Minnesota Judicial State Court Salaries

Prepared for the Minnesota District Judges Association

by

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Summary:

This report is a follow-up to a 2016 report where we recommended increases of 4.63% for 2017 and 2018, which would have corresponded to 3% real increases when adjusted for expected inflation. The actual increases of 2.5% closely tracked with inflation and thus did not yield real increases. In this report we raise the question of whether judicial salary increases that merely keep pace with inflation are sufficient to attract and retain a sufficient pool of judicial talent. Data on salaries for public and private sector attorneys lead us to worry that it may not be. Thus, we recommend a 5% increase in each year of the next biennium to better compete with outside labor market opportunities.

Analysis:

In the 2016 version of the *Minnesota Judicial State Court Salaries* report, we recommended a 4.63% increase to all Minnesota judicial salaries on July 1, 2017 and another 4.63% increase on July 1, 2018, to outpace expected inflation by three percentage points both years and yield a 6.1% real increase by the end of the biennium. These recommended increases were not implemented; instead, the nominal salary increase for both years was 2.5%. Table 1 shows the nominal and real salaries from 2002 to 2018. Figures 1, 2, and 3 highlight the differences between the positive linear trends in nominal pay increases and the flattening trends in real dollars. Table 2 and Figure 4 show nominal and real rates of increase. For 2017 the 2.5% nominal salary increase corresponded to a 0.2% increase in real salaries. In 2018, however, a higher inflation rate meant real judicial salaries decreased by 0.6%.

The key question for the legislative commission to consider is whether salary increases that merely offset inflation are sufficient to attract and retain the judicial talent necessary to staff Minnesota's courts. With the data we have, we are unable to assess this directly, but we offer indirect evidence that real salary increases are likely still necessary. Potential judges are motivated by a range of variables including, but not limited to salary. They also consider the full compensation package (i.e. insurance and retirement benefits) and non-pecuniary aspects of the job such as the opportunity for public service to their state and communities and the pace and demands of the job. We recommend a fuller study of how the compensation packages and non-pecuniary aspects of the job compare to alternatives for legal professionals. In the current study we limit our comparison to salary, updating our 2016 comparisons to private and public sector attorneys.

Tables 3 and 4 both compare Minneapolis attorney salaries for private firms and corporate attorneys at different levels of experience. As Table 4 shows, attorneys with more than ten years

¹ We also calculated cost of living adjusted (COLA) salaries for supreme court chief and associate justices and appellate and trial court chief judges and judges from 2002-2018. The COLA salaries did not significantly differ from nominal salaries over this time period.

of experience will very likely see a decline in salary if they pursue a career as a judge.² Corporate attorneys with over ten years of experience earn 33% more than trial judges, and senior lawyers at private firms with over ten years of experience earn 15% more than trial judges. District judges' salaries are most comparable to those of attorneys with 4-9 years of experience. Table 5 shows district judge salaries relative to lead county attorney and assistant county attorneys' salaries from the four county metro area. On average, from 2016 to 2018, salaries for lead county attorneys increased two percentage points faster than salaries for district court judge and are now 13% higher than district court judges. The salaries for the highest paid assistant county attorneys saw two percentage point slower salary growth during the same time period and are now, on average, three percent higher than district judges.

As in 2016, we are concerned that the discrepancy between judicial salaries and attorneys' salaries in the private and public sectors could dissuade high-quality attorneys from taking on the difficult job of a judge for a substantial pay cut. Potential candidates and nominees from historically underrepresented groups might be particularly discouraged, if they carry higher levels of debt from pursuing higher education.³ Our concern leads us to recommend real salary increases. It is of course possible that the call to public service or other benefits offered to judges may be sufficient to draw the necessary talent. If this is the case, judicial salaries could afford to only increase to keep pace with inflation, not outpace it. Further study is warranted, and we urge the commission to compile the necessary data to do so. Ultimately, we need data on the quantity and quality of judicial candidates and nominees to see whether the administration is having trouble recruiting high-quality judges. If they are not facing difficulty, increases that merely offset inflation are appropriate in the short run.

