

Glossary of Key Compensation Terms

Benchmark Job: A benchmark job is a job whose duties are well understood and for which market pay information is readily available from published salary surveys. It is a “standard” job that is similar across organizations and typically has many incumbents. Benchmark jobs can be used for making pay comparisons either within the organization or to comparable jobs outside the organization.

Compa-Ratio Market Reference Point: The ratio of full time equivalent (FTE) base salary or hourly rate to the market reference point. This ratio reflects the competitiveness of an employee’s base pay relative to the market pay for comparable jobs. A ratio equal to 1.00 means an employee’s base pay is equal to the Market Reference Point.

Compa-Ratio Range Midpoint: The ratio of FTE base salary or hourly rate to the pay range midpoint. A ratio equal to 1.00 means an employee’s base pay is equal to the pay range midpoint.

Compensation Surveys: These are salary, pay practice, and trends surveys conducted by third-party professional organizations. These surveys adhere strictly with *safe harbor guidelines* in order to avoid antitrust violations that may be viewed by the federal government as price fixing.

Contribution Level: The level assigned to a job based on the nature and type of contribution it makes to the university. There are a total of six contribution levels. Contribution level 6 is reserved for senior leadership jobs, e.g., President, Vice Presidents, Deans.

Contribution-Level Promotion: The type of promotion where a staff member assumes another job that has been assigned a higher contribution level and higher salary range.

Exempt: A term referring to employees who are exempt from the overtime provisions of the Fair Labor Standards Act (FLSA).

Hours Worked: Hours Worked is compensable work time defined under the Fair Labor Standards Act for non-exempt employees. Hours Worked may include Wait Time, On Call Time, Meal & Rest Periods, Sleep Time, Travel Time, Lectures, Meetings, Training, Preliminary and Postliminary Activities. The university is required to pay non-exempt employees for all time worked. See FastFacts FLSA Hours Worked presentation for additional information.

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 Analysis: The process for identifying the roles, responsibilities, competencies and requirements to successfully perform a job.

Job Evaluation/Classification: The process for assigning a role, level, and salary range to a job and for assessing the FLSA status for a job.

Job Evaluation Factors: Nine evaluative factors based on competencies identified by Hopkins leadership as most valued by the university. Each job is evaluated based on these nine competencies, or factors. The factors include: knowledge, problem-solving, impact, interpersonal skills, supervisory responsibility, mission/service orientation, teaming skills, innovation, and managing change. A job may be assigned different ratings for each of the 9 factors, but the overall level assigned is based on the majority of the ratings.

Market: Identified and defined by a combination of factors, e.g., geography (local, regional, national, international), industry, organization size. It reflects the environment that an organization competes with for qualified staff.

Market-Based Promotion: The type of promotion where a staff member assumes a job that has a higher value in the marketplace and has been assigned a higher salary range.

Market Equity Adjustment: Pay action that is taken to adjust salaries to market competitive level.

Market Reference Point: The average median salary that is paid to similar jobs in the marketplace as reported in salary surveys.

Median (50th percentile): The middle data point in an ordered array of data. Where there is an even number of data points, the median is derived by averaging the middle two data points.

Milestone: An established event for purposes of monitoring and measuring work performance recognizing attainment of skills and competencies required by a job.

Non-benchmark Job: A job where a Market Reference Point is unavailable due to insufficient or absence of market data. A pay range for a non-benchmark job is established by slotting the job. Slotting involves comparing the job against similar jobs in the university and assessing how the job fits within the university's organizational hierarchy.

Non-exempt: Employees who are deemed to be non-exempt do not meet the salary basis and duties tests of the Fair Labor Standards Act (FLSA). Non-exempt employees must be paid for all hours worked and must be compensated for working overtime. They must be paid no less than the federal and state minimum wage and must abide by certain time recordkeeping regulations.

On Call Pay: This is compensation made to non-exempt staff for being available to report to work when required by business operations and in accordance with Wage & Hour laws.

Pay Compression: A salary situation that occurs when differences in pay are too small to be considered equitable. May apply to differences between (1) pay of supervisors and subordinates, (2) pay of experienced and newly hired employees in the same job,

(3) pay of top performers and average performers, and (4) pay of employees of comparable contribution and value.

