

Department of Legislative Services
 Maryland General Assembly
 2012 Session

FISCAL AND POLICY NOTE
Revised

Senate Joint Resolution 3 (Chair, Budget and Taxation Committee)(By Request -
 Judicial Compensation Commission)

Budget and Taxation and Judicial Proceedings

Appropriations

Judicial Compensation Commission - Recommendations

This joint resolution proposes that judicial salaries remain at current levels in fiscal 2013 and increase for fiscal 2014 through 2016. Salaries originally recommended by the Judicial Compensation 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. The fiftieth-day deadline for passage by both the Senate and the House is March 14, 2012.

Fiscal Summary

State Effect: General fund expenditures increase by \$886,800 in FY 2014; this increase reflects all affected salaries and fringe benefits, including State officials whose salaries are tied to judges. Out-years reflect future increases proposed in the joint resolution over current salary amounts. Proposed FY 2017 expenditures assume no increase over FY 2016 expenditures. Revenues are not affected.

(\$ in millions)	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	0	0.9	3.2	5.5	5.5
Net Effect	\$0	(\$0.9)	(\$3.2)	(\$5.5)	(\$5.5)

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 2013¹</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>%Change FY 2013-2016</u>
Court of Appeals						
Chief Judge	\$181,352	\$184,979	\$185,908	\$190,600	\$195,433	+ 6%
Associate Judge	162,352	165,599	166,908	171,600	176,433	+ 7%
Court of Special Appeals						
Chief Judge	152,552	155,603	157,108	161,800	166,633	+ 7%
Associate Judge	149,552	152,543	154,108	158,800	163,633	+ 7%
Circuit Court	140,352	143,159	144,908	149,600	154,433	+ 8%
District Court						
Chief Judge	149,552	152,543	154,108	158,800	163,633	+ 7%
Associate Judge	127,252	129,797	131,808	136,500	141,333	+ 9%

¹These amounts represent salaries as of January 1, 2013, which includes a 2% cost-of-living adjustment.

Source: Department of Legislative Services

Current Law: The Judicial Compensation Commission, 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: The last salary increase for judges was generated by a four-year phased-in salary plan that was recommended by the commission in 2005 and implemented after the General Assembly did not adopt or amend the joint resolution containing the salary plan within 50 days after its introduction. Although the commission made recommendations for a four-year, phased-in salary plan in the 2009 and 2010 sessions, these recommendations were not adopted.

The commission met two times in 2011 to consider salary recommendations. The commission finalized its recommendations in October 2011 to increase judicial salaries as shown in **Exhibit 2**.

Exhibit 2
Judicial Compensation Commission Salary Recommendations

<u>Position</u>	<u>Current/¹ FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY2016</u>	<u>% Change FY 2013-16</u>
Court of Appeals					
Chief Judge	\$181,352	\$190,463	\$200,121	\$210,358	+ 16%
Associate Judge	162,352	171,463	181,121	191,358	+ 18%
Court of Special Appeals					
Chief Judge	152,552	161,663	171,321	181,558	+19%
Associate Judge	149,552	158,663	168,321	178,558	+19%
Circuit Courts					
Judge	140,352	149,463	159,121	169,358	+21%
District Court					
Chief Judge	149,552	158,663	168,321	178,558	+19%
Associate Judge	127,252	136,363	146,021	156,258	+23%

¹Represents salaries as of when the commission originally submitted recommendations, prior to the General Assembly adopting a 2% cost-of-living adjustment for State employees.

State Expenditures: Because the General Assembly passed the resolution as amended within the 50-day time period, the salary increases originally recommended by the commission and shown in Exhibit 2 will not take effect. In addition, because the judges are not receiving a salary increase in fiscal 2013 as part of the commission's recommendations, they receive the 2% cost-of-living adjustment (COLA) effective January 1, 2013, for all State employees. Therefore, although the commission originally recommended, and the General Assembly subsequently amended, a resolution that increased judicial salaries by the same dollar amount at each level of the court over a four-year period, the COLA will impact salaries at each judicial level by a different amount as shown in **Exhibit 3**. Salaries will increase in fiscal 2014 by the following amounts: (1) \$929 for the Chief Judge of the Court of Appeals; (2) \$1,309 for associate judges of the Court of Appeals; (3) \$1,505 for the Chief Judge of the Court of Special Appeals; (4) \$1,565 for associate judges of the Court of Special Appeals and the Chief Judge of the District Court; (5) \$1,749 for circuit court judges; and (6) \$2,011 for District Court judges. The proposed increases are further phased in for all judges as follows:

- \$4,692 in fiscal 2015; and
- \$4,833 in fiscal 2016.