A less compelling, but perhaps still interesting, comparison is to judicial salaries in other states. While we doubt that Minnesota's judicial talent is considering judgeships in other states, these comparisons can help the commission benchmark. As shown in Table 6, all of Minnesota's national judicial salary rankings improved from 2015 to 2017. Appellate court judge salaries returned to their 2012 rank of 23rd, while the other judicial salaries reached better rankings than they had in the past five years. If the 4.63% salary increases recommended for July 2017 in the 2016 version of this report had been fully implemented, Minnesota's 2017 judicial salaries rank would have moved even higher, as shown in the last column of Table 6.

The fourth column of Table 7 shows the real percentage increases needed to reach each rank (assuming no real increases in other states). These are the increases necessary to exceed expected

² The National Robert Half Legal 2018 Salary Guide was less detailed than the 2016 edition, so we were unable to calculate direct percentage increases since our 2016 report.

³ U.S. Department of Education, National Center for Education Statistics, 2015-16 National Postsecondary Student Aid Study (NPSAS:16).

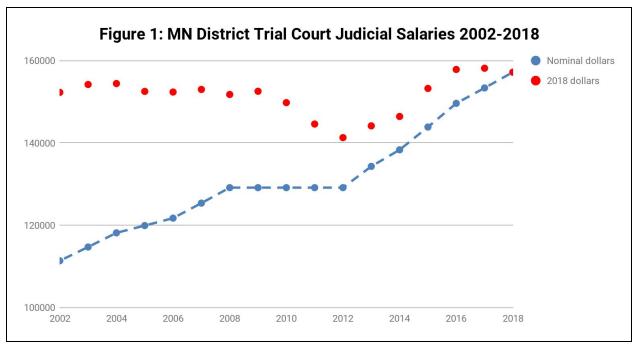
inflation, which is estimated to be 2% in the near future. In the 2016 report we predicted that if the recommended increases were implemented, Minnesota would become 12th in the national rankings (thus in the first quartile) by 2018. Using the same rationale, a 4.4% real salary increase would be necessary to push Minnesota's rank to the bottom of the first quartile by 2020. Because Table 7 uses 2017 data (not the most recent 2018 data), we account for the 0.6% real decrease in salaries that occured in 2018 by suggesting a real 5% increase in salaries by the end of the biennium, with the goal of reaching the first quartile in mind. Furthermore, an additional 0.5% increase during each year of the biennium would further moderate the gap between the salaries of district court judges and the salaries of experienced private and public sector attorneys.

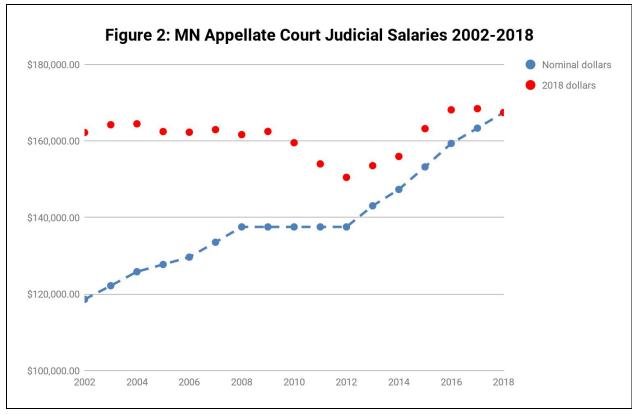
In sum, based on our analysis of the current state of the job market from which we expect judicial candidates and nominees to come and based on national comparisons, we recommend a 5% nominal increase to all Minnesota judicial salaries to be implemented on both July 1, 2019 and July 1, 2020. The 2019 and 2020 increases will outpace expected inflation by 3%, and return to the trajectory we recommended in our prior report. We show these salaries in Table 8. We predict that these increases would propel Minnesota to the first quartile in the national rankings (provided other states' increases only keep pace with inflation) while also lessening the gap between judicial salaries and outside legal labor market opportunities. After these increases, we recommend commission undertake more rigorous study of the impact of salary on the size and composition of the pool of potential judges.

