

**Table 1**  
**Growth of Reserve Account**

	1969-70	1970-71	1971-72	1972-73	1973-74	1974-75
Reserve at beginning of year	\$87,529	\$125,022	\$162,113	\$184,990	\$253,401	\$329,938
Interest earned during year	77,685	85,079	112,853	131,756	157,048	—
Interest applied to member accounts .....	(40,192)	(47,988)	(53,788)	(63,345)	(80,511)	—
Absorbed stock loss .....	—	—	(36,188)	—	—	—
Net growth in reserve....	\$37,493	\$37,091	\$22,877	\$68,411	\$76,537	—

If the recommended legislation is enacted, the reserve fund would continue to increase because the annual administrative cost is below the amount of excess interest earned.

### JUDICIAL

Item 16 from the General Fund  
and Item 17 from the Motor Vehicle Account, State Transportation Fund

Budget p. 9

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Requested 1975-76 .....	\$14,532,222
Estimated 1974-75 .....	13,478,363
Actual 1973-74 .....	10,943,107
Requested increase \$1,053,859 (7.8 percent)	
Total recommended reduction .....	None

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#### 1975-76 FUNDING BY ITEM AND SOURCE

Item	Description	Fund	Amount
16	Judicial	General	\$14,503,797
17	Judicial	State Transportation Fund	28,425
			<hr/> \$14,532,222

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### GENERAL PROGRAM STATEMENT

#### Court Structure

Section 1, Article VI, of the California Constitution vests the state judicial power in the Supreme Court, the courts of appeal and the superior, municipal and justice courts. The Supreme Court and the five courts of appeal are wholly stated supported. The remaining courts are supported by the counties except for the major portion of the superior court judges' salaries and the employer contributions to the Judges' Retirement Fund for superior and municipal judges, which are state obligations. Fines, fees, and forfeitures collected by the courts are paid into each county general fund to be distributed to the cities, counties, districts and state special funds as required by law.

The Supreme Court and Courts of Appeal hear appeals from the trial courts and have original jurisdiction over certain writs such as habeas corpus, mandamus, and prohibition.

**JUDICIAL—Continued****Judicial Council**

The Judicial Council consists of the Chief Justice, one other Supreme Court justice, five superior, three municipal, and two justice court judges, four members of the State Bar and one member of each house of the Legislature. The council's purpose is to improve the administration of justice by surveying the judicial business and making recommendations to the courts, the Governor and the Legislature relative to the judicial functions and adopting rules for the orderly administration of the courts.

The Judicial Council also receives federal grants directly from the federal government and through the Office of Criminal Justice Planning to fund studies and demonstration projects designed to improve judicial administration.

**Commission on Judicial Qualifications**

The Commission on Judicial Qualifications receives, investigates, holds hearings on, and makes recommendations to the Supreme Court on, complaints relating to the qualifications, competency and conduct of the judiciary. It may recommend to the Supreme Court the retirement for disability, the censure or removal of a judge for any of the causes set forth in Section 18, Article VI, of the State Constitution.

**ANALYSIS AND RECOMMENDATIONS**

*We recommend approval.*

Table 1 summarizes the proposed funding of the several judicial functions.

**Table 1**  
**Budget Summary**

	<i>Proposed</i>	<i>Change From Current Year</i>	
		<i>Amount</i>	<i>Percent</i>
<i>Funding</i>			
General Fund .....	\$14,503,797	\$1,053,441	7.8
State Transportation Fund .....	28,425	418	1.5
Reimbursements (Federal) .....	<u>2,719,222</u>	<u>656,077</u>	31.8
Total .....	\$17,251,444	\$1,709,936	11.0
<i>Program</i>			
Supreme Court .....	\$2,527,378	\$135,880	5.7
Courts of Appeal .....	9,924,355	701,663	7.6
Judicial Council .....	4,739,364	870,316	22.5
Commission on Judicial Qualifications .....	60,347	2,077	3.6
Total .....	\$17,251,444	\$1,709,936	11.0
Personnel years .....	427.7	11.9	2.9

The increases in the General Fund and State Transportation Fund for judicial operations reflect workload and price increases. The 31.8 percent increase in federal reimbursements represents a significant expansion in the federally funded appellate defender services project, which is anticipated to increase from a total expenditure of \$550,000 in the current year to \$1,150,000 in the budget year. Under this program, legal represen-

tation is provided for indigent criminal appellants in the rest of the districts as initiated in fourth district. The legal services are to be provided by nonprofit corporations of attorneys or by private attorneys supervised by court staff attorneys rather than by individual members of the bar working independently and who may not have substantial experience in criminal appeals practice.

