

ANALYSIS

Item 21: Department of Administrative Services Compensation Plan Changes

Analyst: Kim To

Request: Acknowledge receipt of a report on compensation plan changes.

Analysis: ORS 291.371 requires the Department of Administrative Services (DAS) to report to the Joint Committee on Ways and Means when the Legislative Assembly is in session on any changes to the state's compensation plan. When the Legislature is not in session, the agency must report to the Joint Interim Committee on Ways and Means or the Emergency Board.

The report contains the following sections, describing the compensation changes for the following five groups of executive branch employees:

- Section A: Statewide compensation plan changes for annual performance pay increases and insurance. The annual step increases and employer paid insurance components represent 42.1% of the total fund cost of all the changes included in this report.
- Section B: Service Employees International Union (SEIU) Local 503, pending ratification. The compensation adjustments in this section represent about 44.2% of the total fund cost of all the changes included in this report.
- Section C: American Federation of State, County, and Municipal Employees (AFSCME) Council 75, Central Table. The compensation adjustments in this section represent 13.6% of the total fund cost of all the changes included in this report.
- Section D: American Federation of State, County, and Municipal Employees (AFSCME) Council 75, Department of Corrections Physician Employees, pending ratification. The compensation adjustments in this section represent about 0.1% of the total fund cost of all the changes included in this report.
- Section E: Oregon Nurses Association (ONA), pending ratification. The compensation adjustments represent about 0.06% of the total fund cost of all the changes included in this report.

DAS estimates the total 2025-27 cost of these changes is \$439.8 million total funds, which includes \$202.8 million General Fund, \$4.1 million Lottery Funds, \$151.7 million Other Funds, and \$81.2 million Federal Funds. For the 2027-29 biennium, the cost of these compensation changes is anticipated to be \$946.2 million total funds (\$423.4 General Fund, \$8.8 million Lottery Funds, \$335.9 million Other Funds, and \$178 million Federal Funds).

Allocation of the special purpose appropriations to the Emergency Board intended to cover the major components of employee compensation changes and other budget adjustments for the affected agencies will be considered during the 2026 session.

The collective changes for all five bargaining groups include the following cost of living adjustments (COLAs): (1) generally increasing salary rates by 2.5%, effective February 1, 2026; (2) generally increasing salary rates by 4%, effective January 1, 2027; and (3) an additional step added to all salary ranges, effective February 1, 2027. Section specific changes are outlined below.

Section A includes standard statewide compensation plan approvals authorizing annual performance pay, or step, increases, and health insurance coverage that will apply to all 2025-27 compensation plans for all state government. This includes eligibility for step pay increases on an employee's eligibility date if the employee is not at the top of the salary range for their classification. For compensation related to insurance, for the remainder of plan year 2025 through plan year 2027, employers will continue to make a monthly contribution of 95% of the costs of PEBB health, vision, dental, and basic life insurance benefits. For plan year 2026 and 2027, all employees who enroll in a medical plan that is at least 5% lower in cost than the highest cost plan available, the employer will make a 99% contribution towards the PEBB health, vision, dental and basic life insurance. The 2025-27 total funds cost of the step pay increases and insurance provisions included in this section is estimated at \$185 million.

Section B includes compensation plan changes for the Service Employees International Union (SEIU) Local 503. The major components include: (1) effective July 1, 2025, selective increase salary ranges for certain classifications; (2) establishing a Wildland Fire Dispatcher 2 classification, effective July 1, 2025; (3) abolishing the Human Service Specialist 2 classification, effectively July 1, 2025; (4) increasing the Essential Worker Pay from \$3 to \$4; (8) establishing an Underfill differential; (5) increasing the Inclement Weather/Hazardous Conditions leave from 40 to 56 hours per biennium; (6) establishing a 5% differential for Office Specialist 2 working at the Oregon State Hospital who are permanently assigned to a unit inside the secure perimeter; (7) increasing the Meal Penalty from \$7.50 to \$10 for employees working at the Oregon State Hospital, Pendleton Cottage, and the Oregon Youth Authority Correctional Facilities and Camps; (8) increasing the Critical Need and Shift Incentive differential from \$13 to \$15 per hour of overtime worked; (9) establishing a Patient Intensive Care Unit (PICU) differential for employees at the Oregon State Hospital; and (10) increasing Coaching Pay rates. The 2025-27 total funds cost of the compensation adjustments included in this section are estimated to be \$194.3 million.

