# Professional Employee Compensation Plan

HunaTek’s employee compensation practices are intended to provide our customers with a stable workforce of competent staff able to support mission requirements without interruption. In accordance with FAR 52.222-46, Evaluation of Compensation for Professional Employees, we propose contract-specific labor rates that will allow us to hire professionals with the right skillsets for the requirements and complexity of the work at fair salaries, with a robust package of fringe benefits.

### Methodology for Determining Salaries and Fringe Benefits for Professional Employees

If labor categories are not identified in the task order request or statement of work, we do a careful analysis of the technical and management requirements and determine the skills and experience that project staff will need in order for us to perform successfully. We group these skills logically into position descriptions. Each position then becomes a labor category for building our basis of estimate for the project. Depending on project requirements, we may create position levels such as Junior, Intermediate and Senior, or Level I through V, with each level representing additional experience, education and/or certification within the same skillset.

We begin our salary determination with an analysis of each proposed labor category, identifying the skills, education, certifications and experience level required for successful performance. Each labor category is assigned several job titles and any keywords that will help to pinpoint truly comparable market salaries. Our Human Resources staff then searches the ERI Salary Assessor using those titles, requirements and keywords, along with geographic location, and returns a short list of job titles and salary ranges for each labor category. Our subcontractors perform similar analyses independently, and all data is shared among all parties.

HunaTek uses salary surveys from the Economic Research Institute’s (ERI) Salary Assessor as the basis for determining salaries. ERI’s Salary Assessor contains over 7,000 positions across 9,000 geographic locations and over 1,000 industries. Data is supplied by a range of private and public-sector employers including commercial businesses, law enforcement, military, municipal, state and federal government. We use Salary Assessor to determine an appropriate pay range for each job category, level of experience and geographic location. We also use recruiters for some positions, who may provide market salary expertise.

Our next step is a competitive analysis of the labor categories within the government contracting sphere. We use our general salary range to build fully-burdened hourly rates, and use the FPDS database to compare those rates to similar labor categories awarded recently on other federal projects. We may adjust our salary estimates up or down depending on these results.

### Project-Specific Salary Considerations

Within a general salary range, there are a number of considerations that will impact our ability to recruit and retain competent staff. The labor market has changed dramatically in the last two years; many workers now strongly prefer fully or partially remote work, and salary expectations have risen. We adjust our expected salary to accommodate such factors as

* Ability to work remotely full or part time
* Work schedule flexibility
* Clearance requirements
* Working conditions like spending significant time in a SCIF or traveling
* Unemployment rate and its recent trendline in the geographic area and employment field

We use our initial general salary range, our competitive analysis, and these factors to determine an expected salary range for each proposed labor category.

The results of our analysis of the labor categories for the Polaris contract vehicle and our assumptions appear at the end of this volume.

## Employee Retention

Uninterrupted support to customers requires us to retain qualified, competent contract staff, whether they are employees of HunaTek or our subcontractors. Our program managers, human resources staff, company management and subcontractors pull together to attract, develop and retain the right people to meet our customers’ objectives. Recruitment is one of the core processes described in our Quality Management Program; we measure our success regularly and take specific steps to continuously improve our process and results.

### Incumbent Retention

At HunaTek we consider smooth transitions to be a core competency. Program continuity and uninterrupted service almost always requires retaining 75% or more of the existing staff. During our two most recent transitions the HunaTek team hired 82% and 100% of the incumbent staff.

When we propose work that has an incumbent, we use available public resources such as LinkedIn along with industry knowledge to make informed estimates of where the current staff lies on our expected salary range. Our goal is always to keep people “whole” – their total compensation package as a HunaTek employee should not be less than their current package.

After award, in consultation with the customer, we recruit the current staff and usually accept all applicants at their current salaries. Over the first six months of the contract, our Human Resources staff works with our project manager and the customer’s project lead, within the bounds of the contract, to identify any individuals who may be incorrectly categorized for their experience level and move them into the correct labor category if the project budget allows.

### Retention Over Time

Our culture and policies empower our program and project managers to build high-functioning, cohesive teams in which each individual is valued and respected for their contribution.

