2025-2027 STATE OF OREGON and SEIU CENTRAL TABLE
Management Initial Proposal
March 20, 2025

EMPLOYER PACKAGE PROPOSAL - A

ARTICLE/LOA	VERSION	DATE OF REFERENCE
ARTICLE 4—TERM OF AGREEMENT	Management Proposal	See Attached
ARTICLE 26—DIFFERENTIAL PAY	Management Proposal	Management Proposal dated March 12, 2025
ARTICLE 27—SALARY INCREASE	Management Proposal	See Attached
ARTICLE 29—SALARY ADMINISTRATION	Management Proposal	Management Proposal dated March 12, 2025
ARTICLE 31—INSURANCE	Management Proposal	See Attached
LOA 27.00-19-364—PERS PICKUP TRANSITION	Management Proposal	Continue LOA
LOA 31.00-13-248—PEBB MEMBER ADVISORY COMMITTEE	Management Proposal	Continue LOA (See attached)
LOA 31.00-13-252—PEBB PROJECTED FUNDING COMPOSITE RATE AND COLA	Management Proposal	Continue LOA
LOA 27.00-23-464—SALARY AND BENEFIT REPORT	Management Proposal	See Attached
NEW LOA—STRUCTURAL CHANGES TO PAY PRACTICES	Management Proposal	See Attached
NEW LOA—TRANSITION TO BI-WEEKLY PAY	Management Proposal	See Attached

This package proposal is contingent on the Legislature funding one hundred percent (100%) of the Governor's Special Purpose Appropriations (SPA) for state employee compensation in the Governor's Recommended 2025-2027 Budget. If the Legislature does not fund one hundred percent (100%) of the Governor's Special Purpose Appropriations (SPA) for state employee compensation, this specific package proposal shall be considered automatically withdrawn and the Employer will submit an

amended package proposal. The submission of an amended package proposal shall be deemed a timely submission of the Employer's economic package proposal under the ground rules.

ARTICLE 4--TERM OF AGREEMENT

Section 1.

(a) This Agreement shall become effective on July 1, **2025** ~~2023~~, or the date the Agreement is ratified by the Union, whichever is later, and shall expire on June 30, **2027** ~~2025~~, except where specifically stated otherwise in the Agreement.

(b) Either Party may give written notice during the period of October 15 – November 15, **2026** ~~2024~~, of its desire to negotiate a successor Agreement.

(c) Negotiations shall commence the first week of December **2026** ~~2024~~, or such other date as may be mutually agreed to by the Parties.

Section 2. This Agreement shall not be opened during the term of this Agreement except by mutual agreement of the Parties, by proper use of Article 7--Separability, or as otherwise specified in this Agreement.

REV: 2013, 2015,2019,2021,2023

ARTICLE 27--SALARY INCREASE

Section 1. Cost of Living Adjustments. Effective December 1, **2025** ~~2023~~, Compensation Plan salary rates shall be increased by **two and three tenths** ~~six and five tenths~~ percent (**2.3%** ~~6.5%~~). Effective **December 1, 2026** ~~January 1, 2025~~, Compensation Plan salary rates shall be increased by **three** ~~six and fifty-five hundredths~~ percent (**3%** ~~6.55%~~). (See Appendix C & E.)

~~* If the legislature appropriates new funding of at least thirteen million dollars ($13,000,000) in calendar year 2024, the 2025 cost-of-living adjustment will be effective January 1, 2025. If the legislature does not appropriate at least thirteen million dollars ($13,000,000) in calendar year 2024, the 2025 cost-of-living adjustment will be effective February 1, 2025.~~

Section 2. Compensation Plan for Non-Strikeable Unit. The Parties agree to maintain a separate wage compensation plan for SEIU Local 503, OPEU-represented employees in the non-strikeable unit, including employees at Oregon State Hospital in positions designated as security. (See Appendix D.)

Section 3. Compensation Plan Changes.

~~(a)~~ **Selective Salary Increases.** **TBD** ~~Effective July 1, 2023, the classifications listed below shall be adjusted as follows:~~

~~CLASS~~	~~CLASS TITLE~~	~~SALARY RANGE # FROM~~	~~TO~~
~~5923~~	~~DOJ Claims Examiner~~	~~22~~	~~23*~~
~~1338~~	~~Training and Development Specialist 1~~	~~23~~	~~24~~
~~1339~~	~~Training and Development Specialist 2~~	~~27~~	~~28~~
~~4151~~	~~Transportation Maintenance Spec 1~~	~~17~~	~~18~~

