

AN ACT creating a Kentucky Citizens' Commission on Judicial and Legislative Compensation.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔SECTION 1. A NEW SECTION OF KRS CHAPTER 27A IS CREATED TO READ AS FOLLOWS:

(1) In furtherance of the mandatory compensation requirements of Section 120 of the Constitution of Kentucky relating to judicial compensation, there is created a Kentucky Citizens' Commission on Judicial Compensation for the purpose of examining and making recommendations with respect to judicial compensation. The commission shall evaluate the adequacy and need for adjustment of compensation for Justices of the Supreme Court and Judges of the Court of Appeals, the Circuit Courts, and the District Courts.

(2) The commission shall consider all appropriate factors, including but not limited to:

(a) The overall economic climate in the Commonwealth;

(b) The rate of inflation;

(c) The levels of compensation received by justices and judges of other states and of the federal government;

(d) The Commonwealth's interest in attracting highly qualified and experienced persons to serve as justices and judges;

(e) The value of comparable service performed in the private sector, including arbitration and mediation;

(f) The compensation of attorneys and other qualified persons in the private sector;

(g) The consumer price index and changes in that index;

(h) The overall compensation currently received by other public officials and employees; and

- (i) The time requirements of the office for which the compensation recommendation is made.
- (3) The commission shall consist of nine (9) members. In nominating and appointing members, special consideration shall be given to individuals who have knowledge of compensation practices and financial matters. The commission shall consist of the following members, who shall serve four (4) year terms or until their successors are duly appointed and qualified, except for those initial appointments with terms designated as lasting two (2) years in length:
- (a) One (1) member shall be appointed for an initial term of two (2) years and one (1) member shall be appointed for a term of four (4) years by the Governor;
- (b) One (1) member shall be appointed for an initial term of two (2) years and one (1) member shall be appointed for a term of four (4) years by the President of the Senate;
- (c) One (1) member shall be appointed for an initial term of two (2) years and one (1) member shall be appointed for a term of four (4) years by the Speaker of the House of Representatives;
- (d) One (1) member shall be appointed for an initial term of two (2) years and one (1) member shall be appointed for a term of four (4) years by the Chief Justice of the Supreme Court; and
- (e) One (1) member shall be appointed by the president of the state bar of Kentucky.
- (4) The commission shall be administratively attached to the Administrative Office of the Courts. The commission may employ experts to provide analysis and data upon which to base its recommendations.
- (5) A vacancy on the commission shall be filled promptly for the remainder of the term in the same manner in which the position was originally filled under

subsection (3) of this section. If a vacancy remains unfilled for more than ninety (90) days, a temporary member of the commission shall be appointed by a vote of the remaining commission members to serve with full powers of a commission member. A temporary member of the commission shall serve until the vacancy is filled.

(6) No member of the commission shall, during his or her tenure on the commission, hold any other public office or an office in any political party, be a member of any state board or commission, be a registered agent with either the Kentucky Legislative Ethics Commission or the Executive Branch Ethics Commission, or personally contribute or have immediate family members contribute to any political campaign for office within the Commonwealth.

(7) The members, by majority vote, shall designate a chair from among their number who shall serve for two (2) years from the date of election or until a successor is designated by majority vote and assumes the responsibilities.

(8) The director of the Administrative Office of the Courts shall call the first meeting of the commission no later than ten (10) days after the appointments are made. For all subsequent meetings, the commission shall meet, either in person or by teleconference, on the call of the chair or on the request of at least three (3) members. The presence of at least four (4) members shall be required to conduct a meeting. The concurrence of at least four (4) members shall be required for any formal action taken by the commission. The commission shall meet at least once every two (2) years.

(9) Commission members are entitled to reimbursement for mileage and other reasonable expenses related to travel to and from commission meetings when the expenses are approved by the chair. The reimbursement shall be made from the funds of the Administrative Office of the Courts.

(10) No later than September 1, 2015, and every two (2) years thereafter, the

commission shall submit a report on its findings and make written recommendations to the Governor, the Office of Policy and Management, the state budget director, the Legislative Research Commission, the Chief Justice of the Supreme Court, and the director of the Administrative Office of the Courts.

(11) Salary recommendations made by the commission shall be made prior to September 1 of an odd-numbered year. If a recommendation is timely made, the recommendation and the necessary funding to effectuate the recommendation may be incorporated into the judicial branch budget recommendation submitted to the General Assembly as required by KRS 48.100. Unless expressly notwithstanding in a branch budget enacted in the year following the submission of the branch budget recommendation, the commission's salary recommendations shall constitute the authorized salary for the offices in which compensation recommendations have been made, and shall take effect on July 1 of the year following the year in which the budget request was submitted.

