

FLOOR AMENDMENT STATEMENT: No

LEGISLATIVE FISCAL ESTIMATE: Yes

VETO MESSAGE: No

GOVERNOR'S PRESS RELEASE ON SIGNING: Yes

FOLLOWING WERE PRINTED:

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REPORTS: No

HEARINGS: No

NEWSPAPER ARTICLES: Yes

"Murphy signs bill giving judges, other officials raises," Associated Press State Wire: New Jersey, 5-18-2018

"Murphy signs raises for officials – salary increases estimated to cost nearly \$16 million," The Record, 5-19-2018

"Murphy signs raises for judges, Cabinet, others - Murphy signs bill giving judges, other officials raises," The Press of Atlantic City, 5-19-2018

"Murphy approves millions in raises - Pay increases for judges, Cabinet members and others quietly won bipartisan vote," The Star-Ledger, 5-20-2018

"Gov. signs bill that gives boost to unions," The Star-Ledger, 5-20-2018

"Capitol Report: On and off the governor's desk," 224 N.J.L.J. 1445, 5-28-2018

RWH

P.L. 2018, CHAPTER 14, *approved May 18, 2018*

Senate, No. 1229 (*Second Reprint*)

1 AN ACT concerning the annual salary of certain public employees,
 2 and amending various parts of the statutory law and
 3 supplementing chapter 11 of Title 52 of the Revised Statutes.

4
 5 **BE IT ENACTED** by the Senate and General Assembly of the State
 6 of New Jersey:

7
 8 1. N.J.S.2B:2-4 is amended to read as follows:

9 2B:2-4. Judicial Salaries. **【**Annual salaries of justices and
 10 judges beginning on January 1, 2008 shall be:

11	Chief Justice of the Supreme Court	\$183,182
12	Associate Justice of the Supreme Court	\$176,488
13	Judge of the Superior Court,	
14	Appellate Division	\$167,023
15	Judge of the Superior Court,	
16	Assignment Judge	\$163,404
17	Judge of the Superior Court;	
18	Judge of the Tax Court	\$157,000 】

19 Annual salaries of justices and judges beginning on January 1,
 20 2009 and thereafter shall be:

21	Chief Justice of the Supreme Court	\$192,795
22	Associate Justice of the Supreme Court	\$185,482
23	Judge of the Superior Court,	
24	Appellate Division	\$175,534
25	Judge of the Superior Court,	
26	Assignment Judge	\$171,731
27	Judge of the Superior Court;	
28	Judge of the Tax Court	\$165,000

29 The annual salaries of justices and judges shall be increased by
 30 \$8,000 in calendar year 2018. The annual salaries of justices and
 31 judges set in calendar year 2018, shall be increased by \$8,000,
 32 beginning on January 1, 2019. The annual salary of justices and
 33 judges set on January 1, 2019, shall be increased by \$8,000
 34 beginning on January 1, 2020.

35 Beginning on January 1, 2021¹,¹ and¹ on January 1 of each year
 36 for four years¹ thereafter, the amount of the annual salary
 37 determined for the prior calendar year shall be adjusted annually by
 38 the State Treasurer in direct proportion to the percent change in the
 39 Consumer Price Index over a 12-month period beginning November

EXPLANATION – Matter enclosed in bold-faced brackets **【thus】** in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹Senate floor amendments adopted February 26, 2018.

²Senate SBA committee amendments adopted April 5, 2018.

1 1 and ending October 31. For the purpose of this section,
 2 "Consumer Price Index" means the Consumer Price Index for All
 3 Urban Consumers, New York-Northern New Jersey-Long Island
 4 Metropolitan Area, All Items (1982-84=100), as published by the
 5 Bureau of Labor Statistics in the United States Department of
 6 Labor. The State Treasurer shall determine the amount of the
 7 adjustment by December 1 of each year and the adjustment shall
 8 become effective for payments to be made during the calendar year
 9 following the determination, beginning with payments made on or
 10 after January 1 of each calendar year. An adjustment in the annual
 11 payment shall be made only if the percent change in the Consumer
 12 Price Index for the period specified is greater than zero. ¹Such an
 13 annual adjustment shall in no event be greater than 2 percent.¹ If
 14 the reference base of the index is changed, the index used to
 15 determine the Consumer Price Index shall be the index converted to
 16 the new base by standard statistical methods. The first adjustment
 17 determination shall be made by December 1, 2020 and applicable to
 18 payments commencing on January 1, 2021 ¹. The financial
 19 adjustment shall be made on December 1, 2024 and be applicable
 20 for payments commencing on January 1, 2025. No further
 21 adjustments shall be made thereafter¹.

22 (cf: P.L.2007, c.350, s.1)

23
 24 2. Section 1 of P.L.1974, c.55 (C.52:14-15.107) is amended to
 25 read as follows:

26 1. Notwithstanding the provisions of the annual appropriations
 27 act and section 7 of P.L.1974, c.55 (C.52:14-15.110), **【the Governor**
 28 **shall fix and establish】** the annual salary**【, not to exceed \$133,330**
 29 **in calendar year 2000, \$137,165 in calendar year 2001 and**
 30 **\$141,000 in calendar year 2002 and thereafter,】** for each of the
 31 following officers shall be \$175,000 in calendar year 2018 and
 32 thereafter:

33 Title
 34 Agriculture Department
 35 Secretary of Agriculture
 36 Children and Families Department
 37 Commissioner of Children and Families
 38 Community Affairs Department
 39 Commissioner of Community Affairs
 40 Corrections Department
 41 Commissioner of Corrections
 42 Education Department
 43 Commissioner of Education
 44 Environmental Protection Department
 45 Commissioner of Environmental Protection
 46 Health **【and Senior Services】** Department
 47 Commissioner of Health **【and Senior Services】**

- 1 Human Services Department
- 2 Commissioner of Human Services
- 3 Banking and Insurance Department
- 4 Commissioner of Banking and Insurance
- 5 Labor and Workforce Development Department
- 6 Commissioner of Labor and Workforce Development
- 7 Law and Public Safety Department
- 8 Attorney General
- 9 Military and Veterans' Affairs Department
- 10 Adjutant General
- 11 State Department
- 12 Secretary of State
- 13 Transportation Department
- 14 Commissioner of Transportation
- 15 Treasury Department
- 16 State Treasurer
- 17 Members, Board of Public Utilities
- 18 (cf: P.L.2010, c.34, s.16)
- 19

20 3. (New section) The annual salary of the executive director of
21 each full time legislative staff operating under the direction of the
22 Senate President, the Speaker of the General Assembly, and the
23 Minority Leaders of each House of the Legislature shall be fixed
24 and established by the President of the Senate and by the Speaker of
25 the General Assembly, as appropriate, for each director in any
26 amount that the President or Speaker determines to be appropriate
27 for that director, but shall not exceed \$175,000 in calendar year
28 2018 and thereafter.

29
30 4. N.J.S.2A:158-10 is amended to read as follows:

31 2A:158-10. County prosecutors shall receive annual salaries to
32 be fixed by the governing body of the county at \$153,000 beginning
33 on January 1, 2008 and \$165,000 beginning on January 1, 2009 and
34 thereafter. The annual salaries of county prosecutors shall be
35 increased by \$8,000 in calendar year 2018. The annual salaries of
36 county prosecutors set in calendar year 2018, shall be increased by
37 \$8,000, beginning on January 1, 2019. The annual salary of county
38 prosecutors set on January 1, 2019, shall be increased by \$8,000
39 beginning on January 1, 2020.

40 Beginning on January 1, 2021 and ¹on January 1 of each year for
41 four years¹ thereafter, the amount of the annual salary determined
42 for the prior calendar year shall be adjusted annually by the State
43 Treasurer in direct proportion to the percent change in the
44 Consumer Price Index over a 12-month period beginning November
45 1 and ending October 31. For the purpose of this section,
46 "Consumer Price Index" means the Consumer Price Index for All
47 Urban Consumers, New York-Northern New Jersey-Long Island
48 Metropolitan Area, All Items (1982-84=100), as published by the

1 Bureau of Labor Statistics in the United States Department of
2 Labor. The State Treasurer shall determine the amount of the
3 adjustment by December 1 of each year and the adjustment shall
4 become effective for payments to be made during the calendar year
5 following the determination, beginning with payments made on or
6 after January 1 of each calendar year. An adjustment in the annual
7 payment shall be made only if the percent change in the Consumer
8 Price Index for the period specified is greater than zero. ¹Such an
9 annual adjustment shall in no event be greater than 2 percent.¹ If
10 the reference base of the index is changed, the index used to
11 determine the Consumer Price Index shall be the index converted to
12 the new base by standard statistical methods. The first adjustment
13 determination shall be made by December 1, 2020 and applicable to
14 payments commencing on January 1, 2021 ¹. The financial
15 adjustment shall be made on December 1, 2024 and be applicable
16 for payments commencing on January 1, 2025. No further
17 adjustments shall be made thereafter¹ .

18 There shall be appropriated annually to the Department of
19 Community Affairs for payment to each county for additional salary
20 costs resulting from the increase in the salary of county prosecutors
21 an amount equal to the amount by which the annual salary paid to
22 the county prosecutor under this section exceeds \$100,000.00.

23 (cf: P.L.2007, c.350, s.2)

24

25 5. This act shall take effect ²**[immediately]** July 1, 2018².

26

27

28

29

30 _____
31 Increases annual salary of Governor's cabinet officers, judges,
county prosecutors, and certain other public employees.

