

**LEGISLATIVE BUDGET BOARD
Austin, Texas**

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

March 17, 2021

TO: Honorable Jeff Leach, Chair, House Committee on Judiciary & Civil Jurisprudence

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB1880 by Schofield (Relating to the annual base salary from the state of a district judge.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1880, As Introduced : an impact of \$0 through the biennium ending August 31, 2023.

However, there will be an impact of (\$14,906,293) beginning in the 2024-25 biennium.

General Revenue-Related Funds, Five- Year Impact:

<i>Fiscal Year</i>	<i>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</i>
2022	\$0
2023	\$0
2024	(\$7,355,328)
2025	(\$7,550,965)
2026	(\$7,550,965)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable Savings/(Cost) from General Revenue Fund 1</i>	<i>Probable Savings/(Cost) from Federal Funds 555</i>
2022	\$0	\$0
2023	\$0	\$0
2024	(\$7,355,328)	(\$108,886)
2025	(\$7,550,965)	(\$108,886)
2026	(\$7,550,965)	(\$108,886)

Fiscal Analysis

The bill would amend the Government Code to establish a formula for calculating the state salary of a state judge. The bill would amend the Government Code to establish the state salary of a district judge to be a summation of the following components:

1. The state base salary paid annually to a district judge in the preceding state fiscal biennium

2. The state base salary paid annually to a district judge in the preceding state fiscal biennium multiplied by the average percentage change in the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics during the two years preceding the year in which the state fiscal biennium begins contingent on this average percentage change being greater than zero.

The provisions of the bill would apply beginning with fiscal year 2024 and the bill would take effect on January 1, 2021.

Methodology

This estimate is based on the analysis of the Office of Court Administration. Under the provisions of the bill, the annual base salary of a district judge, currently set at \$140,000, would be reestablished by multiplying the changes in the Consumer Price Index for All Urban Consumers during the presiding two state fiscal years for 2019 and 2020, or 3.0 percent. ($\$140,000 \times 1.03 = \$144,200$). The CPI was calculated by taking the changes in the Consumer Price Index for 2019 and 2020 and adding them together. Both years totaled 3%.

All judicial salaries and supplements that are statutory tied to the annual base salary of a district judge would be adjusted accordingly based on the newly established annual base salary. Judicial salaries and supplements that are statutorily linked to the annual base salary of a district judge include the Chief Justice and Justices of the Supreme Court and the Presiding Judge and Judges of the Court of Criminal Appeals, who receive 120 percent of the annual base salary of a district judge; the Chief Justices and Justices of the Courts of Appeals Districts, who receive 110 percent of the annual base salary of a district judge; Associate Judges for the child support courts and child protection courts, who receive 90 percent of the annual base salary of a district judge; Prosecutors, who receive 100 percent of the annual base salary of a district judge; Regional Presiding Judges who receive an apportionment based on a formula based on the number of counties in the region and the annual base salary of a district judge; Constitutional County Judge supplements; Statutory County Court supplements for which the state reimburse 60 percent of the annual state base salary of a district judge for each statutory county court judge; and the State Prosecuting Attorney.

The provisions of the bill would take effect beginning September 1, 2023; therefore, there is no fiscal impact for the 2022-23 biennium.

This analysis assumes no turnover at the end of the 2022-23 biennium and would require an additional \$15,024,064 in General Revenue offset by \$217,771 in federal reimbursements for salaries of the child support courts, for a total fiscal impact of \$14,906,293 for the 2024-45 biennium.

The Pension Review Board actuarial review states that since an assumption that the judicial pay would increase with inflation is already incorporated into the determination of plan liabilities, there would be no impact on the Judicial Retirement System - Plan 2.

Local Government Impact

The bill would have a negative fiscal impact to counties due to increases in local salary supplements paid to state positions and increases in county-level judge and prosecutor positions with local compensation that is statutorily linked to a district judge's salary. However, that decrease is not anticipated to be significant.

Source Agencies: 212 Office of Court Admin, 304 Comptroller of Public Accounts, 327 Employees Retirement System

LBB Staff: JMc, SLE, MW, GDz, SD, JPo