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FISCAL IMPACT REPORT

SPONSOR Cervantes ORIGINAL DATE 2/11/2020
LAST UPDATED _____ HB _____
SHORT TITLE Supreme Court Justice Salaries SB 280
ANALYST Dick-Peddie

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY20	FY21	FY22	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		\$ 10,451.93	\$10,451.93	\$20903.85	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to Appropriation in the General Appropriation Act

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico Attorney General (NMAG)

Public Employees Retirement Association of New Mexico (PERA)

No Response Received

Administrative Office of the Courts (AOC)

Administrative Office of the District Attorneys (AODA)

New Mexico Supreme Court

State Personnel Office (SPO)

SUMMARY

Synopsis of Bill

Senate Bill 280 proposes to amend NMSA 1978, §§ 34-1-9 of the Court Structure and Administration Act by mandating that justices of the state supreme court be compensated at a salary equal to the annual salary received by New Mexico federal district court judges.

Subparagraph E also proposes that the annual salary for state justices, judges, and magistrates for fiscal year 1995 and all subsequent fiscal years be “provided” by the legislature in an appropriations act.

There is no effective date of this bill. It is assumed that the effective date is 90 days following adjournment of the Legislature.

FISCAL IMPLICATIONS

Senate Bill 280 would increase the annual salary of New Mexico Supreme Court justices from the current rate of \$148.2 thousand, to that of a New Mexico federal district court judge, \$210.9 thousand. The raise would result in all judge salaries increasing, as district, metro, and magistrate court judge salaries are statutorily tied to the Supreme Court salaries. The Chief Justice of the Supreme Court, as well as chief judges of district courts will continue to receive a \$2,000 differential.

SB280 would increase a Supreme Court Justice salary by \$60.1 thousand annually, or about 40 percent. With five Supreme Court justices, the recurring increase for the Supreme Court would cost about \$316.5 thousand. Court of appeals judges are statutorily set at 95 percent of a Supreme Court Justice salary, increasing the salary of each the 10 court of appeals judges from 142.6 thousand to \$200 thousand a year. Most notably, if Senate Bill 280 were enacted, magistrate court judge salaries would increase from \$95.3 thousand annually to \$137 thousand annually. Magistrate judges need only a high school education or equivalent to serve under 35-2-1 NMSA 1978.

The table below demonstrates the salary increases of all judges according to the provisions in SB280, resulting in a total recurring cost of \$10.45 million.

Judicial Salary Breakdown (in thousands of dollars)						
Judicial Agency	Current Salary	SB 280 Salary	Dollar Increase	% Increase	Number of Judges	Total Recurring Increase
Chief Justice Supreme Court	\$ 150.80	\$ 210.90	\$ 60.10	40%	1	\$ 60.10
Supreme Court Justice	\$ 148.80	\$ 212.90	\$ 64.10	43%	4	\$ 256.40
Chief Judge Court of Appeals	\$ 142.70	\$ 202.50	\$ 59.80	42%	1	\$ 59.80
Court of Appeals Judge	\$ 140.80	\$ 200.50	\$ 59.70	42%	9	\$ 537.30
Chief District Court Judge	\$ 135.60	\$ 194.38	\$ 58.78	43%	13	\$ 764.08
District Court Judge	\$ 133.80	\$ 192.38	\$ 58.58	44%	83	\$ 4,862.14
Chief Metro Judge	\$ 128.80	\$ 184.76	\$ 55.96	43%	1	\$ 55.96
Metro Judge	\$ 127.10	\$ 182.76	\$ 55.66	44%	19	\$ 1,057.56
Magistrate Judge	\$ 95.30	\$ 137.07	\$ 41.77	44%	67	\$ 2,798.59
TOTAL						\$ 10,451.93

SIGNIFICANT ISSUES

The 2019 Judicial Compensation Commission report recommended an 8 percent increase for judges in FY20, significantly less than the 40 percent increase included in SB 280. The Committee Substitute for House Bills 2 and 3 includes 3 percent salary increases for judges in the base budget of each court, as well as a 3 percent overall increase for state employees, resulting in a total salary increase of 6 percent for judges.

The Association of District Attorneys released a statement in January 2020 requesting that district attorney salaries be raised at the same rate as judge salaries, to improve recruitment and

retention. It is unclear if salary increases provided for in SB280 would affect the district attorney's request. AODA did not submit a response to SB280 on behalf of the district attorneys or the association.

PERA submitted the following regarding the effect of SB280 on judicial retirement:

State Supreme Court Justices are members of the Judicial Retirement Fund. For the year ending June 30, 2019, the Judicial Retirement Fund has a funded ratio of 55.1 percent and is projected to become insolvent by the year 2049. Pension benefits are calculated using a formula that includes a justice's final average salary. Increasing the salaries of participating members of the Judicial Retirement Fund will necessarily result in higher retirement benefits and increased liabilities to the underfunded Judicial Retirement Fund.

Additionally, the sudden and steep increase of judge salaries could result in compaction of salaries for other court staff, judicial agencies, and elected officials. The proposed salary for even district court judges would surpass the salaries of the New Mexico Attorney General (approximately \$109 thousand), the Secretary of State (\$97.7 thousand) and the Governor's salary of \$110 thousand. The 40 percent increase in judge pay would also be in stark contrast to the proposed 3 percent pay raise for all other state employees.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

The annual salaries of State Supreme Court Justices will continue to be set by the New Mexico state legislature.

ADP/rl/sb