

Legislative Analysis



REVISE JUDICIAL COMPENSATION CALCULATIONS

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Senate Bill 56 as reported by House Appropriations Committee

Sponsor: Sen. Rick Jones

House Committee: Appropriations

Senate Committee: Judiciary

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Complete to 1-27-16

SUMMARY:

The House Substitute for Senate Bill 56 would amend the Revised Judicature Act of 1961 to change the way salaries for Court of Appeals, circuit, probate, and district court judges are calculated. Under the bill, salaries would be equal to a percentage of the salary of a Supreme Court justice as of December 31, 2015, plus an amount equal to that amount multiplied by the compounded aggregate percentage pay increases, excluding lump sum payments, paid to civil service non-exclusively represented employees (NEREs) classified as executives and administrators on or after January 1, 2016. The bill would take effect on the same date as the effective date of the pay increases paid to NEREs, and could not be based on any pay increases paid to NEREs before January 1, 2016. NERE pay adjustments are determined by the Michigan Civil Service Commission.

Currently, under the Revised Judicature Act of 1961, salaries for Court of Appeals, circuit, probate, and district court judges, MCLs 600.304, 600.555, 600.821, and 600.8202 respectively, are based on a percentage of the salary paid to Supreme Court justices. Under the Michigan Constitution, Article IV, Section 12, the State Officers' Compensation Commission (SOCC) determines Supreme Court justices' salaries. Salary increases for Supreme Court justices have not been approved since 2002. SOCC recommended pay increases for justices in 2011 and 2013, but the legislature did not approve those recommendations. SOCC has recommended a 3% increase for Supreme Court justices in 2017 and a 3% increase in 2018. In order for these recommendations to take effect, they must be approved by a majority vote of each legislative body prior to February 1, 2016.

Below is a table which outlines current judicial salaries:

<u>Court</u>	<u>% of Justice Salary</u>	<u>Salary</u>
Supreme Court Justices		\$164,610
Court of Appeals Judges	92	\$151,441
Circuit/Probate Court Judges	85	\$139,919
District Court Judges	84	\$138,272

FISCAL IMPACT:

The bill would have an indeterminate fiscal impact on the state. The fiscal impact would depend primarily on two things: 1) the amount of the annual NERE adjustments; and 2) the

total number of judges. NERE adjustments may or may not occur annually and judicial resources may be either increased or decreased.

Judicial salaries have not increased under the SOCC-driven process since 2002, but for the purposes of discussion, the next two tables provide compensation information for the past five fiscal years had Senate Bill 56 been enacted into law and made effective beginning with FY 2011-12.

NERE adjustments for the past five fiscal years have been as follows:

<u>Fiscal Year</u>	<u>Adjustment</u>
2011-12	0%
2012-13	3%
2013-14	1%
2014-15	2%
2015-16	2%

Judges' salary amounts including the NERE adjustments would have been as follows (current salaries are at the FY 2011-12 levels):

<u>Fiscal Year</u>	<u>Court of Appeals</u>	<u>Circuit/Probate</u>	<u>District</u>
2011-12	\$151,441	\$139,919	\$138,272
2012-13	\$155,984	\$144,117	\$142,420
2013-14	\$157,544	\$145,558	\$143,844
2014-15	\$160,695	\$148,469	\$146,721
2015-16	\$163,909	\$151,438	\$149,655

Below is a comparison of total costs to the state for current salaries and salaries that include the 2% increase granted to NEREs in FY 2015-16 (includes associated Social Security and retirement costs):

	<u>Number of Judges</u>	<u>FY 2015-16 Actual Salary Costs</u>	<u>FY 2015-16 Salary Costs with 2% Increase</u>
Court of Appeals Judges	27	\$ 4,575,544	\$ 4,663,087
Circuit Court Judges	213	\$33,468,752	\$34,106,828
Probate Court Judges	102	\$16,027,290	\$16,332,847
District Court Judges	240	<u>\$37,288,122</u>	<u>\$37,998,619</u>
Total Costs:		\$91,359,708	\$93,101,381
Difference:			\$1,741,673

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.