

Policies



Metro

600 NE Grand Ave.
Portland, OR 97232-2736

Subject Compensation policy for non-represented employees

Section Human Resources

Approved by Marissa Madrigal, Chief Operating Officer

Approved on November 13, 2023

Replaces Compensation Policy, Adopted Jan. 1, 2016

PURPOSE

Metro strives to develop and adhere to consistent and transparent compensation practices. Metro will establish compensation rates for classifications that consider Oregon's Equal Pay Act, labor market considerations, total compensation, characteristics such as knowledge, skills and abilities required of the work, the economic condition of the greater Portland region and financial condition of the organization.

APPLICABLE TO

This policy is applicable to all non-represented and non-elected Metro employees, excluding the Metro Auditor's Office.

DEFINITIONS

Refer to Appendix A for a list of terms and definitions used in this policy.

GUIDELINES

1. The Human Resources Department is responsible for developing and administering Metro's compensation philosophy, policy and corresponding guidelines and procedures.
 - a. Compensation philosophy. Metro views compensation as a management tool intended to support the organization's goals, culture, business, operational and financial needs; to recognize the value of employees in the workplace; to attract, motivate and retain a highly qualified workforce; and to encourage professional growth and retention of diverse, qualified, motivated and high performing employees.
 - b. Pay equity. Metro equitably compensates all employees who perform work of comparable character, which means work that requires substantially similar knowledge, skill, effort, responsibility and working conditions. Wage differentials are based only on bona fide factors under the Oregon Equal Pay Act.
 - c. Bona fide factors. The Oregon Equal Pay Act outlines a set of bona fide factors that organizations may consider when making pay equity considerations. When determining wage placement, Metro uses the bona fide factors of education, experience and seniority within the classification.

- d. Market analysis. Metro strives to compensate positions competitively relative to the applicable labor market. When establishing pay, Metro will consider the applicable external labor market as well as internal factors of pay equity.
- 2. Pay actions
 - a. Wage placement for new hires, internal promotions, lateral transfers, reclassifications, career ladder advancements, and reassignments for non-represented regular and some variable hour positions will be determined by Human Resources, using bona fide factors. Grade and step placement decisions will be informed by conducting an analysis of pay equity factors among employees doing work of comparable character and considering bona fide factors.
 - b. Pay increases and progression
 - i. Cost of living adjustments (COLA)
 - 1. For eligible employees, COLA adjustments are typically processed on the first day of the first pay period that includes July 1.
 - 2. Pay scales will be adjusted by the COLA amount.
 - 3. COLA increases are evaluated and determined on an annual basis for each fiscal year. An annual COLA increase is not guaranteed.
 - 4. COLA amounts and eligibility will be communicated to employees prior to July 1.
 - ii. Pay scale progression
 - 1. The pay scale for non-represented employees includes a series of grades (indicated by alphabetical letters) and steps within those grades (indicated by numbers).
 - 2. Grade placement is determined by position classification.
 - 3. Step placement is determined by bona fide factors of job education, experience and seniority.
 - 4. Typically, employees will advance one step within their grade, for each 12-month period they are with Metro until they reach the maximum step of their grade. Once the maximum has been reached, employees who remain in the same classification will only be eligible for future COLA increases.
 - 5. In no instance should a grade change or step change place an employee above the maximum pay for the respective grade or step of their classification.
 - 6. For eligible employees, step advances occur on their anniversary date which is based on the employee's hire date or the last time their pay grade or classification changed. Step advances based on hire dates will be processed on anniversary dates of hire. Step advances based on pay grade or classification changes will be processed on the first day of the pay period in which the anniversary date falls.

