

**JUDICIAL COUNCIL OF CALIFORNIA
ADMINISTRATIVE OFFICE OF THE COURTS**

455 Golden Gate Avenue
San Francisco, California 94102-3660

Report

TO: Members of the Judicial Council

FROM: Ronald G. Overholt, Chief Deputy Director 415-865-4235
Christine M. Hansen, Director, Finance Division 415-865-7951
Stephen Nash, Assistant Director 415-865-7584

DATE: December 10, 2004

SUBJECT: Allocation of Trial Court Staff Negotiated Salary Increase and Health Benefits and Contract Security Salary and Benefits Funding as Provided in the Budget Act of 2004 (Action Required)

Issue Statement

The Budget Act of 2004 (Chapter 208, Statutes of 2004) provided \$21.051 million for court staff salary and benefit increases and \$28.779 million for contract court security salary and benefit increases. Allocation of the court employee compensation funding was deferred by the council at its July 7 meeting. The security funds were not allocated pending additional review by staff of information submitted by courts. Administrative Office of the Courts (AOC) staff now presents recommendations for allocation of these funds.

Background

The Budget Act contains the following funding that has not yet been allocated to the courts:

- \$9.571 million for court staff negotiated salary increases (NSIs);
- \$11.481 million for benefits to go into effect in FY 2003–2004 and 2004–2005; and
- \$28.779 million for NSIs, retirement, and other benefits for contract security that go into effect in FY 2002–2003, 2003–2004, and 2004–2005.

At its July 2004 meeting, the Judicial Council directed staff to pursue with the Department of Finance (DOF) additional funding to cover the full cost of FY 2004–2005 trial court salary and benefit increases as current year adjustments during FY 2004–2005, and to defer allocation of the court staff funding pending

these discussions. The council approved allocation of the \$28.779 million in contract court security funding; based upon a review of additional information subsequently submitted by courts, however, staff believed that additional work needed to be done in this area before the funds should be allocated. This is discussed in more detail in the sections below.

Status of Request for Additional Current Year Funds

In order to fulfill the Judicial Council's directive related to attempting to secure more funding for court costs, AOC staff submitted a Budget Change Proposal (BCP) in September 2004 to seek funding for additional current year mandatory costs for the superior courts, including increases in staff salary and benefit costs and security salary and benefit costs. While an overall funding agreement has been reached with DOF staff, the specific amount of funding for each priority area is being determined. The manner of funding current year court staff compensation and security funding requests will follow different tracks as described below:

- With respect to the court staff salary and benefits funding, a request pursuant to Provision 8 of Item 0450-101-0932 of the Budget Act of 2004 must be submitted to the DOF by December 13, 2004. Once final agreement is reached, a joint letter describing the agreement will be co-signed by the Director of the Department of Personnel Administration, Director of Finance, and the Administrative Director of the Courts. An executive order will then be prepared and signed by the Director of Finance, and the funding should be made available shortly after release of the Governor's Budget in January 2005. This would result in funds being available for distribution to the courts by February 2005.
- Increased funding for security salary and benefits will be included as deficiency items incorporated into statewide deficiency legislation. Based upon the timing of deficiency legislation in prior years, these funds may not be available until late FY 2004–2005.

Court Staff NSIs and Health Benefits

While the final outcome of the current year funding request has not yet been finalized, staff believes that it is likely that additional funds will be provided for employee NSIs and health benefits. Nevertheless, given the fact that the current fiscal year is almost half over, and many courts are in labor negotiations with employee unions, it is important that courts be provided some funding as soon as possible. Consequently, staff recommends that the \$21.051 million included in the Budget Act of 2004 for staff compensation costs be approved for allocation at this time. The recommended methodology for the allocation of the staff NSIs and health benefits funding would be to prorate the funding increase to all courts, statewide, basing the allocation on each court's actual salaries and salary-driven

benefit rates for filled Trial Court Trust Fund positions only (excluding grant-funded), as of July 1, 2004. This would result in an increase of 0.9389 percent for salaries (including salary-driven benefits) and an estimated increase of \$686 per filled full-time equivalent (FTE) position for health benefit costs.

