

**State of New Mexico**

**Judicial Compensation Commission**

**2020 Report**

To the Legislative Finance Committee  
and  
Department of Finance and Administration

## Introduction

In 2005, the Legislature enacted Senate Bill 263, now NMSA 1978, Section 34-1-10 (2005), creating the Judicial Compensation Commission (“JCC”), an independent six-member commission charged with recommending a compensation and benefits plan for New Mexico judges to the Legislative Finance Committee and the Department of Finance and Administration. 2020 JCC members are:

**Sergio Pareja**, Dean of the University of New Mexico School of Law, statutorily designated as Chair of the JCC;

**Deborah Seligman**, appointed by the President Pro Tempore of the New Mexico Senate;

**Kathleen “Kay” Marr**, appointed by the Speaker of the New Mexico House of Representatives;

**Ernestina Cruz**, President of the State Bar of New Mexico, statutorily designated as a member; and

**Patrick Ortiz**, appointed by the Chief Justice of the New Mexico Supreme Court.

The position reserved for an appointee by the Governor of New Mexico is vacant.

## Statutory Requirement

The New Mexico Judicial Compensation Commission (JCC) must annually “report to the legislative finance committee and the department of finance and administration its findings and recommendations on salaries for judges and justices.” NMSA 1978 § 34-1-10(G). Judicial compensation in New Mexico is set through a statutory formula based on the salary the Legislature sets for the Justices of the Supreme Court. NMSA 1978 § 34-1-9. The Chief Justice salary is set \$2,000 higher than the salary of a Justice. Each judge of the Court of Appeals is paid a salary equal to 95% of the salary of a Supreme Court Justice. Each District Court judge is paid 95% of the salary of a Judge of the Court of Appeals. Each Metropolitan Court judge is paid 95% of the salary of a judge of the District Court. Each Magistrate is paid 75% of the salary of a Metropolitan Court judge. Salaries for Chief Judges are set according to the same formula based on the Chief Justice’s salary. Judicial salaries are not adjusted for location. Each judge of the same type of court earns the same amount in any community in the state, regardless of size, docket, cost of living, or judicial experience. In 2015, the New Mexico Supreme Court adopted a policy of endorsing JCC recommendations. The judicial branch supports legislation in the 2021 session to accomplish the recommendations of the Legislature’s Judicial Compensation Commission.

## Update on the 2020 Legislative Sessions

During the 2020 regular legislative session, the Legislature considered the JCC's recommendations and voted a 7% salary increase for judges in New Mexico. Governor Lujan Grisham approved this increase. The Legislature also addressed judicial retirement by investing \$1.2 million annually into both the Judicial Retirement Account and into the Magistrate Retirement Account from a portion of oil tax revenues that fund legislative retirement. Governor Lujan Grisham signed SB122 approving this measure. The Legislature did not address additional compensation provided for the Chief Justice and Chief Judges.

With the price decline of the oil and gas market along with decreased economic activity and the added expenses related to the COVID-19 public health emergency, Governor Lujan Grisham called for a special session of the Legislature in June 2020. As a result of that session, state budgets were cut significantly. Among the cuts was elimination of all compensation increases for Judges. However, although judicial salaries were not increased for FY 2021, judges will benefit from the change in contributions to their retirement funds under SB 122, which was not repealed. Preliminary reports from PERA indicate that SB 122 is having an important impact on the solvency of judicial retirement funds.

## JCC Recommendations for FY 2022

- Increase judicial pay 2% as part of a five-year plan to pay district court judges \$165,000.
- Defer recommendation to increase differential pay for Chief Justice and Chief Judges.
- Defer recommendation of JCC statute to make JCC salary recommendations effective unless rejected by a majority of the Legislature.
- Track impact of 2020 legislation to add \$1.2 million annually to retirement funds to determine if the legislation is sufficient to reverse trend toward insolvency in judicial retirement funds.

