



## 8.04 COMPENSATION

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### Compensation Policy

The City shall establish compensation rates for classifications taking into account internal equity, complexity, accountability, impact, and/or working conditions. It is the goal of the City of Portland to attract and retain qualified employees and encourage high levels of performance. Additionally, the City uses valid and consistent methodology for evaluating jobs. It is the City's policy that:

- direct and indirect compensation (wages, premiums, health benefits, holidays, vacation and other leaves, pensions, etc.) are all to be considered in determining appropriate levels of compensation for employees;
- wage and benefits packages are considered "externally competitive" if they approximate the average of the direct and indirect compensation offered for similar work in applicable labor markets as determined by the Director of Human Resources;
- other factors such as compression between classifications and incentives linked to performance may also be considered in establishing wages and benefits;
- annual adjustments to the compensation rates may be made based upon a formula that considers the consumer price index. Other adjustments may also result from a classification study or compensation review.

The City recognizes the legitimate role of collective bargaining in determining compensation for represented employees.

The Council shall fix the salaries of all employees of the City.

### Pay Equity Policy

The City shall endeavor to similarly pay all employees who perform work of a comparable character as defined in ORS 652.210 *et seq*, including substantially similar knowledge, skill, effort, responsibility, and working conditions.

The City of Portland has an internal complaint procedure designed to address and resolve complaints of discrimination, including pay inequity. See the [Administrative Rule 2.02 on Prohibition Against Workplace Harassment, Discrimination and Retaliation](#). The City will take appropriate action to prevent discrimination, including retaliation and harassment, and to ensure that the rights of employees who file complaints are respected, whether the complaint is filed through the internal complaint procedure, a grievance, or with a local, state, or federal agency, or court.

### Compensation Plan

During the regular budgetary process, pay grades and compensation ranges for all classifications shall be set for the upcoming fiscal year and shall be published in a Compensation Plan.

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The City Compensation Plan shall be revised in conjunction with the annual budgetary process and/or as a result of a classification/compensation study. The Director of Human Resources shall recommend appropriate pay ranges for each classification in accordance with the compensation policy.

Adjustments to assigned ranges for individual classifications, and presentation to Council of new classifications and ranges, shall be done in conjunction with the annual budgetary process or as the result of a classification/compensation study, except where the Director of Human Resources determines that:

1. a substantial change in the duties and responsibilities of the classification necessitates a salary adjustment; or
2. an inordinate amount of turnover within the classification is attributed to an inadequate salary level, thereby necessitating an immediate salary review; or
3. difficulty in recruitment of qualified candidates for a classification is attributed to an inadequate salary level, thereby necessitating an immediate salary adjustment; or
4. a new classification is needed at a time outside of the annual budgetary process.

[Link to City's Compensation Plan](#)

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### **Double Pay Prohibited**

The salaries provided for under this rule and in the various collective bargaining agreements are intended to be full compensation for services rendered to the City. An employee shall return to the City any compensation received for wages or benefits that were already paid for by the City. See, City Charter, Section 2-608.

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### **Direct Deposit and Itemized Wage Statements**

As part of the City's goal to reduce paper and create sustainable policies, and unless otherwise prohibited by a collective bargaining agreement, all newly hired City employees will receive their compensation through direct deposit to their designated financial institution and their itemized wage statements (remittance statements) will be available electronically through [PortlandOregon.gov](http://PortlandOregon.gov). Employees may request to receive paper checks in lieu of direct deposit or receive paper remittance statements.

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### **Salary Ranges**

#### **1. Non-Represented Classifications**

Each non-represented classification is assigned an open pay range with a minimum, midpoint, and maximum salary rated. Non-represented employees may be paid at any rate within the assigned range and in accordance with this rule.

#### **2. Represented Classifications**

Each represented classification shall be assigned a pay range with a minimum and maximum salary range and identified steps in between the minimum and maximum rates. Represented employees must be paid within that range and on an assigned step to that range except as provided in the [Administrative Rule 8.05 on Classification](#).

#### **3. All Employees**

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An employee's rate of pay shall not be less than the entry pay rate or more than the top pay rate for the classification except as noted below.

The Director of Human Resources may approve retaining an employee's salary at their current rate even if higher than the top rate for their classification (red-circling) where the employee would otherwise suffer a reduction in pay under the following circumstances:

- The reduction in pay is due to a settlement agreement; or
- The reduction in pay is as a result of a reclassification that occurs as part of the implementation of a classification/compensation study; or
- The reduction is part of the implementation of the Employee Transition Services Program; or
- The reduction in pay is a result of a position being reclassified downwards, but the reclassification is not part of a classification/compensation study. For this exception to apply the reduction in pay must be no more than twenty-five percent (25%), the position at issue is determined critical by the director of the bureau and the Director of Human Resources approves red-circling as in the best interests of the City.

