

JUDICIAL COUNCIL OF CALIFORNIA  
BUDGET SERVICES  
Report to the Judicial Branch Budget Committee  
(Action Item)

**Title:** State Trial Court Improvement and Modernization Fund (IMF) Allocation Increase for 2023–24 for Judicial Council Legal Services

**Date:** 4/23/2024

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**Issue**

Consider a recommendation from the Trial Court Budget Advisory Committee to provide the Judicial Council’s Legal Services office with a \$2 million IMF allocation in 2023–24 for the Litigation Management Program to address increased legal services for the trial courts, for consideration by the Judicial Council at its May 17, 2024, business meeting.

**Background**

The Judicial Council’s Legal Services office provides litigation management services for the defense and indemnification of all judicial branch entities, their bench officers, and employees. Defense of these parties is for government claims, prelitigation claims, and litigation, as well as for various risk-reduction measures as required by Government Code sections 810–811.9, 825–825.6, 900.3, and 995–996.6 and California Rules of Court, rules 10.201 and 10.202. These obligations are generally referred to as the Litigation Management Program (LMP).

The LMP receives an annual appropriation of \$6.2 million General Fund. The majority of this funding is for expenditures and settlements related to trial court matters. In 2023–24, the LMP incurred three large trial court–related settlements that substantially affected the budget, and there is a pending fee settlement in a nearly 10-year trial court litigation. The current year’s settlement expense is the second largest in the last decade.

As a result of the number of high-expense trial court matters and several high-value trial court settlements, the LMP appropriation for 2023–24 has been fully used. Additional funding of \$2 million is necessary to continue servicing the LMP portfolio of cases and fund higher value settlements before the end of the current fiscal year. Overall, settlement values are generally increasing, particularly with employment matters for which recovery of attorney’s fees often drives up the settlement value.

Litigation expenditures were generally consistent with those of past years, but costs in the current year were affected by a significant litigation matter that was granted summary judgment a week before trial, as well as three high-expense employment cases. While the sizeable amount of trial settlements affected the budget, overall litigation expenses have continued to rise and remain a growing pressure on the fund.

The IMF is an appropriate fund source to pay for trial court–related expenditures to ensure the continuity of LMP services. Attachment A reflects the approved year to date IMF allocations for the Judicial Council. This request for \$2 million is reflected in the IMF Fund Condition Statement (Attachment B). Based on current revenue estimates, the fund will have a sufficient balance for the requested allocation in 2023–24.

As cost increases for LMP are expected to continue, an IMF allocation of \$1.7 million will be requested for 2024–25 to supplement the General Fund appropriation. Legal Services will evaluate program costs and available resources to determine if a future budget change proposal is needed to ensure the program is adequately funded.

### **Recommendation**

The following recommendation is presented to the Judicial Branch Budget Committee for consideration:

Approve a \$2 million 2023–24 IMF allocation for Legal Services for the LMP to address increased legal services for the trial courts, effective May 17, 2024. Doing so will ensure that trial courts will be defended and indemnified as required by California Rules of Court, rules 10.201 and 10.202.

### **Attachments**

1. Attachment A: Judicial Council of California Approved 2023–24 Allocations, State Trial Court IMF, State Operations and Local Assistance Appropriations
2. Attachment B: State Trial Court IMF Fund Condition Statement, April 2024

**Judicial Council of California**  
**Approved 2023-24 Allocations**  
**State Trial Court Improvement and Modernization Fund**  
**State Operations and Local Assistance Appropriations**

