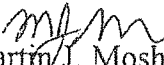


THE JUDICIAL COUNCIL OF CALIFORNIA
ADMINISTRATIVE OFFICE OF THE COURTS

303 Second Street, South Tower
San Francisco, California 94107
(415) 396-9275

Amended Item 5 e

TO: Members of the Judicial Council

FROM:  Martin J. Moshier, Assistant Director, Trial Court Services

DATE: August 12, 1996

SUBJECT: Summary of Assembly Bill No. 2553
(Information Only--No Action Required)

Assembly Bill No. 2553 (Isenberg et al.) provides the mechanism to implement the Governor's state trial court funding proposal. The bill has several distinct elements:

1. Allows municipal court judges to sit on the appellate department of the superior court if the judge is assigned and the courts have an approved coordination plan.
2. Increases numerous civil filing fees to raise an additional \$88 million which is "swept" into the Trial Court Trust Fund at the state level. The fee increases were agreed to by representatives of plaintiff attorney groups.
3. Jury deposits are swept into the Trial Court Trust Fund if jury is not used.
4. Transfers responsibility for funding court operations entirely to the state.
5. Leaves funding responsibility for court facilities with the counties pending results of a study to be conducted by a task force.
6. Transfers ownership of all furniture and furnishings to the court unless otherwise prohibited. Furniture and furnishings not used exclusively by the court are to remain available for the court's use.
7. Provides that counties pay to the state (a) an amount based upon the actual county expenditures for court support in fiscal year 1994-95 (approx. \$884,000,000) and (b) an amount based upon the fines and fees remitted to the state in fiscal year 1994-95 (approx. \$280,000,000).
8. Provides a mechanism for courts and counties to adjust the amounts in 7(a) by certifying changes to the Department of Finance. All changes must be made no later than January 15, 1997.

9. Requires counties to continue to provide indigent defense funding and funding for California Youth Authority charges.
10. Establishes the Trial Court Improvement Fund funded with at least 1 percent of the total appropriation. One-half of one percent (.50%) is an emergency reserve. One quarter of one percent (.25%) is an incentive for the council to reward coordination. One quarter of one percent (.25%) is reserved for statewide court improvement projects. Two percent (2%) of all fines also go to this fund with a guarantee that courts will receive at least as much of this as they generated in fiscal year 1994-95. Growth may be distributed for automation projects by the council.
11. Provides a mechanism by which the counties and the courts can sever county services that the courts can obtain elsewhere.
12. Establishes the Task Force on Trial Court Employees to study and make recommendations on the status of court employees.
13. Establishes the Task Force on Court Facilities to study and make recommendations on the ownership of and responsibility for court facilities.
14. Provides for the division of growth in fine revenues over the 1994-95 level to be split between the counties and a Courthouse Maintenance and Renovation Fund.
15. Provides for a renewed fine revenue split with the cities which is "backfilled" by the state general fund.
16. Provides a general fund appropriation to the courts in the amount of \$5,360,140 to backfill a 50 percent reduction in the contributions from the 20 smallest counties.

The bill is voluminous, encompassing 72 pages of text. It was negotiated over a period of several months between representatives of the trial courts, the counties, the Legislature, and the Wilson Administration. At the time of this writing, the major issue holding up passage involves organized labor and collective bargaining rights of trial court employees. A copy of the bill has been provided in the attachment. If you have any comments or questions please feel free to contact me at (415) 396-9275.

Attachment

JUDICIAL COUNCIL OF CALIFORNIA
ADMINISTRATIVE OFFICE OF THE COURTS
303 Second Street, South Tower
San Francisco, California 94107
(415) 396-9293

TO: Members of the Court Management Committee

FROM: Administrative Office of the Courts
D. J. Agnew, Project Manager

DATE: February 19, 1992

RE: Supplemental Report of the Trial Court Funding
Advisory Committee

The Advisory Committee on Trial Court Funding on January 17 circulated for comment a proposed long-term budget structure for consideration of trial courts, county administrators, county auditors, and interested organizations. In a report to this committee dated February 6, 1992, the advisory committee provided preliminary recommendations and noted that comments received would be reviewed prior to this meeting of the Court Management Committee.

The response rate to the Invitation to Comment was quite high, 38 letters, especially given the short time available for comment. Three major criticisms or concerns were identified in the comments and have resulted in the committee's modification of its original preliminary recommendations:

1. The process of developing an alternative budget structure which includes trial courts in the state budget process may be moving too fast given the magnitude of the task.
2. A thorough implementation plan should be developed to include more specifics on the ultimate and interim processes. More time should be allowed the committee to develop this plan.
3. Adequate representation of the smaller courts needs further discussion. Concern was expressed about large courts' ability to control the process through proportional voting power. Although the committee feels proportional voting is essential to the process, the committee wishes to revisit the issue of super-majority voting in some instances.

Additionally, although the committee discussed the need for final approval of budgets and allocations by the Chief Justice, the preliminary recommendations did not clearly reflect the Chief Justice's role in this process. The recommendations are revised to clarify the committee's intent here.

