**Compensation Glossary of Terms**

**Achievement award –** to provide an incentive, in the form of a onetime payment, to eligible employees for attaining measurable goals above and beyond normal duties that support the university’s mission and objectives.

**Across-the-board increase** - wage or salary increase where either a flat rate (common number of cents/hour) or a common percentage of salary is used.

**Adjustment -** adjustments are salary changes outside of the normal salary programs (promotions, reclassifications, merits, etc.) to remedy salary issues such as external pressure in high demand areas, internal salary compression, and/or retention considerations. Equity adjustments are not granted to reward performance.

**Annualized Salary** - adjusted income or pay for an incumbent on annual basis.

**Base Pay –** fixed compensation paid to an individual’ it is typically expressed as an hourly rate or an annual amount. The calculation of base pay is: (hourly rate\*2080)

**Benchmark Job-** job classifications that are common in the labor market have a clear and consistent definition for purposes of comparison, and for which reliable salary survey data is available.

**Career Path** - series of defined levels within a job family where the nature of the work is traditionally similar (e.g., accounting, engineering) and the levels represent the organization's requirements for increased skill, knowledge and responsibility as the employee moves through a career.

**Casual -** defined as less than 20 hours per week, normally discontinuous in nature, and irregular, infrequent, and not regularly scheduled. Employees in a casual status are compensated on an hourly rate for hours worked and are not eligible for benefits or leave.

**Compa Ratio** - ratio of an actual pay rate (numerator) to the midpoint or some other control point for the pay range (denominator). Compa-ratios are used to measure and monitor an individual's actual rate of pay relative to the midpoint or control point of their range. A compa-ratio can be calculated for a group, a department or an entire organization.

**Compensation Surveys** – salary, pay practice, and trends surveys conducted by third-party professional organizations.

**Compression**—pay differentials too small to be considered equitable. In some organizations, the term may apply to differences between: Pay of supervisor and subordinates; Pay of experienced and newly hired employees in the same job; or Midpoints in successive grades.

**Demotion -** downward movement of an employee from a position in one class (title) to a position in another class having less responsibility and with a lower grade and salary range.

**Equity Analysis –** a formal process for reviewing the wages of incumbents in a single job title based on a standard set of criteria, such as years of experience, performance rating or educationlevel to ensure they are paid equitable in relation to one another; generally done in conjunction with market analysis.

**Exempt Employee:** employee who qualifies as being exempt from the overtime provisions of the Fair Labor Standards Act because of his or her assigned duties and salary. Exempt employees do not receive overtime pay for work performed in excess of the 40-hour work week.

**Fair Labor Standards Act (FLSA)** - federal law governing minimum wage, overtime pay, child labor and recordkeeping requirements.

**FTE (Full Time Equivalents)** - a way to measure the scheduled hours of the incumbent. Ratio of total number of paid hours during a period (part time, full time, contracted) by the number of working hours in that period, usually 40 hours

**FTE Annualized Rate** – adjusted income or pay for an incumbent to on a full time annual basis. For a part time incumbent the pay will be calculated as a full time employee. Full time employees’ FTE annualized rate will be the same as their annual pay

**Green-Circled** - green-circled refers to the relationship between an individual's actual pay with their assigned pay grade and salary range. If an employee is "green-circled," this indicates that the individual is being paid at a rate that is below the minimum of the salary range associated with the pay grade their job has been assigned to.

**Hourly Rate** – rate of pay expressed in dollars and cents per hour, for manual and other workers paid on a time basis. Also used to designate the earned rate per hour under incentive methods of wage payment.

**Internal Equity** - criterion used to determine fairness in pay among employees of an organization.

**Internal Equity Adjustment** - pay action that is taken to correct a salary inequity among employees in the same job with comparable qualifications and performance levels.

**Job Classification** - arrangement of tasks in an establishment or industry into a limited series of jobs or occupations, rated in terms of skill, responsibility, experience, training, and similar considerations, usually for wage setting purposes. This term, or job class, refers to a single cluster of jobs of approximately equal “worth.”

**Job Description** - written statement listing the elements of a particular job or occupation, e.g., purpose, duties, equipment used, qualifications, training, physical and mental demands, working conditions, etc.

**Job Evaluation** - determination of the relative importance or ranking of jobs in an establishment, for wage setting purposes, by systematically rating them on the basis of selected factors, such as skill, responsibility, experience, etc. Ordinarily used as a means of determining relative levels, not the actual rate structure as a whole.

**Job Family –** a group of jobs that are similar in the nature of work that they perform.

**Job Title** - label for a job or occupation, which distinguishes it from other jobs or occupations.

**Lateral Transfer:** change of an employee from one position to another position in the same class or a different class with the same salary range.

**Longevity Pay** - specified increase in hourly pay rate, a lump sum payment, or a form of bonus (e.g., government savings bond, add-on to severance pay, etc.) paid to employees based upon their length of service.

**Lump Sum Merit -** made to employees in lieu of a general wage rate increases. Lump-sum payments are not incorporated into an employee’s base pay rate or salary.

