

**State of Oregon**  
**DEPARTMENT OF ADMINISTRATIVE SERVICES**  
**Human Resource Services Division**



**State Policy: 20.005.01 General Compensation Policy**

**APPLICABILITY:** Classified unrepresented, management service, executive service and unclassified unrepresented employees

**REFERENCE:** ORS 240.190; 240.235; 240.240; 240.250; 240.430; 291.371; 292.951

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(1) **Policy:** The state, as one employer, shall establish and maintain a compensation plan for state employees that is intended to provide compensation that pays for the level and value of work performed, is competitive with comparable services in public and private employment, assists in recruitment and retention of qualified and competent employees, and promotes a high level of performance. Accordingly:

- (a) The state shall hold internal equity based on the comparability of the value of work as an important consideration in determining pay.
- (b) The state shall attempt to provide total compensation to employees that is competitive with compensation for comparable services in public and private employment as the overall economic and budget condition of the state permits.
- (c) The state shall establish a merit pay system to recognize, reward, and promote high levels of performance and motivate employees to achieve efficiency and effectiveness in their work by providing salary increases based on documented performance levels as described in Policy 20.005.05, Merit Pay System, and [Policy 50.035.01, Performance Management Process](#).

(2) **Policy Clarification:**

- (a) Value of work is determined by measuring the knowledge, skill, effort, responsibility, and working conditions required in the performance of work in context of the overall scope and mission of Oregon state government.
  - (b) Total compensation is the total of state payments made for salary and benefits.
  - (c) Competitive compensation is generally defined as within 5 percent of the average total compensation paid for comparable service in public and private employment. The job classification or position determines the appropriate mix of public and private employment to be used in assessing competitiveness. Both public and private sector employers, within and external to Oregon, may be included as appropriate.
  - (d) Market information on benchmark positions and classifications plus internal comparability are used to establish the state's policy pay line.
  - (e) Changes to the compensation plan are subject to prior review by a legislative review body.
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