



COMPENSATION GUIDELINES

For Professional Staff

PREPARED BY THE DEPARTMENT OF HUMAN RESOURCES

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ABOUT THIS GUIDE

The purpose of this guide is to provide an overview of the objectives, practices, and procedures of the Compensation Program for professional staff members at Drexel University to ensure that direct supervisors and affected employees understand and apply the program consistently and effectively. This handbook is to serve as a guide and information resource and is not meant to cover every specific instance or operating procedure, given that it is difficult to anticipate the almost infinite number of situations that can arise with regard to salary administration.

Drexel University reserves the right to revise its policies, programs, and benefit plans at any time, without advance notice. This guide does not, nor is it intended to, create a contract between the organization and any of its employees for employment or for the provision of any benefits or specific level of compensation.



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COMPENSATION PHILOSOPHY

Drexel University is committed to attract, retain, and motivate competent and dedicated professional staff members who can share in the successful growth of the University and attain their individual career objectives, consistent with an overall University emphasis on the pursuit of professional and academic excellence.

To support our commitment, Drexel has established a compensation program with guidelines and processes based upon internal equity (level of value of jobs within the University) and external competitiveness (overall wage and salary levels reasonably comparable to the marketplace).

OVERVIEW

Drexel's compensation program is designed to achieve the following goals:

- Ensure fair and consistent pay practices
- Comply with applicable federal and state laws and regulations
- Operate within the constraints of the University's budgetary process and financial resources
- Ensure administrative efficiency
- Allow the University to offer competitive salaries relative to the labor markets in which the University recruits.

Drexel generally recruits in the local, regional, and national labor markets to fill positions. While pay practices reflect local living costs, they are competitive with pay practices in the relevant labor markets

It is recognized that the guidelines contained within this Compensation Manual and associated documents cannot cover all possible situations. Any specific action which deviates from the guidelines should be reviewed with the Compensation department of Human Resources and requires approval by the Executive Director of Total Rewards (or designee).

While Drexel fully intends to adhere to the practices and procedures contained in this document, the statements and guidelines ***are not and should not be considered a contract*** of any kind, expressed or implied. These guidelines may be changed or rescinded at any time at Drexel University's sole discretion.

Drexel University complies with all laws and regulations related to Equal Employment Opportunity in all Human Resources actions that affect employees, including compensation programs.

RESPONSIBILITIES

Compensation Department

Is responsible for:

- Development and administration of the base salary compensation program including job evaluation, market pricing, salary structure, and salary administration.
- Design and development of customized compensation strategies to meet unique business situations.
- Monitoring the marketplace to ensure that the program remains competitive.
- Communicating programs and guidelines to help and train direct supervisors to understand all aspects of the compensation program, thus providing information that will help management make sound salary decisions.

Direct Supervisors

Are responsible for:

- Objective and equitable administration of the salary programs within their department.
- Maintaining and improving the relationship between individual performance and individual compensation.
- Managing the salary budgets consistent with available funds.
- Monitoring changes in duties and responsibilities to ensure that jobs are accurately described and submitting job descriptions for re-evaluation when key responsibilities are added or deleted.

HR Business

Partners

Are responsible for:

- Working with management to create a tangible link between individual performance and pay.

- Initiating discussions with the Compensation department on alternative compensation approaches, as needed.

- Providing assistance, as needed, in recommending salary actions.

SALARY STRUCTURE

The salary structure provides one of the basic “controls” in the compensation program. It also assists immediate supervisors in recommending equitable and consistent salary decisions.

Salary Structure Components:

A salary structure consists of grades and salary ranges:

Grades eliminate the need to identify extremely fine differences in value between similar jobs that require comparable knowledge, skills, and abilities.

Salary ranges give the University the opportunity to relate pay to the competitive market. The ranges represent “competitive market value” for each responsibility level.

Each salary range has a *minimum*, *midpoint*, and a *maximum*; for each range there is a “spread” and a certain amount of “overlap” with adjacent ranges.

