



Investing in Judicial Salaries & Pensions

Presentation to the Investments &
Pensions Oversight Committee

Invest in Judicial Retirement Plans

The Judiciary has confronted challenges in recruitment of judicial candidates with diverse practice backgrounds, especially mid-career attorneys with experience in family matters and civil law. Compensation is frequently cited by such attorneys as a reason they will not, despite the desire to do so, apply for judicial vacancies. In addition to the challenge of low salaries, retirement provisions are a critical component of judicial compensation. Judicial retirement suffers from both a low funded ratio and from low service credit.

- Judicial Retirement Account (JRA) for lawyer judges, as of June 30, 2020, funded ratio = 53.5% (reduced from 6/30/19 ratio of 55.1%)
- Magistrate Retirement Account (MRA), as of June 30, 2020, funded ratio = 53.4% (reduced from 6/30/19 ratio of 54.3%)

Proposals to improve retirement plans for judges include modest increases to the service credit and significant investment of one-time funds. The investments under consideration are being evaluated by PERA actuaries with the goal of identifying a range of investment options to achieve funding status of well above the mid-50% range of both funds today.

Invest \$35 million in the Judicial Retirement Plan

Invest \$10 million into the Magistrate Retirement Fund

Change service credits to accelerate judicial retirement plans to attract mid-career, qualified attorneys from diverse practice backgrounds, such as those experienced in civil and family law.

- Statutory changes in 2014 reduced service credit in JRA from 3.75% to 3.25% and in MRA from 3.5% to 3.0%, and in both funds extended the FAS calculation from 1 year to 5 years, reduced survivor benefits, limited a COLA increase for retirees to once every 3 years with eligibility beginning in year 7 of retirement. The effect of the service credit reductions was to extend the time to earn a 75% pension in JRA from 20 years to more than 23 years and in MRA to 25 years.
- Proposed for FY23: Increase annual service credit in JRA to 4% for first 10 years; 3.5% each year thereafter, effective July 2022 for all current and future judges (e.g., a judge with 5 years on the bench as of July 1, 2022 earns 4% for the following five years and 3.5% thereafter.) Increase MRA service credit to 3.5% per year, reducing time to a 75% pension to 21.4 years from 25 years.



Investing in the Future of Judges and Employees

Judge Salary Increase

"Pay is a significant factor having an impact on the diversity of candidates who seek judicial office." 2021 NM Judicial Compensation Commission report

The Judiciary approaches a tipping point after many years of wage stagnation for judges and ever-increasing retirements. Judicial vacancies are becoming more and more difficult to fill with candidates bringing a diversity of experience and background. Many experienced attorneys cite salary as a significant reason they do not seek to fill judicial vacancies.

Recommendation: Link the salary of Supreme Court justices to the pay of a federal magistrate court judge, who has a limited jurisdiction. (U.S. magistrates receive 92% of the salary of federal district court judges.)

\$201,112	NM Supreme Court Justice
\$181,503	NM District Judge
\$6,898,518	Recurring Cost (excluding Magistrate Judges)

According to the 2021 Judicial Compensation Commission report:

NM Supreme Court Justices and District Court Judges:

Rank **48 out of 55** in the United States based on salaries in other states and territories (including Guam, Northern Mariana Islands)

NM Court of Appeals Judges:

Rank **40 out of 42**

Judges are paid less than lawyers in New Mexico with comparable experience as well as local and state employees. Please refer to the map and tables on the next pages.

2017 New Mexico State Bar Association Study

\$210,502 Average salary of law firm partner/shareholder (**27% more** than a NM Supreme Court justice)

\$184,457 Average salary of sole practitioners (**17% more** than a NM Supreme Court justice)

The study indicates that attorneys charged the highest per-hour billing rate (a median of \$250) for civil litigation, business, contract law, and estate planning. This could explain why few civil practice attorneys apply for judgeships and the salary it offers.

