

*WAGE GRID STUDY*

*AND*

*COMPENSATION MGT. POLICY*

Presented 3/5/05

## **Little Traverse Bay Bands of Odawa Indians Wage Grid Study Effective 2005**

This wage grid study was conducted in the fourth quarter of 2004 and comprised of the following survey results. A national 2004 Native American Survey was conducted by the National Native American Human Resources Association and Cascade Employers Group, Inc., in which the total compensation and benefits data for tribes across the country were surveyed and compiled into an analysis to determine the salary levels paid to certain positions. The Human Resources Department also conducted a wage survey of the Michigan Native American tribes and completed an analysis of the information gathered. The third piece of information used to determine the proposed wage grid was a compensation study on similar positions in the state of Michigan and the Midwest region.

Using the information gathered from these surveys, and the total compensation package offered to LTBB Government employees, the following recommendations are brought forward for compensation management and the new wage scale.

### **Wage Scale system**

The wage scale system is created to provide guidelines for the Human Resources Director when managing employee pay rates and to inform the employees of the pay range for their particular position. Through regularly scheduled wage surveys, LTBB can maintain a pay scale system that is both fair and consistent for all employees. The wage scale shall provide the Government Offices the opportunity to be competitive in the market place and enable LTBB to attract and retain qualified individuals (consistent with the Tribal Preference Statute). The wage scale grid shall also give employees room for growth in monetary compensation consistent with the market value for their position and the capabilities of the LTBB Government to meet the market value. The starting wages and the compensation management for the LTBB Government Offices is managed and approved by the Human Resources Director in consultation with the Department Director and, when needed, the Tribal Administrator & CFO. The final decision for the pay level established will be made by the Human Resources Director unless otherwise specified in the Compensation Management Policy.

The goal of the wage scale grid is to ensure that all employees are, at a minimum, compensated at the 85% level of the market average for their position. With this in mind, the starting wage for any employee hired into a position will be set at least at the minimum level or 85% of the midpoint range. This will be considered the starting point for that wage level.

The midpoint or market average will be established at 100% the market average and be considered the maximum hiring level for any position without the approval of both the Human Resources Director and the Tribal Administrator.

The maximum pay for each level will be established using 115% of the market average to provide room for monetary growth to the employees until the next wage scale review is conducted.

## LTBB WAGE GRID STUDY

The LTBB Wage Grid can be divided in several categories for discussion purposes. **First**, the policies need to be modified to fit the policy/procedure format of the Tribe. The policies are written in general form and easily modified for implementation purposes. **Secondly**, the ranking of each position in accordance with their management, supervisory and other work related responsibilities. Each ranking has defined criteria, associated with the individual's assigned work responsibilities. **Third**, overview of the current yearly salary levels (market value). **Fourth**, the yearly funding requirements for implementing approved wage grid.

Preliminary indicators show discrepancies within the wage structure average about 12.23% below the market average, with a difference to market average at approximately \$2,868.

### Current to target (market average salary)

The wage grid implementation plan reflects a gradual transition (over a three year period) to adjust salaries within the 95% - 100% market value range. We have three tiers (groupings) of employees to address:

90% - 100% market average	Employees that are near or at market averages
80% - 89% market average	Employees with below average salaries
70% - 79% market average	Employees with below average salaries

The 90% - 100% employee's salary will not be adjusted and will continue to receive 3% for the next three years (if personnel evaluations are satisfactory), bringing their earning potential to the market average.

The 80% - 89% employee's salary will receive an additional salary increase above their yearly 3% raise (if personnel evaluations are satisfactory). The additional amount will be the supplemental funding required from Tribal Council upon approval of the three (3) year plan.

The 70% - 79% employee's salary will receive an additional increase above their yearly 3% raise (if personnel evaluations are satisfactory). The additional amount will be the supplemental funding required from Tribal Council upon approval of the three (3) year plan.

After three years, all Tribal governmental employees will be at or near (96% - 100%) the national job market average. Yearly increases will continue until the top pay grade for the job has been achieved, where upon the employee will remain frozen or puts in for a new position with more responsibility and higher salary expectations.