- (a) Typically, the **minimum** of the salary range is the rate paid to an employee who is assigned to a position for which he or she possesses the minimum qualifications and who is expected to be able to perform the basic duties and responsibilities. No Drexel University professional staff employee’s rate of pay should fall below the grade minimum.

- (b) The **midpoint**, or competitive control point of the range, is the middle point between the minimum and maximum of the grade. This part of the range is appropriate for an experienced and fully qualified employee whose performance fulfills the requirements of the position. This value typically represents the “going rate” for the position, and a Drexel University professional staff member may be expected to reach this rate between 4 to 6 years in their position. A hire rate for a new professional staff member above grade midpoint

must be accompanied by a justification letter from an SVP or Dean.

With a wider grade, it typically takes incumbents longer to reach the midpoint. This timing will differ, of course, by position and is ultimately a function of various salary adjustments (i.e., a merit increase) and an incumbent's prior/related experience, education, and background.

- (c) The **maximum** of the salary range is the highest salary level for an employee whose performance consistently exceeds most position requirements. Once an employee reaches the maximum of the salary range, the base salary is not increased until the salary range changes. Employees may be eligible for lump sum merit increases if their base pay is over the grade maximum.

- (d) In addition to the minimum, midpoint and maximum, the salary range is divided into quartiles. The second quartile (q2) is the halfway point between the minimum and midpoint. The fourth quartile (q4) is the halfway point between the midpoint and maximum. A Drexel University professional staff member may be expected to reach the q2 of their salary range after 2 to 3 years in their position and reach the midpoint in 4 to 6 years.

Salary Structure Design:

Drexel University has developed a salary structure consisting of grades based upon internal value (job evaluation) and external value. In keeping with Drexel University's philosophy to provide competitive base salary compensation, the salary structure was built to reflect the competitive market.

Salary Structure Review:

The competitiveness of the salary structure will be assessed periodically relative to published compensation surveys to ensure that external equity is maintained.

Drexel University – Professional Staff Salary Structure (Annual & Hourly) effective August 1, 2022

| <i>Salary Grade</i> | <i>Minimum</i> | <i>Q2</i> | <i>Midpoint</i> | <i>Q4</i> | <i>Maximum</i> |
|----------------------------|-----------------------|------------------|------------------------|------------------|-----------------------|
| <i>E</i> | \$26,790 | \$30,060 | \$33,530 | \$36,820 | \$40,180 |
| <i>F</i> | \$29,450 | \$33,050 | \$36,860 | \$40,480 | \$44,170 |
| <i>G</i> | \$32,530 | \$36,510 | \$40,720 | \$44,720 | \$48,790 |
| <i>H</i> | \$35,790 | \$40,170 | \$44,800 | \$49,200 | \$53,680 |
| <i>I</i> | \$41,120 | \$46,150 | \$51,480 | \$56,530 | \$61,680 |
| <i>J</i> | \$47,490 | \$53,300 | \$59,450 | \$65,280 | \$71,230 |
| <i>K</i> | \$54,630 | \$61,310 | \$68,390 | \$75,100 | \$81,940 |
| <i>L</i> | \$62,630 | \$70,290 | \$78,410 | \$86,100 | \$93,950 |
| <i>M</i> | \$75,200 | \$84,390 | \$94,140 | \$103,380 | \$112,790 |
| <i>N</i> | \$90,430 | \$101,490 | \$113,210 | \$124,320 | \$135,640 |
| <i>O</i> | \$108,330 | \$121,580 | \$135,620 | \$148,920 | \$162,490 |
| <i>P</i> | \$129,850 | \$145,730 | \$162,560 | \$178,500 | \$194,770 |
| <i>Q</i> | \$162,030 | \$181,850 | \$202,850 | \$222,740 | \$243,040 |
| <i>R</i> | \$202,730 | \$227,530 | \$253,810 | \$278,700 | \$304,090 |
| <i>S</i> | \$253,420 | \$284,420 | \$317,270 | \$348,380 | \$380,120 |