# FY2022 Salary Recommendation

## **1. Increase salaries 2%**

The JCC recommends that the salary of Supreme Court Justices be increased 2%, with the goal of achieving a district court judge salary of \$165,000 over five years. The total five-year increase will be approximately 24%. The modest recommendation for FY 2022 will be a beginning step that the JCC intends to increase over the following four years to achieve the salary goal. The current recommendation for a 2% increase will bring the Justice salary from \$148,208 to \$151,172. This increase would bring the district court judges' salaries to \$136,432 based on the statutorily mandated salary regression steps in NMSA § 34-1-9. The new salary of New Mexico Supreme Court Justices if increased in July 2021 to \$151,172 would rank 47 out of 55 in the United States based on salaries in other states as of July 2020.<sup>1</sup> The fact that judges are paid less than lawyers with comparable experience as well as local and state employees has significantly reduced the Judiciary's ability to attract and retain judges with proficiency in civil law.<sup>2</sup>

The 2% recommended increase effective in July 2021 would leave New Mexico district court judges with a salary ranked 47 of 55 nationally and judges of the Court of Appeals ranked 39 of 42.<sup>3</sup> Pay is a significant factor having an impact on the diversity of candidates who seek judicial office. Candidates with only criminal law experience have a steep learning curve when serving in districts where judges are expected to hear a diverse range of civil, family, juvenile, and criminal cases.

As noted in JCC reports since 2017, the judiciary should reflect a diversity of legal backgrounds, including in the private sector and law firms, as well as government experience.

Our court system should be filled with judges who not only are intelligent, thoughtful, and faithful to the rule of law, but also bring diversity of experience and background ... The reality is that all judges bring into the courtroom their unique life experience, tempered by their oath to make decisions based on the law and the constitution. It's the integrity and judgment of those men and women that allow our constitutional democracy to move forward.<sup>4</sup>

In 2017, the New Mexico Bar Association commissioned a lawyer compensation study, as it did in 2012. Survey respondents who identified themselves as a partner/shareholder reported an average salary of \$210,502, with sole practitioners reporting \$184,457. The report indicates that attorneys charged the highest per-hour billing rate (a median of \$250) for civil litigation, business, contract law, and estate planning, which could explain why fewer of those performing this work are attracted by the salary offered by the judiciary. With the recommendation to increase salaries 2% in FY 2022, a district judge's pay would be \$136,432, still significantly less than the reported salaries of partners and solo practitioners in private practice.

<sup>1</sup> It is expected that the ranking of New Mexico judicial salaries will decline when salaries are updated by NCSC in January 2021. Salary rankings include several U.S. territories.

<sup>2</sup> The Economics of Law Practice in New Mexico, *Lawyer Compensation*, May 2017, Research & Polling, Inc.

<sup>3</sup> NCSC Annual Survey of Judicial Salaries, July 1, 2020, at <https://www.ncsc.org/~media/Microsites/Files/Judicial%20Salaries/JSS-July-2020.ashx>

<sup>4</sup> Yvette McGee Brown, former Ohio Supreme Court Justice, Forward to Building a Diverse Bench: A Guide for Judicial Nominating Commissioners, Brennan Center for Justice, 2016.

## FY2022 Salary Recommendation (cont.)

Using salaries reported in the Bar's 2017 survey, the average partner in a law firm is paid 42% more than a Justice of the Supreme Court. The average solo practitioner is paid 24% more than a Supreme Court Justice.<sup>5</sup> The average pay of all 569 lawyers in the 2017 survey, from partners in law firms to legal aid and government attorneys, was \$142,382, putting the 2020 salary for a Justice of the Supreme Court just 3.9% above the average pay of all attorneys in all fields of law practice in New Mexico as reported in 2017.

The experience of Judicial Nominating Commissions confirms previous findings regarding judicial applicants. A 2016 review of all 309 judicial candidates from 2010 to 2015 revealed that 17% were age 39 or younger, although a district court judge must be at least age 35. More striking was that 85% of all applicants had experience in government service. Almost half (44.7%) had ten or more years of government service. Lawyers with experience in the private sector as well as law firms reported that judicial salaries prevent them from applying to be judges. The data also show these lawyers are simply not seeking judicial office. Continuing to improve salaries will help address the need to attract a more diverse mix of experience among attorneys seeking to be judges.