Recommendation: Include the following recommendations in the report to the Legislature:

1. For Fiscal 1992-93 and 93-94, state trial court funding continue to provide subvention funding for each county for court operations and that state funds for that year be allocated by a three-part formula:
 - a. a base amount of funding computed in the same manner as that received in the 1991-92 fiscal year for court operations. This is to be calculated based on:
 - i. block grants based on the number of authorized judicial positions, and
 - ii. supplemental funding, up to \$234,383,000, distributed in the same percentage as that specified in Government Code section 77200(d) (Stats. 1991, ch. 189; Assem. Bill No. 544);
 - b. any additional amounts appropriated in the budget distributed according to a formula that gives equal weight to i) the number of authorized judicial positions for courts in a county and ii) a court's weighted filings using the weighted caseload methodology; and
 - c. the establishment of a small supplemental fund equaling 2.5 percent of the total increase in state funding, which would be distributed to courts so as to begin to address the unmet fiscal needs of some trial courts, leading to equity in funding and access to justice throughout the state.
2. For subsequent fiscal years, a new budget review and allocation process be developed. The following elements will form the basis of discussion, however, the final process may or may not include each of these preliminary elements ~~THE/PROPOSED/STRUCTURE/PROVIDES/FOR:~~
 - a. the state to assume funding responsibility for particular trial court functions, with functions added over time until full funding by the state is achieved;

- b. a budget review and allocation process conducted by regional and state-wide budget review boards made up of representatives of trial courts, with review and approval of proposed budgets and allocations by the Chief Justice. Each court will have Maximum proportional voting power. AAA/Staff support to review boards will be provided by the AOC;
 - c. a transitional plan for smaller counties (which have in the past been authorized to use trial court funding money for programs other than the core court functions, i.e., indigent defense, pretrial release, and probation) whereby funds for those counties would not be increased until the level of state funds provides for only the core court functions but would not be decreased below current levels;
 - d. rejection of any direct relationship between trial court appropriation levels and the level of collection of court-generated revenues from fines, fees, forfeitures, and penalties;
 - e. maximization of local control and accountability of expenditures and personnel by having counties administer the state funds for trial courts during the transition period; and
 - f. establishment of a trial court budget process similar to that of the appellate courts, including (i) forwarding of budgets to the Legislature with a copy to the Department of Finance (Governor's Office) for comment and (ii) a timetable/budget cycle that to the extent possible is the same as for appellate courts.
3. That the Committee on Trial Court Funding with the Administrative Office of the Courts staff, after consultation with the California Judges Association, Metropolitan Municipal Courts Association, Metropolitan Superior Courts Association, California Association for Superior Court Administration, Municipal Court Clerks Association, County Clerks' Association of California, County Supervisors Association of California, and other appropriate judicial and administrative organizations, develop an implementation plan including timing and specific functions proposed for full state assumption based on actual court expenditures and report to the council at its November meeting.
 4. In order to address concerns expressed by a number of courts, the Trial Court Funding Committee re-examine the issue of whether a super-majority should be required for certain actions by regional and state-wide review boards.

ADMINISTRATIVE OFFICE OF THE COURTS
Report Summary

Court Management Committee

February 6, 1992

SUBJECT: Recommendations of the Trial Court Funding Advisory
Committee: Inclusion of the Trial Courts in the State
Budget Process

Pursuant to the Trial Court Realignment and Efficiency Act of 1991, the Judicial Council is to study 1) the methods available to include trial courts in the state's Budget Act, 2) the most efficient and cost-effective process for doing this, and 3) an equitable approach to allocating state funds appropriated in support of trial courts. The Trial Court Funding Advisory Committee in July 1991 was charged with studying these issues and making recommendations to the Judicial Council on the budgetary aspects of the act. Participating in the deliberations were representatives of the Legislative Analyst's Office, the Department of Finance, and Assemblyman Phillip Isenberg's office.

The committee developed and circulated for comment an interim allocation formula for the 1992-93 budget year only, which was considered by the Judicial Council at its November 1991 meeting. Since then, the committee has developed a long-term budgeting proposal and circulated that for comment. Tentative recommendations of the committee for consideration of the Court Management Committee and the Judicial Council are proposed; however final recommendations that take into consideration the comments received, will be formulated in advance of the Court Management Committee's meeting on February 20 and will be presented at that time. A report from the Judicial Council to the Legislature by March 1, 1992, as required by Government Code section 68106, will be prepared based on the final recommendations of the Judicial Council.

Recommendation: Include the following recommendations in the report to the Legislature:

1. For 1992-93 only, state trial court funding continue to provide subvention funding for each county for court operations and that state funds for that year be allocated by a three-part formula:
 - a. a base amount of funding computed in the same manner as that received in the 1991-92 fiscal year for court operations. This is to be calculated based on:
 - i. block grants based on the number of authorized judicial positions, and

