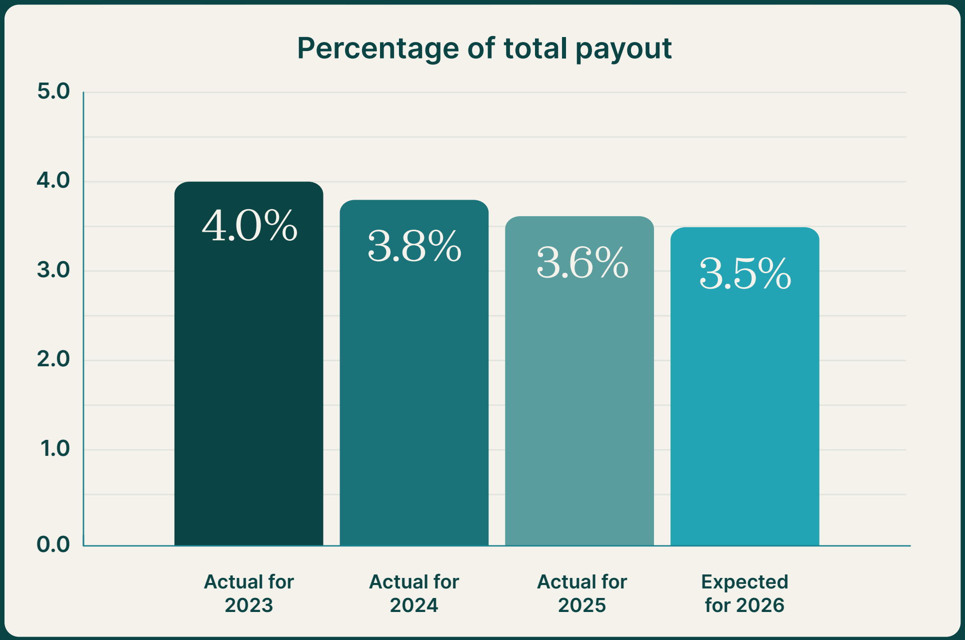
Payscale

How to get leadership buy-in on your comp budget

Expected pay increases in 2026

Employers are planning a 3.5 percent base-pay increase in 2026. With cooling inflation and a tighter labor market, organizations have pulled back on increases in recent years.



"Salary Budget Survey," Payscale, July 31, 2025

Salary budget surveys serve as a good starting point. They offer a baseline for what you might expect to pay to retain talent.

But every organization will have different goals with its budget. And every HR practitioner should strive to connect comp budgets with business objectives.

Some in HR struggle to secure leadership buy-in on their budget. The reason? They can't express their goals in a language leadership understands. They fail to align with Finance thoughtfully.

This guide offers tips for creating comp budgets that resonate with leadership.

1. Speak early and often with Finance

It's a weak cliche: Finance does the math, while you nurture internal culture.

Your CFO focuses on quantitative metrics like budget variance and expected margin, while you focus on employee sentiment.

There is some truth to this characterization. You do care about employee wellbeing, while Finance sees employees as numbers on a spreadsheet.

The key to resolving this tension is transforming yourself from someone asking for more money into someone solving problems.

Let's look at a scenario.

Leadership wants to cap salary increases at 4 percent. But you've determined you need another $300,000 to achieve your compensation goals, amounting to a 5 percent increase.

You desire this increase to a) get every employee within range according to your comp strategy and b) give top performers higher salary bumps.

But before knocking on your CFO's door, think through these questions:

In a worst-case scenario, which underpaid employees are worth fighting for? Low performers or roles that can be easily backfilled may not be worth the ask. ?

What's the actual likelihood of employees leaving if they don't receive a raise? ?

What's the impact on the business, department, or team if employees do leave? ?

This type of strategy discussion requires ongoing collaboration with Finance through regular meetings and planning sessions. Consistent touchpoints are crucial in translating your people initiatives into the business vocabulary leadership understands and values.

[Compensation metrics CFOs will rally behind.]

"During pay planning cycles, when talking to leadership, we can show them real-time data — like what larger pay trends we can see."

