

*Kristina Koor*  
*HB*

2025-2027 STATE OF OREGON and SEIU CENTRAL TABLE  
Union Counter Proposal  
August 1, 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 The Parties agree to the following:

1. On or before July 1, 2027 Based on the timeline set out in this LOA, 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 (rather than forecasting hours).

b. The State will pay FLSA non-exempt overtime-eligible employees on an hourly basis rather than a monthly salary.

c. The State will transition all employees to bi-weekly pay periods.

2. The State will provide the Union with a condensed version of Appendix A intended to outline anticipated modifications to date on core issues of discussion. Final determinations are pending and subject to change.

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 statewide joint labor-management advisory committee will be established to discuss and make recommendations to the Payroll Transformation Governance Committee. The advisory 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 statewide joint labor management advisory

~~committee shall be comprised of all unions who wish to participate. For SEIU, the number of members on the statewide advisory committee shall be four (4) SEIU represented members. The State will appoint management representatives consistent with the total number of union representatives. The Union and State may have additional staff work with the committee as needed.~~

- a. ~~The joint labor management advisory committee shall meet on a schedule it chooses, but no less frequently than once per month.~~
- b. ~~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 statewide joint labor management advisory committee will be tasked with the following items:~~

- a. ~~The committee will review the time entry interface and payslips, and make recommendations for user experience and clarity.~~
- b. ~~The committee will preview and give feedback on the payroll training programs that are created for employees.~~
- c. ~~The opportunity to participate as users to conduct testing during the testing phases of the project.~~

- 67 d. Assist with planning, reviewing and advising on payroll related  
68 communications (including topics, types and frequency).
- 69 e. Provide recommendations for employee payroll training (including  
70 topics, types and frequency), support, and technical assistance.
- 71 f. Identify and create toolkits that include transition support resources  
72 available to employees at no cost, such as financial counseling  
73 services and planning resources.
- 74 g. The advisory committee will develop a plan and recommended  
75 timeline for transitioning agencies whose workweek is not currently  
76 a Sunday to Saturday workweek to that workweek.
- 77 h. The committee will identify the areas of the collective bargaining  
78 agreement where the agreed upon structural changes are applied  
79 such as: pay dates, pay frequency, references to monthly salary  
80 versus hourly pay, deductions, leave accruals, holiday proration,  
81 union dues, PEBB contributions, etc. This list is not exhaustive and  
82 may be expanded as the contract is reviewed by the joint labor  
83 management committee in preparation of implementing the  
84 structural changes. These recommendations will be shared with the  
85 union and state bargaining teams prior to the commencement of  
86 2027-2029 successor negotiations.  
87

6. The Transformation Project team will provide the following to the statewide joint-labor management advisory committee:

- a. the list of finalized system requirements.
- b. monthly updates on project progress including, but not limited to: anticipated project schedule, milestones completed, and information on upcoming project work.
- c. Independent Quality Management Status (IQMS) reports on a regular basis, but no less than quarterly.
- d. Changes to Appendix A.

7. Timely and Accurate Pay:

- a. It is the Employer's responsibility to ensure timely and accurate pay.
- b. Employees are expected to prepare and present accurate and timely documentation of their time and attendance.
- c. Supervisors must review all entries on the employee's time record. The review should consider each time element reported as well as considering time elements not reported. If errors are detected on the time record, the supervisor must coordinate with the employee to correct the time record timely according to the payroll calendar.
- d. An FLSA non-exempt employee's FTE will remain the same with the transition from paying employees on a salaried basis to paying employees on an hourly basis.

- 109 e. All managers/supervisors will be required to take an initial live  
110 training with Q and A on payroll entry, payroll approval, and how to  
111 read paystubs. These trainings will have no more than one hundred  
112 (100) people per training. They will be offered regularly and on an  
113 ongoing basis. Current employees will have the option to take these  
114 training sessions and will be allowed to retake them. All new  
115 employees will receive the training.
- 116 f. All payroll staff will receive a live training to ensure that payroll is  
117 being handled in a standard way statewide. Answers to the most  
118 frequently asked questions that represented and supervisory staff  
119 ask will be included in this training. This FAQ will also be posted  
120 within the payroll system for employees to access.
- 121 g. Employees will receive an example paystub and training on how to  
122 read the paystub and how to enter their time.
- 123 h. There will be a payroll system assistance team accessible by phone  
124 and email that will provide support to phone calls and emails within  
125 twenty-four (24) hours.
- 126 8. Transition Support:
- 127 a. For a limited period of six (6) months prior to the transition through  
128 six (6) months after the transition January 1, 2026 through December  
129 31, 2026, employees may utilize their existing pre-retirement  
130 planning leave (Article 64) to participate in financial counseling

131 through EAP or to make any necessary financial changes such as  
132 contacting debtors to adjust payment due dates or to make changes  
133 to current payroll deductions.

