

Compensation Related Definitions

The following definitions are only applicable to civil service, Executive Branch employees.

- 1. Benchmarking** – Benchmarking is a process where job descriptions for State of Indiana classifications are matched to job descriptions at external organizations with whom the State competes for talent. Benchmarking provides a direct comparison between State salaries and market salaries for the same job duties, responsibilities, and roles.
- 2. Job Classification** – A job classification identifies a group of positions in the state civil service as determined by INSPD to have sufficiently similar duties, authority, and responsibility such that: 1) the same qualifications may reasonably be required for; and 2) the same schedule of pay can be equitably applied to all positions in the group.
- 3. Job Description** – A job description describes the responsibilities, duties, and expectations associated with a specific job classification.
- 4. Maximum** – A maximum is the highest point in a salary range assigned to a classification. The maximum is the highest salary an employee within the salary range can be paid.
- 5. Midpoint** – A midpoint is the middle of a salary range assigned to a classification – often described as 50% range penetration or the 50th percentile. The midpoint is directly in the middle of the minimum and the maximum.
- 6. Minimum** – A minimum is the lowest point in a salary range assigned to a classification. The minimum is the lowest salary an employee within the salary range can be paid.
- 7. Pay Plan** – Pay plan describes a pay structure at the State of Indiana. A pay plan must provide, for each job classification, a minimum and maximum rate of pay as well as any intermediate rates of pay that the INSPD Director considers necessary and equitable. The State of Indiana has three new pay plans: General, Information Technology, and Health.
- 8. Place in Range** – A place in range refers to where an employee’s salary falls within their pay range. Place in range is typically measured by range penetration.

9. **Range Penetration** – Range penetration refers to how far into their salary range an employee’s salary has progressed. Range penetration is most often measured as a percentage. For example, an employee may have a range penetration of 75%, meaning they are 75% into their salary range. The formula for range penetration is:

$$\frac{\text{current salary} - \text{range minimum}}{\text{range maximum} - \text{range minimum}} = \text{range penetration}$$

10. **Range Spread** – Range spread refers to the width of a salary range. The range spread shows the distance between the minimum and maximum of the salary range. The formula for range spread is:

$$\frac{\text{range maximum} - \text{range minimum}}{\text{range minimum}} = \text{range spread}$$

11. **Salary Grade** – A salary grade is a grouping of similar jobs based on the following considerations:

- a. Organizational usage of the job classification;
- b. Skill level relative to entire classification series structure;
- c. Association and/or relativity to the benchmarked jobs;
- d. Career pathing/promotional ladder associates with the classification; and
- e. Historical successes or challenges with recruiting and retention.

12. **Salary Range** – A salary range includes the minimum, maximum, and intermediate rates of pay an employee can be paid. A salary range is applied to all jobs within a salary grade.