Section C implements compensation plan changes for the American Federation of State, County and Municipal Employees (AFSCME) Council 75, Central Table. The major components include:

(1) selectively increasing salary ranges to three laboratory technician classifications; (2) increasing the Essential Worker Pay from \$3 to \$4 per hour; (3) establishing an Underfill differential; (4) allowing up to 8 hours of bereavement leave in the event of the death of a coworker; (5) increasing Portability differential from \$4.94 to \$5 per hour for employees working at the Department of Human Services, Stabilization and Crisis Unit; (6) increasing the night shift differential from \$5 to \$10 per hour for Registered Nurses working at the Oregon State Hospital; (7) increasing the Preceptor differential from 2.5% to 5% for Registered Nurses working at the Oregon State Hospital; (8) increasing the Critical Need and Staffing Incentive differential from \$15 to \$20 per hour for Mental Health Registered Nurses working at the Oregon State Hospital; (9) establishing a \$3.10 Patient Intensive Care Unit (PICU) differential for Registered Nurses at the Oregon State Hospital; and (10) establishing a self-scheduled weekend differential of \$10 per hour for Registered Nurses at the Oregon State Hospital who self-schedule a weekend day that creates back-to-back Saturday and Sunday shifts during a weekend. The 2025-27 total funds cost of the compensation adjustments included in this section are estimated to be \$59.8 million.

Section D implements compensation plan changed for the American Federation of State, County and Municipal Employees (AFSCME) Council 75, Department of Physician Correction employees. The 2025-27 total funds cost of the compensation adjustments included in this section are estimated to be \$460,672.

Section E implements compensation plan changes for the Oregon Nurses Association (ONA), including: (1) increasing the Essential Worker Pay from \$3 to \$4 per hour; and (2) allowing up to 8 hours of bereavement leave in the event of the death of a coworker. The 2025-27 total funds cost of the compensation adjustments included in this section are estimated to be \$276,914.

Recommendation: The Legislative Fiscal Office recommends that the Joint Interim Committee on Ways and Means acknowledge receipt of the report.

Request: Report on the Department of Administrative Services compensation plan changes.

Recommendation: **Acknowledge** receipt of the report.

Discussion: The Department of Administrative Services (DAS) is reporting on compensation plan changes, as required by ORS 291.371. This report covers the implementation of agreements with several executive branch bargaining units, as well as statewide compensation plan changes. A detailed breakdown of the compensation plan changes is included in the DAS letter, as follows:

- Section A: Applies Statewide
- Section B: Service Employees International Union (SEIU) Local 503
- Section C: American Federation of State, County and Municipal Employees (AFSCME) Council 75, Central Table
- Section D: AFSCME Council 75, Department of Corrections Physician Employees
- Section E: Oregon Nurses Association (ONA)

The cost of implementing the negotiated agreements in the 2025-27 biennium is estimated at \$202.8 million General Fund, \$4.1 million Lottery Funds, \$151.7 million Other Funds, and \$81.2 million Federal Funds. For the next full biennium (2027-29) the cost of these salary plan changes is anticipated to be \$423.5 million General Fund, \$8.8 million Lottery Funds, \$335.9 million Other Funds, and \$178.0 million Federal Funds. The Emergency Board received a special purpose appropriation totaling \$300.0 million General Fund to defray the cost to agencies for employee compensation changes. These funds are typically allocated to agencies during the February Legislative Session.

While this report covers a large share of executive branch employees, DAS is still in negotiation with several bargaining units. When an agreement is reached with the outstanding bargaining units, DAS will need to return to the appropriate legislative body to report the compensation plan changes prior to implementation.



