

# JUST Capital's Modeled Wage Data Points, Explained

## Powered by a Partnership Between JUST Capital and Revelio Labs

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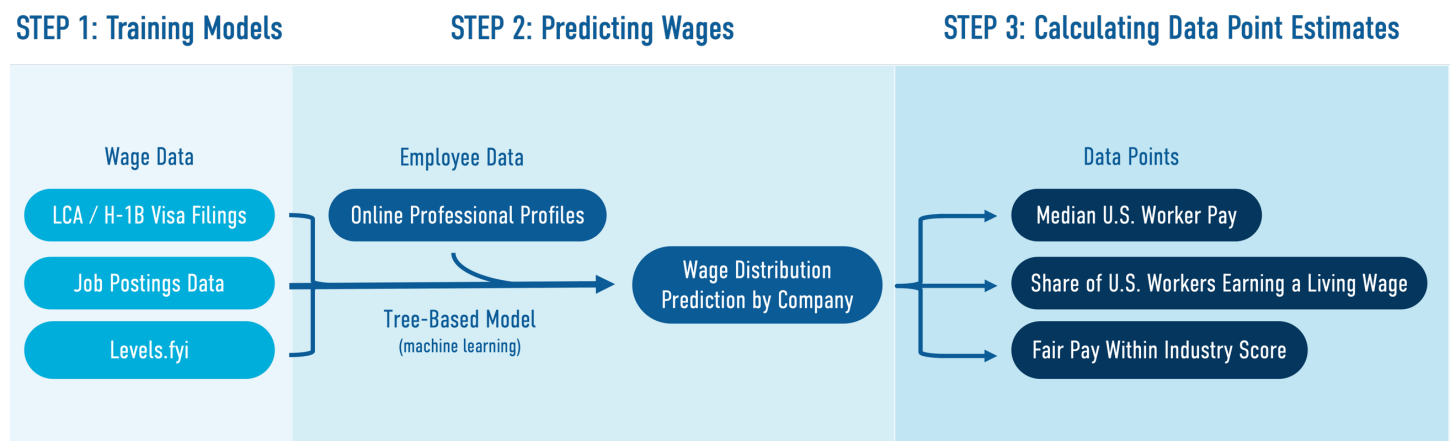
Each year, JUST Capital's polling reveals that paying workers a fair, living wage is the top priority for the American public when it comes to just business behavior. But actually measuring whether each company we rank pays its workers fairly can be challenging due to limitations in publicly available 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 labor market data provider that is working to create the first universal HR database, to leverage their unique employer-level datasets and modeling capabilities and create 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 Fair Pay Within Industry Score

## HOW IT WORKS



### STEP 1: Training Models

Revelio Labs uses three raw data sets 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) aggregated online job postings data; and (3) crowdsourced data from employees at tech companies from Levels.fyi.

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 by 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. 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 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 national living wage, aggregated from population-weighted county-level data in the MIT Living Wage Calculator of \$24.16 per hour (requirement for one worker in a family of two adults and two children to meet their basic needs in 2022); and (3) the fair 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 is a departure from how JUST Capital has modeled these three wage data points before 2022. We have rigorously vetted this new methodology and output values for each company, and there are four main enhancements we've made to improve data quality to note. This model now:

- Leverages more company-specific underlying data and much greater transparency about its sources.
- Utilizes machine learning modeling methods, as opposed to input-output models of prior years.
- Increases our national living wage threshold, based on a robust feedback process we conducted with external experts that identified a larger family composition (two full-time workers and two children).
- Simplifies the fair pay by industry score, moving away from average percentile ranks to average percent differences.

**Interested in learning more?** Please reach out to our Corporate Engagement team at [corpengage@justcapital.com](mailto:corpengage@justcapital.com) with any questions.

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