



## Judicial Council of California

ADMINISTRATIVE OFFICE OF THE COURTS

OFFICE OF GOVERNMENTAL AFFAIRS

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*Director, Office of Governmental Affairs*

August 27, 2007

Hon. Mark Leno, Chair  
Assembly Appropriations Committee  
State Capitol, Room 2114  
Sacramento, California 95814

Subject: SB 431 (Aanestad), as proposed to be amended – Oppose unless amended  
Hearing: Assembly Appropriations Committee – August 29, 2007

Dear Assembly Member Leno:

SB 431 requires CalPERS to prepare separate pension fund computations for trial court employees and all other members in Butte and Solano counties. This bill sets significant precedent in the area of retirement for court employees, whose costs are funded by the state.

On Monday, August 21 we received proposed amendments to SB 431. We have reviewed the amendments and offer the attached as an alternative approach. The attached amendments address our concerns as follows:

- Establish January 1, 2001 as the essential date for determining when the assets and liabilities became the responsibility of the court as the new employer. Without this amendment, employees' liabilities could be incorrectly assigned to the courts, resulting in inappropriate costs shifted from the counties to the state.

- Specify in Government Code section 20815.5(a) (3) what information shall be provided to CalPERS in order to complete the computation. We believe this approach will result in statewide uniformity should other courts and counties seek this calculation from CalPERS and it will serve as a model if there is a future decision to split the joint contracts courts currently share with counties.

We regret that without amendments to address these issues, we must oppose SB 431.

Sincerely,



Eraina Ortega  
Manager

Enclosure  
EO/lb

cc: Members, Assembly Appropriations Committee  
Hon. Sam Aanestad, Member of the Senate  
Mr. Brent Jamison, Acting Director of Legislation, Office of Planning and Research  
Mr. Chris Ryan, Deputy Legislative Affairs Secretary, Office of the Governor  
Ms. Lisa Mangat, Consultant, Assembly Republican Fiscal Office of Policy  
Mr. Brad Williams, Principal Consultant, Assembly Appropriations Committee

SECTION 1. Section 20815.5 is added to the Government Code, to read:

20815.5.

(a) The board shall, within its existing resources, prepare both of the following:

(1) For the Butte County/Trial Court joint CalPERS contract, provide, a separate computation of the assets and liabilities of the Butte County trial court and those of Butte County, as determined by the actuary.

(2) For the Solano County/Trial Court joint CalPERS contract, provide, a separate computation of the assets and liabilities of the Solano County trial court and those of Solano County, as determined by the actuary.

(3) For purposes of the computation of assets and liabilities:

(A) As used in this section "employee of the court" includes those employees who worked in the trial court while a county employee prior to January 1, 2001.

(B) Each person employed by a trial court as of January 1, 2001, shall be deemed to have been an employee of the trial court from the time of that person's earliest employment by the county or trial court that represents continuous employment through January 1, 2001.

(C) Each person employed by a county as of January 1, 2001, shall be deemed to have been an employee of the county from the time of that person's earliest employment by the county or trial court that represents continuous employment through January 1, 2001.

(D) Each person's actual employment, whether by the trial court or the county, shall be considered for all employment subsequent to January 1, 2001.

(E) Each person not employed by either the trial court or the county on or after January 1, 2001, shall be considered to have been an employee of the county.

(4) On or before January 1, 2008, each respective trial court and county identified in subdivisions (a)(1) and (2) shall identify which active, inactive and retired members shall be considered county employees and which active, inactive and retired members shall be considered trial court employees as provided in subdivision (a)(3).

(5) (B) On or before January 1, 2008, each respective trial court and county identified in subdivisions (a)(1) and (2) shall identify any lump-sum payments previously made by the county or the trial court to the system that cover the period from January 1, 2001 to January 1, 2008.

(b) (1) ~~On or before October 1, 2008 Upon execution of a written agreement by the county and the trial court that specifies the mechanism used to determine which assets and liabilities would belong to the trial court and which would remain with county, On or before October 1, 2008, the board shall forward the computation described in subdivision (a) to each respective county and trial court for that county. The computation shall cover the period from January 1, 2001 June 30, 2002, to through June 30, 2008, inclusive. the board shall forward the computation described in subdivision (a) to each respective county and the computation shall cover the period from June 30, 2002, to June 30, 2008 inclusive be based on the most recent annual actuarial valuation at the time of the written agreement.~~

(2) On or before October 1, 2009, and every October 1 thereafter, the board shall forward the computation described in subdivision (a) to each respective county and the computation shall cover the prior fiscal year

~~—(A) The written agreement must include a list identifying which active, inactive and retired members shall be considered trial court employees, and how the service for identified active, inactive and retired trial court employees shall be divided, if at all, between the county and the trial court.~~

~~—(B) The written agreement shall identify any lump sum payments previously made by the county or the trial court to the system that cover the period from June 30, 2002, to the date of the written agreement.~~

(c) Nothing in this section shall be construed to effect the combined calculation of assets and liabilities for purposes of setting the employer contribution rate for both a county and a trial court as described in subdivision (b) of Section 20815.



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September 17, 2007

Hon. Arnold Schwarzenegger  
Governor of California  
State Capitol, First Floor  
Sacramento, California 95814

Subject: SB 431 (Aanestad) – Request for Signature

Dear Governor Schwarzenegger:

On behalf of the Judicial Council, I write in support of SB 431.

Butte and Solano Counties contract with the California Public Employees' Retirement System (CalPERS) for retirement benefits. The Superior Courts of Butte and Solano Counties are covered by the counties' contracts but, as independent employers, report payroll to CalPERS separately. SB 431 requires CalPERS to prepare separate pension fund computations for trial court employees and all other members in Butte and Solano counties. This bill sets significant precedent in the area of retirement for court employees, whose costs are funded by the state.

With the recent amendments to include a requirement that the assets and liabilities of the members covered by the contracts be separated, for purposes of the computation, as of January 1, 2001, the Judicial Council supports SB 431. SB 431 is now consistent with what all parties agreed to handle administratively in lieu of previous legislation.

Hon. Arnold Schwarzenegger

September 17, 2007

Page 2

For these reasons, the Judicial Council requests your signature on SB 431.

Sincerely,



Eraina Ortega  
Manager

EO/lb

cc: Hon. Sam Aanestad, Member of the Senate

Mr. Chris Ryan, Deputy Legislative Affairs Secretary, Office of the Governor

Mr. Brent Jamison, Acting Director of Legislation, Governor's Office of Planning and Research