Step 4: Determining the Job Rate for Each Job Class

PAY EQUITY OFFICE
BUREAU DE L'ÉQUITÉ SALARIALE

4_1_Intro <Narrator>
In this video, we will go over Step 4 to demonstrate how to determine the job rate for each job class.

4_2_DefineJobRate_1 <Narrator>
Haifa & Lucien, owners of Upcycled Fashion, just finished giving each job class a point value in step 3. They are now referencing employee contracts and payroll records to determine the job rate for each job class.

4_2_DefineJobRate_2
<Lucien> Now we have to input the job rates for each job class. What does job rate mean exactly?

4_2_DefineJobRate_3
<Haifa> Job rate means the highest rate of compensation for any given job class.

4_2_DefineJobRate_4
Compensation includes all payments and benefits, such as salary or wages, health insurance, commissions, bonuses, tips, etc. So if we want to figure out the job rate of our Full Time Sales Associate job class, for example, we would need to determine who gets paid the most in combined wages, commissions, and benefits. Then we would have to calculate that as an hourly rate and input that number in the Toolkit.

4_2_DefineJobRate_5
Since we don't have a formal compensation framework, we will use the maximum paid to any employee within the job class. If we had a formal compensation framework, such as salary ranges, we would use the maximum of the salary range as the job rate.

4_2_DefineJobRate_6
<Lucien> What is the purpose of doing this? Can't we just input everyone's salary and be done with it?

4_2_DefineJobRate_7
<Haifa> We can't do that because not all of our employees are paid the same way.

4_3_ExplainPurpose_1
<Haifa> For example, the job class of Full Time Sales Associate gets paid a salary plus commission and benefits, whereas the job class of Part Time Customer Service gets paid

an hourly wage plus commission but no benefits. Some of our back office staff, like our Accountant, have access to benefits but don't earn commission.

4_3_ExplainPurpose_2
Since they are not identical, we need to quantify all these different pay arrangements into one consistent rate so that we can compare all compensation equitably. This will help us ensure that similarly valued job classes are compensated equitably.

4_4_ExampleAssigningJobRates_1
<Lucien> Let's start with the Full Time Sales Associate job class. I know that Binita is receiving the highest salary of the associates and she usually makes more in commission than Arthur and Tamara.

4_4_ExampleAssigningJobRates_2
<Haifa> Sounds good, let's try calculating her job rate. We know that her base salary is $41,000 per year. Do you have an idea how much she is making in commission?

4_4_ExampleAssigningJobRates_3
<Lucien> She is now averaging $1,000 per month, can you believe how well she is doing?!

4_4_ExampleAssigningJobRates_4
<Haifa> That's so great, go Binita! Do you think this is an amount that is achievable by the rest of the full time sales team?

4_4_ExampleAssigningJobRates_5
<Lucien> Yes, last month Tamara came quite close and I'm sure Arthur will too once he has been in the position for a bit longer.

4_4_ExampleAssigningJobRates_6
<Haifa> Okay, so Binita is the highest-paid member of the job class at the moment. That means we use her salary to determine the rate for the class. Let's say Binita is making an additional $12,000 in commission. Now we need to add the value of the benefits. Do you know how much that is?

4_4_ExampleAssigningJobRates_7
<Lucien> It is $5,500 per year.

4_4_ExampleAssigningJobRates_8
<3> <Haifa> So if we add her salary, commissions, and benefits, we end up with $58,500/year. If we divide this number to an hourly rate, we get $28.13/hour.
<4> So $28.13 is the job rate for the Full Time Sales Associate job class.

4_4_ExampleAssigningJobRates_9

<Lucien> Since the business is doing so well, should we think about establishing a more formal compensation framework with defined salary ranges and such?

4_4_ExampleAssigningJobRates_10
<Haifa> That's something we should definitely talk about. However, we need to make sure we give ourselves enough time to discuss all the decisions that would go into it. Our pay equity analysis may influence the way we design our formal compensation framework, so we should finish our work in the toolkit first.

4_4_ExampleAssigningJobRates_11
<Lucien> Agreed. Let's finish calculating the rest of the job rates and discuss that later!

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