Premium Overtime (FLSA): The additional pay earned by a non-exempt employee when he/she works additional hours that exceed 40 hours worked in a workweek. FLSA premium overtime is paid at the FLSA premium rate which is 1.5 times the employee's "regular rate" of pay.

Premium Overtime (Holiday Hours Worked): The additional pay earned by a non-exempt employee when he/she works on a university holiday. Holiday premium overtime is paid at the holiday premium rate which is 1.5 times the employee's standard/base hourly rate of pay.

Premium Rate (FLSA): The FLSA premium rate is a rate not less than one and one half times a non-exempt employee's "regular rate" of pay for hours worked in excess of 40 in a workweek.

Premium Rate (Holiday Hours Worked): The holiday premium rate is a rate not less than one and one half times a non-exempt employee's standard/base hourly rate of pay for hours worked on a university holiday.

Range Code: The code used for the salary range assigned to a job, i.e. OA, OB..., PA, PB..., etc.

Rate-in-Effect (method for calculating overtime pay): Rate-in-Effect is an alternative to the weighted average method for calculating overtime pay for non-exempt employees where overtime pay is calculated based on the standard/base hourly rate that is in effect when overtime is worked. To use the rate-in-effect method of calculating overtime pay certain conditions must be present. Consult your human resources department.

Rate-in-Effect (SAP Premium Overtime Wage Type 205M): The "Rate in Effect" field in the SAP Premium Overtime Wage Type 205M is used to accurately process FLSA premium overtime pay in SAP when other FLSA earnings are earned and the "regular rate" is used to calculate FLSA premium overtime. To calculate the number entered in the "Rate in Effect" field, multiply the "regular rate" by 0.5, then add the employee's standard/base hourly rate.

Regular Rate: Under the Fair Labor Standards Act, the "regular rate" is the rate of pay used to calculate premium overtime pay for non-exempt employees. It is the hourly equivalent of all total earnings minus statutory exclusions. To name a few, it includes all hourly wages, shift differential pay, on-call pay, non-discretionary bonus/incentive pay, and employer paid meals that are not incurred on the employer's behalf. At JHU, the "regular rate" must be used to calculate FLSA premium overtime when other FLSA earnings other than standard/base hourly pay are earned.

Role: Reflects the context within which the job operates and the nature of the work performed. In the Role and Contribution Based Job Classification System, a job may be classified an ATO (Administrative/Technical Operations), an ACRO (Academic/Clinical/Research Operations), an ATP (Administrative/Technical Professional), an ACRP (Academic/Clinical/Research Professional), or L (Leadership) role.

Role and Contribution Based Job Classification System: The system that the university uses to evaluate all staff jobs. Compensation staff assign each job a role, level, and salary range.

Safe Harbor Guidelines: These are Federal Trade Commission (FTC) rules that govern the exchange of pay information among organizations that can be seen as price fixing.

Salary Range: The range of salaries, from minimum to maximum, that is assigned to a group of jobs that have similar pay rates in the market. The spread between the minimum and maximum of the range is 75%.

Shift Differential Pay: This is compensation given to staff for working a designated shift (evening or night) according to departmental operational needs.

Standard/Base Hourly Rate: The standard or base hourly rate is the straight time rate of pay (or straight pay) per hour, exclusive of any shift, overtime, or other premium pay. The standard/base hourly rate may be used to calculate FLSA premium pay when no other FLSA earnings are earned.

Standard Overtime: The additional pay earned by a non-exempt employee when he/she works additional hours in excess of his/her standard work week where the additional hours do not exceed 40 hours worked in a workweek. Standard overtime is paid at the employee's standard/base hourly rate of pay.

Time Off in Lieu of Pay (non-exempt employees):

Time Off Plan (FLSA)

Allows time off in lieu of pay to be taken during the same pay period in which the employee worked in excess of his/her standard workweek. Time off for hours worked in excess of an employee's standard work week but less than 40 hours is taken off at a rate of 1 hour worked equals 1 hour time off. Time off for hours worked in excess of 40 hours is taken off at a rate of 1 hour worked equals 1.5 hours time off. Overtime hours can only occur in the first week of the pay period and the leave (time off) must be taken in the second week of the same pay period.

Time Off for Holiday Hours Worked

Allows time off in lieu of pay for hours worked on a university holiday. Time off for holiday hours worked is taken off at a rate of 1 hour worked equals 1.5 hours time off.