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Trial Court Funding "Realignment"

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Trial Court Funding "Realignment"

What Steps Should the Legislature Take to Ensure the Effective Implementation of the Trial Court Funding "Realignment"?

Summary

Last summer, the Legislature enacted several major bills to provide additional state funding for support of trial courts and to require courts to make a number of reforms. The measures, which had multiple purposes, expressed the Legislature's intent to fund an increasing share of court operating costs over the next five years. The additional costs to the state were projected to be more than offset by increases in General Fund revenues during this period. Based on collections to date, however, revenues may not approach the levels anticipated.

A number of short-term problems (such as delays in development of accounting guidelines) have hindered implementation of the realignment, mostly due to enactment of legislation after the fiscal year began. The realignment has, however, also raised a number of policy issues, such as the management and control of local court personnel and the need for clarification of judicial roles. The Legislature will need to address these issues as it considers providing additional funds for trial court operations in the budget year and beyond.

The California Constitution establishes a system of trial and appellate courts and delineates the jurisdiction of each court over judicial matters. The state has traditionally funded the operations of the Supreme Court and the courts of appeal from the General Fund and, until recently, counties have been primarily responsible for financing the operations of the trial courts — the superior, municipal, and justice courts. That tradition was fundamentally changed in 1985 when legislation was enacted to require the state to assume the primary responsibility for funding the costs of trial court operations through a system of block grants.

The enactment of Ch 90/91 (AB 1297, Isenberg) — the Trial Court Realignment and Efficiency Act of 1991 — made additional significant changes to the state's financial responsibility for trial court operations. Through Chapter 90 and related statutes, the Legislature expressed its intent to support an increasing share of trial courts costs.

In this analysis, we (1) review the short-term implementation issues surrounding Chapter 90 and the related measures, and (2) identify a number of policy issues that the Legislature will need to address as it considers providing additional support for the trial courts for the budget year and beyond. We discuss the *1992-93 Governor's Budget* proposals for trial court funding in detail in our companion document, *Analysis of the 1992-93 Budget Bill* (please see Item 0450).

BACKGROUND — STATE FUNDING FOR TRIAL COURTS

In 1985, the Legislature established the Trial Court Funding Program to promote a more uniform level of judicial services throughout California and to relieve some of the fiscal pressures on county governments. The program provided participating counties funding for both specific operating costs (such as salaries and benefits for selected judges) and general operating costs (such as ancillary court personnel and services).

The program was originally established by Ch 1607/85 (AB 19, Robinson), the Trial Court Funding Act of 1985, but was not made operative until the enactment of Ch 1211/87 (SB 709, Lockyer) two years later. The statutes required the state to assume the primary responsibility for funding the operations of the courts through block grants for certain judicial positions and increased state participation in funding of judges' salaries and benefits. As a means of offsetting the state's additional costs, participating counties were required to turn over to the state their share of certain court-related revenues (fines, fees, and forfeitures) and to forgo reimbursement for mandates related to trial court operations.

In 1988, the Legislature enacted the Brown-Presley Trial Court Funding Act (Ch 944/88 — AB 1197, Willie Brown, and Ch 945/88 — SB 612, Presley). These measures made several significant changes to the Trial Court Funding Program, including changing the amount of the block grants and eliminating the existing revenue recapture provisions.

OVERVIEW OF THE TRIAL COURT REALIGNMENT AND EFFICIENCY ACT OF 1991

The Trial Court Realignment and Efficiency Act of 1991 repealed several of the provisions of the Brown-Presley Trial Court Funding Act and made additional significant changes to the Trial Court Funding Program. Although Chapter 90 was the principal piece of legislation, several other related measures (especially Ch 189/91 — AB 544, Isenberg, and Ch 331/91 — SB 21, no author) made changes as well. Figure 1 lists the trial court funding-related legislation enacted in 1991.

Reform Had Many Purposes

Chapter 90 and the related legislation had several different purposes, some of which were expressed in legislative intent. These included: (1) helping the Governor and the Legislature close the 1991-92 state budget gap and providing net revenues to the General Fund through 1995-96, (2) relieving fiscal pressures on counties by having the state assume a larger role in court funding, and (3) improving access to justice and the uniformity of judicial services throughout the state by providing additional court funding and enacting a number of reforms.

