

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

April 26, 2017

TO: Honorable Joan Huffman, Chair, Senate Committee on State Affairs

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB1394 by Hughes (Relating to the calculation of longevity pay for state judges and justices.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1394, As Introduced: a negative impact of (\$2,456,418) through the biennium ending August 31, 2019.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

| Fiscal Year | Probable Net Positive/(Negative) Impact to General Revenue Related Funds |
|--------------------|---|
| 2018 | (\$1,147,375) |
| 2019 | (\$1,309,043) |
| 2020 | (\$1,470,711) |
| 2021 | (\$1,632,379) |
| 2022 | (\$1,794,047) |

All Funds, Five-Year Impact:

| Fiscal Year | Probable (Cost) from General Revenue Fund 1 |
|--------------------|--|
| 2018 | (\$1,147,375) |
| 2019 | (\$1,309,043) |
| 2020 | (\$1,470,711) |
| 2021 | (\$1,632,379) |
| 2022 | (\$1,794,047) |

Fiscal Analysis

The bill would amend the Government Code to change the formula for calculating the amount of longevity pay to which a state judge or justice is entitled from 0.031 percent of a judge's or justice's current monthly salary to 0.2 percent of a judge's or justice's current monthly salary multiplied by the number of years of service credited to the judge or justice in the applicable

retirement system. The bill would also change the years of service required to be established in the applicable retirement system from 16 to two years.

The bill would take effect September 1, 2017.

Methodology

As of November 1, 2016, there were 135 district judges, 41 appellate justices, and 12 justices and judges of the Supreme Court of Texas and Court of Criminal Appeals eligible for longevity pay. Under the bill's provisions, almost all of the judges and justices of the state would be eligible for longevity pay throughout the 2018-19 biennium due to the provision reducing the years of service eligibility from 16 to two years.

This analysis assumes there will be no change in a state judge's salary (excluding longevity pay) across fiscal years 2018 through 2022 and no change in the number of district and appellate court judge positions. This analysis also assumes that the number of state judge positions would remain constant at fiscal year 2017 levels through fiscal year 2022.

Based on information provided by the Office of Court Administration and using the formula for longevity pay required by the bill, this analysis assumes that additional General Revenue would be needed in the amount of \$1,147,375 in fiscal year 2018, \$1,309,043 in fiscal year 2019, \$1,470,711 in fiscal year 2020, \$1,632,379 in fiscal year 2021, and \$1,794,047 in fiscal year 2022. Costs may differ from these estimates depending on judicial retirements and other judges that receive longevity pay leaving a position that are subsequently replaced.

Under current law, costs are funded through General Revenue Fund and Judicial Fund No. 573 funding; however, over the past several fiscal years Judicial Fund No. 573 revenues have not been sufficient to meet all judicial salary obligations. Due to this, General Revenue funding has been used to meet remaining obligations. Therefore, this estimate assumes General Revenue funding would be needed to cover the full state obligations of any judicial longevity pay increase.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 212 Office of Court Administration, Texas Judicial Council, 304 Comptroller of Public Accounts, 327 Employees Retirement System

LBB Staff: UP, AG, MW, GDz