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Senate Bill 56 (as reported without amendment)

Sponsor: Senator Rick Jones

Committee: Judiciary

### **CONTENT**

The bill would amend the Revised Judicature Act to change the salary calculations for judges of the Court of Appeals, circuit court, probate court, and district court. Currently, those salaries are based on a percentage of the salary paid to a Justice of the Supreme Court. Under the bill, the salaries would equal the same percentage of the salary of a Supreme Court Justice, as of December 31, 2015, plus an amount based on percentage pay increases, excluding lump-sum payments, paid to civil service nonexclusively represented employees (NEREs) classified as executives and administrators on or after January 1, 2016.

The Act requires each judge of the Court of Appeals to receive an annual salary equal to the greater of 92% of the annual salary of a Justice of the Supreme Court, or \$114,007. (The current annual salary of a Supreme Court Justice is \$164,614.)

Each circuit judge must receive an annual salary payable by the State that is the difference between 85% of the salary of a Supreme Court Justice and \$45,724. Each circuit court judge also may receive from any county in which he or she regularly holds court an additional salary as determined by the county board of commissioners.

Each probate court judge must receive a minimum annual salary of the difference between 85% of the salary of a Supreme Court Justice and \$45,724, and an additional salary of \$45,724 paid by the county or by the counties comprising a probate court district.

Each district court judge must receive a minimum annual salary payable by the State of the difference between 84% of the salary of a Supreme Court Justice and \$45,724, and an additional salary from the district funding unit or units.

If a circuit, probate, or district judge receives a total additional salary of \$45,724 from the county or counties or the district funding unit or units and does not receive less than or more than that amount, the State must reimburse each local unit the amount it paid to the judge.

Under the bill, the additional salary based on percentage pay increases to NEREs would take effect on the same date as the effective date of the pay increases paid to those employees, and could not be based on a pay increase paid to them if the effective date of the increase were before January 1, 2016. The bill would take effect on January 1, 2016.

MCL 600.304 et al.

Legislative Analyst: Patrick Affholter

### **FISCAL IMPACT**

The bill would have no direct fiscal impact on State or local government. As the bill would change the process in which adjustments to judicial salaries (except salaries of Supreme Court Justices) are made, to adjustments based on non-lump-sum increases given to nonexclusively represented employees classified as executives and administrators, an indirect fiscal impact can be estimated by analyzing historical judicial salaries as well as the adjustments that would have occurred had judges been considered NEREs classified as executives and administrators

for the respective fiscal years. If the bill had been or were in effect over the five-year period of fiscal year (FY) 2011-12 through FY 2015-16, the result would be approximately \$17.0 million in increased costs to the State, or \$3.4 million annually.

The actual NERE adjustments in any given year can range from 0% to 3% with an average of 2%. The adjustments were 0% in FY 2011-12, 3% in FY 2012-13, and 1% in FY 2013-14, and are 2% each in FY 2014-15 and FY 2015-16.

Tables 1 through 4 reflect the amounts of the judges' salaries under current law (based on appropriations) and the amounts of the salaries if the bill had been in effect since FY 2011-12.

Table 1 - Court of Appeals Judge

Fiscal Year	Current	with NERE Adjustment
FY 2011-12	\$151,438	\$151,438
FY 2012-13	\$151,439	\$155,982
FY 2013-14	\$151,439	\$157,541
FY 2014-15	\$152,841	\$160,692
FY 2015-16	\$151,404	\$163,906

Table 2 - Circuit Court Judge

Fiscal Year	Current	with NERE Adjustment
FY 2011-12	\$139,920	\$139,920
FY 2012-13	\$140,080	\$144,117
FY 2013-14	\$139,920	\$145,558
FY 2014-15	\$140,742	\$148,470
FY 2015-16	\$139,922	\$151,439

Table 3 - Probate Court Judge

Fiscal Year	Current	with NERE Adjustment
FY 2011-12	\$138,812	\$138,812
FY 2012-13	\$139,261	\$142,976
FY 2013-14	\$138,811	\$144,406
FY 2014-15	\$138,811	\$147,294
FY 2015-16	\$138,811	\$150,240

Table 4 - District Court Judge

Fiscal Year	Current	with NERE Adjustment
FY 2011-12	\$138,271	\$138,271
FY 2012-13	\$138,549	\$142,420
FY 2013-14	\$138,272	\$143,844
FY 2014-15	\$138,841	\$146,721
FY 2015-16	\$138,272	\$149,655

The prospective indirect fiscal impact is uncertain as the annual NERE adjustments are neither preordained nor always above 0%. As the compounding effect from NERE base adjustments is shown in the historical scenario, the fiscal cost could increase over time if increases occur annually. Additionally, the total number of judges in each court category could change the total impact if judicial resources are increased or decreased.

For local governments, if any additional benefits or compensation are linked to the base judicial salaries, there could be an increase in fiscal costs.

Date Completed: 3-18-15

Fiscal Analyst: John Maxwell

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.