To increase the diversity of judicial candidates and encourage more broadly experienced attorneys to become and remain judges, the Commission recommends that the salary of a district court judge should be \$165,000. The recommendation for 2% in FY 2021 brings the district court judge salary to \$136,432, or \$28,568 less than the ultimate five-year target (-21%). Increases of about 5% in each of the following four years would achieve the JCC goal. The salary after completion of the five-year goal (\$165,000) should attract more diverse candidates to the district courts including lawyers in mid-career who have experience across the spectrum of civil cases beyond the criminal law experience that dominates among recent candidates. Raising pay to \$165,000 will make district court judge pay higher than the salary reported by the average of all attorneys and less demonstrably below what they might earn in private practice. The target salary would be less than the current salary of executives paid by the government to manage the Legislative Finance Committee, PERA, and Santa Fe (both the city and county) (see page 10).

The Commission recommends the necessary salary level be achieved over five years. To achieve the target pay of \$165,000 for district court judges, the pay of a Justice would have to be approximately \$183,000 under the statutory salary progression. Supreme Court Justices in more than half of the reporting courts (28 out of 55) report Justice pay above \$183,000 as of July 2020, including New Mexico border states of Colorado, Texas, and Utah. The Commission recommends increases of 2% in FY 2021, followed by increases of at least 5% in the following four years to make Justice pay \$151,171 in FY 2022 and ultimately approximately \$183,000 in FY 2026.

**The total recurring cost for all judges for a 2% increase for FY 2022 would be \$565,490 (see page 7).**

<sup>5</sup>The Economics of Law Practice in New Mexico, *supra*, at p. 7.

# FY2022 Salary Recommendation *(cont.)*

## **2. Amend Chief Judge Pay Differential**

An aspect of judicial pay that has not been addressed by the Legislature since 1993 is pay differentials for Chief Judges and the Chief Justice. In recognition of the added duties and responsibilities that attach to the office, the Legislature in 1993 added \$2,000 to the pay of the Chief Justice.<sup>6</sup> The same statute provides that Chief Judges are paid 95% of the next higher level court, so that the Chief Judge of the Court of Appeals is paid 95% of the \$2,000 salary differential of the Chief Justice, the district court Chief Judges are paid 95% of the Court of Appeals Chief Judge, the Chief Judge of the Bernalillo County Metropolitan Court is paid 95% of the district court Chief Judge, and the five qualifying Magistrate Court Presiding Judges (who oversee three or more magistrates) are paid 75% of the Metropolitan Court Chief Judge.

JCC continues to recognize that differential pay for the Chief Justice and Chief Judges is inequitable in light of the challenges of managing a modern court system. However, fiscal challenges make it unrealistic to recommend addressing this inequity for FY 2022. A recommendation addressing the differential as a percentage of salary and increasing the differential is expected for FY 2023.

## **3. Change JCC Statute to Make Recommendations “Opt Out”**

As discussed in the JCC 2019 Report, the Commission recommends changing the existing statute governing the JCC’s recommendations from advisory to opt-out. However, fiscal constraints make it necessary to defer this recommendation until the 2021 Report.

## **4. TRACK Impact of 2020 Session Improvements to Judicial Retirement Funding**

As JCC has continued to emphasize over the years, adequate compensation for state court judges is tied directly to judicial retirement benefits. Retirement provisions are of particular importance to judges because judicial careers typically start in early middle age, often a very different scenario from other state employees.

In 2015, NCSC conducted a nationwide survey on judicial retirement and benefits. The resulting report shows that New Mexico judges, whose salaries are among the lowest, contribute at the 4th highest rate, behind judges in California, Rhode Island, and Illinois. Judges in the Mountain West states of Nevada and Utah contribute nothing. The table on page 11 shows salaries and contribution rates of judges in general jurisdiction courts.

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<sup>6</sup>NMSA 1978, Section 34-1-9A.

