

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2015

Legislative Fiscal Note

BILL NUMBER: House Bill 872 (First Edition)
SHORT TITLE: Administrative Law Judges' Salaries.
SPONSOR(S): Representative Jordan

FISCAL IMPACT					
(\$ in thousands)					
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> No Estimate Available					
State Impact	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
General Fund Revenues:	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
General Fund Expenditures:	\$145.5	\$147.6	\$150.0	\$152.3	\$153.9
Special Fund Revenues:					
Special Fund Expenditures:					
State Positions:					
NET STATE IMPACT	(\$145.5)	(\$147.6)	(\$150.0)	(\$152.3)	(\$153.9)
Local Impact					
Revenues:					
Expenditures:					
NET LOCAL IMPACT	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED:					
Office of Administrative Hearings					
EFFECTIVE DATE: July 1, 2015					
TECHNICAL CONSIDERATIONS:					
Yes - See Technical Considerations Section					

BILL SUMMARY:

House Bill 872 (HB 872), Administrative Law Judges' Salaries, amends G.S. 7A-751 to adjust the salaries of all Administrative Law Judges (ALJ). This includes three changes:

- The salary for the Chief ALJ will be the same as that for a superior court judge;
- The salary of a Senior ALJ will be equivalent to that for district attorneys; and
- The salary of other ALJs will be tied to the salary for district court judges.

The effective of HB 872 is July 1, 2015.

BACKGROUND

ALJs are employees of the Office of Administrative Hearings (OAH). OAH is a quasi-judicial State agency which conducts hearings for people affected by State agency decisions and/or actions. OAH’s mission is “to provide a neutral forum for handling administrative hearings for certain state agencies, with respect for the dignity of individuals and their due process rights.” ALJs preside over OAH hearings. In an administrative hearing, each party has the right to present evidence and witnesses. The ALJ presides over the hearing and is charged with providing a fair and impartial hearing and either “affirms,” “modifies,” or “sets aside” the original agency decision.

ASSUMPTIONS & METHODOLOGY

HB 872 would increase the pay of the State’s 10 ALJs. Table 1 provides a summary of the changes in HB 872.

Table 1: Current and Future Salaries of ALJs per HB 871

	Current		Future (per HB 872)	
	Tied to:	Salary	Tied to:	Salary
Chief ALJ	District Court Judge	\$ 111,684	Superior Court Judge	\$126,875
Senior ALJ	95% of Chief ALJ	\$ 106,151	District Attorney	\$ 121,737
ALJ	90% of Chief ALJ	\$ 100,617	District Court Judge	\$ 111,684

Table 2 provides and analysis of the FY 2015-16 cost, including payroll-related benefits, of implementing these salary changes for the State’s 10 ALJs. General Fund appropriations support all ALJ salaries.

Table 2: Expected Cost of Increasing ALJ Salaries per HB 872

Position	Current		Future (per HB 872)		Difference
	Salary	Salary & Benefits	Salary	Salary & Benefits	
Chief ALJ (1 FTE)	\$ 111,684	\$ 137,215	\$ 126,875	\$ 155,123	\$ 17,908
Senior ALJ (1 FTE)	\$ 106,151	\$ 130,417	\$ 121,737	\$ 149,204	\$ 18,787
ALJ (8 FTE)	\$ 100,617	\$ 123,618	\$ 111,684	\$ 137,215	\$ 13,597
Total Estimated Cost				\$ 145,470	

Table 3 shows the costs to OAH for each year of the five-years included in this fiscal note, adjusted for inflation. Inflation rates are based on consumer price index projections provided by Moody's economy.com (Jan. 2015).

Table 3: Expected Increasing in OAH Expenditures per HB 872 adjusted for Inflation

	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
OAH Expenditures	\$ 145,470	\$ 147,622	\$ 150,041	\$ 152,253	\$ 153,911

SOURCES OF DATA:

BEACON
Office of Administrative Hearings website

TECHNICAL CONSIDERATIONS:

1. [HB 54, Codifier of Rules Appointment](#), allows the Chief ALJ to appoint a codifier of rules and tie the salary of that position to 90% of the salary of an ALJ. The Office of Administrative Hearings would repurpose the current Director of Administrative Procedural Act Services into this role. Currently, this change has a cost of \$20,563. If ALJ salaries increase from \$100,617 to \$111,684 then the expected salary of this position would increase from \$90,555 to \$100,516, and create an additional cost of \$12,237 (including benefit costs). This cost would only be incurred if HB 54 passes.

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