

Compensation Policy

Updated as of: 2018-06-06

This Policy incorporates and replaces GMRI Salary Principles (6/11/2012) and should be used in conjunction with GMRI Hiring Policies & Procedures and/or Performing an Annual Review Guidelines.

Policy Components:

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1. Principles

COMPETITIVE & INTERNALLY FAIR

- GMRI will strive to offer a competitive compensation and benefits package so that we are able to recruit and retain the best talent possible.
- Our goal is to compensate at market competitive rates which are internally fair across the organization.
- Institutional experience and memory is valued, and complemented by new thinking from new hires and external stakeholders.

MARKET-DRIVEN WAGES

- All GMRI employees have a reasonable opportunity to make a livable wage.
- Market wages are determined by a variety of factors. These include the relevant labor market, idiosyncrasies of the position and availability of desired specialized talent, the need to relocate, and GMRI cross-departmental salary levels for positions of similar responsibility.
- We recognize the need to recruit staff from different markets for different positions to reflect the realities of where and who we compete with to secure talent, and the varying market spaces our department staff work in and influence.
- GMRI jobs are categorized by level of responsibility in a cross-organizational structure. However, because of market differences, jobs of similar responsibility may not be paid at exactly the same pay.

COMPENSATION COMMUNICATION

- Employees will be informed of their pay grade and the range of that pay grade, as well as opportunities to move up within their own pay grade range and into the next higher pay grade, so they understand their earning potential.
- Supervisors will be informed of the pay grades and ranges of their own position plus that of all of their direct reports. Supervisors are responsible for managing their employees' salaries, responsibilities and expectations as they move them within their pay ranges.

PAY GRADES

- *Pay Grades* for each position reflect market compensation data of comparable positions in GMRI's labor market.
- *Individual salaries within those pay grade ranges (Position in Range)* reflect additional criteria including: individual contribution to mission impact; productivity; complexity of program/domain space; initiating/developing programs vs. maintaining a program; market that employee is influencing; complexity of market and market specialization; multidisciplinary roles performed/ability to contribute a broader skill set than what's in the job description; education and training; and longevity and growth in the position.

2. Establishing Pay Grades

PAY GRADES & POSITION IN RANGE

GMRI is implementing a 12-level Pay Grade structure, with minimum and maximum ranges based around the midpoint of market compensation rates for each of GMRI’s jobs. This pay structure provides GMRI with a useful tool to compensate staff across the organization fairly, and a structure which can be updated to reflect market changes and cost of labor increases.

Position in Range is the term used to describe where each employee’s compensation is located within the total range of the Pay Grade.

Position in Range rationale includes, when divided into three tiers:

FIRST TIER	MIDDLE TIER	THIRD TIER
<ul style="list-style-type: none">• Recent promotion into pay grade,• Entry level of position, or• Still growing into the full scope of the role	<ul style="list-style-type: none">• Fully proficient, solid performer of the full scope of the position	<ul style="list-style-type: none">• Fully proficient with longevity in the position,• Competitive market demand, and/or• Specialized skills

CHANGING PAY GRADES

Each job at GMRI is assigned to a Pay Grade based on the market pay data. An employee’s compensation is based within the range of their position’s Pay Grade. If an employee moves to a new position, then the employee’s Pay Grade changes to the grade of the new position. Because Pay Grades overlap, changing a Pay Grade may or may not result in a pay increase.

CHANGING THE PAY GRADE STRUCTURE

The minimum and maximum of each Pay Grade will change with the market, which provides flexibility in the range over the years, and a pay “floor” and “ceiling” that move.

There can be two types of structure adjustments:

- **COST OF LABOR ADJUSTMENT:** A change in the Cost of Labor would change the Pay Grade minimum and maximums by the Cost of Labor adjustment, as provided by our compensation consultants. We plan to do this every two years starting in FY2020.
- **RE-SAMPLING THE MARKET DATA PER JOB:** We can check one or more positions to specific market data, and we can recheck all positions to the market match data. We reassess all positions to the market mid-points approximately every five years.