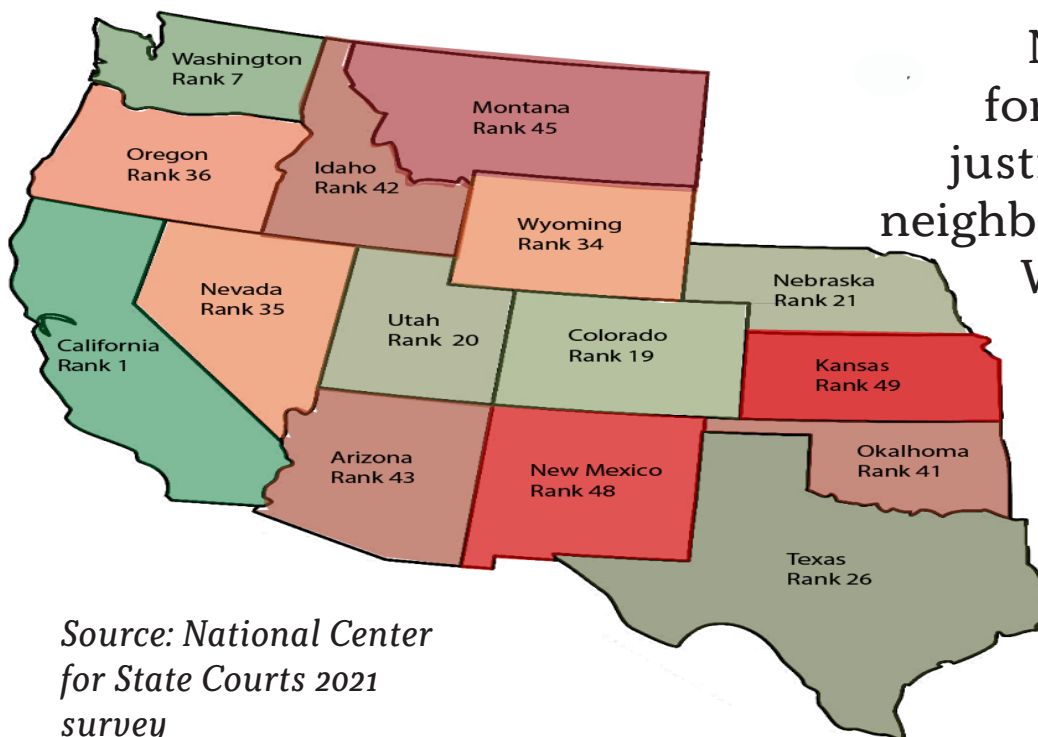
Federal Salaries

\$268,300 U.S. Supreme Court justices

\$231,800 Federal appellate Circuit Court Judges

\$218,600 Federal trial court District Court Judges

\$201,112 Federal limited-jurisdiction Magistrate Judge

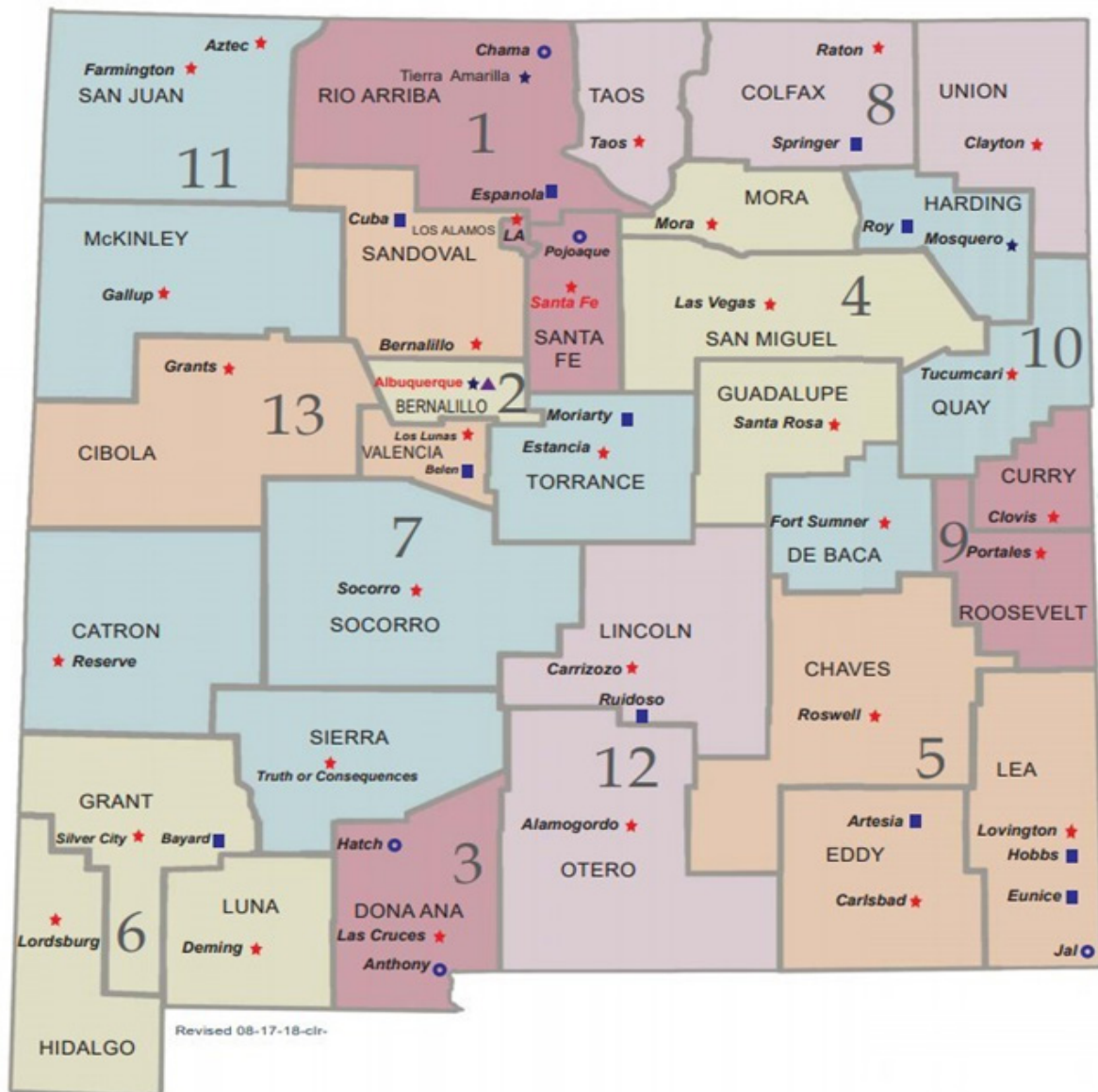


New Mexico salary for a Supreme Court justice lags far behind neighboring states in the West and Midwest.

Source: National Center for State Courts 2021 survey of Judicial Salaries.

The salaries of New Mexico Supreme Court Justices, Court of Appeals judges, and trial judges (highlighted in yellow) compared to salaries paid in local and state government.

State Investment Officer, State Investment Council	\$275,887
University of New Mexico Chief Legal Counsel	\$272,950
ERB Deputy Director of Investments	\$264,585
Bernalillo County Attorney	\$263,674
University of New Mexico School of Law Dean	\$253,417
Albuquerque Metropolitan County Detention Center Chief	\$233,099
U.S. Tenth Circuit Judge	\$231,800
University of New Mexico Offensive Coordinator (Football)	\$225,000
U.S. District Judge, New Mexico	\$218,600
U.S. Limited-Jurisdiction Magistrate Judge, New Mexico	\$201,112
Santa Fe County Manager	\$198,750
Dona Ana County Manager	\$185,000
PERA Executive Director Investments/Pensions	\$172,942
Santa Fe City Manager	\$170,000
Legislative Council Service Director	\$163,063
New Mexico Spaceport Director	\$159,000
State Engineer	\$156,000
New Mexico Supreme Court Chief Justice	\$155,394
New Mexico Supreme Court Justice	\$153,394
Annual salary of all NM attorneys in 2017 State Bar Salary Survey	\$142,382
New Mexico District Court Judge	\$138,438
Rio Rancho City Manager	\$137,000



Administrative Office of the Courts



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