

ANALYSIS

Item 13: Department of Consumer and Business Services WCB Compensation Structure

Analyst: Emily Coates

Request: Acknowledge receipt of a report on the Workers' Compensation Board compensation structure.

Analysis: The Workers' Compensation Board (WCB) is an independent adjudicatory agency within the Department of Consumer and Business Services (DCBS) that provides timely and impartial resolution of disputes arising under workers' compensation law and the Oregon Safe Employment Act. During the 2025 session, the budget bill for DCBS (SB 5511) included the following budget note related to the Board's compensation structure:

Workers' Compensation Board Compensation

The Department of Consumer and Business Services is directed to report to the Interim Joint Committee on Ways and Means no later than January 2026 on the compensation plan restructure for the Workers' Compensation Board (WCB). The report must provide an update on the process taken to restructure the compensation plan for the Board Chair, Presiding Administrative Law Judges, and Administrative Law Judges, the number of positions impacted, and how the new compensation structure compares to the previous plan. In addition, the report must include the overall budgetary impact for the Board, including the revenue source, and if the Department of Administrative Services Chief Human Resources Office found that the compensation plan fulfills the legal requirement of reasonable conformity with the state salary structure.

In 2023, the Board requested the Department of Administrative Services Chief Human Resources Office (DAS CHRO) to review and revise the salary structure of the Presiding Administrative Law Judge and Administrative Law Judges (ALJ). As part of the review, DAS CHRO compared ALJ compensation with other states and denied the request based on the State of Oregon Salary and Benefit Report, which compares the State's salary and major benefits for labor market competitiveness. The Board disagreed with the findings and the data used by DAS CHRO, and began exploring its statutory authority under ORS 656.724(2) to set ALJ salaries in accordance with ORS 240.245, or in reasonable conformity with the general salary structure of the state.

In 2024, the Department of Justice (DOJ) reviewed the classification structure of the five-member Board and determined that the Board was not consistent with other adjudicatory boards in the state regarding its structure and compensation. The determination included

reclassification of the Board Chair to an agency administrator, as the Board is established in statute as an independent agency, rather than a division within DCBS. Based on the DOJ review, the Board submitted a request to DAS CHRO to review the Board positions. DAS CHRO approved compensation changes for Board members and the Board Chair, but only included the compensation changes for the Board members and not the Board Chair, as part of the required report to the Legislature on approved compensation changes.

In 2025, the Board submitted another request to DAS CHRO to review the ALJ and PALJ salary structure, which was again denied by DAS CHRO based on the State of Oregon Salary and Benefit Report. The Board has since moved forward, based on its statutory authority, to modify the compensation structure of the PALJ and 19 ALJ's, effective July 2025. The PALJ and ALJ's compensation is now increased compared to other ALJ's in Oregon due to the higher minimum qualification requirements.

The Board is funded by the Premium Assessment Operating Account (PAOA), which is supported by an assessment of the earned premiums of insurers who provide workers' compensation coverage. The total impact of the compensation changes for the Board Chair, PALJ, and 19 ALJ positions is an increase of \$1.3 million Other Funds, a portion of which the Board could self-finance through abolishment of two vacant positions. PAOA has a sufficient ending fund balance to support the compensation plan and will not require a rate increase. DCBS will need to request additional Other Funds expenditure limitation on behalf of the Board.

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

Request: Report on the compensation plan restructure for the Workers' Compensation Board (WCB) per a budget note included in the Budget Report for Senate Bill 5511 (2025).

Recommendation: Acknowledge receipt of the report.

Discussion: The Department of Consumer and Business Services is submitting a report per the following budget note contained in the Department's budget report for Senate Bill 5511 (2025).

Budget Note

The Department of Consumer and Business Services is directed to report to the Interim Joint Committee on Ways and Means no later than January 2026 on the compensation plan restructure for the Workers' Compensation Board. The report must provide an update on the process taken to restructure the compensation plan for the Board Chair, Presiding Administrative Law Judges, and Administrative Law Judges, the number of positions impacted, and how the new compensation structure compares to the previous plan. In addition, the report must include the overall budgetary impact for the Board, including the revenue source, and if the Department of Administrative Services Chief Human Resources Office found that the compensation plan fulfills the legal requirement of reasonable conformity with the state salary structure.

Between July 2023 and May 2025, WCB undertook a comprehensive review of compensation for its Board Chair, Presiding Administrative Law Judge (PALJ), and Administrative Law Judges (ALJ). WCB submitted requests to the Department of Administrative Services (DAS) Chief Human Resource Services (CHRO) to review the ALJ salary structure. Concurrently, the Department of Justice determined the WCB Chair was incorrectly classified and should be designated as an agency administrator, reflecting WCB's independent status.

DAS CHRO reclassified the Board Chair position and adjusted Board Member salaries to achieve parity with other adjudicatory boards. Exercising its statutory authority under ORS 656.724 (2), the Board conducted an executive session and two public meetings (April-May 2025) to review compensation data, receive public input, and adopt a revised pay plan for the PALJ and ALJs.

