



Human Resource Policy Manual

Subject: Compensation Program Policy

HR Policy: 500

Effective Date:

Board of Directors Approval: 10-21-11

MSHS Policy Council Approval:

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This Policy has been drafted as a guideline for our employees. Final interpretation of the items discussed will be governed by the applicable procedure statements and the Human Resources Department. It shall not be construed to form a contract between our employees and the operating units of Teaching and Mentoring Communities (TMC). TMC reserves the right to alter, rescind, or change any part or section of this Policy unilaterally and without prior notice.

1.0 POLICY

It shall be the policy of TMC to have a compensation program to compensate all its employees based on individual job performance levels, types of positions, duties, qualifications, skill levels, internal equity, and market salaries, comparable to similar sized companies in accordance with TMC's salary wage scale. TMC's compensation program shall consist of salaries and benefits including retirement, health, dental, vision, life, annual leave, sick leave, severance and/or retirement pay.



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2.0 PROCEDURES

- 2.1** The implementation of Policy 500 rests with the Corporation's President & Chief Executive Officer.
- 2.2** The Corporation's Senior Management Team will provide guidance and assistance to the President & Chief Executive Officer in the implementation of Policy 500.
- 2.3** The President & Chief Executive Officer and the Senior Management Team will meet as needed to review and evaluate all proposed changes to this Compensation Program including salary structures, organizational structures, job descriptions, wage comparability studies, benefits proposals and performance appraisals program.
- 2.4** Department Directors, Managers and Supervisors will be responsible for the day-to-day administration of this Compensation Program within the budget limitations and TMC's Policies and Procedures. They will be responsible for submitting proposed increases to staff within the guidelines of this policy and all other pertinent TMC policies.
- 2.5** Department Directors, Managers and Supervisors will be responsible for:
 - 2.5.1** Conducting individual performance appraisals.
 - 2.5.2** Recommending salary and promotional increases.
 - 2.5.3** Reviewing job descriptions periodically to ensure accuracy, and recommending salary level changes when the duties of a position change substantially.
 - 2.5.4** Communicating this policy to new and existing employees.

3.0 COMMUNICATION

- 3.1** A compensation program is effective only when all Managers and Supervisors and employees understand how salary decisions are made.
 - 3.1.1** All employees will be informed by their Manager and Supervisor of their salary and benefits and the date of their next review.
 - 3.1.2** All Managers and Supervisors will know the salary levels and benefits of employees for whom they have salary decision responsibility.
 - 3.1.3** New hires will receive copies of their job description, salary and benefits information, and performance review schedule at the time of hire.



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3.2 It is important to remember that employees are not automatically entitled to an annual merit increase/stipend or incentive stipend.

4.0 SALARY WAGE SCALE

4.1 It will be the responsibility of the Vice President of Human Resources to conduct a wage comparability study and develop a salary wage scale with salary ranges for each job position in collaboration with each Program Director and/or Area Manager and the Senior Management Team. Final approval on all salary ranges will be the responsibility of the President & Chief Executive Officer.

4.2 Salary ranges are developed based on a number of criteria:

4.2.1 The diversity and complexity of the duties and responsibilities of the position;

4.2.2 The qualifications required and the amount of judgment exercised by the position;

4.2.3 Prevailing market rates for similar positions in similar types of organizations as per a wage comparability study.

4.2.4 Standards established by professional organizations or corporations or as outlined per contract agreements with the various funding sources;

4.2.5 Applicable legal requirements.

4.3 The salary wage scale and salary ranges will be reviewed by the Senior Management Team on at least an annual basis or as necessary based on the factors listed in Section 4.2 and related subsections. Employees shall be paid at a rate no lower than the federal minimum wage for the type of work performed. If a state minimum wage exceeds the federal minimum wage, the Corporation will comply with the State minimum wage for employees in that state.

