

Department of Legislative Services
Maryland General Assembly
2010 Session

FISCAL AND POLICY NOTE

House Joint Resolution 4 (The Speaker)(By Request - Judicial Compensation
Commission)

Appropriations

Judicial Compensation Commission - Recommendations

This joint resolution proposes increases in judicial salaries for fiscal 2011 through 2014, pursuant to the recommendation of the Judicial Compensation Commission. Salaries recommended by the commission take effect automatically unless the resolution is amended by the General Assembly to decrease the salaries or the resolution is rejected within 50 days of its introduction.

Fiscal Summary

State Effect: General fund expenditures increase by \$4.4 million in FY 2011; this increase reflects all affected salaries and fringe benefits, including State officials whose salaries are tied to judges. Out-years except for FY 2015, reflect future increases proposed in the joint resolution. Proposed FY 2015 expenditures assume no increase over FY 2014 expenditures. Revenues are not affected.

(\$ in millions)	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	4.4	4.6	4.9	5.2	5.2
Net Effect	(\$4.4)	(\$4.6)	(\$4.9)	(\$5.2)	(\$5.2)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: Minimal increase in local government expenditures in the 17 counties that tie the State's Attorney's salary to judicial salaries. Revenues are not affected.

Small Business Effect: None.

Analysis

Bill Summary: The current salaries and recommended salaries for each year are shown in **Exhibit 1**.

Exhibit 1 Current and Proposed Judicial Salaries

<u>Position</u>	<u>Current</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY2013</u>	<u>FY 2014</u>
Court of Appeals					
Chief Judge	\$181,352	\$190,463	\$200,121	\$210,358	\$221,210
Associate Judge	162,352	171,463	181,121	191,358	202,210
Court of Special Appeals					
Chief Judge	152,552	161,663	171,321	181,558	192,410
Associate Judge	149,552	158,663	168,321	178,558	189,410
Circuit Courts					
Judge	140,352	149,463	159,121	169,358	180,210
District Court					
Chief Judge	149,552	158,663	168,321	178,558	189,410
Associate Judge	127,252	136,363	146,021	156,258	167,110

Current Law: The Judicial Compensation Commission (JCC), established in 1980, is required to review judicial salaries and pensions and make recommendations to the Governor and the General Assembly once every four years. The General Assembly may amend a joint resolution from the commission to decrease, but not increase, any of the commission's salary recommendations. The General Assembly may not reduce a judge's salary below its current level. Failure to adopt or amend the joint resolution within 50 calendar days of its introduction results in adoption of the salaries recommended by the commission. If the General Assembly rejects any or all of the commission's recommendations, the affected judges' salaries remain unchanged, unless modified by other provisions of law.

General State employee salary increases apply to judges only in years in which judges' salaries are not increased in accordance with a resolution from the commission's recommendations.

The following officials have salaries that are tied to judicial salaries:

- the State Prosecutor and the Public Defender – not less than that of a circuit court judge;
- members of the Workers' Compensation Commission (WCC) – at least equal to a District Court judge, with the chair's salary being at least \$1,500 higher than the members' salaries; and
- State's Attorneys' of various counties – a percentage of a circuit or District Court judge's salary, as discussed in further detail under local expenditures.

Background: JCC formulated the salary recommendations in this proposal during the fall of 2008. The commission's recommendations were introduced in both houses during the 2009 session (HJ 2 and SJ 4), however, no further action was taken on either bill. Instead, Chapter 2 of 2009, an emergency measure, established, for the 2009 session only, that the failure of the General Assembly to act on the joint resolution of the JCC by the fiftieth day of session may not be deemed to have made effective the salary increases recommended in the resolution. In recognition of the failure to take salary action for the Judiciary, the time period for JCC's meeting schedule was altered to allow another meeting in the fall of 2009. This action aligned the schedule of JCC with the meeting schedules of the Governor's and General Assembly's compensation commissions. However, JCC did not hold a formal meeting in 2009. Instead, the members voted to resubmit the same salary recommendations that were submitted in the prior session.

State Expenditures: If the General Assembly passes the resolution as introduced or takes no action within the 50 day time period, the salary increases recommended by JCC will take effect on July 1, 2010. This joint resolution proposes that the salaries of all Maryland judges be increased over a four-year period by \$39,858 (based on a 6% annual increase of the average salary structure in the preceding year). The proposed increases are phased in over the four-year period for all judges as follows:

- \$9,111 in fiscal 2011;
- \$9,658 in fiscal 2012;
- \$10,237 in fiscal 2013; and
- \$10,852 in fiscal 2014.

Accordingly, general fund expenditures increase in fiscal 2011 by \$2,633,079 for judicial salaries and \$1,593,540 for fringe benefits, for a total of \$4,226,619.

The commission's recommendation of a \$9,111 increase for circuit court judges in fiscal 2011 also increases the salaries of the State Prosecutor and the Public Defender by that amount. Including fringe benefits, the total increase in fiscal 2011 to fund both of these salary increases is \$20,616.

