



JUDICIAL COUNCIL OF CALIFORNIA

JUDICIAL BRANCH BUDGET COMMITTEE

www.courts.ca.gov/jbbc.htm
JBBC@jud.ca.gov

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JUDICIAL BRANCH BUDGET COMMITTEE

NOTICE AND AGENDA OF OPEN IN-PERSON MEETING WITH CLOSED SESSION

Open to the Public Unless Indicated as Closed (Cal. Rules of Court, rule 10.75(c)(1), (d), and (e)(1))

OPEN PORTION OF THIS MEETING IS BEING RECORDED

Date:	November 15, 2019
Time:	11:30 a.m. - 12:30 p.m.
Location:	455 Golden Gate Avenue, San Francisco, CA 94102; Sequoia Room
Public Call-In Number:	1-877-820-7831; passcode 6677064 (Listen Only)

Meeting materials for open portions of the meeting will be posted on the advisory body web page on the California Courts website at least three business days before the meeting.

Members of the public seeking to make an audio recording of the open meeting portion of the meeting must submit a written request at least two business days before the meeting. Requests can be e-mailed to JBBC@jud.ca.gov.

Agenda items are numbered for identification purposes only and will not necessarily be considered in the indicated order.

I. OPEN MEETING (CAL. RULES OF COURT, RULE 10.75(C)(1))

Call to Order and Roll Call

Approval of Minutes

Approve minutes of the July 18, 2019, Judicial Branch Budget Committee meeting.

II. PUBLIC COMMENT (CAL. RULES OF COURT, RULE 10.75(K)(1)-(2))

In-Person Public Comment

Members of the public requesting to speak during the public comment portion of the meeting must place the speaker's name, the name of the organization that the speaker represents if any, and the agenda item that the public comment will address, on the public comment sign-up sheet. The sign-up sheet will be available at the meeting location at least 30 minutes prior to the meeting start time. The Chair will establish speaking limits at the beginning of the public comment session. While the advisory body welcomes and encourages public comment, time may not permit all persons requesting to speak to be heard at this meeting.

Written Comment

In accordance with California Rules of Court, rule 10.75(k)(1), written comments pertaining to any agenda item of a regularly noticed open meeting can be submitted up to one complete business day before the meeting. For this specific meeting, comments should be e-mailed to JBBC@jud.ca.gov or mailed or delivered to 455 Golden Gate Avenue, San Francisco, CA 94102 attention: Ms. Angela Cowan. Only written comments received by 11:30 a.m. on November 14, 2019 will be provided to advisory body members prior to the start of the meeting.

III. DISCUSSION AND POSSIBLE ACTION ITEMS (ITEMS 1-1)

Item 1

Update to the \$10 million State-Level Reserve Policy (Action Required)

Consideration of revisions to the \$10 million State-level Reserve Policy originally established in October 2016

Presenter(s)/Facilitator(s): Ms. Brandy Sanborn, Manager, Budget Services

IV. ADJOURNMENT

Adjourn to Closed Session

V. CLOSED SESSION (CAL. RULES OF COURT, RULE 10.75(D))

Call to Order and Roll Call

Approval of Minutes

Approve minutes of the September 23, 2019, Judicial Branch Budget Committee meeting-closed session.

Item 1

Innovations Grant Program (California Rules of Court, Rule 10.75 (D)(9).

Evaluation of individual grant applications

Review and discussion of administrative matters and requests from grantees regarding Innovations Grant Program projects

Presenter(s)/Facilitator(s): Ms. Marcella Eggleston, Supervising Analyst, Leadership Support Services

Adjourn Closed Session



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JUDICIAL BRANCH BUDGET COMMITTEE

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JUDICIAL BRANCH BUDGET COMMITTEE

MINUTES OF OPEN MEETING

July 18, 2019

1:15 p.m. to 2:45 p.m.

455 Golden Gate Avenue, San Francisco, CA 94102, Redwood Room

Advisory Body Members Present: Hon. David. M. Rubin, Chair; Hon. Kyle S. Brodie, Vice Chair; Hon. Marla O. Anderson; Hon. C. Todd Bottke; Hon. Brad R. Hill; Hon. Harold W. Hopp; Hon. Ann Moorman; Mr. Michael M. Roddy; Ms. Andrea K. Wallin-Rohmann (by phone)

Advisory Body Members Absent:

Others Present: Ms. Lucy Fogarty, Mr. Zlatko Theodorovic, Mr. John Wordlaw; Ms. Marcela Eggleton, Ms. Laura Speed, Ms. Brandy Sanborn

OPEN MEETING

Call to Order and Roll Call

The chair called the meeting to order at 1:19 p.m. and took roll call.

Approval of Minutes

The advisory body reviewed and approved the minutes of the May 14, 2019, Judicial Branch Budget Committee meeting.

