

**Cottonwood, Inc.  
Policies and Procedures**

**SECTION:** Personnel

**POLICY NO:** 03-012

**SUBJECT:** Salary Administration

**EFFECTIVE DATE:** August 1987

**Policy:**

It is the policy of Cottonwood, Inc. to pay wages and salaries which are based upon the nature of the job performed and which are competitive with rates being paid for similar work by other employers in the community.

**Procedures:**

1. A starting wage for each position will be set by the CEO with Board approval. The Cottonwood, Inc. Board will review compensation periodically. Factors to be considered in setting starting wages are the education/training required, the experience required, and the responsibility/authority required for the position.
2. New employees generally are hired at the starting rate assigned for their job. Supervisors may recommend higher starting rates based on the employee's experience or education subject to approval by the CEO. Under no circumstances will an individual be employed at less than the minimum rate for the position.
3. Supervisors may recommend salary increases for their employees in conjunction with regular performance evaluations (see Policy No. 03-023).
4. Employees are paid on a semi-monthly basis (2 times per month), dated on the 15<sup>th</sup> and the last day of the month, adjusted for weekends and holidays.
5. It is Cottonwood Inc.'s practice to issue paychecks by direct deposit to employees' financial institution. On each payday, employees can access an electronic statement showing gross pay, deductions, and net pay. State, Federal, and Social Security (FICA) taxes and employee contributions to the Agency's benefit plans will be deducted automatically. Employees are responsible for any bank charges incurred by Cottonwood, Inc. due to 1) incorrect direct deposit bank information entered by the employee and 2) Stale-dated live checks returned to Cottonwood, Inc. if not redeemed by the employee within 180 days (this does not include persons served). No additional deductions will be withheld without the employees' written authorization or by court order.
6. Overtime compensation will be paid to non-exempt employees for work weeks when they actually work in excess of forty hours. Cottonwood, Inc. observes a Sunday through Saturday workweek for purposes of calculating overtime. Employees required to work on a holiday will be paid their regular rate of pay for the number of hours worked on that day in addition to holiday pay pursuant to Policy No. 03-019. Paid time which is not worked, (e.g. holiday, vacation, personal time and sick time) will not be counted as hours actually worked for purposes of calculating overtime pay pursuant to the Federal Fair Labor Standards Act.

7. Gift cards given to employees by Cottonwood, Inc. for any reason (Above & Beyond recognition, DSP Appreciation Week, etc.) will be included in the employee's total compensation and will be reflected on their subsequent earnings statement. The value of the gift card is subject to tax withholding reportable on Form W-2 per IRS regulations.