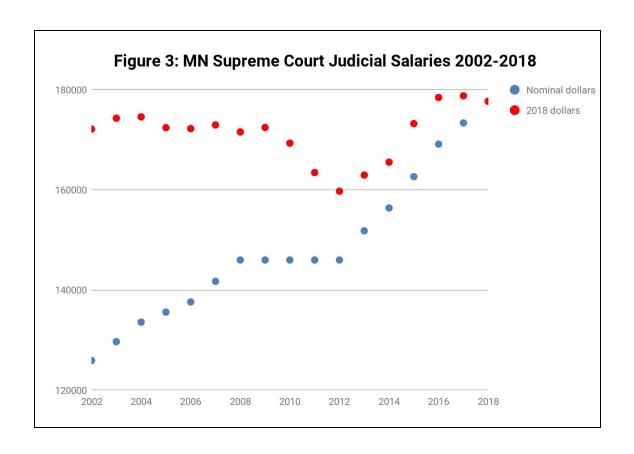
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⁴ The Federal Reserve branch in <u>Cleveland</u> estimates an inflation rate of 2.02% and the branch in <u>Philadelphia</u> estimates a rate of 2.26% for the next five years. We use a 2% expected inflation rate as a conservative estimate. This estimate is subject to change, and we recommend policymakers consult the up-to-date estimates.

Appendix:







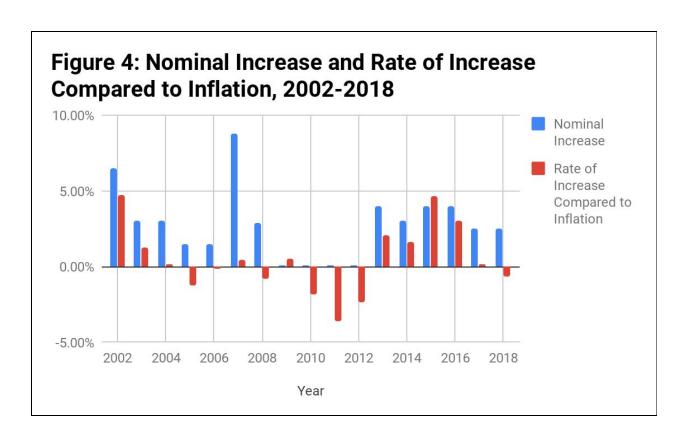


Table 1: Minnesota Judicial Salaries: Nominal and Real, 2002-2018

Supreme Court				
	Chief.	Justice	Associate Justices	
Year	Nominal	Real (2018\$)	Nominal	Real (2018\$)
2002	\$138,487	\$189,373	\$125,897	\$172,157
2003	\$142,641	\$191,744	\$129,674	\$174,313
2004	\$146,920	\$192,031	\$133,564	\$174,573
2005	\$149,124	\$189,662	\$135,567	\$172,420
2006	\$151,361	\$189,466	\$137,601	\$172,242
2007	\$155,902	\$190,256	\$141,729	\$172,960
2008	\$160,579	\$188,732	\$145,981	\$171,575
2009	\$160,579	\$189,703	\$145,981	\$172,457
2010	\$160,579	\$186,263	\$145,981	\$169,330
2011	\$160,579	\$179,800	\$145,981	\$163,454
2012	\$160,579	\$175,698	\$145,981	\$159,726
2013	\$167,002	\$179,251	\$151,820	\$162,955
2014	\$172,012	\$182,080	\$156,375	\$165,528
2015	\$178,892	\$190,550	\$162,630	\$173,229
2016	\$186,048	\$196,291	\$169,135	\$178,447
2017	\$190,699	\$196,657	\$173,363	\$178,780
2018	\$195,466	\$195,466	\$177,697	\$177,697

Table 1, continued: Minnesota Judicial Salaries: Nominal and Real, 2002-2018

	Court of Appeals					
	Chief	Judge	Juo	lges		
Year	Nominal	Real (2018\$)	Nominal	Real (2018\$)		
2002	\$124,558	\$170,327	\$118,627	\$162,216		
2003	\$128,295	\$172,460	\$122,186	\$164,248		
2004	\$132,144	\$172,718	\$125,852	\$164,494		
2005	\$134,126	\$170,587	\$127,740	\$162,465		
2006	\$136,138	\$170,410	\$129,656	\$162,297		
2007	\$140,222	\$171,121	\$133,546	\$162,974		
2008	\$144,429	\$169,751	\$137,552	\$161,668		
2009	\$144,429	\$170,624	\$137,552	\$162,499		
2010	\$144,429	\$167,530	\$137,552	\$159,553		
2011	\$144,429	\$161,717	\$137,552	\$154,016		
2012	\$144,429	\$158,028	\$137,552	\$150,503		
2013	\$150,206	\$161,223	\$143,064	\$153,557		
2014	\$154,712	\$163,767	\$147,346	\$155,970		
2015	\$160,900	\$171,386	\$153,240	\$163,227		
2016	\$167,336	\$176,549	\$159,370	\$168,144		
2017	\$171,519	\$176,878	\$163,354	\$168,458		
2018	\$175,807	\$175,807	\$167,438	\$167,438		