(12) Any change in salaries effectuated under this section shall take effect as of the July 1 of the year next following the year in which the commission makes its recommendation or at such a date as would conform with the requirements of Section 120 of the Kentucky Constitution.

➔Section 2. KRS 48.110 is amended to read as follows:

Each branch budget recommendation shall contain a complete financial plan for the branch of government for each of the next two (2) fiscal years. Each branch budget recommendation shall include:

- (1) A budget message signed by:
 - (a) The Governor for the executive branch;
 - (b) The Chief Justice for the judicial branch; and
 - (c) The co-chairmen of the Legislative Research Commission for the legislative branch;

- (2) (a) Statements of income and receipts for the two (2) fiscal years last concluded, and the estimated income and receipts, for each budget unit of the branch of government for the current fiscal year and each of the next two (2) fiscal years.
 - (b) The statements of income and estimated income shall be itemized by budget unit and fund, and shall show separately receipts from:
 1. Current income;
 2. Refunds and reimbursements of expenditures;
 3. The sale of assets; and
 4. Receipts on account of the income of prior years.
 - (c) Existing sources of income and receipts shall be analyzed as to their equity, productivity and need for revision, and any proposed new sources of income or receipts shall be explained;
- (3) A statement of the surplus in any account and in any special fund of the branch of government. If a surplus exists in any account of the branch of government the statement shall show the excess of all current assets over all current liabilities as of the beginning of each of the two (2) fiscal years last concluded, and all changes in these accounts during each of such two (2) fiscal years;
 - (4) A statement as of the close of the last completed fiscal year and as of the close of the current fiscal year showing, for each budget unit the total funded debt, the value of sinking fund assets, the net funded debt, the floating liabilities as of the end of the current fiscal year, and the total debt as of the close of the last completed fiscal year and as of the close of the current fiscal year;
 - (5) Summary and detailed comparative statements of expenditures itemized by budget unit for each of the two (2) fiscal years last concluded and requests for appropriations by funds or accounts, the budget of the current year, and the recommendations for appropriations for each of the next two (2) fiscal years.

Following the lists of actual and proposed expenditures of each budget unit there shall be a detailed explanation of the actual and proposed expenditures, to include activities, beneficiaries and expected results of the programs or services of the budget units;

- (6) A draft of the proposed branch budget bill containing:
- (a) Recommendations of the branch of government for appropriations for the next two (2) fiscal years, and drafts of such revenue and other acts as may be recommended for implementing the proposed financial plan;
 - (b) Recommended appropriations for extraordinary expenses and capital outlays, which shall be itemized in the proposed branch budget bill for the branch by budget unit. The title of each budget unit shall be worded to limit each appropriation to the specific use or purpose intended;
 - (c) A plan for the reduction of the branch budget if there is a revenue shortfall of five percent (5%) or less in the general fund or road fund. In recommending budget reductions, the Governor, the Chief Justice, and the Legislative Research Commission shall not recommend universal percentage reductions, but shall weigh the needs of all budget units and shall strive to protect the highest possible level of service in their respective branches. Services which are not essential to constitutional functions shall be subject to reduction. Transfer of funds may be authorized by the budget reduction plan;
 - (d)
 - 1. A plan for the expenditure of a general fund or road fund surplus of up to two and one-half percent (2.5%).
 - 2. The plan shall include provisions for the expenditure of a surplus, and may provide for additional moneys for nonrecurring expenditures for which an appropriation was not made in a branch budget bill, or for a program or service authorized by law for which an appropriation was not made, or which was not fully funded.

3. In lieu of recommending the appropriation of funds, the plan may instead recommend the retention of surplus funds in the surplus account of the general fund or road fund for investment until appropriated by the General Assembly;
- (e)
1. A recommended state capital projects program and a recommended program for the purchase of major items of equipment.
 2. The recommended capital construction program shall include:
 - a. A complete list and summary description of each specific capital construction project recommended for funding during the biennium; and
 - b. For each project:
 - i. The agency and purpose for which it will be used;
 - ii. The justification for the project;
 - iii. Its estimated completion date;
 - iv. The total estimated cost of completing the project;
 - v. The estimated cost of the project during the biennium;
 - vi. The recommended sources of funds for the entire project; and
 - vii. The dollar amounts recommended for appropriation and the dollar amounts, listed by source, that are anticipated from every other source of funds for the biennium.
 3. All information required by subparagraph 2. of this paragraph shall be included in each branch budget recommendation. Each branch budget bill shall contain only a complete list of the specific capital construction projects recommended for funding during the biennium and, for each project, the information specified in subparagraph 2.b.v., vi., and vii. of this paragraph.

