

ANALYSIS

Item 1: Oregon Judicial Department Compensation Plan Changes

Analyst: John Borden

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

Analysis: By statute, the Chief Justice of the Oregon Supreme Court, as the administrative head of the Oregon Judicial Department (OJD), is to establish and maintain a department-wide personnel plan (ORS 1.008). The personnel plan includes a classification and compensation structure as well as other benefits. Statute directs that the plan be in reasonable conformity with the general salary structure of the state (ORS 240.245) and that prior to implementing any changes to the plan, a report must be submitted to the Legislature (ORS 8.105(1)). OJD submitted timely notification to the Legislature on August 23, 2021 of a report on preliminary changes to Department’s personnel plan.

The Chief Justice proposes two cost-of-living allowance adjustments that are identical to those negotiated in the Executive Branch by the Service Employees International Union (SEIU) and the American Federation of State, County, and Municipal Employees union.

Cost-of-Living Allowance	Effective Date	2021-23 Total Funds Cost	2023-25 Total Funds Cost
2.5%	December 1, 2021	\$6.2 million	\$7.8 million
3.1%	December 1, 2022	\$2.8 million	\$9.7 million
Estimated Cost		\$9.0 million	\$17.5 million

Approximately 92% of the total funds cost represented in the above table are supported by the General Fund. In addition, the compensation plan provides for a one-time hazard payment(s) for OJD employees for work during the COVID-19 pandemic. Employees who worked during the March 16 to August 1, 2020 timeframe would receive \$750; employees who worked between 480 and 1,039 hours between March 16, 2020 and June 30, 2021 would receive an additional \$1,050; and employees who worked between 1,040 or more hours between March 16, 2020 and June 30, 2021 would receive an additional \$1,550. These one-time lump-sum payments, including Other Payroll Expenses, are estimated to cost \$3.9 million total funds.

The proposed compensation plan also provides for a new legal state holiday (“Juneteenth”) and prospectively up to 80 hours of paid leave for an employee whose residence is impacted by a natural disaster. This also equates to an SEIU-negotiated benefit.

Statutory judgeship compensation is not subject to the Chief Justice’s personnel plan, but directed by statute. Judges receive an increase based upon any COLA adopted for management service employees in the Executive Branch (ORS 292.428). Executive Branch management service employees were granted the two COLAs similar to those negotiated for represented employees. The estimated cost related to statutory judgeships is \$2.5 million General Fund for the 2021-23 biennium and \$4.9 million General Fund for the 2023-25 biennium.

The OJD compensation plan includes no changes to existing salary range(s), step structure, job classifications, or paid health plan benefits (i.e., five percent employee paid); however, OJD has contracted with the National Center for State Courts to conduct separate studies of the Department's classification and compensation plans. The completion of these studies is anticipated in early 2022.

The Legislature in 2021 established in the Emergency Board a special purpose appropriation in the amount of \$198 million General Fund for employee compensation changes across all three branches of government. An Emergency Board or legislative decision to allocate this funding will be determined at a later date.

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

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Oregon Judicial Department
McDonald

Request: Report on the Oregon Judicial Department's compensation plan changes for the 2021-23 biennium.

Recommendation: The Oregon Judicial Department is not under Executive Branch budgetary authority.

Discussion: The Oregon Judicial Department (OJD) is resubmitting a report on compensation plan changes for the Department's staff and judges during the 2021-23 biennium. The report was originally submitted to the September 2021 meeting of the Joint Interim Committee on Ways and Means to report prospective compensation plan changes, as per ORS 8.105(1). However, the September meeting was canceled, and the pandemic pay change detailed in this report will take effect on November 1, 2021, prior to the Committee meeting. The staff and judicial compensation changes in the report are outlined as follows:

Cost of Living Adjustments (COLA):

- **Staff:** ORS 240.245 states the salary plan for exempt service employees must be in reasonable conformity with the general salary structure of the state. To comply with this statute, OJD plans to follow the general timing and COLA increase for SEIU and AFSCME, as announced by Governor Brown. The Chief Justice's plan will provide a 2.5% COLA increase effective December 1, 2021, and a 3.1% COLA increase effective December 1, 2022. The anticipated cost in 2021-23 totals \$9.0 million, including \$8.3 million General Fund, \$0.7 million Other Funds and \$24,589 Federal Funds. The total cost is projected to roll up to \$17.7 million in the 2023-25 biennium.
- **Judges:** ORS 292.428 specifies judicial salaries will receive the same COLA increase as Executive Branch management service employees. Therefore, the OJD cost associated with judicial COLA increases totals \$2.5 million General Fund in the 2021-23 biennium, and \$4.9 million General Fund in the 2023-25 biennium. OJD anticipates much of the increase for COLA's to be funded by the Emergency Board special purpose appropriation for state employee compensation plan changes.

Pandemic Recognition Pay:

The Executive Branch also announced it will add special one-time hazard pay increases for employees who have worked mandatory, in-person hours during the COVID-19 crisis. Similarly, the Chief Justice has elected to implement a pandemic recognition pay program for OJD staff based upon work during the pandemic period in the 2019-21 biennium. The anticipated cost totals \$3.9 million, including \$3.6 million General Fund, \$0.3 million Other Funds and \$10,671 Federal Funds.