- ii. supplemental funding, up to \$234,383,000, distributed in the same percentage as that specified in Government Code section 77200(d) (Stats. 1991, ch. 189; Assem. Bill No. 544);
 - b. any additional amounts appropriated in the budget distributed according to a formula that gives equal weight to i) the number of authorized judicial positions for courts in a county and ii) a court's weighted filings using the weighted caseload methodology; and
 - c. the establishment of a small supplemental fund equaling 2.5 percent of the total increase in state funding, which would be distributed to courts so as to begin to address the unmet fiscal needs of some trial courts, leading to equity in funding and access to justice throughout the state.
2. For subsequent fiscal years, a new budget review and allocation process be adopted--one that is more compatible with the changing relationships. The proposed structure provides for
- a. the state to assume funding responsibility for particular trial court functions, with functions added over time until full funding by the state is achieved;
 - b. a budget review and allocation process conducted by regional and state-wide budget review boards made up of representatives of trial courts, with each court having proportional voting power and staff support provided by the AOC;
 - c. a transitional plan for smaller counties (which have in the past been authorized to use trial court funding money for programs other than the core court functions, i.e., indigent defense, pretrial release, and probation) whereby funds for those counties would not be increased until the level of state funds provides for only the core court functions but would not be decreased below current levels;
 - d. rejection of any direct relationship between trial court appropriation levels and the level of collection of court-generated revenues from fines, fees, forfeitures, and penalties;
 - e. maximization of local control and accountability of expenditures and personnel by having counties administer the state funds for trial courts during the transition period; and
 - f. establishment of a trial court budget process similar to that of the appellate courts, including (i) forwarding of budgets to the Legislature with a copy to the Department of Finance (Governor's Office) for comment and (ii) a timetable/budget cycle that to the extent possible is the same as for appellate courts.

THE JUDICIAL COUNCIL
ADMINISTRATIVE OFFICE OF THE COURTS
303 Second Street, South Tower
San Francisco, California 94107
(415) 396-9293

TO: Members of the Court Management Committee

FROM: Administrative Office of the Courts
D.J. Agnew, Project Manager

DATE: February 6, 1992

RE: Recommendations of the Trial Court Funding Advisory
Committee: Inclusion of the Trial Courts in the State
Budget Process

Government Code section 68106 (Stats. 1991, ch. 189), added as part of the Trial Court Funding Realignment and Efficiency Act of 1991 and subsequently modified, states:

The Judicial Council shall, in consultation with the Department of Finance and the Legislative Analyst, study the methods available for the inclusion of trial courts in the Budget Act, and shall report its findings and recommendations to the Legislature on or before March 1, 1992, as to the most efficient and cost-effective process for including trial courts in the Budget Act. The report shall also include recommendations on an equitable formula for the allocation of state funds appropriated for the support of the trial courts. (emphasis added)

Chief Justice Malcolm M. Lucas in July 1991 requested the existing Advisory Committee on Trial Court Funding to study alternative budgeting methods and make recommendations pursuant to Government Code section 68106 to the Judicial Council. Representatives from the Legislative Analyst's Office, the Department of Finance, and the office of Assemblyman Phillip Isenberg were invited to and did participate in the committee's deliberations. An interim proposal, for only the 1992-93 fiscal year, was developed and circulated for comment last fall. The committee continued to meet about a long-term budget approach for subsequent fiscal years and consensus was reached at the committee's January 10 meeting.

This report provides a summary of the advisory committee's deliberations and its preliminary recommendations on how best to include trial courts in the state budget process. A copy of the Invitation to Comment which was circulated for comment and which discusses the long-term proposal is provided as Attachment 1. The advisory committee will consider comments received from trial courts, county officials, and other interested organizations and will formulate its final recommendations prior to the Court Management Committee's meeting. In addition, a draft report pursuant to Government Code section 68106 from the Judicial Council to the Legislature, due March 1, 1992, will be provided to council members in advance of the council's February meeting.

Advisory committee activities in developing long-range process

After considering comments received on the proposed interim allocation formula, the advisory committee resumed intense discussions on an effective long-term budget approach. The committee was aided by the observations and advice of staff from the Legislative Analyst's Office, the Department of Finance, and Assemblyman Isenberg's office. They offered not only important technical information on the state's budget process but also their perspectives on and concerns with some aspects of the approaches under discussion.

The committee considered a variety of approaches to the trial court budgeting process, ranging from a "Hensiotic city" method (with direct submission of each trial court's budget to the Legislature for review and funding), to creation of new administrative structures (e.g., a body of trial judges to receive and administer state trial court funds), to a highly centralized administrative/budget structure as used in some fully state-funded court systems.

Because of the committee's size, and to facilitate its work, a subcommittee was created^{1/} in October to develop a specific proposal for consideration by the full committee, incorporating key elements previously identified by the full committee. The subcommittee developed a proposal that involves review of budgets by regional and state boards of trial court delegates.

1/ Members of the subcommittee, chaired by Justice H. Walter Croskey, included Judges Phillip J. Argento, Phillip A. Champlin, and William C. Pate; Court Administrators James Dempsey, Edward M. Kritzman, Kenneth E. Martone, and Anthony Wernert; and County Administrator Steve Szalay. Judge Sandra A. Thompson also participated in the subcommittee meetings.

A single state-wide budget review board is proposed to review the regional budget requests, to compile and recommend a state-wide trial court budget request to the Chief Justice, and to allocate trial court funds or budget reductions to regions. Staff assistance to the regional and state-wide boards would be provided through staff of the Administrative Office of the Courts.

The committee also proposes criteria to be used by both the regional and state-wide review boards for the review of budget requests and for allocation of state funds among courts within a region and among regions. Criteria include: historical funding level; changes in workload; recognition of a better use of available funds; equity needs; minimum service levels; and innovation.

During the transition to full funding by the state, the committee recommends that counties continue to administer state funds provided for trial court operations. Counties also should continue to provide support services (e.g., auditor, payroll, etc.), at least during the transition period. Recognizing that these are real costs and functions, the committee recommends that the overhead or indirect costs in support of the trial courts be identified as such in expenditure reports and be included as a separate category in data on court operating costs that are reported to the state.

