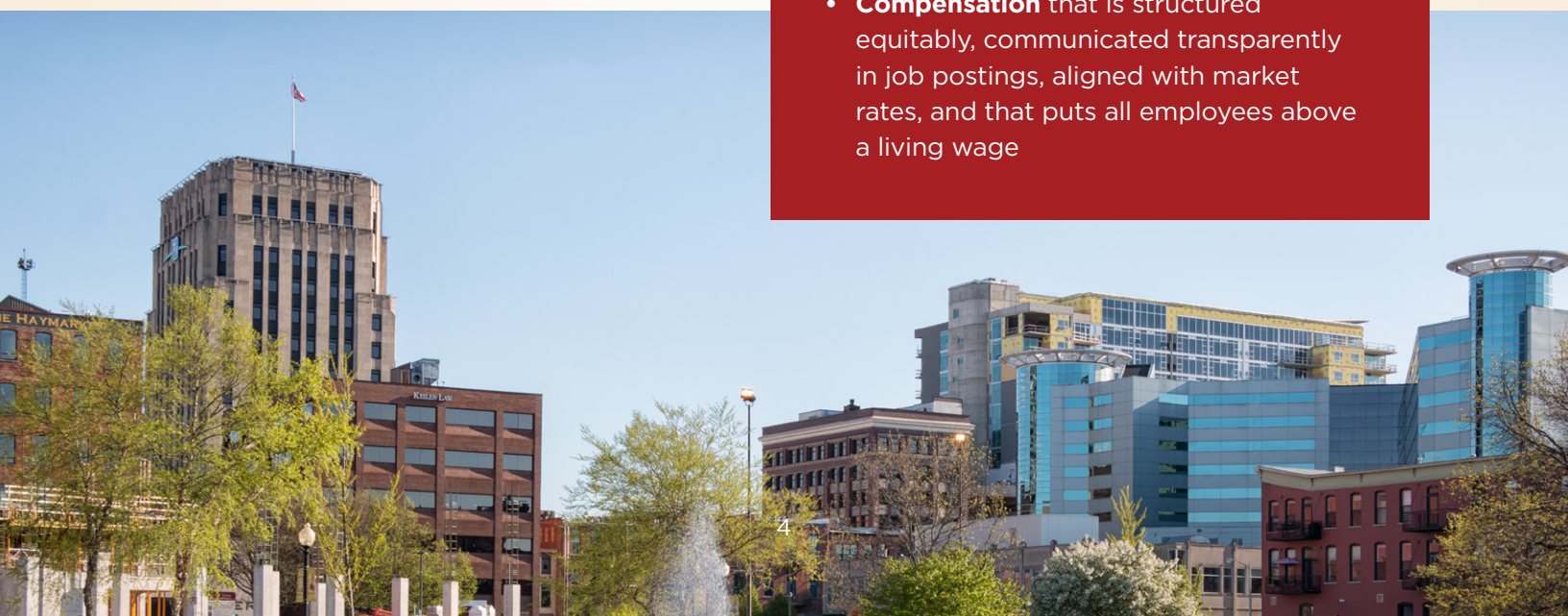
In pursuit of this vision, they gained an appreciation for the interrelationship between every element of human resources. For example, they needed to address the scarcity mindset among themselves and with funders to secure higher employee pay. They needed to clarify job descriptions to set new salaries. Key skill sets and job functions needed to be matched with appropriate compensation to attract and retain talented people. Job descriptions needed to work in harmony as part of an organization chart optimized for mission fulfillment. And all of these efforts needed to be supported throughout the life and growth of the organizations and their employees over time.

**“Nonprofit compensation equity is complicated. Employee salaries don’t exist in a vacuum. We began realizing that we needed to rethink almost every aspect of human resources. There isn’t a model for what we’re trying to do—we have to break new ground and try new things.”**

DANIELLE SIELATYCKI, CEO,  
PREVENTION WORKS

## HUB ONE COMPENSATION EQUITY GOALS:

- **Organizational charts** structured to optimize strength and mission fulfillment
- **Human resources policies** and professional capacity to support employee performance evaluations, development, and accountability
- **Job descriptions** that are accurate and current for all employees, plus employment contracts for executive leaders
- **Compensation** that is structured equitably, communicated transparently in job postings, aligned with market rates, and that puts all employees above a living wage



# Early Lessons in Pursuit of Pay Equity

As the Hub ONE teams explored ways to achieve compensation equity, they began to identify questions and observations deserving special attention:

## Working with professionals

Hub ONE partners collaborated with experts in human resources and compensation, and they've found guidance from these professionals to be extremely valuable to their progress to date.

## Benchmarking beyond the sector

Because ultralow pay is widespread among nonprofits, it's necessary to look outside of the sector to understand market rate pay for similar roles and responsibilities. Until the pay equity situation improves in the sector, benchmarking against other nonprofits simply perpetuates the problem.

## Reassessing job descriptions

Under pressure to keep costs low, it's common practice for staff titles to be awarded in lieu of pay raises. This leads to inconsistencies in roles and responsibilities within and across organizations, which complicates efforts to collaborate. Getting job descriptions right can involve an audit of skills needed and present within the organization.

## Considering the whole package

Burnout and resignations are the product of low pay and other factors. Nonprofits need to consider the employee experience holistically, and seek employee input on benefits, work tools, professional development, roles, recognition, and other conditions for thriving on the job.

## Applying an equity lens

Over decades, established nonprofit employment practices have resulted in staff and leadership that look very different from the communities they serve, and it's time to change that. Every element of compensation and human resources must be scrutinized to address norms that are perpetuating bias and imbalance across race, gender, and class.

### **Adequate pay is essential, but it's not the only thing.**

In employee surveys following pay raises and restructuring, Hub ONE partner organization staff said they felt more valued and also appreciated improved lines of site toward opportunities for promotion.





## Shedding the scarcity mindset

Nonprofits and their employees often face a false dichotomy: It's us or the mission—that dollars spent on salaries and infrastructure are selfish and somehow subtract from social good. Embracing a mindset of investment and growth requires real culture change and all the intentionality, education, and time that takes.

## Partnering in trust-based philanthropy

Nonprofits can't achieve pay equity alone. They need mindshare and partnership with funders who are willing to have honest conversations about true costs, provide multi-year support that organizations can better plan on, and help build enduring nonprofit capacity. Read more in this [trust-based philanthropy case study](#).

**“Since making changes to specific roles to align with our vision, mission, and new pay structure, we have seen a significant increase in the talent and experience level of individuals hired to fill key positions, as well as a rise in expectations, motivation, and performance across all positions.”**

MATT LYNN, CEO, BOYS & GIRLS CLUB OF GREATER KALAMAZOO

**“As Hub ONE has been reaching out to others to expand our perspective on pay equity, we've realized that the demand and energy for this work is really high. That's very encouraging.”**

CHRIS POMPEY, EXECUTIVE DIRECTOR, URBAN ALLIANCE

## MORE TO COME

The Hub ONE journey toward pay equity is still very much in progress. In part two of this case study, the team plans to share specific strategies and details on how they are structuring human resources and pay, as well as more on the challenges they experience, what they're doing to overcome them, and lessons learned along the way.

**Ready to start the conversation?** While there's much to do and learn about nonprofit pay equity, sparking a conversation with your organization's leadership and board of directors around this topic and the strength of your human resources infrastructure is a great place to start. Even a small start, from wherever you are, is progress.



HubONE