Employees whose pay is red-circled are not eligible for pay increases, including cost of living increases, until their pay rate is within the pay grade of their assigned classification.

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**Progression Through a Pay Range**

**1. Non-Represented Employees**

Non-Represented Regular, Limited Term, and Job-Share employees shall progress through their assigned salary range based on the City's Performance Management System and in accordance with the Compensation Policy. See the [Administrative Rule 9.02 on Performance Management](#).

**2. Represented Employees**

Progression to steps in the salary range shall be as prescribed in the compensation plan and their respective bargaining agreement.

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**Compensation for Elected Officials**

The salary rates for the Mayor, Commissioners, and Auditor shall not be assigned to a salary schedule and shall be established separately by the Council. City-paid parking is available to the Mayor and to each Commissioner.

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**Compensation for Council Member Secretary and Administrative Staff, City Attorney and non-represented employees of the City Attorney's Office**

The administrative staff of each Council Member, the City Attorney, and all non-represented staff in the City Attorney's Office shall be compensated in an open range in the non-represented salary schedule in the pay range assigned to their classification. The Elected Official for their staff, or City Attorney for their non-represented employees, may designate or change the employee's salary, within the pay range, at any time. All compensation must be consistent with the City's Pay Equity Policy.

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**Employment Agreement and Compensation for Bureau Directors**

Upon hire and as a condition of employment, bureau directors will be subject to the terms of an employment agreement the content of which has been approved by the

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Commissioner-in-Charge and the Director of Human Resources. Such agreement shall be for a term of 36 months and in the event of a termination without cause during the term of the agreement, shall provide for a severance payment, the amount to be determined at the time of hire. There will be no severance payment if the termination is for cause as defined in the employment agreement. ~~At the end of the thirty-six (36) month period the bureau director's continued employment shall be at will and at the sole discretion of the Commissioner-in-Charge with no obligation of severance payment upon termination.~~

The Elected Official-in-charge may adjust the salary of any bureau director at any time provided the pay adjustment is within the pay range, is upward only, and is in recognition of exemplary performance as documented in a performance review submitted to the Bureau of Human Resources.

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**Initial Appointments to Other Positions Exempt from Chapter 4 of the City Charter**

The initial appointment to other positions exempt from Chapter 4 of the City Charter may be made at a rate above the entry point if approved by the Director of Human Resources and the Elected Official in charge.

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**Assignment of a Claim for Salary or Wages Prohibited**

It is unlawful for any person or employee rendering services to the City and having a salary or wage claim against the City to make an assignment of the claim for salary or wages, whether earned or unearned, except as provided in Section 5.12.030 of the City Code.

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**Initial Appointment to Non-Represented Classifications**

All initial full-time and part-time regular, limited duration and job-share appointments to non-represented classifications shall be to the entry rate of the pay range for the classification except as follows:

1. Initial appointments above entry rate may be made only with the approval of the Director of Human Resources or designee.
2. All appointments must be consistent with the City's Pay Equity Policy.

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**Other Adjustments Within the Pay Range for Non-Represented Classifications**

The pay rate for a non-represented employee may be adjusted within the pay range at a time other than initial appointment or anniversary date. Such adjustments may be made only for the following reasons and must be approved in writing by the Director of Human Resources:

1. due to a substantial increase and expansion of the job responsibilities within the classification of the employee; or
2. to increase the compensation of existing employees, when due to market considerations a new employee doing work of comparable character, is initially appointed to a higher level within the range; or
3. the scope of work expected of an employee in a newly created position is broader than originally anticipated at the time the position was created.

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**Initial Appointments to Represented Classifications**

The initial appointment for a represented classification shall be the minimum rate for the salary range. The requirements for appointment above the minimum rate are

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contained in the applicable collective bargaining contract and/or in the [Compensation Plan](#), or as required under the City's Pay Equity Policy.

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**Appointment of Temporary Employees**

Initial appointment for full-time and part-time non-represented temporary employees shall be set in the same manner as regular non-represented employees while factoring in pay equity considerations. Temporary employees in represented classifications are appointed and progress through the pay range in accordance with the applicable collective bargaining agreement.

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**Casual Employees**

The Council shall establish a salary schedule for casual classifications designated by the Director of Human Resources to meet seasonal work needs of the City. Unless set by a collective bargaining agreement the Director of Human Resources or designee may appoint and change the pay rates of casual employees to any pay rate within the classifications pay range designated in the compensation plan. Casual employees can only be placed in casual classifications.

