

Executive Director Compensation Policy

Purpose of Policy and Connection to the Mission

The Board of Directors of Temple Beth Am adopts this Policy to ensure the compensation of the Executive Director aligns with our vision, mission, and values.

Background

This Policy affirms the following:

1. That the Temple Beth Am community is a sacred one that includes the professionals we employ and that Temple Beth Am's mission, vision, and values should be reflected in all aspects of its human resource practices, including compensation for the Executive Director.
2. That the Executive Director plays a unique and critical role in advancing Temple Beth Am's mission.
3. That in addition to compensation, the Board must support the Executive Director with feedback, proper resourcing, resourcing for professional development activities, clear roles and responsibilities, and other policies that support the Executive Director's work.

Related policies

This policy is related to our Employee Compensation Policy.

Policy

The Board of Directors adopts the following regarding compensation for the Executive Director:

- 1. Benchmarking.** It is important to the Board that Beth Am be able to attract and retain a high-performing Executive Director and pay that individual competitively. Accordingly
 - a. We strive to compensate our Executive Director at a minimum, at the 50th percentile considering the individual's experience, time in role, credentials, and other pertinent factors. Benchmarking should use at least one established, relevant, timely, respected database.
 - b. The benchmarking shall be conducted by an Executive Director Compensation Task Force (EDCTF), whose membership is approved by the Board. The EDCTF is a committee with delegated powers under Art. 11 of Beth Am's Bylaws. The EDCTF shall be comprised of the President, Vice President, and at least three additional Board members including one (or more) individual from the Finance Committee, and at least one not on the Executive Committee. The President shall select the EDCTF chair. It is recommended that at least one EDCTF member have participated in the previous year's merit determination, and that at least one EDCTF member be new to the EDCTF.
 - c. The benchmarking shall be conducted by the EDCTF (i) at least every three years, (ii) if there is a significant change in the Executive Director's responsibilities, (iii) at the request of the Executive Director, or (iv) at any other time requested by the Executive Committee.
- 2. Merit pay.** It is important that Temple Beth Am is able to attract and retain an Executive Director who performs at an extraordinary level. Therefore, the Board believes it is appropriate for the Board to offer compensation changes that are based on the Executive Director's performance in a given year. The EDCTF shall determine appropriate merit-based compensation (i.e., merit-based raise, bonus, or other compensation).
 - a. The EDCTF may award merit pay based on the Executive Director exceeding expectations for performance by demonstrating effectiveness beyond the requirements of the job in

advancing Temple Beth Am's mission, e.g., by ensuring excellence in professional operations, by effective relationship stewardship, advancing a culture of philanthropy, advancing our Diversity, Equity and Inclusion efforts, advancing the sacred partnership with the Board, the Senior Rabbi, and other clergy and professionals, and other goals as identified in the Executive Director's annual goal-setting process and job description.

- b. Temple Beth Am expects excellent performance from all its employees. Merit pay shall reflect extraordinary impact in the Executive Director's job performance. This Policy does not constrain the merit award decisions of the EDCTF, but believes that for extraordinary performance, a discretionary merit award from 1% to 10% might be appropriate.
- c. The EDCTF shall evaluate merit pay annually, after the Executive Director's annual evaluation. The EDCTF shall take into account previous merit awards and the rationale underlying them to ensure consistency year over year. The EDCTF's decision shall also take into account the long-term impact of a raise (versus bonus) on the organization's budget.
- d. The EDCTF's determination shall be provided in a written report to the Board. Such report must include the EDCTF's decision and the basis for its decision.
- e. Application of this Policy (and all principles herein) must comply with existing laws, including those relating to employment and anti-discrimination.
- f. The Board recognizes that Beth Am's professional staff must succeed as a team. Accordingly, the EDCTF may award merit pay to the Executive Director in fiscal years when a cost-of-living adjustment is not necessary due to market conditions. However, when a cost-of-living adjustment is necessary, funds should be allocated first to these before awarding merit pay. In fiscal years when funds are available for merit pay, the Executive Director may only receive merit pay if merit pay is also awarded to the staff. This Policy does not require the Executive Director to grant merit pay to any specific individual, or to all individuals, but instead recognizes that because Temple Beth Am's professionals function as a team, the Executive Director should not be the only individual to receive a merit award. The EDCTF may consider the overall merit pool in determining the Executive Director's merit award.

3. Cost of living adjustments. The Board's Employee Compensation Policy defines a policy for cost-of-living adjustments, ¶¶1-3:

It is a Board priority that as the cost of living in Seattle increases, so should the salary/wages all our professionals receive. The Executive Director shall determine the cost-of-living adjustment based on relevant and appropriate data from a reputable source, such as the US Bureau of Labor Statistics.

The Board recognizes that extraordinary circumstances may impede our ability to offer cost of living adjustments. If the Executive Director believes such circumstances exist, the Executive Director may present multiple budgets, including at least one budget that includes a cost-of-living adjustment for all non-clergy staff. The Executive Director may present additional budget proposals that do not include cost-of-living adjustments.

Unless there are extraordinary circumstances, a cost-of-living decrease should not result in a negative adjustment of professionals' compensation. For example, if the cost of living decreases by 1%, the Executive Director shall not decrease professional compensation absent extraordinary circumstances.

This cost-of-living adjustment practice shall apply equally to the Executive Director. Any updates or revisions to the Employee Compensation Policy relating to cost-of-living adjustments shall be incorporated herein as well. Nothing herein shall reduce the responsibility of the Finance Committee to review and the Board to approve the cost-of-living adjustment as part of the annual budget review process.

Reporting

The EDCTF must report annually to the Board regarding its determination and rationale. The EDCTF shall also create a confidential document explaining its reasoning in greater detail. This confidential document shall be shared with successive EDCTF members and with the Evaluation Committee.

Sunsetting

The Board shall revisit Section 2 of this Policy two fiscal years after it is implemented to determine if changes are appropriate.

Implementation

1. The Board shall approve an EDCTF annually in a timely manner to enable the implementation of this Policy.
2. The EDCTF's decision (but not the rationale) must be provided in a timely manner to the Finance Committee.
3. The EDCTF may select a single member (by default, the Board President) to communicate the EDCTF's determination to the Executive Director.

Date adopted by Board: _____