4. A report which details the effect of recommended new debt on the debt position of the Commonwealth shall be submitted at the same time the recommended capital program is submitted. Information shall be presented separately, and in total, for the general fund, road fund, and any affected restricted fund account.
5. Information in the report shall include but not be limited to the following:
 - a. Debt service on existing appropriation-supported debt, as a percentage of anticipated total revenues;
 - b. Debt service on existing appropriation-supported debt, as a percentage of anticipated available revenues;
 - c. The sum of debt service on existing appropriation-supported debt and debt service on recommended new appropriation-supported debt, as a percentage of anticipated total revenues;
 - d. The sum of debt service on existing appropriation-supported debt and debt service on recommended new appropriation-supported debt, as a percentage of anticipated available revenues;
 - e. The sum of debt service on existing appropriation-supported debt and debt service on recommended new appropriation-supported debt, as a percentage of estimated state total personal income; and
 - f. The sum of existing appropriation-supported debt and recommended new appropriation-supported debt, as a percentage of estimated state total personal income.
6. The recommended program for the purchase of major items of equipment submitted by the head of each branch of government shall include:
 - a. A complete list and summary description of each specific major

- item of equipment recommended for purchase during the biennium; and
- b. For each major item of equipment:
 - i. The agency and purpose for which it will be used;
 - ii. The justification for the purchase;
 - iii. The estimated cost of the item, including ancillary expenses and any expenses necessary to make the equipment functional and operational;
 - iv. The recommended sources of funds; and
 - v. The dollar amounts recommended for appropriation and anticipated from every other source of funds for the purchase.
7. All information required by subparagraph 5. of this paragraph shall be included in the executive branch budget recommendation. The branch budget bill for the executive branch shall contain only a complete list of each specific item of major equipment recommended for purchase during the biennium and, for each item, the information specified in subparagraph 6.b.iii., iv., and v. of this paragraph;
- (f) The branch budget recommendation for the Transportation Cabinet shall include the following information:
- 1. A separate branch budget bill;
 - 2. A recommended biennial highway construction plan, which shall be presented as a separate bill, and which shall include a list of individual transportation projects included in the last four (4) years of the six (6) year road plan, not to exceed ten percent (10%) of the recommended biennial highway construction appropriation, which can be advanced if:
 - a. Additional funds are received; and

- b. All projects included in the biennial highway construction plan have been advanced or completed to the extent possible; and
 3. The six (6) year road plan. The Governor shall have ten (10) working days after submission of the branch budget recommendation and the recommended biennial highway construction plan to submit the six (6) year road plan. The six (6) year road plan shall be submitted in a form and format cooperatively developed by the Transportation Cabinet and the General Assembly and approved by the Legislative Research Commission;~~and~~
- (g)
1. In the executive branch budget recommendation, as a separate section, an amount sufficient to meet unexpected contingencies or emergencies, including but not limited to natural or man-made disasters, civil disorders, court orders requiring or resulting in the expenditure of state funds, or other related causes.
 2. The amount shall be based on the nature, type, and frequency of named categories of events which may, from past experience, be reasonably anticipated.
 3. This portion of the budget recommendation shall detail similar incidents and the nature and amount of the expenditures for each during the ten (10) years immediately preceding;

(h) In the judicial branch budget recommendation, the compensation information required by Section 1 of this Act.

The total amount of appropriations recommended from any fund shall not exceed the cash resources estimated to be available and to become available to meet expenditures under the appropriations;

- (7) A certificate of the branch of government as to the accuracy of the statements of financial condition, of income and receipts, and of expenditures; and

(8) Such other information as is deemed desirable, or is required by law or regulation.

→Section 3. KRS 48.195 is amended to read as follows:

(1) (a) The General Assembly shall set the salaries of the justices and judges of the Court of Justice in the judicial branch budget bill. The Chief Justice shall include in the judicial branch budget recommendation the salaries of the justices and the judges. If the General Assembly concurs with the recommended judicial salaries contained in the judicial branch budget recommendation, then the judicial salaries shall be set in the judicial branch budget bill by incorporating by reference the judicial branch budget recommendation. If the General Assembly sets judicial salaries different from the judicial branch budget recommendation, then the General Assembly shall set forth the salaries of the justices and judges or the incremental changes in the judicial branch budget bill.

(b) This subsection shall apply only in cases where a recommendation of the Kentucky Citizens' Commission on Judicial Compensation was not timely made under Section 1 of this Act.

(2) The Chief Justice shall include in the judicial branch budget recommendation:

- (a) The filing fees and costs, and any changes in the fees and costs, set under KRS 23A.200 or 24A.170 during the fiscal biennium immediately preceding the biennium for which the recommendation is submitted; and
- (b) A statement of whether, and to what extent, the Supreme Court intends to raise or anticipates raising the fees and costs set under KRS 23A.200 or 24A.170 during the biennium for which the recommendation is submitted.