**Intended Audience:** Management employees making salary determinations for new hires (e.g. HR Directors, HR Analysts, hiring managers without HR support).

HB 2005 extends pay equity protections to ten protected classes and expands potential employer liabilities for inequitable pay. HB 2005 allows employers to pay employees for “work of a comparable character” (similar work) at different salary rates only based on “bona fide factors” (factors). Under HB 2005, the “employer” is the State of Oregon Executive Branch.

For positions within the Executive Branch, similar work will usually be work within the same classification. The most common allowable factors for pay differences found in Executive Branch classifications are:

- Seniority System
- Merit System
- Education
- Training
- Experience

In 2018, information will be gathered for current employees and a statewide equal-pay analysis will be conducted with consideration of the above factors. This statewide analysis will identify and make recommendations regarding pay inequities. Resolution of pay inequities will not result in the reduction of a current employee’s rate of pay.

Beginning Oct. 6, 2017, HB 2005 made it unlawful to determine salary for a position based on current or past salary history of a prospective employee. The instructions on pages 2 and 3 guide you through completing a “pay equity internal assessment” applying the factors used for current employees in the statewide equal-pay analysis.

Applying the allowable factors to successful candidates and current employees performing similar work will result in:

- Greater equitability in starting pay for new hire job offers.
- Greater likelihood that new hire pay will be equitable when analyzed through the statewide equal-pay analysis process.

Appendix A is provided as a guide on how to consider “bona fide factors” through the process. Appendix B is provided as a tool to document the information you consider.
Pay Equity Internal Assessment
Salary Determination Process for New Hires

1. **Identify the final candidate.** If the analyst performing the assessment is not the hiring manager, it may be helpful to confer with the hiring manager as the subject matter expert.

2. **Consider the type of the position and requirements to perform the work.** Re-familiarize yourself with the type of position the candidate will be appointed to.
   - Is it a support, technical/paraprofessional, professional or managerial classification?
   - What are the minimum and desired qualifications/attributes for the position?
   - How much and what type of experience is needed to gain proficiency?
   - Can individuals gain proficiency in a matter of months or does it take years of progressive experience?
   - What type of education and training does the position require? For example:
     - Duties may be performed without advanced education or training.
     - Advanced education or training is helpful for position.
     - Requires advanced education or training.

3. **Evaluate the candidate relative to the position.** Using the chart below, how does the candidate’s experience, education, and training compare to the position considerations in Step 2? What step or portion of the range (low, middle, high) appears to be most appropriate given the candidate’s qualifications (experience, education, and training)?

<table>
<thead>
<tr>
<th>Step 1</th>
<th>Step 2</th>
<th>Step 3</th>
<th>Step 4</th>
<th>Step 5</th>
<th>Step 6</th>
<th>Step 7</th>
<th>Step 8</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td></td>
<td>Middle</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Meets minimum qualifications and desired attributes (but not much more)</td>
<td>• May not know the agency and culture, but the new hire candidate is:</td>
<td>• Highly seasoned and proficient</td>
<td>• At professional level, needs infrequent guidance or oversight</td>
<td>• Requires additional training and closer supervision</td>
<td>• Experienced</td>
<td>• Fully-trained</td>
<td>• Proficient and will likely operate with less guidance</td>
</tr>
</tbody>
</table>

4. **Determine the scope of the comparison to current employees.** When a job classification is used statewide, the scope will be the statewide salary placement and seniority of those employees. Agency-specific classifications are evaluated within the agency.

   Exceptions to this scope include positions that are in a general classification (e.g. PEM) but are unique positions within an agency (e.g. Chief Financial Officer, Chief IT Officer). Agencies should begin analysis from a statewide basis in step 5 but may refine the scope in step 6.
5. **Using the Pay Equity Tool, analyze salary steps of current employees performing similar work from a statewide and/or agency basis** (depending on scope from Step 4). Look for trends in past hiring practices ([https://payequitytool.dasapp.oregon.gov/](https://payequitytool.dasapp.oregon.gov/)).

- Considering seniority, what steps have employees been hired in the past? By looking at the average length of service and the coinciding salary step, you can conclude past hiring trends (e.g. if employees at step 5 have an average of 4 years’ length of service, you can conclude majority of employees have been hired at salary step 1).

- Would the salary step indicated by step 3 in this process create an inequity with current employees in consideration of their seniority?

- Are employees with less seniority in lower steps and employees with higher seniority receiving higher steps?

- Are employees with less seniority receiving higher steps? This may indicate labor market trends that influence recruitment and retention issues. If you have a position you think this applies to, but you do not see the trend reflected through the Pay Equity Tool, contact your agency’s Classification/Compensation Consultant at DAS.

