

PAYROLL TRANSITION

Talking Points

Upcoming Changes to Payroll

The Oregon Department of Administrative Services (DAS) on behalf of the state of Oregon is making updates to improve accuracy, timeliness, and consistency in how employees are paid.

By July 1, 2027, all employees will transition from a monthly pay schedule to a biweekly pay schedule, overtime eligible employees will get paid hourly instead of salary, and we will eliminate forecasting time.

We know these changes bring questions, and we are committed to providing clear and accurate communication. Because the project is still in its planning phase, some decisions are still being made, and we don't have all the answers yet. We'll share what we know, what work is underway, and when to expect further updates in mid-to late 2026.

Here's what you need to know now:

Why We Are Making These Changes

- Our priority is ensuring every employee is paid accurately, on time, and in a way that's easy to understand. Moving to a standardized biweekly schedule, paying overtime eligible employees hourly, and eliminating forecasting will help reduce errors and make pay clearer and more predictable.
- These changes will also help us remain fully compliant with state and federal laws.

Biweekly Pay Schedule for All Employees

- All employees—represented, unclassified, and managers—will move to a biweekly pay schedule. That means you will receive your pay every other week instead of once a month for a total of 26 paychecks each year instead of 12.
- **This transition is not a reduction in compensation. You will continue to earn the same annual amount.** It will be distributed over 26 paychecks per year rather than 12.
- A biweekly paycheck is 1/26th of your annual compensation. This results in two months during the year having three paychecks.

Hourly Pay for Overtime Eligible Employees

- Employees eligible for overtime under federal law, Fair Labor Standards Act (FLSA) Non-Exempt employees, who receive a monthly salary will transition to hourly pay.
- This change helps us pay you faster and makes understanding your pay easier. Your overtime will be reflected accurately in each pay period based on the hours you have already worked.
- Employees who are not eligible for overtime will remain salaried.

Eliminating Forecasting

- Employees' pay will be based on actual hours worked in the previous biweekly period, not projected hours.
- The state will pay employees using a lag period rather than forecasting hours.
- A lag period in payroll refers to the gap between the end of a pay period (when employees earn their wages) and the payday (when those wages are paid out).
- Forecasting in payroll refers to predicting or estimating future work hours before the actual time is worked or submitted.
- You will receive more reliable pay because overtime and shift differentials will be paid in the same period as the regular hours worked.
- This change will greatly reduce errors and overpayments. You will only be paid for the hours you have already worked.

Preparing for the Transition

- We understand that how and when you are paid is deeply personal, and we are committed to making this transition as smooth as possible.
- The state of Oregon will provide resources, training, and dedicated support for you during the transition.
- We are working with a number of advisory committees made of labor and agency management to advise on several aspects of the transition, including employee resources, support, and training.
- Because you are a state employee you have access to **unlimited, free and confidential financial coaching** anytime through your benefits. You can access these Employee Assistance Program (EAP) benefits through [Canopy](#). For instructions on how to sign up for a Canopy account visit the [PEBB Wellness Programs](#) website.

Your Feedback Matters

- We have more than 50,000 employees across three branches of government (executive, legislative, and judicial), including state agencies, boards, and commissions impacted by the change. Each organization has its own processes and perspectives. Employees will experience these changes in different ways.
- Your feedback helps us understand those differences so we can ensure that communications, training, and support work for you. Please share your thoughts. We are listening.
- **Visit the [Payroll Transition webpage](#) today to learn more and share your feedback.**
- **[Sign up to receive email updates](#).** Subscribe to the Payroll Transition Project topic.