Oregon

Tina Kotek, Governor

Department of Administrative Services
Chief Human Resources Office | Labor Relations Unit
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August 27, 2025

The Honorable Senator Kate Lieber, Co-Chair
The Honorable Representative Tawna Sanchez, Co-Chair
Interim Joint Committee on Ways and Means
900 Court Street NE, H-178
Salem, OR 97301

Dear Senator Lieber and Representative Sanchez:

Nature of Request

The Department of Administrative Services (DAS) submits the following report prior to implementation of compensation plan changes and position allocations, as required by ORS 291.371.

Agency Action

Executive Branch Compensation Changes:

- Section A: Implements Statewide compensation plan changes for annual performance pay increases and insurance.
- Section B: Implements the agreement for the Service Employees International Union (SEIU) Local 503, pending ratification.
- Section C: Implements the agreement for the American Federation of State, County and Municipal Employees (AFSCME) Council 75, Central Table.
- Section D: Implements the agreement for the American Federation of State, County and Municipal Employees (AFSCME) Council 75, Department of Corrections Physician Employees.
- Section E: Implements the agreement for the Oregon Nurses Association (ONA), pending ratification.

Statewide Impact

The table below aggregates the costs (by fund type) for all items reported in this letter.

Executive Branch	General Fund	Lottery Funds	Other Funds	Federal Funds	Total Funds
2025-2027 Cost:	202,777,732	4,094,316	151,725,791	81,244,799	439,842,638

Roll-up Cost:	220,676,014	4,745,071	184,170,266	96,780,298	506,371,649
2027-2029 Cost:	423,453,746	8,839,387	335,896,057	178,025,097	946,214,287

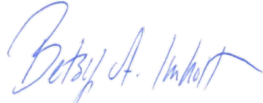
Action Requested

The Department of Administrative Services requests acknowledgement of this report as required by ORS 291.371.

Legislation Affected

None.

Sincerely,



Betsy Imholt
Director

Attachments

CC: Renee Klein, Department of Administrative Services
Kim To, Legislative Fiscal Office
Meliah Masiba, Department of Administrative Services

SECTION A

Implements Statewide compensation plan changes for annual performance pay increases and health insurance.

- 1) Effective July 1, 2025 employees will be granted an annual performance pay increase (i.e. step increase) on their eligibility date if the employee is not at the top of the salary range of their classification.
- 2) For the remainder of plan years 2025 through plan year 2027, the Employer will continue to make a ninety-five percent (95%) monthly contribution towards PEBB health, vision, dental, and basic life insurance benefits for the employees. For plan year 2025 all employees who enroll in a medical plan that is at least ten percent (10%) lower in cost than the highest cost plan that is available to the majority of employees the employer will make ninety-nine percent (99%) contribution towards PEBB health, vision, dental and basic life insurance. For Plan year 2026 and 2027 all employees who enroll in a medical plan that is at least five percent (5%) lower in cost than the highest cost plan that is available to the majority of the employees the employer will make ninety-nine percent (99%) contribution towards the PEBB health, vision, dental and basic life insurance.
- 3) For the remainder of plan year 2025 through plan year 2027, the state will continue to pay the part-time subsidy for part-time employees who participate in a part-time PEBB plan.

SECTION A	General Fund	Lottery Funds	Other Funds	Federal Funds	Total Funds
2025-2027 Cost:	89,064,582	1,926,689	62,967,565	31,018,541	184,977,377
Roll-up Cost:	40,468,250	869,946	28,539,156	14,202,367	84,079,719
2027-2029 Cost:	129,532,832	2,796,635	91,506,721	45,220,908	269,057,096

SECTION B

Implements the agreement for the Service Employees International Union (SEIU) Local 503, pending ratification.