Interim method and allocation formula (1992-93 only)

Because of many factors--including the lead time necessary to implement any major change in budget structures, the state's fiscal uncertainties, and lack of information immediately available about the appropriate funding level for a trial court--the advisory committee in September recommended a transitional funding approach for the next fiscal year.

The advisory committee has since reconsidered its preliminary recommendations in light of the newly released 1992-93 Governor's Budget. Although increased state funding is not included, in the event it does become available, the committee recommends maintaining the provisions related to distribution of increased levels of funding. Minor revisions were made to the original recommendations as shown below:

For the 1992-93 fiscal year only, the committee recommends:

1. Continuation of the block grant structure, which provides subvention funding for each county for court operations.

2. State funds be allocated by a three-part formula:
 - a. a base amount of ~~the same~~ funding ~~received~~ computed in the same manner as that received in the current fiscal year for court operations. This is to be calculated based on both the number of judicial positions and the supplemental funding approved through Government Code section 77200(d) (Stats. 1991, ch. 189, § 12 (Assem. Bill No. 544)).
 - b. an additional amount, if approved by the state, distributed according to a formula that gives equal weight to i) the number of authorized judicial positions for courts in a county and ii) a court's weighted filings using the weighted caseload method; and
 - c. the establishment of a small supplemental fund equaling 2.5 percent of the total increase in state funding, which would be distributed to courts so as to begin to address the unmet fiscal needs of some trial courts, leading to equity in funding and access to justice throughout the state. ~~This fund would be distributed by a committee of trial judges selected by presiding judges of courts within the existing appellate districts of the state.~~

Conclusion and recommendations

Pursuant to its charge to study and develop recommendations on 1) the methods available to include trial courts in the state's Budget Act, 2) the most efficient and cost-effective process for doing this, and 3) an equitable approach to allocating state funds appropriated in support of trial courts, the Trial Court Funding Advisory Committee recommends that the Court Management Committee consider and recommend the following to the Judicial Council for inclusion in the report to the Legislature:

1. For 1992-93 only, state trial court funding continue to provide subvention funding for each county for court operations and that state funds for that year be allocated by a three-part formula:
 - a. a base amount of funding computed in the same manner as that received in the 1991-92 fiscal year for court operations. This is to be calculated based on:
 - i. block grants based on the number of authorized judicial positions, and

- ii. supplemental funding, up to \$234,383,000, distributed in the same percentage as that specified in Government Code section 77200(d) (Stats. 1991, ch. 189; Assem. Bill No. 544);
 - b. any additional amounts appropriated in the budget distributed according to a formula that gives equal weight to i) the number of authorized judicial positions for courts in a county and ii) a court's weighted filings using the weighted caseload methodology; and
 - c. the establishment of a small supplemental fund equaling 2.5 percent of the total increase in state funding, which would be distributed to courts so as to begin to address the unmet fiscal needs of some trial courts, leading to equity in funding and access to justice throughout the state.
2. For subsequent fiscal years, a new budget review and allocation process be adopted--one that is more compatible with the changing relationships. The proposed structure provides for
- a. the state to assume funding responsibility for particular trial court functions, with functions added over time until full funding by the state is achieved;
 - b. a budget review and allocation process conducted by regional and state-wide budget review boards made up of representatives of trial courts, with each court having proportional voting power and staff support provided by the AOC;
 - c. a transitional plan for smaller counties (which have in the past been authorized to use trial court funding money for programs other than the core court functions, i.e., indigent defense, pretrial release, and probation) whereby funds for those counties would not be increased until the level of state funds provides for only the core court functions but would not be decreased below current levels;
 - d. rejection of any direct relationship between trial court appropriation levels and the level of collection of court-generated revenues from fines, fees, forfeitures, and penalties;

- e. maximization of local control and accountability of expenditures and personnel by having counties administer the state funds for trial courts during the transition period; and
- f. establishment of a trial court budget process similar to that of the appellate courts, including (i) forwarding of budgets to the Legislature with a copy to the Department of Finance (Governor's Office) for comment and (ii) a timetable/budget cycle that to the extent possible is the same as for appellate courts.

Attachments



Judicial Council of California

ADMINISTRATIVE OFFICE OF THE COURTS

303 Second Street, South Tower • San Francisco, California 94107 • PHONE 415 396-9100 FAX 415 396-9349

TO: Presiding and Sole Judges, Court Administrators,
County Clerks, County Administrators, County Auditors,
and Persons and Organizations Interested in State
Funding of Trial Courts

FROM: Administrative Office of the Courts
Alan Carlson, Assistant Director--Court Services,
D.J. Agnew, Project Manager

DATE: January 17, 1992

RE: Invitation to Comment on Proposal to Include Trial
Courts in State Budget Process

SUMMARY OF PROPOSAL: Comment is sought about a proposed method for incorporating state funding of trial courts into the State Budget Act. The proposal is for budgets to be developed by trial courts, reviewed by regional boards selected by trial courts, then reviewed by a state board of trial judges. State funding would cover only certain functions of court operations, initially, with the county funding other distinct functions.

