

**Department of Legislative Services**  
 Maryland General Assembly  
 2018 Session

**FISCAL AND POLICY NOTE**  
**Third Reader - Revised**

House Joint Resolution 3      (The Speaker)(By Request)  
 Appropriations

Budget and Taxation

**Judicial Compensation Commission - Recommendations**

This joint resolution proposes that judicial salaries increase by \$5,000 annually in fiscal 2019 through 2022. Salaries originally recommended by the Judicial Compensation Commission take effect automatically unless the resolution is adopted or amended by the General Assembly within 50 days of its introduction.

**Fiscal Summary**

**State Effect:** General fund expenditures increase by \$2.3 million in FY 2019. The Judiciary’s proposed FY 2019 budget includes \$5.6 million for this purpose, based on the original recommendations of the commission. Out-years reflect future increases proposed in the joint resolution over current salary amounts. Proposed FY 2023 expenditures assume no increase over FY 2022 expenditures. Revenues are not affected.

(\$ in millions)	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	2.3	4.7	7.0	9.4	9.4
Net Effect	(\$2.3)	(\$4.7)	(\$7.0)	(\$9.4)	(\$9.4)

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

**Local Effect:** Minimal increase in local government expenditures in the 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**.

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### Exhibit 1 Current and Proposed Judicial Salaries

<u>Position</u>	<u>Current</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>
<b>Court of Appeals</b>					
Chief Judge	\$195,433	\$200,433	\$205,433	\$210,433	\$215,433
Associate Judge	176,433	181,433	186,433	191,433	196,433
<b>Court of Special Appeals</b>					
Chief Judge	166,633	171,633	176,633	181,633	186,633
Associate Judge	163,633	168,633	173,633	178,633	183,633
<b>Circuit Courts</b>					
Judge	154,433	159,433	164,433	169,433	174,433
<b>District Court</b>					
Chief Judge	163,633	168,633	173,633	178,633	183,633
Associate Judge	141,333	146,333	151,333	156,333	161,333

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**Current Law:** The Judicial Compensation Commission, established in 1980, is required to review judicial salaries 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:** Salaries for judges were last increased by Senate Joint Resolution 3 in 2012, which phased in a \$14,081 increase for all judges between fiscal 2014 and 2016. Although the commission also met in 2013, it did not recommend salary increases at that time. Accordingly, judicial salaries have remained unchanged since fiscal 2016.

The commission met two times in 2017 to consider salary recommendations. The commission finalized its recommendations in December 2017 to increase judicial salaries by \$35,000 over a four-year period as follows:

- \$10,000 in fiscal 2019;
- \$10,000 in fiscal 2020;
- \$7,500 in fiscal 2021; and
- \$7,500 in fiscal 2022.

**State Expenditures:** If the General Assembly passes the resolution as originally introduced or takes no additional action within the 50-day time period, the salary increases recommended by the commission take effect on July 1, 2018, resulting in a general fund expenditure increase of \$5,243,159 in fiscal 2019. This amended joint resolution proposes that the salaries of all Maryland judges be increased over a four-year period by \$20,000 (\$5,000 per year), resulting in a general fund expenditure increase of \$2,291,580 in fiscal 2019. While the proposal primarily increases expenditures for the Judiciary, other State agencies are impacted as discussed below.

### *Judiciary*

This joint resolution proposes that the salaries of all Maryland judges (313) be increased over a four-year period by \$20,000 (\$5,000 each year).

General fund expenditures increase by \$1,627,693 to account for increased salaries and fringe benefits. In addition to this impact, the Judiciary consistently relies on using retired judges to supplement current resources. The resolution also impacts the cost of using these

recalled judges, whose compensation is based on existing judicial salaries pursuant to statute. Based on the Judiciary's utilization of retired judges, the resolution is expected to increase costs by \$219,224 in fiscal 2019. Although magistrate compensation is not under the purview of the commission, the Judiciary's internal policy sets magistrate salaries at no less than 90% of a District Court judge's salary. Accordingly, expenditures also increase by \$372,201 in fiscal 2019 for increased compensation for magistrates. In total, general fund expenditures for the Judiciary increase in fiscal 2019 by \$2,219,117 for judicial and magistrate salaries, increased compensation for the use of retired judges, and fringe benefits.

#### *Other Impacted Agencies*

The \$5,000 salary increase for circuit court judges in fiscal 2019 also increases the salaries of the State Prosecutor and the Public Defender by that amount. Including fringe benefits, the total increase in fiscal 2019 to fund both of these salary increases is \$12,077.

The 10 members of WCC, whose salaries correspond with that of a District Court judge, will also each receive the \$5,000 increase. Accordingly, general fund expenditures increase by \$60,385 in fiscal 2019 for salaries and benefits.