6. **Agencies may refine their assessment further by gathering relevant data regarding other employees’ seniority, experience, education, and training, etc. that are doing similar work (see Appendix B).** It may not be reasonable for agencies to perform this step in-full prior to the implementation of the new HRIS system, “Workday”. It is not an expectation that agencies do a full and complete analysis of all current employees. This analysis will occur at the statewide level during the Equal Pay Analysis.

   - Consider a reasonable scope based on where the position is situated, how much relevant data you can gather.
     - If the position is only similar to other positions in other agencies (e.g. CFO, CIO, etc.): management may reach out to other agencies to gather relevant data or contact DAS CHRO Classification and Compensation for assistance.
     - If the position is similar to other positions in your agency, consider where positions doing similar work are located within the agency; determine a reasonable comparative scope and whether it should be at the agency, division, or unit level.

   - As in step 5 of this process, consider trends.
     - Considering current employees’ experience, education and training, how does the candidate compare?
     - Does the salary placement you determined for the candidate create an inequity considering the seniority of current employees and their factors? Beware of outliers that may not align with this new way of determining salary; in these cases make a note of the outlier, but do not change your salary offer to match the salary level of an outlier.

7. **Finalize salary determination from Step 3 based on analyses from steps 4-6.** Ensure salary offer for candidate is equitable relative to current employees and in consideration of all process steps.

8. **Document the steps you’ve taken using the Internal Assessment Worksheet, Appendix B.** Complete as much of the worksheet as possible. Use drop downs in cells for consistency and ease in completing the worksheet. Make notes in “notes” section and/or “rationale” section. Retain this documentation separately from the personnel or recruitment files.
## APPENDIX A: Quick Guide to Using “Bona Fide Factors” when Assessing Salary Offers

<table>
<thead>
<tr>
<th>Factors</th>
<th>Applicability for Salary Offers</th>
<th>Considerations for Salary Offer</th>
</tr>
</thead>
</table>
| **Merit System:** Orderly progression of an employee’s pay from minimum to maximum rate of a salary range. May also include promotions, special merit increases or other personnel actions. | • Current Employees  
• Returning Employees with less than 2 years break in service | Employees retain merit increases in new positions and adjustments are made accordingly (so long as salary is within the established salary range for the new position).  
As such, this is a factor that may explain a salary offer to a new hire that is less than other employees doing similar work with comparable experience, education, and training. |
| **Seniority System:** A system that considers an employee’s length of service as it relates to their salary, benefits, and employment rights. | • Current Employees  
• Returning employees with less than 2 years break in service | Employees retain seniority status and adjustments are made accordingly (so long as within established salary ranges and benefits for new position).  
As such, this is a factor that may explain a salary offer to a new hire that is less than employees doing similar work with comparable experience, education, and training. |
| **Experience:** Process of gaining knowledge or skill from doing an activity, particularly by holding a position in a specific field or occupation. | • Current Employees  
• Returning employees with less than 2 years break in service  
• New Hires to the State | Compare candidate’s relevant experience as it relates to the position.  
Compare candidate’s experience to current employees to the extent that the information is available (e.g. within a unit or the agency). |
| **Training:** Process by which someone is taught the skills needed for a job. Training may be on-the-job experiences, systematic practice or informal instruction. | • Current Employees  
• Returning employees with less than 2 years break in service  
• New Hires to the State | Compare candidate’s relevant training as it relates to the position.  
Compare candidate’s training to current employees to the extent that the information is available (e.g. within a unit or the agency). |
| **Education related to Position** The act or process of acquiring knowledge through systematic instruction, especially through an accredited academic institution. | • Current Employees  
• Returning employees with less than 2 years break in service  
• New Hires to the State | Compare candidate’s relevant education as it relates to the position.  
Compare candidate’s education to current employees to the extent that the information is available (e.g. within a unit or the agency). |
| **Travel**  
| When an employee is required to travel from one place to another as part of their regularly scheduled work assignment. | Relates to position and does not impact salary offers. | All employees that travel on state business are under similar expense reimbursement policies. However, during an analysis, this factor may explain variances in salary placement within a salary range if travel requirements increased the difficulty in recruitment and retention in the position. |
| **Workplace Locations**  
| The geographic location(s) where an employee is assigned to work. | Relates to the position and does not impact salary offers. | Employees are paid within the same pay range for similar work regardless of the position’s geographic location; salary adjustments for geographic location are not within policy. However, during an analysis, this factor may explain variances in salary placement of employees within a salary range if salary history from different locations was used prior to pay equity law. |