



STANDING ROCK SIOUX TRIBE

Compensation Management Manual

INTRODUCTION

Nothing in this policy should be considered a waiver of tribal sovereignty regarding the compensation of employees. The Standing Rock Sioux Tribe has not adopted the Fair Labor Standards Act (FLSA), but maintains wage and salary rates that are dependent on both the availability of funds and budget constraints.

This compensation administration program is applicable to all employees of Standing Rock Sioux Tribe (the "Tribe"). This manual is available to Directors, Managers and Supervisors to provide a clear understanding of the compensation philosophy and management requirements. Employees of the Tribe may submit a written request for information regarding their salary range and position description. Any questions regarding salary range information on other positions are required to be submitted in writing to the Human Resources Department and will be considered only in cases of when it relates to career development.

Compensation practices are maintained in the strictest confidential manner. Any external requests for this information are to be referred to the Human Resources Department. The Tribe reserves the right to modify and revise the compensation manual and policies when it is in the best interest of the Tribe.

COMPENSATION PHILOSOPHY

Standing Rock Sioux Tribe is committed to a compensation management program designed to:

1. Attract and retain highly qualified and dedicated individuals
2. Provide equitable compensation in recognition of job performance and job responsibility by aligning pay expectations with performance expectations
3. Promote teamwork and foster an environment of personal and professional growth for the entire workforce
4. Support other human resource programs and the SRST Tribe's vision and goals
5. Recognize The Tribe's financial position and provide for the equitable distribution of compensation throughout the organization

Tribal employees shall be equitably compensated for assigned duties and responsibilities without regard to discrimination prohibited by Tribal law. The Tribe shall observe Indian



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Preference, whereby preference in hiring will be provided to qualified applicants enrolled in a federally recognized Tribe. Indian Preference is a consideration in the final hiring decision.

COMPENSATION MANAGEMENT SUMMARY

Standing Rock Sioux Tribe compensates employees using market-based compensation salary ranges that provide a competitive advantage in attracting and retaining talented individuals. The Tribe encourages and rewards high-performing individuals who excel in their position and, therefore, contribute to the Tribe's success. The Human Resources Department periodically reviews the compensation program to keep the compensation program reflective of external market conditions and may engage compensation experts to provide a market-based compensation assessment.

The employee's overall compensation package is determined by the type of position and is a combination of a variety of elements, typically base salary and employee benefits.

Base Salary

An employee's base compensation is determined by a variety of elements: job skills, experience, education, and relative worth of the position within the organization. The Tribe's compensation structure utilizes salary ranges for salaried and hourly positions, and each job position is slotted into the appropriate salary range based on comparable market compensation and the relative worth of that position.

Compensation Increases

The Tribe utilizes an annual performance evaluation process and guidelines for merit increases used to reward employees for their "above satisfactory" performance. Any increase in employee compensation is solely a decision of the Tribe and references to merit increases in these policies are not offers, guarantees or promises of an increase.

1. A merit pay increase will be based on guidelines established by the Human Resources Department, and employees exceeding expectations and above satisfactory performance within the annual evaluation period can potentially be eligible for an increase in compensation.
2. Employees receiving a rate of "below expectations" and/or "needs improvement" on job elements during annual evaluation period shall not receive an increase. Likewise, an employee who has undergone any corrective or disciplinary action within the annual evaluation period shall not be eligible for an increase.



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3. A new employee is required to complete one (1) full year of “above satisfactory” performance in order to be considered for a merit increase.

ELEMENTS OF SALARY MANAGEMENT

Elements of salary management are based on sound compensation principles and guidelines as follows:

Position Descriptions

The position description describes the major duties and responsibilities of a job and the necessary qualifications (also referred to as “minimum qualifications”) required to perform the duties. It forms the basis for the salary management program and supports the entire Human Resources function. The position description describes requirements of a job and is composed of the following sections:

- A. *Position Title:* Position titles are established to clearly indicate the general nature of the job.
- B. *Position Scope:* This section provides a brief summary of the responsibilities of the position.
- C. *Specific Duties:* Reflect the specific key duties and major responsibilities of the position. This section states what the individual is required to accomplish in the position and may also reflect additional minor duties of the position. In addition, employees may be required to perform additional tasks, work in other areas and support others on an as-needed basis.
- D. *Minimum Qualifications:* These statements state the minimum qualifications of education and experience.
- E. *Skills, Knowledge, Experience and Other Requirements:* These list skills, knowledge, or other requirements needed to perform the job.
- F. *Physical Requirements:* This section lists special environmental conditions and/or physical requirements of the job, such as challenging conditions and hazards, as well as any lifting, bending, vision requirements, or overnight travel.

Directors, Managers and Supervisors are responsible for maintaining current position descriptions that accurately reflect the level of responsibility and requirements of a position. Position descriptions shall be reviewed at the time a job position is vacated and at the time of employee performance evaluations are conducted.