SENATE, No. 1229

STATE OF NEW JERSEY 218th LEGISLATURE

INTRODUCED JANUARY 25, 2018

Sponsored by:

Senator STEPHEN M. SWEENEY
District 3 (Cumberland, Gloucester and Salem)
Senator PAUL A. SARLO
District 36 (Bergen and Passaic)
Senator NICHOLAS P. SCUTARI
District 22 (Middlesex, Somerset and Union)
Senator KRISTIN M. CORRADO
District 40 (Bergen, Essex, Morris and Passaic)

Co-Sponsored by:

Senator Bateman

SYNOPSIS

Increases annual salary of certain public employees.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 2/9/2018)

1 AN ACT concerning the annual salary of certain public employees,
 2 and amending various parts of the statutory law and
 3 supplementing chapter 11 of Title 52 of the Revised Statutes.

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 5 **BE IT ENACTED** by the Senate and General Assembly of the State
 6 of New Jersey:

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15	Judge of the Superior Court, 16 Assignment Judge	\$163,404
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 20 2009 and thereafter shall be:

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 32 beginning on January 1, 2019. The annual salary of justices and
 33 judges set on January 1, 2019, shall be increased by \$8,000
 34 beginning on January 1, 2020.

35 Beginning on January 1, 2021 and thereafter, the amount of the
 36 annual salary determined for the prior calendar year shall be
 37 adjusted annually by the State Treasurer in direct proportion to the
 38 percent change in the Consumer Price Index over a 12-month period
 39 beginning November 1 and ending October 31. For the purpose of
 40 this section, "Consumer Price Index" means the Consumer Price
 41 Index for All Urban Consumers, New York-Northern New Jersey-
 42 Long Island Metropolitan Area, All Items (1982-84=100), as
 43 published by the Bureau of Labor Statistics in the United States
 44 Department of Labor. The State Treasurer shall determine the
 45 amount of the adjustment by December 1 of each year and the

EXPLANATION – Matter enclosed in bold-faced brackets **【thus】** in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 adjustment shall become effective for payments to be made during
2 the calendar year following the determination, beginning with
3 payments made on or after January 1 of each calendar year. An
4 adjustment in the annual payment shall be made only if the percent
5 change in the Consumer Price Index for the period specified is
6 greater than zero. If the reference base of the index is changed, the
7 index used to determine the Consumer Price Index shall be the
8 index converted to the new base by standard statistical methods.
9 The first adjustment determination shall be made by December 1,
10 2020 and applicable to payments commencing on January 1, 2021.

11 (cf: P.L.2007, c.350, s.1)

12

13 2. Section 1 of P.L.1974, c.55 (C.52:14-15.107) is amended to
14 read as follows:

15 1. Notwithstanding the provisions of the annual appropriations
16 act and section 7 of P.L.1974, c.55 (C.52:14-15.110), **the Governor**
17 **shall fix and establish** the annual salary**,** not to exceed \$133,330
18 in calendar year 2000, \$137,165 in calendar year 2001 and
19 \$141,000 in calendar year 2002 and thereafter,**]** for each of the
20 following officers shall be \$175,000 in calendar year 2018 and
21 thereafter:

22 Title

23 Agriculture Department

24 Secretary of Agriculture

25 Children and Families Department

26 Commissioner of Children and Families

27 Community Affairs Department

28 Commissioner of Community Affairs

29 Corrections Department

30 Commissioner of Corrections

31 Education Department

32 Commissioner of Education

33 Environmental Protection Department

34 Commissioner of Environmental Protection

35 Health **[and Senior Services]** Department

36 Commissioner of Health **[and Senior Services]**

37 Human Services Department

38 Commissioner of Human Services

39 Banking and Insurance Department

40 Commissioner of Banking and Insurance

41 Labor and Workforce Development Department

42 Commissioner of Labor and Workforce Development

43 Law and Public Safety Department

44 Attorney General

45 Military and Veterans' Affairs Department

46 Adjutant General

47 State Department

48 Secretary of State

1 Transportation Department
2 Commissioner of Transportation
3 Treasury Department
4 State Treasurer
5 Members, Board of Public Utilities
6 (cf: P.L.2010, c.34, s.16)
7

8 3. (New section) The annual salary of the executive director of
9 each full time legislative staff operating under the direction of the
10 Senate President, the Speaker of the General Assembly, and the
11 Minority Leaders of each House of the Legislature shall be fixed
12 and established by the President of the Senate and by the Speaker of
13 the General Assembly, as appropriate, for each director in any
14 amount that the President or Speaker determines to be appropriate
15 for that director, but shall not exceed \$175,000 in calendar year
16 2018 and thereafter.

17
18 4. N.J.S.2A:158-10 is amended to read as follows:

19 2A:158-10. County prosecutors shall receive annual salaries to
20 be fixed by the governing body of the county at \$153,000 beginning
21 on January 1, 2008 and \$165,000 beginning on January 1, 2009 and
22 thereafter. The annual salaries of county prosecutors shall be
23 increased by \$8,000 in calendar year 2018. The annual salaries of
24 county prosecutors set in calendar year 2018, shall be increased by
25 \$8,000, beginning on January 1, 2019. The annual salary of county
26 prosecutors set on January 1, 2019, shall be increased by \$8,000
27 beginning on January 1, 2020.

28 Beginning on January 1, 2021 and thereafter, the amount of the
29 annual salary determined for the prior calendar year shall be
30 adjusted annually by the State Treasurer in direct proportion to the
31 percent change in the Consumer Price Index over a 12-month period
32 beginning November 1 and ending October 31. For the purpose of
33 this section, "Consumer Price Index" means the Consumer Price
34 Index for All Urban Consumers, New York-Northern New Jersey-
35 Long Island Metropolitan Area, All Items (1982-84=100), as
36 published by the Bureau of Labor Statistics in the United States
37 Department of Labor. The State Treasurer shall determine the
38 amount of the adjustment by December 1 of each year and the
39 adjustment shall become effective for payments to be made during
40 the calendar year following the determination, beginning with
41 payments made on or after January 1 of each calendar year. An
42 adjustment in the annual payment shall be made only if the percent
43 change in the Consumer Price Index for the period specified is
44 greater than zero. If the reference base of the index is changed, the
45 index used to determine the Consumer Price Index shall be the
46 index converted to the new base by standard statistical methods.
47 The first adjustment determination shall be made by December 1,
48 2020 and applicable to payments commencing on January 1, 2021.

1 There shall be appropriated annually to the Department of
2 Community Affairs for payment to each county for additional salary
3 costs resulting from the increase in the salary of county prosecutors
4 an amount equal to the amount by which the annual salary paid to
5 the county prosecutor under this section exceeds \$100,000.00.

6 (cf: P.L.2007, c.350, s.2)

7
8 5. This act shall take effect immediately.

9
10
11 STATEMENT

12
13 This bill establishes the annual salary for the Governor's cabinet
14 officers and members of the Board of Public Utilities (BPU) at
15 \$175,000 in calendar year 2018 and thereafter.

16 In addition, the bill provides for an \$8,000 increase in calendar
17 year 2018, and for an \$8,000 increase on January 1 of each of the next
18 subsequent two years, in the annual salaries for the justices of the
19 Supreme Court, Appellate Division judges, Assignment judges, judges
20 of the Superior Court, and judges of the Tax Court. The bill provides
21 for an automatic annual adjustment on the 2020 salaries for calendar
22 year 2021, and annually thereafter, based on the change in the
23 Consumer Price Index. Under current law, the annual salary for
24 workers' compensation judges, administrative law judges, surrogates,
25 county clerks, registers of deeds and mortgages, and sheriffs are linked
26 to the annual salary for a Superior Court judge so that they receive the
27 specific or minimum percentage that is set by law, of the Superior
28 Court judges' salaries. The statutes that provide for these linked
29 salaries are clearly mandatory in nature and when the salaries of
30 judges are increased, the linked salaries must also be increased,
31 including retroactively. The statutory language must be complied with
32 to achieve the Legislature's intent.

33 The bill increases the annual salary for county prosecutors in the
34 same amounts and in the same manner as the salaries of judges and
35 justices are increased by the bill. The annual salary is currently
36 \$165,000.

37 The bill codifies a provision for the annual salary of the executive
38 director of each full time legislative staff operating under the direction
39 of the Senate President, the Speaker of the General Assembly, and the
40 Minority Leaders of each House of the Legislature. Currently, these
41 salaries are not provided for by statute. Under the bill, the salary for
42 each executive director will be fixed and established by the President
43 of the Senate or by the Speaker of the General Assembly, as
44 appropriate, in any amount that the President or Speaker determines to
45 be appropriate for that director, but not to exceed \$175,000 in calendar
46 year 2018 and thereafter. While this maximum amount for the annual
47 salary is identical to the amount for the annual salary for the
48 Governor's cabinet officers and members of the Board of Public

S1229 SWEENEY, SARLO

6

1 Utilities, the President of the Senate and the Speaker of the General
2 Assembly will have complete discretion to set the salaries for the
3 legislative executive directors at any amount that is at or below this
4 maximum, as they deem appropriate. The President and Speaker
5 require the flexibility to set the annual salary for each executive
6 director at any amount, whether at or below the maximum, irrespective
7 of the salaries of the Executive Branch officers.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 1229

STATE OF NEW JERSEY

DATED: FEBRUARY 5, 2018

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 1229.

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

The bill provides that the salaries of the Governor's cabinet officers and members of the Board of Public Utilities are set at \$175,000 in calendar year 2018 and thereafter.

In addition, 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, the bill provides for an automatic annual salary adjustment based on the change in the Consumer Price Index. 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. Furthermore, this bill affects the annual salary for workers' compensation judges, administrative law judges, surrogates, county clerks, registers of deeds and mortgages, and sheriffs, since the annual salaries of these officials are linked to the annual salary for a Superior Court judge.