Four (4) positions have been recommended as negotiable, 1) Tribal Court Judge, 2) Physician, 3) Tribal Administrator, 4) Tribal Chairman. This recommendation warrants further discussion, to define duration of negotiated salary and the mechanism (contract) required for retention/continuity for the position. Other points to consider are salary caps for negotiated contracts and procedure for conducting negotiations for hiring purposes.

*Little Traverse Bay Bands of Odawa Indians  
Government Offices & Regulatory Department  
Wage Scale and Pay Grade Level Compensation*

**Level 1 – Functional Support**

Positions in these levels are functional support type positions. Another way to view positions in this level is “Contributing with Assistance.”

<b>MARKET AVERAGE:</b>	\$23,363	(11.23)
<b>.85 TARGET RANGE: (Minimum)</b>	\$19,859	(9.55)
<b>1.15 MAXIMUM PAY: (Maximum)</b>	\$26,868	(12.92)

**Level 2 – Independent Contributor**

Positions in this level operate more autonomously, yet still need some guidance.

<b>MARKET AVERAGE:</b>	\$26,847	(12.91)
<b>.85 TARGET RANGE: (Minimum)</b>	\$22,820	(10.97)
<b>1.15 MAXIMUM PAY: (Maximum)</b>	\$30,874	(14.84)

**Level 3 – Independent Contributor**

Positions in this level operate more autonomously, yet still need some guidance. The scope and impact of responsibility is greater than a level 2 position.

<b>MARKET AVERAGE:</b>	\$30,677	(14.75)
<b>.85 TARGET RANGE: (Minimum)</b>	\$26,075	(12.54)
<b>1.15 MAXIMUM PAY: (Maximum)</b>	\$35,278	(16.96)

**Level 4 – Professional Contributor**

Positions in this level operate almost completely autonomously.

<b>MARKET AVERAGE:</b>	\$37,030	(17.80)
<b>.85 TARGET RANGE: (Minimum)</b>	\$31,475	(15.13)
<b>1.15 MAXIMUM PAY: (Maximum)</b>	\$42,584	(20.47)

**Level 5 – Contributing Through Others**

Positions in this level serve as the “guiders” of the organization. They contribute to the overall direction and success of the organization.

<b>MARKET AVERAGE:</b>	\$42,495	(20.43)
<b>.85 TARGET RANGE: (Minimum)</b>	\$36,121	(17.37)
<b>1.15 MAXIMUM PAY: (Maximum)</b>	\$48,870	(23.50)

**Level 6 and 7 Departmental Leadership**

Positions in this level have leadership and authority in certain areas that effect the overall management of programs and services. The main difference between level 6 and 7 is in terms of both scope and impact of responsibility.

<b><u>Level 6</u></b>	<b>MARKET AVERAGE:</b>	\$45,643	(21.94)
	<b>.85 TARGET RANGE: (Minimum)</b>	\$40,217	(19.34)
	<b>1.15 MAXIMUM PAY: (Maximum)</b>	\$52,489	(25.24)

<b><u>Level 7</u></b>	<b>MARKET AVERAGE:</b>	\$59,970	(28.83)
	<b>.85 TARGET RANGE: (Minimum)</b>	\$51,814	(24.91)
	<b>1.15 MAXIMUM PAY: (Maximum)</b>	\$68,966	(33.16)

**Level 8 – Visionary**

Positions in this level have the foresight and systems understanding to lead the organization. Positions set both the direction and speed of the organization.

<b>MARKET AVERAGE:</b>	\$81,851	(39.35)
<b>.85 TARGET RANGE: (Minimum)</b>	\$69,573	(33.45)
<b>1.15 MAXIMUM PAY: (Maximum)</b>	\$94,128	(45.25)

**Level 9 – Negotiated Leadership**

Positions in this level have been identified as negotiated leadership positions with the highest level of responsibility over a particular area.

<b>.85 TARGET RANGE: (Minimum)</b>	\$85,010	(40.87)
<b>MAXIMUM PAY</b>	NEGOTIATED	

## COMPENSATION MANAGEMENT POLICY

### **Policy:**

It is the policy of LTBB to assure internally equitable and externally competitive rates of pay for employees, to provide a means for planning and controlling direct payroll costs, to maintain efficient administrative procedures, and to ensure compliance with applicable laws and regulations.