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Benchmark Jobs

Benchmark jobs are positions selected on the basis of similarity in duties, responsibilities, skills, education and experience. These positions are used for comparison with other organizations that have similar positions to the Tribe. These jobs are used to develop the Tribe's salary ranges, and are vital in maintaining the internal equity of compensation management.

Salary Surveys

Determining actual salary levels found in the labor market in which the Tribe competes is critical in maintaining an effective compensation management system. Assessing market-based compensation levels ensures that the Tribe continues to be an employer of choice, and attracts and retains qualified individuals.

Salary survey data is reviewed periodically and is necessary in maintaining the compensation management system. The Tribe's compensation management system and salary ranges will reflect relevant national and regional industry-based compensation surveys.

Salary Structure

The Tribe's salary ranges reflect market compensation for benchmark positions, and the slotting of job positions into those ranges based on the relative worth of each position, which is measured using compensable factors that are common to all job positions. This ensures that The Tribe's salary ranges are competitive and internally equitable.

Standing Rock Sioux Tribe's compensation structure contains a number of salary ranges that are represented by a minimum and maximum dollar amount. The minimum of the salary range is the lowest amount a job position will be paid. The maximum of the salary range is the most a position will be paid. The midpoint of the salary range represents a competitive salary level for an experienced and qualified individual who can perform all aspects of the position. Progression through the salary range occurs in conjunction with the employee's level of performance.

Position Evaluation

Position evaluation is the process of internally comparing the job against other job positions. When positions are evaluated, the value of the jobs is assessed externally within the markets where qualified individuals are recruited. This comparison is largely made



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through salary survey data where benchmark survey positions are compared to same or similar positions.

Once this comparison is made, the task of classifying each position becomes an objective process performed by the Human Resources Department and with the assistance of a compensation experts, when necessary. The team will review the labor market information for external comparison. In order to assess the jobs based on internal equity, an Executive Management team of Standing Rock Sioux Tribe will compare jobs across departmental lines to determine how each position contributes to the Tribe's success, and the value of all positions against each other. Compensable factors that are common to all job positions are used in this assessment. This ensures that all positions are internally equitable, and employees are compensated appropriately based on both external and internal factors.

STEPS IN THE COMPENSATION PROGRAM

STEP I

1. Directors, Managers or Supervisors are responsible for completing a draft position description, using a template provided by the Human Resources Department.
2. Drafts of position descriptions are to be submitted to the Human Resources Department.
3. The Human Resources Department reviews the position descriptions, and works with Directors, Managers and Supervisors to review positions descriptions, as needed, prior to approval.

STEP II

1. The line of authority and supervisory responsibilities of all job positions are documented for comparative analysis. This information will be used to evaluate the relative worth of job positions, and ensure that proper compensation differentials exist between supervisors and the positions that they supervise.

STEP III

1. Position descriptions are compared with same or similar to jobs in external market. Relevant surveys listing comparable external market jobs and salaries are used in the assessment process.



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STEP IV

1. The salary ranges for benchmark jobs are used to develop salary ranges salaried and hourly positions.
2. The midpoint of the salary structure ranges are preliminarily compared to current compensation for the Tribe's employees in the same or similar job positions.

STEP V

1. Job positions are scored using compensable factors as follows: education, experience, managerial responsibility, interpersonal skills, independent judgment, mental process, organizational impact, organizational restraint, physical activity, and working conditions. A point value for each position is assigned which reflects the relative worth of job position.

STEP VI

1. Positions are slotted into salary ranges based on the point value assigned and relative worth of each position.
2. In the event a position's current salary falls below the minimum range, potentially it will be placed at the minimum range when financial and budget availability is confirmed and approved; this action is defined as "green circled." In events where a position's current salary is above the maximum of that salary range, that position shall not receive any salary increases until the ranges reach to the salary; this action is defined as "red circled."

GUIDELINES FOR USING THE SALARY ADMINISTRATION PROGRAM

The following guidelines define the appropriate salary action and necessary steps in utilization of the compensation management system.

Annual Salary Planning

Annual salary planning for the Tribe will be prepared in the last quarter of the fiscal year for the upcoming fiscal year. Department Directors will be expected to forecast the following information by position, using the performance evaluations completed:

- Expected performance rating; and
- Estimated salary increase percentage.



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To the extent financial resources are available, Departments will be provided estimated salary increase amounts to assist in managing the process.

Hiring Salary

The starting salary for an employee of the Tribe is based on salary ranges for their position. New employees will be placed at the minimum of the salary range for a position. A new employee with experience beyond the minimum requirements can potentially be compensated above the minimum of the salary range for their position, but not more than the midpoint of the salary range for their position, based on justification. A new employee with extensive work experience must be approved by the Executive Director, Chief Financial Officer and Human Resources Manager to be placed beyond the midpoint of a salary range.