The bill also increases the annual salary for county prosecutors by the same amounts and in the same manner as the salaries of judges and justices are increased by the bill. Current law provides the annual salary for county prosecutors is set 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 provides that the annual salary for each executive director will be fixed and established by the President of the Senate or by the Speaker of the General Assembly, as appropriate, in an amount that the President or Speaker determines to be appropriate, but not to exceed \$175,000.

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. Thereafter, the impact may increase annually to an indeterminate amount above \$15.6 million as a result of the provision tying judicial and prosecutor salaries to changes in the Consumer Price Index (“CPI”).

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 \$2.7 million in FY 2018, about \$7.7 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. As salary increases beyond CY 2021 are dependent upon the CPI, costs above \$14.49 million in CY 2021 and thereafter are not estimated. 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. As salary increases beyond 2020 are dependent on the CPI, costs in 2021 and thereafter are not estimated.

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

LEGISLATIVE FISCAL ESTIMATE

SENATE, No. 1229

STATE OF NEW JERSEY 218th LEGISLATURE

SUMMARY

DATED: FEBRUARY 13, 2018

Synopsis: Increases annual salary of certain public employees.

Type of Impact: State and County expenditure increase.

Agencies Affected: Judiciary, all State departments and counties.

Office of Legislative Services Estimate Calendar Year

Fiscal Impact	<u>Calendar Year 2018</u>	<u>Calendar Year 2019</u>	<u>Calendar Year 2020</u>
State Cost (Mandatory)	\$5,282,640	\$ 9,885,280	\$14,487,920
State Cost (Potential)	\$ 136,000	\$ 136,000	\$136,000
County Cost (Maximum)	\$ 338,000	\$ 676,000	\$1,014,000
Total Costs	\$5,756,640	\$10,697,280	\$15,637,920

Office of Legislative Services Estimate Fiscal Year

Fiscal Impact	<u>Fiscal Year 2018</u>	<u>Fiscal Year 2019</u>	<u>Fiscal Year 2020</u>
State Cost (Mandatory)	\$2,641,320	\$ 7,583,960	\$12,186,600
State Cost (Potential)	\$ 68,000	\$ 136,000	\$ 136,000
Total State Costs	\$2,709,320	\$7,719,960	\$12,322,600

- The Office of Legislative Services (OLS) estimates that the total impact of this bill, on a calendar year basis (January 1-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. Thereafter, the impact could increase annually to an indeterminate amount above \$15.6 million as a result of the provision tying judicial and prosecutor salaries to changes in the Consumer Price Index.

- Converting the bill's impact **on State expenditures only** to a fiscal year basis (July 1-June 30), the OLS estimates that the total impact of this bill is a State expenditure increase of about \$2.7 million in fiscal year 2018, about \$7.7 million in fiscal year 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 could increase annually thereafter due to inflation adjustments.
- The OLS estimates that the mandatory costs for increased judicial salaries, workers' compensation judge salaries, administrative law judge salaries, cabinet member salaries and county prosecutor salaries would total about \$5.28 million in calendar year 2018, and increase by an additional \$4.6 million in calendar year 2019 to a total cost impact of about \$9.89 million. Calendar year costs would increase by another \$4.6 million in 2020, for a total three-year cumulative increase of about \$14.49 million. Because salary increases for calendar years after 2021 are dependent upon the Consumer Price Index (CPI), costs in excess of \$14.49 million in calendar year 2021 and thereafter are not estimated. 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 would total \$338,000 in calendar year 2018 increasing to \$676,000 in calendar year 2019 and \$1.014 million in 2020. Because the salary increases for calendar years after 2020 are dependent upon the Consumer Price Index, costs in excess of \$1.014 million in calendar year 2021 and thereafter are not estimated.
- Salary increases mandated and permitted by this bill will increase State and county contributions to State-administered retirement systems by indeterminate amounts.

BILL DESCRIPTION

Senate Bill No. 1229 of 2018 establishes the annual salary for the Governor's cabinet officers and members of the Board of Public Utilities (BPU) at \$175,000 in calendar year 2018 and thereafter.

In addition, 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 the Justices of the Supreme Court, Appellate Division judges, Assignment judges, judges of the Superior Court, and judges of the Tax Court. The bill provides for an automatic annual adjustment to 2020 salaries for calendar year 2021, and annually thereafter, based on the change in the Consumer Price Index. Under current law, the annual salary for workers' compensation judges, administrative law judges, surrogates, county clerks, registers of deeds and mortgages, and sheriffs are linked to the annual salary for a Superior Court judge so that they receive the specific or minimum percentage that is set by law, of the Superior Court judges' salaries. The statutes that provide for these linked salaries are clearly mandatory in nature and when the salaries of judges are increased, the linked salaries must also be increased, including retroactively. The bill increases the annual salary for county prosecutors in the same amounts

and in the same manner as the salaries of judges and Justices are increased by the bill. The annual salary is currently \$165,000.

The bill codifies a provision for the maximum 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 provided for by statute. Under the bill, the salary for each executive director will be fixed and established by the President of the Senate or by the Speaker of the General Assembly, as appropriate, in any amount that the President or Speaker determines to be appropriate for that director, but not to exceed \$175,000 in calendar year 2018 and thereafter. While this maximum amount for the annual salary is identical to the amount for the annual salary for the Governor's cabinet officers and members of the Board of Public Utilities, the President of the Senate and the Speaker of the General Assembly will have complete discretion to set the salaries for the legislative executive directors at any amount that is at or below this maximum, as they deem appropriate.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS estimates that the total impact of this bill, on a calendar year basis (January 1-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. Thereafter, the impact could increase annually by an indeterminate amount above \$15.6 million as a result of the provision tying judicial and prosecutor salaries to changes in the Consumer Price Index.

Converting the bill's impact **on State expenditures only** to a fiscal year basis (July 1-June 30), the OLS estimates that the total impact of this bill is a State expenditure increase of about \$2.7 million in fiscal year 2018, about \$7.7 million in fiscal year 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 could increase annually thereafter. The increase in FY 2021 is caused by the annualization of the third annual salary increase, plus the first half-year of any cost of living adjustment. After FY 2021, any increases would be due solely to cost of living adjustments.

The bill's cost impact on State government consists of mandatory costs increases and discretionary cost increases. Mandatory cost increases comprise judicial salary costs; workers compensation judge and administrative law judge salary increases; executive branch cabinet members; members of the BPU; and county prosecutors' salary increases, which the state is required by law to fund. Discretionary cost increases comprise increased maximum salaries for legislative executive director positions. The OLS estimates these costs, on a fiscal year basis, as follows:

FISCAL YEAR STATE EXPENDITURES			
MANDATORY COST INCREASES	FISCAL YEAR 2018	FISCAL YEAR 2019	FISCAL YEAR 2020
Judicial Branch salaries	\$1,928,000	\$5,784,000	\$9,640,000
Executive Branch judges	\$289,320	\$867,960	\$1,446,600
Executive Branch cabinet and BPU	\$340,000	\$680,000	\$680,000
County Prosecutors salaries	\$84,000	\$252,000	\$420,000
TOTAL	\$2,641,320	\$7,583,960	\$12,186,600
Discretionary cost increases			
Legislative	\$68,000	\$136,000	\$136,000
TOTAL Mandatory and Discretionary	\$2,709,320	\$7,719,960	\$12,322,600

Salary increases mandated and permitted by this bill will increase State and county contribution to State-administered retirement systems by indeterminate amounts.

The following tables set forth the details of the bill’s impact by calendar year (January 1 – December 31).

Table 1 illustrates those salary increases mandated by the bill and funded by the State.

**TABLE 1
MANDATORY INCREASES SPECIFIED BY BILL**

		SALARIES				TOTAL SALARY INCREASE		
JUDICIAL BRANCH	Current	2018	2019	2020	#	2018	2019	2020
JUDGES								
Supreme Court Chief Justice	\$192,795	\$200,795	\$208,795	\$216,795	1	\$8,000	\$16,000	\$24,000
Supreme Court Assoc Justices	\$185,842	\$193,842	\$201,842	\$209,842	6	\$48,000	\$96,000	\$144,000
Superior Court Appellate Judges	\$175,534	\$183,534	\$191,534	\$199,534	32	\$256,000	\$512,000	\$768,000
Superior Court Assignment Judges	\$171,731	\$179,731	\$187,731	\$195,731	15	\$120,000	\$240,000	\$360,000
Superior Court Judges	\$165,000	\$173,000	\$181,000	\$189,000	416	\$3,328,000	\$6,656,000	\$9,984,000
Tax Court Judges	\$165,000	\$173,000	\$181,000	\$189,000	12	\$96,000	\$192,000	\$288,000
SUBTOTAL					482	\$3,856,000	\$7,712,000	\$11,568,000
CABINET								
	\$141,000	\$175,000	\$175,000	\$175,000	15	\$510,000	\$510,000	\$510,000
BOARD OF PUBLIC UTILITIES								
	\$141,000	\$175,000	\$175,000	\$175,000	5	\$170,000	\$170,000	\$170,000
SUBTOTAL					20	\$680,000	\$680,000	\$680,000
LOCAL INCREASES FUNDED BY STATE								
COUNTY PROSECUTORS	\$165,000	\$173,000	\$181,000	\$189,000	21	\$168,000	\$336,000	\$504,000
TOTAL MANDATORY STATE SALARY COST					21	\$4,704,000	\$8,728,000	\$12,752,000

Table 2 illustrates the salaries of various State officials which are statutorily tied to judicial salaries and would also increase as a result of the bill. The table assumes that all judges other than the chief judges are at the maximum level of pay under current law.

