

# Compensation Policy

## COMPENSATION POLICY

As an employer, we believe that it is in the best interests of both the organization and our employees to fairly compensate our work force for the value of the work provided. It is our intention to use a compensation system that will determine the current market value of a position based on the skills, knowledge and behaviors required of a fully competent employee.

The Human Resources Committee of the Board of Directors of The Cabbage Patch Settlement House, Inc. is responsible to review compensation for all staff members, and approve recommendations regarding compensation. (see Process below).

As part of the annual budgeting process the Board of Directors will approve funds to be allocated for total compensation, which would include base salaries, bonuses, and all other related expenses, including benefit plans as recommended by the Human Resources Committee.

The Executive Committee of the Board of Directors shall recommend to the Board of Directors the salary and specific components of the total compensation package for the Executive Director.

### Management Responsibility:

The Executive Director is responsible and accountable to the Board of Directors. In that capacity he/she is charged with ensuring that The Patch is staffed with highly qualified, fully competent employees and that all programs are administered within appropriate guidelines and within the approved budget.

The Executive Director shall ensure that salary ranges are reviewed at least annually, that all individual jobs are market priced periodically and that compensation adjustments are administered in a fair and equitable manner. The Human Resources Committee is charged with the responsibility to ensure that the total compensation program is managed for consistency and equity by periodically obtaining appropriate data as to comparability by reviewing market salary levels in similar nonprofit organizations.

### The Process:

1. The Evaluation Process is conducted annually in January-February.
2. Compensation is determined by employee evaluations (merit) and/or current market value of each position (including the Executive Director). Market value will be based on market worth of every position directly comparable to similar positions in

similar institutions, taking into consideration the general economic variances and local economic marketplace. The employee's formal training and experience, responsibility and accountability of one job to another will also be taken into consideration.

3. Prior to the new fiscal year in May any yearly compensation adjustments will be determined by the Executive Director and Department Directors with the exception of the Executive Director's compensation (see 3 below). The annual compensation recommendations will be presented to the Human Resources Committee for review, any changes, and approval.

4. After Human Resources Committee approval, the Personnel budget will be presented to the Finance Committee prior to Budget approval (approximately March).

5. The Finance Committee will present the Annual Budget to the Board for review in March. The Board will have one month to review the Budget, which will then be presented in the April Board meeting for vote.

6. Assuming approval in April, any compensation changes will be reflected in the first payroll for May.

#### Executive Director's Compensation:

1. The Evaluation Process will be conducted 2-3 months prior to the beginning of a new fiscal year. The Human Resources Manager will forward an evaluation form (via email) to the Board President of The Cabbage Patch Board and to the direct reports of the Executive Director. The Board President will forward the evaluation form to the Committee Chairs of each Committee and to Board Officers. Finalized Evaluation Forms are returned to the Board President or his/her designee.

2. The Executive Director will also submit a self-evaluation and proposed goals for the coming year to the Board President and Immediate Past President or President Elect.

3. The President, or his/her designee, compiles results and the President, Immediate Past President or President Elect and HR Chair (optional) review results with Executive Director. Evaluation results, goals and compensation changes are recommended to the board at an executive session of the full board.

4. The decision of the board is then communicated to the Finance Committee and Human Resources Committee.