

Vermont Information Technology Leaders	
Name:	Compensation and Benefits Policy
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Type of Policy:	Finance
Sponsoring Department(s):	Finance
Sponsor:	CFO
Approving Official or Body:	CEO & Board
Effective Date:	September 18, 2023
Review Cycle:	4 Years

Purpose

1. The purpose of this policy is to ensure that accounting for compensation and benefits by Vermont Information Technology Leaders, Inc. ("VITL" or the "Company") are in conformity with accounting principles generally accepted in the United States of America ("GAAP") and in compliance with federal regulations.
2. As an employer, the Company believes that it is in the best interest of both the organization and its employees to fairly compensate its staff for the value of the work provided. The purpose of this policy is to ensure that:
 - a. Recognition is given to the importance of compensation and benefits in attracting and retaining staff,
 - b. Compensation and benefits will be administered in compliance with federal regulations.
 - c. Related costs and liabilities are accounted for in conformity with generally accepted accounting principles in the United States of America ("GAAP") and in compliance with federal regulations.

Scope

1. This Policy shall be construed and applied to promote the Company's compliance with the applicable federal and state rules, regulations, and laws. In the event of a conflict between the provisions of this Policy and the requirements of an applicable state or federal statute or regulation, the applicable statute or regulation shall prevail.
2. This policy applies to all the Company compensation and benefits regardless of funding source.
3. This Policy sets forth internal guidelines for the benefit of the Company and its officers, directors, employees, and agents, and does not confer any right or other benefit on any third party. The provisions of this Policy may not be used by any third party in any action or other proceeding against the Company or its interests.

Definitions

4. **Base Compensation:** The wage or salary paid to an employee, not including any benefits, bonuses, or raises.
5. **Candidate:** An applicant who is being considered for a job.
6. **Total Compensation:** The combination of salaries, wages, and benefits that an employee receives in exchange for doing a particular job.
7. **Fringe Benefits:** An employment benefit (such as a pension or a paid holiday) granted by an employer that has a monetary value but does not affect basic compensation.
8. **Hourly Non-Exempt Employee:** An employee who is paid for all hours they work and is eligible for overtime compensation.
9. **Incumbent:** An individual who currently holds a set of responsibilities within a specific office as part of the Company.
10. **Overtime:** Compensation at a rate of 1.5 of the employee's regular rate of compensation.
11. **Discretionary Compensation:** A form of variable compensation that may be awarded to an employee. It could be expressed as a percentage of salary or a fixed dollar amount.
12. **Salary Exempt Employee:** Employees designated as exempt are paid a fixed salary and are not entitled to overtime pay.
13. **Salary Non-Exempt Employee:** An employee who is paid a salary for all hours they work and qualifies for overtime pay. By written agreement between VITL and the employee, a salary may be designated as payment for more than 40 hours in the workweek, and in accordance with applicable law, additional half-time premiums will be paid when the employee works overtime within the designated hours the salary is understood to cover, and the employee will be paid one and one-half times the employee's regular rate if they work overtime in excess of their designated hours.
14. **Severance Pay:** An amount that may be paid to an employee, in certain isolated situations, upon dismissal or discharge from employment. VITL does not maintain any set severance pay practice, plan, or policy, and no severance pay is promised or guaranteed upon separation from employment with VITL.

Policy

1. **Employee Classifications**

The Company designates each employee as either exempt or non-exempt in compliance with applicable federal, state, and local law.

 - a. **Exempt Employees:** Employees designated as exempt are paid a fixed salary and are not entitled to overtime pay.
 - b. **Non-Exempt Employees:** Employees designated as nonexempt are entitled to overtime pay at a rate of 1.5 times their regular rate of pay for all hours worked over 40 in a workweek, as required by applicable federal, state, and local law.
2. **Employee Categories**

The Company also assigns each employee to one of the following categories:

 - a. **Regular Full-Time Employees:** Regular full-time employees are normally scheduled to work at least 40 hours per workweek, except for approved time off.
 - b. **Regular Part-Time Employees:** Regular part-time employees are normally scheduled to work at least 18 hours but less than 40 hours or less per workweek; however, an employee that works fewer than 18 hours a week in a workweek may be classified as a Regular Part-Time Employee upon approval from the CEO

- c. Temporary Employees: Temporary employees are generally hired on a temporary or project-specific basis, with either full- or part-time hours, typically in roles that are expected to last less than 18 weeks in a twelve-month period.

3. Compensation

The CEO is responsible and accountable to the Board of Directors. In that capacity, they are charged with ensuring that the Company is staffed with highly qualified, fully competent employees and that all programs are administered within appropriate guidelines and within the approved budget.

