

SALARY COMPA-RATIO

Definition

- Salary Range Midpoints and Market Reference Points (MRPs) represent the market average pay for positions. An employee's **salary compa-ratio** indicates how his/her salary compares to the market. Salary compa-ratios should reflect employee work experience, skills and performance.
- Compa-ratios are used to measure an employee's pay relative to the market average pay for his/her position and to facilitate salary equity analyses among groups of employees.

How to Calculate a Salary Compa-Ratio

- Take an employee's Annual **FTE** Salary and divide it by the Salary Range Midpoint associated with the grade level of the employee's position, or the MRP if the position has one. Then multiply the result by 100. This produces a salary compa-ratio, or the employee's salary as a percentage of the midpoint/MRP.
- Example – Annual FTE Salary of \$47,000 divided by a Salary Range Midpoint of \$54,900, multiplied by 100 results in a compa-ratio of 86%. This means that the employee's salary is 86% of the current Salary Range Midpoint, or average market pay.
- For our office/clerical/technical and professional/administrative positions, the salary range
 - minimums are 80% of the midpoints/MRPs;
 - first quartiles are 90% of the midpoints/MRPs;
 - midpoints/MRPs are 100%;
 - third quartiles are 110% of the midpoints/MRPs; and
 - maximums are 120% of the midpoints/MRPs.