**TABLE 2
MANDATORY INCREASES
STATE OFFICIAL SALARIES TIED TO JUDICIAL SALARIES**

EXECUTIVE BRANCH	SALARIES					TOTAL SALARY INCREASE		
	Current	2018	2019	2020	#	2018	2019	2020
WORKERS COMPENSATION JUDGES								
Chief Judge	\$146,850	\$153,970	\$161,090	\$168,210	1	\$7,120	\$14,240	\$21,360
Judges	\$140,250	\$147,050	\$153,850	\$160,650	39	\$265,200	\$530,400	\$795,600
SUBTOTAL					40	\$272,320	\$544,640	\$816,960
ADMINISTRATIVE LAW JUDGES								
Chief Judge	\$146,850	\$153,970	\$161,090	\$168,210	1	\$7,120	\$14,240	\$21,360
Judges	\$140,250	\$147,050	\$153,850	\$160,650	44	\$299,200	\$598,400	\$897,600
SUBTOTAL					45	\$306,320	\$612,640	\$918,960
TOTAL MANDATORY INCREASE FOR POSITIONS TIED TO JUDICIAL SALARIES						\$578,640	\$1,157,280	\$1,735,920

Table 3 summarizes both the salary increases specifically mandated by the bill and those State official salaries which are increased as a result of statutory ties to judicial salaries

**TABLE 3
TOTAL MANDATORY SALARY INCREASES**

	2018	2019	2020
Total Mandatory State Salary Increases per S1229	\$4,704,000	\$8,728,000	\$12,752,000
Total Mandatory State Salary Increases per statutory ties to judicial salaries	\$578,640	\$1,157,280	\$1,735,920
TOTAL MANDATORY STATE SALARY COSTS	\$5,282,640	\$9,885,280	\$14,487,920

Salary increases beyond calendar year 2020 are unknown as a result of the provision tying judicial and county prosecutor salaries to changes in the Consumer Price Index.

Table 4 illustrates the maximum salary increases of various State and Legislative officials permitted by the bill.

TABLE 4
SALARY INCREASE GUIDELINES—POTENTIAL INCREASES

	SALARIES					TOTAL SALARY INCREASE		
	Current	2018	2019	2020	#	2018	2019	2020
Legislative Executive Directors	\$141,000	\$175,000	\$175,000	\$175,000	4	\$136,000	\$136,000	\$136,000

Table 5 illustrates the minimum salaries that the counties must pay to various county officials upon the bill’s enactment. The minimum salaries of various county officials are tied to the level of judicial salaries. As a result, if these officials are not already compensated at the levels listed below, these salaries would be increased.

TABLE 5
COUNTY OFFICIAL SALARIES TIED TO JUDICIAL SALARIES

	SALARIES					SALARY INCREASE		
	Current	2017	2018	2019	#	2017	2018	2019
County Surrogate	\$107,250	\$112,450	\$117,650	\$122,850	21	\$109,200	\$218,400	\$327,600
County Clerk	\$107,250	\$112,450	\$117,650	\$122,850	21	\$109,200	\$218,400	\$327,600
Registers of Deeds & Mortgages	\$107,250	\$112,450	\$117,650	\$122,850	2	\$10,400	\$20,800	\$31,200
Sheriff	\$107,250	\$112,450	\$117,650	\$122,850	21	\$109,200	\$218,400	\$327,600
TOTAL POTENTIAL COUNTY COSTS					84	\$338,000	\$676,000	\$1,014,000

All estimates assume that all positions affected by the bill are filled at all times. Because some positions will be vacant some of the time, actual costs will be lower than the OLS estimates, by indeterminate amounts.

The OLS also notes that there is a potential for indeterminate increase in salary expenses throughout State and county government resulting from an increase in the salaries of deputy commissioners, administrators and employees along with those of the commissioners and other officers.

Section: Judiciary
Analyst: Anne Raughley
Principal Fiscal Analyst
Approved: Frank W. Haines III
Legislative Budget and Finance Officer

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).

STATEMENT TO
SENATE, No. 1229

with Senate Floor Amendments
(Proposed by Senator SWEENEY)

ADOPTED: FEBRUARY 26, 2018

These Senate Floor Amendments provide that:

- 1) the annual salaries for justices and judges, and county prosecutors, would be adjusted automatically on January 1 of each year for four years after calendar year 2021;
- 2) the amount of the annual adjustment would in no event be greater than 2 percent; and
- 3) no further adjustments would be made after January 1, 2025.

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.

LEGISLATIVE FISCAL ESTIMATE

[Second Reprint]

SENATE, No. 1229 STATE OF NEW JERSEY 218th LEGISLATURE

DATED: APRIL 16, 2018

SUMMARY

Synopsis: Increases annual salary of Governor's cabinet officers, judges, county prosecutors, and certain other public employees.

Type of Impact: State and County expenditure increase.

Agencies Affected: Judiciary, all State departments and counties.

Office of Legislative Services Estimate Calendar Year

Fiscal Impact	<u>Calendar Year 2018</u>	<u>Calendar Year 2019</u>	<u>Calendar Year 2020</u>
State Cost (Mandatory)	\$5,282,640	\$ 9,885,280	\$14,487,920
State Cost (Potential)	\$ 136,000	\$ 136,000	\$136,000
County Cost (Maximum)	\$ 338,000	\$ 676,000	\$1,014,000
Total Costs	\$5,756,640	\$10,697,280	\$15,637,920

Office of Legislative Services Estimate Fiscal Year

Fiscal Impact	<u>Fiscal Year 2018</u>	<u>Fiscal Year 2019</u>	<u>Fiscal Year 2020</u>
State Cost (Mandatory)	\$0	\$ 10,225,280	\$12,186,600
State Cost (Potential)	\$ 0	\$ 204,000	\$ 136,000
Total State Costs	\$0	\$10,429,280	\$12,322,600

- The Office of Legislative Services (OLS) estimates that the total impact of this bill, on a **calendar year** basis (January 1-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 as a result of the provision tying judicial and prosecutor salaries to changes in the Consumer Price Index not to exceed 2 percent per year. No salary increases are mandated beyond calendar year 2025.
- Assuming that the Consumer Price Index increases by 2 percent per year, the total impact of this bill on a **calendar year** basis (January 1-December 31) is a combined State and county expenditure increase of about \$18.0 million in 2021, about \$20.4 million in 2022, about \$22.8 million in 2023, about \$25.3 million in 2024 and about \$27.8 million in 2025.
- The OLS notes that the bill provides salary increases beginning on January 1, 2018 with a July 1, 2018 effective date. Therefore, fiscal year FY 2019 costs include the costs incurred during the last 6 months of FY 2018 (January 1, 2018 – June 30, 2018) plus the full year cost of FY 2019 (July 1, 2018 – June 30, 2019).
- Converting the bill's impact **on State expenditures only** to a **fiscal year** basis (July 1-June 30), the OLS estimates that the total impact of this bill is a State expenditure increase of about \$10.4 million in fiscal year 2019 and about \$12.3 million in FY 2020. The impact will increase to an indeterminate amount in FY 2021 as a result of the provision tying judicial and prosecutor salaries to changes in the Consumer Price Index not to exceed 2 percent per year.
- Assuming that the Consumer Price Index increases by 2 percent per year, the total impact of this bill on a **fiscal year** basis (July 1-June 30) is a State expenditure increase of about \$15.7 million in FY 2021, about \$17.9 million in FY 2022, about \$20.2 million in FY 2023, about \$22.5 million in FY 2024, about \$24.8 million in FY 2025 and \$26 million in FY 2026.
- The OLS estimates that the mandatory costs for increased judicial salaries, workers' compensation judge salaries, administrative law judge salaries, cabinet member salaries and county prosecutor salaries would total about \$5.28 million in **calendar year** 2018, and increase by an additional \$4.6 million in calendar year 2019 to a total cost impact of about \$9.89 million. Calendar year costs would increase by another \$4.6 million in 2020, for a total three-year cumulative increase of about \$14.49 million. Salary cost increases in 2021 through 2025 are dependent upon the Consumer Price Index (CPI) up to a maximum increase of 2 percent per year. The maximum cost of increasing the salaries of Legislative executive directors totals \$136,000 annually.
- Assuming that the Consumer Price Index increases by 2 percent per year, the total impact of this bill on a **calendar year** basis is a State expenditure increase of about \$16.7 million in 2021, about \$18.9 million in 2022, about \$21.2 million in 2023, about \$23.5 million in 2024 and about \$25.9 million in 2025.
- The maximum annual cost to the counties for increasing certain county positions would total \$338,000 in calendar year 2018 increasing to \$676,000 in calendar year 2019 and \$1.014 million in 2020. Salary cost increases in 2021 through 2025 are dependent upon the Consumer Price Index (CPI) up to a maximum increase of 2 percent per year.

- Assuming that the Consumer Price Index increases by 2 percent per year, the total impact of this bill is a county expenditure increase of about \$1.174 million in calendar year 2021, about \$1.337 million in 2022, about \$1.503 million in 2023, about \$1.672 million in 2024 and about \$1.845 million in 2025.
- Salary increases mandated and permitted by this bill will increase State and county contributions to State-administered retirement systems by indeterminate amounts.

BILL DESCRIPTION

The bill establishes the annual salary for the Governor's cabinet officers and members of the Board of Public Utilities (BPU) at \$175,000 in calendar year 2018 and thereafter.

In addition, 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 the justices of the Supreme Court, Appellate Division judges, Assignment judges, judges of the Superior Court, and judges of the Tax Court. The bill provides for an automatic annual adjustment on the 2020 salaries for calendar year 2021, and on January 1 of each year for four years thereafter, based on the change in the Consumer Price Index. Such an annual adjustment could in no event be greater than 2 percent. Under current law, the annual salary for workers' compensation judges, administrative law judges, surrogates, county clerks, registers of deeds and mortgages, and sheriffs are linked to the annual salary for a Superior Court judge so that they receive the specific or minimum percentage that is set by law, of the Superior Court judges' salaries. The statutes that provide for these linked salaries are clearly mandatory in nature and when the salaries of judges are increased, the linked salaries must also be increased, including retroactively. The statutory language must be complied with to achieve the Legislature's intent.