The 10 members of WCC, whose salaries correspond with that of a District Court Judge, will also each receive the \$9,111 increase with the chair receiving an additional \$1,500. Accordingly, general fund expenditures increase by \$92,610 for salaries and \$11,970 for fringe benefits in fiscal 2011, a total of \$104,580.

Out-year expenditures for the Judicial Branch as well as other State agencies affected by the resolution will reflect the salary and fringe benefit costs due to the salary increases proposed for fiscal 2012-2014. By fiscal 2014 when the salary proposals are fully implemented, total general fund expenditures for the Judicial Branch as well as other State agencies affected by the resolution will increase by \$19 million. **Exhibit 2** shows the projected cost of adopting the commission's recommendations over the next five year period. Because JCC may make additional recommendations beginning with fiscal 2015 salaries, the fiscal 2015 estimate remains constant with that of fiscal 2014. The projected fiscal impact also does not factor in the costs of any additional judgeships that may be added.

Exhibit 2
Judicial Compensation Commission Salary Recommendations
Fiscal 2011-2014

<u>Total Judgeships</u>		<u>Current Salary</u>	<u>Proposed Fiscal 2011</u>	<u>Proposed Fiscal 2012</u>	<u>Proposed Fiscal 2013</u>	<u>Proposed Fiscal 2014</u>	<u>Four-year Phase-in</u>	<u>Proposed Fiscal 2015</u>
	Court of Appeals							
1	Chief Judge	\$181,352	\$190,463	\$200,121	\$210,358	\$221,210	\$39,858	\$221,210
6	Judge	162,352	171,463	181,121	191,358	202,210	39,858	202,210
	Court of Special Appeals							
1	Chief Judge	152,552	161,663	171,321	181,558	192,410	39,858	192,410
12	Judge	149,552	158,663	168,321	178,558	189,410	39,858	189,410
157	Circuit Court District Court	140,352	149,463	159,121	169,358	180,210	39,858	180,210
1	Chief Judge	149,552	158,663	168,321	178,558	189,410	39,858	189,410
111	Judge	127,252	136,363	146,021	156,258	167,110	39,858	167,110
	Average Salary	\$151,852	\$160,963	\$170,621	\$180,858	\$191,710		
	Increase at 6% ¹		\$9,111	\$9,658	\$10,237	\$10,851	\$39,858	no additional increase assumed
	Incremental Salaries ²		\$2,743,947	\$2,908,494	\$3,082,914	\$3,267,798	\$12,003,153	\$3,267,798
	Incremental Social Security (@ 1.45%)		39,787	42,173	44,702	47,383	174,046	47,383
	Incremental Pensions ³		1,568,337	1,664,105	1,765,680	1,873,676	6,871,798	1,873,676
	Incremental Fiscal Impact		\$4,352,071	\$4,614,772	\$4,893,296	\$5,188,858	\$19,048,997	\$5,188,858

¹Increase per judge; based on average salary of prior year's judicial salary structure.

²Includes salary increases for Public Defender, State Prosecutor, and members of Workers Compensation Commission, whose salaries are tied to judicial salaries. Does not include incremental costs for States Attorneys, whose salaries are also tied to judicial salaries but are funded locally.

³59.07% pension rate for judges. 11.69%, 13.12%, 14.52%, and 16.09% pension rates in fiscal 2011-2014, respectively, for all other State employees.

Note: Average salary is based on the current salary structure for each level of court, not the weighted average of all judges.

Local Expenditures: Minimum salaries of State’s Attorneys in 17 counties are tied to the salaries of judges. Those counties and the relationships are as listed follows in **Exhibit 3:**

Exhibit 3
Local State’s Attorneys’ Salaries

<u>County</u>	<u>Percentage of Judge’s Salary*</u>
Allegany	100%
Anne Arundel ¹	100%
Calvert	90%
Caroline	80%
Carroll	80%
Cecil	95%
Charles ²	100%
Dorchester	80%
Frederick	100%
Howard	100%
Kent	80%
Queen Anne’s	100%
St. Mary’s	90%
Talbot	80%
Washington	90%
Wicomico	90%
Worcester	90%

*Percentage of a District Court judge’s salary, unless otherwise specified.

¹Percentage of a circuit court judge’s salary as of December 31, 2002.

²Percentage of a circuit court judge’s salary.

Salaries for State’s Attorney’s in the remaining seven jurisdictions (Baltimore City and the counties of Baltimore, Garrett, Harford, Montgomery, Prince George’s, and Somerset) are either set locally or specified in State law and are not tied to judicial salaries.

Additional Information

Prior Introductions: SJ 4 of 2009 and its cross file HJ 2, were introduced but no further action was taken.

Cross File: SJ 4 (The President)(By Request - Judicial Compensation Commission) - Budget and Taxation.

Information Source(s): Judiciary (Administrative Office of the Courts), Mercer Human Resources Consulting, Maryland State Retirement Agency, Department of Legislative Services

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