Compensation Adjustments and Guidelines

Standing Rock Sioux Tribe will utilize a system for awarding salary increases that is based upon individual performance and overall contribution to the Tribe's success. Compensation increases are designed to recognize individual contributions to the Tribe, in consideration of labor market trends, economic conditions and the Tribe's financial stability. The guidelines will be reviewed annually to ensure a competitive stance.

A Director, Manager or Supervisor is required to provide guidance to employees who are approaching the 90th percentile of their salary range in order to discuss the future direction of their career. Employees who are in this situation are to be advised that increases over the maximum of their salary range is not permitted.

Employees who have received disciplinary action or undergone performance improvement procedure shall not be eligible for a salary increase. The performance evaluation period will be extended based on the length of time of the disciplinary or corrective action status, and compensation increases may be considered during the next performance evaluation cycle. Additionally, compensation increases are not available for employees receiving a "needs improvement" or "below satisfactory" rating on the annual performance evaluation.

Salary action may also be deferred for employees who are away from work on an extended absence or approved leave without pay of more than two (2) weeks.



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In-House Transfers

1. When an employee transfers to another position at a higher salary range within the same or another department, and possesses the minimum experience, education and skills as required for the position description, the beginning pay rate will be at the minimum of the salary range for the position.
2. When an employee transfers to another position and possesses the experience, education and skills beyond the minimum requirements for the position description; the beginning pay can potentially be above the minimum salary range for the position they are transferring to, but not more than the salary midpoint for that position, with written justification provided by the Director with approval of the Executive Director, Chief Financial Officer and Human Resources Manager.

A transfer is the movement of an individual to a position in the same or higher salary range based on performance, qualifications and/or a significant change in work content.

Management will determine when there has been a significant change in work content as a result of a transfer, which requires a change in salary range. Typically, management will look at the additional complexity of the work rather than just a change in work volume.

When an employee is transferred to a position that is in a higher salary range, the transferred individual will be brought to the minimum of the new salary range or receives a 5% increase in compensation, whichever is greater. If the transfer occurs at the same time as eligibility for a compensation increase, an increase as a result of the transfer may be awarded in addition to the salary adjustment. The adjustment should consider the increase in responsibilities, salary range for the new position, and rates paid others for similar work. All transfers must have the approval of the Department Director and the Human Resources Manager.

In the case of a transfer into a job position having the same salary range, employees receiving such a transfer will receive a 5% increase in compensation, not to exceed the maximum salary range for the new position.

Reclassification Adjustments (Downward)

A reclassification of an individual to a lower salary range may be made at the organization's request because of a decrease in performance, the employee's request, or due to business requirements. The Department Director will consult with the Human Resources Manager and determine the rate of pay, considering the individual's qualifications and the current average



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rate paid for the new position. This adjustment may be a reduction in compensation, and must have the approval of the Human Resources Manager.

Market Adjustments

As part of compensation management, the Standing Rock Sioux Tribe will continually study the market impact on their current salary structure. The Human Resources Department utilizes relevant salary surveys and compensation experts to make recommendations as to which positions may need to have market adjustments.

Maintenance of the Compensation Management System

Updating the Salary Structure

The salary structure is reviewed periodically by evaluating the market compensation for benchmark jobs. The Human Resources Department is responsible for recommending the nature and amount of any salary structure adjustments based on labor market conditions and salary inflation. The recommendation for any changes to the compensation ranges and salary structure shall be reviewed by the Executive Director, the Chief Financial Officer and the Human Resources Manager. Adjustments to the Tribe's salary structure and salary ranges will require the approval of Tribal Council.

Compa-Ratio Review

To give Standing Rock Sioux Tribe a gauge on how employees are compensated within their salary ranges, a compa-ratio report will periodically be generated. This report shows each employee's salary against the mid-point for their position. A compa-ratio of 100% means that an employee is compensated at the midpoint of their salary range. Compa-ratios of 80% and 120% mean that an employee is paid at the minimum or maximum of their salary range, respectively.

Performance Evaluation Guidelines

Formal performance evaluation will be conducted on an annual basis to be considered for a merit increase.

All non-temporary employees may receive a review following the completion of a 90-day or six month probationary period of employment. Formal performance appraisals with consideration of compensation increases will be administered annually.



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All performance evaluations are to be completed by the Director, Manager or Supervisor, and reviewed by the Human Resources Manager. A face-to-face performance evaluation session is required between the supervisor and employee to document a discussion of the performance evaluation prior to obtaining signatures for performance evaluation. The employee and supervisor are required to sign the performance evaluation form and will become an official record placed in the employee's personnel file.

Salary increases must be approved on a one-over-one basis (i.e., the employee's supervisor recommends the increase the next level of management approves the increase), and the salary recommendation is made following completion of the performance evaluation process.

The Human Resources Manager shall review merit increases for compliance with guidelines and annual merit pay amounts.