The principal goals of the Compensation Management Policy are to:

1. Attract and retain (guided by the tribal preference statute) the number and caliber of employees needed to achieve our member services and operating objectives.
2. Establish and maintain a rational structure of job relationships that fairly compensates each employee for the nature and level of work performed.
3. Maintain pay ranges which are consistent with the economic and financial position of LTBB, yet competitive with those paid by other labor market employers for comparable work.
4. Ensure that those responsible for implementing & administering compensation management achieve a basic understanding of the principles associated with compensation management and the procedures to manage employee compensation, position classification, & wage and salary administration.
5. Keep employees informed of compensation matters affecting them.
6. Insure compliance with relevant Tribal and Federal laws.

## COMPENSATION MANAGEMENT INDEX

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## ***Section: 1***

### **Hiring Rates**

#### **Purpose:**

To provide guidance and boundaries to the Director of Human Resources in establishing pay rates for newly hired employees which are both adequate to attract competent individuals and preserve internal equity within LTBB Government offices.

#### **Policy Area:**

New Hires will not be paid below the .85 Target Range of the approved wage grid (Level) for their job.

Employees will be hired at the .85 Target Range for their Level Classification unless the applicant has education and/or experience **directly applicable** and above the minimum employment requirements established for the classification or unless the outside labor market dictates a higher starting rate. This will be determined by the Human Resources Director in consultation with the Department Director. Final approval will be the decision of the Human Resources Director up to the Market Average for the pay level.

Starting wages above the Market Average for the pay level will be approved by the Human Resources Director and the Tribal Administrator. All hiring rates are subject to LTBB's ability to pay (i.e. money available in the grant, limitations of the dept. budget).

#### **Procedure:**

1. It is the responsibility of the Director of Human Resources to determine the existence and applicability of the candidate's educational and/or work experience qualifications. Upon verification of the qualifications and a review of the competitive labor market pressures, a decision is made to offer a hiring rate above the minimum of the pay range and up to the Market Average.
2. If an employees education and/or experience qualifications and a review of the competitive labor market pressures produce a recommended starting wage above the Market Average, the Human Resources Director will take this recommendation to the Tribal Administrator for analysis and a final decision on the starting wage. The Tribal Administrator will take into account the internal equity within LTBB as well as the ability of LTBB to pay.
3. No candidate will be made an offer of employment with a starting wage above the maximum pay for the positions job classification level.

## ***Section: 2***

### **Job Reclassification**

#### **Purpose:**

To ensure that significant changes in job content are properly recognized through assignment of an accurate job title and equitable pay grade.

#### **Policy Area:**

When the duties and responsibilities of a classification change, either at a given point in time or over a gradual period of time, the job can be reviewed by the Director of Human Resources to assure its proper classification and pay grade assignment.

The job classification may be assigned to either a higher or lower pay grade based on the job analysis and job evaluation process completed by the Director of Human Resources.

The Tribal Administrator must give final approval before a change in classification, pay grade, and/or pay rate may be implemented.

#### **Procedure:**

1. Only a department director may request that the Director of Human Resources conduct a classification review. Employees must submit requests for such reviews through their immediate supervisor and department director.

2. The job incumbent will be interviewed by the department director to identify and compare current duties and responsibilities against the established job description.

A summary will be prepared by the department head as to the reasons and criteria for the new job classification as well as a recommended new job description for the position.

3. The Director of Human Resources will make one of the following determinations:
  - a. The duties and responsibilities of the job have either not changed or not changed to the extent that skill and responsibility requirements have changed correspondingly. In this instance, minor changes to the job description or title may occur, however, no change to the job's pay grade or to the individual's pay rate will be made.
  - b. The duties and responsibilities of the job have changed appreciably, and thus a revised job description will be prepared and a re-evaluation of the level will be completed. Re-evaluation may indicate a need to "upgrade" or "downgrade" the job classification's pay level assignment.
4. The Director of Human Resources will communicate his/her determination to the Department Director.