| <i>Salary Grade</i> | <i>Minimum</i> | <i>Q2</i> | <i>Midpoint</i> | <i>Q4</i> | <i>Maximum</i> |
|----------------------------|-----------------------|------------------|------------------------|------------------|-----------------------|
| <i>E</i> | \$12.83 | \$14.40 | \$16.06 | \$17.63 | \$19.24 |
| <i>F</i> | \$14.10 | \$15.83 | \$17.65 | \$19.39 | \$21.15 |
| <i>G</i> | \$15.58 | \$17.49 | \$19.50 | \$21.42 | \$23.37 |
| <i>H</i> | \$17.14 | \$19.24 | \$21.46 | \$23.56 | \$25.71 |
| <i>I</i> | \$19.69 | \$22.10 | \$24.66 | \$27.07 | \$29.54 |
| <i>J</i> | \$22.74 | \$25.53 | \$28.47 | \$31.26 | \$34.11 |
| <i>K</i> | \$26.16 | \$29.36 | \$32.75 | \$35.97 | \$39.24 |
| <i>L</i> | \$30.00 | \$33.66 | \$37.55 | \$41.24 | \$45.00 |
| <i>M</i> | \$36.02 | \$40.42 | \$45.09 | \$49.51 | \$54.02 |
| <i>N</i> | \$43.31 | \$48.61 | \$54.22 | \$59.54 | \$64.96 |
| <i>O</i> | \$51.88 | \$58.23 | \$64.95 | \$71.32 | \$77.82 |
| <i>P</i> | \$62.19 | \$69.79 | \$77.85 | \$85.49 | \$93.28 |
| <i>Q</i> | \$77.60 | \$87.09 | \$97.15 | \$106.68 | \$116.40 |
| <i>R</i> | \$97.09 | \$108.97 | \$121.56 | \$133.48 | \$145.64 |
| <i>S</i> | \$121.37 | \$136.22 | \$151.95 | \$166.85 | \$182.05 |

MERIT INCREASES

Drexel University is committed to linking the opportunity for annual pay increases to staff performance during the year. The opportunity for an annual merit increase is based on an individual's annual performance evaluation and annually approved guidelines.

Merit increases will normally be processed annually during the annual review process unless the review date is adjusted. Merit increase guidelines will be sent to reviewing immediate supervisors each year. In order to be processed on a timely basis, any merit recommendation must include a signed Performance Review and Appraisal form. ***Merit increases outside of the common review process will not be considered.***

Requirements for Merit Increase Eligibility:

- Employees must have started employment at least six months before the effective merit date.
- Have not had a salary increase during the six months before the effective merit date.
- Employees are required to demonstrate results against their performance goals.
- Human Resources must receive a completed performance appraisal. "Completed" means a performance evaluation form has been completed AND a discussion with the employee has occurred. ***The recommended increase should not be communicated to the employee until approval has been received.***
 - Employee has completed the annual compliance process
 - Employee has completed diversity training

The Human Resources Department must approve all merit increases.

JOB EVALUATION / RECLASSIFICATION / JOB GRADE APPEAL

Job evaluation is the process of creating a hierarchy that establishes the level of value for each job to the organization and typically is based on the job's content (such as the skills needed, job duties, and working conditions) or its external market value and not on the abilities of the individual performing the job.

A job may be evaluated by the compensation department, if a direct supervisor believes they have a position which has gone through substantial changes in the job's duties and responsibilities. Or if the direct supervisor believes the job's salary grade is inappropriate.

Job evaluation is a practical technique, designed to enable the compensation staff to judge the scope of one job relative to others. It does not directly determine pay levels but will establish the basis for an internal ranking of jobs. After a position is evaluated, the compensation department can make an informed decision on an individual's pay level within a job category.