#### *Out-year Expenditures*

Out-year expenditures for the Judicial Branch, as well as other State agencies affected by the resolution, reflect the salary and fringe benefit costs (including pensions) due to the salary increases proposed through fiscal 2022. By fiscal 2022, when salaries are fully implemented, total general fund expenditures for the Judiciary, as well as other State agencies affected by the resolution, increase by \$9,377,790. **Exhibit 2** shows the projected cost of the amended resolution over the next four years. Because the Judicial Compensation Commission may make additional recommendations, the fiscal 2023 estimate remains constant with that of fiscal 2022 and is not shown separately in the exhibit. The projected fiscal impact also does not factor in the costs of any additional judgeships that may be added.

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**Exhibit 2**  
**Incremental Impact of Judicial Compensation Commission Recommendations**  
**Fiscal 2019-2022**

	<b><u>Proposed</u></b> <b><u>FY 2019</u></b>	<b><u>Proposed</u></b> <b><u>FY 2020</u></b>	<b><u>Proposed</u></b> <b><u>FY 2021</u></b>	<b><u>Proposed</u></b> <b><u>FY 2022</u></b>
Salaries <sup>1</sup>	\$1,625,000	\$1,625,000	\$1,625,000	\$1,625,000
Social Security	23,563	23,563	23,563	23,563
Pensions <sup>2</sup>	51,592	101,592	111,592	101,592
Compensation for magistrates <sup>3</sup>	372,201	393,822	387,127	387,127
Compensation for senior judges <sup>4</sup>	219,224	219,224	219,224	219,224
<b>Annual Incremental Total</b>	<b>\$2,291,580</b>	<b>\$2,363,200</b>	<b>\$2,366,505</b>	<b>\$2,356,505</b>
<b>Cumulative Impact</b>		<b>\$4,654,780</b>	<b>\$7,021,285</b>	<b>\$9,377,790</b>

<sup>1</sup>Includes salary increases for the Public Defender, State Prosecutor, and members of the Workers' Compensation Commission. Does not include incremental costs for State's attorneys, whose salaries are also tied to judicial salaries but are funded locally.

<sup>2</sup>Impact on judicial pensions is based on an actuarial estimate prepared based on the recommended salary increases. The contribution rate for regular employees is assumed to be 19.32%.

<sup>3</sup>The Judiciary's budget request for fiscal 2019 includes these funds based on internal branch policy. Magistrate compensation is not under the purview of the Judicial Compensation Commission, but the request arises directly from the recommendation.

<sup>4</sup>Compensation for recalled judges is tied to judicial salaries by statute.

Source: Bolton Partners, Inc.; Maryland Judiciary; Department of Legislative Services

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*State Pension Liabilities*

State pension liabilities, which are reflected in the numbers above, increase only minimally because the judicial salary increases in the amended resolution are generally consistent with existing actuarial assumptions regarding future judicial compensation levels, and therefore have already been accounted for actuarially. As a result, there is only a negligible increase in annual State pension contributions resulting from the resolution, as amended.

**Local Expenditures:** Minimum salaries of State's Attorneys in 16 counties are tied to the salaries of judges. Those counties and the relationships are as listed in **Exhibit 3**. Salaries for State's Attorneys in the remaining jurisdictions are either set locally or specified in State law and are not tied to judicial salaries.

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**Exhibit 3**  
**Local State's Attorneys' Salaries**

<b><u>County</u></b>	<b><u>Percentage of Judge's Salary*</u></b>
Allegany	90%
Calvert	90%
Caroline	80%
Carroll	80% <sup>1</sup>
Cecil	95%
Charles <sup>2</sup>	100%
Dorchester	80%
Harford	100% <sup>2</sup>
Howard	100%
Kent	80%
Queen Anne's	100%
St. Mary's	100% <sup>2,3</sup>
Talbot	80%
Washington	90%
Wicomico	90%
Worcester	90%

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

<sup>1</sup>80% through December 3, 2018; 90% beginning December 4, 2018; and 100% beginning December 3, 2019.

<sup>2</sup>Beginning with the next term of office.

<sup>3</sup>Percentage of a circuit court judge's salary.

Source: Department of Legislative Services

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**Additional Information**

**Prior Introductions:** None.

**Cross File:** SJ 5 (Chair, Judicial Proceedings Committee)(By Request - Judicial Compensation Commission) - Budget and Taxation.

**Information Source(s):** Judiciary (Administrative Office of the Courts); Bolton Partners, Inc.; Department of Legislative Services

**Fiscal Note History:** First Reader - February 6, 2018  
md/kdm Third Reader - March 6, 2018  
Revised - Amendment(s) - March 6, 2018

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