- c. Work out-of-class (WOC) pay
See section 3. Classifications, item e. for more information on WOC assignments.
- i. Employees given a WOC assignment into a higher classification will be placed at step 1 or the next higher step in the WOC pay grade, whichever is higher. There will be no change in pay for those working out of class in a classification with the same pay grade.
 - a) Any exceptions to the pay increase standard described above can be made by the HR Director or designee for those WOC assignments lasting more than three (3) months.
 - ii. Some WOC assignments lasting more than three (3) months may be subject to a pay equity review.
 - iii. Effective dates for WOC assignments should coincide with the start of a pay period, if possible.
 - iv. Due to the temporary nature of a WOC assignment, any compression issue between a manager and supervisor caused by the WOC assignment will not be addressed.
 - v. If an employee receives a step increase and/or COLA during a WOC assignment, the employee's pay rate will advance as normal in their former classification pay scale. The WOC pay will be calculated based on that new rate. At the end of the WOC assignment, the employee will return to their former classification pay scale at the rate that includes the step and/or COLA increase.
- d. Other pay adjustments. There may be times when an employee's pay requires an adjustment based on a change to one or more of the employee's bona fide factors.
- e. Wage hold. Due to pay equity factors, at times it may be necessary to hold an employee's pay constant until other positions within a work of comparable character grouping come into alignment. During a wage hold period, an employee is within the range of their pay grade but generally not eligible for any step increase until equity issues have been eliminated (though cost-of-living adjustments will be allowed). This may apply to, among others, situations where an employee is reclassified or reassigned.
- f. Red Circle. At times, it may be necessary to red circle an employee and hold their wage constant until the wage falls within the pay grade. During a red circle period, an employee is above the range of their pay grade. Cost-of-living adjustments may or may not be allowed under these circumstances.
- g. Fringe benefits. As part of official compensation, Metro provides medical insurance and other benefits to employees. Metro also provides other fringe benefits which are part of official compensation. Such fringe benefits may include, but are not limited to, free or discounted admissions to ticketed Metro venues, occasional discounts at certain retail stores or telecommunication carriers, savings or discounts in identified housing or home lending programs, etc. For a complete list of current fringe benefits available to Metro employees please refer to the employee benefits section on the MetroNet or use keyword search: employee perks.

3. Classification actions

- a. Metro organizes its positions into a classification system based on similar duties, responsibilities and required knowledge, skills and abilities. This helps ensure internal equity and comparable and competitive pay. Classifications and positions are not the same: individual employees are assigned to positions, and related positions are grouped within classifications.
- b. Initial classification. The Human Resources Department is responsible for establishing the pay grade for all newly created positions. This is typically referred to as the initial classification process.
- c. Reclassification. A reclassification is an official change to the classification of a position due to an ongoing business need. Reclassifications may be upward, downward or lateral.
 - i. Reclassifications should not be requested to address changes in how work is accomplished (i.e., new tools, new software, etc.) While these changes may require training and time to get familiarized, they do not usually change the purpose or the overall responsibilities or complexity of the job.
 - ii. The reclassification process should also not be used to fill a vacant position where a recruitment process would be more appropriate.
 - iii. Reclassifications should not be requested to reward an employee for work well done or to increase the pay of an employee who has reached the top of their pay scale.
 - iv. Pay rate will be determined as outlined in Section 2. Pay actions of this policy.
 - v. Reclassification requests may include a position description questionnaire (PDQ) and a reclassification request form. Both the questionnaire and the form must be completed and submitted by the supervisor to Human Resources. Requests should not come to HR directly from employees
 - vi. If it is determined by HR that a reclassification is needed, the effective date of the reclassification is the first day of the following pay period that the reclassification request (including both the PDQ and the reclassification request form) were received in Human Resources.
 - vii. For temporary duty changes, see the section for working out of classification (WOC).
- d. Career-ladder advancements
 - i. A career ladder advancement is a type of reclassification, specific to certain classifications, with its own criteria and a modified request process.
 - ii. The employee's advancement depends on the department's business need to assign higher level responsibilities on an ongoing basis as well as the employee's readiness to assume higher-level responsibilities.
 - iii. In addition, the employee must fulfill criteria related to initiative and leadership, training, and length of service in the current classification.
 - iv. Designated classifications will have specific career ladder advancement criteria listed in the classification description.

- e. Work out-of-class (WOC) assignment
 - i. A WOC assignment is a short-term, temporary solution to address a workload need usually for employees assigned to provide coverage while another employee is on leave or during periods when another position is vacant or there is a short term, project-based need for higher-level work.
 - ii. If an employee is assigned to work in a higher classification for a period in-excess-of fifteen (15) working days or twenty-one (21) calendar days, a manager or director may request WOC pay for the employee. The WOC employee must be doing the full scope of duties of the higher classification. The request should state the need for the WOC assignment, the duties the employee will be performing that warrant WOC pay, the start date, and the anticipated length of the assignment. Human Resources may conduct a preliminary analysis of the assignment to ensure the WOC assignment is appropriately classified.
 - iii. If a WOC assignment will be for more than three months, in-order-to provide equal opportunity for all interested employees, managers should, whenever practical, work with the HR Recruitment team to conduct a simplified internal recruitment process asking for letters of interest from anyone interested in the assignment.
 - iv. WOC assignments are meant to be temporary in nature and therefore should not exceed six months. If WOC is necessary beyond six months, the employee's manager or director should outline in writing the extenuating circumstances necessitating this assignment and send the documentation to Human Resources for approval. Managers should address WOC situations in a timely manner and avoid making retroactive requests when possible.
 - v. If an employee is working out of class and is ultimately reclassified to the higher-level position, the time spent in the working out of class time assignment will not be considered when setting the reclassification date. The reclassification date will not be retroactive to when the WOC assignment began but will be established based on the date when the position was formally reclassified. The date of the reclassification shall become the new anniversary date.
- f. Reassignment, demotion, job change, etc.
 - i. When an employee applies and is selected for a position at a lower pay scale or is reassigned to a position at a lower pay scale as-a-result of a reorganization, cost-savings measure or other rationale, it is the immediate supervisor's responsibility to work with Human Resources to initiate a request for a reassignment.
 - ii. The employee's pay rate will be determined as outlined in Section 2 Pay actions of this policy.

