



STATE OF OREGON
LEGISLATIVE COUNSEL COMMITTEE

February 17, 2016

Representative John Davis
900 Court Street NE H483
Salem OR 97301

Re: Legislator salaries and SB 1532-A

Dear Representative Davis:

You asked whether the increase in the minimum wage proposed by A-engrossed Senate Bill 1532 will affect the salaries of members of the Legislative Assembly. With a new commission in place next year to decide member salaries based on a variety of criteria, it is difficult to predict whether member salaries will follow past trends. Nevertheless, we believe it is possible for SB 1532-A to affect member salaries.

ORS 653.010 (9) provides that a "salary" must be equal to at least 2,080 hours times the minimum wage required by ORS 653.025, or \$19,240. The Legislative Assembly is not excluded from Oregon's minimum wage or minimum salary.¹ Currently, member salaries² are \$23,568 per year. Thus, current salaries are \$4,328 per year above the statutory minimum.

Member salaries are determined under the Management Service Compensation Plan in the executive department.³ Expenses and benefits are distinguished from salary.⁴

Until December 31, 2016:

(1) A member of the Legislative Assembly shall receive for services an annual salary of the greater of:

(a) One step below the maximum of Salary Range 1 in the Management Service Compensation Plan in the executive department as defined in ORS 174.112; or

(b) Seventeen percent of the salary of a Circuit Court Judge.⁵

¹ See ORS 653.010, 653.020.

² Member salary information provided by Karen Hupp, Human Resources Analyst 3, Legislative Administration. Ms. Hupp has tracked member salaries and cost-of-living adjustment increases based on available data from January 1, 1975, to date.

³ ORS 171.072.

⁴ Current law and law in effect on January 1, 2017, distinguish salary from expenses and benefits. See ORS chapters 171 and 292.

⁵ ORS 171.072 (1).

In 2017, the Public Officials Compensation Commission will make recommendations to the Legislative Assembly for member salaries.⁶ In setting member salaries, the commission shall consider the following criteria:

- (a) Comparable positions in neighboring states.
- (b) The qualifications and skills necessary for each office.
- (c) The level of responsibility implicit in each office.
- (d) The cost of living.
- (e) The total compensation of the positions, including benefits other than salary.⁷
- (f) Budget limitations.
- (g) Any other factors the commission may consider to be reasonable, appropriate and in the public interest.⁸

In-depth economic analysis is beyond the scope of this opinion, but a few factors are worth noting. With respect to member positions in other states, Idaho members earn \$16,684 per year.⁹ Oregon members earn \$23,568 per year.¹⁰ Washington members earn \$45,474 per year.¹¹ Oregon's cost of living is more similar to Washington's than Idaho's.¹² However, Oregon has more per capita debt than Washington,¹³ and a lower per capita income.¹⁴ Because each factor warrants expert analysis, and the commission may consider "any other factors," it is difficult to predict what the future commission will decide with respect to member salaries.

That stated, an estimate based on historical trends is possible. With a two percent cost-of-living adjustment (COLA) every year between now and 2022,¹⁵ member salaries would rise to approximately \$27,070 in 2022. SB 1532-A amends ORS 653.025 (1) to increase the minimum wage in Marion County from \$9.75 in 2016 to \$13.50 in 2022. Under SB 1532-A, the minimum allowable annual salary will be \$28,080 in 2022. Thus, unless the commission decides to recommend a salary increase that is more substantial than those offered in the past, SB 1532-A would require an increase to members' annual salaries in 2022 to avoid dropping approximately \$1,010 below the statutory minimum salary.

⁶ The amendments to ORS 171.072 by section 1, chapter 578, Oregon Laws 2013, apply to salaries established for biennia beginning on or after July 1, 2017. See section 4, chapter 578, Oregon Laws 2013, as amended by section 5, chapter 840, Oregon Laws 2015; see also ORS 292.912.

⁷ See note 4.

⁸ ORS 292.912 (2).

⁹ https://ballotpedia.org/Idaho_state_government_salary (visited February 15, 2016).

¹⁰ See note 2.

¹¹ <http://www.salaries.wa.gov/salary.htm> (visited February 15, 2016).

¹² While true statistical analysis and fiscal analysis are beyond the scope of this opinion, because the legal factors consider economic indicators, certain trends are worth noting. Idaho generally ranks among the least expensive states to live, while Washington and Oregon are among the most expensive. *E.g.*, <http://www.state.gov/m/fsi/tc/79700.htm>; https://www.missourieconomy.org/indicators/cost_of_living (visited February 15, 2016).

¹³ https://ballotpedia.org/Oregon_state_budget_and_finances (visited February 15, 2016).

¹⁴ http://www.oregonlive.com/money/index.ssf/2014/03/despite_top_earnings_growth_oregons_per-capita_income_still_lower_than_most_states.html (visited February 15, 2016).

¹⁵ Since 2005, a COLA has been applied to member salaries eight times, ranging from 1.5 percent to 3.2 percent. Since 2011, a COLA has been applied every year, ranging from 1.5 percent to 2.25 percent. See note 2.

While this opinion is not free from doubt, we conclude that, if COLAs follow current trends, SB 1532-A could require that members receive a slight pay increase in 2021 or 2022 to avoid falling below the minimum salary that would be required under SB 1532-A. However, it is not possible to predict with accuracy what the commission will decide in the future.

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Very truly yours,

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