These purposes were addressed by:

- Increasing state funding for trial court operations.
- Generating additional revenues for the state.
- Establishing mechanisms to improve collections of unpaid fines, forfeitures, and penalties.
- Enacting a variety of reforms in the trial courts that are designed to increase efficiency and reduce costs for support of the trial courts in the long run.

Increased State Funding for Trial Courts

Chapter 90 continues the state's commitment to state funding for trial court operations that began in 1985. Specifically, the measure increases total state funding for trial courts by about $225 million in 1991-92. Prior to enactment of Chapter 90, the state supported about 38 percent of trial court operating costs. Chapter 90 expresses the Legislature's intent to fund 50 percent of the statewide costs for trial court operations in 1991-92 and increase the funding 5 percent per year until the state reaches 70 percent funding in 1995-96. The Governor's Budget, however, proposes to freeze trial court expenditures at the current-year level (see our *Analysis* for more details). This would result in the state funding about 45 percent of these costs in the budget year.

Figure 1

1991 Legislation Relating to Trial Court Funding

Measure	Author	Topic	Effective Date
AB 1297 (Ch 90/91)	Isenberg	Increased trial court funding, realignment of court-related revenues, court reforms.	June 30, 1991
AB 544 (Ch 189/91)	Isenberg	Court reforms and revenue transfers.	July 29, 1991
SB 21 (Ch 331/91)	no author	Appropriations for trial court funding, fines and fees transfers.	August 5, 1991
AB 2142 (Ch 1168/91)	Frazee	Distribution and uses of certain fines and fees, restricted application of certain fees.	October 14, 1991
AB 1485 (Ch 716/91)	Committee on Judiciary	Court staffing and the compensation of certain court personnel.	January 1, 1992
AB 195 (Ch 613/91)	Bentley	Requirements for Judicial Council reporting, compensation for municipal and justice court judges, extension of authority to hear guilty pleas in non-capital felony cases.	January 1, 1992
AB 1826 (Ch 598/91)	Bentley	Permit certain misdemeanors to be treated as infractions.	January 1, 1992
SB 526 (Ch 976/91)	Killea	Authorization for the State Controller to recover unpaid penalty assessments.	January 1, 1992

Transfers of Local Court Revenues

Prior to Chapter 90, court-related fine and forfeiture revenues were divided between counties and cities, based on the location of the violation of law that resulted in the fine. In order to offset the additional costs of state funding for the trial courts, the realignment measures transfer a large share of local revenues to the General Fund.

Specifically, the measures:

- Require cities to transfer 50 percent and counties 75 percent of their non-parking fines to the state.

- Increase existing penalty assessments on criminal and traffic offenses.
- Transfer traffic school fees to the state.

These provisions were estimated to result in revenues of $462 million in 1991-92.

In addition, other court-related revenue enhancements were enacted in Chapter 331 in order to backfill for a $205 million reduction taken in the program's base funding level in the 1991 Budget Act.

Enhanced Collection Efforts

Chapters 90 and 189 establish a number of new mechanisms to assist local governments in collecting unpaid fines, forfeitures, and penalties. These changes were partially designed to generate revenues to the state to cover the costs of additional state funding for trial court operations. The mechanisms include income tax and lottery intercepts, wage garnishment, use of private collection agencies, holds on vehicle registration and driver's license renewals, and use of credit cards and personal checks for payment of fines and penalties.

In order to provide an additional incentive for persons to pay their unpaid motor vehicle fines and penalties, Chapter 331 established an amnesty program in effect between February and April of 1992, and allows offenders to pay a reduced fine for each violation, except for offenses involving driving under the influence of alcohol or drugs.

These provisions were estimated to result in $55 million in General Fund revenues in 1991-92.

Trial Court Reforms

Chapter 90 includes a number of reforms to increase the efficiency of the trial courts. These reforms are designed to reduce the long-term costs of trial court operations, improve the uniformity of judicial services throughout the state, and improve the public's access to the judicial system.

The most significant reform requires superior, municipal, and justice courts to coordinate their operations. Chapter 90 requires each court to develop a coordination plan to achieve efficiencies through the maximum utilization of court resources. Plans must consider a number of specific items, including the following:

- Assignment of any judge to hear any type of case, regardless of the jurisdictional or geographical boundaries.

- Using lower level judges to hear and try matters (such as a municipal court judge handling a case in superior court).
- Sharing and merging of court support staff within or across county boundaries.
- Using alternative dispute resolution programs, such as arbitration.
- Unifying the trial courts within a county to the maximum extent permitted by the California Constitution.

