



SUBJECT: Compensation Administration	EFFECTIVE: July 2003 REVIEWED: May 2011 REVISED: August 2022
CATEGORY: 200 (Personnel) POLICY NUMBER: 200.08	CROSS REFERENCE:

Purpose

To ensure the city’s compensation rates are fair and competitive, comply with all legal requirements including Oregon’s Equal Pay Act, and are designed to encourage and reward competent levels of performance.

Definitions

Anniversary Date: An employee’s initial anniversary date will be the first of the month of hire if the actual date of hire occurs on or before the 15th of the month. An employee’s initial anniversary date will be the first of the following month if the actual date of hire occurs on or after the 16th of the month. Changes to a classification resulting from promotions, demotions, transfers etc. will result in the establishment of a new anniversary date for consideration of step increases, eligibility for end of probation, and seniority rights. (See Anniversary Date Administrative Policy and Procedure.)

Demotion: The movement of an employee from a position in one class to a position in another class with a lower salary range. A voluntary demotion is a non-disciplinary demotion initiated by the employee. An involuntary demotion is a demotion initiated by the city and may be disciplinary or non-disciplinary.

Step Increase: An increase in salary rate established in the salary plan that is granted to an employee based on achieving acceptable job performance and time in grade.

Promotion: Following a selection process, the movement of an employee from a position in one classification to a position in another classification having a higher salary range.

Merit Date: The first day of the pay period in which an employee is eligible for a salary increase based on time in grade, typically the 24th of the previous month.

Lateral Transfer: The movement of an employee from one position to another position of the same class or of another class having the same salary range.

Scope

Salary plans are developed through the collective bargaining process for represented employees. Salary plans for supervisor, management, and unrepresented employees are established by the Council after receiving recommendations from the City Manager and/or the HR Director.

Policy

The salary plans list the salary ranges for each class a minimum and maximum rate and such intermediate rates as are considered necessary and equitable. Flat rates may be used instead of salary ranges where appropriate. Each job class will be assigned a salary range and pay for any position in that job class must be within the assigned range except as approved by the City Manager.

Salary Rates and Ranges

The rate of pay may be hourly or monthly depending on the conditions of employment. Hourly rates are determined by dividing the annual salary by 2,080 hours. Each employee is paid a rate of pay within the assigned salary range. Normal rates of pay are those established and published for each step in the salary range. A rate above the established top step in a salary range may be paid only when an employee is reclassified from a higher salary range to a lower salary range and the employee's salary rate is frozen at the amount earned before reclassification. Pay rates may be frozen for no more than 24 months.

Rate Paid at Appointment

In compliance with Oregon's Equal Pay Act (OEPA), hiring managers must work with Human Resources to analyze the pertinent job-related criteria into an established pay matrix, a tool used to determine the appropriate salary range in which an offer may be made, to determine starting pay for new employees. The intent of the matrix is to ensure staff with similar backgrounds are placed in same/similar starting positions within the salary range in compliance with OEPA. To allow for step increases at the successful completion of probation, job offers will typically not be extended at the top of the pay range.

The factors to be reviewed in approving appointments beyond the beginning rate may include a higher level than the listed qualifications of education, training, experience, or other applicable skills of the candidate, internal equity with existing staff, the resulting relationship to other similar classifications, and the availability of applicants with the qualifications for the vacant position.

Effects of Performance

- Employees hired at step 1 or step 2 of the salary range are eligible for step increases following satisfactory completion of six continuous months of employment as documented in an end-of-probation performance evaluation. Thereafter, employees are eligible for additional step increases every twelve months of employment until the employee has reached the top step of the assigned salary range.
- Employees hired at step 3 or higher of the salary range are eligible for step increases following satisfactory completion of 12 continuous months of employment as documented in an end-of-probation performance evaluation. Thereafter, employees are eligible for additional step increases every twelve months of employment until the employee has reached the top step of the assigned salary range.
- Step increases may be withheld if an employee has an active performance improvement plan on file with Human Resources for failure to meet performance standards. Step increases will resume upon successful completion of the performance improvement plan.
- Exceptional performance may be rewarded by accelerated advancement through the steps of the range. This is a rare exception that may be made with approval by the City Manager,

granted only in instances in which the employee is clearly performing beyond the standard satisfactory level of performance expected of the position.

Effects of Personnel Actions

Promotion: Promoted employees will be placed on a step in the salary range of the new classification equal to or greater than 5% above their current pay. The HR Director may approve a higher step placement based on an analysis of the employee's education, experience, and years of service with the City of Milwaukie.

Promoted employees are eligible for a step increase upon satisfactory completion of the probationary period and every twelve (12) months thereafter. The employee's anniversary and seniority dates to the classification will be adjusted to the effective date of the promotion.

Demotion: If an employee is demoted to a class with a lower salary range for non-disciplinary reasons, the employee will be placed on a step within the salary range for the new classification that does not result in a pay reduction. If the employee's current rate of pay is higher than any step in the range of the new job class, the employee's pay will be frozen for 24 months or until the new salary range reaches the employee's current rate of pay through regular increases, whichever happens first. The employee's anniversary and seniority dates to the classification will be adjusted to the date of the demotion.

Demotion for Cause: Demotion for cause will result in a reduction in salary to the step in the salary range of the lower class causing the least financial impact to the employee and no higher than the employee's current rate of pay. The employee's anniversary and seniority dates to the classification will be adjusted to the date of the demotion.

Reclassification: An employee whose position is reclassified to a higher classification will receive a pay increase to a rate equal to a one (1) step increase (approximately 5%) in the employee's current salary range, unless such increase is not sufficient to place the salary within the new salary range, in which case the salary will be advanced to the first step of the new range. When an employee's position is reclassified to a lower classification, the employee will be placed on a step in the new range equal to their current rate. If the employee's current salary is higher than the highest step of the new salary range or the salary may be frozen for 24 months or until the new range reaches the employee's present pay level, whichever happens first. The employee's anniversary and seniority dates to the classification shall be adjusted to the date of the reclassification.

Lateral Transfer: When an employee is transferred from one classification to another classification having the same salary range, the employee's pay will remain the same. The employee will be placed on probation to the classification if they have not previously served a probationary period in the classification. The employee's anniversary and seniority dates to the classification shall be adjusted to the date of the transfer.

Salary Range Adjustments: A salary range adjustment is a change in the rates of pay in the salary range assigned to a particular job class. Salary range adjustments are generally made at the start of

the fiscal year. Salary range adjustments are to be distinguished from step increases and based on negotiated amounts, internal equity, and/or market analyses. Employees whose salary ranges are adjusted will be placed at the same step in the new range. Such adjustments will not change an employee's anniversary and/or seniority dates.

Responsibilities

Human Resources:

- Determine the pay rate at appointment and promotion for successful candidates prior to the job offer.
- Complete the Personnel Action Form noting the salary adjustment and perform the system entries.

Payroll: Confirm system entries as compared to the Personnel Action Form.

Department Head: Ensure sufficient funds are available to cover the cost of salary increases as provided above to avoid budgetary deficit.