Updated: April 12, 2024

| #  | Program Name  | Office | Approved 2023-24 Allocations |                      |                      | Proposed 2023-24 Allocations |                      |
|----|---|--------|------------------------------|----------------------|----------------------|------------------------------|----------------------|
|    |   |        | State Operations             | Local Assistance     | Total                | IMF Allocation Increase      | Total                |
| A  | B   | C      | D                            | E                    | F = (D + E)          | G                            | H = (F + G)          |
| 1  | Audit Services  | AS     | \$ 372,000                   | \$ -                 | \$ 372,000           | \$ -                         | \$ 372,000           |
| 2  | Trial Court Master Agreements                                     | BAP    | 182,000                      | -                    | 182,000              | -                            | 182,000              |
| 3  | Treasury Services - Cash Management                               | BAP    | 110,000                      | -                    | 110,000              | -                            | 110,000              |
| 4  | Data Analytics Advisory Committee                                 | BMS    | -                            | 9,000                | 9,000                | -                            | 9,000                |
| 5  | Budget Focused Training and Meetings                              | BS     | -                            | 25,000               | 25,000               | -                            | 25,000               |
| 6  | Revenue Distribution Training                                     | BS     | -                            | 10,000               | 10,000               | -                            | 10,000               |
| 7  | Treasury Services - Cash Management                               | BS     | -                            | -                    | -                    | -                            | -                    |
| 8  | Domestic Violence Forms Translation                               | CFCC   | -                            | 17,000               | 17,000               | -                            | 17,000               |
| 9  | Interactive Software - Self-Rep Electronic Forms                  | CFCC   | -                            | 60,000               | 60,000               | -                            | 60,000               |
| 10 | Self-Help Center  | CFCC   | -                            | 5,000,000            | 5,000,000            | -                            | 5,000,000            |
| 11 | Statewide Multidisciplinary Education                             | CFCC   | -                            | 67,000               | 67,000               | -                            | 67,000               |
| 12 | Shriver Civil Counsel - cy près Funding                           | CFCC   | -                            | 893,000              | 893,000              | -                            | 893,000              |
| 13 | Statewide Support for Self-Help Programs                          | CFCC   | -                            | 100,000              | 100,000              | -                            | 100,000              |
| 14 | Court Interpreter Testing etc.                                    | CFCC   | -                            | 143,000              | 143,000              | -                            | 143,000              |
| 15 | CJER Faculty  | CJER   | -                            | 48,000               | 48,000               | -                            | 48,000               |
| 16 | Essential Court Management Education                              | CJER   | 40,000                       | -                    | 40,000               | -                            | 40,000               |
| 17 | Essential Court Personnel Education                               | CJER   | -                            | 130,000              | 130,000              | -                            | 130,000              |
| 18 | Judicial Education  | CJER   | -                            | 1,284,000            | 1,284,000            | -                            | 1,284,000            |
| 19 | Jury System Improvement Projects                                  | CJS    | -                            | 9,000                | 9,000                | -                            | 9,000                |
| 20 | Trial Court Labor Relations Academies and Forums                  | HR     | -                            | 23,000               | 23,000               | -                            | 23,000               |
| 21 | Data Center and Cloud Service                                     | IT     | 2,215,000                    | 4,471,000            | 6,686,000            | -                            | 6,686,000            |
| 22 | Uniform Civil Filing Services                                     | IT     | 399,000                      | 3,000                | 402,000              | -                            | 402,000              |
| 23 | California Courts Protective Order Registry (CCPOR)               | IT     | 418,000                      | 537,000              | 955,000              | -                            | 955,000              |
| 24 | Telecommunications  | IT     | -                            | 14,500,000           | 14,500,000           | -                            | 14,500,000           |
| 25 | Enterprise Policy & Planning (Statewide Planning and Dev Support) | IT     | 1,044,000                    | 2,500,000            | 3,544,000            | -                            | 3,544,000            |
| 26 | Data Integration  | IT     | 703,000                      | 993,000              | 1,696,000            | -                            | 1,696,000            |
| 27 | Jury Management System  | IT     | -                            | 665,000              | 665,000              | -                            | 665,000              |
| 28 | Case Management System Replacement                                | IT     | -                            | -                    | -                    | -                            | -                    |
| 29 | Telecom   | IT     | 1,297,000                    | 4,384,000            | 5,681,000            | -                            | 5,681,000            |
| 30 | Digitizing Court Records  | IT     | -                            | 721,490              | 721,490              | -                            | 721,490              |
| 31 | Jury System Improvement Projects                                  | LS     | -                            | 10,000               | 10,000               | -                            | 10,000               |
| 32 | Regional Office Assistance Group                                  | LS     | 861,000                      | -                    | 861,000              | -                            | 861,000              |
| 33 | Litigation Management Program                                     | LS     | -                            | -                    | -                    | 2,000,000                    | 2,000,000            |
| 34 | Judicial Performance Defense Insurance                            | LSS    | -                            | 1,931,000            | 1,931,000            | -                            | 1,931,000            |
|    | <b>Total</b>  |        | <b>\$ 7,641,000</b>          | <b>\$ 38,533,490</b> | <b>\$ 46,174,490</b> | <b>\$ 2,000,000</b>          | <b>\$ 48,174,490</b> |

