

### 3. FY 2022 Ongoing Turnover Savings Spending Request – Targeted Market Pay Adjustments

The Judicial Council approves uses of Ongoing Turnover Savings. This is a request to the Budget and Fiscal Management Committee and the Judicial Council to allocate the use of some of these Ongoing Turnover Savings for ongoing personnel needs that will be utilized in FY 2022.

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**Date:** February 16, 2022

**Department or District:** Administrative Office of the Courts  
**Requested by:** Ron Gordon, Cathy Dupont and Bart Olsen

**Request title:** Special Request for Ongoing TOS to Address Certain Court Positions Where Market Has Moved Beyond Current Incumbent Pay Offered

**Amount requested:**    **One-time \$**           N/A            
**Ongoing \$**           100,000          

**Purpose of funding request:**

**Executive summary (include background/history, expected outcomes, relation to performance measures and court mission). Attach supporting data or documents.**

In October 2021 the Judicial Council approved an increase in the amount of ongoing turnover savings (“OTS”) from \$110,000 up to \$200,000 per fiscal year for “hot spot” raises. In that request, we requested the use of the increase “be broadened to specifically include the making of offers, where necessary, above the salary of the person who left the position.”

Hot spot raises are typically offered to court personnel who are either offered new positions outside the Courts or are at high risk of being offered positions outside the Courts. YTD, the State Court Administrator and Deputy State Court Administrator have used about 85% of the \$200,000 in hot spot funds to give raises to 27 Court personnel.

However, there are areas within the Courts where market forces are pushing wages forward far ahead of the rate of inflation and exceed our ability to counteract without additional resources. The Courts are not alone in this dilemma. As an example, the State Attorney General’s office has requested from the legislature a \$2.0M pay raise for their 281 attorneys and 250 staff citing a “hiring and retention crisis.” We also find the hiring of attorneys to be a continuing challenge.

Another area of concern is IT. Certain positions in IT have market rates far above the current wages of those currently serving the Courts in those roles. Given the \$11.0M in ARPA projects (almost certain to climb to \$12.3M after the session with the approval of IT Phase II) we risk not being able to fully utilize these funds by the 12/31/2024 expiration date of ARPA legislation unless we retain our key IT personnel who oversee the 20+ ARPA projects. A relatively modest investment of up to \$100,000 in forecasted FY 2022 OTS yields a stunning 120x investment payback in fully utilized ARPA funding.

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As shown in Exhibit A, our current forecast of OTS shows an forecasted balance of \$225,000 in OTS AFTER paying out \$450,000 of raises for FY 2022 which was approved in the September 2021 Judicial Council meeting. As shown in the YTD column we have \$476,360 of OTS as of 2/7/2022 – which is enough to pay the \$450,000 performance raises. AOC Finance is confident that after payment of the \$450,000 in performance raises our OTS balance generated through the rest of FY 2022 will leave us an OTS balance of at least \$225,000 (“surplus OTS”).

We request the ability to utilize up to \$100,000 of the Surplus OTS after reserving for the \$450,000 of performance raises for targeted market pay adjustments and \$120,000 of OTS for the Public Outreach Coordinator role – assuming this role is not funded with ongoing funds from the legislature. We will coordinate with AOC Finance to ensure we only spend as Surplus OTS is available.

If approved, here is the prioritized use of OTS:

Current OTS available	\$476,380	From Exhibit A
Expected additional OTS @ \$50K x 5 months	<u>\$250,000</u>	See footnote 3 to Exhibit A
	\$726,380	
Less:		
Previously Approved Unused Hot Spot \$	(\$50,493)	From Exhibit A Item #4
Previously approved Performance Raises	(\$450,000)	From Exhibit A
Outreach Coordinator Judicial Priority (if Not funded by Legislature)	(\$120,000)	Waiting on Legislature
Targeted Market Pay Adjustments	<u>(\$100,000)</u>	
Surplus OTS	\$5,887	

Cathy and Bart will show a slide which outlines the critical areas where we propose to utilize the up to \$100,000 in surplus OTS for targeted market pay adjustments.

#### **Alternative funding sources, if any:**

We could attempt to use 1x funds as a sign-on bonus/retention counter offer but we are not optimistic this will be successful in an era of high inflation.

#### **If this request is not funded at this time, what are the consequences or is there an alternative strategy?**

See risks discussed in Executive Summary.

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## Exhibit A



### FY 2022 Ongoing Turnover Savings - Update as of 02/07/2022

			Actual	Forecasted
#	Funding Type	Amount YTD	Amount @ YE	Amount @ YE
1	Carried over Ongoing Savings (from FY 2021, includes unallocated ongoing appropriation)	Internal Savings	200,154	200,154
2	Ongoing Turnover Savings FY 2022 (forecast includes \$50k x 5 remaining months)	Internal Savings	525,683	775,683
3	<b>TOTAL SAVINGS</b>		<b>725,837</b>	<b>975,837</b>
	2021 Hot Spot used (balance available at beginning of FY was \$99,950)	<b>Balance / Timing</b>	(99,950)	(99,950)
4	2022 Hot Spot used (\$110k initially available raised to \$200k in October Judicial Council)	(50,493)	(149,507)	(200,000)
	2022 Authorized Ongoing for Performance Based Raises	Use in Q4	-	(450,000)
5	<b>TOTAL USES</b>		<b>(249,457)</b>	<b>(749,950)</b>
<b>6</b>	<b>Actual Turnover Savings for FY 2022 as of 02/01/2022 and Forecast at YE 6/30/2022</b>		<b>\$ 476,380</b>	<b>\$ 225,887</b>
	<i>Prior Report Totals</i>		<i>\$ 400,183</i>	<i>\$ 163,633</i>
*	Ongoing turnover savings only happens when a vacant position is filled at a lower rate and / or with lower benefits.			
*	There are currently 23 positions that have turned over within the past 90 days that are currently listed as having unknown benefits. As those employees select their benefits, if they select lower benefits, there will be additional savings.			
*	Currently, 61.25 FTE are vacant with 19 in process of being filled. If those fill, with no other changes, that would leave 42.25 FTE vacant.			
1	Line 1 has been reduced by \$44,300 from \$244,454 to \$200,154 due to potential legislative action regarding the follow up of spending for HB 196 - Domestic Relations Debt.			
2	We expect the YTD OTS to increase by approx. \$50K per month for the remaining 5 periods of FY 2022 = \$250k. When added to \$525k in YTD savings (line 2), this will put the Courts at ~ \$776k in ongoing turnover savings for the year.			
3	When the carried over and appropriated amount (line 1) with the YE forecast (line 2), the grand total for YE 2022 increases to ~ \$976k.			
4	Balance of hot spot funds unspent as of update date.			
5	If all hot spot and performance raises money is expended (a total of \$749,950), the YE forecast of available ongoing OTS is reduced to ~ \$226k.			
6	Actual increase Last report's (dated 12/14/21) Forecast YE Turnover Savings number was \$163,633.			