3. New Hire Pay

When a new position is created which has not previously been assigned to a pay grade, supervisors will work with their department head, the CFO, and the COO to assign the position to the appropriate pay grade.

After the pay grade for a new position has been established, or when a new employee is hired into a position which has an existing assigned pay grade, hiring supervisors will work with their department head, and the COO or CEO to determine the appropriate position in the pay grade range and offer wages.

There are several factors to be considered, when assigning the Position in Range:

- How much of the role is being performed and the quality of the work done
- Experience and education relevant to the job
 - Years of experience outside of GMRI in a similar role
 - Years of experience inside GMRI (for an internal hire)
 - Professional degrees/certifications for the position
- Scope of role: number of staff supervised, size of the annual and total budget, stakeholder engagement, complexity of the project, fundraising responsibilities
- Other specialized expertise required in this position that might not be in other positions at this pay grade level
- Degree of strategic impact

4. Increases to Compensation

MERIT RAISE

All employees have the opportunity to receive an annual performance merit increase of up to 4% based upon how they performed their job in the prior year. These increases will be awarded through consideration of clear and objective criteria and upfront planning/goal definition between employees and their supervisors. All merit increases require advance approval by the COO or CEO.

Criteria include:

1. Exemplary performance of job responsibilities and competencies;
2. Successfully setting (with supervisor) and meeting current year performance goals;
3. Maintaining a positive attitude, excellent communication to internal and external stakeholders, and contributing to the can-do attitude of the organization;

Refer to instructions for performing an annual review for more specific instructions on determining a merit raise.

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PROMOTIONAL RAISE

All promotional raises are reviewed on a case by case basis, and must be approved by the COO or CEO. A promotional raise can occur in any of the following three scenarios:

1. When employees successfully apply for, or are promoted into, open positions within the organization which carry a higher level of responsibility, a promotional raise may be awarded. The employee will be assigned to the pay grade of the new position.
2. When employees perform their roles at a significantly higher level of responsibility or scope than in prior year(s), which is deemed a desired and material change to the role, a new position may be created – i.e. a new job title and job description – and an appropriate pay grade assigned to the position. Should this occur, employees may be rewarded with a promotional increase in their compensation (depending on the salary range for the new position), along with the change of title.
3. When employees perform their roles at a significantly higher level of responsibility or scope than in prior year(s), but which does not materially change the position or warrant a change in title, they may be rewarded with a promotional increase in their compensation to reflect their more senior role within the position’s overall pay grade range.

PERFORMANCE BONUS

Performance bonuses are unusual. In certain circumstances where employees demonstrate extraordinary performance, a one-time performance bonus may be awarded.

When a bonus is to be charged to a federally funded project, *advance grant planning* must be done to make sure it is within the allowable requirements for Incentive Compensation as outlined in the Uniform Guidance 2 CFR §200.430.

All bonuses require advanced approval by the COO or CEO.

5. Other Pay Adjustments

TRANSFER

Typically no pay change is provided when an employee moves to a different position in the same pay grade where the job responsibilities are similar.

PAY STRUCTURE IMPLEMENTATION WAGE ADJUSTMENT

When a new, or greatly revised, pay grade structure is introduced, senior management will determine if any compensation adjustments are needed.

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- IF COMPENSATION IS **BELOW** THE MINIMUM OF THE PAY GRADE RANGE, the employee(s) will receive an adjustment raise to move the pay within the minimum of the range, effective as of the implementation date of the new structure.
- IF COMPENSATION IS **ABOVE** THE MAXIMUM RANGE OF THE SALARY GRADE, no reduction adjustment will be made.

All market adjustments require the approval of the COO or the CEO.

EXCEEDING THE MAXIMUM OF A PAY RANGE

With the implementation of biannual market adjustments (*see Changing the Pay Grade Structure in #2 above*), it will be highly unusual for employees to exceed the maximum pay range in their pay grade. Should this occur, the situation will be reviewed on a case by case basis and compensation will be determined within the principles outlined earlier in this document.