ARTICLE 21: SALARY

Section 1(A). Salary Increase. Effective December 1, 2013, salary rates shall be increased by 1.5%.

(B) Effective December 1, 2014, salary rates shall be increased by 2.0%. For every one and six-tenths percent (1.6%) that the actual 2015 PEBB composite rate is below the projected five percent (5.0%) increase for Plan Year 2015, the two percent (2.0%) salary increase will be paid one (1) month earlier than the December 1, 2014 increase.

Section 2(A). Public Employees Retirement System ("PERS") Members. For purposes of this Section 2(A), "employee" means an employee who is employed by the Employer on August 28, 2003 and who is eligible to receive benefits under ORS 238 for service with the Employer pursuant to Section 2 of chapter 733, Oregon Laws 2003.

Retirement Contributions. On behalf of employees, the State will continue to "pick up" the six percent employee contribution, payable pursuant to the law. The parties acknowledge that various challenges have been filed that contest the lawfulness, including the constitutionality, of various aspects of PERS reform legislation enacted by the 2003 Legislative Assembly, including chapters 67 (HB 2003) and 68 (HB 2004) of Oregon Laws 2003 ("PERS Litigation"). Nothing in this Agreement shall constitute a waiver of any party's rights, claims or defenses with respect to the PERS Litigation.

(B) Oregon Public Service Retirement Plan Members. For purposes of this Section 2(B), "employee" means an employee who is employed by the Employer on or after August 29, 2003 and who is not eligible to receive benefits under ORS 238 for service with the Employer pursuant to Section 2 of chapter 733, Oregon Laws 2003.

Contributions to Individual Account Programs. As of the date that an employee becomes a member of the Individual Account Program ORS 238A.300 and ORS 238A.305, the Employer will pay an amount equal to six percent (6%) of the employee's monthly salary, not to be deducted from the salary, as the employee's contribution to the employee's account in that program. The employee's contributions paid by the Employer under this Section 2(B) shall not be considered to be "salary" for the purposes of determining the amount of employee contributions required to be contributed pursuant to ORS 238A.330 and ORS 238A.335.

(C) Effects of Changes in Law (Other than PERS Litigation). In the event that the Employer's payment of the six percent (6%) employee contributions under Section 2(A) or 2(B), as applicable, must be discontinued due to a change in law, valid ballot measure, constitutional amendment, or a final, non-appealable judgment from a court of competent jurisdiction (other than in the PERS Litigation), the Employer shall increase by six percent (6%) the base salary rates for each classification in the salary schedules in lieu of the six percent (6%) pick-up. This transition shall be done in a manner to assure continuous payment of either the six percent (6%) contribution or a six percent (6%) salary increase.

For the reasons indicated above, or by mutual agreement, if the Employer ceases paying the applicable six percent (6%) pick-up and instead provides a salary increase for eligible bargaining unit employees during the term of the Agreement, and bargaining unit employees are able, under then-existing law, to make their own six percent (6%) contributions to the Individual Account Program account, such employees' contributions shall be treated as "pre-tax" contributions pursuant to the Internal Revenue Code, Section 414(h)(2).

The full amount of the contributions paid by the Employer on behalf of employees pursuant to the Agreement shall be considered as 'salary' within the meaning of ORS 238.005(21) and ORS 238A.005 for purposes of computing an employee member's 'final average salary' within the meaning of ORS 238.005(8) and ORS 238A.130 but shall not be considered to be 'salary' for the purposes of determining the amount of employee contributions required to be contributed under ORS 238A.330 and ORS 238A.335.

Section 3. Selective Salary Adjustments. Effective November 1, 2013, employees in the classifications listed in Section 3(D) below shall be placed in the new salary range in the following manner:

(A) Employees who are below the first step of the new salary range shall be placed at the first step of the new salary range on November 1, 2013, with a new salary eligibility date of November 1.

(B) For an employee whose rate is within the new salary range, but not at a corresponding salary step, the employee's salary shall be maintained at the current rate. If qualified, the employee shall be granted a salary rate increase of one full step within the new salary range plus that amount that their current salary rate is below the next higher rate in the salary range on the employee's next salary eligibility date.

(C) All other employees shall be placed in the new salary range on November 1, 2013 at a salary rate equivalent to their current rate and shall be eligible for increases on their next salary eligibility date, after November 1, 2013.

(D) List of selectives and changes in salary ranges.

Classification	Class #	Current Range	New Range
Locksmith	4227	16B	18B
Medical Aide	6107	14	15
Parking Services Rep.	5550	11	12
Physical Therapists	6503	27	31
Refrigeration Mechanics	4470	20B	23B

Section 4. Statement of Joint Intent/Commitment. The parties are resolved to work jointly to achieve appropriate compensation increases through the specific mechanisms and commitments incorporated in this Article. The parties agree that the goal under this Article is to make bona fide efforts to progressively achieve (1) total compensation levels that represent plus or minus five (5) percent of market, as defined in Section 5 of this Article, for the classifications represented in Appendix A of this Agreement; and (2) a compensation system that is fair and equitable. The parties agree and understand that any specific increases in compensation are subject to the availability and authorization of appropriated funds for the purpose.

Section 5. Measures and Standards for Compensation Increases. The parties agree that the appropriate measures and standards for determining appropriate levels for compensation increases shall include a market survey, which they shall jointly develop and update on a biennial basis, and Consumer Price Index (CPI) data. The parties agree that the jointly developed market survey shall use as its base: comparators, benchmarks, base pay and benefits. Additionally the parties agree that they will rely on the CPI for Portland - Salem, OR - WA, All Urban Consumers, as reported by the United States Bureau of Labor Statistics. The parties agree that both market survey data and CPI data will be considered together in making assessments and recommendations for compensation increases.