

**State Office of Administrative Hearings
Summary of Budget Recommendations - House**

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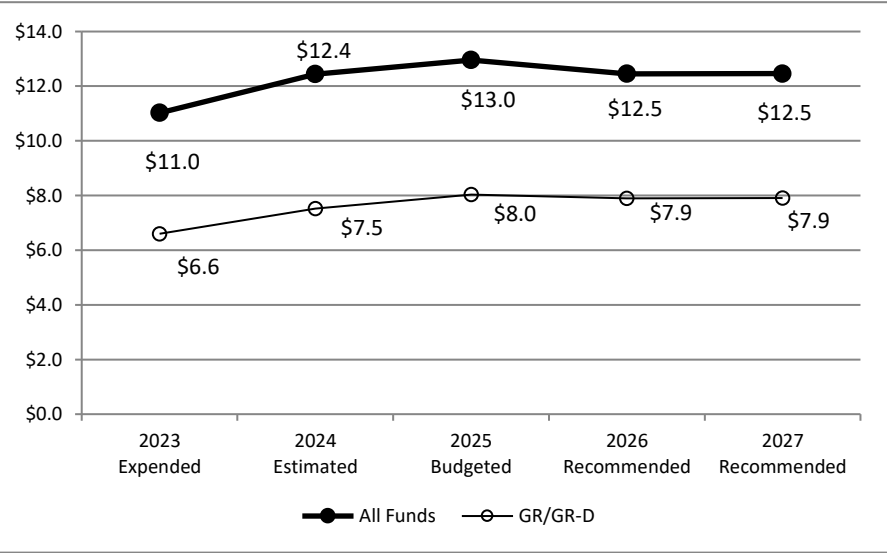
Kristofer Monson, Chief Administrative Law Judge

Kelsey Sims, LBB Analyst

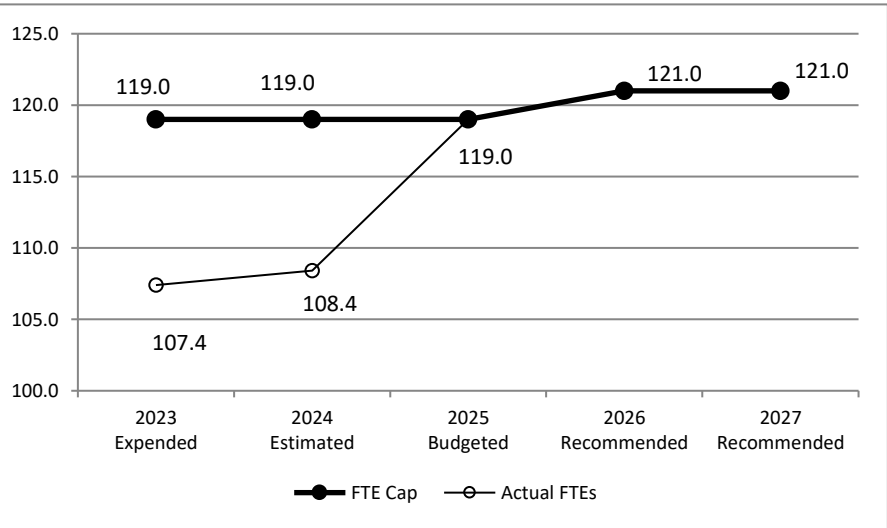
Method of Financing	2024-25 Base	2026-27 Recommended	Biennial Change (\$)	Biennial Change (%)
General Revenue Funds	\$15,555,691	\$15,801,792	\$246,101	1.6%
GR Dedicated Funds	\$0	\$0	\$0	0.0%
<i>Total GR-Related Funds</i>	<i>\$15,555,691</i>	<i>\$15,801,792</i>	<i>\$246,101</i>	<i>1.6%</i>
Federal Funds	\$0	\$0	\$0	0.0%
Other	\$9,844,332	\$9,115,230	(\$729,102)	(7.4%)
All Funds	\$25,400,023	\$24,917,022	(\$483,001)	(1.9%)

	FY 2025 Budgeted	FY 2027 Recommended	Biennial Change	Percent Change
FTEs	119.0	121.0	2.0	1.7%

Historical Funding Levels (Millions)



Historical Full-Time-Equivalent Employees (FTEs)



The bill pattern for this agency (2026-27 Recommended) represents an estimated 100.0% of the agency's estimated total available funds for the 2026-27 biennium.

