



STATE OF CONNECTICUT

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PROBATE COURT ADMINISTRATOR

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State Capitol
Hartford, CT 06106

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Room 305
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Hartford, CT 06106

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Room 109
State Capitol
Hartford, CT 06106

To His Excellency the Governor and the Honorable General Assembly:

Pursuant to C.G.S. section 45-85, the Probate Court Budget Committee submits this annual report on the financial condition of the probate court system. We are pleased to report that the system achieved savings of \$3.7 million from court restructuring during fiscal year 2011-12, the first full year of operation after the consolidation of courts and transition to a centralized financial structure. These are permanent reductions in the cost of operating the probate court system. Equally important, the probate courts now operate under a system-wide budget that promotes better cost control and planning. Several efficiency measures that would not have been possible prior to restructuring were adopted in fiscal year 2011-12. Additional cost cutting measures made possible by the streamlined financial structure are planned for the upcoming fiscal year.

This report documents the savings realized through restructuring and the continuing collaboration among the budget committee, the Office of the Probate Court Administrator and the judges and employees of the courts to ensure that the probate court system operates in the most cost-effective manner possible. The report is divided into the following sections:

- Savings from restructuring
- Additional cost savings during fiscal year 2011-12
- Fiscal year 2012-13 initiatives

Savings from restructuring

The probate court system completed implementation of Public Acts 09-114 and 09-01 (September Special Session) on January 5, 2011. Those two pieces of restructuring legislation required the consolidation of 117 probate courts into 54. The legislation also centralized the financial structure of the system. All probate fee revenue is now collected directly into the Probate Court Administration Fund and all expenditures from the fund are managed under a comprehensive budget. Accounting and payroll activities, previously the responsibility of each court, are now performed centrally at probate administration.

At the time the restructuring legislation was originally adopted, savings were projected at \$2.8 million per year. Actual savings of \$3.7 million during fiscal year 2011-12 exceed the original projections by 33%.

The attached chart labeled FY 2012 Cost Savings Update details the principal areas of expense reduction. Three categories account for the lion's share of the savings. First, the reduction in the number of judges produced the largest savings, totaling \$2.1 million, with an additional \$208,000 saved in payroll taxes. Second, the system has made steady progress in bringing staffing levels in line with the budget committee's benchmarks through voluntary attrition, yielding savings of nearly \$600,000, plus a \$59,000 reduction in payroll taxes. Third, centralizing accounting and payroll functions at probate administration saves more than \$500,000 per year.

The probate court system successfully implemented these enormous changes – all of which became effective simultaneously – without any interruption in service. Indeed, the experience of court users has been improved as a result of full-time hours and a full complement of knowledgeable staff at all locations, as well as significantly improved facilities. Despite tremendous change in the structure of the probate courts, we have kept our focus on the mission of providing an accessible and consumer-oriented forum for the resolution of probate matters.

Additional cost savings during FY 2011-12

With the major task of restructuring completed, the budget committee and probate administration have continued efforts to reduce administrative costs. The following measures were implemented during fiscal year 2011-12:

Workers' compensation insurance

In January 2012, a single workers' compensation insurance policy covering all judges and court employees replaced the separate policies previously maintained by each court. The change reduced premium expense by more than 50%, a savings of \$35,000 annually. An even more significant impact of the change is the elimination of duplicative efforts previously required of judges and

court staff to procure the policies and respond to annual audit inquiries by the carriers.

Online benefits enrollment and administration

A new online system introduced in May 2012 simplifies the previously paper-intensive process associated with the administration of employee benefits such as health insurance. The benefits administration system, which is fully integrated with our existing online timekeeping and payroll systems, enables employees to access information about benefit options and to enroll and make changes to their selections from any computer with internet access on a 24/7 basis.

Updates to compensation and benefits plan

C.G.S. section 45a-85 requires the budget committee to establish a uniform compensation and benefits plan for court staff. A comprehensive policy manual, first published in January 2011 after a year-long effort by the budget committee and probate administration, details the plan.

Since the first publication of the policy manual, the budget committee has adopted several refinements in an effort to maintain a fair and competitive compensation and benefits package while prudently managing costs. Key changes during fiscal year 2011-12 are as follows:

- Although the provisions of the 2011 SEBAC agreement are not directly applicable to the probate court system, the budget committee implemented a pay freeze during fiscal year 2011-12. Notably, probate court employees were also subject to a previous two-year pay freeze during calendar years 2009 and 2010. A 2% COLA was implemented in January 2011, prior to the adoption of the SEBAC agreement.
- Probate judges and court employees participate in the state health insurance plan. As a result, all modifications of the state health plan, including the Health Enhancement Program and changes to prescription benefits, are automatically applicable to the probate courts. Because C.G.S. section 5-265(g) limits the employer premium share in the probate court system to 50% of the cost of dependent coverage, probate judges and employees pay a greater share of the expense for their health insurance than state employees.
- While neither the state nor federal family medical leave statutes apply to probate courts, the budget committee adopted a policy that provides benefits equivalent to the federal statute for probate court employees. Budget committee policies permit an additional period of unpaid leave under extraordinary circumstances. To better align our policies with state

standards, the committee amended the unpaid leave policy to cap the duration at 12 months.

