



Sample Compensation Setting Policy

This resource is not all-inclusive on the topic(s) presented and not intended as legal advice. Please note, federal, state, and local laws and regulations may vary regarding the issues presented. We encourage you to review local laws and regulations and seek legal counsel when implementing new HR policies and procedures.

Compensation Process for Top Officers

The Board of Directors reviews and approves the Executive Director's annual salary, with no participation by the Executive Director or other interested persons. The Executive Director's salary is established using comparable data for similarly qualified persons in functionally comparable positions at similar nonprofits; consideration of roles and responsibilities of the Executive Director; and cost of living data. Comparable market data is obtained from salary surveys and Form 990s filed by comparable not-for profit organizations. Discussions and decisions regarding the compensation are documented in the Executive Committee meeting minutes.

The Executive Director also receives reimbursements for routine, reasonable, and documented expenses incurred during the year under an overall plan. The Executive Director travels throughout our service area as needed. The organization has a travel policy that caps reimbursement levels and requires low-budget travel.

Compensation Process for Key Employees

The Board of Directors approves a line item budget annually. The Board approves the overall salaries and benefits expense ranges for all employees. Discussions and decisions regarding the budget are documented in Board meeting minutes.

The Executive Director reviews and approves the salaries of other key employees, with no participation by the interested persons, in accordance with the annual budget. The Executive Director establishes salaries using comparable data for similarly qualified persons in functionally comparable positions at similar nonprofits; consideration of roles and responsibilities of the officer or key employee; and cost of living data. Comparable market data is obtained from salary surveys and Form 990s filed by comparable not-for-profit organizations.