**State Office of Administrative Hearings
Summary of Funding Changes and Recommendations - House**

Funding Changes and Recommendations for the 2026-27 Biennium compared to the 2024-25 Base Spending Level	General Revenue	GR-Dedicated	Federal Funds	Other Funds	All Funds	Strategy in Appendix A
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<i>OTHER Funding Changes and Recommendations (these issues are not addressed in Section 3 but details are provided in Appendix A):</i>
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A)	Increase in funding to biennialize the statewide salary adjustments included in the 2024-25 appropriations.	\$472,050	\$0	\$0	\$0	\$472,050	A.1.1
B)	Increase in funding to maintain DIR Shared Technology Services funding at current obligation levels.	\$87,269	\$0	\$0	\$0	\$87,269	A.1.1
C)	Decrease in funding to remove one-time costs for buildout of hybrid appearance hearing rooms.	(\$313,218)	\$0	\$0	\$0	(\$313,218)	A.1.1
D)	Decrease in Other Funds primarily related to reduction in Interagency Contract funding due to fewer anticipated cases from agencies that have appropriations for paying SOAH costs for administrative hearings.	\$0	\$0	\$0	(\$729,102)	(\$729,102)	All Strategies

TOTAL SIGNIFICANT & OTHER Funding Changes and Recommendations	\$246,101	\$0	\$0	(\$729,102)	(\$483,001)	As Listed
<i>SIGNIFICANT & OTHER Funding Increases</i>	\$559,319	\$0	\$0	\$0	\$559,319	As Listed
<i>SIGNIFICANT & OTHER Funding Decreases</i>	(\$313,218)	\$0	\$0	(\$729,102)	(\$1,042,320)	As Listed

NOTE: Totals may not sum due to rounding.

**State Office of Administrative Hearings
Selected Fiscal and Policy Issues - House**

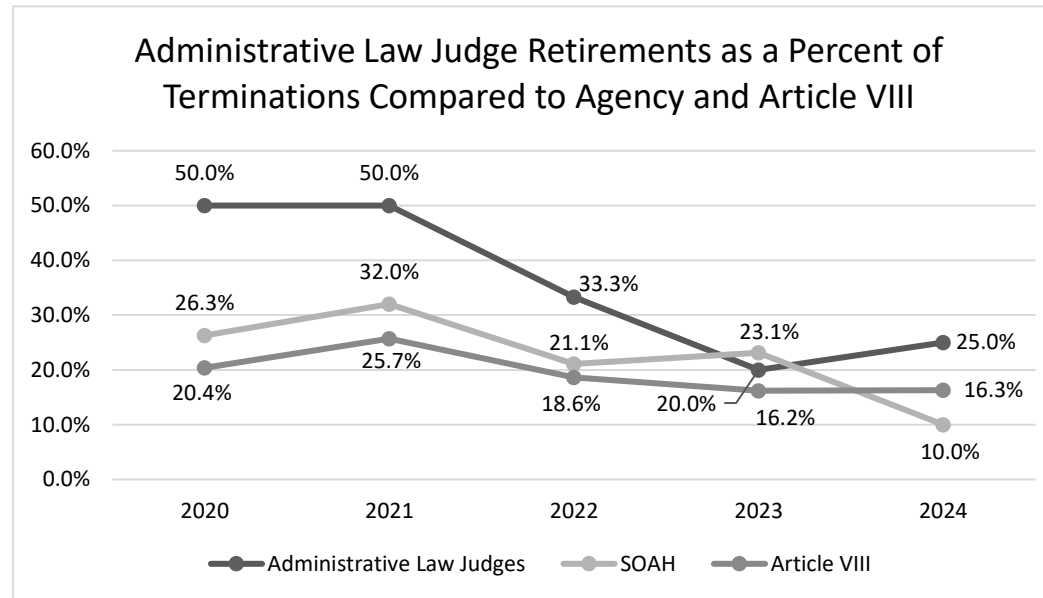
- Administrative Law Judge Retention.** Recommendations maintain \$1,430,040 in General Revenue provided to the agency in the 2024-25 biennium for the statewide salary increase. The agency maintains, however, that its legal and non-legal position turnover remains an issue, particularly for the Administrative Law Judge (ALJ) positions.

An analysis of retirements amongst ALJs at SOAH shows that ALJs are experiencing a higher rate of retirement than other Article VIII agency employees. Between 2020 and 2024, SOAH averaged 53.2 ALJs employed with an average of 7.6 terminations. Of those terminations, an average of 2.8 were retirements. As shown on the line graph below, while retirements as a percentage of terminations has decreased for ALJs, SOAH, and Article VIII, ALJ retirements still remain between 8.7% and 16.0% higher than Article VIII and SOAH respectively. Though this development represents a relatively small sample size, it is possible that the decrease in ALJ retirements over the last five years shows positive results of the statewide salary increases of the past biennium.

Recommendations do not include the following related agency requests:

- \$3,512,646 in General Revenue funding to raise salaries of ALJs and support staff to equivalent levels at comparable state agencies and,
- \$842,267 in General Revenue funding to establish differentials in salary between the four statutorily-required levels of ALJ.

Fiscal Year	SOAH Administrative Law Judge Position		
	Headcount	Terminations	Retirements
2020	53.25	8	4
2021	53	8	4
2022	52.75	9	3
2023	53	5	1
2024	54	8	2



- Interagency Contract Funding UB Authority.** Recommendations include a new rider providing unexpended balance authority within the biennium and between biennia for interagency contract funding. This is to address a problem with the agency frequently having to lapse interagency contract funding due to revenue from interagency contracts being received too close to the end of the fiscal year. In FY 2023 the agency lapsed \$21,334 and in FY 2022 it lapsed \$155,956 (See Section 4, Rider Highlights).