| Totals by Office |  | Office | State Operations    | Local Assistance     | Total                | Proposed IMF Allocation Increase | Revised Total        |
|------------------|--|--------|---------------------|----------------------|----------------------|----------------------------------|----------------------|
| Legend           |  | C      | D                   | E                    | F = (D + E)          | G                                | H = (F + G)          |
| 35               | Audit Services                             | AS     | \$ 372,000          | \$ -                 | \$ 372,000           | \$ -                             | \$ 372,000           |
| 36               | Branch Accounting and Procurement          | BAP    | 292,000             | -                    | 292,000              | -                                | \$ 292,000           |
| 37               | Business Management Services               | BMS    | -                   | 9,000                | 9,000                | -                                | \$ 9,000             |
| 38               | Budget Services                            | BS     | -                   | 35,000               | 35,000               | -                                | \$ 35,000            |
| 39               | Center for Families, Children & the Courts | CFCC   | -                   | 6,280,000            | 6,280,000            | -                                | \$ 6,280,000         |
| 40               | Center for Judicial Education and Research | CJER   | 40,000              | 1,462,000            | 1,502,000            | -                                | \$ 1,502,000         |
| 41               | Criminal Justice Services                  | CJS    | -                   | 9,000                | 9,000                | -                                | \$ 9,000             |
| 42               | Human Resources                            | HR     | -                   | 23,000               | 23,000               | -                                | \$ 23,000            |
| 43               | Information Technology                     | IT     | 6,076,000           | 28,774,490           | 34,850,490           | -                                | \$ 34,850,490        |
| 44               | Legal Services                             | LS     | 861,000             | 10,000               | 871,000              | 2,000,000                        | \$ 2,871,000         |
| 45               | Leadership Services                        | LSS    | -                   | 1,931,000            | 1,931,000            | -                                | \$ 1,931,000         |
|                  | <b>Total Allocations</b>                   |        | <b>\$ 7,641,000</b> | <b>\$ 38,533,490</b> | <b>\$ 46,174,490</b> | <b>\$ 2,000,000</b>              | <b>\$ 48,174,490</b> |