Accordingly, general fund expenditures increase in fiscal 2014 by \$859,413 for judicial salaries and fringe benefits.

The \$1,749 increase for circuit court judges in fiscal 2014 also increases the salaries of the State Prosecutor and the Public Defender by that amount. Including fringe benefits, the total increase in fiscal 2014 to fund both of these salary increases is \$4,050.

The 10 members of WCC, whose salaries correspond with that of a District Court Judge, will also each receive the \$2,011 increase. Accordingly, general fund expenditures increase by \$23,290 in fiscal 2014 for salaries and benefits.

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 2015 and 2016. By fiscal 2016, 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 \$5.5 million. Because the Judicial Compensation Commission may make additional recommendations, the fiscal 2017 estimate remains constant with that of fiscal 2016. The projected fiscal impact also does not factor in the costs of any additional judgeships that may be added.

Exhibit 3
Senate Joint Resolution 3 Salary Recommendations
Fiscal 2013-2016

<u>Total</u> <u>Judgeships</u>		<u>Current</u> <u>Salary</u>	<u>Proposed</u> <u>FY 2013¹</u>	<u>Proposed</u> <u>FY 2014</u>	<u>Proposed</u> <u>FY 2015</u>	<u>Proposed</u> <u>FY 2016</u>	<u>Phase-in</u>	<u>Projected</u> <u>FY 2017</u>
	Court of Appeals							
1	Chief Judge	\$181,352	\$184,979	\$185,908	\$190,600	\$195,433	\$10,454	\$195,433
6	Judge	162,352	165,599	166,908	171,600	176,433	10,834	176,433
	Court of Special Appeals							
1	Chief Judge	152,552	155,603	157,108	161,800	166,633	11,030	166,633
12	Judge	149,552	152,543	154,108	158,800	163,633	11,090	163,633
157	Circuit Court	140,352	143,159	144,908	149,600	154,433	11,274	154,433
	District Court							
1	Chief Judge	149,552	152,543	154,108	158,800	163,633	11,090	163,633
111	Judge	127,252	129,797	131,808	136,500	141,333	11,536	141,333
	Average Salary	151,852	154,889	156,408	161,100	165,933		
	Increase at 3% ²		0	4,556	4,692	4,833	Varies	0
	Incremental Salaries ³		0	552,055	1,412,292	1,454,733	3,419,080	0
	Incremental Social Security (@ 1.45%)		0	8,004	20,479	21,094	49,577	0
	Incremental Pensions ⁴		0	326,694	837,679	862,852	2,027,225	0
	Incremental Fiscal Impact		\$0	\$886,753	\$2,270,450	\$2,338,679	\$5,495,882	\$0

¹This represents base salaries as of January 1, 2013.

²Increase per judge; based on average salary of prior year's judicial salary structure. For fiscal 2014, the increase is based on the average salary of the current judicial salary structure.

³Includes 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.

⁴61.18% pension rate for judges. 14.36% pension rate 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.

Source: Cheiron – Actuary to State Retirement Pension System; Social Security Administration

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 in **Exhibit 4**.

Exhibit 4
Local State’s Attorneys’ Salaries

<u>County</u>	<u>Percentage of Judge’s Salary*</u>
Allegany	90%
Anne Arundel ¹	100%
Calvert	90%
Caroline	80%
Carroll	80%
Cecil	95%
Charles ²	100%
Dorchester	80%
Frederick ²	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 Baltimore, Garrett, Harford, Montgomery, Prince George’s, and Somerset counties) are either set locally or specified in State law and are not tied to judicial salaries.

Additional Information

Prior Introductions: None.

Cross File: HJ 4 (The Speaker)(By Request - Judicial Compensation Commission) - Appropriations.

Information Source(s): Judiciary (Administrative Office of the Courts), Department of Legislative Services

Fiscal Note History: First Reader - February 6, 2012
mc/kdm Revised - Senate Third Reader - March 8, 2012
Revised - Updated Budget Information - May 22, 2012

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