



Judicial Council of California

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REPORT TO THE JUDICIAL COUNCIL

Item No.: 24-090

For business meeting on May 17, 2024

Title

Judicial Branch Administration: Judicial
Branch Workers' Compensation Program

Agenda Item Type

Action Required

Rules, Forms, Standards, or Statutes Affected

None

Effective Date

May 17, 2024

Recommended by

Judicial Branch Workers' Compensation
Program Advisory Committee
Shelby Wineinger, Chair
Judicial Council staff
Edward Metro, Supervising Analyst
Human Resources

Date of Report

April 11, 2024

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Executive Summary

For fiscal year 2024–25, a workers' compensation cost allocation of \$17.63 million for the trial courts and \$1.25 million for the state judiciary was approved for recommendation by the Judicial Branch Workers' Compensation Program Advisory Committee.

Recommendation

The Judicial Branch Workers' Compensation Program Advisory Committee recommends that the Judicial Council, effective May 17, 2024, approve the fiscal year 2024–25 workers' compensation cost allocation of \$17.63 million for participating trial courts and \$1.25 million for the state judiciary.

Relevant Previous Council Action

At its meeting on May 12, 2023, the Judicial Council approved the Judicial Branch Workers' Compensation Program Advisory Committee (JBWCP) workers' compensation premium for fiscal year (FY) 2023–24 for participating members.

The Judicial Council also approved the updated Memorandum of Coverage (MOC) to effectively memorialize the program's current coverage and align it with the program's excess insurance carrier's provisions and processes.

Analysis/Rationale

The JBWCP is a self-funded program for which each of its members pays a share of the cost based on their workers' compensation claims experience and historical payroll. Last year, the program saw a decrease of 6.07 percent for trial court members and 6.15 percent for judiciary members due to better-than-expected claim development and administrative cost reductions.

This year, the JBWCP is recommending a premium increase of 5.48 percent for trial court members and a reduction of 0.87 percent for judiciary members. The estimate of outstanding claims liabilities has decreased between June 30, 2023, and June 30, 2024, for both the trial courts and state judiciary. The state judiciary remains relatively flat while the trial courts saw an increase of 7.57 percent in payroll. The premiums are still trending downward as claims are resolving quickly and costs are maintained. The program continues to see a reduction in incurred losses indicating favorable claim outcomes overall.

If the Judicial Council approves the proposed workers' compensation premium allocation for FY 2024–25, the program will be funded at the appropriate level to continue covering the cost of claims while maintaining a positive fund balance.

Policy implications

The proposal has no policy implications.

Comments

The JBWCP Advisory Committee and staff presented this proposal to the clerk/executive officers of the state judiciary and members of the Court Executives Advisory Committee. Staff did not receive any comments or concerns.

Alternatives considered

Regarding the workers' compensation cost allocations, the advisory committee considered but disregarded the option not to approve the proposed workers' compensation premium allocation for FY 2024–25. If the Judicial Council does not agree with the recommended allocation, program staff will work with the actuary to reevaluate the premium allocation to determine another funding level. During this time, the burden of claims cost will fall on the program's fund balance. The program will risk its solvency and its ability to cover the cost of claims.

Fiscal and Operational Impacts

The proposed allocation ultimately sees an increase across the program of 5.4 percent. The premiums for FY 2023–24 at a 70 percent confidence level were roughly \$16.71 million for trial court members and \$1.26 million for judiciary members. The proposed premium allocation will

have a fiscal impact with an increase of \$0.916 million for trial court members and a decrease of \$0.160 million for judiciary members.

Approving the proposal to increase premiums is essential for maintaining the financial stability of the program. It will help prevent any deficit issues and ensure a positive fiscal impact in the upcoming fiscal year. Failing to approve the proposal may lead to the program facing financial challenges and potentially falling into deficit once again. It is crucial to make the necessary decisions to support the program's financial health and sustainability.

Attachments and Links

1. Link A: *Workers' Compensation Fiscal Year 2024-25 Premium*,
www.courts.ca.gov/documents/2024-2025-Premium.pdf