DEADLINE FOR COMMENT: FEBRUARY 3, 1992

Government Code section 68106 (enacted as part of the Trial Court Realignment and Efficiency Act of 1991 and related legislation) requires the Judicial Council to study, in conjunction with the Legislative Analyst and Department of Finance, and to make recommendations on various budget related aspects of state funding of the trial courts. The study is to address the methods available to include trial courts in the Budget Act using the most efficient and cost-effective process with equitable allocation of state funds appropriated in support of trial court operations.

The Trial Court Funding Advisory Committee, working with representatives of the Legislative Analyst and Department of Finance, proposed in September 1991 an interim allocation formula for the 1992-93 budget year only. The committee has since reached a consensus on a proposal for a long-term budget process which assumes continued movement to full state-funding of trial courts. The committee seeks comments from interested persons and organizations on the proposed budget process before making final recommendations to the Judicial Council. The Council must submit a report with recommendations to the Legislature by March 1, 1992.

The proposal recommends 1) incremental transfer of specified core court functions from county-to state-funding during the transition period, 2) establishment of regional and state-wide budget review boards, comprised of representatives of each trial court, to review budgets and allocate state trial court funds, 3) criteria for use in budget reviews, and 4) other related recommendations.

A copy of the proposed recommendations is attached.

We would like your comments on this proposal. In order to allow sufficient time to organize and provide the comments for consideration at the Judicial Council meetings on February 20 and 21, comments must be received by February 3.

Comments should be received by February 3, 1992, and should be sent to:

Administrative Office of the Courts
Attn: D.J. Agnew, Project Manager
303 Second Street, South Tower
San Francisco, California 94107
Telephone: (415-396-9293
FAX: (415) 396-9281

All comments will become part of the public record of the council's action.

EACH PERSON RECEIVING THIS INVITATION TO COMMENT IS ENCOURAGED TO CIRCULATE IT TO OTHERS. PRESIDING JUDGES ARE REQUESTED TO MAKE COPIES AVAILABLE TO OTHER JUDGES AND TO EMPLOYEES OF THEIR COURTS.

PROPOSAL AND RECOMMENDATIONS
OF THE
TRIAL COURT FUNDING ADVISORY COMMITTEE

ON A
LONG-TERM BUDGET AND ALLOCATION APPROACH FOR
STATE FUNDING OF THE TRIAL COURTS

EXECUTIVE SUMMARY

The Judicial Council Advisory Committee on Trial Court Funding, comprised of judges, court administrators/clerks, and county administrators, was formed in October 1990 to examine both the problems in the current system and to propose alternatives to provide adequate funding of trial court operations. The committee developed Principles Relating to State Funding of Trial Courts which were modified by the Judicial Council and used during the 1991 legislative session in Sacramento on state funding of trial courts.

Following the enactment of the Trial Court Realignment and Efficiency Act of 1991 and the related legislation, the committee was charged by Chief Justice Malcolm M. Lucas with studying and making recommendations to the Judicial Council on 1) the methods available to include trial courts in the state's Budget Act, 2) the most efficient and cost-effective process for this, and 3) an equitable formula for allocating state funds to trial courts, pursuant to Government Code section 68106. A report from the Judicial Council to the Legislature on its study and final recommendations is due by March 1, 1992.

The committee has worked on this assignment since July 1991 in consultation with representatives of the Legislative Analyst and Department of Finance participating and has considered numerous issues involved in establishment of a viable trial court budget structure and allocation method. In September 1991, the committee proposed and circulated for comment an interim approach for use in allocating state funds in the 1992-93 budget only. Since then, the committee has focused attention on a long-term budget approach and now has developed a proposal and recommendations for consideration by the Judicial Council.

The Advisory Committee's long-term proposal creates a consistent budgeting process within the judiciary as a whole, and incorporates the goals and requirements identified and debated throughout committee discussions. During the committee's deliberations a number of basic tenets regarding funding were identified as follows:

- Preserve local control,
- Involve trial courts in the budget decision-making and funding allocation process,
- Assure an equitable allocation of state funds to the trial courts, and

- Provide accountability for state funds.

It should be noted that the committee remains concerned about the state's partial (70 percent) commitment to funding the trial courts and the failure to include the next five percent increment in the Governor's 1992-93 Budget. The committee therefore, recommends the Judicial Council seek a commitment for full state trial court funding at the earliest practical time. In spite of this fundamental concern, the committee conducted its discussions based on a long-term assumption of full funding of the trial courts by the state.

In summary, the proposed long-term budget structure provides for:

- Funding of trial court expenditures distributed between the state and counties on a functional basis with the state assuming the funding of the functions incrementally until full state funding is achieved;
- Initial budget review and allocation processes conducted by regional boards comprised of representatives selected by trial courts with each court having proportional voting power;
- A state-wide trial court budget board comprised of representatives of each region to compile and review regional trial court budgets from a state-wide perspective and to make recommendations to the Chief Justice on the state-wide trial court budget to be submitted to the Legislature.
- Specific criteria for use in the budget review process by the regional and state boards; and
- Other related recommendations.