The increases reflected in Table 1 for the Supreme Court, courts of appeal and the Commission on Judicial Qualifications are based on projected workload and price increases. The substantial increase in the Judicial Council program (22.5 percent over the current year) is due to expansion of federal projects requiring 30.3 new positions which are funded by reimbursements from the federal government directly or through the state Office of Criminal Justice Planning (OCJP). In addition, there are 18.7 proposed new General Fund positions for the Supreme Court and the courts of appeal. We have reviewed the requests for these 18.7 positions and recommend their approval on a workload basis for projected increases in case filings and to reduce the backlog of cases which will result in speedier, more efficient dispensing of justice.

#### **Special Projects**

The Judicial Council receives federal grants through OCJP, the Office of Traffic Safety and directly from the Law Enforcement Assistance Administration to fund studies and provide services designed to improve judicial administration and services. Nineteen projects are currently budgeted, totaling \$2,064,770 in federal reimbursements in the 1974-75 fiscal year and \$2,722,631 in the budget year. Two of these projects (California center for Judicial Education and Research and the Fourth Appellate District Defender Project) will be in their fourth year of operation and no longer subject to federal funding under existing policies of the California Council on Criminal Justice (CCCJ), which limits to three years federal grants made through the OCJP. The Judicial Council requested \$244,000 for partial financing of these two projects but the funds were not included in the budget. This is in line with similar actions taken in other budget items on the basis that federal funding will be obtained for the fourth year of federally funded projects regardless of current CCCJ policy. If federal funding is not available for these projects and if these programs are to be continued, the budget will be understated to that extent. These two projects appear to be worthwhile and should be continued.

## Judicial

**SALARIES OF SUPERIOR COURT JUDGES**

Item 18 from the General Fund	Budget p. 12
Requested 1975-76 .....	\$15,905,550
Estimated 1974-75 .....	15,190,116
Actual 1973-74 .....	13,521,155
Requested increase \$715,434 (4.7 percent)	
Total recommended reduction .....	None

**ANALYSIS AND RECOMMENDATIONS***We recommend approval.*

This item provides the state's share of superior court judges salaries, health benefits and workers' compensation death benefit payments. The counties' salary contribution for each judge is limited to \$5,500, \$7,500 or \$9,500 per annum, depending on the population of the county. The item contains one worker's compensation award of \$21,000 for the widow of a judge killed in the performance of his duties. The award is being paid in monthly installments by the state and Marin County in the same proportion as each shared in the judge's salary.

The amount budgeted provides for 25 new judgeships effective January 6, 1975, in addition to the 478 previously authorized superior court judgeships. An additional \$2,559,000 is proposed in Item 89 of the Governor's Budget to provide a 13.38 percent salary increase for superior and appellate court judges effective September 1, 1975, pursuant to Section 68203 of the Government Code. In our analysis of that item, we recommend a change in the method of adjusting judicial salaries.

## Judicial

**STATE BLOCK GRANTS FOR SUPERIOR COURT JUDGESHIPS**

Item 19 from the General Fund	Budget p. 13
Requested 1975-76 .....	\$960,000
Estimated 1974-75 .....	1,020,000
Requested decrease \$60,000 (5.9 percent)	
Total recommended reduction .....	None

**ANALYSIS AND RECOMMENDATIONS***We recommend approval.*

The state provides an annual block grant of \$60,000 for each superior court judgeship created subsequent to January 1, 1973 to reimburse the counties for state-mandated cost increases.

This item provides block grants totaling \$960,000 for 16 judgeships created in the 1973-74 biennial session. It excludes 10 judgeships authorized for Los Angeles County to replace 10 court commissioners. These 10 judge-

ships are not subject to block grants because the salary cost of these judgeships to the county is less than the salary cost of the commissioners.

