COMPENSATION WORKSHEET | JURISDICTION: GENERAL EMPLOYER | VERSION 2026.1

Compensation Range Penetration Worksheet

Calculate where every employee sits in their pay range, flag the outliers, and turn the math into merit and adjustment decisions.

WHAT THIS HELPS YOU DO

Use this worksheet to compute range penetration for every employee — revealing who is parked at the bottom, stuck at the top, or paid outside the range entirely — and to convert those positions into concrete pay actions.

WHEN TO USE THIS DOCUMENT

- Before merit cycles, so increases respond to position-in-range
- When auditing pay after growth, acquisition, or turnover waves
- When employees at range maximum keep expecting standard raises
- Alongside the Pay Compression Risk Audit
- When ranges exist on paper but nobody uses them for decisions

WHAT THIS DOCUMENT HELPS PREVENT

- Merit budgets that push maxed-out employees over range while low-in-range performers stall
- Green-circled new hires (below minimum) nobody noticed
- Red-circled veterans (above maximum) with no plan or conversation
- Ranges that decay into decoration because no one computes against them
- Pay decisions that can't explain themselves later

Faulkner HR Solutions focuses on the system behind the people problem. This tool is designed to help employers slow down the decision, identify the risk, and create proof before the issue becomes a claim, complaint, turnover event, or credibility problem.

BEFORE YOU START: READINESS CHECKLIST

Gather the following before working through this document. Incomplete inputs are one of the most common reasons employer decisions fail under later scrutiny.

Have it	Input	Notes / location
☐	Employee name and role	
☐	Date of incident, request, or separation	

Have it	Input	Notes / location
☐	Supervisor involved	
☐	Policy or handbook section that applies	
☐	Prior documentation on file	
☐	Pay records, if applicable	
☐	Relevant emails, texts, notes, or complaints	
☐	Decision-maker name	
☐	Deadline, if applicable	

RANGE PENETRATION WORKSHEET

Range penetration = (pay − range minimum) ÷ (range maximum − range minimum). It converts every salary into a percentage position you can compare, flag, and act on.

Part 1 — The Formula

Range penetration = (Employee pay − Range minimum) ÷ (Range maximum − Range minimum) × 100. An employee paid $52,000 in a $45,000-$65,000 range sits at (52,000 − 45,000) ÷ (65,000 − 45,000) = 35% penetration. Compa-ratio (pay ÷ midpoint) is the companion metric; penetration reads position across the whole range, compa-ratio reads distance from the middle.

Part 2 — Employee Calculation Table

Employee / role	Range min	Midpoint	Range max	Current pay	Penetration %	Tenure / perf

Part 3 — Position Interpretation Guide

Penetration	Typical meaning	Watch for
Below 0% (green circle)	Paid under minimum — usually a missed range update or grandfathered rate	Fix promptly; document the correction
0-25%	Appropriate for new/learning employees	Veterans stuck here = compression or neglected merit
25-50%	Developing toward full proficiency	Should correlate with tenure and growth
50-75%	Fully proficient, experienced	High performers should be reaching here
75-100%	Premium of range — top performers, long service	Limited raise headroom; plan the conversation

Penetration	Typical meaning	Watch for
Over 100% (red circle)	Paid above maximum	Freeze, lump-sum, or re-level — decide, don't drift

Part 4 — Flags

Found	Flag	Who / where
☐	Anyone below range minimum	
☐	Anyone above range maximum with no documented plan	
☐	High performers below 40% after 2+ years	
☐	Penetration uncorrelated with performance or tenure when sorted	
☐	Demographic patterns in who sits high vs. low (equity screen)	
☐	Ranges themselves stale — market moved but min/max didn't	

Part 5 — Action Planning

Employee / group	Position finding	Action (adjust / merit % / lump sum / freeze / re-level)	Timing

Part 6 — Merit Matrix Connection

Sample guidance connecting performance and position — adjust percentages to your budget.

Performance	0-33% penetration	34-66%	67-100%+
Exceeds	Largest increases	Above-average	Modest + consider lump sum
Meets	Above-average	Average	Small or lump sum
Below	Small / hold	Hold	Hold; address performance

Role	Name / signature	Date
Prepared by		
Reviewed by		

STOP AND REVIEW BEFORE ACTING

If any statement below is true, pause. Get the decision reviewed by HR, counsel, or Faulkner HR Solutions before you act.

- ☐ Someone is being paid below the range minimum right now.
- ☐ A red-circled employee expects a standard raise nobody has discussed.
- ☐ Top performers cluster low in range while average tenure clusters high.
- ☐ Penetration patterns split along demographic lines.
- ☐ The ranges haven't been market-checked in three or more years.

MINIMUM DOCUMENTATION STANDARD

Before this file is closed, the employer should be able to answer every question below and point to where the proof lives.

Question	Your answer / where the proof is stored
What happened?	
When did it happen?	
Who observed or reported it?	
What policy, standard, deadline, or expectation applies?	
What decision was made?	
Who had authority to make the decision?	
What alternatives were considered?	
What risk was reviewed?	
What follow-up is required?	
Where is the proof stored?	

COMMON MISTAKES

1. Giving uniform percentage raises that ignore position-in-range entirely.

2. Letting employees crest the maximum with no conversation until the raise doesn't come.
3. Treating green circles as harmless clerical drift.
4. Reading penetration without tenure and performance next to it.
5. Building the worksheet once and never re-running it.
6. Using stale ranges as if precision against a wrong benchmark were accuracy.

WHAT TO DO NEXT

Fix below-minimum situations immediately, schedule honest conversations with everyone above 90%, and feed the table into the merit matrix before budgets lock. Re-run at least annually — and any time ranges are updated.

> **Before you terminate, deduct, discipline, classify, or respond, get the decision reviewed.**
> Call 210.446.8730 or email thomas@faulknerhrsolutions.info.

Before you process payroll, terminate, classify, deduct, or respond to a claim, get the decision reviewed.

Need help applying this to a real workplace decision?

Faulkner HR Solutions helps Texas employers, nonprofits, municipalities, and growing businesses fix the people systems behind recurring workplace problems.

If this document raised a risk flag, do not guess your way through the next step.

Call: 210.446.8730
Email: thomas@faulknerhrsolutions.info
Website: faulknerhrsolutions.info

DISCLAIMER

This resource is provided for general employer education and planning purposes. It is not legal advice and does not create an attorney-client relationship. Employment laws, agency guidance, and local requirements may change. Employers should review the facts of each situation before acting and consult appropriate HR or legal counsel when needed.