SUMMARY OF RECOMMENDATIONS

(in the order of discussion in this report)

- Seek state commitment to full funding of trial courts at the earliest practical time.
- During the transition to full funding, adopt a functional basis for funding of trial court operations, with functions to be transferred from county- to state-funding incrementally on a predetermined priority basis.
- Create regional budget review boards to conduct detailed budget review of state-funded functions and to allocate and re-allocate state funds for trial courts within the regions.
- Create a state-wide budget review board to review regional trial court budgets and compile them and recommend to the Chief Justice a state-wide trial court budget for submission to the Legislature.
- Support the trial court budget process with staff from the Administrative Office of the Courts.
- Assuming increased funding by the state, provide a transitional plan for smaller counties which in the past have been authorized to use Trial Court Funding money for functions other than core court programs.
- Reject any direct relationship between trial court appropriation levels and the level of collection of court-generated revenues from fines, fees, forfeitures, and penalties.
- Maximize local control of expenditures and personnel by having counties administer the state funds for trial courts, at least during the transition period.
- Isolate trial court funding money from general county revenues.
- Establish a trial court budget process similar to that of the appellate courts, including

forwarding budgets to the Legislature with a copy to the Department of Finance (Governor's Office) for comment, and

a timetable/budget cycle which is the same as for appellate courts, to the extent possible.

- Recommend to the Advisory Committee on Personnel that court employees become state judicial branch employees as the move to full state funding is completed.
- Recommend to the Advisory Committee on Personnel that court employee compensation be competitive with the local labor market.
- Recommend to the Advisory Committee on Personnel that it consider establishing regional "economic zones" for the purpose of setting compensation of court employees.

FUNDING ALLOCATION AND THE BUDGET PROCESS

The committee began its deliberations by heeding advice from representatives of the Department of Finance, the Legislative Analyst Office, and Assemblyman Isenberg that the current block grant approach does not provide adequate accountability for funds expended and also is extremely vulnerable to budget cuts. The committee, therefore, focused on other approaches. The committee considered funding by expense category (budget line item) and by program or function category.

The recommended approach can be described as assumption of trial court operating costs (as defined by Rule 810) by function on an incremental basis until full funding is reached. This funding-by-function approach has often been used by other states to transfer trial court costs from local government entities to the state and allows for an incremental assumption of costs over a period of time. "Funding by function" is not a precise term but basically means separating existing court budgets by function and then having the county or state assume 100 percent funding of the cost of that function. The approach avoids a duplicate budget review process on the same items of expense. The state reviews only those cost items for the defined state-funded functions; counties reviews functions for which they are responsible.

The approach provides more accountability than methods based on subvention or reimbursement and permits some flexibility during the transition period. It also provides a viable means to begin to sever court-county relationships and to address questions of equity among trial courts in the state.

The committee recommends that state funding for court functions be assumed in a particular order. The committee developed a list of court functions to be shifted from county- to state-funding starting in the 1993-94 fiscal year. See Attachment I for the list of core court program categories. Although The major categories (e.g., judicial positions/programs; courtroom work groups) are in priority

order; the items or functions listed within a category (e.g., county share of assigned judges' costs; judicial arbitration fees) are not necessarily in rank order. The list is based on the definition of "court operations" as provided in Government Code section 77003 and California Rule of Court, Rule 810.

Funding for each program is to include the direct costs associated with performance of a function, including salary and benefits for court employees, services and supplies, and equipment/fixed assets. Indirect and overhead costs necessary to provide county support functions are identified in a separate category, separate from direct costs, but will be included in determining total court operating costs.

Specific costs by function/program are not known at present. Estimates will have to be developed to determine which functions are to be state funded and what county funded for a given level of state support.

THE BUDGET REVIEW AND ALLOCATION PROCESS

Some form of budget review process is needed to review the approximately 200 individual trial court budgets. Legislative and executive branch representatives have indicated there should be a review mechanism within the judiciary and not require each trial court budget to be reviewed by legislative or gubernatorial staff. In addition, both legislative and executive branch representatives have indicated that they prefer using a statewide administrative body, to provide the necessary review of state funds appropriated for support of trial courts, the obvious choice being the Judicial Council-Administrative Office of the Courts. The committee concurs that detailed trial court budget reviews should be conducted within the judiciary itself, rather than by an executive branch or legislative branch agency. Regional and state-wide budget review boards are, therefore, proposed to make the budget decisions and recommendations on state funded trial courts. Final approval by the Chief Justice is required as part of the process.

Regional Budget Review:

In order to preserve and foster local decision-making in the budget process while establishing the most cost effective and least bureaucratic administrative structure, the committee proposes the creation of fifteen regions in the state within which trial court budget requests will be reviewed and through which state funds for the region will be allocated. Funding

decisions within the region will be made by a Regional Budget Review Board. Each regional board will determine its own operating procedures by majority vote. Staff support will be provided by the Administrative Office of the Courts. Budget preparation instructions will be provided by the AOC as well.

Authority of Regional Budget Review Board: The Regional Boards will be responsible for:

- 1) Reviewing and amending initial budget requests submitted by trial courts within the region and forwarding consolidated budgets to the state board;
- 2) Allocating and re-allocating funds appropriated for courts within the region;
- 3) Resolving disputes on voting power between courts within a county; and
- 4) Selecting a member to represent the region on the State-wide Budget Review Board.

Membership and Voting: Membership on the Regional Board will consist of one representative from each trial court in the region, to be selected by the respective court. Each member will have votes equal to his or her court's share of total authorized judicial officers in the region, unless a different voting structure is adopted unanimously by all courts in the region. The relative voting power of all courts in each county is also indicated in Attachment II. Voting will be by simple majority.