Year-end transfer to General Fund

C.G.S. section 45a-82(j) and Public Act 11-51 section 36 require the automatic transfer of any funds in the Probate Court Administration Fund in excess of \$4 million to the General Fund at the end of each fiscal year. The amount of the transfer for fiscal year 2011-12 is projected at \$5.5 million, representing an improvement of \$4.2 million over the original budget of \$1.3 million.

The transfer returns a portion of the funds appropriated to the probate court system from the General Fund to cover the shortfall between probate fee revenue and the expenses of operating the system. This positive outcome results from favorable results for both revenue and expenses. Projections for revenue are expected to exceed budget by approximately \$1.5 million. Expenditures are projected to be \$2.7 less than the budget. Future transfers of this magnitude are unlikely due to lower General Fund appropriations and decreases in budgeted contingency amounts now that restructuring has been completed.

The enclosed chart labeled Summary of Sources and Uses of Funds provides additional detail on the projected results for fiscal year 2011-12 and the approved budget for the coming fiscal year.

Fiscal year 2012-13 initiatives

Several important initiatives aimed at further improving the efficiency of the probate court system are planned for fiscal year 2012-13.

Credit card payment of probate fees

Planning is currently underway to enable probate courts to accept credit and debit card payment of probate fees. Implementation will require programming changes to the system's billing software, the selection of a card processing vendor and the purchase of card-swiping equipment. The new payment option, in addition to enhancing convenience for court users, is expected to improve revenue collections.

Internal pay equity study

The uniform compensation plan introduced in 2011 replaced a highly decentralized system in which each judge determined the pay of the employees in his or her own court. Under the new system, all court employees are assigned to one of ten defined positions, each of which has a specified pay range.

As a first step in the transition to the new system in January 2011, those employees whose rate of pay before restructuring fell below the ranges for their positions were increased to the minimum rate. No adjustments were permitted for employees whose pay before restructuring fell within the ranges for their positions, other than the 2% COLA. As a result, some of the pay disparities associated with the prior system still persist.

The internal pay equity study is the critical second step in implementing the uniform compensation plan. When completed, the study will serve as the basis for one-time pay adjustments to ensure that each employee's rate of pay reflects the employee's years of experience in the system. Implementation of the internal pay equity study is dependent upon budget approval.

Employee performance evaluation system

Although pay increases have been temporarily deferred during the pay freeze, merit pay adjustments are a critical component of the compensation plan for court employees. Merit pay adjustments are intended to promote strong customer service and incentivize employees to build the knowledge and skills necessary to perform their job responsibilities. A first authorization for annual merit pay increases is planned for July 2013, subject to budget approval.

A performance evaluation system will be implemented during fiscal year 2012-13 to ensure the fair administration of the merit pay system. Using a web-based software application, the system will enable supervisors to conduct annual performance evaluations of court employees using system-wide uniform criteria. The numeric performance evaluations will then be used to calculate individual merit pay adjustments.

Administration of Kinship and Family Respite Funds Grant

The probate courts administer a \$2.0 million grant from the Children's Trust Fund for the Kinship and Family Respite Fund programs. These grants provide critical financial assistance for relatives who are appointed as guardians for children whose parents are unable to care for them.

A comprehensive review of the grant program is currently underway. Planned revisions will streamline procedures used in processing grant requests and establish a system-wide database to track grants and strengthen internal controls.

Information technology enhancements

Numerous planned enhancements to information technology systems will make it easier for court users to access information and interact with the courts while improving the efficiency of court operations.

- The establishment of an intranet for court employees will expand the availability of important resource materials and facilitate communications between probate administration and the courts. Use of this more efficient communications system will reduce printing and postage expenses.
- All court records are now scanned into a digital document management system. A project to scan court records predating this system is approximately 50% complete. Use of this system eliminates the expense of publishing record books which, in turn, avoids future needs for costly additions to vault space. These savings directly benefit municipalities because the records management and facility expenses for the probate courts are statutory obligations of the cities and towns.
- Improvements to the probate court system website will enable attorneys and other court users to view information about the status of cases online. A second phase of website enhancements will provide online access to documents filed with courts.
- Another module to be added to the website will streamline the billing process for court-appointed attorneys and conservators who work on behalf of indigent individuals. This web-based system will reduce administrative expenses and improve the timeliness of payment by enabling attorneys and conservators to input billing information electronically for review by the appointing judge.
- The use of webinars for continuing education activities for court staff and judges, first piloted during fiscal year 2011-12, will be expanded. This format facilitates training opportunities by allowing users to participate from their desks. It is less disruptive for work schedules, avoids the time and expense associated with travel, and eliminates the cost of rented facilities.
- With support from a federal grant, the probate court system is working in partnership with the Department of Mental Health and Addiction Services, the Department of Emergency Services and Public Protection and the Judicial Branch to develop an integrated computer system that will automate reporting of mental health adjudications to the National Instant Background Check system. The system will replace current redundant manual systems and improve the speed and accuracy of the mandatory reporting.

