

ANALYSIS

Item 1: 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)). The Department provided timely notice of the proposed compensation plan change on August 25, 2023.

Personnel Plan/Exempt Service Employees

The 2023-25 legislatively adopted budget for the Judicial Department includes 1,894 positions (1,830.17 FTE) subject to the Chief Justice's personnel plan. The Department recently updated the classification structure and compensation plan on April 1, 2023, with the associated funding increase requested in Policy Package #110 approved by the 2023 Legislature (SB 5512).

The Chief Justice is proposing two ongoing and a one-time lump-sum payment Cost-of-Living Allowance (COLA) adjustments. The one-time lump-sum COLA applies to both permanent part-time and permanent full-time employees, employed as of August 23, 2023.

The three COLA adjustments are identical to those negotiated in the Executive Branch and ratified by the Service Employees International Union and the American Federation of State, County, and Municipal Employees union. The estimated cost would be \$27.8 million total funds for the 2023-25 biennium and \$47.7 million total funds for the 2025-27 biennium. The estimated costs include both salaries and wages and other payroll expenses. Approximately 92% of the total funds cost is supported by the General Fund.

Personnel Plan/Exempt Service Employees

Ongoing COLA(s)	One-time COLA	Effective Date	2023-25 Total Funds	2025-27 Total Funds
--	\$1,500	09.01.2023	\$3.5 million	--
6.5%	--	12.01.2023	\$18.1 million	\$23.0 million
6.55%	--	01.01.2025	\$6.2 million	\$24.7 million
Total			\$27.8 million	\$47.7 million

State Statutory Judgeships

The 2023-25 legislatively adopted budget for the Judicial Department includes a total of 200 statutory judgeships (200.00 FTE), of which there are 179 circuit court judges, 20 appellate court judges, and one

Tax Court Judge. State statutory judgeship’s compensation is not subject to the Chief Justice’s personnel plan but directed by statute.

State judges receive an increase based upon any COLA adopted for management service employees in the Executive Branch (ORS 292.428). If Executive Branch management service employees are granted the two ongoing and the one one-time COLAs like those negotiated for represented employees, then the estimated cost related to statutory judgeships would be \$7.1 million General Fund for the 2023-25 biennium and \$12.9 million General Fund for the 2025-27 biennium. The estimated costs include both salaries and wages and other payroll expenses.

State Statutory Judgeships

Ongoing COLA(s)	One-time COLA	Effective Date	2023-25 General Fund	2025-27 General Fund
--	\$1,500	09.01.2023	\$434,940	--
6.5%	--	12.01.2023	\$4.9 million	\$6.2 million
6.55%	--	01.01.2025	\$1.7 million	\$6.7 million
Total			\$7.1 million	\$12.9 million

Compensation Plan Funding

The Legislature in 2023 established in the Emergency Board two special purpose appropriation related to the General Fund costs of employee compensation changes across all three branches of government: (a) \$330 million state employee compensation changes; and (b) \$120 million additional state employee compensation changes for retention and recruitment. An Emergency Board or legislative decision to allocate this funding will be decided at a future date.

Of note is that the second ongoing COLA with a January 1, 2025 effective date is contingent upon either the legislature or the Emergency Board providing supplemental funding beyond the aforementioned amounts set aside by the 2023 Legislature. If supplemental funding is not appropriated, then the effective date of the second COLA may be delayed until February 1, 2025, or agencies may have to self-fund the differential cost within existing resources.

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

01
Oregon Judicial Department
Gibson

Request: Report on compensation plan changes by the Oregon Judicial Department.

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

Discussion: The Oregon Judicial Department (OJD) submitted a Compensation Plan Change Report in accordance with ORS 8.105(1).

ORS 8.105(1): Before making any change to a compensation plan, an administrative division of the judicial department must submit the proposed change to the Joint Committee on Ways and Means during the period when the Legislative Assembly is in session, or to the Emergency Board or the Joint Interim Committee on Ways and Means during the interim period between sessions.