5. Based on the results of the classification review, a decision will be made concerning appropriate changes to the employee's rate of pay. However, changes to job titles or job descriptions which do not result in pay grade changes will not increase or decrease an employee's pay rate.
6. All recommendations for change will be submitted to the Tribal Administrator for final approval.
7. All approved changes to job classifications, pay grades, or pay rates will be coordinated between the Director of Human Resources and the appropriate finance personnel to insure proper funding, implementation and timing.
8. Employees will be informed of impending changes by the Director of Human Resources.

### **Section: 3**

#### **Temporary Reclassification**

##### **Purpose:**

To Provide guidelines and criteria to be used when an employee should be reclassified and appropriately compensated for assuming the responsibilities of a higher level job on a temporary basis.

##### **Policy Area:**

An employee who is assigned the total responsibility of a job which has a higher pay grade and pay range (up to, but not including Director level positions) for more than two weeks (10 working days), shall be compensated at a rate commensurate with the minimum of the higher pay range or 10 percent above the employee's base wage, whichever is greater.

Instances in which an "acting Department Director" is appointed will require application of a different policy approach. An acting Department Director must be able to exhibit the ability to handle the responsibilities and duties of the position, and not just hold the position while a search is conducted to fill the vacancy. In most instances, an acting Department Director should be compensated as a Director no later than (30) days after assuming the new duties, with these exceptions:

- a. if it is known in advance that the regular supervisor or Director will be off work for an extended period of time, then the acting supervisor or Director may be appointed and compensated as a Director immediately; and
- b. if a job which takes considerable time to learn becomes vacant, the Director of Human Resources may elect to postpone Director level compensation until it is evident that the replacement is fulfilling all the duties of the position. If this is the case, then the employee placed as the acting department director will receive a 10% raise in their pay while assuming the acting department director position.

The period of temporary reclassification shall not exceed six (6) months, unless the Director for the position is out on an approved leave of absence as defined in the employee handbook.

##### **Procedure:**

1. Each Department Head is responsible for notifying the Director of Human Resources when an employee will be temporarily assigned work in a higher classified job.
2. The Director of Human Resources will determine the necessary increase to the employee's base rate of pay (if their will be a raise) and authorize the appropriate temporary pay rate.
3. The Director of Human Resources should ensure that the duration of temporary reclassification is clearly noted on the employee's payroll form.
4. Any step increase or market adjustment increase that falls during the period of temporary reclassification will be calculated using the employee's normal base pay rate.

## ***Section: 4***

### **Adding New Jobs**

#### **Purpose:**

To ensure that the classification and pay schedule is properly maintained in the event that new jobs are created within LTBB.

#### **Policy Area:**

The addition of new functions or services within LTBB may require a new job classification. The evaluation of new jobs is the responsibility of the Director of Human Resources.

Classification and pay grade decisions will be based on labor market survey data for comparable jobs (if available) and LTBB's ability to pay.

#### **Procedure:**

1. New jobs will be authorized and approved only through established budgeting and personnel procedures. (This will be determined first)
2. Department Director's must submit a draft job description to the Director of Human Resources. If appropriate, related documentation should accompany all requests for new positions.
3. The Director of Human Resources is responsible for verifying the job duties, responsibilities and specifications, conferring with the Department Director as necessary.
4. Comparable pay range (labor market) information is collected if available.
5. A pay grade determination is made and communicated to the responsible Department Director. The Tribal Administrator approves and authorizes the position and pay grade determination based upon the Director of Human Resources recommendations and LTBB's ability to pay.
6. Internal personnel and pay program records are changed to reflect addition of the new position. Organization charts should also be updated at this time.

## **Section: 5**

### Position Adjustments

#### **Purpose:**

To financially reward employees when their position responsibilities and duties are increased within the department, but the level of the position is not reclassified.

