



# Enterprise Leadership Team Project Charter

## The Oregon Management Project Classification & Compensation

---

**Project Title** The Oregon Management Project  
-Classification & Compensation

---

**Sponsors** Katy Coba, ODA Director, Enterprise Leadership Team  
Madilyn Zike, Chief Human Resource Officer, DAS

---

**Project Manager & Leads** Project Manager: Summer Warner, Project Coordinator, DAS COO  
Business Lead: Mark Rasmussen, Classification & Compensation Manager, DAS

---

**Problem Statement** At this time, the state faces significant hurdles to recruiting, training, and retaining leadership professionals. The state's compensation system for management was last updated in 1990. There are classification redundancies, the same work at different pay levels, and classes not descriptive of work. The "one-size-fits-all" general wage adjustments have pushed some classifications' pay higher than the market, while other classifications are lower; this hampers recruitment. Salary compression also creates a disincentive when some managers earn less than those they supervise. The classification and compensation systems are not up-to-date, competitive, or flexible enough to serve the state's interests in attracting and retaining top supervising management employees.

Specific problems with the classification and compensation structure include:

- The compensation system is inflexible resulting in some supervisors being compensated the same as or less than staff they supervise.
  - Our position classifications and possibly compensation methodology are not properly aligned with market.  
Our inflexible classification system results in positions being placed into a classification based upon compensation needs, instead of job content.
- 

**Project Purpose** The purpose of this project is to 1) identify and develop strategies to improve the classification and compensation system for managers in state service and 2) implement recommended strategies. The result will be a reconfigured classification and compensation system that supports the right people in the right job at the right time.

---

**Scope**

The scope of this project includes all management positions, whether supervisory or not, including the Principal Executive/Manager (PEM) series.<sup>1</sup> The scope includes considering all options for a) salary ranges and steps, b) fixing management salary compression issues, c) aligning to market values, and d) creating flexibility within the classification and compensation system.

The scope does not include employees or positions subject to collective bargaining, adjustments to paid time off structure, changes to PERS, succession planning, contracts for agency directors, revisions to management termination process(es) or implementation of performance management. The scope does not include management to staff ratios, Fair Labor Standards Act, executive recruitment, or retirement issues.

**Project Approach & Duration**

The project includes one project manager assigned to work with the DAS Classification and Compensation Manager and subject matter expert, Mark Rasmussen. The project team will include classification and compensation experts from multiple state agencies. The project team will elicit the support from the Communications Strategist, stakeholders, partners, and third-party vendors as needed.

The project team will:

1. Identify current classification and compensation structure, policies, regulations;
2. Identify problems with current model;
3. Research other public classification and compensation models;
4. Develop models for a new classification structure;
5. Develop action plans to implement new classification structure;
6. Develop models for compensation plan;
7. Develop action plans to implement compensation plan;
8. Implement classification structure and compensation plan.

2013 – 2015: Research and develop classification structure

2015: Develop compensation plan

2016: Begin implementation of classification structure and compensation plan

<sup>1</sup> "Management Position" for purposes of the Management System Reform project means:

State of Oregon positions in the "management service" as defined by ORS 240.212 and ORS 243.650 (6), (16) or (23) (i.e., "confidential, managerial or supervisory") and

State of Oregon positions in the "unclassified service" as defined by ORS 240.205 (1-5), also known as the "Executive Service" as defined by state HR Policy 30.001.01.

"Management Position" does not include other categories of the unclassified service in ORS 240.205 (6-16); positions in the "Exempt Service" as defined by ORS 240.200 or; any position in the classified service (ORS 240.210) subject to collective bargaining.

**Expected Outcomes**

**Replace PEM series with tiered/professional categories**  
 Move from multi-tiered job classifications to a system of similar professional categories and groupings, which reflect like specialties, educational qualifications and professional expectations.

**Market comparison**  
 Utilize market data to establish compensation targets, which align with agency strategy and culture as well as provide a consistent price point for like positions within the public and private sectors.

**Change the mechanics of salary ranges**  
 Develop a compensation system matched to market.

**Compression**  
 Establish processes to fix situations in which managers are paid less than some of the employees they supervise.

**Key Stakeholders**

Key stakeholders are supervisory and non supervisory managers in state service, classified employees, legislators, and the Governor. The project team will build communication plans to keep stakeholders informed and will work with the Enterprise Leadership Team and its Improving Government Sub-Committee on outreach with the key stakeholders. Communication planning will also include Labor and staff members.

**Engagement Planning**

DAS Leadership and members of the Enterprise Leadership Team will keep members of the Legislature updated on the progress of the project.  
 The project team will build staff engagement opportunities into the project plan and will provide regular communication and opportunities for participation on project work groups.

**Funding & Resources**

As a project sponsored by the Enterprise Leadership Team, this project will be resourced through outreach with the enterprise of state agencies.  
 Funding will also be needed to implement policy changes as a result of the project.

The political and media climate have fostered an increasingly negative perception of state government professionals. It is also undeniable that the political climate for creating incentives is a challenge.

**Major Project Risks**

Prior attempts to adjust management compensation were met with great push-back from legislators and organized labor, which led to a roll-back of some changes. This project faces the risk of similar reaction from other interested parties.

Lessons learned from previous projects indicate the need to engage state employees as contributors to the project outcomes. Inadequate engagement with state employees throughout the process may result in lack of buy-in of the project deliverables and outcomes. The project anticipates a significant amount of change management work required as we move towards a more strategic focus.

**Schedule Risk:** The timeline and work is highly dependent on a multitude of policy decisions that impact the direction and pace of the project. Delays due to lack of data-driven information (point in time costing of policy decisions), timing in relation to legislative and budgeting activities or external environments (political climate) pose a risk to the project. The longer the delay increases the likelihood of the project not completing (point in time data, legislative agendas, and political changes in office). Thorough project planning will contribute to the mitigation of this risk.

**Resource Risk:** The project requires significant resources in terms of personnel devoted to the various project teams. Inadequate staffing will impact the schedule and expected outcomes.

This project aligns with the Enterprise Leadership Team reform agenda by helping the enterprise recruit, develop, and retain managers with the skills and experience necessary for their positions.

**Risks of not doing the project**

Risks of not doing this project contribute to the continued difficulty with recruitment and retention of highly qualified manager talent. The political climate to implement changes to the structure will not become easier. The dynamic leadership qualities needed to continue the fundamental reforms directed by the Governor and the Legislature will continue to trail what is necessary for success and improved service delivery to Oregonians.

**Sponsor Approval Signature**

\_\_\_\_\_ Date January 2015  
 Katy Coba ODA Director,  
 Enterprise Leadership Team

\_\_\_\_\_ Date January 2015  
 Michael Jordan State COO, DAS

**Approved Project Change Requests:**

<b>Change #</b>	<b>Date</b>	<b>Person</b>	<b>Change Description</b>
####-####	Mm/dd/yy	<requestor>	<Leave this table blank for future project change requests>
1.01	04/23/15	Jeannine Beatrice	Changed DAS sponsor to Madilyn Zike