* Every project manager has a team-building budget to be used at their discretion for team events, spot bonuses, small gifts, etc.
* We offer reimbursement for memberships in professional organizations, continuing education, certification exams and conference attendance.
* Our benefits package is competitive and designed to encourage a healthy work-life balance and financial security.
* We track turnover rates at least quarterly for the company as a whole and for each project, conduct exit interviews with departing employees, and survey employees annually, keeping employee satisfaction uppermost in the minds of company and project managers. Our retention rate for the first quarter of 2022 was over 98%.

While long-term project staff retention has clear program benefits, it is also essential to provide an upwardly mobile career path for those employees who are interested in growth. We expect some staff turnover on our programs; as employees become ready for more responsibility, we will move them into a more senior role on their current program or on another program, and backfill their position with a new hire or another employee who has outgrown their own position.

## Fringe Benefits

HunaTek’s comprehensive fringe benefits package, available to all full-time employees, is designed to ensure our employees can create a reasonable work-life balance for themselves and their families, have access to quality medical care, are insured against catastrophic health events, and can put money aside for retirement. All plans comply with the Affordable Care Act, the Family and Medical Leave Act, and other applicable laws and regulations.

Fringe benefit offerings may differ for contracts subject to the Service Contract Act.

### Time Off Benefits

**Paid Time Off**:Our standard Paid Time Off (PTO) plan provides a minimum of 120 days per year, increasing with tenure. PTO may be used for any reason, including vacation, illness or personal business. PTO is accrued semi-monthly. To encourage employees to use their time off, we limit the amount that may be carried over to the next year to 64 hours for new employees, increasing with tenure. Accrued PTO is paid out upon termination other than for cause.

**Paid Holidays:** HunaTek follows the federal government holiday schedule, and pays all full time employees for all government holidays.

**Parental Leave:** We provide two weeks of paid parental leave for full time employees upon the birth or adoption of a child, or the placement of a foster child.

**Other Paid Leave:** We provide a limited amount of paid leave for other purposes separate from the PTO plan, including Bereavement and Jury Duty.

### Health and Welfare Benefits

We review our health and welfare benefit offerings annually, using employee surveys and industry benchmark information to inform our decisions.

**Health Insurance:** We offer a range of health insurance plans that allows employees to choose a plan that is affordable and supports their goals. Plans include a high-deductible option with a Health Savings Account, a mid-tier option and a higher-cost option with low or no copays. The company pays a significant percentage of the cost of coverage for employees and their dependents; employee contributions are pre-tax.

**Dental and Vision Insurance:** We offer dental and vision insurance to all eligible employees and their dependents. The company pays a percentage of the cost, and employee contributions are pre-tax.

**Short- and Long-Term Disability Insurance:** All employees, unless they specifically opt out, are covered for income loss through our short-term and long-term disability policies at 60% of salary. By default HunaTek pays 100% of the cost of this coverage. A tax-choice option is available for employees who prefer to pay the premiums with after-tax dollars; in this case the premium plus a small gross-up is added to the employee’s pay and the premium is deducted, and any benefits received by the employee in the future will be treated as non-taxable income. Coverage above the plan maximums is available on a voluntary, employee-paid basis.

**Life Insurance:** HunaTek provides all employees who do not specifically opt out with life and accidental death and dismemberment (AD&D) coverage at two times annual salary up to $300,000 at company expense. Additional coverage is available on a voluntary, employee-paid basis.

**Flexible Spending Accounts:** HunaTek offers Flexible Spending Accounts (FSA) in accordance with IRS limits, enabling employees who so choose to set aside pre-tax money for out-of-pocket medical expenses and dependent care costs.

**Voluntary Benefits:** We offer several employee-paid voluntary benefits, including Critical Illness, Accident and Hospital Indemnity plans.

### Retirement Benefits

**401(K):** HunaTek sponsors a 401(K) plan for all employees, both full-time and part-time. The company makes a safe-harbor contribution of 3% of gross pay regardless of employee contribution. Employees may contribute up to the statutory limits each year.