5.0 COST OF LIVING ADJUSTMENT (COLA)

5.1 Cost of Living Adjustment (COLA) may occur at any time at the discretion and approval of the President & Chief Executive Officer. Factors that the President & Chief Executive Officer will take into account when making any COLA decisions are:

5.1.1 The percentage of cost of living increase, if any, granted by the various funding sources.



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5.1.2 When there has been a significant increase in the cost of living as determined by the Consumer Price Index (CPI) and it is determined that adequate funds are available from the funding sources or otherwise to make a cost of living adjustment.

5.1.3 The employee must be actively employed at the point in time that the Cost of Living Adjustment is distributed.

5.1.4 The approval of the Board of Directors

6.0 SALARY ADJUSTMENTS

6.1 Salaries for exempt and non-exempt positions may be increased or a lump sum merit may be given in accordance with TMC's Compensation Program with the approval of the appropriate Program Directors, Vice Presidents and the President & Chief Executive Officer.

6.2 Salaries may also be decreased in times of financial difficulty or reductions in program funding.

7.0 MERIT INCENTIVES

7.1 The Corporation's Incentive Program shall be based upon the availability of funds to support the program and the following:

7.1.1 The employee must have completed one (1) year of continuous employment with the Company.

7.1.2 Merit Incentives will be paid based on merit and must be earned by exceeding job expectations as determined by the employee's Performance Appraisal and by not having any negative employee or customer/client actions pending (e.g. grievances, disciplinary actions, etc.).

7.1.3 The employee must be actively employed at the point in time that the Merit Incentive is distributed.

7.1.4 Merit Incentives will be paid to eligible employees as identified by the appropriate Program Directors and Vice Presidents and approved by the President & Chief Executive Officer.



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8.0 TEMPORARY STIPENDS

- 8.1** When an employee assumes duties beyond their current position description the supervisor and/or Program Director, may recommend to award the employee a temporary stipend as compensation for the additional duties and responsibilities, with the approval of appropriate Vice Presidents and the President & Chief Executive Officer.
- 8.2** Temporary stipends will begin on the first (1st) day of the temporary assignment and the duties the employee performs must be for a position that has been budgeted and funded.

9.0 SALARY FREEZE

- 9.1** An employee who attains the maximum salary or wage in their salary range will have their salary frozen until such time that as the Corporation's salary wage scale is revised.

10.0 OVERTIME COMPENSATION

- 10.1** The Corporation neither expects nor requires overtime. In circumstances where overtime is worked, the Corporation will adhere to the Fair Labor Standards Act (FLSA) wherein any non-exempt employee who works in excess of forty (40) hours in a work week will be compensated for all hours worked over the forty (40) hours at the appropriate overtime rate. In states that require overtime be computed on an eight (8) hour day, TMC will follow those state requirements.
- 10.2** Sick Leave, Holiday and/or Vacation Leave are not considered as hours worked for the purposes of overtime calculations.
- 10.3** Non-exempt employees who work on any scheduled Holiday will be paid eight (8) hours at the employee's regular Holiday pay rate plus their regular rate of pay for all hours actually worked on the Holiday.
- 10.4** Overtime can only be worked with prior written approval and authorization by the President & Chief Executive Officer.
- 10.5** Failure to comply with this section will result in disciplinary action including termination.

11.0 VOTING TIME-OFF

- 11.1** Employees are encouraged to vote during non-working hours. However, in the event they are unable to do so they may request through their immediate supervisor time off to vote during working hours.



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- 11.2** Time off to vote during working hours is paid to a maximum of one (1) hour at the employees' regular straight time rate of pay.

12.0 RETIREMENT PAY

- 12.1** With the written approval of the President & Chief Executive Officer, TMC may grant retirement pay to employees who meet the following criteria: Minimum of 62 years of age and minimum of 10 years of service to the Corporation. Retirement pay will be paid at a rate of one (1) week for each year of service completed not to exceed fifteen (15) weeks.

13.0 SEVERANCE PAY

- 13.1** Subject to the availability of program funds, and with the written approval of the President & Chief Executive Officer, TMC may grant severance pay at the rate of one (1) week for each full year of service completed, not to exceed twelve (12) weeks total.
- 13.2** Lay-off, job elimination and mutual agreement to part ways for whatever reason may constitute circumstances that warrant severance pay.