PROCEDURE:

Direct Supervisor

There are three steps for the Director Supervisor to complete and submit to the HR Business Partner:

- 1) **Business Case:** the direct supervisor is required to submit a business case to their HR Business Partner stating the reason and justification for the request.
- 2) **Job Description:** the direct supervisor is required to submit the old and current job description to the HR Business Partner. The new/expanded duties should be highlighted and clear for the compensation team to review. The [Job Description template](#) should be used for the job description.
- 3) **Position Description Questionnaire (PDQ)** - The direct supervisor should refer to [position description questionnaire \(PDQ\)](#). This form helps clarify a position's responsibilities, provide documentation for employee selection and help supervisors and employees develop and communicate performance standards and objectives.

Compensation Department:

- The compensation department will evaluate the position utilizing both external and internal data. The compensation department will recommend one of the following actions:
 - The position needs to be re-classified into a higher pay range and **may** recommend a new - higher - salary for the incumbent employee.
 - The position needs to be re-classified into a lower pay range and **may** require a salary review.
 - The position does not need reclassification – *however* – the current incumbent in the position may require an in-grade salary adjustment, due to the incumbent’s position in range. The compensation department will recommend the new salary.
 - The position does not need reclassification and no salary action is required for the incumbent employee; employee pay should be dictated through the merit program.
- The compensation department will review its findings with the HR Business Partner, who will then communicate the compensation recommendations with the direct supervisor to discuss results.
- If a salary or grade change is required, the HR Business Partner will facilitate the process with the direct supervisor.

PROMOTIONAL INCREASE

A promotion is defined as a position change resulting from the advancement to a different position that requires activities of significantly increased complexity and is situated in a higher salary grade than that of the previous position.

When an employee is promoted, a salary increase is usually appropriate. A promotional salary increase will be determined based on current salary and the new position. The promotional increase is generally effective at the time of the promotion.

Promotional salary increases are effective no earlier than when the request was submitted to compensation for evaluation.

Direct supervisors should work with Human Resources to make promotion increases and recommendations, taking into consideration the following factors:

Relationship to Subordinates' Salaries:

Usually, the salary resulting from a promotion will exceed the salary paid to any direct subordinate. As a general guide, a minimum differential of at least 10% should exist between the base salary of a supervisor and that of his/her subordinate.

Relationship of Salary to Range Minimum:

When an employee's salary is below the minimum of the salary range for the new or changed position, the salary will be raised to ***no less than the minimum salary of the salary range.***

Impact on Merit Increase:

The new eligibility for a merit increase will be considered when determining the size of a promotional increase and may be pro-rated. Consideration should be given if a promotional increase disqualifies a professional staff member for an annual merit increase.

Pending Merit Increase:

In some cases, a merit increase may be pending for an employee who is promoted. Judgment should be exercised to determine how the merit increase and the promotion increase should be combined.

PROCEDURE:

Direct Supervisor:

There are three steps for the Director Supervisor to complete and submit to the HR Business Partner:

- 1) **Business Case:** the direct supervisor is required to submit a business case to their HR Business Partner stating the reason and justification for the request.
- 2) **Job Description:** the direct supervisor is required to submit the old and current job description to the HR Business Partner. The new/expanded duties should be highlighted and clear for the compensation team to review. The [Job Description template](#) should be used for the job description.
- 3) **Position Description Questionnaire (PDQ)** - The direct supervisor should refer to [position description questionnaire \(PDQ\)](#). This form helps clarify a position's responsibilities, provide documentation for employee selection and help supervisors and employees develop and communicate performance standards and objectives.

Compensation Department:

- The compensation department will evaluate the new position utilizing both external and internal data. The compensation department will also take into consideration the factors listed above.
- The compensation department will recommend one of the following actions:
 - The new position has significant increases in duties and responsibilities and warrants a promotion for the employee to a job in a higher salary grade. The compensation department will recommend a promotional increase in pay.
 - The new position does not have significant increases in duties and responsibilities and a reclassification for the employee is not warranted – no salary action is required for the incumbent employee
- The compensation department will review its findings with the HR Business Partner, who will relay the results to the direct supervisor.