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**Transfers**

**1. Non-Represented Employees**

When a regular non-represented employee transfers to a position in a different classification with the same pay range or to a different position in the same classification, they maintain their current pay rate and anniversary date. With written approval by the Director of Human Resources or designee, movement along the range may be approved when there has been a substantial increase and expansion of the job responsibilities, so long as the new rate is consistent with the City's Pay Equity Policy.

**2. Represented Employees**

When a regular represented employee is either temporarily or permanently appointed to a position within the same or a different classification with the same maximum rate of pay, the employee's pay rate shall be the step within the range, which is closest to, but no lower than the employee's regular rate of pay in the former classification.

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**Promotion**

**1. Non-Represented Employees**

When a regular or limited duration employee is appointed to a classification with a higher maximum pay range, the bureau director may appoint the employee:

- a. At the entry rate for the higher pay range, or at a pay rate in the higher pay range which gives them a five percent (5.0%) pay increase (not to exceed the maximum of the salary range) whichever is higher, so long as the promotional rate is consistent with the City's Pay Equity Policy. If the rate determined under this Administrative Rule is not consistent with the City's Pay Equity Policy, then the pay shall be set at a rate that is consistent with the City's Pay Equity Policy.

A regular employee's salary shall not be reduced due to an appointment to a position in a classification with a higher maximum pay range.

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## 2. Represented Employees

When an employee is either temporarily or permanently appointed to a classification with a higher maximum rate of pay, the employee's pay rate shall be the step within the higher classification range which represents at least a three percent (3.0%) increase over the employee's regular rate in their former classification, provided that in no event shall the new rate of pay exceeds the maximum rate for the higher classification. Provided that the promotional rate is consistent with the City's Pay Equity Policy. If the rate determined under this Administrative Rule is not consistent with the City's Pay Equity Policy, then the pay shall be set at a rate that is consistent with the City's Pay Equity Policy.

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### Demotion

#### 1. Non-Represented Employees

If a permanently appointed employee voluntarily demotes to a lower paying classification they shall retain their anniversary date and their salary shall be at the rate in the new pay range, which affords the least reduction in pay, so long as the new rate is consistent with the City's Pay Equity Policy. Provided that the promotional rate is consistent with the City's Pay Equity Policy. If the rate determined under this Administrative Rule is not consistent with the City's Pay Equity Policy, then the pay shall be set at a rate that is consistent with the City's Pay Equity Policy. In no event shall an employee receive an increase in pay upon demotion.

#### 2. Represented Employees

Except as provided in the [Administrative Rule 8.05 on Classification](#), when an employee is either temporarily or permanently appointed to a classification with a lower maximum rate of pay, the employee shall retain their anniversary date and their rate of pay shall be the step in the lower classification pay range which represents the least or no reduction in pay for the employee. So long as the new rate is consistent with the City's Pay Equity Policy. If the rate determined under this Administrative Rule is not consistent with the City's Pay Equity Policy, then it shall be set at a rate that is consistent with the City's Pay Equity Policy. In no event shall an employee receive an increase in pay upon demotion.

Employees demoted for disciplinary reasons shall receive the rate of pay in the lower salary range of the new classification specified as part of the disciplinary action. In no case shall the employee's rate of pay be below the first step of the new classification.

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### Reinstatement or Reappointment from a Layoff List or Return from Leave of Absence

When an employee is reinstated under the reinstatement rules, reappointed from a layoff list or returned from leave of absence, their salary rate shall be at the same position in the pay range as when the employee last served in that classification.

If a current employee is recalled from layoff and the current salary for the classification the employee is serving in exceeds their salary at the time of layoff, the rules on promotion will apply [to the salary in effect at the time of layoff](#).

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### Reappointment after Return from Leave of Absence

See [Administrative Rule 7.07 on Reinstatement](#)

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**Anniversary Date and the Impact of Leaves and Prior Service**

Except as provided below, the anniversary date of an employee is the date of initial appointment to the classification. Thereafter, an anniversary date for pay purposes shall be adjusted to exclude time spent on layoff or officially approved leaves of absence of more than 30 days in duration, unless otherwise required by federal or state law.

When an employee is regularly appointed to a classification with previous time served:

1. The anniversary date shall be adjusted to reflect credit for time in classification per applicable Administrative Rules or contractual languages; or
2. At the discretion of the Director of Human Resources, the employee shall be granted additional compensation per “initial appointment to the Non-Represented Classification” rule and the anniversary shall be reset to the date of appointment.

An officially approved absence from duty without pay because of military leave, Family Medical Leave, or injury in line of duty shall not change an employee’s anniversary date.

