

The California State Auditor released the following report today:

Judicial Branch of California

Because of Questionable Fiscal and Operational Decisions, the Judicial Council and the Administrative Office of the Courts Have Not Maximized the Funds Available for the Courts

BACKGROUND

The Judicial Council of California (Judicial Council), the Administrative Office of the Courts (AOC), the judicial branch agencies, the State Bar of California, and the courts—the Supreme Court, six courts of appeal, and 58 trial courts—make up California’s judicial branch. The Judicial Council is responsible for adopting rules for court administration, practice, and procedure for the judicial branch while the AOC provides administrative support to the Judicial Council and direct services to the courts.

KEY FINDINGS

During our review of the funds administered by the judicial branch and the AOC, we noted the following:

- While courtrooms have had to close or reduce their hours and dismiss thousands of court employees, the AOC continued to offer its employees excessive salaries and generous benefits and made other costly decisions.
 - ✓ The salaries of 88 AOC employees are higher than those of the executive branch’s highest paid executives and for 22, their salaries exceed comparable executive branch salaries by more than \$1 million annually.
 - ✓ The AOC provided its staff with certain benefits that exceeded those in the executive branch and amounted to \$5.4 million over a four-year period.
 - ✓ Maintaining three work locations—San Francisco, Sacramento, and Burbank—is costly and inefficient. The AOC could save over \$5 million each year by consolidating offices in Sacramento where the property lease rates are lower.
 - ✓ The AOC spent \$13.5 million on 55 contractors during fiscal year 2013–14. We estimate that the AOC could have saved about \$7 million per year if it had used state employees in comparable positions.
 - ✓ It has not justified its decision to maintain a fleet of at least 66 owned or leased vehicles.
- While state law allows the AOC to spend local assistance funds on behalf of the trial courts, we question the appropriateness of some of those expenditures. The AOC spent \$386 million, including \$186 million in payments to consultants, contractors, and temporary employees using local assistance funds, however, it could have used its own appropriation for a portion of these payments. Had the AOC done so, some of the funds might have been available to support the courts.
- The Judicial Council seems to take a limited role in certain critical aspects of the budget and has delegated much of its decision-making duties related to budgeting and expenditures to the AOC without ensuring the prudence of the AOC’s decisions.
- The AOC has not determined which of its services are critical to the courts’ operations and if the services meet their needs, and thus has not adequately justified its budget and staffing levels. When we surveyed the courts, we found that each court on average uses only 55 percent of the services the AOC provides.

KEY RECOMMENDATIONS

We made numerous recommendations containing detailed steps, including the following:

- The AOC should ensure that its compensation structures are reasonable, reduce expenses by ceasing certain reimbursements, conduct a cost-benefit analysis related to using state employees instead of contractors and for maintaining its pool of vehicles, justify its budget and staffing levels, and regularly assess the needs of the courts to ensure the services it provides align with the courts’ needs.
- The Legislature should consider ways to transfer to the trial courts any savings the AOC identifies related to its compensation and business practices, distinguish local assistance expenditures from state operations costs, and require an annual independent financial audit of the AOC.
- The Judicial Council should adopt procedures to regularly and thoroughly review the AOC’s compensation practices, create an advisory body or restructure a current committee to review the prudence of the AOC’s state operations and local assistance spending, and explore implementing a fee-for-service model for selected services to the courts.