

<b>Policy Title:</b>	<b>Chief Executive Officer Compensation Philosophy and Personnel Subcommittee Functionality</b>
<b>Policy #:</b>	<b>01-001-0050</b>
<b>Effective Date:</b>	12/09/2025
<b>Approved by:</b>	SCCCMH Board
<b>Functional Area:</b>	Administrative, Governance
<b>Responsible Leader:</b>	Telly Delor, Chief Operating Officer
<b>Policy Owner:</b>	Kimberly Prowse, Contract Administrator
<b>Applies to:</b>	SCCCMH Board

**Purpose:** This policy outlines the philosophy of the total compensation package of the Chief Executive Officer (CEO) for St. Clair County Community Mental Health (SCCCMH), defines the function and structure of the Personnel Subcommittee, and establishes processes for the evaluation and approval of Chief Executive Officer compensation, as required in order to have Board Governance accreditation through CARF.

### I. Policy Statement

It is the policy of St. Clair County Community Mental Health (SCCCMH) Board of Directors to provide a structured and transparent approach to Chief Executive Officer compensation, addressing the necessity for equity, market competitiveness, and adherence to ethical governance practices. Implementing such a policy will ensure that Chief Executive Officer compensation aligns with organizational performance and community expectations.

### II. Standards

**A.** The St. Clair County Community Mental Health (SCCCMH) Board is committed to providing a competitive and fair total compensation package to attract, retain, and motivate a high-quality Chief Executive Officer. The compensation philosophy aims to:

1. Align the Chief Executive Officer compensation with the Agency's strategic goals and community needs.
2. Ensure transparency, equity, and accountability in compensation practices.

3. Establish a total compensation framework that considers base salary, incentives, benefits, and other forms of remuneration.

**B.** Components of the total Chief Executive Officer compensation package may include, but is not limited to, the following components:

1. Base salary: the fixed annual salary, established through market comparison, which reflects the Chief Executive Officer's role, responsibilities, and experience.
2. Incentive plans: performance-based incentives tied to individual and organizational performance targets, reviewed annually for appropriateness and compliance.
3. Benefit plans: health, retirement, and other employee benefit programs that support the well-being of the executive, in alignment with Board approved policy and comparable executive benefit structures.
4. Prerequisites: additional benefits such as transportation allowances, professional development support, and other non-cash benefits. Prerequisites must be reasonable, business-related, and clearly documented.

**C.** To ensure that compensation is competitive, the board will regularly review market compensation data sourced from comparable organizations. Reference points will include:

1. The Chief Executive Officer compensation of other Community Mental Health organizations within the public system and nonprofit sector (CMHA salary survey).
2. Data from organizations with similar sizes, budgets, and scopes of responsibility.

**D.** The Personnel Subcommittee will consist of selected board members.

### **III. Procedures, Definitions, and Other Resources**

#### **A. Procedures**

##### **Actions**

Action Number	Responsible Stakeholder	Details
1.0	Chief Operating Officer and Human Resources Director	<ol style="list-style-type: none"><li>1. Review the compensation annually.</li></ol>

Action Number	Responsible Stakeholder	Details
2.0	Personnel Subcommittee Members	<p>2. Review the total compensation package annually and make recommendations to the full board.</p> <p>3. Ensure no conflicts of interest by excluding Board Members who have relationships with the Chief Executive Officer or other executives from participating in compensation decisions.</p> <p>4. Establish a documented process for determining compensation arrangements, including application of comparative market data.</p> <p>5. Will develop and maintain a formal process for reviewing the Chief Executive Officer compensation which includes:</p> <ul style="list-style-type: none"> <li>a. Initial compensation determination at the time of hire.</li> <li>b. Annual reviews of compensation aligned with the Chief Executive Officer performance evaluation and organizational objectives.</li> <li>c. Recommendations will be presented to the full board for approval.</li> </ul> <p>Any potential conflicts of interest will be disclosed prior to the review process. It is the responsibility of subcommittee members and other board members to maintain transparency throughout the compensation determination process.</p>
3.0	Board of Directors	<p>6. Make informed recommendations on the Chief Executive Officer compensation adjustments.</p> <p>7. Engage external compensation consultants as necessary to ensure objectively and access to current market trends.</p> <p>8. Maintain records of all compensation decisions, rationale, and relevant meeting notes for annual review.</p> <p>9. All compensation records related to the Chief Executive Officer compensation shall be reviewed at least annually.</p> <ul style="list-style-type: none"> <li>a. The timeline for the annual review shall follow: <ul style="list-style-type: none"> <li>• September; initial meeting</li> <li>• October;</li> <li>• November;</li> <li>• December; presentation to all board members</li> </ul> </li> </ul> <p>10. The board shall ensure proper documentation of all processes, discussions, and decisions surrounding the Chief Executive Officer compensation.</p>

## B. Related Policies

N/A

**C. Definitions**

N/A

**D. Forms**

N/A

**E. Other Resources** (i.e., training, secondary contact information, exhibits, etc.)

N/A

**F. References**

N/A

**IV. History**

- Initial Approval Date: 12/09/2025
- Last Revision Date: BY:
- Last Reviewed Date: BY:
- Non-Substantive Revisions: N/A
- Key Words: Chief Executive Officer, CEO, Compensation