

Department of Legislative Services
Maryland General Assembly
2022 Session

FISCAL AND POLICY NOTE
First Reader

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

Judicial Compensation Commission - Recommendations

This joint resolution proposes that judicial salaries increase for fiscal 2023 through 2026, pursuant to the recommendation of the Judicial Compensation Commission. Salaries recommended by the 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 \$5.9 million in FY 2023. The Judiciary's proposed FY 2023 budget includes sufficient funding for this purpose, as discussed below. Out-years reflect future increases proposed in the joint resolution over current salary amounts. FY 2027 expenditures assume no additional salary increases after FY 2026. Revenues are not affected.

(\$ in millions)	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	5.9	18.2	24.2	30.1	30.2
Net Effect	(\$5.9)	(\$18.2)	(\$24.2)	(\$30.1)	(\$30.2)

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 salaries of local officials 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 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>	<u>FY 2026</u>
Court of Appeals					
Chief Judge	\$215,433	\$225,433	\$235,433	\$245,433	\$255,433
Associate Judge	196,433	206,433	216,433	226,433	236,433
Court of Special Appeals					
Chief Judge	186,633	196,633	206,633	216,633	226,633
Associate Judge	183,633	193,633	203,633	213,633	223,633
Circuit Courts					
Judge	174,433	184,433	194,433	204,433	214,433
District Court					
Chief Judge	183,633	193,633	203,633	213,633	223,633
Associate Judge	161,333	171,333	181,333	191,333	201,333

Source: Department of Legislative Services

Current Law/Background: 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
- local officials of various counties – for example, numerous State’s Attorneys have salaries that are set at a percentage of a circuit or District Court judge’s salary.

Salaries for judges were last increased by Joint Resolution 3 in 2018, which phased in a \$20,000 increase for all judges between fiscal 2019 and 2022. The commission met two times in 2021 to consider salary recommendations and finalized its recommendations to increase judicial salaries as specified in this resolution in December 2021.

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 the commission take effect on July 1, 2022, resulting in a general fund expenditure increase of \$5,890,366 in fiscal 2023. 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 (320) be increased over a four-year period by \$40,000 (\$10,000 per judge per year).

General fund expenditures increase by \$5,743,810 to account for increased salaries and fringe benefits. In addition to the impact from higher judicial salaries for sitting judges, the Judiciary consistently relies on using retired judges to supplement current resources. The commission’s proposal 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, it advises that the proposal is expected to increase costs by \$981,049 in fiscal 2023 (reflected in the total shown above). 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, the expenditure increase above includes increased compensation for magistrates. The Judiciary’s proposed fiscal 2023 budget was submitted prior to the commission’s final recommendations and includes \$18.4 million to fund salary increases, based on an assumed \$35,000 increase per judge in fiscal 2023. Accordingly, the proposed fiscal 2023 budget contains more than sufficient funding for the increases reflected in the resolution.

Other Impacted Agencies

The commission's recommendation of a \$10,000 increase for circuit court judges in fiscal 2023 also increases the salaries of the State Prosecutor and the Public Defender by that amount. Including fringe benefits, the total increase in fiscal 2023 to fund both of these salary increases is \$24,426.

The 10 members of WCC, whose salaries correspond with that of a District Court judge, will also each receive the \$10,000 increase. Accordingly, general fund expenditures increase by \$122,130 in fiscal 2023 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 due to the salary increases proposed through fiscal 2026. A large impact of this effect (\$7.1 million) first occurs in fiscal 2024, the first year in which contribution rates for the judicial retirement system will be recalibrated to reflect the new compensation plan. By fiscal 2026, when the salary proposals are fully implemented, total general fund expenditures for the Judiciary as well as other State agencies affected by the resolution increase by \$30.1 million. **Exhibit 2** shows the projected cost of adopting the commission's recommendations over the next four-year period. Because the Judicial Compensation Commission may make additional recommendations, the fiscal 2027 estimate generally remains constant with that of fiscal 2026 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.

Exhibit 2
Fiscal Impact of Judicial Compensation Commission Recommendations

	<u>Total Judgeships</u>	<u>Current Salary</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>	<u>FY 2026</u>
Court of Appeals						
Chief Judge	1	\$215,433	\$225,433	\$235,433	\$245,433	\$255,433
Associate Judge	6	196,433	206,433	216,433	226,433	236,433
Court of Special Appeals						
Chief Judge	1	186,633	196,633	206,633	216,633	226,633
Associate Judge	14	183,633	193,633	203,633	213,633	223,633
Circuit Court	174	174,433	184,433	194,433	204,433	214,433
District Court						
Chief Judge	1	183,633	193,633	203,633	213,633	223,633
Associate Judge	123	161,333	171,333	181,333	191,333	201,333
Magistrate	77	145,200	154,200	163,200	172,200	181,200
Incremental Salaries ⁽¹⁾			4,013,000	4,013,000	4,013,000	4,013,000
Incremental Medicare at 1.45%			58,189	58,189	58,189	58,189
Incremental Pensions for Non-Judge Employees			168,128	160,568	152,925	144,877
Incremental Pensions – Judges ⁽²⁾			670,000	7,120,000	810,000	710,000
Incremental Compensation for Senior/Recalled Judges ⁽³⁾			981,049	981,049	981,049	981,049
Incremental Fiscal Impact			\$5,890,366	\$12,332,805	\$6,015,163	\$5,907,114
Cumulative Fiscal Impact			\$5,890,366	\$18,215,610	\$24,215,488	\$30,098,456

⁽¹⁾ Includes salary increases for the Public Defender, State Prosecutor, and members of the Workers' Compensation Commission, whose salaries are tied by statute to judicial salaries. Does not include costs for any local officials whose salaries are tied to judicial salaries but are funded locally. Also includes salary increases for magistrates, whose compensation is not under the purview of the Judicial Compensation Commission but have salaries tied to the salary of a District Court judge based on Judiciary policy.

⁽²⁾ Impact on judicial pensions is based on an actuarial estimate prepared based on the recommended salary increases.

⁽³⁾ Compensation for senior/recalled judges is tied to judicial salaries by statute.

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

Local Expenditures: Minimum salaries of local officials (mostly State’s Attorneys) in numerous counties are directly or indirectly tied to the salaries of judges (generally that of a District Court Judge). Salary expenditures accordingly increase in such jurisdictions to reflect the increased compensation for judges.

Additional Information

Prior Introductions: None.

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

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

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