

IMPACT STATEMENT

Legislation title: Authorize Bureau of Human Resources to Adopt System for Merit-Based Pay Increases for Non-Represented City Employees and Direct Bureau of Human Resources to develop a Recommended System for Setting Compensation When Making Hiring Decisions for Council Consideration (Resolution)

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Presenter name: Serilda Summers-McGee

Purpose of proposed legislation and background information:

Discuss why the legislation is being proposed and any important background information.

- Amendments to Oregon's Equal Pay Act were effective January 1, 2019. The law allows pay differentials for work of comparable character provided that such pay differentials are based on either one or a combination of bona fide factors listed in the law. One of the bona fide factors for pay differential is a merit system. The Resolution authorizes the Bureau of Human Resources to adopt a merit system that is substantially similar to the exhibit attached to the Resolution. The Resolution also directs the Bureau of Human Resources to develop a formula for salaries when hiring. Both of these actions are required to stay in compliance with the Equal Pay Act.
- The proposed legislation changes specific City policies by creating binding citywide policy for a merit system and hiring practices.

Financial and budgetary impacts:

Discuss the impacts of the legislation relating to all of the following if relevant:

- The Resolution does not have any direct long-term financial impacts or budget impacts for the City, but it will protect the City from financial liability for violations of Oregon's Equal Pay Act.
- The Resolution does not create a change in expenses.
- Change in current and future revenues, including dollar amounts and funding sources
- The Resolution does not change current and future staffing levels.
- The Resolution does not result in any financial agreements.

Community impacts and community involvement:

Discuss the impacts of the legislation relating to all of the following if relevant. Describe who is impacted, how they are impacted, how any negative impacts have been addressed, and how the benefits are distributed. Describe how public involvement and input shaped the bureau's recommended action.

- The adoption of a merit system and the direction to develop and implement a formula for hiring support the City's efforts in having pay equity. A consistent and reasonable merit system, and a formulaic hiring system further the goal of comparably paying

similarly situated people for their work, thereby eliminating pay differentials between people in different protected class statuses.

100% Renewable Goal:

If applicable, discuss how this action contributes to the City's goal of meeting 100 percent of community-wide energy needs with renewable energy by 2050.

Budgetary Impact Worksheet

Does this action change appropriations?

- YES: Please complete the information below.
- NO: Skip this section

Fund	Fund Center	Commitment Item	Functional Area	Funded Program	Grant	Sponsored Program	Amount

Fritz Amendment

TW Zhd 37409
1/16/19

Authorize Bureau of Human Resources to Adopt System for Merit-Based Pay Increases for Non-Represented City Employees and Direct Bureau of Human Resources to develop a Recommended System for Setting Compensation When Making Hiring Decisions for Council Consideration (Resolution)

WHEREAS, the City of Portland values its non-represented employees; and

WHEREAS, the City of Portland is committed to pay equity for its employees; and

WHEREAS, a system for merit-based pay increases for non-represented employees is necessary to ensure pay equity and compliance with legal requirements; and

WHEREAS, a system for setting equitable compensation when making hiring decisions is also necessary to ensure pay equity and compliance with legal requirements.

NOW, THEREFORE, BE IT RESOLVED, the Bureau of Human Resources is directed to adopt by ~~temporary~~ administrative rule a merit system for merit-based pay increases for nonrepresented City employees that is substantially similar to that set forth in Exhibit A, and for up to one year.

BE IT FURTHER RESOLVED, that after a standard HR Administrative Rule comment period and prior to expiration of the temporary administrative rule, the Bureau of Human Resources will return to Council for final approval of a system for merit-based pay increases for nonrepresented employees; that is substantially similar to that set forth in Exhibit A and

~~BE IT FURTHER RESOLVED, once adopted, the merit system will be binding City policy; and~~

BE IT FURTHER RESOLVED, the Chief Human Resources Officer shall be responsible for review and update of this policy, as well as the development and implementation of any guidelines and procedures consistent with the merit system to meet the needs and requirements of the City; and

BE IT FURTHER RESOLVED, the Bureau of Human Resources, in consultation with the Office of the City Attorney, is directed to develop a recommended system for setting equitable compensation when making hiring decisions that complies with the legal requirements for pay equity for Council to consider adopting as binding City policy; and

BE IT FURTHER RESOLVED, until a system for setting equitable compensation when hiring City employees is adopted, the Bureau of Human Resources must approve all salaries for new hires to ensure conformance with pay equity.

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NF 2nd

Eudaly AMENDMENTS: Item 40

Eudaly Amendment #1:

Amend 3rd WHEREAS to read, "WHEREAS, a system for merit-based or step-based pay increases for non-represented employees is necessary to ensure pay equity and compliance with legal requirements"

Eudaly Amendment #2:

170

Add a directive to read, "BE IT FURTHER RESOLVED, that the Bureau of Human Resources will return to council within 30 days to report on key advantages and disadvantages of a merit-based system and a step-based system in order to give Council the opportunity to decide between the two; and"

Eudaly Amendment #3:

Amend newly amended 2nd directive to read, "BE IT FURTHER RESOLVED, that after a standard HR Administrative Rule comment period and prior to expiration of the temporary administrative rule, the Bureau of Human Resources will return to Council with a recommendation for final approval of a system for merit-based or step-based pay increases as decided by Council for nonrepresented employees"

Eudaly Amendment #4:

Amend the 3rd directive to read, "BE IT FURTHER RESOLVED, the Chief Human Resources Officer shall be responsible for review and update of this policy, as well as the development and implementation of any guidelines and procedures consistent with the merit system or step-based system to meet the needs and requirements of the City"

Friendly
amendment
by Fish to

CE #2

Report to Council
officer or hold EXEC.
session

37409

Mayor Wheeler Amendment to Introduce on Wednesday, January 16th in relation to item 40: *Authorize Bureau of Human Resources to adopt system for merit-based pay increases for non-represented City employees and direct Bureau of Human Resources to develop a recommended system for setting compensation when making hiring decisions for Council consideration (Resolution)*

1/16/19

Mayor Wheeler

Amendment Language to Item 40

NF 2nd

Optional Talking Points:

As discussed last Tuesday at the work session on this new Pay Equity Law, bureaus have incurred sudden costs as a result of setting equitable compensation rates.

Two of my goals in making improvements to the budget process this year was to make the process more stable and predictable. Stability and predictability can empower more thoughtful and productive discussion of marginal budget changes.

Bureaus are finalizing their requested budgets for FY 2019-20. In the absence of new resources to cover these costs, General Fund bureaus would need to identify last-minute reductions to balance their budgets, undermining the achievement of these goals.

I am thus proposing amendment language that will direct the City Budget Office to increase the General Fund appropriation levels to cover these costs for General Fund bureaus.

Interim Budget Director Kinard is here to address any questions related to this amendment.

Amendment Language to add to the resolution:

BE IT FURTHER RESOLVED, the City Budget Office is directed to increase General Fund bureau current appropriation levels for FY 2019-20 to reflect increased costs associated with the pay equity study completed in December 2018.