If as a result of layoff an employee bumps to a lower classification in which they previously held status, the employee’s anniversary date in the lower classification will be adjusted for pay purposes to include all time served in the lower classification.

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**Impact of Appointments to Other Classifications**

If a regular employee accepts a temporary appointment in a classification in the same pay range and is later reappointed to the former classification, the employee shall retain their current salary rate and anniversary date.

If a regular employee accepts a temporary appointment in a classification in a higher pay range and is later reappointed to the former classification the employee’s anniversary date and salary rate shall be reset as if they had continued in the original classification.

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**Shift Differentials**

Emergency Communication Operations Supervisors I and other non-represented employees assigned to work a full swing shift or full graveyard shift as their regular shift shall receive a shift differential as follows:

- Swing shift – \$.84 cents per hour.
- Graveyard shift – \$1.16 per hour.

As used in this Section, a “swing shift” is any work shift that begins between 12:00 noon and 6:59 p.m., inclusive, and ends no later than 5:00 a.m. and a “graveyard shift” is any work shift that begins between 7:00 p.m. and 11:00 p.m., inclusive and ends no later than 9:00 am.

The hourly premium authorized by this section does not apply during hours on vacation, sick leave, or any other paid leave of absence.

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Supervisors I and II in the Bureau of Parks and Recreation are not eligible for shift differentials.

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**Residency Premium**

All Police Captains, Commanders, Assistant Chiefs, the Deputy Chief and the Chief of Police are eligible for a five percent (5%) premium if they reside within City of Portland city limits.

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**Special Assignment Pay**

Upon request by a bureau, special assignment pay differentials may be reviewed and approved by the Director of Human Resources for the incumbents of positions who are assigned to supervise the work of one or more employees whose base salaries are in the same or higher salary range as the supervisor.

The amount of the pay differential may be up to ten percent (10%) above the top of the pay range for the incumbent's classification for such assignment. So long as it complies with the City's Pay Equity Policy. If the rate determined under this Administrative Rule is not consistent with the City's Pay Equity Policy, then it shall be set at a rate that is consistent with the City's Pay Equity Policy. Such special assignment pay differential shall remain in effect for the duration of the assignment only, unless rescinded sooner by the bureau or the Director of Human Resources.

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**Compensation for Controlled Classes**

Under exceptional circumstances and provided it complies with the City's Pay Equity Policy, a classification may be identified as a "controlled class" and pay may be established at levels necessary to accomplish compelling City purposes. Such actions shall be based on a review and approval by the Director of Human Resources and shall be established for a specific period of time no greater than one (1) year.

Exceptional circumstances may include:

1. exceptional personnel shortages that require a short-term departure from the normal salary range assignment for a classification; or
2. a temporary organizational need that cannot be accommodated within current salary schedule assignments.

The classification shall return to the original salary range at the end of the time period designated for the higher salary range, unless the Director of Human Resources approves an extension.

An employee who is in a "controlled class" and receiving a higher salary range may only receive COLA increases, not merit adjustments within the new range. Upon returning the classification to its original salary range assignment, affected employees will only continue at their current rate of pay providing that rate is not higher than the maximum of the range. Provided it complies with the City's Pay Equity Policy, the Director of Human Resources may consider red-circling the pay of such employees in cases where the controlled class has been established for the maximum period of time.

The process for approving a higher rate for a "controlled class" shall be as follows:

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1. A bureau may make a request and provide an initial basis for consideration by the Director of Human Resources.
  2. The Director of Human Resources shall confirm or further research the need for the use of a controlled class.

Upon the completion of such review, the Director of Human Resources shall approve or deny the request for adjustment of compensation for the classification. Such pay range designated or established by the Director of Human Resources shall not be more than ten percent (10%) over the current pay range and shall be limited to a period of not more than one (1) year, unless extended by the Director of Human Resources based on additional review at the end of the one-year period.

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**Pay Status**

An employee is in paid status when working, when on paid leave, or when on worker's compensation leave. An employee is not in paid status after the last day of work when separated because of resignation, dismissal, death, retirement, or layoff.

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**Payment to Separated Employees**

Employees who separate from City service shall be paid in accordance with applicable law.

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**Boards and Commissions**

No member of any board or commission shall receive any salary or other compensation for their services on such board or commission.

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**Overtime**

See the Administrative Rules regarding Hours of Work and Overtime: [8.02 Hours of Work and Overtime Compensation: FLSA Covered Employees](#) and [8.03 Hours of Work, Overtime Compensation & Management Leave: FLSA Exempt Employees](#).

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**Administrative Rule History**

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