Although no savings were estimated from these reforms in the current year, Chapter 90 requires trial courts, on a statewide basis, to reduce their operating costs at least 3 percent in 1992-93, an additional 2 percent in 1993-94, and an additional 2 percent in 1994-95. Coordination plans must be submitted to the Judicial Council by March 1, 1992 and approved by the council by July 1, 1992. It is not clear how these reductions will be calculated or whether they will be achieved.

In addition, Chapter 90 requires trial courts to implement reforms to reduce court case backlogs. Specifically, the measure requires municipal and justice courts to establish delay reduction programs similar to programs already implemented in superior courts that were established by the Trial Court Delay Reduction Act of 1986 (Ch 1335/86 — AB 3300, Willie Brown). These programs set specific guidelines and standards for courts to resolve criminal and civil cases as expeditiously as possible.

The legislation also recognizes that inefficiencies exist because of the lack of automation in some courts. As a result, Chapter 90 allows counties to retain 2 percent of all fines from criminal convictions, including traffic cases, for the development of automated accounting and case management systems within the municipal and justice courts.

Net Fiscal Impact on State

Enactment of Chapter 90 and the related legislation was one of several actions taken by the Legislature and the Governor to close the $14 billion budget gap for 1991-92. At the time of enactment, the Department of Finance (DOF) estimated that the measures would result in additional state revenues of $517 million and additional costs of $225 million, for a net savings to the General Fund of $292 million, as shown in Figure 2. (The amounts shown in Figure 2 do not include any of the revenue enhancements enacted in Chapter 331 to fill the $205 million "hole" in the base funding in the 1991 Budget Act.)

Figure 2

Trial Court "Realignment"
1991-92 Fiscal Effect[a]

(in millions)

Revenues	
Transfers to the state:	
75 percent of county revenues	$208.0
50 percent of city revenues	77.0
Enhanced collections	$55.0
Penalty assessment increases	79.0
Traffic school fee transfers	98.0
Total, Revenues	**$517.0**
Costs	
Trial courts	$221.6
Judicial Council administration	2.6
Judicial Retirement System	0.9
Total, Costs	**$225.1**
Net Savings	**$291.9**

[a] Based on Department of Finance June 1991 estimates.

The DOF's long-term projections showed that even with the increasing state funding for trial court operations, the measures would result in annual net savings to the state until 1995-96. After that time, the DOF estimated that the program would result in net costs.

TRIAL COURT FUNDING REVENUE

As indicated above, revenues provided through Chapter 90 and the related legislation were estimated to generate revenues to the state in excess of costs of almost $300 million in the current year. It now appears, however, that the net savings will be far less than that amount.

DOF Has Revised Its Estimates

The DOF estimated in June 1991 that increases in court-related revenues would generate about $592 million to the General Fund in 1991-92 and $668 million in 1992-93. (The $592

million estimate differs from the revenue total shown in Figure 2 — $517 million — as the former includes some additional court-related revenue increases that were added to fill the $205 million "hole" in base funding.) In November 1991, the DOF adjusted the estimates downward to $436 million in 1991-92 and $509 million in 1992-93, a difference of $315 million over the two-year period. (These are the figures assumed in the Governor's Budget.) These adjustments resulted primarily from additional review of actual local fine, fee, and forfeiture data from previous years that indicated that the original estimates were overstated.

Figure 3 shows these estimates, by revenue source, for both 1991-92 and 1992-93. In addition, it shows actual collections from these sources as of January 31.

Figure 3

Trial Court Funding
General Fund Revenue Collections
1991-92 and 1992-93

(in millions)

Revenue Source	1991-92 Original Projection (June 1991)	1991-92 Revised Projection (Nov. 1991)	1991-92 Actual Collections (as of Jan. 31)	1992-93 Original Projection (June 1991)	1992-93 Revised Projection (Nov. 1991)
Fines and Forfeitures					
Counties	$208.0	$156.0	$18.8	$224.1	$165.4
Cities	77.0	74.0	9.6	82.9	78.4
Other[a]	55.0	20.0	0.1	81.0	40.0
Penalty assessments[b]	79.0	57.0	30.3	96.0	75.0
Traffic school fees[c]	128.0	102.0	15.3	139.0	111.0
Administrative fees[d]	45.0	27.0	3.3	45.0	39.0
Totals[e]	$592.0	$436.0	$77.3	$668.0	$508.8

[a] Includes increase in fines resulting from enhanced collection efforts, amnesty program (in effect February through April 1992), and state parking violations.
[b] General Fund portion.
[c] Includes both $24 fee and state portion of fees based on amount of fine.
[d] Includes administrative fees for persons convicted of crimes, $1 surcharge on parking violations, and surcharge on document recordings.
[e] Details do not add to totals due to rounding.