Regions: Criteria used to develop the proposed regions included: 1) courts in the same county should not be in different regions, 2) the number of regions should be of manageable size, 3) that the regions reflect urban and rural similarities as well as similarity in demographics or commonality of issues, and 4) for counties within a region. A list of the proposed regions is provided in Attachment II.

State-wide Budget Review Board:

A State-wide Budget Review Board will be established comprised of 15 representatives, one from each region, selected by the regional boards. Each member will have votes equal to his or her region's share of total authorized judicial officers statewide, with a minimum of one vote per region, for a total of approximately 100 votes. See the last column of Attachment II for voting power of each region on the State-wide Budget Review Board. Voting will be by simple majority. A super majority for some issues was considered and rejected by the committee.

Authority of the State-wide Budget Review Board: The State-wide Board will be responsible for:

- 1) Reviewing and amending regional budget requests;
- 2) Recommending a final trial court budget request to the Chief Justice;
- 3) Allocating total trial court funds appropriated by the Legislature, including allocation of budget reductions across regions;
- 4) Resolving disputes between regions regarding such things as; allocations, voting powers of board members, apportionment of state funding reductions; and
- 5) If needed, resolving disputes on voting powers between courts in separate counties (potentially required to establish a regional board).

A summary of the proposed trial court budget review process is provided as Attachment III.

BUDGET REVIEW CRITERIA

The committee recommends the following criteria be used by both the Regional and State-wide Budget Review Boards for review of trial court budget requests and for allocation of state funds between courts within a region and between regions:

- 1) Historical funding level
- 2) Changes in workload
- 3) Recognition of a better use of available funds (cost effectiveness). Including rewarding and promoting successful coordination efforts, effective delay reduction programs, and other efficiencies in operations. Preference for funding could go to innovative courts which are already managing their resources well.
- 4) Equity needs
- 5) Minimum service levels As identified and approved by regional and state-wide boards.
- 6) Innovation Should recognize past work as well as prospective efforts, including remedial improvements.

ROLE OF THE AOC IN THE BUDGET PROCESS

The committee recognizes the need for staff support to the regional and state boards in the proposed budget structure and recommends that staff of the Administrative Office of the Courts (AOC) provide the following budget services. These activities are consistent with duties now performed by the AOC for other state judiciary entities.

At the regional level, AOC staff will

- provide state-level budget instructions;
- assist courts in preparing their budgets as requested;
- collect and summarize court budgets and justifications;
- present budgets to the regional board as requested by individual courts;
make recommendations to the regional board on budgets submitted;
- provide additional supporting/background documents at the request of the board;
- serve as secretary to the regional board; and
- compile a final regional budget for submission to the statewide board.

At the state-wide level, AOC staff will

- make recommendations on regional budgets;
- gather information and provide supplemental analysis as requested by the board;
- serve as secretary to the state-wide board;
- prepare the recommended trial court budget for submission to the Chief Justice
- prepare final trial court budget for submission to the Legislature; and
- assist in presenting the trial court budget to the Legislature.

USE OF COUNTY EXPENDITURE MECHANISMS

Local control of expenditures and personnel should be maximized by county administration of state funding of trial courts, at least during the transition period. The state should continue to distribute trial court funding to counties on a quarterly basis. Trial court funding money must be isolated from general revenues at the county level.

OTHER RECOMMENDATIONS

1. "Grandfather" funding provision: A "grandfather" provision is recommended to assure that counties are not harmed

financially by this modification to the funding structure. To provide for a transition, and assuming an increasing level of state funding, the committee recommends that all counties continue to receive at least the same amount of Trial Court Funds as currently received.

Eventually, state trial court funding is intended to be used to fund only the core court operations. Small counties should not suffer a reduction in dollars received. In the future, it is recommended that any new funds requested not be used for probation, indigent defense, and pretrial release programs in counties under 350,000 population.

2. Collections: Any relationship between the levels of a trial court funding and collection of court-related fines, fees, forfeitures, and penalties must be rejected due to the constitutional prohibitions.

3. Consistency with the Appellate Budget Process:

- Trial court budgets should be forwarded to the Legislature, with a copy to the Department of Finance (Governor's Office) for comment only.
- The timetable/cycle for trial court budgets should be the same as for appellate courts, to the extent possible.

4. Related Personnel Issues: The committee recognizes that although the issue of employee status is under discussion by the Judicial Council's Advisory Committee on Trial Court Staffing, the issues of budget and personnel are inextricably entwined. The following recommendations are made to that advisory committee in support of the budgetary administrative needs of trial courts:

- As the move to full state funding progresses, consideration should be given to making court employees state judicial branch employees.
- Court employee compensation should be competitive with the local labor market.
- Consideration should be given to establishing regional "economic zones" for the purpose of setting compensation of court employees.

Judicial compensation was not considered during the deliberations leading to these recommendations.