Table 1, continued: Minnesota Judicial Salaries: Nominal and Real, 2002-2018

	Trial Court				
	Chief	Judge	Judges		
Year	Nominal	Real (2018\$)	Nominal	Real (2018\$)	
2002	\$116,926	\$159,890	\$111,359	\$152,277	
2003	\$120,434	\$161,892	\$114,700	\$154,185	
2004	\$124,047	\$162,134	\$118,141	\$154,415	
2005	\$125,908	\$160,135	\$119,913	\$152,511	
2006	\$127,797	\$159,970	\$121,712	\$152,353	
2007	\$131,631	\$160,637	\$125,363	\$152,987	
2008	\$135,580	\$159,350	\$129,124	\$151,762	
2009	\$135,580	\$160,170	\$129,124	\$152,543	
2010	\$135,580	\$157,265	\$129,124	\$149,777	
2011	\$135,580	\$151,808	\$129,124	\$144,580	
2012	\$135,580	\$148,346	\$129,124	\$141,282	
2013	\$141,003	\$151,345	\$134,289	\$144,138	
2014	\$145,233	\$153,734	\$138,318	\$146,414	
2015	\$151,042	\$160,885	\$143,851	\$153,226	
2016	\$157,084	\$165,733	\$149,605	\$157,842	
2017	\$161,011	\$166,042	\$153,345	\$158,136	
2018	\$165,036	\$165,036	\$157,179	\$157,179	

Note: Real salaries are adjusted to 2018 dollars using the Bureau of Labor Statistics CPI-U for the Minneapolis-St. Paul-Bloomington, Minn.-Wis metropolitan region.

Table 2: Nominal salary increases and rates of increases compared to inflation, 2002-2018

	Nominal Increase	Rate of Increase Compared
Year		to Inflation
2002	6.50%	4.74%
2003	3.00%	1.27%
2004	3.00%	0.15%
2005	1.50%	-1.27%
2006	1.50%	-0.11%
2007	8.75%	0.43%
2008	2.89%	-0.83%
2009	0.05%	0.51%
2010	0.05%	-1.85%
2011	0.05%	-3.59%
2012	0.05%	-2.33%
2013	4.00%	2.06%
2014	3.00%	1.60%
2015	4.00%	4.62%
2016	4.00%	3.04%
2017	2.50%	0.19%
2018	2.50%	-0.62%

Note: Inflation for each year was calculated using the CPI-U for the Minneapolis-St. Paul-Bloomington, Minn.-Wis metropolitan region.

Table 3: Range of estimated starting salaries at Minneapolis private law jobs, in law firm or corporate settings at different experience levels, 2018.

	Low	Midpoint	High
Senior Lawyer (10+ years experience)		•	
Law Firm	\$108,872	\$133,215	\$233,260
In-House Corporate Attorney	\$121,980	\$147,660	\$273,652
Licensed Lawyer (4-9 years experience)		•	
Law Firm	\$86,402	\$108,338	\$207,918
In-House Corporate Attorney	\$80,250	\$116,630	\$204,102
Licensed Lawyer (1-3 years experience)		•	
Law Firm	\$75,168	\$94,695	\$171,468
In-House Corporate Attorney	\$67,945	\$96,300	\$179,760

Source: National Robert Half Legal 2018 Salary Guide.

Note: The data are adjusted for Minneapolis and do not account for bonuses, incentives, benefits, or

retirement packages.