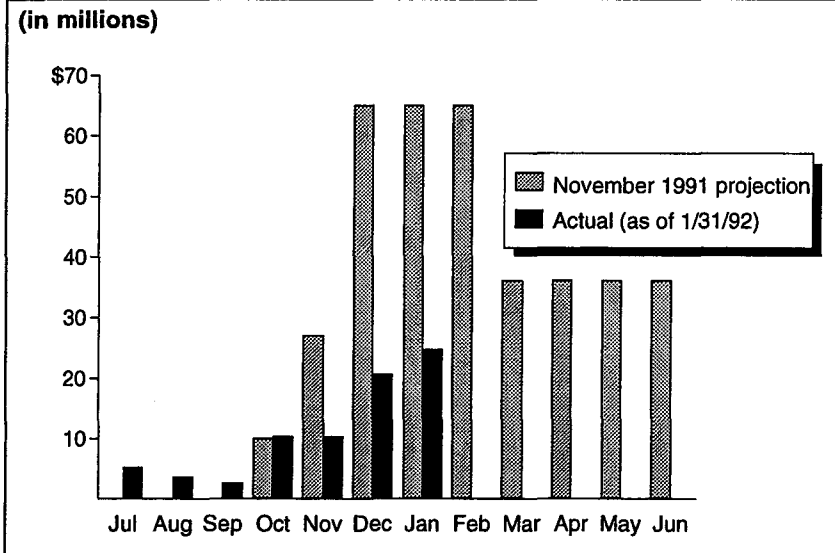
Current-Year Revenues Well-Below Projections

As Figure 3 shows, of the $436 million in court-related revenues estimated in the revised 1991-92 projection, the state has actually received only about $77.3 million (approximately 18 percent of the estimated total), with over half the fiscal year elapsed. Only the revenue transfers from increased penalty assessments have met expectations.

Figure 4 shows the revised DOF projection of court-related revenue transfers to the General Fund against *actual* revenues collected by the State Controller's Office (SCO) on a monthly basis. As the figure shows, the DOF estimated that after cities and counties had three to four months to implement the necessary changes, the state would receive a significant increase in revenues during December 1991, and in January and February 1992, before leveling off at a more moderate amount for the remainder of 1991-92.

Figure 4

Trial Court Funding Revenue Collections 1991-92



Our analysis of revenue transfers to the General Fund indicates that court-related revenues for 1991-92 could be up to $250 million less than DOF's revised projection.

Budget-Year Projections

In 1992-93, DOF projects that court-related revenues will total approximately $509 million, which is 17 percent above current-year collections. Since 1982-83, court-related revenues have increased an average of 8.5 percent per year, half the rate of the projected budget-year increase. Given the lower current-year base and the optimistic budget-year growth assumptions, we believe that the budget-year projection is also overstated.

Net Fiscal Benefits to State Now in Question

Given that trial court-related revenue collections appear unlikely to meet expectations in the current year, it is likely that the trial court funding realignment will result in much lower General Fund savings in the current and budget years. In addition, the realignment may become a net cost to the state *before* 1995-96, rather than after that year, as was originally projected by the DOF.

IMPLEMENTATION ISSUES

Chapter 90 was enacted as an urgency measure on the last day of the 1990-91 fiscal year. Chapters 189 and 331, which were also urgency measures, were not enacted until July 27 and August 5, respectively. Because these measures became law after the new fiscal year started, state and local agencies were required to institute the changes quickly without full understanding of the statutes or the Legislature's expectations.

Not surprisingly, there have been some problems — primarily short-term ones — in implementing the trial court funding realignment changes. In this section, we describe some of these problems and identify actions the Legislature can take to help resolve them.

Accounting Guidelines Were Delayed

Current law requires the SCO to coordinate the transfer and distribution of revenues between the state and local governments. Chapters 90, 189, and 331 require the SCO and county auditors to establish new guidelines and accounts for the transfer of new court-related revenues from the counties to the state.

