

Montgomery, Pamela

From: Patrick, Gale
Sent: Friday, April 04, 2008 12:01 PM
To: Montgomery, Pamela
Subject: RE: Paul Mast Pension Adjustment

Issues to date based on information that has been made available to me:

The **OLSON v. CORY** judgment makes reference to 1976 Government Code section 68203 before and after the January 1, 1977 amendment. Before 1977, reference is made to the increase in the California consumer price index as compiled and reported by the California Department of Industrial Relations from the previous calendar year.

This language is vague as it does not specially define which index table to use.

The California Department of Industrial Relations (CDIR) issues two California tables, the California All Urban Consumers Index (CPI-U) and the California Urban Wage Earners and Clerical Workers Index (CPI-W). Further, over the years, the CDIR has changed the methodology on calculating those California indexes. Also, the CDIR uses tables from the U.S. Department of Labor and they have changed its tables, including base periods, from which the CDIR computes its indexes during the years involved with Judge Mast's situation. Both JLVFF and Judge Mast used the California CPI-U index table; but, in a letter with schedules from State Controller Cory, dated July 22, 1980, the indexes used by the Controller are based on the California CPI-W index table. It would seem to me that since Controller Cory was involved with the judgment his basis should be used unless changed at a later date.

The **CORY v. OLSON** judgment makes reference in the change in index for the calendar year. I would normally interpret that to mean one is to use the "Annual" index factors from year-to-year which is consistent with how JLVFF did Judge Mast's calculations. This is also consistent on how ACTO calculates the COLA adjustments for the PERS benefits (see the Cost-of-Living Report produced by ACTO each year.) Judge Mast's calculations uses the indexes on a September to September basis (sometimes using August versus September as CDIR ceased publishing September indexes in 1998). Referring back to Controller Cory's July 22, 1980 letter and schedule, the schedule uses indexes on a December to December basis for calculating the judges' pay the following September 1st. Again, since Controller Cory was involved with the judgment, this December to December basis for determining the "calendar year" increase would seem appropriate to use unless it was changed at a later date. It should be noted that using the CPI-W California Index Table on a December to December basis as shown in the schedule attached with the Controller's July 22nd letter, the September 1, 1979 Municipal Court Judge's salary of \$54,861 is identical to the salary level Judge Mast indicates should be the starting point in his letter to you on June 11, 2006.

One final problem for which I do not have an answer or opinion on is reference in the judgment to a "5.327%" increase in pay for pay beginning on September 1, 1977. I have not been able to determine the basis for which that percentage is developed based on information that I now have if the September 1, 1976 pay of \$45,235 which you provided me is correct. It is close, but I would think that I should be able to reproduce it exactly. Perhaps JLVFF could elect to ignore this percentage and start off projecting Judge Mast's salary from his September 1, 1979 salary of 54,861.

In summary, I think you need to get Judge Mast to "buyoff" on the California CPI-W index basis and the December to December basis if one tries to follow Controller Cory's schedule, unless the basis was changed at a later date before any further calculations are done.

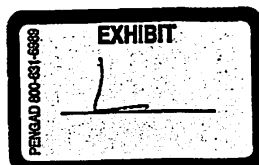
Gale

---Original Message---

From: Montgomery, Pamela
Sent: Tuesday, April 01, 2008 1:05 PM
To: Patrick, Gale
Subject: RE: Paul Mast Pension Adjustment

Hi Gale,

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JRS-A 000859

**LEGISLATORS' RETIREMENT SYSTEM
 RECAP OF COLA'S**

Applied COLA Year *	Section 9360.9 (Old COLA Chart)	Section 9360.9 (Revised 3/06)	Source Of LRS COLA **	California Consumer Price Index chart (1955-2005) ***
1964	17.7	17.7	COLA Period uses San Francisco -Oakland (1957-59 = 100)	
1965	19.7	19.7		
1966	22.10	22.10		
1967	24.95	24.95		
1968	28.3	28.3		
1969	33.7	33.7		
1970	40.6	40.6		
1971	47.6	47.6		
1972	53.1	53.1		Los Angeles - Long Beach (1957-59 = 100)
1973	58.2	58.2		
1974	67.4	67.4		
1975	84.1	84.1		
1976	103.3	103.3	COLA Period uses San Francisco -Oakland (1967 = 100)	
1977	115.4	115.4		
1978	131.0	131.0		
1979	150.4	150.4		
1980	174.6	174.6		
1981	217.1	217.1		Los Angeles - Long Beach (1967 = 100)
1982	252.8	252.8		
1983	276.7	276.7		
1984	281.5	281.5		COLA Period uses California Price Index - All Urban Consumers (1967 = 100)
1985	286.5	286.5		
1986	300.2	300.2		
1987	308.0	308.0		
1988	322.9	322.9		
1989	339.8	339.8	COLA Period uses California Price Index - All Urban Consumers (1982-84 = 100)	
1990	361.0	361.0		
1991	385.9	385.9		
1992	402.2	406.32		
1993	421.6	421.56		
1994	432.7	437.17		
1995	450.9	450.9		
1996	466.5	466.5		
1997	483.0	483.0		
1998	496.7	496.7		
1999	519.3	505.95		
2000	540.15	519.33		
2001		540.15		
2002		558.36		
2003		568.77		
2004		584.01		
2005		602.23		
2006		626.02		
2007		649.44		
2008		670.79		
2009		700.38		

* Adjustment are based on previous calendar years.
 ** All data used to determine COLAs is from The U.S. Department of Labor Statistics.
 *** San Francisco COLA is based on the California Consumer Price Index chart (1955-2005)

Consumer Price Index (1982-84=100)

Source: U.S. Department of Labor, Bureau of Labor Statistics

CCPI-U = California Consumer Price Index - All Urban Consumers

CCPI-W = California Consumer Price Index - Urban Wage Earners and Clerical Workers

Year	Month	CCPI-U	Percent Change	Percent Change	CCPI-W	Percent Change	Percent Change
			From Previous Month	From Previous Year		From Previous Month	From Previous Year
1984	Dec.	105.7		5.0%	104.0		2.8%
1983	Dec.	100.7		4.7%	101.2		4.0%
1982	Dec.	96.2		0.7%	97.3		0.6%
1981	Dec.	95.5		11.0%	96.7		10.8%
1980	Dec.	86.0		12.7%	87.3		13.2%
1979	Dec.	76.3		15.8%	77.1		16.3%
1978	Dec.	65.9		7.5%	66.3		7.5%
1977	Dec.	61.3		7.4%	61.7		7.3%
1976	Dec.	57.1		5.4%	57.5		5.5%
1975	Dec.	54.2		8.6%	54.5		8.6%
1974	Dec.	49.9		12.1%	50.2		12.1%
1972	Dec.	41.3		3.8%	41.6		3.7%
1971	Dec.	39.8		2.8%	40.1		2.8%
1970	Dec.	38.7		4.6%	39.0		4.8%