The bill increases the annual salary for county prosecutors in the same amounts and in the same manner as the salaries of judges and justices are increased by the bill. The annual salary is currently \$165,000.

The bill codifies a provision for 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 provided for by statute. Under the bill, the salary for each executive director will be fixed and established by the President of the Senate or by the Speaker of the General Assembly, as appropriate, in any amount that the President or Speaker determines to be appropriate for that director, but not to exceed \$175,000 in calendar year 2018 and thereafter. While this maximum amount for the annual salary is identical to the amount for the annual salary for the Governor's cabinet officers and members of the Board of Public Utilities, the President of the Senate and the Speaker of the General Assembly will have complete discretion to set the salaries for the legislative executive directors at any amount that is at or below this maximum, as they deem appropriate. The President and Speaker require the flexibility to set the annual salary for each executive director at any amount, whether at or below the maximum, irrespective of the salaries of the Executive Branch officers.

The bill takes effect July 1, 2018.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS estimates that the total impact of this bill, on a **calendar year** basis (January 1-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 as a result of the provision tying judicial and prosecutor salaries to changes in the Consumer Price Index not to exceed 2 percent per year. No salary increases are mandated beyond calendar year 2025.

Assuming that the Consumer Price Index increases by a minimum of 2 percent per year, the total impact of this bill on a **calendar year** basis (January 1-December 31) is a combined State and county expenditure increase of about \$18.0 million in 2021, about \$20.4 million in 2022, about \$22.8 million in 2023, about \$25.3 million in 2024 and about \$27.8 million in 2025.

The OLS notes that the bill provides salary increases beginning on January 1, 2018 with a July 1, 2018 effective date. Therefore, fiscal year FY 2019 costs include the costs incurred during the last 6 months of FY 2018 (January 1, 2018 – June 30, 2018) plus the full year cost of FY 2019 (July 1, 2018 – June 30, 2019).

Converting the bill's impact **on State expenditures only** to a **fiscal year** basis (July 1-June 30), the OLS estimates that the total impact of this bill is a State expenditure increase of about \$10.4 million in fiscal year 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 could increase annually thereafter. The increase in FY 2021 is caused by the annualization of the third annual salary increase, plus the first half-year of any cost of living adjustment. From FY 2021 through FY 2026, any increases would be due solely to cost of living adjustments up to a maximum of 2 percent per year.

Assuming that the Consumer Price Index increases by a minimum of 2 percent per year, the total impact of this bill on a **fiscal year** basis is a State expenditure increase of about \$15.7 million in FY 2021, about \$17.9 million in FY 2022, about \$20.2 million in FY 2023, about \$22.5 million in FY 2024, about \$24.8 million in FY 2025 and \$26 million in FY 2026.

The bill's cost impact on State government consists of mandatory costs increases and discretionary cost increases. Mandatory cost increases comprise judicial salary costs; workers compensation judge and administrative law judge salary increases; executive branch cabinet members; members of the BPU; and county prosecutors' salary increases, which the state is required by law to fund. Discretionary cost increases comprise increased maximum salaries for legislative executive director positions. The OLS estimates these costs, on a fiscal year basis, as follows:

FISCAL YEAR STATE EXPENDITURES			
MANDATORY COST INCREASES	FISCAL YEAR 2018	FISCAL YEAR 2019	FISCAL YEAR 2020
Judicial Branch salaries	\$0	\$7,712,000	\$9,640,000
Executive Branch judges	\$0	\$1,157,280	\$1,446,600
Executive Branch cabinet and BPU	\$0	\$1,020,000	\$680,000
County Prosecutors salaries	\$0	\$336,000	\$420,000
TOTAL	\$0	\$10,225,280	\$12,186,600
Discretionary cost increases			
Legislative	\$0	\$204,000	\$136,000
TOTAL Mandatory and Discretionary	\$0	\$10,429,280	\$12,322,600

Salary increases mandated and permitted by this bill will increase State and county contribution to State-administered retirement systems by indeterminate amounts.

The following tables set forth the details of the bill’s impact by calendar year (January 1 – December 31).

Table 1 illustrates those salary increases mandated by the bill and funded by the State.

**TABLE 1
MANDATORY INCREASES SPECIFIED BY BILL**

	SALARIES					TOTAL SALARY INCREASE		
	Current	2018	2019	2020	#	2018	2019	2020
JUDICIAL BRANCH								
JUDGES								
Supreme Court Chief Justice	\$192,795	\$200,795	\$208,795	\$216,795	1	\$8,000	\$16,000	\$24,000
Supreme Court Assoc Justices	\$185,842	\$193,842	\$201,842	\$209,842	6	\$48,000	\$96,000	\$144,000
Superior Court Appellate Judges	\$175,534	\$183,534	\$191,534	\$199,534	32	\$256,000	\$512,000	\$768,000
Superior Court Assignment Judges	\$171,731	\$179,731	\$187,731	\$195,731	15	\$120,000	\$240,000	\$360,000
Superior Court Judges	\$165,000	\$173,000	\$181,000	\$189,000	416	\$3,328,000	\$6,656,000	\$9,984,000
Tax Court Judges	\$165,000	\$173,000	\$181,000	\$189,000	12	\$96,000	\$192,000	\$288,000
SUBTOTAL					482	\$3,856,000	\$7,712,000	\$11,568,000
CABINET	\$141,000	\$175,000	\$175,000	\$175,000	15	\$510,000	\$510,000	\$510,000
BOARD OF PUBLIC UTILITIES	\$141,000	\$175,000	\$175,000	\$175,000	5	\$170,000	\$170,000	\$170,000
SUBTOTAL					20	\$680,000	\$680,000	\$680,000
LOCAL INCREASES FUNDED BY STATE								
COUNTY PROSECUTORS	\$165,000	\$173,000	\$181,000	\$189,000	21	\$168,000	\$336,000	\$504,000
TOTAL MANDATORY STATE SALARY COST					21	\$4,704,000	\$8,728,000	\$12,752,000

Table 2 illustrates the salaries of various State officials which are statutorily tied to judicial salaries and would also increase as a result of the bill. The table assumes that all judges other than the chief judges are at the maximum level of pay under current law.

**TABLE 2
MANDATORY INCREASES
STATE OFFICIAL SALARIES TIED TO JUDICIAL SALARIES**

EXECUTIVE BRANCH	SALARIES					TOTAL SALARY INCREASE		
	Current	2018	2019	2020	#	2018	2019	2020
WORKERS COMPENSATION JUDGES								
Chief Judge	\$146,850	\$153,970	\$161,090	\$168,210	1	\$7,120	\$14,240	\$21,360
Judges	\$140,250	\$147,050	\$153,850	\$160,650	39	\$265,200	\$530,400	\$795,600
SUBTOTAL					40	\$272,320	\$544,640	\$816,960
ADMINISTRATIVE LAW JUDGES								
Chief Judge	\$146,850	\$153,970	\$161,090	\$168,210	1	\$7,120	\$14,240	\$21,360
Judges	\$140,250	\$147,050	\$153,850	\$160,650	44	\$299,200	\$598,400	\$897,600
SUBTOTAL					45	\$306,320	\$612,640	\$918,960
TOTAL MANDATORY INCREASE FOR POSITIONS TIED TO JUDICIAL SALARIES						\$578,640	\$1,157,280	\$1,735,920

Table 3 summarizes both the salary increases specifically mandated by the bill and those State official salaries which are increased as a result of statutory ties to judicial salaries

**TABLE 3
TOTAL MANDATORY SALARY INCREASES**

	2018	2019	2020
Total Mandatory State Salary Increases per S1229(2R)	\$4,704,000	\$8,728,000	\$12,752,000
Total Mandatory State Salary Increases per statutory ties to judicial salaries	\$578,640	\$1,157,280	\$1,735,920
TOTAL MANDATORY STATE SALARY COSTS	\$5,282,640	\$9,885,280	\$14,487,920

Salary increases from calendar year 2021 through 2025 are unknown as a result of the provision tying judicial and county prosecutor salaries to changes in the Consumer Price Index up to a maximum of 2 percent. No salary increases are mandated beyond calendar year 2025.

Table 4 illustrates the maximum salary increases of various State and Legislative officials permitted by the bill.

TABLE 4
SALARY INCREASE GUIDELINES—POTENTIAL INCREASES

	SALARIES					TOTAL SALARY INCREASE		
	Current	2018	2019	2020	#	2018	2019	2020
Legislative Executive Directors	\$141,000	\$175,000	\$175,000	\$175,000	4	\$136,000	\$136,000	\$136,000

Table 5 illustrates the minimum salaries that the counties must pay to various county officials upon the bill's enactment. The minimum salaries of various county officials are tied to the level of judicial salaries. As a result, if these officials are not already compensated at the levels listed below, these salaries would be increased.

TABLE 5
COUNTY OFFICIAL SALARIES TIED TO JUDICIAL SALARIES

	SALARIES					SALARY INCREASE		
	Current	2018	2019	2020	#	2018	2019	2020
County Surrogate	\$107,250	\$112,450	\$117,650	\$122,850	21	\$109,200	\$218,400	\$327,600
County Clerk	\$107,250	\$112,450	\$117,650	\$122,850	21	\$109,200	\$218,400	\$327,600
Registers of Deeds & Mortgages	\$107,250	\$112,450	\$117,650	\$122,850	2	\$10,400	\$20,800	\$31,200
Sheriff	\$107,250	\$112,450	\$117,650	\$122,850	21	\$109,200	\$218,400	\$327,600
TOTAL POTENTIAL COUNTY COSTS					84	\$338,000	\$676,000	\$1,014,000

All estimates assume that all positions affected by the bill are filled at all times. Because some positions will be vacant some of the time, actual costs will be lower than the OLS estimates, by indeterminate amounts.