The amount requested is \$60,000 under the current-year expenditure because there was both a 1974-75 Budget Act appropriation and a separate statutory appropriation in the 1974-75 fiscal year for the same judgeship.

### Judicial

#### CONTRIBUTIONS TO JUDGES' RETIREMENT FUND

Items 20 and 21 from the General Fund

Budget p. 14

Requested 1975-76 .....	\$1,750,000
Estimated 1974-75 .....	1,781,860
Actual 1973-74 .....	1,053,675
Requested decrease \$31,860 (1.8 percent)	
Total recommended reduction .....	None

#### 1975-76 FUNDING BY ITEM AND SOURCE

Item	Description	Fund	Amount
20	Supreme and appellate court judges	General	\$105,072
21	Superior and municipal court judges	General	<u>1,644,928</u>
			\$1,750,000

#### SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

*Analysis  
page*

1. Retirement Age. Establish mandatory retirement at age 70. 13
2. Administration. Consolidate administration with Public Employees' Retirement System (PERS). 13
3. Cost-of-living. Standardize adjustment for retirees. 13

#### ANALYSIS AND RECOMMENDATIONS

*We recommend approval.*

The Judges' Retirement Fund provides retirement benefits for municipal, superior and appellate court judges and their surviving spouses. The fund receipts consist primarily of contributions of 8 percent of salary from both the member and the state, special \$3 filing fees on specified civil matters and contributions from the General Fund for any deficits pursuant to Government Code Section 75107.

Table 1 shows the actual 1973-74 and anticipated current-year and budget year receipts and disbursements of the fund. The budget-year contributions from the judges and the state (8 percent of salary) increase

## CONTRIBUTIONS TO JUDGES' RETIREMENT FUND—Continued

Table 1  
Judges' Retirement Fund

	1973-74	1974-75	1975-76
Beginning resources, July 1 .....	\$64,157	\$123,128	\$348,021
Receipts:			
Contributions from judges .....	\$2,686,371	\$2,899,922	\$3,254,021
Contributions from state .....	2,688,298	2,945,522	3,305,111
Contributions from employers .....	46,131	45,000	45,000
Filing fees .....	2,224,674	2,235,674	2,245,674
Investment income .....	35,524	51,250	42,500
Budget Act appropriations .....	1,053,675	1,781,860	1,750,000
Totals, Receipts .....	\$8,734,673	\$9,959,228	\$10,642,306
Totals, Resources .....	\$8,798,830	\$10,082,356	\$10,990,327
Less Disbursements:			
Retirement allowances, death benefits and refunds .....	8,675,702	9,734,335	10,868,380
Ending resources, June 30 .....	\$123,128	\$348,021	\$121,947

by 12.2 percent, reflecting the full-year costs of 25 new judgeships and the higher contribution base attributable to the September 1, 1975 salary increase of 13.38 percent.

The Judges' Retirement Fund is actuarially unfunded for service rendered prior to June 30, 1973. The resulting deficits in benefit payments required General Fund contributions of \$1,053,675 and \$1,781,860 in fiscal years 1973-74 and 1974-75, respectively. These items fund a projected \$1,750,000 budget-year deficit, \$105,072 for supreme and appellate court judges and \$1,644,928 for superior and municipal court judges.

#### Actuarial Analysis

Because of the unfunded condition of this retirement program and the continuing necessity for General Fund appropriations to cover deficits for past service credit, the 1972 Legislature enacted Chapter 1263 requiring an actuarial analysis of the system. This study was completed and submitted to the Controller on February 1, 1974.

As alternatives to the present funding pattern, the actuaries suggested three methods of amortizing the unfunded liability:

1. Make an annual employer's contribution of 20.6 percent of total salaries (consisting of the present 8 percent contribution and an additional 12.6 percent contribution) beginning July 1, 1974 and continuing until January 1, 2002.
2. Retain the present 8 percent employer's contribution and make an annual lump sum augmentation from the General Fund of \$10.568 million, or
3. Make a single, lump sum appropriation of \$110.062 million.

All of these suggestions were based on the assumption that the special filing fee revenue and the judges' 8 percent contribution rate would be retained. The actuary recommended adoption of alternative 1 above, subject to periodic review and adjustment of the contribution rate.