#### **Policy Area:**

Position Adjustments will follow the same procedures as a job reclassification. If it is determined that the position has not changed significantly enough to warrant a reclassification to a higher lever, the department director can request a review for a position adjustment increase. The review for a position adjustment increase will be conducted by the Human Resources Director, and may require the department director to submit documentation to support the position adjustment as well as recommendations to change the job description to accurately reflect the work being performed. The Human Resources Director will make the determination as to whether or not the position has changed significantly enough to warrant a position adjustment increase. If the review by the Human Resources Director is in favor of a position adjustment increase, it will be sent to the Tribal Administrator for final approval. If the review by the Human Resources Director is not in favor of a position adjustment increase, the request will be closed and the position will not be eligible for review for six months from the date of closure.

Position Adjustment Increases that are approved by the Tribal Administrator will be accompanied by a pay increase. Upon review by the Human Resources Director and approval by the Tribal Administrator for a position adjustment increase, the employee will receive a pay increase which:

- a. brings his/her rate of pay to the market average of the pay range; or,
- b. gives them an increase which is at least equal to 4% in the pay range; or,
- c. is commensurate with the level of new responsibilities assumed, as judged by the Director of Human Resources and approved by the Tribal Administrator. All position adjustment increases will have a maximum amount not to exceed 8% of the employees current rate of pay.
- d. All pay decisions will be based on LTBB's ability to pay.

#### **Procedure:**

1. The timing of payment for the position adjustment increase will be no later than the end of the first full pay period after the effective date of the position adjustment.

## ***Section: 6***

### **Lateral Transfer**

#### **Purpose:**

To ensure that employees moving from or to a job of equal responsibility are paid equitably.

#### **Policy Area:**

LTBB may transfer an employee from one job to another in the best interests of operating efficiency and meeting objectives.

A transfer may take place within a department or between departments.

An employee will not be transferred to a new or revised job until the job has been analyzed, described via a formal job description, evaluated by the Director of Human Resources, and approved vis-a-vis LTBB's budgeting procedure.

When laterally transferred, an employee will not receive an adjustment in pay.

A lateral transfer occurs when an employee:

- a. moves to a new department at the same base pay rate and classification; or,
- b. moves to a new department in a new classification which has the same pay range;  
or,
- c. moves within the same department to a new classification which has the same pay range.

#### **Procedure:**

1. An employee may initiate a request to transfer through their immediate supervisor and the Director of Human Resources.
2. LTBB may effect a lateral transfer in the best interests of meeting operating efficiency and objectives.
3. The Director of Human Resources is responsible for ensuring the necessary documentation and record changes.

## ***Section: 7***

### **Demotions**

#### **Purpose:**

To ensure that individuals who assume or are assigned positions of lesser responsibility are paid equitably relative to other employees of LTBB.

#### **Policy Area:**

The rate of pay for an employee who (either voluntarily or by action of LTBB) is assigned to a job classification in a lower pay grade, will be reduced to a point within that range. The amount of the pay rate reduction will be determined on a case-by-case basis by the Director of Human Resources with concurrence of the Tribal Administrator.

For terms of this policy area the following definitions will apply:

- a. **Base Pay Rate** - The employee's rate of pay exclusive of overtime or any other form of premium pay.
- b. **Demotion** - A change in job assignment from a job in a higher pay range to a job with a lower pay range.

#### **Procedure:**

1. If an employee receives a demotion, his or her base pay rate will be reduced to an appropriate point within the lower pay range. The exact rate will be determined by the Director of Human Resources with concurrence of the Tribal Administrator.
2. The following factors will be considered in determining the employee's new rate:
  - a. Equity among current incumbents within the lower job classifications.
  - b. The probability of satisfactory performance in the new job.
3. The Director of Human Resources is responsible for communicating the demotion and pay rate reduction to the affected employee.
4. The reduction in the employee's pay rate will be effective and coincide with the date the new job responsibilities are assumed.

**Section: 8**

Review and Maintenance of the Compensation Management pay structure.

**Purpose:**

To ensure that a regular review and adjustment to the pay structure is carried out in a timely and effective manner. This requirement stems from the need to maintain a structure that allows LTBB to compete for qualified employees within its relevant labor markets.

**Policy Area:**

The pay range targets will be reviewed every three (3) years using comparative data from local and statewide labor markets. The pay range targets will be increased when necessary, to insure that they are competitive for jobs with duties and responsibilities comparable to those being performed by LTBB employees. All pay range target and pay adjustments will be based on LTBB's ability to pay.

