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FISCAL IMPACT REPORT

ORIGINAL DATE 02/12/2020

SPONSOR Cervantes LAST UPDATED _____ HB _____

SHORT TITLE Supreme Court Justice Salaries, CA SJR 11

ANALYST Dick-Peddie

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY20	FY21	FY22	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total			\$10,435.93	\$10,560.93	Recurring	General Fund
		\$125.0-\$150.0			Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to Appropriation in the General Appropriation Act
Relates to Senate Bill 280

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico Attorney General (NMAG)
Secretary of State (SOS)
Administrative Office of the Courts (AOC)

No Response Received

Administrative Office of the District Attorneys (AODA)
New Mexico Supreme Court
State Personnel Office (SPO)
Public Employee Retirement Association (PERA)

SUMMARY

Synopsis of Bill

Senate Joint Resolution 11 proposes a constitutional amendment to set the salary of the chief justice of the Supreme Court to be equal to the salary of a federal district court judge for the previous fiscal year as provided by law.

The FY21 column in the Estimated Additional Operating Budget Impact Table reflects the cost of producing the constitutional amendment. The FY22 column reflects the total recurring increase shown in the table above, assuming voters approve the amendment in calendar year 2020 when courts are preparing fiscal year 2022 budgets.

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 SJR11. The Committee Substitute for House Bills 2&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 SJR11 would affect the district attorney's request. AODA did not submit a response to SJR11 on behalf of the district attorneys or the association.

PERA did not submit a response to SJR11, but submitted the following impact statement for similar legislation:

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.

RELATIONSHIP

Relates to Senate Bill 280, which amends NMSA 1978, §§ 34-1-9 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.

TECHNICAL ISSUES

As mentioned in the fiscal impact section, it is unclear if SJR11 intends to change the pay differential provided for the chief justice of the New Mexico Supreme Court currently provided for in statute.

The New Mexico Attorney General also noted that language included in SJR11 setting the chief

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justice salary to “equal to the salary of a federal district court judge for the previous fiscal year as provided by law” is unclear.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

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

ADP/sb