Court Security

The council approved allocating the \$28.779 million in security funding at its July 2004 meeting. Immediately after the council meeting, however, staff began an in-depth review of the Security Budget Change Information (BCI) forms that the courts had submitted in late May of 2004. All confirmed and projected increases in salary and salary driven benefits, retirement, and non-salary driven benefits for FY 2003–2004 and 2004–2005 were to be indicated on the forms. The courts were instructed to include all increases, even if they had previously been funded through the funding provided for security increases in the Budget Act of 2003. Upon review of the forms, it appeared that some courts had previously projected increases that ultimately did not occur, while others projected increases that ended up being either lower or higher compared to the actual amount of the increase. Given the size of some of these differences, staff determined that these discrepancies needed to be resolved, along with updated information on any additional increases that might have been negotiated since the forms were submitted in May, before allocating the funding. Staff also needed to determine how much additional funding, beyond the \$28.779 million, to include in the current year mandatory increased cost BCP that was submitted to the DOF in September.

Courts were contacted in October 2004 to update and resubmit their FY 2003–2004 and 2004–2005 contract court security salary and benefit adjustments. This information was then compared for all courts with the funding provided through the Budget Act of 2003 and funding for each court included in the Budget Act of 2004. The identified need for current year funding, based on this analysis, was then sent to each court in late October for review and comment. Since it is almost halfway through the fiscal year and many of these unfunded increases have already gone into effect, it is recommended that those courts that have funding pending in the Budget Act of 2004 should receive funding for verified increases, up to the level originally pending for them in the Budget Act. The recommended allocation of \$24.439 million reflects these adjustments. The \$24.439 million in new funding does not address increased costs for courts that had no funding pending in the Budget Act. Staff will continue to receive updates from the courts over the next few months about newly identified adjustments and will continue to pursue additional security funding through the deficiency process.

Also in October, a Security Assessment and Reduction Impact Questionnaire was sent to all courts. The questionnaire requested detailed information about levels of

staffing in various areas of security and for facility-by-facility information. It became apparent from reviewing the questionnaires and BCIs that some courts had made changes in their security program to incorporate their portion of the \$22 million security reduction that was included in the Budget Act of 2003 while others had not. This is a concern because if a court reduces the number or classification of contract security staff used in order to meet their relative share of the reduction, the amount of the mandatory increases should also be reduced. Due to this variation from court to court, it is recommended that the allocation of the \$28.779 million be done on a one-time basis for FY 2004–2005. If a court did not account for their portion of the reduction in their BCI, their part of the allocation of the \$28.779 million may be reduced in FY 2005–2006. If a court did reflect the reduction in their BCI, their allocation of the \$28.779 million would not be reduced next year.

If the recommended allocation of \$24.439 million of the security funding is approved, approximately \$4.340 million will remain unallocated from the \$28.779 million included in the Budget Act. The remaining \$4.340 million represents the fact that some of the courts that had funding pending in the Budget Act, had either previously received funding for these same increases, did not experience the anticipated increases, or experienced increases that were less than expected. The *total* statewide security funding needed for NSIs and benefits, however, based on the updated and newly identified requests that courts have provided, is in excess of \$28.779 million. Allocating all of the Budget Act funding at this time would mean prorating the funds to the courts. Staff believes that providing the verified funding to those courts that currently have funding pending in the Budget Act, while seeking additional funding to address the remainder of the identified security needs, is preferable to prorating the funds.

As mentioned previously, as courts are notified of additional security salary and benefit adjustments over the next few months, they will be contacting AOC staff regarding these funding needs. In addition, the Court Security Working Group is continuing to work on standards for court security. As a result, staff believes that a few more months are required to complete the analysis of court security salary and benefit needs and to allow the Court Security Working Group to finalize the security standards. After these efforts have been completed, recommendations will be made to the council regarding the allocation of the remainder of the Budget Act funding and any additional security funding that may be received through the deficiency process.

Recommendation

AOC staff recommends that the Judicial Council:

- Authorize allocation of the court staff NSIs and benefits funding contained in the Budget Act of 2004 utilizing a methodology that will

provide funding to each court for each filled Trial Court Trust Fund position (excluding grant-funded positions), as of July 1, 2004, with a 0.9389 percent increase in salary and an estimated annual increase of \$686 per filled FTE for health benefit costs, as indicated in Attachment 1.

- Authorize allocation, on a one-time basis for FY 2004–2005, of \$24.439 million of the contract court security funding included in the Budget Act of 2004, as indicated in Attachment 2.
- Direct AOC staff to continue to collect updated current year security salary and benefit needs information from the courts over the next few months and, working with the standards developed by the Court Security Working Group, develop recommendations to be presented to the council no later than the April 22 business meeting for the allocation of the remainder of the security funding in the Budget Act of 2004 and any additional current year security funding that is received through the deficiency process.