Amy Leckinger
Principal Compensation Business Partner
ZoomInfo

2. Learn the language of leadership

Do you know leadership's financial KPIs? Expected margins? EBIDTA? Billings? Return on assets?

Any of this sound familiar?

You don't have to become a finance expert, but you should absolutely know the metrics that keep your CFO up at night.

Speaking the language of leadership might be as simple as reframing your approach in budget conversations. Let's look at some examples.

Leadership operates with hard budget constraints where every dollar spent means a dollar not invested elsewhere. The moment you frame compensation as strategic options with measurable outcomes is the moment you start speaking leadership's native tongue.

Instead of	Say
"Market rates have increased."	"Raising salaries will improve our time-to-fill, accelerating revenue generation as we scale."
"We need to fix our pay equity issues."	"Settling a single employee discrimination claim costs $45,000 on average, not to mention the reputational damage and millions it might cost if it goes to trial."
"We need to increase salaries to retain top IT talent."	"A 5% salary increase for IT will reduce turnover by 6%, saving $615,000 in hiring costs." **Make sure you show your CFO proof. For instance, does exit data demonstrate employees in IT are leaving because of low pay?**

3. Embrace a tradeoff mindset

What's more meaningful to your employees? A better 401k match or an annual bonus?

This is your moment to shine as an HR leader. You have a pulse on what actually motivates your workforce, and leadership needs your insights to make an informed investment.

You won't make everyone happy, but you can maximize performance by directing your budget toward what drives results.

Let's look at some of the perks, benefits, and other rewards organizations offer their employees.

