JUST Capital's Modeled Wage Data Points, Explained
Powered by a Partnership Between JUST Capital and Revelio Labs

AUGUST 2023

Each year, JUST Capital's polling reveals that paying workers a fair, living wage is the top priority for the American public when it comes to just business behavior. But actually measuring whether each company we rank pays its workers fairly can be challenging due to limitations in publicly available data – which mostly focuses on pay equity and minimum wage – and non-standardized reporting on compensation. That's why our annual Rankings rely on models to estimate the state of wages among Russell 1000 companies.

OUR MODELED WAGE DATA POINTS

We've partnered with **Revelio Labs** – a workforce intelligence company that is working to create the first universal HR database – leveraging their unique company- and employee-level datasets and modeling capabilities and creating **estimates for three key wage data points used in our annual Rankings:**

1. Median U.S. Worker Pay (to compare to CEO Compensation)

2. Share of U.S. Workers Earning a Living Wage

3. Relative Pay Within Industry Score

HOW IT WORKS
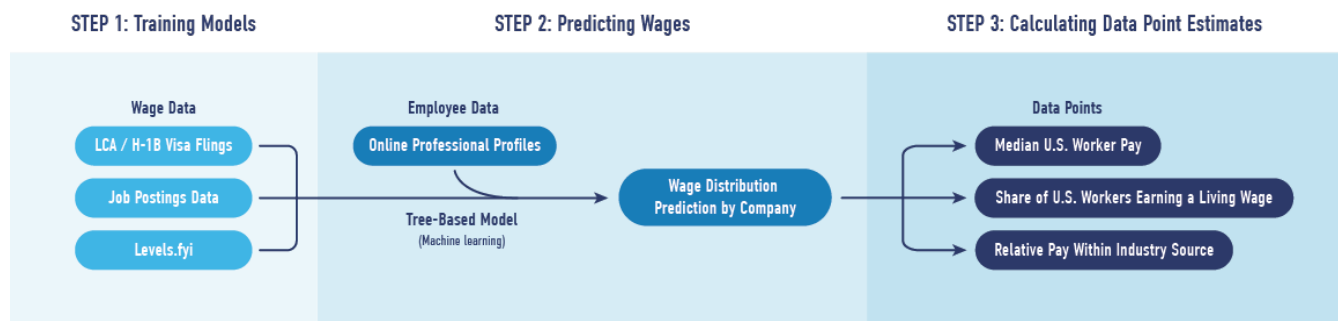
STEP 1: Training Models

Revelio Labs uses various raw data sources as inputs to teach a model or algorithm to help predict the wage or salary of a new or hypothetical worker. These "training" data sets include employer-level data from (1) Labor Condition Applications (such as H-1B Visa filings) from the Department of Labor; (2) online job postings data from job boards; and (3) crowdsourced data from employees at tech companies from Levels.fyi or Glassdoor. All of these datasets include information about workers – including titles, occupations, tenure, location, and other characteristics – as well as their salaries.

STEP 2: Predicting Wages

The probabilistic tree-based model — a type of machine learning algorithm — trained on the raw datasets helps predict a salary distribution (including medians, means, and quantiles) for each worker who identifies themselves on online professional profiles as working for the company, assuming they work full-time. The resulting position-level salary distributions are adjusted according to known hourly minimum wage thresholds, first for each company or parent company, and at the most granular location — Core-Based Statistical Area (CBSA), state, or national — that can be extracted or inferred for each position. To ensure that the employee distribution is not biased toward specific types of workers — like corporate or professional staff — that may be overrepresented in an online-only population, Revelio Labs also creates a representative sampling weight for each individual at a given company based on data from other sources like the Bureau of Labor Statistics.

STEP 3: Calculating Data Point Estimates

The salary distributions are then used to calculate estimates for (1) the median worker pay for the company's U.S. workforce, which is used in comparison to CEO Compensation data from CAPIQ; (2) the share of the company's U.S. workers earning a family-sustaining living wage, aggregated from regional data in the MIT Living Wage Calculator (based on the required wage rate for one worker in a family of two adults and two children to meet their basic needs in 2023). The living wage thresholds are determined by the most granular among CBSA, state, and national that can be mapped to the geography of each worker at the company; and (3) the relative pay score within the company's industry, which averages the percent difference between the company's median U.S. wage by occupation and the median wage for each company ranked by JUST Capital in the same industry. Each estimate assumes that workers are full-time in the U.S., corresponding to 40 hours of work per week for 52 weeks in a year.

HOW IS THIS DIFFERENT THAN PREVIOUS YEARS?

For company representatives who have previously engaged in our corporate review period, or for other researchers who have been following our work on wages, you'll notice that this method builds upon how JUST Capital has been modeling these three wage data points since 2022. We have rigorously vetted this updated methodology and output values for each company, and there are three main enhancements we've made to improve data quality to note. This model now:

- Accounts for the geographical distribution of company workforces and leverages local living wages. For the first time, we are comparing each estimated worker salary to its corresponding local living wage as determined by the MIT Living Wage Calculator. Revelio utilizes this data, mapping MIT locations to locations of workers in its own data set to help identify whether companies are paying a living wage that covers the unique local costs of basic needs.

- Captures more completely and precisely each company's presence in raw online profile data through improved company mapping methodology.

- Leverages company disclosures on minimum hourly wage to adjust the position-level salary distributions.

Please reach out to our Corporate Engagement team at corpengage@justcapital.com with any questions.