- 1) Effective February 1, 2026, generally increase salary rates by two and one half percent (2.5%).
- 2) Effective January 1, 2027, generally increase salary rates by four percent (4.0%).
- 3) Effective February 1, 2027, an additional step shall be added to all salary ranges. Employees who are at the top step prior to implementation of the new top step and have been employed with the State for ten (10) years or more will be moved to the next step in the salary range on February 1, 2027.
- 4) Effective July 1, 2025, selectively increase the salary ranges of the following classifications, as indicated:

Class Number	Class Title	From SR	To SR
0251	State Library Specialist 1	12	13
5240	Civil Rights Investigator 1	21	23
5241	Civil Rights Investigator 2	26	28
6630	Human Services Case Manager	22Q	23S
6640	District Veterinarian	29	32
6657	Human Services Specialist	15	16Q
6659	Human Services Specialist 3	19	20Q
6660	Human Services Specialist 4	22	23S
6821	Medical Laboratory Technician 2	20	21
6503	Physical Therapist	31T	32T
8263	Wildland Fire Dispatcher (Entry)	11	16
8264	Willand Fire Dispatcher 1	15	20

- 5) Effective July 1, 2025, establish the following classification:

Class Number	Class Title	SR
8266	Wildland Fire Dispatcher 2	22

- 6) Effective July 1, 2025, abolish the following classification:

Class Number	Class Title	SR
6658	Human Service Specialist 2	

- 7) Effective upon ratification, increase the Essential Worker Pay from three dollars (\$3.00) per hour to four dollars (\$4.00) per hour.
- 8) Effective upon ratification of the agreement, establish an Underfill differential when an employee is selected to fill a higher-level classification position as an underfill.
- 9) Effective upon ratification, increase the Inclement Weather/Hazardous Conditions leave from forty (40) hours to fifty-six (56) hours per biennium.

- 10) Effective upon ratification of the agreement, establish a five percent (5.0%) differential for Office Specialist 2's working at the Oregon State Hospital who are permanently assigned to a specific patient unit inside the secure perimeter of the Oregon State Hospital.
- 11) Effective upon ratification of the agreement, increase the Meal Penalty from seven dollars and fifty cents (\$7.50) to ten dollars (\$10.00) for employees working at the Oregon State Hospital, Pendleton Cottage, and Oregon Youth Authority Correctional Facilities and Camps.
- 12) Effective upon ratification of the agreement, increase the Critical Need and Shift Incentive differential from thirteen dollars (\$13.00) to fifteen dollars (\$15.00) per hour of overtime worked.
- 13) Effective upon ratification of the agreement, establish a Patient Intensive Care Unit (PICU) differential for employees at the Oregon State Hospital whose regularly scheduled work unit is on the PICU. The differential shall be as follows:

Classification	Differential
Mental Health Therapy Tech, Mental Health Therapist 1, Mental Health Therapist 2	\$1.60
Licensed Practical Nurse	\$2.00

- 14) Effective upon ratification of the agreement, increase Coaching Pay Rates as follows:

Position	Prior Rate	New Rate
Assistant Coach	1,748	1,800
Athletic Director	2,255	2,323
Coach	2,483	2,557
Recreation Director	3,245	3,342
Sports Coordinator	3,245	3,342
All Other Extracurricular Advisor Positions	1,914	1,971

SECTION B	General Fund	Lottery Funds	Other Funds	Federal Funds	Total Funds
2025-2027 Cost:	76,359,975	2,027,223	72,024,347	43,887,731	194,299,276
Roll-up Cost:	126,536,743	3,624,088	126,577,985	71,193,213	327,932,029
2027-2029 Cost:	202,896,718	5,651,311	198,602,332	115,080,944	522,231,305

SECTION C

Implements the agreement for the American Federation of State, County and Municipal Employees (AFSCME) Council 75, Central Table, pending ratification.

- 1) Effective February 1, 2026, generally increase salary rates by two and one half percent (2.5%).
- 2) Effective January 1, 2027, generally increase salary rates by four percent (4.0%).
- 3) Effective February 1, 2027, an additional step shall be added to all salary ranges. Employees who are at the top step prior to implementation of the new top step and have been employed with the State for ten (10) years or more will be moved to the next step in the salary range on February 1, 2027.
- 4) Selectively increase the salary ranges of the following classifications, as indicated:

Class Number	Class Title	From SR	To SR	Effective
3786	Fingerprint Technician	17	20	2/1/26
6821	Medical Laboratory Technician 2	20	21	7/1/23
6810	Laboratory Technician 1	13	15	2/1/26

