

# SENATE BUDGET AND APPROPRIATIONS COMMITTEE

## STATEMENT TO

[First Reprint]

## SENATE, No. 1229

with committee amendments

# STATE OF NEW JERSEY

DATED: APRIL 5, 2018

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 1229 (1R), with committee amendments.

As amended, this bill establishes annual salaries for certain public officers and employees within the Judicial, Executive, and Legislative branches of State government.

The bill sets the salaries of the Governor's cabinet officers and members of the Board of Public Utilities at \$175,000 for calendar year 2018 and each year thereafter.

Additionally, the bill provides for an \$8,000 increase in calendar year 2018, and for an \$8,000 increase on January 1 of each of the next subsequent two years, in the annual salaries for justices of the Supreme Court, Appellate Division judges, Assignment judges, judges of the Superior Court, and judges of the Tax Court. Beginning in 2021, and on January 1 of each year for four years thereafter, the bill provides for an automatic annual salary adjustment based on the change in the Consumer Price Index. The annual adjustment cannot be greater than two percent. Current law provides that the annual salaries of justices and judges range from \$165,000 for Tax Court judges to \$192,795 for the Chief Justice of the Supreme Court.

Moreover, this bill affects the annual salary for workers' compensation judges, administrative law judges, surrogates, county clerks, registers of deeds and mortgages, and sheriffs. Current law links the annual salaries of these officials to the annual salary of Superior Court judges. The bill also increases the annual salary for county prosecutors by the same amounts and in the same manner as the bill increases salaries of judges and justices. Current law sets the annual salary for county prosecutors at \$165,000.

Finally, the bill sets the annual salary of the executive director of each full time legislative staff operating under the direction of the Senate President, the Speaker of the General Assembly, and the Minority Leaders of each House of the Legislature. Currently, these salaries are not in statute. This bill requires the President of the Senate or the Speaker of the General Assembly to set the annual salary of each executive director at an amount not to exceed \$175,000 annually.

This bill takes effect July 1, 2018.

COMMITTEE AMENDMENTS:

The committee amendments change the bill's effective date from immediately to July 1, 2018.

FISCAL IMPACT:

The OLS estimates that the total impact of this bill on a calendar year basis (January 1 to December 31) is a combined State and county expenditure increase of about \$5.8 million in 2018; about \$10.7 million in 2019; and about \$15.6 million in 2020. From 2021 through 2025, the impact could increase annually to an indeterminate amount above \$15.6 million because of the provision tying judicial and prosecutor salaries to changes in the Consumer Price Index ("CPI") not to exceed two percent per year.

For State expenditures only, and on a fiscal year ("FY") basis (July 1 to June 30), the OLS estimates that the total impact of this bill is a State expenditure increase of about \$10.4 million in FY 2019 and about \$12.3 million in FY 2020. The impact will increase to an indeterminate amount in FY 2021, but to at least \$14.5 million, and may increase annually thereafter.

The OLS estimates that the mandatory costs for increased judicial, workers' compensation judge, administrative law judge, cabinet member, and county prosecutor salaries will total about \$5.28 million in calendar year ("CY") 2018, then increase by \$4.6 million to a total cost impact of about \$9.89 million in CY 2019, and then increase by another \$4.6 million for a total three-year cumulative increase of about \$14.49 million in CY 2020. Salary cost increases in 2021 through 2025 are dependent upon the CPI up to a maximum increase of two percent per year.

The maximum cost of increasing the salaries of Legislative executive directors totals \$136,000 annually. The maximum annual cost to the counties for increasing certain county positions totals \$338,000 in CY 2018, \$676,000 in CY 2019, and \$1.014 million in CY 2020. Salary cost increases in 2021 through 2025 are dependent upon the CPI up to a maximum increase of two percent per year.

Finally, salary increases mandated and permitted by this bill will increase State and county contributions to State-administered retirement systems by indeterminate amounts.