Due to the timing of the measures, the SCO's guidelines were not distributed to the counties until October. As a result some counties were still using the remittance guidelines established under the Brown-Presley Trial Court Funding Act as late as December, or stopped remitting revenues altogether.

Revenues that are improperly transferred to the SCO are placed in a temporary account until the remitting county can be contacted and the revenues sorted into the proper accounts. This can cause a one- to two-month delay in properly accounting for the revenues. In our view, this delay is part of the reason that General Fund collections are lagging to date.

Revenues Not Remitted from Local Governments

Chapters 90 and 189 establish a "cap" on the total amount of fines and forfeitures cities and counties can retain in 1991-92. The cap allows cities to retain an amount equal to 50 percent and counties 25 percent of the total fines and forfeitures each entity collected in 1990-91, plus 5 percent. Any amount above these "caps" must be transferred to the state General Fund. The statutes also require cities and counties to transfer the state's share of the collections on a monthly basis.

Our review of local revenue transfer practices indicates that many cities and counties have not remitted the state's share of their court-related revenues in a timely manner. The lack of familiarity has caused some delays that have or will be corrected. However, we also found that many cities and counties are filling their total annual caps before remitting any of the state's share of collections to the SCO. This practice, which is contrary to the SCO's county guidelines, not only delays state General Fund revenue collections, it also creates a disincentive for counties to vigorously continue their efforts to collect outstanding fines and forfeitures once they have filled their caps.

Delay in Revenue Transfers Will Need to Be Addressed by the Legislature. We believe that the Legislature should address the issue of cities and counties delaying the transfer of the state's share of court-related revenues. Specifically, the Legislature should provide fiscal disincentives for cities and counties to delay the transfer. For example, the state could offset trial court funding payments to counties by the estimated amount of collections that the state should have received.

Judicial Reaction to Penalty Increases

Chapters 90, 189, and 331 require judges to implement increases to schedules for the assessment of fines and penalties. Most of the increases were implemented within the municipal and justice courts' penalty schedules.

Trial court judges and staff are now becoming more familiar with the new fines and penalty assessment schedules. We believe that any administrative problems with the implementation of the basic fine and penalty schedules should soon be corrected.

There are, however, a number of reasons why judges have been slow to implement the increases in contested matters within their courts.

- Many judges have indicated that they believe that the fines and penalties are now excessive.
- For a variety of reasons, including the current condition of the state's economy and the high rate of unemployment, it appears that many judges are reducing some portion of the base fine and penalty amount for those persons who make an appearance in court. (Judges may do so based on the defendant's ability to pay.) As a result, many court personnel have indicated that the number of persons requesting an appearance in court has increased significantly since the new schedules have been implemented, with a corresponding impact on projected revenues.
- Many judges feel that they have been placed in the position of being a "revenue generator" for the state and have voiced opposition to this role, even though they have always performed this function for local governments.

Legislature May Need to Tie Additional Funding to Revenue Results. As the state is now more dependent on the revenues generated by the trial courts than prior to enactment of Chapter 90, it is critical to the success of the overall trial court realignment program that judges assess and the state receive its expected revenues from increased fines and penalties.

POLICY ISSUES RELATED TO STATE SUPPORT OF THE TRIAL COURTS

In this section, we identify four policy issues that the Legislature will need to address in order to meet the objectives of realignment. We believe that, as it considers these issues, the Legislature should keep certain state-local fiscal reform principles in mind, such as paying attention to incentives and linking program control to funding. (We reviewed these and other state-county partnership principles in detail in *The 1991-92 Budget: Perspectives and Issues*, please see page 173.) The Judicial Council will provide the Legislature with reports throughout the next year which should assist the Legislature in its consideration of these issues.

State Funding for "Court Operations"

Prior to the enactment of Chapter 90, the operating budgets for the trial courts were administered through the individual

county's budgetary process. (The state simply provided counties with funds to pay judicial salaries and block grants to assist them in paying for court operating costs.) As a result, there are disparities among counties in the manner of accounting for trial court operating budgets. Consequently, there is no definitive figure for the total *statewide* cost of trial court operations. This is a critical issue because the state will pay for a fixed percentage of court costs. Without adequate estimates of current and past statewide costs, it is difficult for the Legislature to make informed budget decisions on trial court funding.

