

**Subcommittee on Referee Pay**  
**January 26, 2026**  
**1:30 p.m.**

*Members: Matt Pappas (Chair), Rachel Misnick, Patti Vaughn, Kamerron Slay, Commissioner Claire Sharp, Commissioner Aaron White, Matt Vook, and Jamie Arnold.*

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**Referee Pay in Other States & Review of Current Job Description.**

Mr. Pappas began the meeting by summarizing his research on pay across the surrounding states. He noted that in Washington, Montana, Oregon, and Utah, their Referees are classified as Administrative Law Judges (ALJs), placing them in a category similar to Magistrate and District Judges- this represents a notable difference from Idaho's system. Mr. Pappas pointed out that Washington differs slightly because Washington L & I has case managers who initially process the case. When administrative review is needed, it's handled by an ALJ, which is comparable to Idaho's Referee level. Mr. Pappas indicated that Montana ALJs earn between \$142,000 and \$148,000 annually. Mr. Pappas indicated that Montana ALJ positions are a bit more political, with a 6-year term and a salary tied by statute to that of a District Judge, and that Oregon has similar requirements. Mr. Pappas indicated that Oregon is conducting a study to review the ALJs' pay because the legal market in Oregon has increased, making it difficult to offer competitive wages. Oregon also found that the positions require 2-5 years of experience and that laypeople are not filling them. Mr. Pappas mentioned that in Utah, there are approximately five ADJs, with salaries ranging from \$79,000 to \$121,000. In Washington, salaries range from \$123,000 to \$148,000, with a separate Assistant Chief at \$132,000 and a Chief Judge earning \$160,000. Mr. Pappas indicated that there was a collective agreement that the salary the Commission is offering has made the recruitment process more challenging.

Mr. Pappas mentioned that, in private practice, new associates from law schools typically start at \$100,000 to \$110,000. We aim to stay below that range, but currently, starting attorneys earn around \$90,000 to \$95,000. Eastern Idaho's lower pay is a factor that makes Boise's higher salaries attractive, and the pay difference is enough for some new attorneys to choose Boise when comparing starting salaries. Mr. Arnold indicated he hadn't hired a new attorney in a while and was unsure of the going rate in Eastern Idaho.

Mr. Pappas mentioned that, at some point in Idaho, the Commission's pay was linked to the Magistrate Judges' salary, but they have since moved away from that. It's uncertain whether re-establishing this connection is feasible, especially with the recent opening for a Magistrate position starting at \$140,000. Commissioner White noted that there is significant competition for qualified attorneys, and although applications have been limited, the interview process is ongoing. Mr. Pappas asked about the Commission's funding, which primarily comes from insurance premiums. Chair Sharp confirmed that the Commission is a dedicated fund agency with specified resources. However, obtaining appropriations may be challenging for both general and dedicated funds this

legislative session. Mr. Pappas recognizes that this year is challenging and that budget reductions are essential.

### **Discussion on State Personnel Process.**

Ms. Misnick introduced herself as the Commission's Financial Officer and explained the legislative process for budget items from a broader perspective. Ms. Misnick mentioned that the agency has a healthy cash balance, but its legislative appropriation is the limit on what it can spend. Expenses for the upcoming budget year need to be planned roughly a year in advance. Ms. Misnick indicated that the FY27 budget starts on July 1, 2026, and that we would have requested the budget funding a year earlier, with a submission deadline at the end of August. This means that, for this session, it's too late for the agency to propose a budget change. We would need to consider budget items for FY28 unless a supplemental request is made, which wouldn't be reviewed until the next legislative session. Ms. Misnick indicated that most of our personnel, except for CVCP, are funded through the Industrial Administration Fund, which is primarily supported by premium tax.

Ms. Misnick explained that, without prior approval, such as a line item or Change in Employee Compensation (CEC), personnel funding remains fixed and carries over from the previous fiscal year, assuming full staffing for the upcoming budget. However, agencies are often asked by DFM to reserve budget placeholders for CECs each year, but this doesn't guarantee funding. Ms. Misnick indicated the agency must operate within our current personnel budget, which includes salary savings from turnover that need careful management. Ms. Misnick indicated that if we were to bring in a new employee above the pay range for that position using salary savings, for example, a new Referee at \$50 an hour, the agency risks being fully staffed and exceeding their personnel budget. Ms. Misnick indicated that in recent years, JFAC presentations have changed, and when the agency had line-item requests, they were approved separately from the agency's maintenance budget.

Ms. Misnick indicated that any pay adjustment or hiring action can utilize ongoing salary savings. For example, if an employee currently earns \$30 per hour and retires, and a new employee is hired at \$20 per hour, the \$10 difference can be used to fund other personnel needs. Ms. Misnick stated that the agencies have some flexibility to address personnel issues with CEC funds. She explained that employees are placed on a matrix, and their CEC amounts depend on their current comp ratio and their performance rating on that matrix. Ms. Misnick also mentioned that the unspent CEC funds could be used to address inequities. However, last year they eliminated the ability to use these funds for anything due to forecasted budget problems, so the agency can't currently use unspent CEC funds to address Referees' pay. Additionally, she noted that the HR and Fiscal departments intersect on this, as they need to review job classifications and the corresponding pay grade structures, including the policy rate, minimum, and maximum pay limits. Ms. Misnick explained that HR plays a key role: they determine the pay grade, compare it with others at the Commission, consider experience, and evaluate many other factors. It's not as simple as just increasing pay or hiring someone new at a higher salary. Raising Referee pay, say by \$4 an hour, multiplied by 2080 hours and the number of Referee positions, adds up to a substantial cost the agency can't absorb or easily fund. Ms. Misnick indicated that DHR publishes an annual report on

CEC and the state of the state workforce, comparing us to the private sector. While these reports provide a good overview of where we stand relative to the private sector, they don't offer specific guidance on the pay increases employees need. Ms. Misnick indicated it would likely be considered a line-item request, which wouldn't be funded until July 2027.