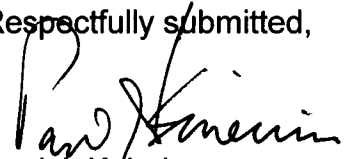
Conclusion

The completion of the first full year of operations has proved court restructuring to be a success from both a financial and service standpoint. The system achieved better than expected savings from the consolidation of courts and

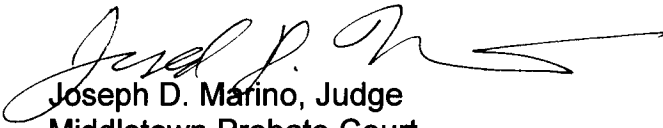
transition to a centralized financial structure. With the major structural changes behind us, we will continue our work to improve the efficiency of court operations while enhancing the accessibility and convenience of the probate court system for the citizens of our state.

The budget committee wishes to reiterate our thanks to Connecticut's probate judges, court employees and the staff at probate administration for their extraordinary efforts during the restructuring process. The successful outcome of this challenging process is the direct result of their hard work, spirit of cooperation and dedication to public service.

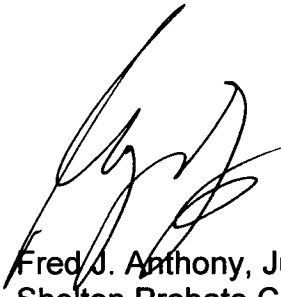
Respectfully submitted,



Paul J. Krierim
Probate Court Administrator
Chair, Probate Court Budget Committee



Joseph D. Marino, Judge
Middletown Probate Court
Probate Court Budget Committee



Fred J. Anthony, Judge
Shelton Probate Court
Probate Court Budget Committee

Attachments (2)

Connecticut Probate Courts

FY 2012 Cost Savings Update

	Original Estimate	Feb 2011 Estimate	SAVINGS REALIZED
Judges salary and wages	\$ 2,100,000	\$ 2,019,829	\$ 2,082,990 (a)
Court staff salary and wages	-	591,252	591,252 (b)
Payroll taxes	231,000	261,108	267,424
Other court staff comp/benefits	-	100,000	148,000 (c)
External accountants	285,000	285,000	338,000
Payroll services - external costs	14,000	14,000	63,000
Payroll services - internal costs	101,700	101,700	105,000
Workers' compensation	-	10,000	35,000
Subscriptions	23,000	28,000	28,000
Other court expenses	-	50,000	50,000 (d)
Travel reimbursement	16,000	16,000	16,000
Bank fees	13,000	15,000	15,000
PCA Overhead (postage, paper)	8,000	10,000	10,000
	<u>\$ 2,791,700</u>	<u>\$ 3,501,889</u>	<u>\$ 3,749,666</u>

Notes:

(a) Reduction from 117 judges to 54 judges, effective January 5, 2011. Compensation figures final for 2010.

(b) Transitional vs. benchmark staffing (274.7 vs 262.1) estimated at average hourly compensation rate of \$22.56.

(c) Wages and benefits previously paid by courts and discontinued include payment of life insurance, yearend bonuses, and tuition reimbursement.

(d) Other court expenses include parking, dues and other office related expenses.

Connecticut Probate Courts

Summary of Sources and Uses of Funds

	FY 12 Forecast	FY 13 Budget
SOURCES:		
Probate court fees	\$ 30,800,000	\$ 30,000,000
Pass-thru funding	2,100,000	2,200,000
Assessments	330,000	-
Other	228,000	35,000
Subtotal Sources (before General Fund Approp)	<u>33,458,000</u>	<u>32,235,000</u>
USES:		
Court expenses	32,630,700	36,123,509
Probate Court Administration expenses	3,021,300	3,319,930
Other adjustments	(200,000)	-
Subtotal Uses	<u>35,452,000</u>	<u>39,443,439</u>
INCOME (LOSS) BEFORE GENERAL FUND APPROPRIATION	(1,994,000)	(7,208,439)
General Fund Appropriation	<u>7,450,000</u>	<u>7,275,000</u>
NET INCOME (LOSS)	<u>\$ 5,456,000</u>	<u>\$ 66,561</u>