ORS 656.724(2) states, "Administrative Law Judges are in the unclassified service under ORS chapter 240, and the board shall fix their salaries in accordance with ORS 240.245."

A total of 21 positions were affected by the restructuring:

- One Board Chair (new classification)
- One Presiding Administrative Law Judge (revised classification)
- 19 Administrative Law judges (revised classifications)
- Two positions, one Office Specialist 2 and one WCB ALJ were abolished to offset part of the cost

The new compensation plan modernizes salary ranges to align with state salary structure.

- Board Chair (new position) range increased from \$9,866-\$14,549 to \$16,165-\$19,463.
- Board Members range increased from \$9,866-\$14,549 to \$14,613-\$17,792.
- Presiding ALJ range increased by roughly 10-15%, from \$10,512-\$15,502 to \$12,165-\$18,490.
- ALJs range increased from \$9,581-\$14,744 to \$11,055-\$16,902.

The restructuring increases overall personnel costs by \$1.34 million for the 2025-27 biennium. All costs are supported by Other Funds from the Premium Assessment Operating Account.



Oregon

Tina Kotek, Governor

Workers' Compensation Board

2601 25th St SE, Ste 150

Salem, OR 97302-1280

(503) 378-3308

1-877-311-8061

www.wcb.oregon.gov

October 20, 2025

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

Dear Co-Chairs:

Nature of the Request

Report on the restructure and compensation plan for the Workers' Compensation Board.

Background

The Workers' Compensation Board (WCB), an agency fully funded by the Premium Assessment Operating Account (PAOA), has two levels of adjudication, the Hearings Division and an Appellate Board. The Appellate Board is the first level of appeal. Thereafter, cases are appealed to the Oregon Court of Appeals and the Oregon Supreme Court.

With assistance from the Human Resources (HR) division of the Department of Consumer and Business Services (DCBS), WCB approached the Department of Administrative Services (DAS) in July 2023, November 2023, and March 2024 to request revisions to the WCB ALJ salary structure. Also, in early 2024, it was discovered that the WCB's five-member board was not structured, nor compensated, consistent with other adjudicatory boards in the state. Accordingly, a request was submitted to DAS through DCBS HR in May 2024 to review the structure and salary of the five-member board.

At the request of either DAS or DCBS, the Department of Justice (DOJ) reviewed the board structure and classification of the WCB Chairperson position. In July 2024, DOJ determined that the Chairperson position was incorrectly categorized and should be designated as an agency administrator because WCB has statutory status as an independent agency, rather than a division of DCBS.

In November 2024, DAS determined that the Board Chairperson position would be reclassified as an administrator, and the Board Members' salary would be adjusted

commensurate with the other adjudicatory boards within the state. However, DAS denied the WCB ALJ salary review.

In February and March 2025, WCB and DCBS HR met with DAS Chief Human Resources Office (CHRO) to discuss the statutory requirements for the WCB ALJ positions and the statutory construction of ORS 656.724(2), the statutory provision granting the Board authority to set WCB ALJ salaries. While DAS declined additional review, DAS indicated that it would partner with the Board going forward.

In April 2025, the Board went into Executive Session regarding the WCB ALJ salary structure pursuant to ORS 656.724(2) and reviewed a document protected by attorney-client privilege. Thereafter, in April and May 2025, the Board held two public board meetings to review the ALJ salary matter. In those meetings, the Board took public comment and received a written recommendation. Thereafter, the Board took action in compliance with Oregon's public meetings law and consistent with its statutory authority to set WCB ALJ salaries.

Analysis

ORS 656.724(2) states, "Administrative Law Judges are in the unclassified service under ORS chapter 240, and the board shall fix their salaries in accordance with ORS 240.245." Part of the budget note inquired whether the DAS CHRO found that the compensation plan fulfilled the legal requirement of reasonable conformity with the state salary structure. The WCB ALJ compensation is not subject to the ORS Chapter 240 personnel plan, authority over which is charged to DAS. Rather, ORS 240.245 places the obligation to ensure that salary structures established outside of Chapter 240 be in reasonable conformity on the appointing authorities, agencies, or boards charged with taking on that task. Thus, the Board, in setting the WCB ALJ salary, was tasked with ensuring that the WCB ALJ salary was set in reasonable conformity with the general salary structure of the state.

To ensure that was accomplished, there was ongoing communication among WCB, DOJ, DAS, and DCBS regarding the various aspects of the statutory scheme, as well as the factors considered by DAS and WCB in fixing the WCB ALJ salary structure. In conducting its review, the Board looked at statutory factors that are uniquely applied to WCB ALJs, and not imposed on the other ALJ classifications within the state. For example, an ALJ employed by WCB "must be a member in good standing of the Oregon State Bar, or the bar of the highest court of record in any other state or currently admitted to practice before the federal courts in the District of Columbia." ORS 656.724(1).