In the past, estimates of trial court operating expenditures have been provided by the Judicial Council, based on information provided by a sample of counties using Rule 810 of the California Rules of Court as a guideline. Rule 810 specifies a number of trial court operational cost items, including judicial and nonjudicial salaries, services and supplies, costs for collective bargaining, and indirect costs. Cost accounting for salaries is relatively straight forward, but the costs for services and supplies and indirect costs have been difficult to estimate satisfactorily. Estimating county expenditures for "indirect costs" has created the largest problem in reaching a total statewide cost estimate.

Judicial Council is Studying the Issue. Chapter 90 requires the Judicial Council to report to the Legislature by November 1 of each year the expenditures for each superior, municipal, and justice court, and the statewide totals. In order to assist with this report, the Judicial Council has formed a committee comprised of trial court judges, court administrators, and staff from the Administrative Office of the Courts to address these questions.

The Legislature will need to conduct its own independent review of the council's report and enact legislation to statutorily define which items will be included in trial court operating costs.

Distribution of Funds to Counties

Chapter 189 repealed the provisions of law that specified the distribution of state monies to counties for support of trial courts. Thus, there is currently no statutory direction on how funds provided in the annual Budget Act (including $565 million requested in the Governor's Budget) should be distributed.

Chapter 90 requires the Judicial Council to report to the Legislature by March 1, 1992, on the most efficient and cost-effective process for including trial court expenditures in the annual Budget Act and an equitable formula for allocating state funds. At the time this analysis was prepared, the council had

developed a draft proposal and was seeking comments from judges, court administrators, county officials, and other interested parties.

Under the draft proposal, each trial court would develop its own budget, which would be reviewed by a regional board selected by the courts. Individual court budgets would be compiled and approved by a state board of trial judges. Following approval by the Chief Justice of the California Supreme Court (the chair of the Judicial Council), a statewide trial court budget would be submitted to the Legislature and the DOF for inclusion in the annual Budget Act. This is a fundamental change from the existing budget process, in which the DOF develops the trial court funding budget.

The draft also provides that, following enactment of the Budget Act, state funding would be allocated to support 100 percent of specified court functions. Total state funding, however, would still have to be within the state's funding percentage. Future state funding would support additional functions each year as the state increased its share of trial court operating costs.

Legislature Should Consider Objectives in Developing a Distribution Formula. Ultimately, the Legislature will need to develop a specific methodology for distributing the trial court monies, either through the annual Budget Act or in separate legislation.

In considering how to distribute the funds, the Legislature should attempt to link the distribution to the objectives of the realignment. For example, in order to ensure access to and uniformity of justice, the Legislature may wish to provide funds to cover a minimal level of services to all counties.

In addition, the Legislature should pay particular attention to establishing incentives that will help meet the objectives of realignment. For example, the Legislature may wish to reward counties that are particularly successful at coordinating their operations and reducing case backlogs.

Management of Local Court Personnel

In addition to judges, trial courts employ thousands of nonjudicial personnel (such as attorneys, administrators, and clerical staff) to operate the court system. As the state takes on an increasingly larger percentage of total statewide operating costs for trial courts, it will have to address a number of issues regarding management and control of these personnel, including staffing levels, compensation, and workplace conditions.

It will be particularly important for the Legislature to link control of the court employees with funding. In the absence of such a link, the state would be allowing a different level of government to set state funding priorities. For example, counties may have less incentive to manage salary and benefit levels for court employees as the state moves to support 70 percent of total court costs. The Legislature may need to consider a variety of options, such as specifying that salary and benefit increases be in line with similar increases provided to state employees.

Judicial Council to Report in July. The Legislature recognized the importance of these issues in Chapter 90 by requiring the Judicial Council to report to the Legislature by July 1, 1992, on the disposition of county employees currently employed in the trial courts.

Clarification of Judicial Roles

Our review indicates that some of the Legislature's purposes in enacting Chapter 90 (particularly improving access to and uniformity of justice) may be hindered by the existing roles of judicial officers in California.

Administrative Authority at the State Level is Limited. In order to fulfill the Legislature's objectives for realignment, some statewide oversight of trial courts is necessary. However, currently there is limited oversight and authority at the state level. Article VI of the California Constitution establishes the judicial authority for all trial courts judges and the method by which they are selected. Because trial court judges are elected by the voters within the jurisdictional boundaries of the court, judges have expressed a greater sense of responsibility and affinity to their constituents than to the state as a whole. This local tie also gives trial court judges a certain degree of freedom from legislative and judiciary intervention with respect to their respective court operations.

