**I. PURPOSE**

This policy is provided to give supervisors the pay standards, department policy parameters and requirements for the equitable and consistent administration of pay throughout the department.

(1) The state of Oregon, through the establishment of the Department of Administrative Services, Human Resource Services Division policies or via policies approved by the Division or subject to audit, shall provide for the equitable and consistent administration of pay. Agency Appointing Authorities shall ensure that the policy standards for administration of pay are met.

(a) **Pay Administration**

(A) **Classification Changes**

(i) For information on administration of pay on classification change, refer to HRSD State Policy 30.005.01, Effect of Position Classification Change on Incumbents.

(B) **Demotion**

(i) At the time of a demotion the appointing authority shall reduce the rate of pay to be within the established range of the new classification if above the maximum rate. The current step shall be retained if within the established range for the new classification. The salary eligibility date is generally retained unless the employee is at the maximum of the new salary range.

(C) **General Wage Adjustment**
(i) **General Increase** - When a general wage adjustment (general increase) is approved and implemented to the state’s compensation plan, agencies shall retain an employee at the same step or position in the salary range. Salary eligibility dates are generally retained.

(a) **Salary Exceeds Maximum Rate (red-circled)** - When, for any reason, an employee’s base rate exceeds the maximum rate of the assigned salary range and that employee’s base rate is red-circled, the employee shall not be eligible for any pay increases until the maximum rate for the salary range equals or exceeds the employee’s base rate. See HRSD State Policy 30.005.01, Effect of Position Classification Change on Incumbents for information on red-circling employee’s salary on classification changes.

(ii) General compensation plan adjustment - When a general compensation plan (salary structure) adjustment is approved and implemented to the state’s compensation plan with no accompanying general wage adjustment, agencies shall retain an affected employee at the existing salary with no increase unless the employee’s current salary rate is below the first step of the new salary range, in which case the employee’s salary rate shall be placed at the first step of the new salary range. Salary eligibility dates are generally retained. (General compensation plan adjustments may occur due to classification studies, hay re-evaluations, selective salary adjustments, etc.)

(D) **Lump Sum Payments**

(i) Lump sum payments may be given at the time of hiring, promotion or lateral transfer where there is a difficult recruitment situation and the payment is needed in order to fill the position with Division approval. All lump sum payments for agency heads shall be approved by the Division.

(ii) Normally, lump sum payments are appropriate for higher level or specialized positions where recruitment difficulties are due to:

(a) a significantly below-market salary range for a specific classification, where it is impossible to change the salary range on a timely basis;

(b) a position in a generic classification (e.g., Principal/Executive Manager) being extremely sensitive to market pay fluctuations;

(c) the nature of the assignment (e.g., added expectations and workload for a short to medium period of time) makes the position especially unattractive to potential candidates.

(iii) Lump sum payments shall be given judiciously and only under appropriate circumstances. Documentation of the specifics of the payment shall be retained in the recruitment file and personnel file. Documentation shall include prior written approval of the appointing authority and the Division.
(iv) For the calculation of overtime, the lump sum payment is combined with the base pay. Use the total amount in the calculation of overtime for the month the lump sum payment was received.

(E) New Hire

(i) The normal hiring rate is the bottom half of the salary range. The bottom half of the salary range for the standard eight step salary range is steps one through four. The bottom half of truncated four step salary ranges is the first two steps in the range, whether they are steps one and two or steps five and six. For instances where the number of steps in a range is an odd number, the bottom half of the range would be those below the midpoint of the range.

(ii) The appointing authority may authorize payment above that rate when recruitment difficulty, exceptional qualifications of the applicant, or other appropriate circumstances exists. The salary eligibility date is generally one year from the date of hire.

(F) Promotion

(i) Upon promotion, a salary increase is normally given. The salary increase is generally to the next higher rate (step) within the new higher salary range. The appointing authority may authorize promotional increases of a greater amount within the range if warranted because of recruitment or retention problems, exceptional qualifications of the promoted employee, or other appropriate circumstances. A new salary eligibility date is generally six months from the date of promotion.

(G) Reemployment

(i) When a person is reemployed as per OAR 105-040-0080, Reemployment, whether by direct appointment or selection from an open-competitive eligible list, the appointing authority may establish the salary at or below the rate that was paid at the time of separation. The appointing authority may authorize payment above that rate, up to the maximum rate in the salary range, when recruitment difficulty, exceptional qualifications of the applicant, or other appropriate circumstances exists. The salary eligibility date is established at a date no earlier than it would have been if the employee had not left state service, and no later than 12 months following reemployment.

(H) Restoration

(i) Upon restoration under HRSD State Policy 50.030.01, Restoration of Removed Management Service Employees, and HRSD State Policy 50.030.05, Restoration of Terminated Unclassified and Exempt Service Employees, the employee is returned to the same step at which employee would have been, taking into account annual merit increases, had the employee never left his/her prior restored classification.
(I) Return from Layoff

(i) Upon return from layoff to the same classification, normally the employee retains the same step in the salary range that was paid at the time of layoff. Upon return from layoff to a different classification, normally the employee retains the same salary rate that was paid at the time of layoff, not to exceed the maximum step in the new salary range. The former salary eligibility date is generally restored, adjusted for break in service.

(J) Transfer

(i) At the time of a lateral transfer, the employee's salary rate is normally retained. The appointing authority may authorize a special salary adjustment to the next higher salary rate if there is not a corresponding salary rate in the new classification’s salary range, however, the employee’s salary may not exceed the maximum rate in the salary range. The salary eligibility date is generally retained.

(K) Trial Service Removal

(i) Upon removal from trial service, an employee who is returned to his/her former classified unrepresented or management service position shall be restored to the step in the salary range which he/she held in that position prior to promoting, demoting or laterally transferring.

(L) Underfill

(i) When an employee is selected to fill a position at a higher level classification, as an underfill, the initial appointment will be processed as a new hire, promotion, demotion, transfer or other appropriate action (see E, F, B, J or other appropriate section above for pay information based on the action taken). At the time the employee meets the minimum qualifications of the position classification, the employee shall be reclassified (see HRSD State Policy 30.005.01, Effect of Position Classification Change on Incumbent for pay information based on the appropriate action).

(Remainder of DAS State Policy found in DOC Policy 20.2.3, Pay Differentials)

II. IMPLEMENTATION

This policy will be adopted immediately without further modification.