



Oregon

Tina Kotek, Governor

Department of Administrative Services

Chief Human Resources Office

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MEMORANDUM

To: Executive branch unrepresented, management and unclassified service employees subject to ORS 240

From: Jessica Knieling, Chief Human Resources Officer

Date: October 21, 2025

Subject: 25-27 Compensation Plans

As you may know, the projected revenues for the State of Oregon have changed since the legislature adjourned in June with a balanced budget. The Governor sent a letter to state agencies on September 16, announcing that the Legislative Adopted Budget (LAB) was no longer in balance with revenues by approximately 1%, and called on agency leaders to pursue reductions. This projected revenue reduction and the impact on the budget places unique strains on state resources and requires all of us to be thoughtful, prudent and austere. At the same time, I recognize and know public service professionals are the ones diligently working to support Oregonians every single day. We must remain competitive in the market to continue to attract and retain a qualified and dedicated cadre of public service leaders. With this in mind, the following compensation plan changes have been approved for the 2025-27 biennium.

The State of Oregon settled contracts for the 25-27 biennium with its largest labor unions (AFSCME and SEIU) including cost of living adjustments (COLAs). The settled labor agreements include the following COLAs:

- Effective 2/1/26 – 2.5%
- Effective 1/1/27 – 4%

As in the past, the state will apply the same COLAs funded by the legislatively approved salary pot to all unrepresented, management and unclassified service employee compensation plans.

The labor agreements also provide for a new top step to be added to all represented salary ranges effective February 1, 2027. Unrepresented, management and unclassified service compensation plans will add a new top step effective July 1, 2027.

Finally, you may be aware that the state reached settlement over the summer on both class action litigation and statewide labor grievances related to the implementation of Workday payroll. Unrepresented, management and unclassified service employees were included in the class

action, but as is standard, did not have labor grievances. The labor grievances resolved disputes related to contractual pay practices not applicable to unrepresented, management and unclassified service employees. The statewide labor grievance settlements included agreement to structural payroll changes to be implemented on or before July 1, 2027, (bi-weekly pay, hourly pay for all non-exempt employees and paying on actual hours worked). These settlements were not funded with the legislatively approved salary pot.

While unrepresented, management and unclassified service employees are not party to these settlements, these employees in salary ranges thirty (30) and below will receive a compensatory equivalent. No more than ninety (90) days prior to implementation of the structural pay changes, unrepresented, management and unclassified service employees in salary range 30 and below will receive:

- One-time payment of \$1,700
- 40 hours of paid leave granted which can be banked or cashed out

I want to thank you for all you do to serve and lead the workforce in service of Oregonians. Should you have any questions please reach out the Chief Human Resources Office at CHRO.HR@das.oregon.gov.