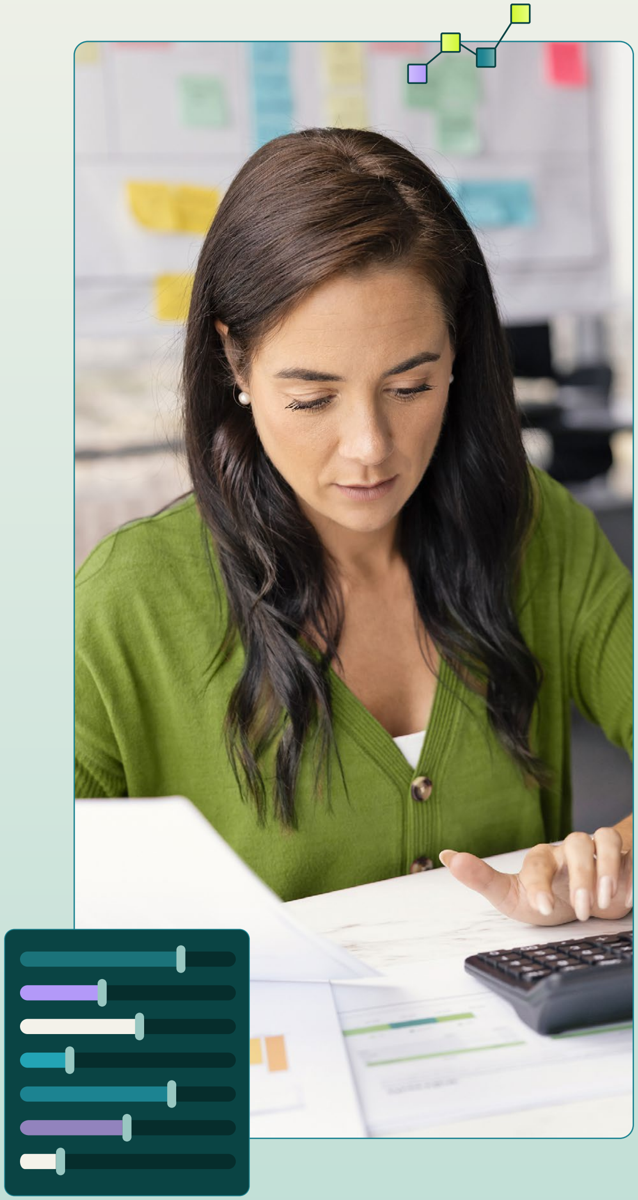
Benefits

	2024	2025	Difference		2024	2025	Difference
Menopause leave	1.5%	2.3%	0.8%	Unpaid sabbatical	7.2%	5.8%	-1.4%
Work-from-home stipend	7.5%	8.0%	0.5%	Financial advisor/debt services	16.5%	15.1%	-1.4%
Menstrual leave	2.1%	2.5%	0.4%	Long-term disability	63.6%	62.0%	-1.6%
Unlimited PTO	12.2%	12.5%	0.3%	Pension	15.9%	14.1%	-1.8%
Commuter allowance	9.2%	9.5%	0.3%	Ability to work fully remote	26%	24%	-2%
Travel benefits/perks for frequent travelers	7.2%	7.2%	0%	Extended family leave	19.1%	16.9%	-2.2%
Mental health or total wellness program	52%	52%	0%	Vision insurance	73.7%	71.2%	-2.5%
Gym membership or reimbursement	18.2%	18.2%	0%	Employee assistance	59%	56.3%	-2.7%
Student loan repayment	7.3%	7.1%	-0.2%	Accrued or granted PTO	53%	50.2%	-2.8%
Paid sabbatical	6.6%	6.4%	-0.2%	Flextime	19.4%	16.4%	-3%
Paid or subsidized childcare	5.8%	5.6%	-0.2%	Life insurance	71.9%	68.8%	-3.1%
Four-day workweek	7.9%	7.5%	-0.4%	Paid vacation (reimbursed)	31.6%	28.3%	-3.3%
Short-term disability	61.0%	60.4%	-0.6%	Medical insurance	84.8%	81.2%	-3.6%
Stock/equity	17.3%	16.6%	-0.7%	Dental insurance	78%	73.9%	-4.1%
Paid lunch, snacks, or food allowance	14.8%	13.9%	-1%	401(k), 403(b), or other retirement contributions	63.4%	59%	-4.4%
Fertility or family planning services	10.5%	9.5%	-1%	Ability to work from home	48.9%	44.4%	-4.5%
Extended paid family leave	17.3%	16.2%	-1.1%	Education or tuition reimbursement	37.6%	33%	-4.6%
Accrued or granted sick days	44.1%	43%	-1.1%	Fixed holiday schedule	50.6%	45.1%	-5.5%
Pet insurance	18.6%	17.4%	-1.2%	Other	2.1%	2.3%	0.2%
Charitable contribution matching	9.7%	8.3%	-1.4%	None of the above	1.22%	2.30%	1.1%

"Compensation Best Practices Report," Payscale, March 20, 2025.

If you can't give employees a higher pay increase, maybe you can offer them the option to work from home. Maybe stock options make sense instead of a salary bump. Every workforce has unique motivators, and it's your job to pull the right levers.

Understanding your workforce's priorities is your competitive advantage in crafting a budget. But to truly influence leadership, you need to quantify these insights, turning employee preferences into data-driven comp plans they want to approve.



4. Communicate your comp math

Every HR team needs a numbers person. Becoming an HR practitioner who also understands business strategy? Now, that's the real challenge. Without someone who can translate HR metrics into business language, teams struggle to demonstrate their value.

This is your opportunity to educate them on your comp math.

- **Start** by walking them through your compensation strategy and the principles that guide how you price jobs.
- **Next,** present your market data. Explain the richness of your salary sources. Help them understand your competitive positioning and why meeting, leading, or lagging the market aligns with business objectives.
- **Finally,** tie it all back to measurable outcomes. Demonstrate how your comp math directly supports retention targets and recruitment goals.

The numbers tell a story, but they need the right narrator to bring them to life. When you confidently present your compensation plan along with business outcomes, you become a partner to leadership, offering up critical insights on their largest budgetary line item.

More powerfully still, when Finance becomes your advocate, you gain a powerful ally who can translate your comp strategy into decisions that reverberate across the boardroom.

5. Don’t go it alone

CFOs naturally speak the language other executives and board members understand — ROI, budget scenarios, and cost projections. While Finance and HR often operate with fundamentally different worldviews, bridging this philosophical divide isn’t impossible. It just requires healthy collaboration.

Once you recognize that Finance views every dollar in comp spend as a negotiation, not an entitlement, you’re already halfway toward building a business case for your budget.

Start by scheduling regular check-ins with Finance during budget planning. Share your compensation strategy and market data early, allowing your CFO to model different scenarios and understand the business rationale behind your recommendations.