~~4152 Transportation Maintenance Spec 2 19 20~~

~~4161 Transportation Maintenance Coordinator 1 Abolish~~

~~4162 Transportation Maintenance Coordr(rename – was TMC2) 22~~

~~0801 Office Coordinator Abolish~~

~~Effective July 1, 2023, all employees in these classifications will retain their current salary rate in the new range except that employees whose current rate is below the first (1st) step of the new range shall be moved to the first (1st) step in the new range and a new salary eligibility date will be established twelve (12) months later. For an employee whose rate is within the new salary range, but not at a corresponding salary step, their current salary rate shall be adjusted to the next higher rate closest to their current salary upon the effective date. "Red-circle" under Article 81, Section 3 will apply when appropriate, (i.e., in cases of downward reclassification).~~

~~*DOJ Claims Examiners will be placed on-step in the new range for the revised classification to the nearest step which is greater than the employee's current adjusted salary rate. The adjusted salary rate is inclusive of the employee's base rate of pay and the five percent (5%) work-out-of-classification differential. FETs Recruitment and Retention Differential. These employees will retain their current salary eligibility date, if applicable.~~

(See Letters of Agreement 27.00-19-325 & 27.00-19-364 & 27.00-23-464 & 27.00-23-465 & 27.00-23-466 & 27.00-23-467 in Appendix A.)

(See also Institutions Coalition Letter of Agreement 27.2C-23-446 & Special Agencies Coalition Letter of Agreement 27.5A-03-73 in Appendix A.)

REV: 2013, 2015, 2017, 2019, 2021,2023

2023-2025 STATE OF OREGON and SEIU CENTRAL TABLE
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MARCH 20, 2025

ARTICLE 31--INSURANCE

Section 1. Employer Contribution.

(a) An Employer contribution for health and dental benefits will only be made for each active employee who has at least eighty (80) paid regular hours in a month and who is eligible for medical insurance coverage, unless otherwise required by law.

(b) It is understood that the administrative intent of this Article is that the Employer contribution is made for individuals who are participants in the medical insurance coverages. Participation will mean that eligible less-than-full-time employees who drop out of coverage will be considered to participate. Additionally, employees who elect to opt out of coverage for a cash incentive will be considered to participate.

Section 2. Full-Time Employees.

An Employer contribution shall be made for full-time employees who have at least eighty (80) paid regular hours in a month, unless otherwise required by law.

For Plan Years **2025, 2026 and 2027,** ~~2023, 2024 and 2025~~ the Employer will pay ninety-five percent (95%) and the employee will pay five percent (5%) of the monthly premium rate as determined by PEBB. For employees who enroll in a medical plan that is at least ten percent (10%) lower in cost than the monthly premium rate for the highest cost medical plan available to the majority of employees, the Employer shall pay ninety-nine percent (99%) of the monthly premium for PEBB health, vision, dental and basic life insurance benefits and the employee shall pay the remaining one percent (1%).

Section 3. Less-Than-Full-Time Employees.

(a) For less-than-full-time employees (including part-time, seasonal, and intermittent employees), who have at least eighty (80) paid regular hours in the month, the

Employer shall contribute a prorated amount of the contribution for full-time employees, unless otherwise required by law. "Regular hours" means all hours of work or paid leave except overtime hours, i.e., those above eight (8) hours in a day or forty (40) hours in a week. Thus, "regular hours" shall include additional non-overtime hours worked above an employee's regular work schedule. In the event that a less-than-full-time employee, who is regularly scheduled to work half-time or more, fails to maintain at least half-time paid regular hours because of the effect of prorated holiday time or other paid or unpaid time off, they shall be allowed to use available vacation or comp time to maintain their eligibility for benefits and the Employer's contribution for such benefits.

(1) The Employer contribution amount of the plan selected by the employee will be calculated as follows:

i. Part-Time, Seasonal and Intermittent Employees Electing Part-Time Insurance.

Part-time premium rate x Employer contribution percentage x the ratio of paid regular hours to full-time hours to the nearest full percent = State contribution.

In addition, there shall be a subsidy based on the employee's coverage tier, for the Plan Years covered in this Article. The part-time subsidy shall be determined by PEBB for each Plan Year.

ii. Part-Time, Seasonal and Intermittent Employees Electing Full-Time Insurance.

Full-time premium rate x Employer contribution percentage x the ratio of paid regular hours to full-time hours to the nearest full percent = State contribution.

Section 4. Coordination of Benefits. The Public Employee Benefits Board (PEBB) may adopt any of the effect-on-benefit alternatives described in the National Association of Insurance Commissioners (NAIC) 1985 model acts and regulations, or any subsequent alternatives promulgated by the NAIC.

