



POLICY AND PROCEDURE MANUAL

Chapter:	Human Resource Management		
Title:	Compensation/Executive Compensation		
Policy: <input checked="" type="checkbox"/> Procedure: <input type="checkbox"/>	Review Cycle: Triennial Author: CEO/Human Resource Coordinator	Adopted Date: 08.2021 Review Date: 03.2024	Related Policies: Payroll Wage and Hour – Time Reporting Compliance Supervision Equal Employment Opportunity Employee Benefits Supervision

Purpose:

Hopeful Horizons (HH) strives to pay salaries competitive with those in our community and industry, recognizing individual effort and contribution to the success of the organization. This policy is established to provide guidelines for compensating all HHs’ directly employed positions.

Scope:

This policy applies to

- All HH Staff Selected HH Staff, as specified:
- HH Board Members HH Volunteers
- Other: Sub-contract Providers

Policy:

HH shall manage its compensation program in a fair and equitable manner in accordance with State and Federal Law. All compensation is subject to the financial status of the organization.

- A. **Salary/Wage Ranges:** Each HH position is assigned a salary/wage range. Salary/wage ranges are reviewed, at least annually, relative to the industry and community prevailing wages for comparable positions. An employee’s salary/wages shall be set according to experience and demonstrated performance within the range limits of the applicable grade. Periodic assessment of the Chief Executive Officer’s (CEO) wages shall be conducted by the Board Executive Committee with the support of Human Resources (HR). CEO compensation shall be consistent with industry standards for Non-Profit/Tax-Exempt organizations.

An employee’s total compensation is the value of their salary/hourly pay and all other monies paid on an employee’s behalf for benefits including health coverage, vacation, etc.

- B. **Salary/Wage Increases:** Salary/wage increases, if any, are reviewed at least annually as part of the budgeting process and are based on satisfactory work performance as demonstrated by routine supervision and the employee’s evaluation. HR shall establish procedures to detail the process for salary and wage changes for employees doing exceptional work and/or permanently adding responsibilities including the objective rational for any increase beyond Board-approved cost of living increases. The procedure shall also address the provision of temporary wage adjustments when an individual’s duties are expanded, to address an agency staffing need or special project, when the assignment is expected to last at least three months or more.

- C. **Bonuses/Stipends:** At the discretion of the CEO and when consistent with the Board approved budget, stipends may be approved for additional assigned duties or temporary coverage for a vacant position. The CEO may grant bonuses, consistent with the Board approved budget, for work that exceeds requirements/expectations, hiring or retention incentives, holidays, special occasions or other recognition.
- D. **Approval of Compensation:** Employee compensation is at the discretion of the CEO in accordance with Board approved policies, salary/wage ranges and consistent with a Board approved budget. The CEO's salary shall be negotiated with the Executive Committee of the Board and approved by the full Board.
- E. **Compliance:** HHS' employee compensation plan shall be administered consistent with the organization's commitment to Diversity, Equity and Inclusion, in accordance with HHS' Equal Employment Opportunity policy and in compliance with State and Federal Law, including but not limited to:
 - 1. **Employee Rights Postings:** As an employer of non-exempt employees, HH is subject to the FLSA posting requirements. HH shall post, and keep posted, a notice explaining the FLSA in a conspicuous location in all its workplaces. HHS' postings shall be in a size, format and language, which allows employees to readily read it.
 - 2. **The Equal Pay Act** prohibits discrimination based on sex in providing benefits as well as in the payment of wages.
 - 3. The **Civil Rights Act of 1964** makes it illegal to discriminate against a prospective or current employee with respect to hiring, compensation, promotion and benefits on the basis of race, color, religion, national origin or sex.

Communication and Training:

All employees shall receive general information regarding the administration of HHS' compensation program upon acceptance of an offer of employment. Employees shall be informed of substantive changes to the compensation plan as they occur.

Definitions:

- 1. **Bonus:** Something paid in addition to what is expected or strictly due: such as money or an equivalent given in addition to an employee's usual compensation.
- 2. **Exempt Employees:** Exempt employees are individuals who are not eligible for minimum wage, overtime regulations and other protections extended to non-exempt workers. These employees are typically part of the salary model of work, frequently seen in executive, supervisory, administrative and other professional positions. Exempt roles are not required to comply with FLSA standards, but rather it is expected that they will complete their job duties for the agreed-upon amount of pay, no matter how much time it takes.
- 3. **Non-Exempt Employees:** Non-exempt employees are individuals who are eligible for FLSA requirements, including the federal minimum wage and overtime pay for working more than 40 hours per week. While most non-exempt roles follow an hourly rate model, it's not uncommon for these employees to earn a salary or commission instead.
- 4. **Stipend:** The term stipend refers to a form of compensation that is paid to certain individuals for services rendered, other work, or while they receive training.

Other Related Materials:

Implementing and Documenting Supervision
Employee Evaluation and Periodic Performance Review
[Employee Rights Under the Fair Labor Standards Act](#)
Payroll Procedure

References/Legal Authority:

[Wages and the Fair Labor Standards Act, Wage and Hour Division, US Department of Labor, 2023.](#)
[Taxes on Excess Tax-Exempt Organization Executive Compensation, Internal Revenue Service, January 2021.](#)
[The Equal Pay Act](#)
[Civil Rights Act of 1964](#)

Change Log:

<u>Date of Change</u>	<u>Description of Change</u>	<u>Responsible Party</u>
05.2023	Updates the policy template; Adds CEO Compensation specific provisions; Adds Communication & Training, Definitions and References.	N. Miller, Prog Eval. Consultant
03.2024	Amends the policy to add clarification for bonuses and stipends and to require development of procedures to address salary and wage increases.	N. Miller, Prog Eval. Consultant in consultation with R. Lucovich, HR Spec.