Juneteenth and Natural Disaster Leave:

OJD adopted new leave provisions including an additional holiday and leave time for occurrences of natural disaster. House Bill 2168 (2021) established Juneteenth as a legal state holiday to be recognized beginning on June 19, 2022. Additionally, effective October 1, 2021, if a natural disaster results in the loss of a staff's primary residence, their residence being uninhabitable, or loss of access due to a natural disaster, they will be eligible for up to 80 hours of paid natural disaster leave. This leave is not retroactive.



OREGON JUDICIAL DEPARTMENT
Office of the State Court Administrator

October 18, 2021
(SENT BY EMAIL)

The Honorable Senator Betsy Johnson, Co-Chair
The Honorable Senator Elizabeth Steiner Hayward, Co-Chair
The Honorable Representative, Dan Rayfield, Co-Chair
Interim Joint Committee on Ways and Means
900 Court Street NE
H-178 State Capitol
Salem, OR 97301-4048

Re: Report on OJD Compensation Plan Changes for the 2021-23 Biennium

Dear Co-Chairpersons:

Nature of Request

The Oregon Judicial Department (OJD) requests that you acknowledge receipt of this report on OJD compensation plan changes for staff in the 2021-23 biennium. This report was submitted to the September meeting, at which time it was made pursuant to ORS 8.105(1) which directs OJD to report changes to its compensation plan to the Legislature before implementing the changes. The September meeting was cancelled, however due to an outbreak of COVID-19, and the pandemic pay change included in this report will take effect on November 1, prior to the presentation of this report in the November meeting of this committee.

This report also includes information on changes to judicial compensation to be implemented as provided by ORS 292.428.

OJD Compensation Plan Actions – Staff

The Chief Justice of the Oregon Supreme Court is the administrative head of the Oregon Judicial Department, the state-funded unified court system. ORS 1.008 directs the Chief Justice to establish and maintain a personnel plan for OJD employees. The statewide OJD personnel plan includes the classification and compensation structure for OJD employees, who are in the exempt service. Under ORS 240.245, the salary plan for exempt service employees must be in reasonable conformity with the general salary structure of the state.

In the months since the 2021 legislative session adjourned, the Governor has announced her compensation plan changes for represented and unrepresented employees in the executive branch.

The Chief Justice has elected to adopt the same cost-of-living adjustments (COLAs) as proposed in the executive branch. The Chief Justice’s plan will provide a 2.5% COLA increase effective December 1, 2021, and a second COLA increase of 3.1% effective December 1, 2022.

The anticipated cost associated with the two staff COLAs is summarized below. OJD expects that funding for these changes, as well as regular merit increases, will be addressed through the legislative Emergency Board reservation for state employee compensation plan changes.

Biennium	General Fund Impact	Other Funds Impact	Federal Funds Impact
2021-23 Biennium	\$8.3 million	\$0.7 million	\$24,589
2023-25 Biennium	\$16.3 million	\$1.4 million	\$48,042

Pandemic Recognition Pay

The executive branch also announced it will add a special one-time Hazard Pay payment on November 1 for employees for work during the COVID-19 crisis. Similarly, the Chief Justice has elected to implement a pandemic recognition pay program for OJD staff based upon work during the pandemic period in the 2019-21 biennium. The cost of that program is summarized below:

Biennium	General Fund Impact	Other Funds Impact	Federal Funds Impact
2021-23 Biennium	\$3.6 million	\$0.28 million	\$10,671

Juneteenth and Natural Disaster Leave

OJD has adopted new leave provisions including a new holiday and leave time for occurrences of natural disaster. House Bill 2168 (2021) established Juneteenth as a legal state holiday to be recognized beginning on June 19, 2022. OJD will recognize this state holiday for purposes of employment.

Effective October 1, if a natural disaster results in the loss of a staff’s primary residence, their residence being deemed uninhabitable, or who lose access due to a natural disaster they will be eligible for up to 80 hours of paid natural disaster leave. This leave is not retroactive.

Compensation Actions – Judges

ORS 8.105 does not apply to reporting of the salaries of elected judicial positions, as they are not employees subject to the Chief Justice’s OJD employee compensation plan. Instead, ORS 292.428 provides that judicial salaries will receive the same COLA increase as awarded to management service employees in the executive branch. For informational purposes, management services employees, and by extension judges are set to receive the same COLAs with the following costs:

Biennium	General Fund Impact
2021-23 Biennium	\$2.52 million
2023-25 Biennium	\$4.92 million

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Action Requested

The Oregon Judicial Department requests acknowledgment of the receipt of this report of changes to the OJD compensation plan as provided in ORS 8.105(1) and ORS 292.428.

Legislation Affected

None.

Sincerely,

A handwritten signature in black ink, appearing to read "Nancy J. Cozine". The signature is fluid and cursive, with a large loop at the end.

Nancy J. Cozine
State Court Administrator

NC:jm/21eNC015jm

ec: Chief Justice Martha L. Walters
John Borden, Principal Legislative Analyst, LFO
April McDonald, Policy and Budget, DAS-CFO
David Moon, Director of BFS, OJD