The OLS also notes that there is a potential for indeterminate increase in salary expenses throughout State and county government resulting from an increase in the salaries of deputy commissioners, administrators and employees along with those of the commissioners and other officers.

Section: Judiciary

*Analyst: Anne Raughley
Principal Fiscal Analyst*

*Approved: Frank W. Haines III
Legislative Budget and Finance Officer*

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).

ASSEMBLY, No. 3685

STATE OF NEW JERSEY 218th LEGISLATURE

INTRODUCED MARCH 13, 2018

Sponsored by:

Assemblyman CRAIG J. COUGHLIN

District 19 (Middlesex)

Assemblyman JOSEPH A. LAGANA

District 38 (Bergen and Passaic)

Assemblyman JOHN J. BURZICHELLI

District 3 (Cumberland, Gloucester and Salem)

SYNOPSIS

Increases annual salary of Governor's cabinet officers, judges, county prosecutors, and certain other public employees.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 3/27/2018)

1 AN ACT concerning the annual salary of certain public employees,
 2 and amending various parts of the statutory law and
 3 supplementing chapter 11 of Title 52 of the Revised Statutes.

4
 5 **BE IT ENACTED** by the Senate and General Assembly of the State
 6 of New Jersey:

7
 8 1. N.J.S.2B:2-4 is amended to read as follows:

9 2B:2-4. Judicial Salaries. **【**Annual salaries of justices and
 10 judges beginning on January 1, 2008 shall be:

11	Chief Justice of the Supreme Court	\$183,182
12	Associate Justice of the Supreme Court	\$176,488
13	Judge of the Superior Court,	
14	Appellate Division	\$167,023
15	Judge of the Superior Court,	
16	Assignment Judge	\$163,404
17	Judge of the Superior Court;	
18	Judge of the Tax Court	\$157,000 】

19 Annual salaries of justices and judges beginning on January 1,
 20 2009 and thereafter shall be:

21	Chief Justice of the Supreme Court	\$192,795
22	Associate Justice of the Supreme Court	\$185,482
23	Judge of the Superior Court,	
24	Appellate Division	\$175,534
25	Judge of the Superior Court,	
26	Assignment Judge	\$171,731
27	Judge of the Superior Court;	
28	Judge of the Tax Court	\$165,000

29 The annual salaries of justices and judges shall be increased by
 30 \$8,000 in calendar year 2018. The annual salaries of justices and
 31 judges set in calendar year 2018, shall be increased by \$8,000,
 32 beginning on January 1, 2019. The annual salary of justices and
 33 judges set on January 1, 2019, shall be increased by \$8,000
 34 beginning on January 1, 2020.

35 Beginning on January 1, 2021, and on January 1 of each year for
 36 four years thereafter, the amount of the annual salary determined for
 37 the prior calendar year shall be adjusted annually by the State
 38 Treasurer in direct proportion to the percent change in the
 39 Consumer Price Index over a 12-month period beginning November
 40 1 and ending October 31. For the purpose of this section,
 41 "Consumer Price Index" means the Consumer Price Index for All
 42 Urban Consumers, New York-Northern New Jersey-Long Island
 43 Metropolitan Area, All Items (1982-84=100), as published by the
 44 Bureau of Labor Statistics in the United States Department of
 45 Labor. The State Treasurer shall determine the amount of the

EXPLANATION – Matter enclosed in bold-faced brackets **【thus】 in the above bill is not enacted and is intended to be omitted in the law.**

Matter underlined thus is new matter.

1 adjustment by December 1 of each year and the adjustment shall
2 become effective for payments to be made during the calendar year
3 following the determination, beginning with payments made on or
4 after January 1 of each calendar year. An adjustment in the annual
5 payment shall be made only if the percent change in the Consumer
6 Price Index for the period specified is greater than zero. Such an
7 annual adjustment shall in no event be greater than 2 percent. If the
8 reference base of the index is changed, the index used to determine
9 the Consumer Price Index shall be the index converted to the new
10 base by standard statistical methods. The first adjustment
11 determination shall be made by December 1, 2020 and applicable to
12 payments commencing on January 1, 2021. The financial
13 adjustment shall be made on December 1, 2024 and be applicable
14 for payments commencing on January 1, 2025. No further
15 adjustments shall be made thereafter.

16 (cf: P.L.2007, c.350, s.1)

17

18 2. Section 1 of P.L.1974, c.55 (C.52:14-15.107) is amended to
19 read as follows:

20 1. Notwithstanding the provisions of the annual appropriations
21 act and section 7 of P.L.1974, c.55 (C.52:14-15.110), **the Governor**
22 **shall fix and establish** the annual salary**,** not to exceed \$133,330
23 in calendar year 2000, \$137,165 in calendar year 2001 and
24 \$141,000 in calendar year 2002 and thereafter,**]** for each of the
25 following officers shall be \$175,000 in calendar year 2018 and
26 thereafter:

27 Title

28 Agriculture Department

29 Secretary of Agriculture

30 Children and Families Department

31 Commissioner of Children and Families

32 Community Affairs Department

33 Commissioner of Community Affairs

34 Corrections Department

35 Commissioner of Corrections

36 Education Department

37 Commissioner of Education

38 Environmental Protection Department

39 Commissioner of Environmental Protection

40 Health **[and Senior Services]** Department

41 Commissioner of Health **[and Senior Services]**

42 Human Services Department

43 Commissioner of Human Services

44 Banking and Insurance Department

45 Commissioner of Banking and Insurance

46 Labor and Workforce Development Department

47 Commissioner of Labor and Workforce Development

48 Law and Public Safety Department

1 Attorney General
2 Military and Veterans' Affairs Department
3 Adjutant General
4 State Department
5 Secretary of State
6 Transportation Department
7 Commissioner of Transportation
8 Treasury Department
9 State Treasurer
10 Members, Board of Public Utilities
11 (cf: P.L.2010, c.34, s.16)
12

13 3. (New section) The annual salary of the executive director of
14 each full time legislative staff operating under the direction of the
15 Senate President, the Speaker of the General Assembly, and the
16 Minority Leaders of each House of the Legislature shall be fixed
17 and established by the President of the Senate and by the Speaker of
18 the General Assembly, as appropriate, for each director in any
19 amount that the President or Speaker determines to be appropriate
20 for that director, but shall not exceed \$175,000 in calendar year
21 2018 and thereafter.
22

23 4. N.J.S.2A:158-10 is amended to read as follows:

24 2A:158-10. County prosecutors shall receive annual salaries to
25 be fixed by the governing body of the county at \$153,000 beginning
26 on January 1, 2008 and \$165,000 beginning on January 1, 2009 and
27 thereafter. The annual salaries of county prosecutors shall be
28 increased by \$8,000 in calendar year 2018. The annual salaries of
29 county prosecutors set in calendar year 2018, shall be increased by
30 \$8,000, beginning on January 1, 2019. The annual salary of county
31 prosecutors set on January 1, 2019, shall be increased by \$8,000
32 beginning on January 1, 2020.

33 Beginning on January 1, 2021 and on January 1 of each year for
34 four years thereafter, the amount of the annual salary determined for
35 the prior calendar year shall be adjusted annually by the State
36 Treasurer in direct proportion to the percent change in the
37 Consumer Price Index over a 12-month period beginning November
38 1 and ending October 31. For the purpose of this section,
39 "Consumer Price Index" means the Consumer Price Index for All
40 Urban Consumers, New York-Northern New Jersey-Long Island
41 Metropolitan Area, All Items (1982-84=100), as published by the
42 Bureau of Labor Statistics in the United States Department of
43 Labor. The State Treasurer shall determine the amount of the
44 adjustment by December 1 of each year and the adjustment shall
45 become effective for payments to be made during the calendar year
46 following the determination, beginning with payments made on or
47 after January 1 of each calendar year. An adjustment in the annual
48 payment shall be made only if the percent change in the Consumer

1 Price Index for the period specified is greater than zero. Such an
2 annual adjustment shall in no event be greater than 2 percent. If the
3 reference base of the index is changed, the index used to determine
4 the Consumer Price Index shall be the index converted to the new
5 base by standard statistical methods. The first adjustment
6 determination shall be made by December 1, 2020 and applicable to
7 payments commencing on January 1, 2021. The financial
8 adjustment shall be made on December 1, 2024 and be applicable
9 for payments commencing on January 1, 2025. No further
10 adjustments shall be made thereafter.

11 There shall be appropriated annually to the Department of
12 Community Affairs for payment to each county for additional salary
13 costs resulting from the increase in the salary of county prosecutors
14 an amount equal to the amount by which the annual salary paid to
15 the county prosecutor under this section exceeds \$100,000.00.
16 (cf: P.L.2007, c.350, s.2)

17

18 5. This act shall take effect immediately.

19

20

21

STATEMENT

22

23 This bill establishes the annual salary for the Governor's cabinet
24 officers and members of the Board of Public Utilities (BPU) at
25 \$175,000 in calendar year 2018 and thereafter.