# FY2022 Salary Recommendation (continued)

## FY2022 New Mexico Judicial Compensation Increase including Benefits

**2% FY2022, followed by 5% FY2023, 5% FY2024, 5% FY2025, 5% FY2026  
Effective 7/9/2021 (1st full pay period in FY22)**

Job Title	FTE	Formula	FY2021 Current Annual Rate	Benefits Cost 25.15% JRA & 24.65% MRA	TOTAL Cost Per Judge/ Justice Position incl Benefits	TOTAL Cost for all Judge / Justice positions	Annual Rate - reflecting 2% Increase FY2022	Benefits Cost 25.15% JRA & 24.65% MRA	TOTAL Cost Per Judge/ Justice Position incl Benefits	TOTAL Cost for all Judge / Justice positions
Chief Justice	1	AJ + \$2000	\$150,207	\$37,777	\$187,984	\$187,984	\$153,171	\$38,522	\$191,693	\$191,694
Associate Justice (AJ)	4	Target Pay	\$148,207	\$37,274	\$185,481	\$741,924	\$151,171	\$38,019	\$189,190	\$756,763
Chief Court of Appeals	1	95% of Chief Justice	\$142,696	\$35,888	\$178,584	\$178,584	\$145,512	\$36,596	\$182,109	\$182,109
Court of Appeals Judges	9	95% of Associate Justice	\$140,796	\$35,410	\$176,207	\$1,585,863	\$143,612	\$36,118	\$179,731	\$1,617,581
Chief District Judge	13	95% of Chief Court of Appeals Judge	\$135,561	\$34,093	\$169,655	\$2,205,524	\$138,237	\$34,766	\$173,003	\$2,249,047
District Judge	81	95% of Court of Appeals Judge	\$133,756	\$33,639	\$167,396	\$13,559,136	\$136,432	\$34,312	\$170,745	\$13,830,319
Chief Metro Judge	1	95% of Chief District Judge	\$128,783	\$32,389	\$161,172	\$161,172	\$131,325	\$33,028	\$164,353	\$164,353
Metro-Apolitan Judge	18	95% of District Court Judge	\$127,069	\$31,957	\$159,026	\$2,862,484	\$129,610	\$32,597	\$162,207	\$2,919,734
Presiding Magistrate Judge	5	75% of Chief Metro Judge	\$96,587	\$23,808	\$120,396	\$601,983	\$98,493	\$24,278	\$122,773	\$613,863
Magistrate Judge	62	75% of Metropolitan Judge	\$95,301	\$23,491	\$118,793	\$7,365,207	\$97,207.82	\$23,961	\$121,170	\$7,512,512
<b>195</b>			<b>\$29,449,867</b>				<b>\$30,037,976</b>			
<b>2% Increase</b>	<b>Costs</b>	<b>\$565,489.66*</b>								
<b>Formula: Total new cost / 26 pay periods * 25 pay periods</b>										

**JRA: 25.4% = 2.5% retiree healthcare, 15.25% pera, 7.65% FICA [note - subject to change - anticipate increase in FY2022]**

**MRA: 24.9% = 2% retiree health care, 15.25% pera, 7.65% FICA [note - subject to change - anticipate increase in FY2022]**

\*The full-year cost is \$588,109 but HB2 would fund 25 pay periods due to implementation of the increase only during the first full pay period of the new fiscal year. The requested amount, \$565,489.66 is 25/26 of the full-year costs to account for the 25 pay periods to be funded in the first year of a 2% raise during FY 2022.



