



JUDICIAL COUNCIL OF CALIFORNIA

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REPORT TO THE JUDICIAL COUNCIL

Item No.: 22-127

For business meeting on July 15, 2022

Title

Trial Court Budget: 2022–23 Civil
Assessment Allocation Methodology

Agenda Item Type

Action Required

Effective Date

July 15, 2022

Rules, Forms, Standards, or Statutes Affected

None

Date of Report

June 29, 2022

Recommended by

Judicial Branch Budget Committee
Hon. David M. Rubin, Chair

Contact

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Executive Summary

The Judicial Branch Budget Committee recommends approval of a new policy-driven methodology for 2022–23 allocation of the civil assessment backfill from the state General Fund. With the enactment of Assembly Bill 199 as part of the 2022-23 Budget, funding received from the collection of civil assessments will no longer be deposited into the Trial Court Trust Fund, but into the state General Fund. The 2022 Budget Act includes \$110.0 million General Fund in 2022–23 and \$100.0 million General Fund annually thereafter to backfill civil assessment revenue loss due to the reduction of the maximum amount that can be imposed as a civil assessment from \$300 to \$100, and elimination of civil assessment debt from previously imposed judgments.

Recommendation

The Judicial Branch Budget Committee recommends that the Judicial Council, effective July 15, 2022 approve a new civil assessment backfill allocation methodology as outlined below:

1. Maintain the current allocation of the \$48.3 million maintenance of effort in the Workload Formula;

2. Fund the remaining historical obligations for those impacted courts from the balance of civil assessment backfill funding after the maintenance of effort obligation is met;
3. Allocate the remaining amount of civil assessment backfill funding via the Workload Formula and without a security reduction;
4. Remove retained civil assessment dollars from the Workload Formula model's "Other Local Revenues" column and identify each courts' new position in the Workload Formula as it relates to percentage funded; and
5. Recalculate funding included in the 2022–23 Governor's Budget including inflationary, equity, and new judgeship funding, and then civil assessment redistribution funding.

Relevant Previous Council Action

Maintenance of effort

At its August 31, 2007 business meeting, the Judicial Council approved that civil assessment revenues be retained by trial courts after the maintenance of effort (MOE) obligation is met (Link A).

Workload Formula methodology

On January 12, 2018, the council approved changes to the Workload Formula that eliminated the historical base to (1) improve transparency, accountability, and predictability; and (2) simplify reporting (Link B). In addition, this report to the council established the "[p]rinciples of WAFM [Workload-based Allocation and Funding Methodology] for 2018–19 and [b]eyond."

Civil assessment obligations

At its July 18, 2019 business meeting, the council approved an adjustment to each courts' Workload Formula allocation to include net civil assessments based on the prior fiscal year, effective with 2019–20 allocations. This inclusion of civil assessment revenue after accounting for the MOE obligation was further adjusted to account for debt service obligations funded by these revenues (Link C).

Analysis/Rationale

Prior to July 1, 2022, civil assessment revenues were retained by the trial courts that imposed this fee after the MOE obligation was met. The MOE obligation amount of \$48.3 million, funded by 38 of the 58 trial courts, was deposited into the Trial Court Trust Fund and factored into the Workload Formula methodology for inclusion in base allocations to support trial court operations for all 58 trial courts.

The new methodology recommendation for allocating the civil assessment backfill was developed using the WAFM-established principles including minimizing volatility and maximizing stability and predictability to the extent possible, allowing time for adjustment and adaptation, transparency, and accountability without specific court details.

This approach would treat the \$48.3 million of the backfill the same way as the \$48.3 million MOE allocation has been treated because all 58 courts are currently receiving this funding through the Workload Formula model. In addition, the debt service obligations funded by civil assessment revenues would be covered by the backfill for those impacted courts. With civil assessment backfill funding included in the 2022 Budget Act, the 38 courts contributing to the MOE would be relieved of this obligation beginning in 2022–23, and courts with debt service obligations previously funded by civil assessment revenues would maintain those payments with civil assessment backfill funding.

It is recommended that any remaining civil assessment backfill funding after the \$48.3 million MOE and other civil assessment obligations are met, be allocated via the council-approved Workload Formula methodology as follows:

- I. Bring all Cluster 1 courts up to 100 percent of funding need.
- II. Allocate up to 50 percent of remaining funding to courts under the statewide average funding ratio. Allocated funds will bring courts up to but not over the statewide average funding ratio. The first 50 percent allocation of new funding to courts below the statewide average will be scaled by courts' distance from the statewide average and size based on the courts' Workload Formula need.
- III. Allocate remaining funding to all courts based on the Workload Formula.
- IV. Allow no court's allocation to exceed 100 percent of its need unless it is the result of a funding floor calculation.

Because this civil assessment backfill funding is technically not considered “new money” by definition, the security reduction would not be included in the methodology.¹

In addition, the sequence of the 2022–23 funding would remain the same as presented to the Judicial Branch Budget Committee on June 1, 2022, with the civil assessment backfill funding applied as the final step in the calculation as follows: (1) inflationary funding, (2) equity funding, (3) new judgeship funding, and then (4) civil assessment backfill funding. The methodology recommendations for inflationary funding, equity funding, and new judgeship funding are described in a separate Judicial Council report, item 22-044.

As part of the new civil assessment backfill allocation recommendation, the retained civil assessment amounts included in the “Other Local Revenues” column of the Workload Formula calculation would be removed from the methodology as there would no longer be net civil assessment revenues calculated by specific court. This approach reestablishes each court's

¹ New money is defined as any new, ongoing allocation of general discretionary dollars to support the cost of trial court workload, excluding funding for benefits and retirement increases.

position in the Workload Formula prior to calculating the four new funding sources identified above.