Section 5. Administration. Agencies will continue to pay employee insurance premiums directly to the appropriate insurance carriers and remit balances either to the employees' flex benefit account or to PEBB, as directed by PEBB.

Section 6. The State ceases to have a proprietary interest in its own contributions to the benefit plan premium when it pays such funds to the carrier or to persons who have an irrevocable duty to transfer such payments to the carriers when due.

(See Letters of Agreement 31.00-13-248 & 31.00-13-252 in Appendix A.)

REV: 2013, 2015, 2017, 2019, 2021,2023

LETTER OF AGREEMENT 27.00-23-464

Article 27--Salary Increase

Salary and Benefit Report

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

DAS Classification and Compensation will provide a draft Salary and Benefit report to SEIU no later than December 31 of even numbered years. SEIU will have fourteen (14) calendar days to review and comment on the draft report. DAS Classification and Compensation will provide the final report to SEIU no later than January 31.

DAS Classification and Compensation is committed to providing the Union a salary selective training and a training on understanding market.

This Letter of Agreement will sunset on June 30, ~~2025~~ **2027**, unless extended by mutual agreement.

LETTER OF AGREEMENT 31.00-13-248

Article 31--Insurance

PEBB Member Advisory Committee (PMAC)

This Agreement is between the State of Oregon, acting through its Department of Administrative Services (Employer) and Services Employees International Union (SEIU or Union).

The Employer and Union share a commitment to PEBB achieving its vision of better health, better care and affordable costs. Both parties recognize that the structure of PEBB is authorized in Oregon Revised Statutes, and is also designed to provide the input and perspective of members in PEBB decisions. In addition, the Employer and Union representatives share governance and decision-making within the PEBB decision-making process through an additional layer of direct member engagement in health and wellness.

Therefore, the Parties agree to the following:

1. PEBB is directed to create and staff a PEBB Member Advisory Committee (PMAC).

2. The PMAC will be comprised of PEBB members, including both management and labor, with up to four (4) members appointed by the Union. Appointment to PMAC

will be for a two (2) year period. Management will select one (1) management co-chair and labor will select one (1) labor co-chair.

3. The PMAC will meet at least once per calendar quarter.

4. The PMAC will provide advice on:

   a. Member engagement;

   b. Health and welfare strategies including the Health Engagement Model;

   c. Educating and engaging members as active leaders in their health.

5. PEBB is required to present updates to the PMAC about the progress towards its vision of better health, better care and affordable costs.

6. Participants on the Committee 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.

This Agreement will sunset on June 30, **2027** ~~2025~~.

NEW LETTER OF AGREEMENT

STRUCTURAL CHANGES TO PAY PRACTICES

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).

Since Workday Payroll launched in December 2022, the State has worked diligently expending significant staff time and internal and external resources to identify and correct errors caused by the transition, as well as to better understand what is causing those errors. That process has shown there are aspects of the State's historic pay practices causing significant ongoing challenges to Workday's effectiveness for processing the State of Oregon's payroll. The efforts to configure Workday Payroll to align with our historic pay practices to pay overtime-eligible employees a monthly salary and to continue to forecast time have been problematic. It has become clear that these configuration efforts are not practicable.

The State believes updating these practices through structural changes will eliminate the current issues with Workday Payroll and improve the transparency, predictability, and accuracy of employee pay.

Therefore, the Parties agree to the following:

1. **On or before July 1, 2027, the State will implement the following structural changes to the State's pay practices:**
   a. **The State will pay employees in arrears (rather than forecasting hours) by utilizing a lag period.**
   b. **The State will pay overtime-eligible employees on an hourly basis rather than a monthly salary.**
   c. **The State will transition to bi-weekly pay periods.**
2. **Throughout 2025-2027 negotiations, the State will update Appendix A to reflect any known calculations, deduction frequency on a bi-weekly schedule, prorations for leave accruals, etc.**
3. **The current Workday configuration complies with the 2025-2027 collective bargaining agreement for the duration of the agreement.**
4. **During the term of the 2025-2027 contract, a joint labor-management committee will be established to discuss and agree on modifications in 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.

a. **The joint labor management 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.**

b. **The joint labor management committee shall meet on a schedule it chooses, but no less frequently than once per month.**

c. **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.**

Alleged violations of this Letter of Agreement are not subject to the grievance and arbitration procedure outlined in Article 21.