Rationale for the Recommendation

Staff believes that providing a uniform level of funding for staff NSIs and benefit increases to every court will help all courts address their mandatory employee compensation cost increases, while staff continues to pursue additional funding.

With regard to security, staff believes that using information provided by the courts related to actual contract court security cost increases for salary and benefits increases in FY 2003–2004 and 2004–2005 and comparing this information to funding already provided to the courts for these increases through the Budget Act of 2003 and the funding pending in the Budget Act of 2004, is the fairest way to allocate this limited funding. For example, if a court has previously received funding for an increase it should not receive funding twice for the same increase. If a court took the initiative to include its security reduction in its funding request, the court should not be disadvantaged over those courts that did not include it. For this reason, applying the allocation on a one-time basis in the current year with the ability to adjust the amount next year for those courts that have not yet incorporated the reduction, makes sense. Because all of the updated adjustments cannot be funded with the money in the Budget Act, and staff will, undoubtedly, be notified about additional increases over the next few months, staff will continue to seek the security funding that has already been requested in the current year mandatory cost increase BCP through the deficiency process.

Alternative Actions Considered

An alternative to the recommended allocation of the court staff salary and benefits funding would be to allocate the funds as originally submitted to the DOF in the FY 2004–2005 BCP in September 2003 and subsequently updated. This

alternative is not recommended because it would provide NSI funding for only 23 courts, and benefits funding for only 36 courts. The actual need for funding in both of these areas is clearly more than that provided in the Budget Act. Staff believes that the fairest way to allocate the funds is to provide some funding for all courts and then to continue to pursue additional funding for current year increases through the BCP submitted to the DOF in September 2004, as described previously.

For security, an alternative would be to fully allocate the entire \$28.779 million at this time for courts that have current year salary and benefit adjustments. This alternative is not recommended because all of the current year increases are not presently known by the courts, the Court Security Working Group is still working on development of security staffing standards, and the \$28.779 million is not sufficient to fund all of the known adjustments which would result in prorating the allocations among the courts.

Comments from Interested Parties

Not applicable.

Implementation Requirements and Costs

There are no additional costs needed to implement these recommendations.

