

## 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> 7/29/2025	<b>REVISION(S) TO POLICY STATEMENT:</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<b>OTHER REVISION(S):</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>RESPONSIBLE PARTY:</b> Human Resources Manager	<b>CEO APPROVAL DATE:</b> 8/5/25 Megan Rooney, 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 exempt from overtime pay under the Fair Labor Standards Act. To be considered exempt, an employee must meet specific criteria related to job duties and pay.
2. ***Nonexempt Employee:*** Nonexempt employees are those paid on an hourly basis and eligible for overtime pay 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  
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, 8/4/23, 10/12/23, 5/2/24, 3/17/25, 7/29/25  
REVISION DATE: 8/21/16, 6/19/17, 5/3/18, 3/21/19, 8/4/23, 10/12/23, 5/2/24, 3/17/25, 7/29/25  
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, 8/4/23, 10/12/23, 5/7/24, 4/3/25, 8/5/25  
BOARD APPROVAL DATE: 12/10/14

## **PROCEDURES**

### **EXEMPT EMPLOYEES**

1. Full-Time, exempt employees are paid a bi-weekly 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 has been exhausted.

### **NONEXEMPT EMPLOYEES**

1. Nonexempt positions are paid an hourly rate of pay based on the hours worked.
2. Hours worked over 40 in a workweek (work hours exclude holiday and paid time off) will be paid at the rate of one and one-half times their regular rate of pay.
3. The employee must follow the process outlined in the Overtime Compensation Policy.

### **PAY SCALE & STEP INCREASES**

The pay schedule is based on an 11-step scale which is maintained by the Human Resources Manager and CFO. Employees receive pay increases in accordance with these steps, based on length of service and job performance. The level of step does not correlate to years of employment. Employees are eligible for their next step increase on their most recent date of appointment (i.e. original hire date or position change date). The increase in pay due to a step increase is effective at the beginning of a pay period following the date of the step increase. Employees will receive a letter from Human Resources prior to the effective date. Step increases require supervisor approval and that the employee be in good standing at NorthCare Network. An employee can be recommended to “skip” a step for exemplary work by their Supervisor for CEO approval. Once an employee reaches the maximum level (Step 11), they will no longer receive step increases. An employee is still eligible to receive any board-approved base wage adjustments or longevity pay, regardless of what step the employee is on.

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 Manager. 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, the change in pay will be effective at the beginning of the pay period following the date of the final approval of the CEO. 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 will 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 will 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 at the beginning of the pay period the final approval of the CEO 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 will 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 will be eligible for the next step increase one year from then.

**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 at the beginning of the pay period following the final approval of the CEO. The employee will be moved to the step that gives the employee the minimum decrease in pay possible. The employee will be eligible for the next step increase one year from then.