

## NORTHCARE NETWORK

<b>POLICY TITLE:</b> Compensation/Pay Philosophy	<b>CATEGORY:</b> Personnel	
<b>EFFECTIVE DATE:</b> 1/1/15	<b>BOARD APPROVAL DATE:</b> 12/10/14	
<b>REVIEW DATE:</b> 10/28/22	<b>REVISION(S) TO POLICY STATEMENT:</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<b>OTHER REVISION(S):</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>RESPONSIBLE PARTY:</b> HR Coordinator	<b>CEO APPROVAL DATE:</b> 11/1/22 Dr. Tim Kangas, CEO	

### **APPLIES TO**

NorthCare Network Personnel

### **POLICY**

The NorthCare Network Governing Board shall select and contract with the CEO. The CEO is then responsible for assuring an appropriate compensation and benefit package for NorthCare Network employees with the approval of the NorthCare Network Board.

### **PURPOSE**

The purpose of this policy is to define the philosophy of compensation of NorthCare Network for exempt and nonexempt employees, and to specifically define how compensation increases for various job classifications are determined.

### **DEFINITIONS**

1. ***Exempt Employee:*** Exempt employees are those who are “executive, administrative or professional” as defined under Federal Law. All exempt employees are considered paid on a salaried basis, even though their position has been assigned an hourly rate for payroll purposes, and even though their normal salary is subject to deductions for absences due to personal reasons or illness where the employee opts to use, or is not able to use, paid time off to make up for lost time, including such absences for less than a full day.
2. ***Nonexempt Employee:*** Nonexempt employees are those paid on an hourly basis and eligible for overtime under the Fair Labor Standards Act.

### **REFERENCES**

Federal Fair Labor Standard Act  
Michigan Workforce Opportunity Wage Act (Act 138 of 2014)  
NorthCare Overtime Compensation Policy

### **HISTORY**

NEW POLICY 1/1/15  
REVISION DATE: 8/21/16, 6/19/17, 5/3/18, 3/21/19  
REVIEW DATE: 12/3/14, 10/16/15, 8/21/16, 6/19/17, 5/3/18, 3/21/19, 2/18/20, 12/23/20, 10/28/21  
CEO APPROVAL DATE: 12/3/14, 11/9/15, 9/6/16, 7/13/17, 5/4/18, 4/1/19, 2/26/20, 1/5/21, 11/2/21  
BOARD APPROVAL DATE: 12/10/14

## **PROCEDURES**

### **EXEMPT EMPLOYEE**

1. Full-time exempt employees are paid a biweekly salary based on eighty times the payroll hourly calculation scale.
2. Employees accrue paid time off which must be used, when available, to offset any unpaid time due to absences, personal reasons, illness, or personal injury.
3. As a public employer, principles of public accountability preclude employees from being paid for hours they did not actually work.
4. Employees may be placed on leave without pay for personal absences because of illness or injury, including but not limited to absences of less than a full workday, when accrued leave is not used because permission for its use has been denied or accrued leave has been exhausted.

### **NONEXEMPT EMPLOYEE**

1. Nonexempt positions are paid an hourly rate of pay based on the hours worked.
2. Hours worked over forty in a work week (work hours exclude holiday and paid time off) will be paid at a compensation pay at the rate of one and one-half times their regular rate of pay for hours worked.
3. The employee may choose to accrue compensatory time off at the rate of time and one-half per hour.

The pay schedule is based on a ten (10) step scale which is maintained by the Human Resource Coordinator. Pay increases are received by employees in accordance with these steps and are based on length of service and job performance. The level of step does not correlate to years of employment. The increase in pay due to a step increase is effective the beginning of the pay period following the date of the step increase. Once a person reaches the maximum level (Step 10) they will no longer receive step increases. The employee is eligible to receive any Board approved Base Wage Adjustments, regardless of what level of step the employee is on.

An employee is not able to be recommended to “skip” a step for what had historically been considered as a “merit increase” for exemplary work.

For payroll purposes, hours must be recorded and reimbursed in ½ hour increments.

Pursuant to Federal Regulations, improper pay deductions, as identified and explained in Title 29 of the Code of Federal Regulations 541.602(a), may not be made from the pay of exempt employees. If an employee believes that any deduction has been made from their pay that is inconsistent with their salaried/exempt status, they should immediately contact the Human Resource Coordinator. Any complaint will be investigated and resolved within a reasonable time given all the facts and circumstances. If an investigation reveals that the employee was subjected to an improper deduction from pay, they will be reimbursed, and the employer will take whatever action it deems necessary to ensure compliance with the salary basis test in the future.

**Change in Pay Due to Promotion/Higher Reclassification/Lateral Changes:**

When an employee is promoted to a non-supervisory position, reclassified, or involved in a lateral move involving multiple pay levels (see Note below for examples), the change in pay will be effective the beginning of the pay period following the date of the final approval of the CEO/Designee. The employee will be moved to the step that gives the employee an increase in pay. If that step's increase is below \$0.20/hour, then the employee would be moved up to the next step up. If the initial step increase is above \$0.20/hour, then the employee will be placed at that initial step. The employee would be eligible for the next step increase one year from then.

When an employee is promoted to a supervisory position, the change in pay will be effective the pay period the final approval of the CEO/Designee is obtained, or the effective date specified, whichever is later. The employee will be moved to the step that gives the employee an increase in pay. If that step's increase is below \$1.00/hour, then the employee would be moved to the next step up. If the initial step increase is above \$1.00/hour, then the employee will be placed at that initial step. The employee would be eligible for the next step increase one year from then.

(NOTE: An example of a lateral move involving multiple pay levels would be the change from a limited licensed MSW to a fully licensed MSW. This would involve a pre-agreed upon arrangement (outlined in writing) between NorthCare Network and the employee and would be documented in the employee's personnel file. This does not include making a change to an employee who obtains a degree above their position's requirement that was not at the requirement of NorthCare Network, such as Case Manager who obtains a master's degree, but their position only requires a bachelor's level.)

**Change in Pay Due to Lower Reclassification:**

When an employee's position is moved to a lower classification, the change in pay will be effective the pay period following the final approval of the CEO/Designee. The employee will then be moved to the pay step that gives the employee the minimum decrease in pay possible.