- 134 b. During the transition period (one (1) month prior to the transition  
135 date to three (3) months after the transition date), the State will  
136 maintain a rapid payroll error response system. Underpayments will  
137 be resolved pursuant to Article 29, Section 11.

138 **9. Transition timeline**

- 139 • July 1, 2027—Final Full Month Pay (for June 2027)  
140 • July 16, 2027—Pay Period (July 1 - July 3) Average 16 hours for M-F  
141 employee  
142 • July 30, 2027—Pay Period (July 4 - July 17) 80 hours for FT employee  
143 • August 13, 2027—Pay Period (July 18 - July 31) 80 hours for FT  
144 employee  
145 • August 27, 2027—Pay Period (August 1 – August 14) 80 hours for FT  
146 employee  
147 • September 10, 2027—Pay Period (August 15 – August 28) 80 hours for  
148 FT employee  
149 • September 24, 2027—Pay Period (August 29 – September 11) 80 hours  
150 for FT employee  
151 • October 8, 2027—Pay Period (Sep 12–Sep 25) 80 hours for FT employee

- October 22, 2027—Pay Period (Sep 26–Oct 09) 80 hours for FT employee
- November 05, 2027—Pay Period (Oct 10–Oct 23) 80 hours for FT employee
- November 19, 2027—Pay Period (Oct 24–Nov 06) 80 hours for FT employee
- December 03, 2027—Pay Period (Nov 07–Nov 20) 80 hours for FT employee
- December 17, 2027—Pay Period (Nov 21–Dec 04) 80 hours for FT employee
- December 31, 2027—Pay Period (Dec 05–Dec 18) 80 hours for FT employee

If it is determined that the transition cannot occur within the timelines outlined above, the State will notify the Union of the delay as early as possible, but no later than four (4) months prior to July 1, 2027. The Parties will meet and discuss the new timeline.

#### 10. Transition Support

##### a. One-time allotment of paid leave:

- i. Eligible employees will be granted a one-time allotment of forty (40) hours of paid leave ninety (90) days prior to the implementation date of the payroll transition.

- 1. Employees may choose to use the leave as paid time off or request to cash the leave out. Requests and approvals to use the paid time for leave purposes will



2025-2027 STATE OF OREGON and SEIU CENTRAL TABLE  
Union Counter Proposal  
August 1, 2025

follow all applicable contract language related to the use of vacation.

2. Within nine (9) months of receiving the forty (40) hours of paid leave, employees may elect to cash the leave out in full or in smaller increments, not to exceed two (2) cashouts during the nine (9) month period.

3. The forty (40) hours of paid leave will be given in a distinct bank of leave separate from an employee's vacation bank. The distinct bank of leave will not impact an employee's vacation accrual limit, the ability to carry vacation when transferring to another Agency or the amount of vacation an employee may cash out upon separation.

4. All paid leave hours granted in this Agreement that are not used will be cashed out to the employee one year after they were granted.

b. One-time payment:

i. A one-time payment of one thousand seven hundred (\$1700) dollars will be issued to eligible employees. The one-time payment will be pro-rated for part-time and seasonal employees based on their FTE in the system.

ii. 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.

iii. Should the State provide any additional payments to any other State bargaining unit related to a grievance resolution over the

Workday core calculation, the State shall extend such  
additional payments to SEIU members.

**11. Transition details:**

**a. An employee's hourly rate will be determined by the following:**

**Monthly salary \* 12/ 2080 hours= hourly rate of pay.**

**b. Time entry in the system is intended for payroll and leave reporting  
purposes.**

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

**Attachments:**

- **Appendix A: Anticipated modifications as of July 15, 2025**
- **Structural Changes to Pay Practices Overview**