- 5) Effective upon ratification, increase the Essential Worker Pay from three dollars (\$3.00) per hour to four dollars (\$4.00) per hour.
- 6) Effective upon ratification of the agreement, establish an Underfill differential when an employee is selected to fill a higher-level classification position as an underfill.
- 7) Effective upon ratification of the agreement, up to eight hours of bereavement leave may be granted in the event of the death of a coworker.
- 8) Effective upon ratification of the agreement, increase Portability differential from three dollars and ninety-four cents (\$3.94) to five dollars (\$5.00) per hour for employees working at the Department of Human Services, Stabilization and Crisis Unit.
- 9) Effective upon ratification of the agreement, increase the night shift differential from five dollars (\$5.00) to ten dollars (\$10.00) per hour for Registered Nurses working at the Oregon State Hospital.
- 10) Effective upon ratification of the agreement, increase the Preceptor differential from two and one-half percent (2.5%) to five percent (5.0%) for Registered Nurses working at the Oregon State Hospital.
- 11) Effective upon ratification of the agreement, increase the Critical Need and Staffing Incentive differential from fifteen dollars (\$15.00) to twenty dollars (\$20.00) per hour for Mental Health Registered Nurses working at the Oregon State Hospital.
- 12) Effective upon ratification of the agreement, establish a three dollar and ten cent (\$3.10) Patient Intensive Care Unit (PICU) differential for Registered Nurses at the Oregon State Hospital whose regularly scheduled work unit is on the PICU.

- 13) Effective upon ratification of the agreement, establish a self-scheduled weekend differential of ten dollars (\$10.00) per hour for Registered Nurses at the Oregon State Hospital who self-schedule a weekend day that creates back-to-back Saturday and Sunday shifts during a weekend.

SECTION C	General Fund	Lottery Funds	Other Funds	Federal Funds	Total Funds
2025-2027 Cost:	36,786,996	140,404	16,733,879	6,167,120	59,828,399
Roll-up Cost:	52,580,542	251,037	29,053,125	11,062,863	92,947,567
2027-2029 Cost:	89,367,538	391,441	45,787,004	17,229,983	152,775,966

SECTION D

Implements the agreement for the American Federation of State, County and Municipal Employes (AFSCME) Council 75, Department of Correction Physician employees, pending ratification.

- 1) Effective February 1, 2026, generally increase salary rates by two and one half percent (2.5%).
- 2) Effective January 1, 2027, generally increase salary rates by four percent (4.0%).
- 3) Effective February 1, 2027, an additional step shall be added to all salary ranges. Employees who are at the top step prior to implementation of the new top step and have been employed with the State for ten (10) years or more will be moved to the next step in the salary range on February 1, 2027.

SECTION D	General Fund	Lottery Funds	Other Funds	Federal Funds	Total Funds
2025-2027 Cost:	460,672	-	-	-	460,672
Roll-up Cost:	894,746	-	-	-	894,746
2027-2029 Cost:	1,355,418	-	-	-	1,355,418

SECTION E

Implements the agreement for the Oregon Nurses Association (ONA), pending ratification.

- 1) Effective February 1, 2026, generally increase salary rates by two and one half percent (2.5%).
- 2) Effective January 1, 2027, generally increase salary rates by four percent (4.0%).
- 3) Effective February 1, 2027, an additional step shall be added to all salary ranges. Employees who are at the top step prior to implementation of the new top step and have been employed with the State for ten (10) years or more will be moved to the next step in the salary range on February 1, 2027.
- 4) Effective upon ratification, increase the Essential Worker Pay from three dollars (\$3.00) per hour to four dollars (\$4.00) per hour.
- 5) Effective upon ratification of the agreement, up to eight hours of bereavement leave may be granted in the event of the death of a coworker.

SECTION E	General Fund	Lottery Funds	Other Funds	Federal Funds	Total Funds
2025-2027 Cost:	105,507	-	-	171,407	276,914
Roll-up Cost:	195,733	-	-	321,855	517,588
2027-2029 Cost:	301,240	-	-	493,262	794,502