Mr. Pappas asked if the Commission had approval for six referees. Commissioner White noted that the Commission originally had four referee positions and now has five, with interviews ongoing for the two vacant roles. Chair Sharp explained that when Alan Taylor left years ago, the agency left the position vacant. In the last session, the Commission requested funding to reinstate this role due to population growth and new trends.

Mr. Vook stated that, in his understanding, Referee Schwartz went to the Office of Administrative Hearings (OAH) to perform similar work and earn substantially more. Mr. Vook asked why the agency has its own hearing officers rather than using OAH. Chair Sharp noted that OAH is not aligned with the policy objectives of the workers' compensation community, and its structure, including the Commissioners and the Referee, isn't designed for external transfer outside the agency. Chair Sharp mentioned the need to follow up with DHR to obtain the job classifications and descriptions from OAH, ensuring staff have comparable pay-grade opportunities. Chair Sharp also pointed out that although OAH conducts many hearings, it lacks the capacity to handle additional workload from another agency.

Mr. Vook asked whether there's a reason the Referee must be located in Boise and whether it's more cost-effective to have them in different parts of the state. Chair Sharp suggested that if there was office space at the field office, staffing could be done there. Mr. Vook noted that some attorneys may not want to relocate to become Referees, and opening positions in other areas might attract interested candidates. Mr. Pappas inquired whether IDOL Appeals Referees cover workers' compensation matters and whether changes in pay would affect them. The Commission confirmed that all referees are on the same pay grade and that the IDOL Appeals Referees are licensed attorneys.

Mr. Pappas inquired about the process for a line-item increase. Ms. Misnick stated that the Commission needs to meet with the Adjudication Manager to discuss the budget justification. Afterwards, they must consult the Governor's Office and DFM to get approval for the budget request, which is due by the end of August. Ms. Misnick indicated approval from the Governor's office is required before presenting the request to JFAC. After submission, line items will be separated from the agency maintenance budget. JFAC will review the line items separately from the agency's maintenance budget and examine each line item in detail, comparing it to previous years. Mr. Pappas asked whether the line item would be one-time or ongoing. Ms. Misnick responded that it would be listed as ongoing, and depending on the amount, they might request a financial analysis to confirm we can cover it. Mr. Pappas inquired whether a legislative sponsor is necessary for a line item. Ms. Misnick responded that it is not; they are simply part of the budget process. She also mentioned another alternative: a supplemental budget request, which would be about a year away and would require a more thorough review.

Commissioner White inquired about the target number they should aim for to attract candidates with 2-5 years of experience. Mr. Pappas indicated it should be in the six-figure range to attract a broader pool of candidates, potentially young professionals, and highlight the benefits of state jobs. Mr. Pappas calculated that our current Referee posting at \$39.50 amounts to about \$82,000. He also noted that Commissioners' salaries should be considered, as they are determined by statute and typically fall below those of comparable Commissioner roles. Mr. Arnold mentioned a bill that proposes linking the Commissioners' salaries to that of the Magistrate Judge. Mr. Pappas believes this connection is a positive approach. Mr. Pappas inquired about legislative representatives on the Advisory Committee on Workers' Compensation. The Commission mentioned Senator Tammy Nichols and Representative James Holtzclaw are the legislative members on the Advisory Committee. Mr. Arnold mentioned that they can contact other legislative representatives familiar with the Commission. Chair Sharp also noted the need to review the Law Clerks' long-term pay, as they start around \$32 and are experiencing retention challenges. Ms. Misnick added that raising the Referees' pay could surpass the Director's salary, which would require further discussion.

Mr. Pappas recognizes that the state's overall approach is to cut where possible, but the industry wants to maintain a strong pool of personnel and attract individuals to keep the system functioning effectively. Ms. Misnick indicated that it's unclear whether the dedicated fund agencies will be held to the same budget-cutting standards as general fund agencies.

Mr. Pappas inquired about the agency's funding mechanism, which is derived from insurance premiums. Ms. Misnick explained that the rate is established by statute, set at 2% of all workers' compensation premiums in Idaho. Mr. Pappas inquired whether the funding could be spread to raise salaries and maintain four Referee positions. Chair Sharp cautioned that if we try to spread the funding, we might risk losing the position. Ms. Misnick indicated the agency had spread the funds in prior years and had to ask for the funding back last year, and cautioned against doing so again.

### **Discussion and Recommendation on Referee Pay**

Mr. Pappas indicated the subcommittee should reconvene in 4-6 weeks and reach out to the state legislature to gauge their support and gather insights into how to proceed. Mr. Pappas will begin reaching out and report back. Mr. Arnold agrees that initiating this process earlier is wise to avoid another year of delay. Chair Sharp expressed appreciation for such prompt action. The Commission appreciated the ongoing research and indicated its goal is to remain competitive and ensure equal opportunities for candidates.

### **Adjournment**

The meeting ended at 2:23 p.m.