OJD's 2023-25 budget contains 2,094 positions (2,030.17 FTE) and the funding necessary to operate a statewide court system for the Judicial Branch of Oregon state government. This includes:

- Operations of the Oregon Supreme Court, the Court of Appeals, the Tax Court, and the Office of the State Court Administrator.
- Operations of the 36 circuit courts organized into 27 judicial districts statewide. These trial courts, located in every county, rule on a full range of cases, including criminal, civil, juvenile, and domestic relations.
- Administration of mandated payments for the cost of jurors, transcripts in certain civil appeals, Americans with Disabilities Act compliance, and court provision of interpreters.
- Administration of centralized management and support functions, such as statewide systems for case management and information, budget and finance, legal counsel services, education and training, internal auditing, inter-branch and interagency relations, court operations program review, personnel rules and services, collection of court-imposed financial obligations, and a statutory citizen review board, which reviews child permanency plans in out-of-home placements and makes recommendations to the circuit court judges on the feasibility and progress of these plans.

In August 2023, Governor Kotek announced a compensation plan adjustment for the Executive Branch employees. The adjustment includes a 6.5 percent cost of living adjustment (COLA) on December 1, 2023, a 6.55 percent COLA on January 1, 2025, and a one-time COLA payment of \$1,500 in September 2023. The second COLA on January 1, 2025, is subject to retaining additional funding during the 2024 Legislative Session. If additional funding is not appropriated, the 6.55 percent COLA adjustment will be moved to February 1, 2025.

ORS 240.245 requires the Judicial Branch to maintain a compensation plan in reasonable conformity with the general salary structures of the state. To ensure unity, the Chief Justice adopted the same Executive Branch compensation plan adjustments for the Judicial Branch compensation plan.

OJD is anticipating the COLAs will have a General Fund impact of \$22.6 million in 2023-25 and \$44.2 million in 2025-27. The funding required to implement the plan is anticipated to be received through the statewide salary pot adjustments made during the 2024 Legislative Session.



OREGON JUDICIAL DEPARTMENT
Office of the State Court Administrator

REPLACEMENT

August 25, 2023
(SENT BY EMAIL)

The Honorable Elizabeth Steiner, Co-Chair
The Honorable Tawna Sanchez, 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 Staff Classification Plan Changes for the 2023-25 Biennium

Dear Co-Chairpersons:

Nature of Request

The Oregon Judicial Department (OJD) requests that you acknowledge receipt of this report on prospective OJD compensation plan changes for staff in the 2023-25 biennium. This report is made pursuant to ORS 8.105(1), which directs OJD to report changes to its compensation plan to the legislature before implementing the changes.

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 2023 legislative session adjourned, the Governor announced her compensation plan changes for SEIU- and AFSCME-represented 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 6.5% COLA increase

effective December 1, 2023, and a second COLA increase of 6.55% effective January 1, 2025. As is the case in the executive branch, the second COLA is subject to available funding and could be delayed until February 1, 2025.

The anticipated costs associated with the two staff COLAs, including the cost for taxes and benefits, are summarized below, using December 1, 2023, and January 1, 2025, effective dates. 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
2023-25 Biennium	\$22.6 million	\$1.75 million	\$30,020
2025-27 Biennium	\$44.2 million	\$3.4 million	\$58,717

One-time COLA Payment

The executive branch also announced it will add a special one-time COLA payment for staff, payable September 1, 2023. Similarly, the Chief Justice has elected to implement the same payment for OJD staff. The cost of that program, including taxes and benefits, is summarized below:

Biennium	General Fund Impact	Other Funds Impact	Federal Funds Impact
2023-25 Biennium	\$3.2 million	\$0.25 million	\$3,000

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 OJD compensation plan and their salaries are established by statute. 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 service employees, and by extension judges, will receive the same three COLAs as those listed above. The cost, including taxes and benefits, would be as follows:

Biennium	General Fund COLA	\$1,500 Payment
2023-25 Biennium	\$6.6 million	\$434,940
2025-27 Biennium	\$12.9 million	N/A

Action Requested


OJD requests acknowledgment of the receipt of this report of prospective changes to the OJD compensation plan as provided in ORS 8.105(1).

Interim Joint Committee on Ways and Means
Page 3
August 25, 2023

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 initial "N" and a distinct "C" at the end.

Nancy J. Cozine
State Court Administrator

NC:jm/23eNC019jm

ec: Chief Justice Meagan A. Flynn
John Borden, Legislative Fiscal Officer, LFO
Wendy Gibson, Policy and Budget, DAS-CFO
David Moon, Director of BFSD, OJD