First, determine your reasoning. Why are you requesting an increase to salaries? Three major justifications are:

- **Merit**
- Cost of Living Adjustment, and/or
- Market Comparability

**Merit**

- For merit based pay increase justifications, you need to have a system in place where employees receive a score for their annual performance evaluation and there is a range of percentage based wage increases associated with different score ranges, or a similar system you use to objectively determine what increase an employee has earned above and beyond a cost of living adjustment.

- For example, if someone scored 90 (scale of 100) on their annual evaluation and that equates to a 5% pay increase in your salary increase range chart, then you can justify that amount of pay increase on a merit basis. *Funding is requested to increase the salary of the Program Director from $60,000 to $63,000 based upon an annual performance evaluation score of 90, which falls within the organization’s scoring range (80 – 90) for a 5% merit-based pay increase in year 1.*

**Cost of Living Adjustment**

- Do some research on the cost of living index to determine current cost of living increases and/or predictions for future cost of living increases, if available, and cite it

- For example, *The funding request for year two includes a 3% increase in salary to cover anticipated cost of living increases, bringing the Program Directors salary closer to the 75th percentile of wages at comparable nonprofits at $70,555 x 10% CVS = $7,056 to help ensure the organization can compete with comparable nonprofits and support staff retention.*

**Market comparability**

- Use the Colorado Nonprofit Association’s bi-annual salary and benefits survey

- For example: *Funding is requested to increase the salary of this position from $60,000 to $68,500 to bring wages closer to the 75th percentile of comparable nonprofit salaries for Program Director positions with a human services focus, operating in Metro Denver, with a budget in the range of $1,000,000 to $2,490,000, and for an employee with nearly thirty years of experience in the nonprofit sector and nine years at CCADV, or $71,000 according to the 2016 CO Nonprofit Salary and Benefits Survey. It is critical for CCADV salaries to at least be average to above average in order to begin to be competitive in the Colorado nonprofit market.*