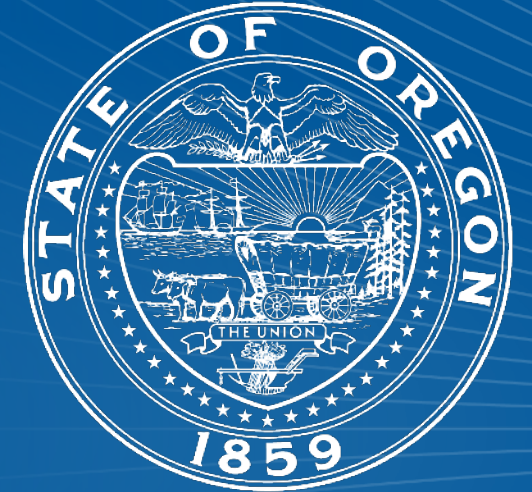


Equal Pay Update

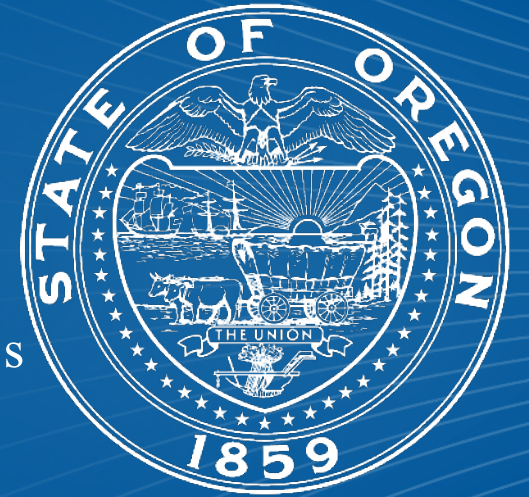


Jessica Knie ling, Chief Human Resources Officer

January 29, 2025

Agenda

- 01 2024 Equal Pay Analysis Project
- 02 Prior and Current Methodology
- 03 Equal Pay Process; Overview & Outcomes



2024 Equal Pay Analysis Project

Partners
and
Methodology Changes



Equal Pay Act



Oregon Equal Pay Act

Signed into law

June 1, 2017

New Methodology

Deployed by Department of
Administrative Services (DAS)

June 1, 2024

Narrows wage gaps in Oregon's Executive Branch

Advisory Report



Secretary of State Advisory Report

- March 2023 – “Oregon Must do More to Close Persistent Wage Gaps for Women and People of Color in State Government”
- Highlighted challenges Oregon’s Executive Branch has in narrowing wage gaps.



2024 Equal Pay Analysis Project Partners



- DAS partnered with twenty-six Agency leaders, Human Resource Managers and Union representatives.
- Discussed and shared feedback on the current Equal Pay process and provide insight and opinion for potential improvements to the process.
- Meeting Themes:
 - Remove caps on compensation steps
 - Value outside experience more (weights)
 - Use other bona fide factors, such as location
 - Simplify calculator and make it more transparent

Consultation



DAS engaged The Segal Group to assist with reviewing current equal pay processes.

There were two desired outcomes from the process:

1. Focus on narrowing wage gaps, while following the law.
2. Increasing transparency of tools and practices available to agencies and employees.

Prior Practice



Prior Practice



Prior practice and tools follow the equal pay law.



Practices and tools were not well understood and transparent in how factors are applied or credited.



Oregon's Executive Branch uses the following factors to determine pay: seniority, education and experience.



Prior Practice

Seniority

One “step” for each year in current position and at least one “step” for promotion.

Education

Credit given only for education required or relevant to the job.

Experience

Entry, technical, professional, senior professional and executive.

“Caps” and “weights”

- Applied by job categories.
- Caps – Initial salary is capped at a certain step regardless of actual prior experience. The caps range from step two to step nine, depending on the category.
- Weights – Relevant experience is weighted based on job category from .25-.85; therefore, employees in certain job categories take longer to reach the top step.

Current Methodology



New Method Starting June 1



Removing Caps

To narrow wage gaps, DAS adopted a new equal pay methodology effective June 1, 2024 – seven months earlier than planned.

The new practice applies to all job categories, removes caps, and weighs relevant experience the same for all jobs.

