



STATE OF OREGON
LEGISLATIVE COUNSEL COMMITTEE

February 15, 2016

Representative Tina Kotek
Speaker of the House
900 Court Street NE Rm269
Salem OR 97301

Re: Relationship between minimum wage and member salaries

Dear Speaker Kotek:

You asked whether there is a direct relationship between Oregon's minimum wage and the salaries of members of the Legislative Assembly. You also asked whether A-engrossed Senate Bill 1532 necessarily increases member salaries. The short answer to both questions is no.

There is no direct relationship between the minimum wage and member salaries, but no salary in Oregon may drop below the legal minimum.¹ It is not possible to predict with accuracy what the Public Officials Compensation Commission² will recommend in the future with respect to member salary increases. However, it is highly unlikely that the commission will recommend a salary decrease, a salary freeze or a cost of living adjustment (COLA) that is disproportionate to current economic conditions. Thus, the statutory minimum salary under SB 1532-A may never affect member salaries at all.

On or after July 1, 2017, the Public Officials Compensation Commission will make recommendations to the Legislative Assembly for member salaries.³ In recommending 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.⁴

¹ 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.

² The body that will recommend member salaries beginning in 2017. ORS 292.912.

³ 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.

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

(f) Budget limitations.

(g) Any other factors the commission may consider to be reasonable, appropriate and in the public interest.⁵

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.⁶ Oregon members earn \$23,568 per year.⁷ Washington members earn \$45,474 per year.⁸ Oregon's cost of living is more similar to Washington's than Idaho's.⁹ However, Oregon has more per capita debt than Washington,¹⁰ and a lower per capita income.¹¹ Because each factor warrants expert analysis, and the commission may consider "any other factors," it is difficult to predict what the future commission will recommend with respect to member salaries. Although the commission appears to have substantial flexibility, the commission does not have the authority to recommend a wage below the legal minimum.

As with any salary in Oregon, the amount paid to an employee must be equal to or greater than the statutorily required minimum amount. 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.¹² Currently, member salaries are \$23,568 per year.¹³ Thus, current salaries are \$4,328 per year above the statutory minimum.

It should be noted that, even if the commission recommends no increase to the current member salary and members receive zero percent COLAs over the next four years, a highly unlikely scenario, member salaries will remain below the amount required by SB 1532-A through June 30, 2020. And because it is more likely that the commission will recommend raising salaries rather than freezing or lowering them, it is also possible that member salaries will never drop below the amount required under SB 1532-A.

In conclusion, there is no direct relationship between the minimum wage and member salaries. Indirectly, all salaries are affected by Oregon's minimum wage because they may not drop below it. Finally, because it is not possible to predict with accuracy what the commission will recommend in the future with respect to salary increases or COLAs, it is possible that the statutory minimum salary under SB 1532-A will not affect member salaries at all.

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⁵ ORS 292.912 (2).

⁶ https://ballotpedia.org/Idaho_state_government_salary (visited February 15, 2016).

⁷ 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.

⁸ <http://www.salaries.wa.gov/salary.htm> (visited February 15, 2016).

⁹ E.g., <http://www.state.gov/m/fsi/tc/79700.htm>; https://www.missourieconomy.org/indicators/cost_of_living (visited February 15, 2016).

¹⁰ https://ballotpedia.org/Oregon_state_budget_and_finances (visited February 15, 2016).

¹¹ 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).

¹² See ORS 653.010, 653.020.

¹³ See note 7.

opinion should not be considered or used as legal advice by any person other than legislators in the conduct of legislative business. Public bodies and their officers and employees should seek and rely upon the advice and opinion of the Attorney General, district attorney, county counsel, city attorney or other retained counsel. Constituents and other private persons and entities should seek and rely upon the advice and opinion of private counsel.

Very truly yours,

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by
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