## FY2022 Salary Recommendation (cont.)

Job Title	Annual Rate - reflecting 5% Increase FY2023	Benefits Cost 25.15% JRA & 24.65% MRA	TOTAL Cost Per Judge/ Justice Position incl Benefits	TOTAL Cost for all Judge / Justice positions	Annual Rate - reflecting 5% Increase FY2024	Benefits Cost 25.15% JRA & 24.65% MRA	TOTAL Cost Per Judge/ Justice Position incl Benefits	TOTAL Cost for all Judge / Justice positions	Annual Rate - reflecting 5% Increase FY2025	Benefits Cost 25.15% JRA & 24.65% MRA	TOTAL Cost Per Judge/ Justice Position incl Benefits	TOTAL Cost for all Judge / Justice positions		
Chief Justice	\$160,730	\$40,424	\$201,153	\$201,153	\$168,666	\$42,420	\$211,086	\$211,086	\$177,000	\$44,515	\$221,515	\$221,515		
<b>Associate Justice (AJ)</b>	<b>\$158,730</b>	\$39,921	\$198,650	\$794,601	<b>\$166,666</b>	\$41,917	\$208,583	\$834,331	<b>\$175,000</b>	\$44,012	\$219,012	\$876,048		
Chief Court of Appeals	\$152,693	\$38,402	\$191,096	\$191,096	\$160,233	\$40,299	\$200,532	\$200,532	\$168,150	\$42,290	\$210,439	\$210,439		
Court of Appeals Judges	\$150,793	\$37,925	\$188,718	\$1,698,460	\$158,333	\$39,821	\$198,154	\$1,783,383	\$166,250	\$41,812	\$208,061	\$1,872,552		
Chief District Judge	\$145,059	\$36,482	\$181,541	\$2,360,031	\$152,221	\$38,284	\$190,505	\$2,476,565	\$159,742	\$40,175	\$199,917	\$2,598,925		
District Judge	\$143,254	\$36,028	\$179,282	\$14,521,835	\$150,416	\$37,830	\$188,246	\$15,247,927	\$157,937	\$39,721	\$197,658	\$16,010,323		
Chief Metro Judge	\$137,806	\$34,658	\$172,464	\$172,464	\$144,610	\$36,369	\$180,980	\$180,980	\$151,755	\$38,166	\$189,921	\$189,921		
Metropolitan Judge	\$136,091	\$34,227	\$170,318	\$3,065,721	\$142,895	\$35,938	\$178,834	\$3,219,007	\$150,040	\$37,735	\$187,775	\$3,379,957		
Presiding Magistrate Judge	\$103,354	\$25,477	\$128,831	\$644,156	\$108,458	\$26,735	\$135,193	\$675,963	\$113,816	\$28,056	\$141,872	\$709,360		
Magistrate Judge	\$102,068	\$25,160	\$127,228	\$7,888,138	\$107,172	\$26,418	\$133,589	\$8,282,544	\$112,530	\$27,739	\$140,269	\$8,696,672		
<b>\$31,537,655</b>				<b>\$33,112,317</b>				<b>\$34,765,712</b>						
<b>5% Increase Costs</b>				<b>\$1,441,998</b>	<b>5% Increase Costs</b>				<b>\$1,514,098</b>	<b>5% Increase Costs</b>				<b>\$1,589,803</b>

Annual Rate - reflecting 5% Increase FY2026	Benefits Cost 25.15% JRA & 24.65% MRA	TOTAL Cost Per Judge/ Justice Position incl Benefits	TOTAL Cost for all Judge / Justice positions
\$185,750	\$46,716	\$232,466	\$232,466
<b>\$183,750</b>	\$46,213	\$229,963	\$919,850
\$176,462	\$44,380	\$220,842	\$220,842
\$174,562	\$43,902	\$218,464	\$1,966,180
\$167,639	\$42,161	\$209,800	\$2,727,402
\$165,834	\$41,707	\$207,541	\$16,810,840
\$159,257	\$40,053	\$199,310	\$199,310
\$157,542	\$39,622	\$197,164	\$3,548,955
\$119,443	\$29,443	\$148,885	\$744,427
\$118,157	\$29,126	\$147,282	\$9,131,505
<b>\$36,501,778</b>			
<b>5% Increase Costs</b>		<b>\$1,669,293</b>	