The Governor's Budget states that legislation will be introduced in the 1975 session to assure solvency of the system without continuous General Fund augmentations.

**Mandatory Retirement**

*We recommend a constitutional amendment to authorize mandatory retirement of judges at age 70.*

Under the existing retirement law, judges may retire on or before their 70th birthday with 20 years of service and receive a retirement allowance equal to 75 percent of the incumbent's salary. (Other combinations of age and service, assuming at least 10 years of service, produce a benefit of 65 percent.) For retirement after age 70 the allowance is based on 50 percent of the incumbent's salary. This benefit reduction was enacted to encourage retirement no later than age 70 to remove from the bench judges who may become less competent due to advanced age. However, even with this incentive retirement provision, some judges remain on the bench after age 70. Judges may be temporarily assigned to a court by the Judicial Council after retirement. It is our view that judges should be required to retire no later than age 70 in order to insure that the purpose of this high cost retirement benefit is achieved, guard against incompetency due to advancing age, and rely on assignment after retirement by the Judicial Council of those judges able and willing to serve beyond that age.

A 1966 opinion of the Legislative Counsel concluded that the state Constitution governs eligibility for judicial positions and that prescribing a maximum age for election or appointment of judges would amount to an additional condition of eligibility beyond the constitutional requirement of membership in the state bar for five years. Accordingly, it would be necessary to amend the Constitution to implement our recommendation.

In conjunction with establishing a mandatory retirement age, the Legislature also could consider revising the retirement formula for future judges in order to provide closer to an actuarial balance in the benefit structure.

**Consolidation with PERS**

*We recommend legislation transferring administration of the Judges' Retirement System to the Public Employees' Retirement System (PERS).*

The judges' system is administered by the Controller's Office. We believe that consolidation of the administration (but not the funding) of this retirement system with that of PERS would result in greater administrative efficiency and uniform consideration of interrelated policies.

**Standardize Cost-of-Living Adjustment**

*We recommend legislation requiring the annual cost-of-living adjustment for retired judges to be applied in the same manner as under the Public Employees' Retirement System.*

The retirement allowances payable under this system (as well as judicial salaries) are adjusted annually on September 1 based on the increase in the California Consumer Price Index (CCPI) of the immediately preceding calendar year (December to December). The September 1, 1975 adjustment has been estimated in the Governor's Budget at 13.38 percent. Civil service retirees are limited to no more than a 2 percent annual cost-of-living adjustment after a two-year waiting period and the adjustment is applied to the original salary base. Thus, a retired superior court

**CONTRIBUTIONS TO JUDGES' RETIREMENT FUND—Continued**

judge receiving a 75 percent retirement allowance of \$2,520 per month will be raised to \$2,860 (an increase of \$340 per month), while a comparable civil service retiree would receive an adjustment of \$50.40 per month. While we recognize a need for improvement in the PERS cost-of-living adjustment, we believe a standardized formula should be adopted to eliminate inequitable treatment of various employee groups.

As there is a legal question whether the CCPI cost-of-living provision may have vested for current members who have not retired, this recommendation may be applicable only to future judges.

**GOVERNOR'S OFFICE**

Items 22-26 from the General  
Fund

Budget p. 15

Requested 1975-76 .....	\$3,105,004
Estimated 1974-75.....	3,106,162
Actual 1973-74 .....	2,670,966
Requested decrease \$1,158 (0.1 percent)	
Total recommended reduction .....	None

**1975-76 FUNDING BY ITEM AND SOURCE**

Item	Description	Fund	Amount
22	Governor's Office	General	\$2,707,604
23	Residence-Support	General	17,400
24	Residence-Rent	General	15,000
25	Contingency expense	General	15,000
26	Governor's Budget-Printing	General	350,000
			<u>\$3,105,004</u>

**ANALYSIS AND RECOMMENDATIONS***We recommend approval.*

Under the California Constitution, the Governor is chief executive of the state and responsible for seeing that the law is faithfully executed.

The Governor's Budget request consists of five elements as shown above. The major changes are a \$51,158 reduction in the Governor's Office support and a \$50,000 increase in the cost of printing the Governor's Budget. The budget only contains information on broad expenditure categories for the office with no supporting detail.