

SALARY INCREASE GUIDELINES FOR MANAGERS

(Template for Range Guidelines)

Our objective is to base employees' pay on their experience, competencies, performance, and value in the labor market. To help achieve these objectives, each position is assigned a salary grade that represents the minimum value normally paid for a position, a mid-range value, and the maximum value.

The middle third of each salary range represents the target value for fully experienced employees performing well in the position. New employees or employees promoted into a new job are typically paid at or near the minimum of the salary range for their position, and the upper third of the range is usually reserved for highly experienced and knowledgeable employees whose performance is outstanding.

Each year, we set a salary budget based in part of increases in labor market rates and in part on our financial results. This budget is then translated into a grid, as shown below, that provides guidelines for managers to recommend salary increases for the employees reporting to them.

The example below assumes a budgeted 3.5% salary increase for the organization as a whole.

Salary Increase Guideline Matrix

Performance Level	Current Salary Position within Salary Range		
	<u>Bottom Third</u>	<u>Middle</u>	<u>Top Third</u>
Far exceeds expectations	6.0% - 8.0%	4.0% - 6.0%	3.5% - 4.0%
Exceeds most expectations	5.0% - 6.0%	3.5% - 5.0%	3.0% - 3.5%
Meets expectations	4.0% - 5.0%	3.0% - 4.0%	2.5% - 3.0%
Somewhat below expectations	2.5% - 3.0%	2.0% - 2.5%	1.5% to 2.0%
Needs improvement	0%	0%	0%