4. Classification and compensation studies
 - a. Compensation studies focus on how pay at Metro compares to the relevant external market as well as to internal positions of comparable character.
 - b. Employees in the classification(s) being reviewed in a market study will typically be asked to submit a position description questionnaire (PDQ). Classification descriptions are also reviewed to ensure work is accurately reflected and that there is equity in terms of how the classification is used organization wide.
 - c. Classifications must align with Metro-approved classification criteria.
 - d. Human Resources provides any pay adjustment recommendations resulting from a compensation study to the COO or designated management team for review and approval.

RESPONSIBILITIES

Employees

- Keep informed of the compensation policy and corresponding guidelines and procedures.
- Communicate compensation concerns, or requests for compensation reviews, with their supervisor or Human Resources as appropriate.

Supervisors

- Determine staffing and position needs and responsibilities – work with Human Resources to initiate classification and reclassification reviews and pay actions and develop job descriptions and job announcements.
- Serve as a resource providing information for classification and compensation studies.

Department Director, Manager, Supervisor

- Inform Human Resources when an employee has been reassigned to work out of class, and when the assignment ends.
- Approve and sign reclassification requests, position description questionnaires, and reclassification request forms.
- Approve pay actions such as those related to work out of class assignments or reclassification.
- Serve as a resource providing information for classification and compensation studies.

Budget Manager

- Reviews and signs reclassification requests and reclassification request forms.
- Forecasts and budgets costs; facilitates funding.

Human Resources

- Develop and administer the compensation policy and corresponding guidelines and procedures; regularly review the policy and associated systems to ensure compliance.
- Serve as a resource to management and employees for compensation needs.

- Work with Finance and Regulatory Services and the COO to review budget implications of annual increases and make recommendations accordingly.
- Process all compensation actions, ensuring compliance with all record-keeping requirements.
- Communicate compensation information and any updates or changes to employees and others as appropriate.
- Conduct routine and/or periodic classification and compensation studies.

REFERENCES

Performance Appraisal

Policy Probation Policy

Recruitment/Selection Policy

APPENDIX A

Internal equity: Equal pay within an organization. At Metro internal equity is based on position complexity and level of responsibility, decision making authority, consequence of error, specialized functions, as compared to other roles within Metro. It is sometimes referred to as internal alignment.

Lateral transfer: When an employee moves from one position to another within the same salary grade.

Pay equity: Compensating employees equitably based on the performance of work of comparable character while accounting for lawful bona factors such as experience, education, and seniority.

Position description questionnaire (PDQ): Questionnaire designed to collect information about the important and defining characteristics of specific positions at Metro. The questionnaire provides information required to conduct a position analysis and to prepare classification specifications, job descriptions and job announcements.

Position types:

- **Regular full-time employee:** An employee who is selected to fill a budgeted position, is required to pass a probationary period, and whose scheduled hours of work are at least 32 hours per week/1664 hours per year (0.8 FTE).
- **Regular part-time employee:** An employee who is selected to fill a budgeted position, is required to pass a probationary period, and whose scheduled hours of work are less than 32 hours per week (less than 0.8 FTE).
- **Variable hour employee:** Employees who are: a) hired and scheduled for work as needed to staff and support events throughout Metro; b) hired to fulfill unbudgeted additional staffing needs as they arise; or c) hired to fulfill seasonal needs. Variable hour employees are required to complete a probationary period. Work schedules are determined by business needs: schedules may vary widely with no guaranteed minimum number of work hours.

Promotion: Advancement to a classification in a higher pay scale. Typically, an employee must apply and be selected for a promotion (making it different than a reclassification).