26 In addition, the bill provides for an \$8,000 increase in calendar
27 year 2018, and for an \$8,000 increase on January 1 of each of the next
28 subsequent two years, in the annual salaries for the justices of the
29 Supreme Court, Appellate Division judges, Assignment judges, judges
30 of the Superior Court, and judges of the Tax Court. The bill provides
31 for an automatic annual adjustment on the 2020 salaries for calendar
32 year 2021, and on January 1 of each year for four years thereafter,
33 based on the change in the Consumer Price Index. Such an annual
34 adjustment could in no event be greater than 2 percent. Under
35 current law, the annual salary for workers' compensation judges,
36 administrative law judges, surrogates, county clerks, registers of deeds
37 and mortgages, and sheriffs are linked to the annual salary for a
38 Superior Court judge so that they receive the specific or minimum
39 percentage that is set by law, of the Superior Court judges' salaries.
40 The statutes that provide for these linked salaries are clearly
41 mandatory in nature and when the salaries of judges are increased, the
42 linked salaries must also be increased, including retroactively. The
43 statutory language must be complied with to achieve the Legislature's
44 intent.

45 The bill increases the annual salary for county prosecutors in the
46 same amounts and in the same manner as the salaries of judges and
47 justices are increased by the bill. The annual salary is currently
48 \$165,000.

1 The bill codifies a provision for the annual salary of the executive
2 director of each full time legislative staff operating under the direction
3 of the Senate President, the Speaker of the General Assembly, and the
4 Minority Leaders of each House of the Legislature. Currently, these
5 salaries are not provided for by statute. Under the bill, the salary for
6 each executive director will be fixed and established by the President
7 of the Senate or by the Speaker of the General Assembly, as
8 appropriate, in any amount that the President or Speaker determines to
9 be appropriate for that director, but not to exceed \$175,000 in calendar
10 year 2018 and thereafter. While this maximum amount for the annual
11 salary is identical to the amount for the annual salary for the
12 Governor's cabinet officers and members of the Board of Public
13 Utilities, the President of the Senate and the Speaker of the General
14 Assembly will have complete discretion to set the salaries for the
15 legislative executive directors at any amount that is at or below this
16 maximum, as they deem appropriate. The President and Speaker
17 require the flexibility to set the annual salary for each executive
18 director at any amount, whether at or below the maximum, irrespective
19 of the salaries of the Executive Branch officers.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 3685

STATE OF NEW JERSEY

DATED: MARCH 22, 2018

The Assembly Appropriations Committee reports favorably Assembly Bill No. 3685.

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.

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 \$2.7 million in FY 2018, about \$7.7 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.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 3685

with committee amendments

STATE OF NEW JERSEY

DATED: APRIL 5, 2018

The Assembly Appropriations Committee reports favorably Assembly Bill No. 3685, 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.

The 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.

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

ASSEMBLY, No. 3685

STATE OF NEW JERSEY 218th LEGISLATURE

DATED: APRIL 16, 2018

SUMMARY

Synopsis: Increases annual salary of Governor's cabinet officers, judges, county prosecutors, and certain other public employees.

Type of Impact: State and County expenditure increase.

Agencies Affected: Judiciary, all State departments and counties.

Office of Legislative Services Estimate Calendar Year

Fiscal Impact	<u>Calendar Year 2018</u>	<u>Calendar Year 2019</u>	<u>Calendar Year 2020</u>
State Cost (Mandatory)	\$5,282,640	\$ 9,885,280	\$14,487,920
State Cost (Potential)	\$ 136,000	\$ 136,000	\$136,000
County Cost (Maximum)	\$ 338,000	\$ 676,000	\$1,014,000
Total Costs	\$5,756,640	\$10,697,280	\$15,637,920

Office of Legislative Services Estimate Fiscal Year

Fiscal Impact	<u>Fiscal Year 2018</u>	<u>Fiscal Year 2019</u>	<u>Fiscal Year 2020</u>
State Cost (Mandatory)	\$0	\$ 10,225,280	\$12,186,600
State Cost (Potential)	\$ 0	\$ 204,000	\$ 136,000
Total State Costs	\$0	\$10,429,280	\$12,322,600

- The Office of Legislative Services (OLS) estimates that the total impact of this bill, on a **calendar year** basis (January 1-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 as a result of the provision tying judicial and prosecutor salaries to changes in the Consumer Price Index not to exceed 2 percent per year. No salary increases are mandated beyond calendar year 2025.
- Assuming that the Consumer Price Index increases by 2 percent per year, the total impact of this bill on a **calendar year** basis (January 1-December 31) is a combined State and county expenditure increase of about \$18.0 million in 2021, about \$20.4 million in 2022, about \$22.8 million in 2023, about \$25.3 million in 2024 and about \$27.8 million in 2025.
- The OLS notes that the bill provides salary increases beginning on January 1, 2018 with a July 1, 2018 effective date. Therefore, fiscal year FY 2019 costs include the costs incurred during the last 6 months of FY 2018 (January 1, 2018 – June 30, 2018) plus the full year cost of FY 2019 (July 1, 2018 – June 30, 2019).
- Converting the bill's impact **on State expenditures only** to a **fiscal year** basis (July 1-June 30), the OLS estimates that the total impact of this bill is a State expenditure increase of about \$10.4 million in fiscal year 2019 and about \$12.3 million in FY 2020. The impact will increase to an indeterminate amount in FY 2021 as a result of the provision tying judicial and prosecutor salaries to changes in the Consumer Price Index not to exceed 2 percent per year.
- Assuming that the Consumer Price Index increases by 2 percent per year, the total impact of this bill on a **fiscal year** basis (July 1-June 30) is a State expenditure increase of about \$15.7 million in FY 2021, about \$17.9 million in FY 2022, about \$20.2 million in FY 2023, about \$22.5 million in FY 2024, about \$24.8 million in FY 2025 and \$26 million in FY 2026.
- The OLS estimates that the mandatory costs for increased judicial salaries, workers' compensation judge salaries, administrative law judge salaries, cabinet member salaries and county prosecutor salaries would total about \$5.28 million in **calendar year** 2018, and increase by an additional \$4.6 million in calendar year 2019 to a total cost impact of about \$9.89 million. Calendar year costs would increase by another \$4.6 million in 2020, for a total three-year cumulative increase of about \$14.49 million. Salary cost increases in 2021 through 2025 are dependent upon the Consumer Price Index (CPI) up to a maximum increase of 2 percent per year. The maximum cost of increasing the salaries of Legislative executive directors totals \$136,000 annually.
- Assuming that the Consumer Price Index increases by 2 percent per year, the total impact of this bill on a **calendar year** basis is a State expenditure increase of about \$16.7 million in 2021, about \$18.9 million in 2022, about \$21.2 million in 2023, about \$23.5 million in 2024 and about \$25.9 million in 2025.
- The maximum annual cost to the counties for increasing certain county positions would total \$338,000 in calendar year 2018 increasing to \$676,000 in calendar year 2019 and \$1.014 million in 2020. Salary cost increases in 2021 through 2025 are dependent upon the Consumer Price Index (CPI) up to a maximum increase of 2 percent per year.

- Assuming that the Consumer Price Index increases by 2 percent per year, the total impact of this bill is a county expenditure increase of about \$1.174 million in calendar year 2021, about \$1.337 million in 2022, about \$1.503 million in 2023, about \$1.672 million in 2024 and about \$1.845 million in 2025.
- Salary increases mandated and permitted by this bill will increase State and county contributions to State-administered retirement systems by indeterminate amounts.

BILL DESCRIPTION

The bill establishes the annual salary for the Governor's cabinet officers and members of the Board of Public Utilities (BPU) at \$175,000 in calendar year 2018 and thereafter.

In addition, 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 the justices of the Supreme Court, Appellate Division judges, Assignment judges, judges of the Superior Court, and judges of the Tax Court. The bill provides for an automatic annual adjustment on the 2020 salaries for calendar year 2021, and on January 1 of each year for four years thereafter, based on the change in the Consumer Price Index. Such an annual adjustment could in no event be greater than 2 percent. Under current law, the annual salary for workers' compensation judges, administrative law judges, surrogates, county clerks, registers of deeds and mortgages, and sheriffs are linked to the annual salary for a Superior Court judge so that they receive the specific or minimum percentage that is set by law, of the Superior Court judges' salaries. The statutes that provide for these linked salaries are clearly mandatory in nature and when the salaries of judges are increased, the linked salaries must also be increased, including retroactively. The statutory language must be complied with to achieve the Legislature's intent.

The bill increases the annual salary for county prosecutors in the same amounts and in the same manner as the salaries of judges and justices are increased by the bill. The annual salary is currently \$165,000.

The bill codifies a provision for 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 provided for by statute. Under the bill, the salary for each executive director will be fixed and established by the President of the Senate or by the Speaker of the General Assembly, as appropriate, in any amount that the President or Speaker determines to be appropriate for that director, but not to exceed \$175,000 in calendar year 2018 and thereafter. While this maximum amount for the annual salary is identical to the amount for the annual salary for the Governor's cabinet officers and members of the Board of Public Utilities, the President of the Senate and the Speaker of the General Assembly will have complete discretion to set the salaries for the legislative executive directors at any amount that is at or below this maximum, as they deem appropriate. The President and Speaker require the flexibility to set the annual salary for each executive director at any amount, whether at or below the maximum, irrespective of the salaries of the Executive Branch officers.

The bill takes effect July 1, 2018.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS estimates that the total impact of this bill, on a **calendar year** basis (January 1-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 as a result of the provision tying judicial and prosecutor salaries to changes in the Consumer Price Index not to exceed 2 percent per year. No salary increases are mandated beyond calendar year 2025.

Assuming that the Consumer Price Index increases by a minimum of 2 percent per year, the total impact of this bill on a **calendar year** basis (January 1-December 31) is a combined State and county expenditure increase of about \$18.0 million in 2021, about \$20.4 million in 2022, about \$22.8 million in 2023, about \$25.3 million in 2024 and about \$27.8 million in 2025.

