

Michigan State Bar Foundation Compensation Policy

1. Purpose

The purpose of this policy is to provide a framework for managing employee compensation at Michigan State Bar Foundation (MSBF). This policy ensures that employees are fairly and competitively compensated for their work, while also aligning with MSBF's financial goals and objectives, and accounting for the unique sets of skills and responsibilities of the employees in those positions.

2. Scope

This policy applies to all full-time and part-time employees of MSBF, excluding contractors and temporary employees. It governs base pay (salary/wages) and MSBF-provided incentive/bonus compensation, and it informs pay ranges used for hiring, merit increases, promotions, and reclassifications.

3. Policy

This policy outlines the principles and processes governing employee compensation at MSBF. The principal goals of the policy are to:

- Attract and retain the number and caliber of employees needed to achieve our service and operating objectives.
- Establish and maintain a rational structure of job relationships that fairly compensates each employee for the nature and level of work performed.
- Maintain pay ranges which are consistent with the economic and financial position of MSBF, benchmarked with relevant labor market data to ensure we remain competitive.
- Reward superior performance of employees in the fulfillment of their duties and responsibilities.
- Keep employees informed of compensation matters affecting them.
- Ensure compliance with relevant State and Federal laws.

4. Responsibility

The Executive Director is responsible for administration, annual maintenance and periodic updating the compensation system and policy.

5. Compensation Review

All salary ranges and compensation adjustments are determined within the framework of the annual budget approved by the MSBF Board. Compensation decisions are informed by multiple factors, including organizational resources, market conditions, internal equity, and individual performance.

Supervisors may recommend compensation adjustments or promotions; however, all salary changes, promotions, and bonuses are subject to Executive Director approval. As part of the compensation review process:

- Market competitiveness is assessed through the review of data (e.g., reputable compensation surveys, cost of living indexes and relevant nonprofit/public-sector labor market benchmarks). A comprehensive compensation study is conducted at least every five years, unless an assessment is warranted more frequently due to growth or changes in the sector, by an external vendor selected by the Executive Director.
- Individual compensation is reviewed to promote internal equity and alignment with job responsibilities and organizational need.
- Supervisors submit written recommendations for any salary adjustment, promotion, or bonus, including performance-related consideration.

6. Performance Appraisals

Performance reviews are a formal process for evaluating employee performance and providing feedback. Employees are evaluated once each year using a standard appraisal format established by the Executive Director. The Executive Director's performance review is conducted by the MSBF Board.

Performance reviews may be considered as one factor in compensation decisions but do not, by themselves, guarantee a salary increase, promotion or bonus. Depending on organizational resources and individual performance, reviews may result in:

- Merit considerations: Adjustments to base salary for consistent, high performance.
- Promotional considerations: Adjustments due to increased responsibilities or change in role.

Employees who do not meet performance expectations may be ineligible for compensation increases and may be placed on a performance improvement plan.

7. Adding New Job Positions

The addition of new functions or services within MSBF may necessitate the creation of new positions. The evaluation, establishment, and documentation of new positions, including the development of position descriptions, are the responsibility of the Executive Director. Compensation for newly created positions is determined and approved by the Executive Director and is informed by available labor market data for comparable roles, including relevant nonprofit and public-sector benchmarks.

8. Review of Changed Positions

When the duties and responsibilities of a position change, whether at a specific point in time or gradually over time, the position will be reviewed by the Executive Director. As part of this review, the Executive Director will assess whether the position's compensation remains appropriate considering its responsibilities and organizational needs. The Executive Director approves written job descriptions for each position, ensuring they accurately and fairly reflect the duties and expectations of the position.

9. New Hire Rates

New hires will not be paid below the minimum of the established pay range for their job.

The Executive Director determines the rate at which a new hire will be paid within the established pay ranges and within the annual budget, with the starting rate documented in the personnel file. New employees will be hired at or near the minimum of the pay range for their position unless the Executive Director determines that the applicant has education and/or experience directly applicable and above the minimum employment requirements established for the position; or, unless the outside labor market dictates a higher starting rate.

Amended by Board of Directors:

Originally adopted by Board of Directors: September 12, 2001