Change in Definitions

Seniority – One step granted for each year of experience in current position and at least one step for promotion.

Education – Credit is given for highest advanced degree received (associate, bachelor, master, doctorate) as an experience equivalent, regardless of relevancy to the job.

Experience – Relevant experience is weighted at .5 across all jobs (two years of relevant experience equals one step).



Methodology Comparison

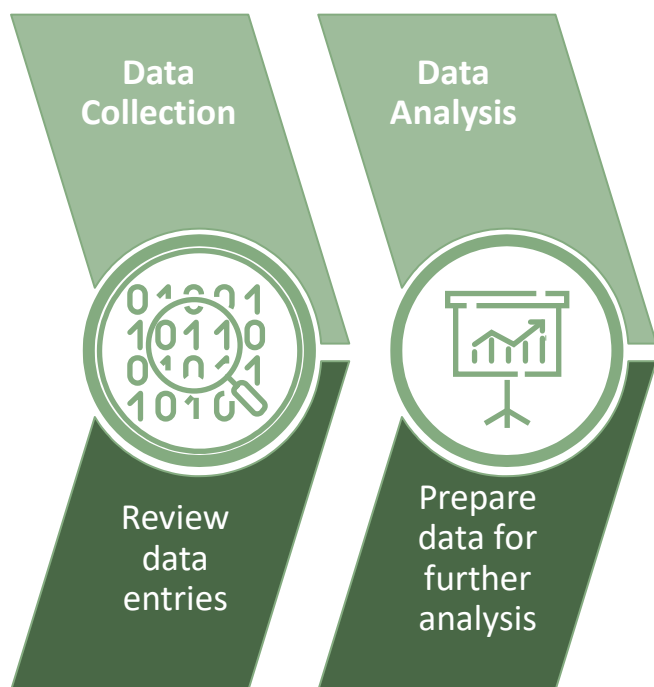
| Prior Methodology | New Methodology |
|--|---|
| Seniority – One step granted for each year of experience in current position and at least one step for promotion. | Seniority – No change. One step granted for each year of experience in current position and at least one step for promotion. |
| Education – Credit given only for education required or relevant to the job. | Education – Credit is given for highest advanced degree received (associate, bachelor, master, doctorate) as an experience equivalent, regardless of relevancy to the job. |
| Experience – Relevant experience is weighted based on job categories from .25 - .85. | Experience – Relevant experience is weighted at .5 across all jobs (two years of relevant experience equals one step). |

Equal Pay Process Overview and Outcomes





Methodology Overview



Data Collection:

- The State provided details on minimum qualifications for each job (degrees, experience, etc.)
- Employees were asked to provide information about their relevant work experience and education
- Employee data was collected in two phases:
 - Phase one data collection was between January and April 2024
 - Phase two data was collected between August 2024 and June 2024

Data Analysis:

- Segal reviewed the data for missing and/or inconsistent entries
- Reviewed minimum qualifications for each job
- Sent relevancy determinations and current position start dates to Oregon State agencies for feedback
- Incorporated identified feedback to ensure data integrity

Methodology Overview

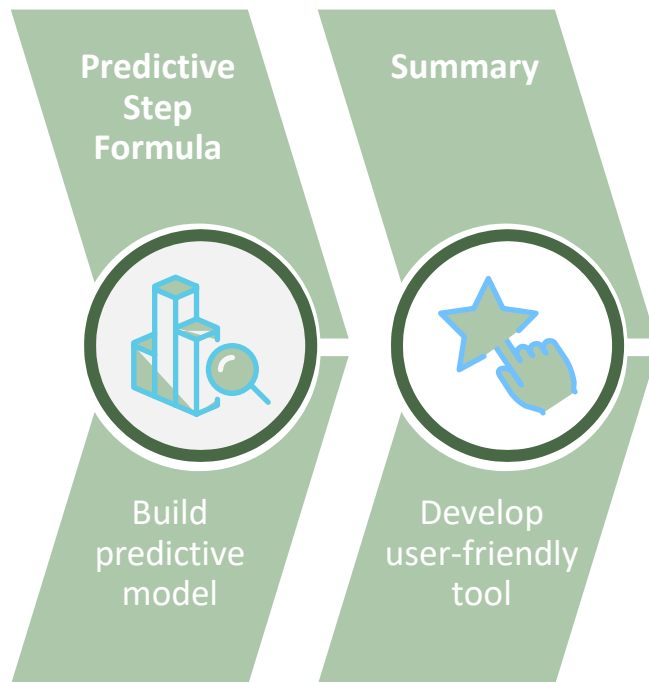


Data Analysis (continued):