Policy implications

This recommendation would achieve the council’s established policy goal to minimize funding volatility, maximize stability and predictability, and increase transparency and accountability of funding for trial court operations.

Comments

This recommendation did not circulate for comment and received no public comment.

Alternatives considered

Other allocation methodologies considered included allocating the civil assessment backfill funding on a proportional basis under two scenarios. The first would allocate the funding according to the Workload Formula need of each court—which is the amount of funding a court *requires* to support its operations based on workload. The second would allocate the funding according to the Workload Formula allocation of each court—which is the amount of funding a court *receives* to fund its operations.

While deliberations considered other guiding factors, the proportional approach was eliminated as it would provide funding to all courts—even those that are funded at higher levels than other courts as calculated in the Workload Formula. The Workload Formula methodology was chosen as it aligns with guiding principles, offers a more straightforward and consistent approach supported by prior application of other funding, focuses on equity, and minimizes volatility.

Fiscal and Operational Impacts

The recommendation would ensure funding stability in the allocations received by the trial courts as the \$48.3 million MOE and debt service obligations would be funded from the civil assessment backfill funding.

Attachments and Links

1. Link A: Judicial Council of Cal., mins. (Aug. 31, 2007), item 9, pp. 17–18, <https://www.courts.ca.gov/documents/min0807.pdf>
2. Link B: Judicial Council of Cal., mins. (Jan. 12, 2018), item 18-003, p. 9–10, <https://jcc.legistar.com/View.ashx?M=M&ID=559778&GUID=3553B33A-BE03-4DF3-84E1-8196225C58DB>
3. Link C: Judicial Council of Cal., mins. (Jul. 18, 2019), item 19-109, p. 4, <https://jcc.legistar.com/View.ashx?M=M&ID=640298&GUID=14C9B632-0D81-4D17-84F5-6E87545C6A17>



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REPORT TO THE JUDICIAL COUNCIL

Item No.: 22-130

For business meeting on: July 15, 2022

Title

Collections: Outdated Policy on Civil Assessments

Agenda Item Type

Action Required

Effective Date

July 1, 2022

Rules, Forms, Standards, or Statutes Affected

None

Date of Report

June 29, 2022

Recommended by

Judicial Branch Budget Committee
Hon. David M. Rubin, Chair

Contact

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Executive Summary

The Judicial Council approved a policy in August 2005 regarding statewide criteria for civil assessments. In light of the Judicial Council's and judicial branch's efforts in the past years, the existing policy is outdated. Therefore, the Judicial Branch Budget Committee recommends that it be rescinded and that any documents that relate to the rescinded policy be revised or removed, as needed.

Recommendation

The Judicial Branch Budget Committee recommends that the Judicial Council, effective July 1, 2022, rescind the outdated August 2005 policy regarding the statewide criteria for civil assessments. The policy was included in the Judicial Council item, *Implementation of Assembly Bill 139 Provisions and Establishment of a Statewide Enhanced Civil Assessments Program*. The documents linked in this report and any others that relate to the rescinded policy are recommended to be revised or removed, as needed.

Relevant Previous Council Action

On August 26, 2005, the Judicial Council approved a policy regarding civil assessments. The approved policy was included in the Judicial Council item, *Implementation of Assembly Bill 139 Provisions and Establishment of a Statewide Enhanced Civil Assessments Program*.¹ The approved policy included provisions related to criteria for establishing or enhancing a civil assessment program.

Analysis/Rationale

Penal Code section 1214.1 authorizes a court to “impose a civil assessment of up to \$300 against a defendant who fails, after notice and without good cause, to appear in court for a proceeding authorized by law or who fails to pay all or any portion of a fine ordered by the court or to pay an installment of bail as agreed.” (Pen. Code, § 1214.1(a).)

Assembly Bill 139 (Stats. 2005, ch. 74) increased the maximum amount that could be imposed under Penal Code section 1214.1 from \$250 to \$300. The bill also stated that if a civil assessment was imposed, no bench warrant or warrant of arrest would be issued.

The Judicial Council approved policy regarding statewide criteria for civil assessments. The existing policy, as approved on August 16, 2005, is outdated, and should be considered for rescission.

Other documents currently available on the Judicial Council’s [website](#) and affected by this policy rescission are linked in the Attachments and Links section of this report. These documents will be revised or removed by Judicial Council staff to conform, as needed.

Policy implications

Revisions to documents and resources currently available on the Judicial Council’s and the collection entities’ websites and affected by this policy rescission will be necessary to conform to such changes.

Comments

There were no public comments received on this item.

Alternatives considered

An alternative to leave the outdated policy in place unchanged was considered. However, the proposed rescission of the outdated policy aligns with the Judicial Council’s and judicial branch’s efforts in the past years.

¹ Judicial Council of Cal., Advisory Com. Rep., *Implementation of Assembly Bill 139 Provisions and Establishment of a Statewide Enhanced Civil Assessment Program* (Aug. 16, 2005), www.courts.ca.gov/documents/0805item8.pdf.

Fiscal and Operational Impacts

The proposed rescission of the outdated policy imposes minor costs on the collections entities. Documents or resources that are currently available on the individual court or county websites and affected by this policy change will need to be revised or removed, as needed.

Attachments and Links

1. Link A: *Criteria for a Successful Civil Assessments Program* (adapted version),
www.courts.ca.gov/partners/documents/Rev-Dist-Criteria-for-Successful-Civil-Assessment-Program.pdf
2. Link B: *Judicial Council Approved Collections Best Practices*,
www.courts.ca.gov/partners/documents/Collections-Best-Practices-Dec2021.pdf
3. Link C: Posted language about the *Criteria for a Successful Civil Assessments Program*,
www.courts.ca.gov/partners/455.htm