Table 4: Minnesota District Trial Court Judge salaries relative to median salaries of Minneapolis private sector lawyers with various years of experience, 2018

	Median 2018 Salary	% Increase Over District Court Judge Salary
In-House Corporate Attorney		
(10+ years of experience)	\$209,685	33%
Law Firm (10+ years of experience)	\$181,330	15%
Law Firm (4-9 years of experience)	\$155,990	-1%
In-House Corporate Attorney		
(4-9 years of experience)	\$150,707	-4%
In-House Corporate Attorney		
(1-3 years of experience)	\$131,284	-16%
Law Firm (1-3 years of experience)	\$130,717	-17%
District Court Judge	\$157,179	

Source: National Robert Half Legal 2018 Salary Guide.

Note: The data are adjusted for Minneapolis and do not account for bonuses, incentives, benefits, or retirement packages.

Table 5: Minnesota District Court Judge Salaries relative to metropolitan area lead county attorneys and senior assistant county attorneys, 2018

	Lead County Attorney		Highest Paid Assistant County Attorney			
	2018 Salary	% Increase Over District Court Judge Salary	Difference in % Increase from 2016 to 2018	2018 Salary	% Increase Over District Court Judge Salary	Difference in % Increase from 2016 to 2018
Hennepin County	\$177,639	13%	+7%	\$142,294	-9%	-7%
Ramsey County	\$175,214	11%	0%	\$156,608	-0.4%	0%
Stearns County	\$168,178	7%	-4%	\$167,926	7%	0%
Dakota County	\$186,308	19%	+5%	\$182,109	16%	-1%
Four County	\$176,835	13%	+2%	\$153,897	3%	-2%
Average						
District Court Judge	\$157,179					

Sources: National Robert Half Legal 2018 Salary Guide (data are adjusted for Minneapolis and do not account for bonuses, incentives, benefits, or retirement packages) and Minnesota County Attorney Salary Survey (Minnesota County Attorneys Association, 2018).

Note: The Dakota County Chief Deputy Assistant County Attorney 2018 salary range was \$116,550 to \$182,109; the Hennepin County Deputy Assistant County Attorney 2018 salary range was \$88,127 to 142,294; the Ramsey County Assistant County Attorney Division Director 2018 salary ranged from an entry level salary of \$123,259 to a top level salary of \$156,608; and the Stearns County Chief Deputy Assistant County Attorney 2018 salary range was \$114,415 to \$167,926.

Table 6: Salary rankings, including cost of living adjusted (COLA) trial court rankings, for Minnesota

		State Court Ranking 1				
	2012	2012 2015 2017 2017, if recommended incre				
Supreme Court Justice	28	31	25	18		
Appellate Court Judge ²	23	27	23	18		
Trial Court Judge	31	31	24	10		
COLA Trial Court Judge Ranking	34	25	19	18		

¹ Highest paid rank=1 and lowest paid rank=51 (includes the District of Columbia)

Sources: National Center for State Courts, "Survey of Judicial Salaries," Vol 43, No. 1, 2018, Vol. 40, No. 2, 2016, and Vol. 37, No. 1, 2012.

Note: The recommended increase in the last column comes from the 2016 version of this report by Breanna Arndt and Kristine L. West, PhD.

² Appellate salaries ranked 1-39 in 2012 and 1-40 in 2015 (only 39 states had appellate courts in 2012, and 40 states had appellate courts in 2015 and 2017)

Table 7: Complete cost of living adjusted (COLA) trial court judge salary rankings, 2017

2017 COLA adjusted rank	State	2017 COLA district trial court judge salary	% (real) change for MN to reach rank	Difference in rank from 2015 to 2017
1	Tennessee	\$179,298	24.0%	0
2	Illinois	\$177,217	22.5%	0
3	Arkansas	\$171,611	18.7%	-1
4	Georgia	\$169,091	16.9%	-2
5	Delaware	\$166,119	14.9%	+2
6	Nebraska	\$161,527	11.7%	-1
7	Pennsylvania	\$161,236	11.5%	+2
8	Utah	\$157,121	8.6%	-2
9	Virginia	\$156,748	8.4%	0
10	Missouri	\$152,809	5.7%	-4
11	Louisiana	\$151,579	4.8%	0
12	Florida	\$150,964	4.4%	-11
13	Michigan	\$150,790	4.3%	-11
14	Indiana	\$149,534	3.4%	-12
15	Mississippi	\$149,214	3.2%	-12
16	Iowa	\$148,984	3.0%	-1
17	Colorado	\$148,037	2.4%	+4
18	Texas	\$146,556	1.3%	+6
19	Minnesota	\$144,620		-6
20	Nevada	\$143,909	-0.5%	+12
21	Washington	\$143,437	-0.8%	-1
22	Ohio	\$142,340	-1.6%	-17
23	Wyoming	\$140,464	-2.9%	+5
24	California	\$140,108	-3.1%	+3
25	Alabama	\$139,454	-3.6%	+6
26	Alaska	\$139,334	-3.7%	+6
27	District of Columbia	\$137,991	-4.6%	+11
28	Idaho	\$137,069	-5.2%	-13
29	Oklahoma	\$136,998	-5.3%	-4