When Finance understands why you’re proposing a specific salary increase (5 percent instead of 4 percent), they can help you present the numbers in a way that resonates with your org’s decision-makers.

Collaborate to create financial projections that show both the cost and value of your compensation initiatives. With Finance as your ally, you can quickly calculate key metrics, such as the actual cost of turnover, and provide budget scenarios that demonstrate financial responsibility.

When presenting to other executives or the board, let your CFO lead the financial narrative while you focus on the implications for your org’s talent strategy. This partnership demonstrates alignment on both the investment required and the outcomes expected, creating a unified front that’s difficult to challenge.

6. Adopt a compensation management system

Even the most strategically minded HR practitioners struggle to defend their decisions. Learning the language of leadership and addressing business outcomes only goes so far.

With the right compensation management system, you can truly let the data speak for itself. From real-time pay trends to rich data visualizations, compensation management systems show leadership the comp metrics that matter most.

Payscale takes compensation from the backroom to the boardroom. With our solutions, you're no longer reliant on stitching together spreadsheets and hoping the math works out.

Leadership knows if you're not confident in your data and decisions. And that's what Payscale delivers above all: confidence.

Confidence in your data. Confidence in business outcomes. Confidence to create a comp budget that resonates with leadership.

"We have to connect what we're doing to the business, and that's especially true when we're talking about compensation"

Lindsay Clayborne,
CHRP People Partner,
Cardata (Payscale customer)

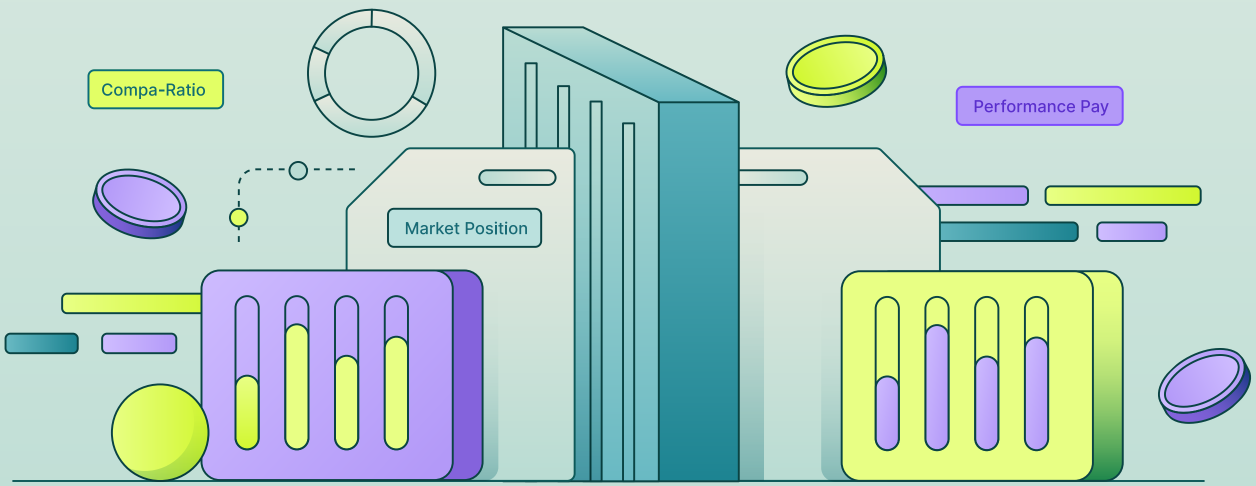
Let's talk

About Payscale

Payscale is the original compensation innovator for organizations who want to scale their business with pay and transform their largest investment into their greatest advantage. With decades of innovation in sourcing reputable data and developing AI-powered tools, Payscale delivers actionable insights that turn pay from a cost to a catalyst. Its suite of solutions — Payfactors, Marketpay, and Paycycle — empower 65% of Fortune 500 companies and businesses like Panasonic, ZoomInfo, Chipotle, AccentCare, University of Washington, American Airlines, and TJX Companies.

Create confidence in your compensation. Payscale.

To learn more, visit **www.payscale.com**.



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