

FISCAL IMPACT OF PROPOSED LEGISLATION

81st Oregon Legislative Assembly – 2022 Regular Session
Legislative Fiscal Office

Measure: SB 1566 - 9

*Only Impacts on Original or Engrossed
Versions are Considered Official*

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Measure Description:

Establishes annual salary of members of Legislative Assembly equal to annual occupational mean wage estimate for Oregon for prior year.

Government Unit(s) Affected:

Legislative Assembly, Legislative Administration Committee (LAC)

Summary of Fiscal Impact:

Costs related to the measure may require budgetary action - See analysis.

Analysis:

Senate Bill 1566, as modified by the -9 amendments, establishes an annual salary for members of the Legislative Assembly equal to the annual average wage for all covered employment in Oregon, as published for the prior calendar year by the Oregon Employment Department (OED). The adjustment to annual salary will be made only once every two years and will be applied to pay periods beginning July 1 following the determination of the annual average wage for all covered employment. However, the salary of a member of the Legislative Assembly may not be decreased by more than two percent from the annual salary received in the prior calendar year. The measure states that a member of the Legislative Assembly who has one more children or dependents under the age of 13 shall receive a child care reimbursement of up to \$1,000 for nine months of a biennium, traditionally those months that the Legislative Assembly is in regular session. The measure increases the \$400 interim expense allowance for members of the Legislative Assembly, adjusted each July 1 by a cost-of-living adjustment equal to the percentage by which the monthly averaged U.S. City Average Consumer Price Index for All Urban Consumers (All Items), as published by the United States Bureau of Labor Statistics, for the preceding calendar year exceeds the monthly average for the 2021 calendar year. The measure applies to pay periods beginning on or after January 1, 2023 and establishes the basis for the initial pay period between January 1, 2023, and July 1, 2023. The measure takes effect 91 days after adjournment *sine die*.

The measure increases the salaries of members of the Legislative Assembly to be aligned with the annual average estimate for Oregon. The current rate as published by OED for 2021 is \$58,443 annually or \$4,870 per month. With the current salary set at \$2,821, this is a monthly increase of \$2,049 per month for 92 salaries, since the Speaker of the House and the President of the Senate receive an additional salary. Variable benefits are calculated at a rate of 30.98%, which would make the monthly fiscal impact \$246,907. The new rate goes into effect January 1, 2023 and is based on OED's 2021 estimate. The fiscal impact is thus estimated to be \$1,481,447 General Fund for the remainder of in the 2021-23 biennium and \$5,925,787 General Fund in the 2023-25 biennium.

The measure provides a new required allowance for childcare for a member of the Legislative Assembly with a child or dependent under 13 years. The per member cost, for eligible members, would be \$9,000 per biennium. However, it should be noted that this information is not publicly available, so the fiscal impact is indeterminate. Assuming 20 members would qualify for this child or dependent care allowance, the fiscal impact is estimated to be \$120,000 General Fund for the remainder of the 2021-23 biennium and \$180,000 General Fund for the 2023-25 biennium.

The measure also requires an annual cost-of-living adjustment to the \$400 interim expense allowance for members of the Legislative Assembly, based on the U.S. City Average Consumer Price Index for All Urban Consumers (All Items) (CPI-U). The average CPI-U for calendar year 2020 is 1.23% and 4.7% for calendar year 2021, which is a difference of 3.47%. Depending on the start dates of the regular legislative sessions, this allowance is generally effective for 19 months of the biennium. The anticipated fiscal impact for the remainder of the 2021-23 biennium \$1,249 General Fund and \$23,735 General Fund in the 2023-25 biennium.

The anticipated fiscal impact to the Legislative Assembly is \$1,602,696 General Fund in the 2021-23 biennium and \$6,129,522 General Fund in the 2023-25 biennium.

The measure warrants a subsequent referral to the Joint Committee on Ways and Means for consideration of its impact to the budget of the Legislative Assembly and the state General Fund.