The OLS notes that the bill provides salary increases beginning on January 1, 2018 with a July 1, 2018 effective date. Therefore, fiscal year FY 2019 costs include the costs incurred during the last 6 months of FY 2018 (January 1, 2018 – June 30, 2018) plus the full year cost of FY 2019 (July 1, 2018 – June 30, 2019).

Converting the bill's impact **on State expenditures only** to a **fiscal year** basis (July 1-June 30), the OLS estimates that the total impact of this bill is a State expenditure increase of about \$10.4 million in fiscal year 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 could increase annually thereafter. The increase in FY 2021 is caused by the annualization of the third annual salary increase, plus the first half-year of any cost of living adjustment. From FY 2021 through FY 2026, any increases would be due solely to cost of living adjustments up to a maximum of 2 percent per year.

Assuming that the Consumer Price Index increases by a minimum of 2 percent per year, the total impact of this bill on a **fiscal year** basis is a State expenditure increase of about \$15.7 million in FY 2021, about \$17.9 million in FY 2022, about \$20.2 million in FY 2023, about \$22.5 million in FY 2024, about \$24.8 million in FY 2025 and \$26 million in FY 2026.

The bill's cost impact on State government consists of mandatory costs increases and discretionary cost increases. Mandatory cost increases comprise judicial salary costs; workers compensation judge and administrative law judge salary increases; executive branch cabinet members; members of the BPU; and county prosecutors' salary increases, which the state is required by law to fund. Discretionary cost increases comprise increased maximum salaries for legislative executive director positions. The OLS estimates these costs, on a fiscal year basis, as follows:

FISCAL YEAR STATE EXPENDITURES			
MANDATORY COST INCREASES	FISCAL YEAR 2018	FISCAL YEAR 2019	FISCAL YEAR 2020
Judicial Branch salaries	\$0	\$7,712,000	\$9,640,000
Executive Branch judges	\$0	\$1,157,280	\$1,446,600
Executive Branch cabinet and BPU	\$0	\$1,020,000	\$680,000
County Prosecutors salaries	\$0	\$336,000	\$420,000
TOTAL	\$0	\$10,225,280	\$12,186,600
Discretionary cost increases			
Legislative	\$0	\$204,000	\$136,000
TOTAL Mandatory and Discretionary	\$0	\$10,429,280	\$12,322,600

Salary increases mandated and permitted by this bill will increase State and county contribution to State-administered retirement systems by indeterminate amounts.

The following tables set forth the details of the bill’s impact by calendar year (January 1 – December 31).

Table 1 illustrates those salary increases mandated by the bill and funded by the State.

**TABLE 1
MANDATORY INCREASES SPECIFIED BY BILL**

	SALARIES					TOTAL SALARY INCREASE		
	Current	2018	2019	2020	#	2018	2019	2020
JUDICIAL BRANCH JUDGES								
Supreme Court Chief Justice	\$192,795	\$200,795	\$208,795	\$216,795	1	\$8,000	\$16,000	\$24,000
Supreme Court Assoc Justices	\$185,842	\$193,842	\$201,842	\$209,842	6	\$48,000	\$96,000	\$144,000
Superior Court Appellate Judges	\$175,534	\$183,534	\$191,534	\$199,534	32	\$256,000	\$512,000	\$768,000
Superior Court Assignment Judges	\$171,731	\$179,731	\$187,731	\$195,731	15	\$120,000	\$240,000	\$360,000
Superior Court Judges	\$165,000	\$173,000	\$181,000	\$189,000	416	\$3,328,000	\$6,656,000	\$9,984,000
Tax Court Judges	\$165,000	\$173,000	\$181,000	\$189,000	12	\$96,000	\$192,000	\$288,000
SUBTOTAL					482	\$3,856,000	\$7,712,000	\$11,568,000
CABINET	\$141,000	\$175,000	\$175,000	\$175,000	15	\$510,000	\$510,000	\$510,000
BOARD OF PUBLIC UTILITIES	\$141,000	\$175,000	\$175,000	\$175,000	5	\$170,000	\$170,000	\$170,000
SUBTOTAL					20	\$680,000	\$680,000	\$680,000
LOCAL INCREASES FUNDED BY STATE								
COUNTY PROSECUTORS	\$165,000	\$173,000	\$181,000	\$189,000	21	\$168,000	\$336,000	\$504,000
TOTAL MANDATORY STATE SALARY COST					21	\$4,704,000	\$8,728,000	\$12,752,000

Table 2 illustrates the salaries of various State officials which are statutorily tied to judicial salaries and would also increase as a result of the bill. The table assumes that all judges other than the chief judges are at the maximum level of pay under current law.

**TABLE 2
MANDATORY INCREASES
STATE OFFICIAL SALARIES TIED TO JUDICIAL SALARIES**

EXECUTIVE BRANCH	SALARIES					TOTAL SALARY INCREASE		
	Current	2018	2019	2020	#	2018	2019	2020
WORKERS COMPENSATION JUDGES								
Chief Judge	\$146,850	\$153,970	\$161,090	\$168,210	1	\$7,120	\$14,240	\$21,360
Judges	\$140,250	\$147,050	\$153,850	\$160,650	39	\$265,200	\$530,400	\$795,600
SUBTOTAL					40	\$272,320	\$544,640	\$816,960
ADMINISTRATIVE LAW JUDGES								
Chief Judge	\$146,850	\$153,970	\$161,090	\$168,210	1	\$7,120	\$14,240	\$21,360
Judges	\$140,250	\$147,050	\$153,850	\$160,650	44	\$299,200	\$598,400	\$897,600
SUBTOTAL					45	\$306,320	\$612,640	\$918,960
TOTAL MANDATORY INCREASE FOR POSITIONS TIED TO JUDICIAL SALARIES						\$578,640	\$1,157,280	\$1,735,920

Table 3 summarizes both the salary increases specifically mandated by the bill and those State official salaries which are increased as a result of statutory ties to judicial salaries

**TABLE 3
TOTAL MANDATORY SALARY INCREASES**

	2018	2019	2020
Total Mandatory State Salary Increases per A3685(1R)	\$4,704,000	\$8,728,000	\$12,752,000
Total Mandatory State Salary Increases per statutory ties to judicial salaries	\$578,640	\$1,157,280	\$1,735,920
TOTAL MANDATORY STATE SALARY COSTS	\$5,282,640	\$9,885,280	\$14,487,920

Salary increases from calendar year 2021 through 2025 are unknown as a result of the provision tying judicial and county prosecutor salaries to changes in the Consumer Price Index up to a maximum of 2 percent. No salary increases are mandated beyond calendar year 2025.

Table 4 illustrates the maximum salary increases of various State and Legislative officials permitted by the bill.

TABLE 4
SALARY INCREASE GUIDELINES—POTENTIAL INCREASES

	SALARIES					TOTAL SALARY INCREASE		
	Current	2018	2019	2020	#	2018	2019	2020
Legislative Executive Directors	\$141,000	\$175,000	\$175,000	\$175,000	4	\$136,000	\$136,000	\$136,000

Table 5 illustrates the minimum salaries that the counties must pay to various county officials upon the bill's enactment. The minimum salaries of various county officials are tied to the level of judicial salaries. As a result, if these officials are not already compensated at the levels listed below, these salaries would be increased.

TABLE 5
COUNTY OFFICIAL SALARIES TIED TO JUDICIAL SALARIES

	SALARIES					SALARY INCREASE		
	Current	2018	2019	2020	#	2018	2019	2020
County Surrogate	\$107,250	\$112,450	\$117,650	\$122,850	21	\$109,200	\$218,400	\$327,600
County Clerk	\$107,250	\$112,450	\$117,650	\$122,850	21	\$109,200	\$218,400	\$327,600
Registers of Deeds & Mortgages	\$107,250	\$112,450	\$117,650	\$122,850	2	\$10,400	\$20,800	\$31,200
Sheriff	\$107,250	\$112,450	\$117,650	\$122,850	21	\$109,200	\$218,400	\$327,600
TOTAL POTENTIAL COUNTY COSTS					84	\$338,000	\$676,000	\$1,014,000

All estimates assume that all positions affected by the bill are filled at all times. Because some positions will be vacant some of the time, actual costs will be lower than the OLS estimates, by indeterminate amounts.

The OLS also notes that there is a potential for indeterminate increase in salary expenses throughout State and county government resulting from an increase in the salaries of deputy commissioners, administrators and employees along with those of the commissioners and other officers.

Section: Judiciary

*Analyst: Anne Raughley
Principal Fiscal Analyst*

*Approved: Frank W. Haines III
Legislative Budget and Finance Officer*

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).

**GOVERNOR'S STATEMENT UPON SIGNING
SENATE BILL NO. 1229
(Second Reprint)**

Today I have signed Senate Bill No. 1229 (Second Reprint), which, among other things, increases the annual salaries of our State judges. This long overdue measure marks the first increase in judicial salaries in nearly a decade and is critical to ensuring that we continue to retain and attract quality legal talent to the State bench.

As important as it is to make sure judges and senior public servants are justly compensated, we cannot allow ourselves to forget the more than one million hardworking New Jerseyans who are currently struggling to provide for themselves and their families on a substandard hourly wage. This is completely unacceptable - and changing this unfair status quo has been a priority of mine since day one.

I urge the Legislature to move quickly to advance legislation that will increase the minimum wage to \$15 an hour. A \$15 minimum wage will not only ensure that all New Jersey workers can earn a livable wage, but will also stimulate and strengthen our economy.

Date: May 18, 2018

/s/ Philip D. Murphy

Governor

Attest:

/s/ Matthew J. Platkin

Chief Counsel to the Governor