**Market Midpoint – the middle value of pay for a job in a specified market.**

**Market Value** – “going rate” for a benchmark or slotted position, and is used to assign positions to a pay band

**Market‐Based Adjustment:** change in pay to recognize appropriate market value of a job as determined by salary survey information and approved by Compensation Services.

**Merit –** adjustment to an individual's base pay rate based on performance or some other individual measure.

**Merit Pool –** the total funds available for providing merit increases. It can be expressed as a percentage of payroll or as total dollar amount.

**Minimum qualifications - the essential, bare minimum requirements for a job; does not pertain to preferred qualifications which are not essential.**

**Non-Exempt Employee -** employee who is subject to the overtime provisions of the Fair Labor Standards Act because of his or her assigned duties and salary. Non-exempt employees will be paid at one-and-one‐half times the hourly rate or will be granted compensatory time for work performed in excess of 40 hours during the work week.

**On Call Pay** - pay received by employees for being ready to report to work if necessary. Employees receiving on call pay usually are required to be readily available by phone or pager, within a reasonable distance from the workplace, and able to report promptly to work.

**Overtime Pay (OVE)** - payment at premium rates (e.g., time and one-half, double time) for work defined as overtime.

**Overtime**- work performed in excess of basic workday or workweek, as defined by company policy. Sometimes applied to work performed on Saturdays, Sundays, and holidays at premium rates.

**Part Time-** employees who hold appointments of less than 50 percent time for four and one-half months or more are eligible to participate in the Tax Sheltered Annuity program. Such part-time appointees are ineligible for paid leaves (e.g., sick time and holidays), insurances, premium sharing, UTFLEX, and retirement benefits. Employees in a part time status are compensated on a pro-rated basis of percent time to annual salary.

**Pay Range** – a range of pay rates, ranging from minimum to maximum, established for a pay band

**Probationary Period** - 6 months during which a newly hired employee is on trial prior to becoming a regular employee. During this time, an employee is not eligible for promotion or transfer.

**Promotion -** the assignment of an employee from one position to another position, by way of an open recruitment, which is in a class having a higher salary range maximum.

**Reclassification: reassignment of a job to a different salary grade or range based on a substantial change in duties, responsibilities or minimum qualifications.**

**Red-Circle** - pay rate that is above the established range maximum.

**Regular-** defined as a period of at least four and one-half consecutive months with a definite job assignment that must be 50 percent time or more. A regular appointment entitles the incumbent to the complete range of benefits offered by the university.  Employees in a regular status are compensated on a pro-rated basis of percent time to annual salary.

**Retroactive Pay** - wages due for past services frequently required when wage increases are made effective as of an earlier date; or when contract negotiations are extended beyond the expiration date.

**Salary (Salary Rate)** - for workers hired on a weekly, monthly, or annual basis (e.g., clerical, technical, managerial employees), the rate of pay normally expressed in terms of dollars per week, month, or year, as opposed to payment for an hour of work.

**Salary Structure**—structure of job grades and pay ranges established within an organization. The salary structure may be expressed in terms of job grades, job evaluation points, or policy lines.

**Salary Survey –** collection of pay data from a defined labor market for benchmark jobs or jobs in a given discipline at a given degree level.

**Salary Workup –** a document that calculates the rate of pay that should be offered to a candidate or employee based upon their qualifications compared to the requirements of a job. It also provides guidance range that gives managers an option to make an offer of any salary within range.

**Shift Differential** - additional compensation (cents per hour or percentage of day rate) paid to workers employed at other than regular daytime hours.

**Skill – Based Pay** - an alternative compensation system in which pay is based, not upon the specific job the employee performs, but upon the number of skills or tasks the employee is capable of per- forming. Such pay systems are linked to flexible work as- segments or both, rotating jobs, typical of self-managed work teams.

**Straight Time Pay (OTE)** - payment for work at an employee’s regular pay rate (base rate), as distinguished from pay based on an employee’s over- time pay rate, typically 1 1⁄2 times the regular pay rate.

**Temporary -** defined as a period of not more than four and one-half months (136 calendar days) which can be either full-time or part-time. All temporary appointees are eligible to participate in the Tax Sheltered Annuity program. Temporary employees are ineligible for paid leaves (e.g., sick time and holidays) and retirement benefits. Employees in a temporary status are compensated on a pro-rated basis of percent time to annual salary. Temporary appointees are not entitled to participate in any university group insurances, premium sharing, or UTFLEX. However, temporary appointees with a cumulative total at an institution in excess of 136 calendar days in a fiscal year are eligible for TRS benefits, retroactive to the start date of the most recent temporary appointment. It is the hiring department's responsibility to make this determination and place the employee in the pay system at the appropriate status, either temporary or regular.

**Temporary Administrative Supplement (TAS) -** temporary administrative supplement paid for specific situations when a Classified, Management Administrative and Professional (“A&P”), or Faculty member assumes substantial, additional responsibilities on an interim basis for an extended period of time, generally not to exceed one fiscal year. The temporary pay supplement is discontinued when the employee is no longer responsible for the additional responsibilities**.**

**Transfer:** movement that occurs when an employee moves from one department to another department.