

Port Gamble S’Klallam Compensation Policy

I. PURPOSE

This policy is to establish the procedures for setting the compensation for all Port Gamble S’Klallam Tribe employees.

II. SCOPE

This policy will apply to all Tribal departments, programs, entities and employees who are subject to the terms of the PGST Employee Handbook.

III. Policy

It is the Tribe’s intent to pay all employees wages that are competitive with the employment marketplace. The Tribal Council has the sole authority to approve, adopt and communicate the annual compensation plan as a part of the annual budget process.

IV. PROCEDURE

1. As a part of the annual budget process, the Executive Director, Chief Financial Officer and the Human Resources Director will propose to Tribal Council a package of recommended compensation adjustments, which may include Cost of Living Adjustments, One-Time Payments, Merit or Discretionary increases.
2. All proposals will be based on the ability of the tribe’s budget to sustain any proposed adjustment, and may result in a recommendation of no increases at all.
3. The Council retains the authority to approve, modify or disregard budget recommendations.
4. Once budgets are approved, the Tribal Council will direct staff to communicate the adjustment plan to all Directors to allow for individual department or program budget proposals to be submitted as a part of the regular budget process.
5. When an adjustment is within a department director’s discretion, the discretion may not exceed the limits of the assigned pay grade. (See paragraph S. below)

Cost of Living Adjustments (COLA)

- A. COLA proposals will be based on the cost of living data provided by the U.S. Bureau of Labor Statistics, taking into account the previous year’s historical data, the BLS data that has been published for the current year at the time of the proposal and the best available projections for the trends for the full current year.
- B. COLAs will be recommended in the form of a specific percent, or range of percentages, and are calculated for each employee based on his or her current wage.

One-Time Payments (OTPs)

- C. OTPs are payments calculated as a specified percent of an employee's annual wage. OTPs will be calculated on the employee's current rate of pay, multiplied by the scheduled annual hours, multiplied by the percentage approved by Council.
- D. OTPs will not affect the employee's ongoing rate of pay.
- E. One-Time-Payments will be available as an incentive tool for supervisors when an employee scores 2.0 or higher on his or her performance evaluation.
- F. Each supervisor is responsible for evaluating his or her subordinates' performance within two weeks of an employee's hire-date anniversary.

Merit Increases

- G. Merit increases will be based on a percentage or range of percentages of the employee's current rate of pay and will be permanent increases in the rate of pay.
- H. Merit increases will generally be available at the time of the employee's anniversary date of hire. Each supervisor will be responsible for evaluating his or her subordinates within two weeks of their hire-date anniversary.
- I. Merit increases will require a score of 2.0 or more on the employees' performance appraisal.

Discretionary Increases

- J. Directors or supervisors may be given the option of recognizing and rewarding exceptional employee development, accomplishments, or longevity with an increase in the base wage. Discretionary increases must first be approved by the department's Entity Director or Administrative Director and must be included in the proposed wage budget. Directors should take care not to discuss the increase with the employee until final budgetary approval is received. Discretionary increases must never cause the employee's rate of pay to exceed the maximum for the position's grade assignment (See paragraph S. below)

Other Adjustments and Considerations

- K. Directors may award rate increases based on the Tribe's Educational Merit Wage Increase Policy. These increases must also be included in the Director's annual budget proposal and must not cause the employee's rate of pay to exceed the maximum for the position's grade assignment (See item S. below)
- L. The HR Department will conduct regular surveys utilizing the best available comparative wage and salary data and will make

recommendations to Council for any necessary adjustments to the ranges for pay grades no less than every 2 years.

Pay Grades/Pay Scales

- M. The HR Department will establish an appropriate number of pay grades, each with its own minimum and maximum pay rates. In addition, a mid-point rate will be calculated for each grade by averaging the minimum and maximum rates. Each job title will be assigned to one of these pay grades and the minimum and maximum rates will constitute the scale for all positions in the pay grade.
- N. The Executive Director and Human Resources Director will establish a Compensation Team. The Team will be made up of the Executive Director, the Human Resources Director, the CFO, the Legal Director and both Administrative Directors. The Team will meet as often as necessary, but not less than annually. The team will be charged with the responsibility for the consideration, or re-consideration, of the pay grade assignment of any existing position or the assignment of any new, previously ungraded, positions. This Team will not consider the specific pay rate for any individual employee, only the assignment of the employee's position to a pay grade.
- O. New positions for which the Compensation Team has not yet made an official pay grade assignment will be temporarily assigned to a grade by the HR Department, taking similar positions into account, pending the Team's evaluation. Compensation Team members will be required to recuse themselves from any consideration of pay grade assignments for their own position.

Minimum/Maximum Wages

- P. If, after taking into account the effect of any scheduled wage increases for the current year, any employee's base rate falls below the minimum for his or her position's pay grade, the employee's rate will be increased to the minimum.
- Q. The lowest wage in the lowest pay grade will be maintained at the Tribal government's current minimum wage. This will ensure that no Tribal wages will ever be allowed to fall below the minimum wage established by the tribe.
- R. Maximum wage rates for each grade will be increased each year by an amount equal to the Council-approved COLA. This will ensure that the scales for all grades will keep pace with the cost of living.
- S. Under no circumstances will the wage of any employee in any grade be allowed to increase beyond the maximum for the pay grade assigned to their position. Any increase, regardless of the type of increase, that would cause the employee's wage rate to exceed the maximum for the grade, will

be limited to that portion that will bring the employee to the maximum. If the employee's wage is already at the maximum, no increases can be provided until the maximum is adjusted sufficiently to allow for an increase.

- T. New hires will generally be brought in at the minimum for the position's pay grade unless significant experience, background, knowledge, education or existing skills and/or abilities can be documented in writing and submitted to the appropriate Entity or Entity or Administrative Director. If approved, the hiring Director will have the authority to bring in the new hire at any point between the minimum and the mid-point. Starting wages in excess of the mid-point will require the advance approval of the hiring Director's assigned Administrative Director.
- U. Existing employees transferring from one position to another whose current wages are below the minimum for the new position will be increased at least to the new position's minimum. As in the case of a new hire, if the transferring employee already has experience, background, knowledge, education, skills or abilities that can be documented, and with the approval of the appropriate Administrative Director, the hiring Director will have the authority to increase the wage to any point at or below the mid-point. Any wage in excess of the mid-point will require the additional specific approval of the hiring Entity Director or Administrative Director.