DEMOTION

In some instances, an employee may have job duties taken away or decide to accept a position that is less complex in nature. An employee whose job has been reassigned to a lower salary range should be treated as having received a demotion. Demotions could result in a pay review and a possible reduction or a freeze in the affected employee's pay. Demotions will be handled on a case-by-case basis.

PROCEDURE:

Direct Supervisor:

- Before a change of this nature occurs, the direct supervisor must consult with their HR Business Partner and discuss the specifics of the demotion and provide their justification.
- The direct supervisor is required to submit a revised job description as well as the employees current job description to the HR Business Partner. The [Job Description template](#) should be used for the job description.
- For the revised job description, the direct supervisor should refer to the [position description questionnaire \(PDQ\)](#). This form helps clarify a position's responsibilities, provide documentation for employee selection and help supervisors and employees develop and communicate performance standards and objectives.

HR Business Partner:

- After consulting with the direct supervisor, if the HR Business Partner agrees with the demotion, the HR Business Partner will forward all documentation to the compensation department.
- The HR Business Partner may assist the direct supervisor in communicating to the employee the specifics of the job and any recommended salary change.

Compensation Department:

The compensation department will evaluate the position utilizing both external and internal data. The compensation department will recommend a new grade for the position and a new salary for the employee.

EQUITY ADJUSTMENTS

An Equity adjustment is defined as a salary action designed to offset an inequity that cannot be corrected within the normal salary increase guidelines. For example, these adjustments may be used to:

- Respond to low starting rates or other inappropriate salary actions made in prior years.
- React to sudden shifts in the competitive labor market such as high demand in a very low supply market or to adjust the salary of a position which requires very specialized credentials.

Each situation will be treated individually, and ***adjustments will be made on a case-by-case basis*** within Drexel University's budget constraints and Drexel compensation guidelines.

PROCEDURE:

Direct Supervisor:

- The direct supervisor is required to submit a signed memo to their HR Business Partner stating the reason and justification for the equity adjustment.
- The direct supervisor is required to submit to the HR Business Partner the current job description along with documentation in regard to the employee's background and experience – for example, the employee's resume. The [Job Description template](#) should be used for the job description.

Compensation Department:

- The compensation department will evaluate the position utilizing both external and internal data. The compensation department will recommend one of the following actions:
 - The employee's current pay is ***insufficient*** given the job and the employee's qualifications – the current incumbent in the position may require an in- grade salary adjustment. The compensation department will recommend a new salary.
 - The employee's current pay is ***sufficient*** given the job and the employee's qualifications and no salary action is required for the incumbent employee; employee pay should be dictated through the merit program.
- The compensation department will review its findings with the HR Business Partner, who will relay the results to the direct supervisor.

LATERAL TRANSFERS

An employee is considered transferred when placed in another job *having the same salary grade and range, either in the same department or in a different department*. In this reclassification, the new job may have significantly ***different*** duties and responsibilities, but those duties and responsibilities are essentially ***similar in scope to the skills and abilities required of the previous job***. ***This is not considered a promotion, and generally speaking no salary increase is given with a lateral transfer***, however, there could be exceptions based on individual circumstances

TEMPORARY/INTERIM ASSIGNMENTS

Temporary/Interim Assignments may require additional compensation for a staff member who has temporarily assumed major responsibility for, and performance of, a higher-level job. Such assumed responsibility is usually in addition to his/her primary job responsibilities. A job description outlining the additional duties must be submitted to HR/Compensation. Temporary/Interim rates must have a specified beginning and ending date, which should not extend beyond the end of the current fiscal year. Requests for extension of payment of acting rates into successive fiscal years must be reviewed and approved by HR/ Compensation. Acting rates are negotiated between a direct supervisor and a staff member, in consultation with HR/Compensation. All temporary rates require the approval of the Dean or department head and HR/Compensation.