Program Categories

Core Court Operations
(major categories are shown in priority order)

I. Judicial positions/programs:

- Judges, commissioners, and referees
- County share of judges' salary
- County share of assigned judges' costs
- Judicial arbitration fees
- Juvenile traffic hearing officers (unless a probation service)
- Mental health probable cause hearing officers
- Pro tem judges
- Court-appointed hearing officers

II. Courtroom work groups:

- courtroom clerk
- reporter and electronic reporting
- research attorney
- bailiff/marshal/constable/court attendant
- judicial secretary
- interpreter
- jury services
- transcripts
- court appointed experts

III. Court Programs and Support Functions:

- family court services (unless a Probation services), including mediation and custody investigations
- probate, guardianship, and conservatorship investigations and examinations (unless a Probation service)
- arbitration program
- collections: fines/fees/forfeitures/penalty enforcement
- county clerk services (in support of court operation)
- small claims
- counsel for non-criminal cases (juvenile, children)
- alternatives to incarceration (DUI, diversions)
- coordination
- court administration
 - management
 - personnel
 - budget/fiscal
 - purchasing
 - data processing
- statutory multidistrict judges' associations
- other

IV. Overhead and Indirect Costs (supporting court functions)

- facility costs, including heat, light and air
- county services not directly charged to court, e.g. auditor/controller, treasurer, etc.

PROPOSED REGIONS FOR TRIAL COURT FUNDING

<u>REGION</u>	<u>COUNTIES</u>	<u>JUDICIAL POSITIONS*</u>	<u>TRIAL COURTS</u>	<u>VOTES</u>
I	DEL NORTE	1.9	2	1
	LASSEN	1.8	2	
	MODOC	1.5	2	
	PLUMAS	1.6	2	
	SIERRA	1.2	2	
	SISKIYOU	3.2	4	
	TRINITY	<u>1.5</u>	<u>2</u>	
		12.7 = .75%	16	
II	BUTTE	8.0	3	2
	COLUSA	1.8	2	
	GLENN	2.0	2	
	HUMBOLDT	6.8	4	
	LAKE	4.0	3	
	MENDOCINO	6.5	7	
	SHASTA	8.0	2	
	TEHAMA	<u>3.7</u>	<u>3</u>	
		40.8 = 2.42%	26	
III	EL DORADO	7.0	2	2
	NEVADA	6.0	2	
	PLACER	8.7	3	
	SUTTER	5.0	2	
	YOLO	9.7	2	
	YUBA	<u>5.0</u>	<u>2</u>	
		41.4 = 2.45%	13	
IV	MARIN	13.0	2	3
	NAPA	6.5	2	
	SOLANO	15.0	3	
	SONOMA	<u>18.0</u>	<u>2</u>	
		52.5 = 3.11%	9	
V	SACRAMENTO	55.5	3	6
	SAN JOAQUIN	27.0	4	
	STANISLAUS	<u>19.0</u>	<u>2</u>	
		101.5 = 6.01%	9	
VI	ALPINE	1.2	2	1
	AMADOR	1.7	2	
	CALAVERAS	2.0	2	
	INYO	1.9	2	
	MONO	<u>1.5</u>	<u>2</u>	
		8.3 = .49%	10	

VII	ALAMEDA	80.0	7	
	CONTRA COSTA	<u>38.0</u>	<u>5</u>	
		118.0 = 6.99%	12	7
VIII	SAN FRANCISCO	62.0	2	
	SANTA CLARA	87.0	2	
	SAN MATEO	<u>31.0</u>	<u>2</u>	
		180.0 = 10.66%	6	11
IX	MADERA	6.0	5	
	MARIPOSA	1.4	2	
	MERCED	8.0	2	
	TUOLUMNE	<u>3.3</u>	<u>2</u>	
		18.7 = 1.11%	11	1
X	MONTEREY	19.0	2	
	SAN BENITO	2.0	2	
	SANTA CRUZ	<u>12.5</u>	<u>2</u>	
		33.5 = 1.98%	6	2
XI	FRESNO	37.9	10	
	KERN	34.0	5	
	KINGS	5.5	5	
	TULARE	<u>18.0</u>	<u>2</u>	
		95.4 = 5.65%	22	6
XII	SAN LUIS OBISPO	11.0	2	
	SANTA BARBARA	20.5	5	
	VENTURA	<u>27.0</u>	<u>2</u>	
		58.5 = 3.47%	9	3
XIII	IMPERIAL	7.5	2	
	RIVERSIDE	55.0	6	
	SAN BERNARDINO	<u>62.3</u>	<u>6</u>	
		124.8 = 7.39%	14	7
XIV	LOS ANGELES	543.2 = 32.17%	26	32
XV	ORANGE	127	6	
	SAN DIEGO	<u>132</u>	<u>5</u>	
		259 = 15.34%	11	15
TOTAL		1688.3	201	99

* Based on Judicial Position Certification Report, quarter ending September 30, 1991

SUMMARY OF THE
TRIAL COURT BUDGET PROCESS
FOR STATE FUNDED FUNCTIONS

- Each trial court prepares initial budget requests with justification according to statewide guidelines and submit to regional board.

- Regional boards review court budget requests, modifying and approving as appropriate, and consolidate to form a regional budget request which is forwarded to the state board.

- State-wide Budget Review Board reviews the regional budget requests, modifying and approving as appropriate, and develops a statewide trial court budget request which it submits to the Chief Justice.

- The trial court budget is approved by Chief Justice and submitted to the Legislature as part of the Judiciary branch budget.

- Budgets are presented and justified at Legislative hearings by staff of the Administrative Office of the Courts

- The legislative appropriates a lump-sum for trial court operations based on the budget request.

- The State-wide Budget Review Board allocates the appropriations to each region.

- Regional Budget Review Boards allocate and re-allocate funds to courts within the region.

- State distributes funds quarterly to counties according to regional allocations.