FY 2004-05 Salary, Salary Driven Benefits, and Health Benefits Allocations

Court	Funding for Salaries	Funding for Retirement, OASDI, and Medicare	Funding for Health Benefits
Alameda	\$ 396,438	\$ 76,620	\$ 520,537
Alpine	\$ 2,484	\$ 288	\$ 3,430
Amador	\$ 13,246	\$ 2,753	\$ 23,501
Butte	\$ 37,671	\$ 9,184	\$ 72,293
Calaveras	\$ 10,372	\$ 1,677	\$ 17,574
Colusa	\$ 4,034	\$ 1,515	\$ 8,849
Contra Costa	\$ 161,797	\$ 43,855	\$ 210,074
Del Norte	\$ 10,079	\$ 2,148	\$ 18,041
El Dorado	\$ 32,315	\$ 5,848	\$ 52,270
Fresno	\$ 162,220	\$ 44,684	\$ 272,207
Glenn	\$ 7,344	\$ 2,040	\$ 14,062
Humboldt	\$ 25,619	\$ 4,371	\$ 52,263
Imperial	\$ 29,408	\$ 8,161	\$ 53,230
Inyo	\$ 6,988	\$ 2,042	\$ 11,661
Kern	\$ 136,385	\$ 38,334	\$ 239,398
Kings	\$ 24,896	\$ 4,746	\$ 48,428
Lake	\$ 12,447	\$ 3,056	\$ 23,892
Lassen	\$ 6,496	\$ 1,341	\$ 11,455
Los Angeles	\$ 2,407,024	\$ 93,992	\$ 3,363,235
Madera	\$ 30,388	\$ 4,620	\$ 52,304
Marin	\$ 76,926	\$ 12,771	\$ 99,463
Mariposa	\$ 3,790	\$ 1,098	\$ 6,860
Mendocino	\$ 24,936	\$ 8,343	\$ 43,935
Merced	\$ 31,418	\$ 4,282	\$ 60,364
Modoc	\$ 2,746	\$ 434	\$ 6,174
Mono	\$ 4,689	\$ 409	\$ 8,231
Monterey	\$ 62,173	\$ 13,162	\$ 103,408
Napa	\$ 43,630	\$ 6,741	\$ 59,815
Nevada	\$ 22,202	\$ 5,124	\$ 41,020
Orange	\$ 717,715	\$ 96,707	\$ 963,972
Placer	\$ 45,751	\$ 12,265	\$ 77,856
Plumas	\$ 6,222	\$ 1,365	\$ 10,289
Riverside	\$ 316,560	\$ 87,763	\$ 476,910
Sacramento	\$ 307,213	\$ 81,703	\$ 451,427
San Benito	\$ 9,928	\$ 2,333	\$ 16,703
San Bernardino	\$ 324,820	\$ 78,736	\$ 506,063
San Diego	\$ 699,364	\$ 320,814	\$ 931,550
San Francisco	\$ 300,108	\$ 58,687	\$ 306,279
San Joaquin	\$ 108,190	\$ 24,972	\$ 174,918
San Luis Obispo	\$ 56,525	\$ 16,453	\$ 89,654
San Mateo	\$ 177,958	\$ 46,549	\$ 221,666
Santa Barbara	\$ 108,310	\$ 20,353	\$ 159,882
Santa Clara	\$ 403,877	\$ 79,586	\$ 482,226
Santa Cruz	\$ 59,877	\$ 12,810	\$ 85,833
Shasta	\$ 52,026	\$ 10,720	\$ 87,185
Sierra	\$ 2,334	\$ 800	\$ 3,258
Siskiyou	\$ 17,184	\$ 2,862	\$ 33,612
Solano	\$ 88,086	\$ 22,227	\$ 133,693
Sonoma	\$ 99,657	\$ 25,010	\$ 126,785
Stanislaus	\$ 70,844	\$ 14,089	\$ 128,685
Sutter	\$ 20,361	\$ 4,809	\$ 36,767
Tehama	\$ 16,012	\$ 3,334	\$ 28,810
Trinity	\$ 4,912	\$ 1,128	\$ 8,986
Tulare	\$ 69,501	\$ 11,385	\$ 127,245
Tuolumne	\$ 15,371	\$ 4,050	\$ 25,723
Ventura	\$ 141,108	\$ 33,927	\$ 197,555
Yolo	\$ 32,971	\$ 6,560	\$ 55,569
Yuba	\$ 20,724	\$ 1,687	\$ 32,926
Total	\$ 8,083,668	\$ 1,487,324	\$ 11,480,000

Based on FY 2004-05 Filled TCTF Positions (as of 7/1/04). Excludes AOC grant-funded, SJO & temporary help positions. Data from FY 2004-05 Schedule 7A.

Allocation of Security Funding in Budget Act of 2004

Court System	Funding from Budget Act of 2003	Annualization of Partial Year FY 2004-05 Increases in FY 2005-06
Alameda	1,214,822	
Alpine		
Amador	62,316	3,516
Butte	105,913	
Calaveras	29,970	
Colusa		
Contra Costa	347,210	169,606
Del Norte	7,584	
El Dorado	21,946	
Fresno	299,726	
Glenn	7,350	
Humboldt	154,765	
Imperial		
Inyo	15,681	
Kern	355,001	
Kings		
Lake	16,018	
Lassen	11,745	
Los Angeles	2,672,106	
Madera	33,757	
Marin	93,347	
Mariposa	2,755	
Mendocino	29,967	10,513
Merced		
Modoc		
Mono		
Monterey	453,269	7,671
Napa	45,644	15,140
Nevada	96,908	
Orange	1,747,388	
Placer	112,955	28,971
Plumas		
Riverside		
Sacramento	817,224	
San Benito	1,561	
San Bernardino	2,522,039	43,702
San Diego	5,328,752	36,121
San Francisco	864,528	
San Joaquin	453,014	
San Luis Obispo	201,236	70,682
San Mateo	509,447	149,632
Santa Barbara	520,652	101,073
Santa Clara	2,889,776	101,413
Santa Cruz	35,295	39,484
Shasta		
Sierra		
Siskiyou	29,528	
Solano	468,096	39,643
Sonoma	120,008	77,566
Stanislaus	30,367	
Sutter	67,159	
Tehama	34,876	
Trinity		
Tulare		
Tuolumne	36,916	
Ventura	1,262,682	
Yolo	246,556	
Yuba	61,591	
Total:	24,439,446	894,733