SUPPLEMENTAL PAY - NON-EXEMPT EMPLOYEES

Due to federal regulations, non-exempt employees are ***NOT*** eligible to receive supplemental pay in any form. Non-exempt employees must record all their time through the payroll tracking system to ensure proper payment of overtime compensation.

SALARY ADJUSTMENTS – OFF CYCLE

Requested salary adjustments that are outside the above defined guidelines will require:

- All information requested by the compensation department – i.e., job descriptions, employee information etc.
- A written justification for the increase, signed by an SVP or Dean of the Department

OVERTIME PAY

Please Refer to Drexel University Policy # HR-62

FAIR LABOR STANDARDS ACT OF 1938 (FLSA)

[Please Refer to Drexel University Policy # HR-62](#)

COMPENSATION TERMS AND DEFINITIONS

Management plays a key role in administering the compensation program and influencing positive employee perceptions. Developing a basic understanding of compensation administration will help direct supervisors make equitable salary decisions and communicate effectively with employees about those decisions. Provided below are some basic terms:

Base Salary: Compensation paid weekly, monthly, or annually (rather than hourly), typically to jobs exempt from FLSA provisions. Excludes any variable payments such as incentive/bonus, overtime payments, shift differentials and benefits.

Benchmark: Refers to a job or group of jobs used for making pay comparisons to comparable jobs outside of the organization. Benchmark jobs have standard characteristics and exist in a similar capacity across organizations. For example, Accountant is a benchmark job as the duties remain relatively similar from one organization to the next.

Compensation Philosophy: The principles guiding the compensation program. Philosophy implies that the compensation program (pay and benefits) supports the organization's mission and goals in some way.

Demotion: The reclassification of an employee to a job in a lower salary grade. A demotion may be the result of a demonstrated lack of acceptable performance of job responsibilities in the previous higher graded job.

Equity Adjustment: Any increase initiated to correct pay inequities resulting from unusual market conditions or compression, or to bring employees to the appropriate place in the salary grade.

External Equity: Also, a fairness criterion, but refers to the relative worth of jobs looking outside of a given organization. In order to feel that they are being treated fairly, employees must believe that their total compensation is approximately equal to what would be received performing the same job, at the same level of performance for another

employer in the same market. Such comparisons are often made through compensation surveys or published survey data.

Fair Labor Standards Act of 1938: A federal law governing minimum wage, overtime pay equal pay for men and women in the same job, child labor, and recordkeeping requirements.

Incentive: A reward, financial or otherwise, that compensates the employee for high and/or continued performance above standards. An incentive is also a motivating influence to encourage effort above average.

Incumbent: A person occupying and performing a job.

Internal Equity: A fairness criterion which refers to the relative worth of jobs within an organization. Factors usually used when comparing jobs internally include: skill, effort, responsibility and working conditions. All else being equal, a job requiring more skill than another should be paid more than a job requiring less.

Job: A homogeneous cluster of work tasks, the completion of which serves a continuing purpose for the organization. Taken as a whole, the group of tasks, duties and responsibilities constitutes the assignment of one or more individuals whose work is of the same nature and is performed at the same skill/responsibility level.

Job Description: A written summary of the most important features of a job, including the general nature of the work performed, specific task responsibilities, and employee characteristics required to perform the job. A job description should describe and focus on the job itself, and not on any specific individual who might fill the job.

Job Evaluation: A formal process by which Drexel University's Human Resources Department determines the relative value of various jobs within the organization. The job evaluation process results in the assignment of jobs to a hierarchy of grades or some other hierarchical index of job value.

Job Levels: In job evaluation programs, refers to the job salary grade to which a job is assigned.

Job Title: A label for a job that uniquely identifies and describes it.

Lateral Transfer: The reclassification of an employee to a job in an equivalent grade where the new job contains different duties and responsibilities, but those duties and responsibilities are similar in difficulty and complexity to those of the previous job.

Market Pricing: Use of external marketplace job comparisons to drive pay structures.