a. Base compensation (Salary and Wages)

i. Compensation Rates

- I. Base compensation rates will be recommended for each position by the Manager of that position in consultation with Human Resources and Finance.
 - II. Compensation will be reasonable for the services rendered and when setting compensation, consideration will be given to market comparable data, internal equity, formal training, experience, responsibility, and accountability of the candidate/incumbent. Compensation rate changes pursuant to a change in position during the year will be considered and approved by the CEO in their sole discretion.
 - III. Compensation rates will comply with state and federal wage and hour salary or minimum wage requirements.
 - IV. All employee compensation rates are reviewed annually by HR. In doing so, HR must give consideration to the factors listed at 3.a.i.II. HR will make recommendations for base compensation rates for new hires and promoted employees, as well as for adjustments to base compensation, including any annual cost of living adjustments. Managers may also make recommendations for compensation rates or adjustments to compensation rates for positions falling under their areas of responsibility. Their recommendations must give consideration to the factors listed at 3.a.i.II (cite may change). The CEO has ultimate responsibility for setting base compensation for all employees, but must give consideration to the factors listed at 3.a.i.II. No less often than once every five years, the Company will seek to perform a market analysis on the compensation rates for its positions. This analysis can be performed internally or with the assistance of outside consultants. The results of this analysis will inform future rate adjustments.
- ii. Documentation of the compensation rate approval will be placed in the employee file.
 - iii. Certain federal grants or cost-reimbursement contracts contain limitations on total wage compensation earned by employees. Should any employee's compensation be in excess of the federal salary ceiling, the excess should be considered to be unallowable costs on federal grants.
 - iv. Charges to federal or state grants (often referred to as benefitting activities) must be based on records that accurately reflect the work performed.

b. Discretionary compensation

- i. Discretionary compensation may be extended to:
 - I. The CEO, at the discretion of the Board of Directors;
 - II. Other positions, at the discretion of the CEO.
- ii. Discretionary compensation may be expressed as a percentage of salary or a fixed dollar amount such that the overall compensation is determined to be reasonable.

- iii. Discretionary compensation will be awarded at the complete and sole discretion of the Company. Specifically, the Company reserves complete and sole discretion to determine whether any bonuses will be paid, and if so, to set any eligibility criteria, the amount of bonuses (if any), to whom it is paid, and the timing of bonus payments (if any).
- c. Severance Pay
 - i. In the event of an involuntary termination due to a reduction in force/downsizing, change in company direction, position elimination or termination for performance reasons, the CEO acting on behalf of the Company may, in their sole discretion, provide a severance benefit for the affected employee(s).
 - ii. This provision does not apply to terminations for cause, refusal to be reassigned or refusal to be relocated.
- d. Employees may undertake professional activities outside of the Company such as consulting and may be compensated by other non-Company entities for this work, with the approval of the CEO or, in the case of the CEO, with the approval of the Board of Directors and must be disclosed under the Conflict of Interest Policy. Any employee approved to undertake professional activities outside of the Company that is compensated by other non-Company entities is prohibited from using Company time, resources or information in performing such outside professional activities. Further, any employee undertaking outside professional activities should procure insurance coverage for such work.
- e. Fringe benefits
 - i. Benefits may include paid time off, a health insurance plan, a retirement plan a life insurance plan, and/or other benefit plan as offered by the Company to attract and retain the necessary employee talent to accomplish the Company's mission.
 - ii. Benefit plans shall be offered to all regular employees assuming that they meet the specific eligibility requirements of the benefit plan offered.
 - iii. The Company's management will annually review the benefit plans offered to assess the competitiveness and affordability of the Company's fringe benefit offerings. The Company has the maximum discretion, consistent with applicable law, to change, modify, or delete discontinue the employee benefits referenced in this Policy at any time, with or without notice.

4. **Budgeting**

As part of the annual financial planning process the Company's management will prepare a budget for total compensation including planned headcounts, base compensation for each position or group of positions, performance incentive pool, and all other related expenses including benefits by type. The CEO will and approval the components of and the overall compensation plan. As part of its review and approval of the Company's budget, the Board of Directors will review and approve, as appropriate, funding of the compensation plan as recommended by the Company's management.

5. **CEO Compensation**

The Board of Directors or board designated committee shall set the base compensation and performance goals for the CEO. The Board of Directors or board designated committee shall conduct an annual review of their performance and determine the amount of the performance incentive due and merit increase based on market comparable data. The CEO, assuming that they meet specific eligibility requirements, is offered the same benefits package as other Company employees.

6. This Policy replaces and supersedes any and all prior policies and procedures on this subject matter as of the Effective date of this Policy.
7. The Company reserves the right to change, revise, or update this Policy at any time to reflect the Company's intentions and compliance requirements.

Enforcement

1. The CEO is responsible and accountable to the Board of Directors.
2. Any violation of this Policy could result in disciplinary action, up to and including termination of employment.
3. Vermont Information Technology Leaders, Inc. ("VITL" or the "Company") may be the recipient of Federal grant funds, the use of which is subject to certain Notices of Grant Awards ("NGAs") and Health Human Services ("HHS") grant administration regulations found in 45 C.F.R. Part 75—UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR HHS AWARDS. It is the intention of VITL to satisfy the policy requirements of such regulations in the event that compliance is required pursuant to the awarding of federal grants in the future.

References

1. Employee Handbook
2. Summary of Benefits – See Accounting Manager
3. Conflict of Interest Policy

Review and Revision History

Date	Changes Made	Completed By
9/18/2027	Next Review Date	
6/15/2023	Policy reconfigured for new template, updated and data for new sections added	Heidi Banks
12/17/2019	Policy Initial Creation	Robert D. Turnau

Approvals

Cara Callanan

Reviewed by Sponsor

9/18/2023

Date

Beth Anderson

Approved by CEO

9/18/2023

Date

Debra Royce

Approved by Finance Committee

9/18/2023

Date