- Determined appropriate compensation step at time of hire, by comparing employee's current step and time in their current position
- Compared experience and education for each employee to the minimum qualifications for their current position
- Determined and validated appropriate step at hire considering employee's experience above minimum qualifications
- Incorporated employee's seniority in current position as a factor to determine predicted current step

Summary:

- Compared current compensation step to predicted step for each employee based on experience, education, and seniority
- Designed a user-friendly calculator that mirrors this methodology on an individual employee basis for new hires and all job changes



Methodology Analysis



After data was refined, each employee was placed into the analytical model

- All employees were analyzed by classification using three bona fide factors:
 - Seniority
 - Experience
 - Education
- Recommendations for expected step were identified using the following:
 - 0.5 steps for each year of relevant experience (including degree) above minimum qualifications
 - 1.0 step for each year in current position
- After completion of the Equal Pay Analysis and delivery of salary recommendations statewide, employees had the opportunity to appeal their new recommended compensation step and submit further justification to support their reasoning for a potential pay increase.

Outcomes by Protected Class – Preliminary (Appeals in progress)



| | Total Employees Included | Receiving Pay Adjustments | Percent of Population |
|---|--------------------------|---------------------------|-----------------------|
| Total | 41,684 | 10,760 | 25.8% |
| Gender | | | |
| Female | 23,744 | 6,573 | 27.7% |
| Male | 17,940 | 4,187 | 23.3% |
| Race/Ethnicity | | | |
| People of Color | 10,326 | 3,135 | 30.4% |
| Black or African American | 1,166 | 351 | 30.1% |
| Asian | 1,871 | 450 | 24.1% |
| Hispanic or Latino | 4,557 | 1,504 | 33.0% |
| American Indian or Alaska Native | 911 | 271 | 29.7% |
| Native Hawaiian or Other Pacific Islander | 316 | 129 | 40.8% |
| Two or More Races | 1,505 | 430 | 28.6% |
| Caucasian | 30,018 | 7,164 | 23.9% |
| Undisclosed | 1,340 | 461 | 34.4% |
| Age | | | |
| 18-25 (Generation Z) | 2,354 | 931 | 39.5% |
| 26-41 (Millennials) | 15,873 | 5,160 | 32.5% |
| 42-57 (Generation X) | 17,609 | 3,838 | 21.8% |
| 58-76 (Baby Boomers) | 5,806 | 827 | 14.2% |
| 77+ (Traditionalists) | 42 | 4 | 9.5% |

Equal Pay in Hiring



This data covers the rate at which candidates decline a job offer due to the salary not being satisfactory. Revisions to the Equal Pay procedure were implemented June 1, 2024, correlating with a decrease in candidates declining offers due to salary concerns.

| Year | Posted Recruitments | Candidates who declined a job offer due to "Salary Not Satisfactory" |
|------|---------------------|--|
| 2022 | 12,097 reqs | 1,117 (9%) |
| 2023 | 10,966 reqs | 745 (6.8%) |
| 2024 | 9,250 reqs | 293 (3.2%) |

Current Direction



Appeals Process

The CHRO will continue to review identified and reconcile equal pay issues. An appeals process is available to employees.

The Equal Pay Calculator reflects the current methodology. The calculator is used for all new hires, job changes, and unscheduled employee equal pay requests.

The Equal Pay Calculator will assist with statewide efforts to work towards equitable pay but does not override the need for the tri-annual review.

Ongoing Program

As outlined in ORS 652.235, the Executive Branch of Oregon state government will engage in an Equal Pay Analysis every three years.

CHRO has developed an ongoing program to advance pay equity efforts.

This program will utilize methodology established in Equal Pay Project to review equal pay in the future.

Thank you!

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