



Supreme Court of New Mexico
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Judicial Compensation Commission

2008 Report to the

Legislative Finance Committee

and the

Department of Finance and Administration

September 1, 2008



Introduction

In 2004, the Legislature enacted Senate Bill 263 creating the Judicial Compensation Commission, an independent six-member Commission charged with recommending to the Legislative Finance Committee and the Department of Finance and Administration a compensation and benefits plan for New Mexico judges.

The Commission is comprised of:

Leo M. Romero, Interim Dean of the University of New Mexico School of Law, statutorily designated as the chair of the Commission;

Jackie Baca, President, Bueno Foods, appointed by the Governor of New Mexico;

Tom Brown, Tom Brown Consulting, appointed by the President Pro Tempore of the New Mexico Senate;

Sam Sanchez, Eighth Judicial District Judge, appointed by the Speaker of the New Mexico House of Representatives;

Craig A. Orraj, President of the New Mexico State Bar, or his designee;

William F. Fulginiti, Executive Director of the New Mexico Municipal League, appointed by the Chief Justice of the New Mexico Supreme Court.

Judicial Retirement Account

Judges contribute to the Judicial Retirement Account (JRA) at a rate of 7.5%, with a contribution from the State of New Mexico at 12%.

Magistrates contribute to the Magistrate Retirement Account (MRA) at a rate of 7.5%, with a contribution from the State of New Mexico of 11%.

Normal Retirement Eligibility Requirements for JRA and MRA

JRA age and service credit eligibility requirements for an individual who initially became a member **prior to July 1, 2005**:

- Age 60 or older with 15 or more years of service credit; [5% per year = 75% at 15 years]; or
- Age 64 or older with 5 or more years of service credit.

JRA age and service credit eligibility requirements for an individual who initially became a member **on or after July 1, 2005**:

- Age 55 or older with 20 or more years of service credit [3.75% per year = 75% at 20 years]; or
- Age 64 or older with 5 or more years of service credit.

JRA was funded at 78.51% based on the June 30, 2007 Valuation

MRA age and service credit eligibility requirements:

- Any age and 24 or more years of service credit [3.125% per year = 75% at 24 years]; or
- Age 60 or older with 15 or more years of service credit; or
- Age 64 or older with 5 or more years of service credit.

MRA was funded at 98.97% based on the June 30, 2007 Valuation.

Recommendation: Move Supreme Court Justice Salary to \$137,558

	No.	Current Rate	New Rate	Diff	Benefits	Total	Percent Increase
Chief Justice	1	\$ 125,691	\$ 139,558	\$ 13,867	\$ 2,905	\$ 16,772	11.0%
Justice	4	\$ 123,691	\$ 137,558	\$ 13,867	\$ 2,905	\$ 67,089	11.2%
Chief Judge COA	1	\$ 119,406	\$ 132,580	\$ 13,174	\$ 2,760	\$ 15,934	11.0%
COA Judge	9	\$ 117,506	\$ 130,680	\$ 13,174	\$ 2,760	\$ 143,402	11.2%
Chief District Judge	13	\$ 113,436	\$ 125,951	\$ 12,515	\$ 2,622	\$ 196,779	11.0%
District Judge	75	\$ 111,631	\$ 124,146	\$ 12,515	\$ 2,622	\$ 1,135,264	11.2%
Chief Metro Judge	1	\$ 107,764	\$ 119,654	\$ 11,889	\$ 2,491	\$ 14,380	11.0%
Metro Judge	18	\$ 106,050	\$ 117,939	\$ 11,889	\$ 2,491	\$ 258,840	11.2%
Presiding Magistrate	2	\$ 80,823	\$ 89,740	\$ 8,917	\$ 1,779	\$ 21,392	11.0%
Magistrate Judge	64	\$ 79,537	\$ 88,454	\$ 8,917	\$ 1,779	\$ 684,534	11.2%
Hear Off/ Spec Comm	11.5	\$ 89,305	\$ 99,317	\$ 10,012	\$ 2,557	\$ 144,544	11.2%
Totals	199.5					\$ 2,698,928	

The Commission remains concerned about the status of judicial retirement funding and its impact on the real value of judicial salaries. If the Commission's salary recommendation is adopted (Justice salary \$137,558), for fiscal year 2010, the Commission recommends the contribution from judges rise from 7.5% to 8.5% and the contributions from the State rise from 11% to 12% in the Magistrate Retirement Account (MRA) and from 12% to 13% in the Judicial Retirement Account (JRA).

The PERA of New Mexico recently published an Experience Study of both the MRA and the JRA for the periods July 1, 2002 through June 30, 2007. In both studies, the actuaries recommend that reliance on docket fees as a source of funding for these retirement funds be eliminated. Docket fees currently account for close to half the revenue to these retirement funds. If employee and employer contributions are increased along with the salary recommended by the Commission, experience with the increased contributions to these accounts should demonstrate an improving funding status for both retirement funds. When such data is available, reliance on docket and court fees as a source of funding for the retirement accounts should be reduced until it can be eliminated.

Update on 2008 Legislative Session

In its third annual report in 2008, the Judicial Compensation Commission made the following recommendations on judicial compensation for FY08:

Adopting the average of the nine-state region, excluding New Mexico, as a formula for determining the salary of a Supreme Court justice, the Commission recommends as a one-time corrective measure raising the pay of a Supreme Court Justice to \$134,589 for FY09, to meet the average of the 9-state region, excluding New Mexico. *The House Appropriations and Finance Committee (HAFC) rejected the recommendation. The Legislature provided a 2.4% increase in judicial salaries, increasing the salary of a Supreme Court Justice to \$123,691.*

2008 Salary Computation

In 2008, the Judicial Compensation Commission reviewed judge salary data for the nine-state region currently being used by the HAY Group to compare New Mexico state employee salaries for the Executive Branch as the comparison market upon which to base its judicial salary recommendations. It was decided by the Commission that salaries to be in effect on January 1 of the next legislative session will be used each year when the Commission meets. The HAY data for FY 2009 results in an average salary for a Supreme Court Justice of \$137,558.

HAY Comparison States	
	Supreme Court Justice Salary as of 1/1/09
Texas	\$ 150,000
Utah	\$ 145,450
Arizona	\$ 142,300
Nevada	\$ 140,000
Kansas	\$ 135,905
Oklahoma	\$ 131,100
Colorado	\$ 129,207
Wyoming	\$ 126,500
New Mexico	\$ 123,691
Average of States Excluding NM	\$ 137,558

Recommendation for FY 2010

Adopting the average of the nine-state region, excluding New Mexico, as a formula for determining the salary of a Supreme Court justice, the Commission recommends to the Legislature and the Governor a salary increase to \$137,553, which is the average of the HAY comparison states, and that the increase be coupled with a 1% increase in both the judges' and the state's contribution to the JRA and MRA retirement funds.

HAY AVERAGE JUSTICE SALARY FY03 – FY09*			
Fiscal Year	Salary	Percentage Increase	Dollar Increase
FY03	\$116,498		
FY04	\$116,712	.18%	\$ 214
FY05	\$118,871	1.8%	\$2,159
FY06	\$125,564	5.6%	\$6,693
FY07	\$131,394	4.6%	\$5,830
FY08	\$134,894	2.4%	\$3,200
FY09	\$137,558	1.97	\$2,665

* Average of the eight HAY comparison states (excluding New Mexico).