

This Letter of Agreement is between the State of Oregon, acting through its Department of Administrative Services (Employer), and the SEIU Local 503, OPEU (Union).

The transition to Workday for payroll has been difficult for many reasons. What we have learned from it is that the change management process matters and must be done in a way that employees can trust and the employer can ensure will provide a smooth transition. We know that the dates that are chosen for a transition matter in how employees will experience the transition financially. Finally, we need to ensure that employees are not financially harmed in this transition. Therefore, the Parties agree to the following:

Readiness and Fitness:

1. During the term of the 2025-2027 contract, a joint labor-management steering committee will be established.
2. The steering committee shall be comprised of ten (10) members, with four (4) SEIU represented employees appointed by the Union, four (4) management representatives, one (1) SEIU staff and one (1) DAS State Labor Relations Manager. The Union and State may have additional staff work with the committee.
3. The steering committee shall meet on a schedule it chooses, but no less frequently than once per month.
4. Committee and workgroup members convened in accordance with the LOA will be on paid status and shall be reimbursed for authorized travel expenses as per State Travel Policy. Agencies will not incur any overtime as a result of committee meetings or travel. Flexing schedules will be allowed to avoid overtime.
5. The steering committee will be tasked with the following items:
 1. The committee will review the payroll requirements of the state and determine if Workday is capable of meeting those requirements. If it is determined that even with the removal of forecasting, the change to non-exempt workers being paid hourly, and biweekly pay will not result in a pay

system that can address the requirements of the state, then a new RFP for a payroll system will be issued.

2. The committee will choose a third-party auditor to audit the previous Workday payroll transition, determine what went wrong, and how to improve the state's change management systems.
3. The committee will review the time entry interface and paystubs for the payroll system and make suggestions for improvements in clarity.
4. The committee will preview and give feedback on the payroll training programs that are created for employees.
5. The steering committee will review the results of the transition pilot and identify necessary corrections needed prior to the transition.
6. If the above work has not been completed three months prior to the implementation date or if the pilot has identified show-stopper errors, the transition will be delayed or not happen.
7. If the transition moves forward, the committee will identify the areas of the collective bargaining agreement where the agreed upon structural changes are applied such as: pay dates, pay frequency, references to monthly salary versus hourly pay, deductions, leave accruals, holiday proration, union dues, PEBB contributions, etc. This list is not exhaustive and may be expanded as the contract is reviewed by the joint labor management committee in preparation of implementing the structural changes. These recommendations will be shared with the union and state bargaining teams prior to the commencement of 2027-2029 successor negotiations.

Timely and Accurate pay

1. It is the Employer's responsibility to ensure timely and accurate pay.
2. If an employee is not available to enter their time and/or submit their time, an employee's pay for that pay period will be based on their usual schedule.

3. An employee's supervisor/manager is responsible for reviewing the time submitted by the employee. If an overpayment occurs because of human error including a supervisor/manager incorrectly approving an employee's time, the overpayment will not have to be repaid. Time entry by an employee that is found to be malicious or intentionally inaccurate is not subject to this provision.
4. All managers/supervisors will be required to take an initial live training with Q and A on payroll entry, payroll approval, and how to read paystubs. These trainings will have no more than one hundred (100) people per training. They will be offered regularly and on an ongoing basis. Current employees will have the option to take these training sessions and will be allowed to retake them. All new employees will receive the training.
5. All payroll staff will receive a live training to ensure that payroll is being handled in a standard way statewide. Answers to the most frequently asked questions that represented and supervisory staff ask will be included in this training. This FAQ will also be posted within the payroll system for employees to access.
6. There will be a payroll system assistance team accessible by phone and email that will provide support to phone calls and emails within twenty-four (24) hours. This team will be able to answer questions both about business rules and system functionality.

Transition Support:

1. All employees will have access to twenty-four (24) hours of paid time to attend financial counseling provided for employees either through the EAP or through an outside resource. The financial counseling will be provided at no cost to the employee.
2. Employees will receive an additional sixteen (16) hours of personal business leave that will be available to them January 1, 2027 through December 31, 2027 in order to attend to their personal finances.
3. In addition, employees will have the ability to cash out sick leave between January 1, 2027 through December 31, 2027 to assist in any financial needs during this period.

4. Should an employee experience demonstrable tax issues based on the payroll transition, the Employer shall provide tax support to the employee at no cost to the employee.

Payroll Transition Timeline:

1. The payroll transition will occur in June 2027
2. Employees will receive their final full-month paycheck on June 1, 2027
3. Employees will be paid for a partial month (June 1, 2027 – June 18, 2027) on July 1, 2027.
4. In addition to their partial month pay, employees will also receive a check on July 1, 2027 that is the equivalent of one-hundred and twenty (120) hours of pay for that employee.
5. The first biweekly pay period will be from June 19, 2027 to July 2, 2027 and will be paid on July 16, 2027
6. Employees will receive a two-thousand dollar (\$2000) one-time payment on July 16, 2027.
7. During the transition period (June, 1, 2027 – July 31, 2027), the State will maintain a rapid payroll error response system. Employees who receive underpayments during this period will have their underpayment rectified within twenty-four (24) hours of reporting it to the rapid payroll error response team.
8. The state will choose a test group of non-SEIU-represented employees to run a transition pilot that tests different types of pay groups and that encompasses at least three pay cycles. This pilot will be complete at least three months prior to the transition. The state will share the results of this pilot with the steering committee.

Payroll Transition Details:

1. An employee's hourly rate for the payroll transition will be determined by dividing their monthly negotiated salary by 173.33. All partial cent amounts will be rounded up.
2. The overtime rate of pay will be calculated over the whole biweekly pay period.
3. When a timesheet correction happens, the employee will be notified immediately.

4. Leave accruals will be distributed evenly on each of the twenty-six (26) yearly paychecks with any partial amounts being rounded up to the nearest tenth (10th) of a number.
5. Deductions, such as health insurance, union dues, etc. will be taken out evenly across twenty-six (26) paychecks.
6. The payroll system will not be used to support “clock-in/clock-out” processes.
7. The state will procure an independent QA vendor for the transition project who reports to the steering committee.

This proposal includes the Union’s March 12, 2025 proposals for Article 29 and 29T.

This proposal is subject to change based on new information that we receive during the course of negotiations.