**Procedure:**

1. Comparative labor market rates and cost of living indexes are two sources of influence in the determination of pay rates or ranges. Typically, labor market rate averages and cost of living indexes change at different rates or speeds. Because LTBB intends for its pay structure to be competitive with other employers, it adjusts its pay ranges based on increased in surveyed labor market rates and not on the basis of one of the various cost-of-living measures.
2. The following schedule will be followed in reviewing and adjusting the salary structure:

<u>Time</u>	<u>Activity</u>
Annually	Assess current recruitment and retention problems.
3 yrs.	Review the design of the annual survey including selection of survey and methods for data collection and analysis.
3 yrs.	Conduct survey and compile results.
3 yrs.	Submit recommendations for adjustments in the pay structure.

3. In three years the Human Resources Director obtains or completes a survey of the outside labor market. The survey will include a collection of data on benchmark jobs.
4. LTBB's Director of Human Resources will oversee the computation of appropriate statistics (averages, percentages, dollar variances, etc.), the analysis of these statistics, and submit recommendations for changes to the pay structure to the Tribal Administrator and CFO for review.
5. The revised pay structure will become effective, upon approval of the Tribal Administrator and CFO, no later than January 1 after 3 years time.

6. An employee beginning employment after the effective date of the revised pay structure will receive a starting rate of pay that is no less than 0.85 of the Target Midpoint of their pay grade.
7. All other employees will receive a "market adjustment" to their base pay rate which is equal to the .85 Target Range rate for their respective pay range. All pay adjustments will be based on LTBB's ability to pay.

Motion made by Treasurer Alice Yellowbank and supported by Vice-Chairperson Beatrice A. Law to approve the minutes with corrections for February 20, 2005.  
Vote: 7 Yes, 0 No, 0 Absent, 0 Abstained  
Motion Carried

Motion made by Councilor Regina Gasco Bentley and supported by Councilor Fred Harrington, Jr., to accept the Treasurer's verbal and written report as given by Valerie Tweedie C.F.O., for March 6, 2005.  
Vote: 7 Yes, 0 No, 0 Absent, 0 Abstained  
Motion Carried

Motion made by Treasurer Alice Yellowbank and supported by Vice-Chairperson Beatrice A. Law to accept the Tribal Administrator Albert Colby Jr's, verbal and written report for March 6, 2005.  
Vote: 7 Yes, 0 No, 0 Absent, 0 Abstained  
Motion Carried

Motion made by Vice-Chairperson Beatrice A. Law and supported by Councilor Rita Shananaquet to approve funding for the Health Department in the amount of \$2,000 to support the April 12, 2005 Tribal Health Director's meeting at the Victories Hotel. Funding to come from the General Fund.  
Vote: 6 Yes, 1 No (Councilor Rita Shananaquet), 0 Absent, 0 Abstained  
Motion Carried

Motion made by Treasurer Alice Yellowbank and supported by Councilor Rita Shananaquet for any Tribal Council member to attend the Health Director's meeting on April 12, 2005 to include, mileage, stipend, per diem and lodging.  
Vote: 7 Yes, 0 No, 0 Absent, 0 Abstained  
Motion Carried

11:35 a.m. recess called  
11:41 a.m. meeting reconvened

Motion made by Treasurer Alice Yellowbank and supported by Councilor Regina Gasco Bentley to approve the updated Wage Grid to be effective March 6, 2005. Funding to come from cost recovery programs in the amount of \$19,526, General Fund in the amount of \$32,659 and grant programs in the amount of \$18,252. Each affected program budget will be increased by the appropriate amount not to exceed the above totals for each fund classification.  
Vote: 6 Yes, 1 No (Councilor Rita Shananaquet), 0 Absent, 0 Abstained  
Motion Carried

11:48 a.m. Public Comment opened: Harvey Gibson  
11:51 a.m. Public Comment closed

Motion made by Vice-Chairperson Beatrice A. Law and supported by Councilor Fred Harrington, Jr., to accept the Tribal Chairman's written and verbal report for March 6, 2005.