**GLOSSARY OF COMPENSATION TERMS**

The following terms are commonly used when discussing compensation terminology.

**American with Disabilities Act** – The 1990 act that prohibits employment discrimination against people with physical and mental disabilities. An employer cannot discriminate against a qualified individual because of disability in regard to hiring, discharging, compensating, promoting, and other terms, conditions, and privileges of employment.

**Benchmark Job** – A job commonly found in the marketplace which is used as a reference point for making pay comparisons. These positions can be administrative or classified.

**Career Ladder** – A series of defined levels within a job family where the nature of work is similar and the levels represent requirements for increased skill, knowledge and responsibility as an employee moves through a career.

**Classified Position** – Positions, administered through the Classified Staff Compensation Guidelines, that are sufficiently similar so that the same descriptive title can be used for each, with a typical set of duties that are generally encompassed by all positions in that classification.

**Classified Pay Plan** – The salary structure, administered by Human Resources, which establishes the assigned salary range and minimum rate for each Classified title, as well as the position class code and exemption status.

**Competencies** – Behaviors that contribute to and predict superior performance.

**Exempt Employee** – An employee who is exempt under the Fair Labor Standards Act, must be paid on a salary basis and does not have to be paid overtime when they work more than 40 hours in a workweek. The three major general exemptions relate to executives, administrative/professional, and sales employees and are based on actual job duties and responsibilities.

**External Equity** – The comparison of a position’s worth relative to the “going market rates” of its competitors in the prevailing market outside the university.

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

**Family and Medical Leave Act (FMLA)** – The 1993 act that requires employers with 50 or more employees to provide up to 12 weeks of unpaid leave after childbirth or adoption; to care for a seriously ill child, spouse or parent; or for an employee’s own serious illness.

**Hiring Manager** – An employee in a supervisory or managerial position who is responsible for making hiring decisions.

**Internal Equity** – The comparison of a position’s worth relative to its value within the organization and similar internal jobs.

**Job Analysis Questionnaire (Administrative)**- The form used to record the duties, responsibilities, essential qualifications, and fiscal impact of staff positions that serves as the basis for determining title, salary and exemption status.

**Job Classification** – A hierarchical structure of jobs, usually arranged into classes or pay grades according to some form of job evaluation. Jobs in a classification should have similar duties and responsibilities.

**Market Pricing** – A process that sets the rates (values) to be paid for a job to the organization’s best estimate of the current value for that job in the external marketplace. This is typically completed by a paid external consultant.

**Salary Increase** – An adjustment to an individual’s pay that is based on performance as measured through a performance appraisal.

**Nonexempt Employee** – An employee entitled to minimum wage and overtime pay under the Fair Labor Standards Act at a rate of one and one-half the employee’s regular rate of pay for each hour worked in excess of 40 hours per week. For public institutions such as Bowling Green State University, compensatory time may be granted in lieu of overtime at the rate of 1 ½ hours for each hour of overtime worked if the employee agrees to accept payment as such.

**Overtime pay** – The practice of paying non-exempt (or hourly) employees time and one- half their regular rate of pay for hours worked over 40 in one week. Compensatory time may be granted in lieu of overtime at the rate of time and one-half hours if agreed to by the employee.

**Pay Grade** – One of the classes, levels, or groups into which positions of the same or similar value are grouped for compensation purposes.

**Performance Evaluation** – A system in which supervisors evaluate individual employee’s performance and achievements relative to expectations. Frequently used as a basis for determining merit increases.

**Position Analysis** – The formal study of the duties and responsibilities that comprise a position, taking into consideration the nature and level of work performed and the specifications required for an incumbent to perform the job competently.

**Position Description Questionnaire (Classified)** – The form used to record the duties, responsibilities, essential qualifications, and fiscal impact of staff positions that serves as the basis for determining title, salary and exemption status.

**Position Evaluation (Administrative) or Position Audit (Classified)** – A formal process to determine the relative value to be placed on various positions within the organization. The end result of position evaluation consists of an assignment of positions to a hierarchy of grades.

**Position Title** – A label for a position that identifies it internally (BGSU) as well as externally (market).

**Reclassification (through the audit process)** – Assignment to a new position classification when job duties of a former position significantly change and are re-evaluated.

**Salary Range** – The range of pay rates, from minimum to maximum, set for a pay grade. Used as a basis for setting individual employee pay or salary rates.

**Salary Structure** – The structure of pay grades and pay ranges established within an organization.

**Total Compensation** – The complete pay package awarded employees on an annual basis, including all forms of money; including salary, benefits, and other related services.

**Wage and Salary Surveys** – Salary information collected to compare internal salaries to those in the same geographical, industry or other specific area in which an organization competes for labor.