Attachments:

- **Appendix A: TBD**
- **Structural Changes to Pay Practices Overview**

NEW LETTER OF AGREEMENT

TRANSITION TO BI-WEEKLY PAY

One-Time Payment

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

The Parties agree to the following:

1. **A one-time payment of five hundred ($500) dollars will be issued to eligible employees to assist with the transition to bi-weekly pay periods. The one-time payment will be pro-rated for part-time and seasonal employees based on the FTE in the system.**

2. **Eligible employees will receive the one-time payment on the first (1st) paycheck issued on a bi-weekly basis, unless the first (1st) paycheck issued on a bi-weekly basis occurs after July 1, 2027. If the first (1st) paycheck issued on a bi-weekly basis occurs after July 1, 2027, the one-time payment will be issued on the last monthly paycheck in the 2025-2027 biennium.**

3. **The Parties will negotiate any additional specific eligibility requirements, to be included in the tentative agreement.**

This Letter of Agreement will sunset on June 30, 2027.

Exhibit K - 3:48 pm

Structural Changes to Pay Practices Overview

Since Workday Payroll launched in December 2022, the State has worked diligently expending significant staff time and internal and external resources to identify and correct errors caused by the transition, as well as to better understand what is causing those errors. That process has shown there are aspects of the State's historic pay practices causing significant ongoing challenges to Workday's effectiveness for processing the State of Oregon's payroll.

Salary/Hourly Challenge:

Unlike most other employers, State of Oregon employees are paid a monthly salary, including overtime-eligible, non-exempt employees. This forces the system to pay overtime-eligible employees both a salary and on an hourly basis. This is a highly unusual pay structure for overtime-eligible employees which causes significant problems for modern payroll systems like Workday Payroll. No matter how it's configured, Workday Payroll is simply not designed to pay overtime eligible employees on a monthly salary basis, while also recognizing and paying based on actual hours worked.

DAS and its outside vendors have worked hard to try to create and implement custom system configurations, manual processes, and custom updates to better integrate Workday Payroll with the State's unusual pay practices; however, that process simply has not resolved the issues.

Forecasting Time Challenge (Paying in Arrears)/Bi-Weekly Pay:

The state's legacy payroll system (OSPA) paid and the Workday Payroll system pay all employees a monthly salary on the first of the month for predicted or "forecasted" hours, including hours worked after payroll cutoff (typically the last week of the month). This means the system is finalizing payroll on forecasted hours based on scheduled hours that an employee may not work due to unexpected absences or an oversight in entering and/or approving the time. This forecasting creates overpayments when the predicted hours are not worked. This issue is not new and occurred in the legacy system every month.

Finally, forecasting requires the need for a "mid-month" check to pay employees for their overtime hours worked, but not entered, before payroll running to true up actual pay with actual hours. The same is true for some pay differentials.

Most employers do not process payroll with forecasted hours but pay their employees biweekly or twice per month for actual hours worked and use a "lag period" which is a period between the last day of work in a pay period and the pay date. For example, if the last day of a pay period is on the 30th of the month, the pay date may not be until the 15th of the following month. This lag period allows payroll to run based on the actual hours employees work through the 30th. Additionally, overtime and differentials are paid on the regular pay date (in this scenario, the 15th of the following month) and does not require a separate or "mid-month" check. This forecasting issue also causes payroll errors, as Workday Payroll does not integrate well with a pay practice that requires forecasting hours.

Pay biweekly and stop forecasting are better payroll practices for several reasons:

- Industry standard for modern payroll systems.

- Allows time (when paying in arrears paired with biweekly pay) to pay accurately on actual hours worked;
- BOLI requires employees to be paid within 35 days for hours worked;
- Provides adequate time to ensure hours are entered and approved;
- Allows agencies adequate time to run appropriate reports and process payroll;
- Allows funding stream for agencies to cover payroll;
- Best predictability of pay based on actual hours worked; and
- Complies with out of state employee laws related to frequency of pay (in some states it is illegal to pay once per month – we do have employees in some of those states).

Potential Solutions:

The efforts to configure Workday Payroll to align with our historic pay practices to pay overtime-eligible employees a monthly salary and to continue to forecast time have been problematic. It has become clear that these configuration efforts are not practicable.

After serious consideration and in consultation with Workday Inc., the State sees a path forward to update its historic pay practices. Updating those practices and the Workday Payroll system will require bargaining and, ultimately, working closely with employees to reassure and educate them on how to navigate the system updates. These system updates, transitioning to hourly pay for overtime eligible employees, moving to bi-weekly pay for all employees, and eliminating forecasting, will not result in compensation decreases.

We believe modernizing the State's pay practices will eliminate the current issues with Workday Payroll and improve the transparency, predictability, and accuracy of employee pay. These updates require significant time and testing, and the state anticipates the earliest we could implement the updates would be July 1, 2027.