# National Salary Comparison 2020

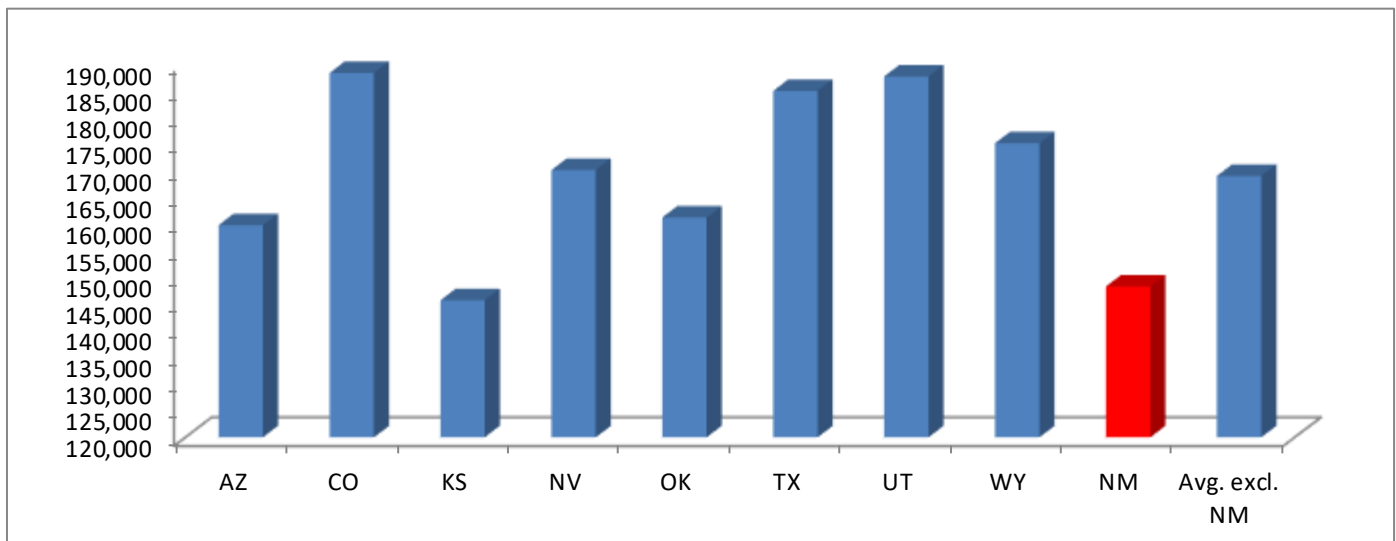
- New Mexico Supreme Court Justice salary ranks 48 of 55 among all state courts as of July 1, 2020.
- New Mexico Intermediate Appellate Court (Court of Appeals) Judge salary is 40 out of 43 (not all states have an Intermediate Appellate Court).
- New Mexico general jurisdiction district trial court judge salary is now 48 out of 55.
- The average national salary of a Supreme Court Justice is \$186,164. The salary of a New Mexico Supreme Court Justice is now \$148,208, or \$37,956 below the national average.

## Supreme Court Justice Salaries as of July 1, 2019 in Western Comparison States<sup>7</sup>

AZ	\$159,685
CO	\$188,151
KS	\$145,641
NV	\$170,000
OK	\$161,112
TX	\$184,800
UT	\$187,500
WY	\$175,000
NM	\$148,208

The average Justice salary in the Mountain West states excluding New Mexico is \$171,486, or about \$15,000 less than the national average. The New Mexico Justice salary is \$23,278 below the mountain west average and \$37,956 below the national average. The cost-of-living index reported in the NCSC salary tracker for New Mexico is 100.1% (about the national average). Five Mountain West states have a higher cost-of-living index than New Mexico and three have a lower cost-of-living index than New Mexico.<sup>7</sup>

New Mexico Justice salaries continue to lag well behind neighboring states in the Mountain West region. States used in the comparison chart report below were selected because they are the designated “Mountain West Region” states by the Hay Group. The Hay Group is a consulting firm whose salary compilation data is used by the Judiciary and many state and private entities, regarding comparative salary data. The Mountain West Region is used by the Judiciary because of states’ similarities in population concentrations and economics.



<sup>7</sup> NCSC Annual Survey of Judicial Salaries, July 1, 2020.

# State and Local Salary Comparison

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, as well as in higher education.<sup>8</sup>

University of New Mexico Athletic Coach 4 (Football)	\$400,000
University of New Mexico Chief Legal Counsel	\$272,950
Senior Investment Officer, State Investment Council	\$265,267
ERB Deputy Director of Investments	\$254,409
University of New Mexico School of Law Dean	\$249,672
PERA Chief Investment Officer	\$249,288
U.S. Tenth Circuit Judge	\$223,700
U.S. District Judge	\$210,900
Santa Fe County Manager	\$201,731
Bernalillo County Attorney	\$190,000
Rio Rancho City Manager	\$175,000
PERA Executive Director Investments/Pensions	\$172,942
Legislative Finance Committee Director	\$172,079
Santa Fe City Manager	\$170,000
Albuquerque Metropolitan County Detention Center Chief	\$150,000
Los Alamos County Deputy Attorney	\$161,136
Dona Ana County Manager	\$160,000
New Mexico Spaceport Director	\$153,000
<b>New Mexico Supreme Court Chief Justice</b>	<b>\$150,207</b>
<b>New Mexico Supreme Court Justice</b>	<b>\$148,207</b>
Annual salary of all NM attorneys in 2017 State Bar Salary Survey	\$142,382
<b>New Mexico District Court Judge</b>	<b>\$133,757</b>
Senate Chief Clerk	\$127,314
Attorney General's Office Chief of Staff	\$127,607
<b>New Mexico Metropolitan Court Judge</b>	<b>\$127,069</b>
Legislative Education Study Committee Director	\$129,168
State Auditor's Office Deputy State Auditor	\$128,699
San Juan County District Attorney	\$125,838
House Chief Clerk	\$117,300
Santa Fe Municipal Judge	\$113,568
<b>New Mexico Magistrate Judge</b>	<b>\$ 95,302</b>

<sup>8</sup> Data collected from salaries reported on the New Mexico Sunshine Portal, the University of New Mexico Sunshine Portal, sites published by local governments, & information provided by employees of the institution or government office.