Over the past several years, the economy has undergone significant changes relative to salaries in the legal field. This has been researched at length by the Oregon State Bar, and as evidenced by the Oregon Judicial Department's budget approval for increased salaries for its judges in the 2025 legislative session. In light of Executive Order 17-08 and the State of Oregon's directive to establish and maintain its status as a "market

employer,” capable of attracting and retaining top-tier talent to work for the public good, the Board reviewed the WCB ALJ salary structure to ensure the stability of the agency and the Oregon Workers’ Compensation System. In alignment with the 2025-27 Co-Chairs Budget Framework, the Board seeks to ensure there are sufficient resources to support effective operation for the continuation of its core functions, including fairly compensating its employees.

Agency Action

The Board, pursuant to the authority granted under ORS 656.724(2), fixed the PALJ and ALJs’ salary consistent with the below, effective July 1, 2025. DAS selectively increased the Board Chairperson salary, along with the other Board Member positions, but it was not reported out in January 2025.

Positions Impacted

Job Profile Title	Job Code	Job Family	Type	Number Impacted
Workers’ Compensation Board Chair	7523	Principal Executive, Manager and Other Unclassified Titles	New	1
Workers’ Compensation Presiding Administrative Law Judge	7560	Principal Executive, Manager and Other Unclassified Titles	Revised	1
Workers’ Compensation Administrative Law Judge	7522	Principal Executive, Manager and Other Unclassified Titles	Revised	19*

Budgetary Impact

Budget source is other funds, or from the Premium Assessment Operating Account.

No. of Positions	Classification	25-27 Current Budget	25-27 Revised Budget	25-27 Additional Need
1	WC Board Chair	520,499	645,516	125,017
1	WCB Presiding ALJ	520,499	615,372	94,873
19	WCB ALJ	9,336,877	10,452,119	1,115,242
	Total:	10,377,875	11,713,007	1,335,132
-2	Available Financing			483,144
19	Total Limitation Need:			851,988

Notes: Abolishing 1 Office Specialist 2 & 1 WCB ALJ

Compensation Plan Comparison

Job Profile	Class	Rate	Grade	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8	Step 9	Step 10
Workers' Compensation Board Chairperson	7521	AA	38X	9,226	9,677	10,161	10,674	11,205	11,752	12,340	12,950	13,603	
	7521	AP	38X	9,866	10,350	10,866	11,417	11,984	12,569	13,200	13,849	14,549	
New Position Number and SR	7523	AA	38	15,114	15,857	16,602	17,382	18,197					
	7523	AP	38	16,165	16,958	17,754	18,591	19,463					
Workers' Compensation Board Members	7521	AA	38	9,226	9,677	10,161	10,674	11,205	11,752	12,340	12,950	13,603	
	7521	AP	38	9,866	10,350	10,866	11,417	11,984	12,569	13,200	13,849	14,549	
New SR ¹		AA	38	13,664	14,402	15,114	15,857	16,637					
		AP	38	14,613	15,402	16,165	16,958	17,792					
Workers' Compensation Board Presiding Judge	7560	AA	38	9,830	10,311	10,827	11,373	11,939	12,522	13,148	13,798	14,494	
	7560	AP	38	10,512	11,028	11,578	12,165	12,769	13,392	14,065	14,756	15,502	
New SR		AA	38	11,373	11,939	12,522	13,148	13,798	14,494	15,165	15,893	16,627	17,289
		AP	38	12,165	12,769	13,392	14,065	14,756	15,502	16,218	16,997	17,782	18,490
Workers' Compensation Board ALJ	7522	AA	37W	8,959	9,402	9,851	10,337	10,860	11,385	11,945	12,530	13,142	13,785
	7522	AP	37W	9,581	10,055	10,538	11,055	11,614	12,175	12,774	13,400	14,055	14,744
New SR		AA	37W	10,337	10,860	11,385	11,945	12,530	13,142	13,785	14,448	15,116	15,804
		AP	37W	11,055	11,614	12,175	12,774	13,400	14,055	14,744	15,452	16,166	16,902

¹ The salary change for the four Board Member positions (7521) was reported out by DAS on January 10, 2025, and approved by the Legislature with an effective date of July 29, 2024. The costs of these four positions is not included with this report, but included for informational purposes. As a technical matter, the new Board Chair position (7523) and salary were approved by DAS and effective July 29, 2024, consistent with the other Board Members (7521), but was not included in the report out in January 2025.

Action Requested

WCB respectfully requests that the Joint Committee on Ways and Means acknowledge receipt of this report.

Legislation Affected

None.

Sincerely,

A handwritten signature in black ink, appearing to read "Joy Dougherty", written in a cursive style.

Joy Dougherty
Board Chairperson and Agency Administrator
Workers' Compensation Board