Table 7, continued: Complete cost of living adjusted (COLA) trial court judge salary rankings, 2017

2017 COLA adjusted rank	State	2017 COLA district trial court judge salary	% (real) change for MN to reach rank	Difference in rank from 2015 to 2017
31	North Dakota	\$135,853	-6.1%	0
32	Arizona	\$135,721	-6.2%	+4
33	Hawaii	\$134,863	-6.7%	+18
34	New York	\$133,200	-7.9%	-14
35	Kentucky	\$132,689	-8.2%	+1
36	North Carolina	\$132,122	-8.6%	-2
37	New Jersey	\$130,264	-9.9%	+7
38	Massachusetts	\$130,146	-10.0%	-6
39	Montana	\$128,195	-11.4%	-4
40	Wisconsin	\$126,219	-12.7%	+5
41	West Virginia	\$126,184	-12.7%	+5
42	Rhode Island	\$123,943	-14.3%	0
43	Kansas	\$122,460	-15.3%	-2
44	Connecticut	\$121,397	-16.1%	+7
45	Maryland	\$120,810	-16.5%	+16
46	Vermont	\$120,215	-16.9%	-3
47	South Dakota	\$119,208	-17.6%	+7
48	New Hampshire	\$118,687	-17.9%	+2
49	Oregon	\$116,787	-19.2%	-1
50	New Mexico	\$112,135	-22.5%	+3
51	Maine	\$102,106	-29.4%	0

Source: National Center for State Courts, "Survey of Judicial Salaries," Vol 43, No. 1, 2018 and Vol. 40, No. 2, 2016. Note: The last column shows the extent to which the rank of each state has increased or decreased since 2015. In this case, a negative value represents an improved rank. For example, Minnesota moved from a 25th in the rankings in 2015 to 19th in 2017, so this column contains a -6.

Table 8: Recommended Minnesota District Trial Court, Appellate Court, and Supreme Court judicial salaries, 2019-2020							
	C	hief Judge/Justice					
Year	District	Appellate	Supreme				
2018	\$165,036	\$175,807	\$195,466				
2019	\$173,288	\$184,597	\$205,239				
2020	\$181,952	\$193,827	\$215,501				
•	Asse	ociate Judge/Justice					
Year	District	Appellate	Supreme				
2018	\$157,179	\$167,438	\$177,697				
2019	\$165,038	\$175,810	\$186,582				
2020	\$173,290	\$184,600	\$195,911				
Note: These salar	Note: These salaries represent 5% increases in 2019 and 2020. A conservative estimate of expected inflation is 2%.						

A note about the authors:

Elizabeth Kula is an undergraduate student of economics and mathematics at St. Catherine University. Her anticipated graduation date is in December of 2019. After graduation, she plans to attend graduate school for Applied Economics with a concentration in environmental economics.

Kristine West is an associate professor of Economics at St. Catherine University. She is an applied microeconomist with expertise in labor economics and public policy analysis. Her research focuses on the economics of public sector labor markets. She earned a Ph.D. in Applied Economics from the University of Minnesota in 2012 and a B.A. from Macalester College in 2001.

Both Dr. West and Ms. Kula volunteered their time to conduct this analysis. All analysis was conducted independently. Ms. Kula was responsible for background research, data collection and preliminary analysis and drafts. Dr. West provided oversight and guidance, reviewed the final analysis and co-authored the final draft.