# Judicial Retirement Funding

<i>State</i>	<i>Salary*</i>	<i>Salary Rank</i>	<i>Judge's Contribution Rate as a % of salary</i>	<i>Required Years of Service **</i>
California	\$253,189	1	15.25%	65 or older, 20 years 70+, 5-19 years Amount varies based on tier of employment
Rhode Island	\$187,149	19	12%	Under 65, 20 years, 65% 65+, 10 years, 65% 65 and 20 years, 80%
Illinois	\$240,016	2	11%	55 with 10 years, reduced benefits 60 or older, 10 years 63 with 8 years, reduced benefits 67, 8 years
New Mexico	\$148,208	48	10.5%	Magistrate, any age with 24 years of service Judge, 60 with 15 years of service or 65 with 8 years
Idaho	\$155,200	41	10.2%	60 with 10 years of service 65 with 4 years of service Any age with 20 years of service
New Hampshire	\$175,837	27	10%	60 with 15 years, 70% 65 with 10 years, 75% 70 with 7 years, 45%
Pennsylvania	\$211,027	7	10%	Superannuation Pension 60 with 3 years Or any age with 35 years

As the chart shows, retirement benefits for New Mexico judges are at best average. The chart also shows that New Mexico judges contribute the fourth highest percentage of salary to retirement while they receive the eighth lowest pay in the nation.\*\*\* The answer to the projected insolvency of both JRA and MRA should not include further reducing judge pay by increasing their contributions toward retirement. SB122, discussed on page 12, should substantially improve the solvency of these retirement funds in future years.

\* Justice salary as of July 1, 2019.

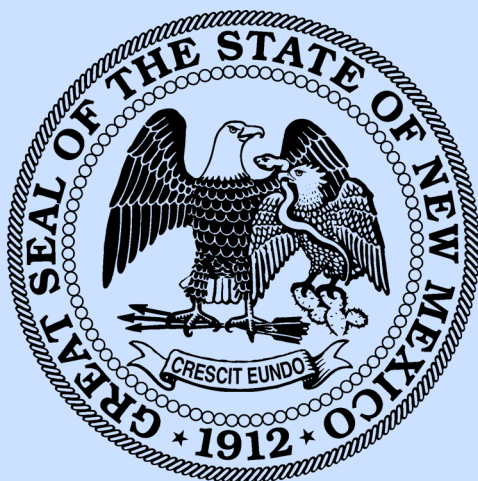
\*\* From *A Comparative Analysis of Judicial Compensation in the US and Canada: Facts, Figures and Comparisons*, ICM Fellows Program, 2015- 2016 Court Project Phase, May 2016.

\*\*\* The seven entities with lower pay than New Mexico are MT, KS, ME, SD, WV, Northern Mariana Islands and Puerto Rico.

## Judicial Retirement Funding *(cont.)*

The Legislature made significant changes to judicial retirements in 2014 by increasing the percentage of salary contributed by judges, reducing annual service credit which effectively extends the required period of judicial service before retirement, lengthening the vesting period, and suspending the retirement COLA for 2 out of every 3 years the funds are not projected to achieve 100% funding. Despite these changes, the funded ratio of the JRA declined from 61.7% at the end of FY17 to 56.3% at the end of FY18. The MRA funded ratio declined from 61.3% at the end of FY17 to 55.6% at the end of FY18.

To address looming insolvency in judicial retirement funds, the Legislature in the 2020 session passed and Governor Lujan Grisham signed SB 122, investing \$1.2 million annually into both the Judicial Retirement Account and into the Magistrate Retirement Account from a portion of oil tax revenues that fund legislative retirement. The JCC recommends tracking the impact of SB122 going forward to determine if it resolves solvency challenges in the judicial retirement funds.



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