**State Trial Court Improvement and Modernization Fund  
Fund Condition Statement  
April 2024**

Updated: April 12, 2024

| #  | Description  | 2020-21                              | 2021-22                              | 2022-23                              | Estimated         |                   |                   |
|----|--|--------------------------------------|--------------------------------------|--------------------------------------|-------------------|-------------------|-------------------|
|    |  | (Year-End<br>Financial<br>Statement) | (Year-End<br>Financial<br>Statement) | (Year-End<br>Financial<br>Statement) | 2023-24           | 2024-25           | 2025-26           |
|    |  | A                                    | B                                    | C                                    | D                 | E                 | E                 |
| 1  | Beginning Balance  | 21,152,288                           | 16,886,288                           | 23,242,054                           | 38,128,109        | 32,236,659        | 28,540,659        |
| 2  | Prior-Year Adjustments                                   | 2,422,000                            | 8,176,338                            | 8,638,611                            | -3,200,000        | 0                 | 0                 |
| 3  | <b>Adjusted Beginning Balance</b>                        | <b>23,574,288</b>                    | <b>25,062,626</b>                    | <b>31,880,665</b>                    | <b>34,928,109</b> | <b>32,236,659</b> | <b>28,540,659</b> |
| 4  | <b>REVENUES<sup>1</sup>:</b>                             |                                      |                                      |                                      |                   |                   |                   |
| 5  | Jury Instructions Royalties                              | 466,000                              | 538,154                              | 429,853                              | 576,000           | 560,000           | 560,000           |
| 6  | Interest from Surplus Money Investment Fund              | 242,000                              | 210,218                              | 1,550,086                            | 1,727,000         | 1,296,000         | 1,037,000         |
| 7  | Escheat-Unclaimed Checks, Warrants, Bonds                | 65,000                               | 0                                    | 1,000                                | 1,000             | 1,000             | 1,000             |
| 8  | 50/50 Excess Fines Split Revenue                         | 7,288,250                            | 4,986,200                            | 7,504,000                            | 2,863,000         | 2,720,000         | 2,584,000         |
| 9  | 2% Automation Fund Revenue                               | 7,925,750                            | 8,455,157                            | 8,327,104                            | 8,479,000         | 8,394,000         | 8,394,000         |
| 10 | Other Revenues/State Controller's Office Adjustments     | 366,000                              | 285,925                              | 171,078                              | 20,000            | 2,000             | 2,000             |
| 11 | Class Action Residue                                     | 911,000                              | 952,317                              | 329,186                              | 0                 | 0                 | 0                 |
| 12 | <b>Subtotal Revenues</b>                                 | <b>17,264,000</b>                    | <b>15,428,439</b>                    | <b>18,311,387</b>                    | <b>13,666,000</b> | <b>12,973,000</b> | <b>12,578,000</b> |
| 13 | <b>Transfers and Other Adjustments</b>                   |                                      |                                      |                                      |                   |                   |                   |
| 14 | To Trial Court Trust Fund (Gov. Code, § 77209(j))        | -13,397,000                          | -13,397,000                          | -13,397,000                          | -13,397,000       | -13,397,000       | -13,397,000       |
| 15 | To Trial Court Trust Fund (Budget Act)                   | -594,000                             | -594,000                             | -594,000                             | -594,000          | -594,000          | -594,000          |
| 16 | General Fund Transfer (Gov. Code, § 20825.1)             |                                      | -270,000                             | 0                                    | 0                 | 0                 | 0                 |
| 17 | <b>Total Revenues, Transfers, and Other Adjustments</b>  | <b>3,273,000</b>                     | <b>1,167,439</b>                     | <b>4,320,387</b>                     | <b>-325,000</b>   | <b>-1,018,000</b> | <b>-1,413,000</b> |
| 18 | <b>Total Resources</b>                                   | <b>26,847,288</b>                    | <b>26,230,065</b>                    | <b>36,201,052</b>                    | <b>34,603,109</b> | <b>31,218,659</b> | <b>27,127,659</b> |
| 19 | <b>EXPENDITURES:</b>                                     |                                      |                                      |                                      |                   |                   |                   |
| 20 | Judicial Branch Total State Operations                   | 4,635,000                            | 5,217,956                            | 5,319,495                            | 8,184,400         | 10,051,000        | 8,683,000         |
| 21 | Judicial Branch Total Local Assistance                   | 47,825,000                           | 44,734,883                           | 36,857,436                           | 38,283,050        | 36,531,000        | 36,859,000        |
| 22 | Pro Rata and Other Adjustments                           | 289,000                              | 307,171                              | 180,012                              | 117,000           | 314,000           | 314,000           |
| 23 | Less funding provided by General Fund (Local Assistance) | -42,788,000                          | -47,272,000                          | -44,284,000                          | -44,218,000       | -44,218,000       | -44,218,000       |
| 24 | <b>Total Expenditures and Adjustments</b>                | <b>9,961,000</b>                     | <b>2,988,011</b>                     | <b>-1,927,057</b>                    | <b>2,366,450</b>  | <b>2,678,000</b>  | <b>1,638,000</b>  |
| 25 | <b>Fund Balance</b>                                      | <b>16,886,288</b>                    | <b>23,242,054</b>                    | <b>38,128,109</b>                    | <b>32,236,659</b> | <b>28,540,659</b> | <b>25,489,659</b> |
| 26 | <b>Fund Balance - less restricted funds</b>              | <b>12,775,459</b>                    | <b>19,677,611</b>                    | <b>35,864,950</b>                    | <b>30,072,500</b> | <b>26,426,500</b> | <b>23,375,500</b> |
| 27 | <b>Structural Balance</b>                                | <b>-6,688,000</b>                    | <b>-1,820,572</b>                    | <b>6,247,444</b>                     | <b>-2,691,450</b> | <b>-3,696,000</b> | <b>-3,051,000</b> |

<sup>1</sup> Revenue estimates are as of 2024-25 Governor's Budget