



JUDICIAL COUNCIL OF CALIFORNIA

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June 14, 2016

Hon. Hannah-Beth Jackson, Chair
Senate Judiciary Committee
State Capitol, Room 2032
Sacramento, California 95814

Subject: AB 2458 (Obernolte), as amended April 7, 2016 – Support
Hearing: Senate Judiciary Committee – June 28, 2016

Dear Senator Jackson:

The Judicial Council is pleased to support AB 2458, which repeals the one percent statutory cap on the reserves trial courts may carry over from one fiscal year to the next.

The ability of trial courts to carry over local reserves was an innovative “good government” provision contained in the Lockyer-Eisenberg Trial Court Funding Act (Stats. 1997, ch. 850) to avoid the specter of end-of-fiscal-year spending, and to encourage adequate trial court reserves. More than for regular operations, the trial courts have relied on local reserves to meet payroll, contract obligations, pension obligation bonds, prepaid expenses, funds set aside for collective bargaining, as well as other regularly scheduled bills and encumbrances.

By statute (Stats. 2012, ch. 41), trial courts are currently prohibited from maintaining adequate local reserves. This statutory cap on reserves has already resulted in cash flow problems for local courts, while inhibiting the replacement of failing equipment and long-term planning. Since the 1% cap on reserves was imposed in June 2014, 11 trial courts have required a total of 18 emergency loans to avoid missing payroll and other obligations.

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Unlike state agencies and departments that are protected by the general fund reserve, trial courts do need to have cash on hand, as stated, for payroll, contracts, bills, and other cash flow needs, as well as the replacement/upgrade of systems and equipment, and long-term planning.

The 1% statutory cap prevents courts from maintaining adequate local reserves, and, as such, is unsustainable.

For these reasons, the Judicial Council supports AB 2458.

Should you have any questions or require additional information, please contact Andi Liebenbaum at 916-323-3121.

Sincerely,



Cory T. Jasperson

Director, Governmental Affairs

CTJ/AL/yc-s

cc: Members, Senate Judiciary Committee
Hon. Jay Obernolte, Member of the Assembly
Ms. Nichole Rapier, Counsel, Senate Judiciary Committee
Mr. Mike Petersen, Consultant, Senate Republican Office of Policy
Mr. Daniel Seeman, Deputy Legislative Affairs Secretary, Office of the Governor
Mr. Martin Hoshino, Administrative Director, Judicial Council of California