

B 2017
1-17-25

FOLLOW-UP MEMORANDUM

TO: Sixty-ninth Legislative Assembly
State of North Dakota
Senate Appropriations Committee
Human Resources Division

FROM: Hope L Hogan, Director
Office of Administrative Hearings

RE: OAH 2025-2027 Operating Budget Additional Information
Senate Bill No. 2017

DATE: January 16, 2025

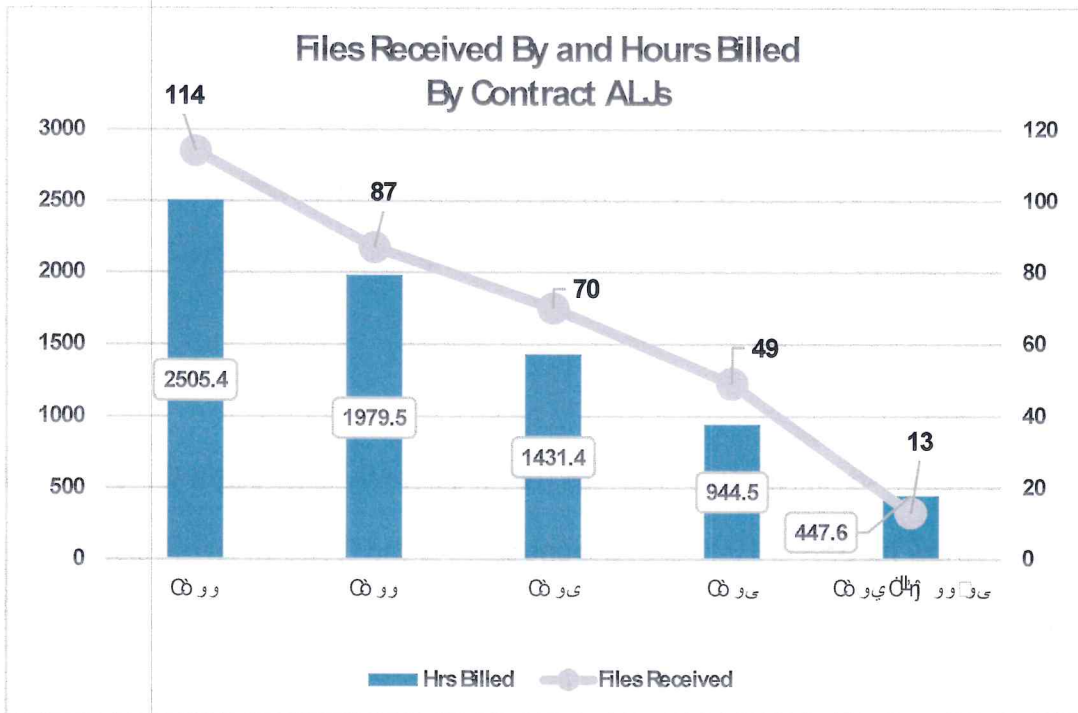
CONTRACT ALJs:

The Office of Administrative Hearings (OAH) currently contracts with four part-time administrative law judges (CALJs). OAH assigns cases to the CALJs on an as-needed basis, so they are not guaranteed cases or work. The CALJs primarily handle Workforce Safety and Insurance (WSI) hearings but have been utilized for other hearings when needed.

OAH bills the requesting agency or entity for the CALJs' time at the same rate as the full-time, permanent ALJs. OAH then pays the CALJs according to an hourly rate which is contracted biennially. Below is a history of OAH's rate, OAH's contracted CALJ rate, and the difference, which OAH deems an overhead rate:

Effective	Agencies other than WSI	WSI	CALJRate	CALJ Overhead
7/ 1/ 2019	\$ 175.00	\$ 175.00	\$ 150.00	\$ 25.00
7/ 1/ 2021	\$ 195.00	\$ 195.00	\$ 150.00	\$ 45.00
7/ 1/ 2023	\$ 215.00	\$ 215.00	\$ 160.00	\$ 55.00
1/ 1/ 2025	\$ 265.00	\$ 215.00	\$ 160.00	\$ 55.00

Below is a history of the number of cases handled by and billable hours generated by the CALJs:



The number of hours billed in a given fiscal year may include hours for files received in a previous fiscal period.