In addition, although the Chief Justice of the California Supreme Court is the state's chief judicial officer and chair of the Judicial Council, the Constitution provides only limited authority to the Chief Justice in the administration and operations of the trial courts. For example, the Chief Justice has no budgetary authority over trial courts.

In our view, in order for the Legislature to ensure the many purposes of the realignment are met, it may be necessary to provide additional authority for administration of trial courts at the state level. For instance, the Chief Justice or Judicial Council could be given additional authority to ensure that a single entity

is ultimately responsible for implementing the coordination requirements.

Reforms May Blur Distinctions Between Trial Court Judges. Chapter 90 requires each court to submit to the Judicial Council a court coordination plan which considers a number of efficiencies, including the use of lower-level judges to hear and try matters, and the cross-assignment of judges to hear matters within the jurisdiction of another court. For example, this would allow municipal and justice court judges to hear and try felony cases that would normally be heard by a superior court judge.

If all trial court judges have the ability to do essentially the same work, distinctions of rank and status become blurred and the necessity for three levels of trial courts may cease to exist. As a result, the Legislature may need to consider whether the distinctions in status and rank of judicial officers are worth preserving.

CONCLUSION

Our analysis indicates that, although there have been implementation problems, the foundations have been laid for many of the reforms envisioned by the Legislature in the trial court funding realignment.

It seems clear that the realignment will fall short of one of its original objectives — helping close the 1991-92 budget gap. Due to revenue shortfalls, the net fiscal benefit from realignment will be much less than projected.

Although it is too early to determine whether the realignment will meet some of its other objectives, it is clear that the Legislature will need to consider and take action on a number of policy issues. The Judicial Council will provide the Legislature with several reports during the next year that should assist the Legislature in addressing these issues.

This analysis was prepared by David Esparza, under the direction of Craig Cornett. Secretarial support was provided by Vicky Albert. For information concerning this analysis, please contact the author at (916) 445-4660.

Legislative Analyst's Office

Recent Reports

AIDS Education in Correctional Facilities: A Review (January 1990), Report No. 90-2.

A Perspective on Housing in California (January 1990), Report No. 90-3.

Year-Round School Incentive Programs: An Evaluation (April 1990), Report No. 90-5.

Child Abuse and Neglect in California: A Review of the Child Welfare Services Program (January 1991), Report No. 91-1.

Analysis of the 1991-92 Budget Bill (February 1991). This report presents the results of our detailed examination of the Governor's Budget for 1991-92.

The 1991-92 Budget: Perspectives & Issues (February 1991). This report provides perspectives on the state's fiscal condition and the budget proposed by the Governor for 1991-92, and identifies some of the major issues facing the Legislature.

Analysis of the 1991-92 Tax Expenditure Budget: Overview and Detailed Compendium of Individual Tax Expenditure Programs (May 1991), Report No. 91-4.

State Spending Plan for 1991-92: The 1991 Budget Act and Related Legislation (September 1991), Report No. 91-5.

Options for Addressing the State's Fiscal Problem (January 1992).

Recent Policy Briefs and Issue Papers

County Fiscal Distress: A Look at Butte County (December 1989).

A Review of the Governor's Housing Initiative (March 1990).

California's Low-Income Housing Tax Credit (May 1990).

California's AFDC Program: Current Trends, Issues and Options (February 1991).

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Organizing State Government to Meet California's Environmental Protection Priorities (May 1991).

Implementation of Proposition 99: An Overview (May 1991).

Sources and Uses of K-12 Education Funding Growth: 1982-83 through 1991-92 (August 1991).

A Review of the Department of Fish and Game: Issues and Options for Improving its Performance (September 1991).

A Perspective on the Drought in California (November 1991).

SR 66: Regulation of Credit Unions (December 1991).

A Review of the State Bar Court (December 1991).

The State's Fiscal Problem (December 1991).

Paperwork Reduction in Schools (January 1992).

California's Child Support Enforcement Program (January 1992).

Bonds and the 1992 Ballots (January 1992).

An Overview of the 1992-93 Governor's Budget (January 1992).

Reprints from the *1992-93 Perspectives and Issues* (February 1992)

The 1991-92 State and Local Program Realignment: Overview and Current Issues

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Copies of these reports can be obtained by contacting the Legislative Analyst's Office, 925 L Street, Suite 610, Sacramento, California 95814, (916) 445-2375.