

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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FISCAL IMPACT STATEMENT

LS 6821
BILL NUMBER: SB 363

NOTE PREPARED: Feb 18, 2005
BILL AMENDED: Feb 17, 2005

SUBJECT: Judicial Salaries.

FIRST AUTHOR: Sen. Broden
FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) This bill has the following provisions:

- A. It provides that full-time judges and justices automatically receive a salary increase in each fiscal year that the General Assembly does not provide a salary increase.
- B. It provides that the automatic salary increase is the same as the statewide or cost-of-living percentage increase received for that fiscal year by state employees in the executive branch who are in the same or a similar salary bracket. It requires the Budget Director to augment the appropriation if necessary.

Effective Date: July 1, 2005.

Explanation of State Expenditures: The additional expenditures that would result from this bill would depend on the salary increase granted to other state employees. The following table shows added net expenditures for each 1% increase. The additional expenditures would be somewhat offset by the additional income tax revenue. Between FY 2001 and 2005, salary adjustments for state employees in the executive branch ranged from no salary increase in 2002 to an increase of 4% in 2001.

Net General Fund Expenditures for Salary Increases of Judicial Officers					
Based on Percentage Adjustments					
Percent Adjustment:	1%	2%	3%	4%	5%
Justices, Judges, and Other Court Officers	\$360,283	\$720,566	\$1,080,848	\$1,441,131	\$1,801,414
Prosecuting Attorneys and Deputies	\$152,156	\$304,312	\$456,468	\$608,624	\$760,780
Net Additional Income Tax Revenue	(\$16,482)	(\$32,964)	(\$49,446)	(\$65,928)	(\$82,410)
Total Expenditures	\$495,957	\$991,914	\$1,487,870	\$1,983,827	\$2,479,784

The Office of State Court Administration reports that 593 judicial officers serve in either appointed or elected offices in 2003.

Increasing the salaries of trial court judges will also increase the salaries of other court officers which are linked in statute.

- The salaries of magistrates are defined in statute as 80% of the salary of a trial court judge (IC 33-4-7-9.1).
- The salaries of juvenile court magistrates are also 80% of the salary of trial court judges, but the county pays \$41,393 of the total salary (IC 33-13-12-8.2).
- The salaries of the prosecuting attorneys are the same as the salaries of the judges of the circuit court (IC 33-14-7-5).

If prosecuting attorneys elect to work part-time, their salary will either be 60% or 66% of the salary of a full-time prosecuting attorney. The percentage depends on whether correctional facilities or state mental facilities are located in the county in which the prosecuting attorneys serve.

Deputy prosecuting attorneys who are paid by the state may also elect to work on a part-time basis. Part-time deputy prosecuting attorneys are paid 75% of the salary of prosecuting attorneys (IC 33-14-7-2).

The following table shows the numbers and current salaries.

Judicial Officers in Indiana			
Judicial Officers		Number	Current Salaries
Justices, Judges, and Other Court Officers	Supreme Court Justices	5	\$115,000
	Court of Appeals Judges	16	\$110,000
	Trial Court Judges	301	\$90,000
	Magistrates	49	\$72,000
	Juvenile Court Referees	17	\$30,607
Prosecuting Attorneys	Full-Time	71	\$90,000
	Part-Time at 66%	9	\$59,400
	Part-Time at 60%	10	\$54,000
Deputy Prosecuting Attorneys	Full-Time	72	\$67,500
	Deputies at 66%	22	\$44,550
	Deputies at 60%	<u>21</u>	\$40,500
Total Number		<u><u>593</u></u>	

The estimated cost of increasing these salaries by 1% is estimated to increase salary expenditures by \$512,000. These costs include increased salaries and the subsequent increase in the state's contribution to Social Security, FICA, and life and disability insurance premiums.

Estimated Increase in State Expenditures By 1% Increase in Salaries of Justices and Judges		
Justices, Judges, and Other Court Officers	Salaries	\$343,210
	Life and Disability Insurance	\$9,061
	Social Security and Medicare	\$8,012
	Judges Retirement Fund	\$0
Prosecuting Attorneys	Salaries	\$141,552
	Life and Disability Insurance	\$3,737
	Social Security and Medicare	\$6,867
	Pros. Attys. Retirement Fund	\$0
Additional Expenditures		\$512,439

[Note: Actuarial projections assume little short-term impact on either the Judges Retirement Fund or the Prosecuting Attorneys Retirement Fund if the annual increase is less than 5%.]

Explanation of State Revenues: Approximately \$16,000 would be collected by the state in Individual Adjusted Gross Income taxes for each 1% of additional salaries resulting from this bill. The tax rate is 3.4%.

Explanation of Local Expenditures:

Explanation of Local Revenues: Counties imposing local option income taxes (CAGIT, COIT, and/or CEDIT) would collect more revenue because of the salary increases. The amount would likely be small and depend on the number of judicial officers in the county.

State Agencies Affected: Office of State Court Administration.

Local Agencies Affected: Counties imposing local option income taxes.

Information Sources: Office of State Court Administration.

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