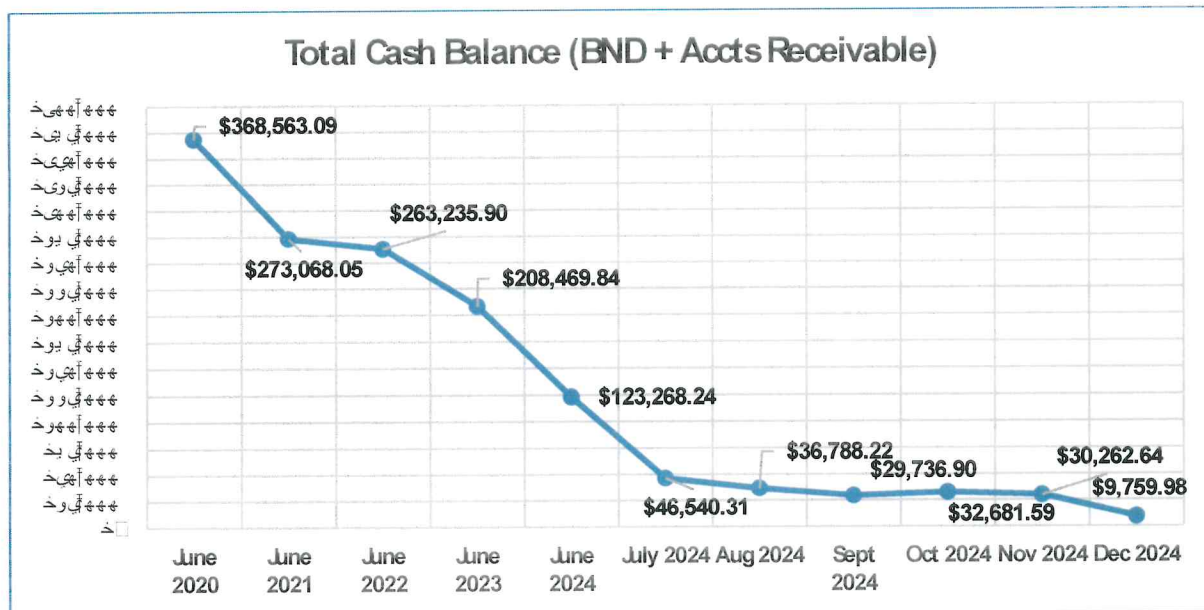
The total amount spent on professional fees and services is as follows:

Acct Code	Description	FY 21	FY 22	FY 23	FY 24	FY 25 thru 01/25	Totals
623005	Accountants	\$ 3,250.00	\$ -	\$ 3,250.00	\$ 3,250.00	\$ -	\$ 9,750.00
623020	Audit	\$ -	\$ 7,223.56	\$ -	\$ -	\$ -	\$ 7,223.56
623105	Legal - Adm Hrsg	\$ 375,415.00	\$ 296,625.00	\$ 214,410.00	\$ 151,120.00	\$ 71,616.00	\$ 1,109,186.00
623110	Legal - Atty General	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
623140	Medical	\$ -	\$ -	\$ -	\$ 100.00	\$ -	\$ 100.00
Professional Fees & Services		\$ 378,665.00	\$ 303,848.56	\$ 217,660.00	\$ 154,470.00	\$ 71,616.00	\$ 1,126,259.56

For the current biennium, OAH budgeted \$1,243,122 for CALJs' expenses and has used \$222,736 to date, for a remaining balance of \$1,020,386.

CASH BALANCE:

OAH is funded entirely through special funds which are generated by billing requesting agencies or entities for OAH services. OAH can carry forward any balance at the end of the biennium. Historically, OAH has maintained a comfortable cash balance. More recently, the cash balance has been used to meet our operating expenses caused by a decrease in billable hours. Below is the history of OAH's cash balance from June 2020 to present:



Month	Cash Balance per Report	Outstanding Accounts	Total Cash Balance
June 2020	\$ 244,484.59	\$ 124,078.50	\$368,563.09
June 2021	\$ 175,628.05	\$ 97,440.00	\$273,068.05
June 2022	\$ 210,936.90	\$ 52,299.00	\$263,235.90
June 2023	\$ 131,035.34	\$ 77,434.50	\$208,469.84
June 2024	\$ 73,173.24	\$ 50,095.00	\$123,268.24
July 2024	\$ 46,755.31	\$ (215.00)	\$ 46,540.31
Aug 2024	\$ 36,272.22	\$ 516.00	\$ 36,788.22
Sept 2024	\$ 27,242.90	\$ 2,494.00	\$ 29,736.90
Oct 2024	\$ 31,047.59	\$ 1,634.00	\$ 32,681.59
Nov 2024	\$ 25,790.64	\$ 4,472.00	\$ 30,262.64
Dec 2024	\$ (20,232.52)	\$ 29,992.50	\$ 9,759.98

As a follow-up to one of the questions at the January 13, 2025, hearing, for the years 1991 through 1997, OAH was funded by both special funds and general funds. In 1997, OAH was modified to special funds only, but OAH was authorized for a general fund loan up to \$100,000. For the 1999-2001 biennium, the authorized general fund loan was increased to \$150,000.

OAH plans to handle as much of its caseload with the permanent, full-time ALJs as possible. Since OAH does not currently plan to fill the open permanent ALJ FTE, the CALJs will be necessary to meet demand should OAH see a drastic increase in case requests.

SALARY BREAKDOWN:

Of the \$3,029,082 appropriation, \$1,446,690 is budgeted for salaries and wages for 5 FTEs, including 3 ALJs. Salaries and wages include the following:

	Salaries	Benefits	Total
FY 2024 (Actual)	\$ 513,215.40	\$ 204,108.17	\$ 717,323.57
FY 2025 (Actual 7/ 24 thru 12/ 24)	\$ 266,872.02	\$ 106,134.23	\$ 373,006.25
FY 2025 (Estimated 1/ 25 thru 6/ 25)	\$ 199,367.08	\$ 80,361.41	\$ 279,728.49
Estimated leave payout (2/ 25)	\$ 11,342.57	\$ 867.71	\$ 12,210.28
' ≤ AS 40P ≥ '	\$ 990,797.07	\$ 391,471.52	\$ 1,382,268.59