Market Rates: Rates used in the external labor market for a given job or occupation.

Mean: A simple arithmetic average obtained by adding a set of numbers and then dividing the sum by the number of items in the set.

Merit Increase: An adjustment to individual salary based on performance and position in salary range. **Note: Merit increases will NOT be given to any employee who has not received a performance evaluation from their Supervisor. The signed performance reviews must be received by the HR department in the designated timeline.**

Merit Pay Matrix: Guidelines for the percent increase that employees with various performance levels should receive, depending on their place in the salary range. The matrix serves as a policy and communications tool.

Percentile: A value identified by its position in an array, below which the data falls.

25th Percentile (First Quartile): The value in array of data that falls at the first quarter of the sample. 75%, or three quarters, of the values in the sample are greater in magnitude than the 25% percentile value.

50th Percentile (Median): The middle value in an odd-numbered array of data, when the values are ranked by magnitude. Half of the values in the sample fall above this number, and half fall below it. When the array contains an even number of values, the 50th percentile, or median, is midway between the central values.

75th Percentile (Third Quartile): The value in array of data that falls at the third quarter of the sample. 25%, or one quarter, of the values in the sample are greater than in magnitude than the 75% percentile value.

Performance Appraisal: Any system of determining how well an employee has performed during a period of time. It is frequently used as a basis for determining merit increases.

Performance Management: A managerial process which consists of planning performance, managing performance through observation and feedback, appraising performance, and rewarding performance.

Position: A job opening, or a job occupied by an employee; a collection of tasks assigned to a specific individual.

Promotion: Typically, the reclassification of an employee to a job in a higher salary range. Can occur by the normal progression through a job family hierarchy or to recognize when an employee has assumed additional responsibilities, or when filling a vacancy resulting from attrition, workforce expansion, or reorganization. In the event of an "in-grade" promotion, the employee is moved to a higher range within the salary grade.

Range Penetration: Range penetration is calculated as the level of an individual's pay compared to the total range.

$$\text{Range Penetration} = \frac{\text{Pay} - \text{Range Minimum}}{\text{Range Maximum} - \text{Range Minimum}}$$

Range Spread: The distance between the minimum pay rate and maximum pay rate in a salary grade. Range spread is calculated by subtracting the salary range minimum from the range maximum and dividing by the range minimum. For example, the range spread for a salary range with a minimum of \$32,000 and a maximum of \$48,000 is calculated as follows:

$$\begin{aligned} \text{Maximum-Minimum/Minimum} &= \text{Range Spread} \\ \$48,000 - \$32,000 &= \$16,000 \\ \$16,000 / \$32,000 &= 50\% \end{aligned}$$

Salary Grade: One of the levels or groups into which jobs of the same or similar value are grouped for compensation purposes. Jobs within a salary grade generally have the same salary range (i.e., minimum, midpoint and maximum).

Salary Range: A formal range of salaries that establishes the minimum, midpoint and maximum (defined below) salary for jobs in a salary grade.

Salary Range Minimum: The lowest value in an established salary range, representing the lowest salary that an employee in a position could be paid. The minimum is the typical rate paid to an employee who is assigned to a job for which he or she possesses the minimum qualifications and who is expected to be able to perform basic responsibilities after normal training.

Salary Range Midpoint: The middle value in an established salary range, representing salary midway between the established minimum and maximum. Typically, the midpoint is the rate paid to an employee who is performing the job at a fully competent level.

Salary Range Maximum: The top value in an established salary range, representing the highest salary that an employee in a position could be paid. The maximum is the highest salary rate typically paid to an employee whose performance consistently exceeds position requirements or an employee who has long tenure in that grade and with the company.

Salary Structure: Refers to the hierarchy of jobs and salary grades established within an organization.

Total Cash Compensation: The total cash payment made to an individual in the form of compensation in a given year. Includes the sum of base salary, bonus/incentives and other direct cash compensation payments from variable pay programs.