**State Office of Administrative Hearings
Rider Highlights - House**

Modification of Existing Rider

6. **Billing Rate for Workload.** Recommendations merge the contents of former Rider 6, Contingency for Additional Self-directed Semi-independent Agencies into this rider.

New Riders

7. **Unexpended Balances in Interagency Contracts.** Recommendations include unexpended balance authority within the biennium and between biennia for funds received from interagency contracts due to revenue from this source often being received near the end of the fiscal year.

Deleted Riders

- Former 6. **Contingency for Additional Self-directed Semi-independent Agencies.** Recommendations delete this rider and move text into Rider 6, Billing Rate for Workload.

**State Office of Administrative Hearings
Items Not Included in Recommendations - House**

	2026-27 Biennial Total			Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2028-29
	GR & GR-D	All Funds	FTEs			

Agency Exceptional Items Not Included (in agency priority order)

1)	General Revenue funding to raise the salaries of agency administrative law judges (ALJ), support staff, and regional ALJs to equivalent levels at comparable state agencies.	\$3,512,646	\$3,512,646	0.0	No	No	\$3,564,554
2)	General Revenue Funding with authority for an additional 2.0 full-time equivalent employees (FTE) for a Data Officer and an Information Security Officer to bring the agency's cybersecurity system up to appropriate standards.	\$585,640	\$585,640	2.0	No	No	\$585,640
3)	General Revenue funding to cover costs of new technologies made necessary by the changing nature of the agency's work for the development of hybrid hearing rooms, an emergency alert system, secure file sharing, cloud services, and a legal library.	\$387,416	\$387,416	0.0	Yes	Yes	\$310,187
4)	General Revenue funding to backfill currently vacant judge and support staff positions to address increased caseloads from agencies funded through General Revenue.	\$591,438	\$591,438	0.0	No	No	\$591,438
5)	General Revenue funding to establish salary differentials among the four statutorily-required levels of seniority for ALJs.	\$842,267	\$842,267	0.0	No	No	\$1,041,600
6)	General Revenue funding to increase the authorized annual salary of the Chief ALJ exempt position by approximately 25% and to move the position from Salary Group 5 to Salary Group 7 to bring the position's salary in line with those of peer employees at comparable agencies.	\$94,690	\$94,690	0.0	No	No	\$94,690

TOTAL Items Not Included in Recommendations		\$6,014,097	\$6,014,097	2.0			\$6,188,109
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**State Office of Administrative Hearings
Appendices - House**

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* Appendix is not included - no significant information to report

**State Office of Administrative Hearings
Funding Changes and Recommendations by Strategy - House -- ALL FUNDS**

Strategy/Goal	2024-25 Base	2026-27 Recommended	Biennial Change	% Change	Comments
CONDUCT HEARINGS A.1.1	\$21,087,422	\$20,516,640	(\$570,782)	(2.7%)	Recommendations include the following changes: a) an increase of \$472,050 in General Revenue for biennialization of the statewide salary adjustments; b) in increase of \$87,269 in General Revenue to maintain DIR shared technology services funding at current obligation levels c) a decrease of \$313,218 in General Revenue funding for one-time costs for hybrid appearance hearing rooms not continued, and d) a decrease in All Funds of \$816,883 primarily due to projected lower case counts.
CONDUCT ALT DISPUTE RESOLUTION A.2.1	\$528,257	\$540,576	\$12,319	2.3%	
Total, Goal A, ADMINISTRATIVE HEARINGS	\$21,615,679	\$21,057,216	(\$558,463)	(2.6%)	
INDIRECT ADMINISTRATION B.1.1	\$3,784,344	\$3,859,806	\$75,462	2.0%	Recommendations include the following All Funds changes: a) an increase of \$71,066 for salaries to staff unfilled positions; b) an increase of \$7,396 to maintain agency operational funding at the fiscal year 2025 spending level; and c) a decrease of \$3,000 for anticipated decreases in copier rental costs.
Total, Goal B, INDIRECT ADMINISTRATION	\$3,784,344	\$3,859,806	\$75,462	2.0%	
Grand Total, All Strategies	\$25,400,023	\$24,917,022	(\$483,001)	(1.9%)	Recommendations include an agency request to maintain a 60/40 percent split between General Revenue and Interagency Contract funding for Strategies A.2.1 and B.1.1.

**State Office of Administrative Hearings
FTE Highlights - House**

Full-Time-Equivalent Positions	Expended 2023	Estimated 2024	Budgeted 2025	Recommended 2026	Recommended 2027
Cap	119.0	119.0	119.0	121.0	121.0
Actual/Budgeted	107.4	108.4	119.0	NA	NA

Schedule of Exempt Positions (Cap)

Chief Administrative Law Judge, Group 5	\$180,000	\$184,805	\$184,805	\$184,805	\$184,805
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Note:

The State Auditor's Office Report, *Executive Compensation at State Agencies* (Report 25-702, October 2024), indicates a market average salary of \$187,567 for the Chief Administrative Law Judge position at the State Office of Administrative Hearings. The agency is requesting funding and authority to raise the exempt salary to \$231,006 in Group 7.