DISCUSSION AND ACTION ITEMS (ITEMS 1)

Item 1 - Telephonic Appearance Fees in Civil Cases (Action Required)

Review of memorandum to the Policy Coordination and Liaison Committee regarding a proposal for Judicial Council-Sponsored Legislation: Court Fees Collected from Telephone Appearance Revenue. Presenter(s)/Facilitator(s): Ms. Christy Simons, Attorney, Judicial Council Legal Services

Action: *The Judicial Branch Budget Committee unanimously recommends that the Judicial Council sponsor legislation to:*

1. *Amend Government Code section 68085.1, which sets forth procedures for transmitting and distributing specified fees and fines collected by the courts, to include the fee share amounts collected by courts that directly provide telephone appearance services;*

2. *Amend Government Code section 72011(a) to increase from \$20 to \$23 the fee share that each vendor or court that provides telephone appearance services must transmit to the State Treasury for deposit in the Trial Court Trust Fund;*
3. *Amend Government Code section 72011(b) to require that courts transmit the fee share amount in a method and time frame that is consistent with their regular judicial branch fiscal practices as provided in Government Code section 68085.1; and*
4. *Repeal Government Code section 72011(c) through (e), which requires vendors to transmit each year an amount equal to the total amount of revenue received by courts from vendors under revenue-sharing arrangements in fiscal year 2009–10 and authorizes the Judicial Council to allocate that amount among the courts that previously had revenue-sharing arrangements with vendors under separate contracts.*

INFORMATION ONLY ITEMS (NO ACTION REQUIRED)

Info 1 - 2019-20 Budget Update

Update on the status of the 2019-20 Judicial Branch budget.

Presenter(s)/Facilitator(s): Mr. Zlatko Theodorovic, Director, Budget Services

Action: No action taken.

ADJOURNMENT

There being no further business, the meeting was adjourned at 1:44 p.m. to begin a closed session.

Approved by the advisory body on enter date.

JUDICIAL COUNCIL OF CALIFORNIA
BUDGET SERVICES
Report to the Judicial Branch Budget Committee

(Action Item)

Title: Update to the \$10 Million State-Level Reserve Policy
Date: 10/24/2019
Contact: Brandy Sanborn, Manager, Budget Services
415-865-7195 | brandy.sanborn@jud.ca.gov

Issue

Consideration of revisions to the \$10 Million State-Level Reserve Policy, established in October 2016, as a result of experiences since implementation including timing of request submissions and cash advance requirements, specification on distribution of approved funds, clarification of information required from courts, and removing fiscal year references.

Background

Government Code section 68502.5(c)(2)(B) required the Judicial Council to establish a process for trial courts to apply for emergency funding from the newly established \$10 million state-level reserve, which replaced the 2 percent state-level reserve. On October 28, 2016, the Judicial Council approved the updated process for courts projecting a current-year negative fund balance to request either a loan or one-time funding for unavoidable shortfalls, unforeseen emergencies, or unanticipated expenses for existing programs.¹

On May 17, 2019, the council approved its first request for emergency funding from the \$10 Million State-Level Reserve for Humboldt Superior Court in the amount of \$117,124 to digitize over 1,800 reels of film and preserve court records that would otherwise be destroyed.² In addition, the council approved the recommendation to waive the requirement that approved emergency funding be distributed as a cash advance loan (see Attachment A, item h).

¹ Judicial Council meeting report (October 28, 2016), <https://jcc.legistar.com/View.ashx?M=F&ID=4730556&GUID=B27BB5A7-B14B-44E8-A809-9F6FA97F6536>, Judicial Council meeting minutes (October 28, 2016), <https://jcc.legistar.com/View.ashx?M=M&ID=463482&GUID=71780E2D-3758-4213-B3A5-7100073AB7CF>

² Judicial Council meeting report (May 17, 2019), <https://jcc.legistar.com/View.ashx?M=F&ID=7190276&GUID=BDBD584F-5AED-4904-87C1-22778823D7A3>, Judicial Council meeting minutes (May 17, 2019), <https://jcc.legistar.com/View.ashx?M=M&ID=640297&GUID=9C71CADA-D8FB-4AA9-A887-0260DB284273>

JUDICIAL COUNCIL OF CALIFORNIA
BUDGET SERVICES
Report to the Judicial Branch Budget Committee

As a result of receiving a request, working through the current policy, and the council waiving the cash requirement, Judicial Council Budget Services staff revisited the \$10 Million State-Level Reserve Policy to determine if any recommended changes are needed.

Recommendation

Budget Services staff recommends the following for Judicial Branch Budget Committee approval to be considered by the Judicial Council at its January 16-17, 2020 business meeting (also see Attachment B):

1. **Replacing item h to remove the cash advance requirement and specify the distribution process for approved requests.** Unavoidable shortfalls, unforeseen emergencies, and unanticipated expenses can occur any time throughout the fiscal year, and this reserve is in place for courts that do not have the ability to cover the expense. Providing a cash advance and requiring a court to reapply for emergency funding the following year creates an undue burden on both the court, council staff, and the committee. The addition of the timing of approved distributions will provide court's an opportunity to time a funding award and plan accordingly.
2. **Making clarification changes to item i) iv.** This will clarify that the expectation of a court applicant's fund balance status is that it is negative in the current year.
3. **Removing the fiscal year references in item 1) vi.** As the policy is a living document, the current fiscal year references are outdated and are best left out as references to avoid regular policy updates in the future.

Attachments

Attachment A: Current \$10 Million State-Level Reserve Policy

Attachment B: \$10 Million State-Level Reserve Policy with Proposed Changes

\$10 Million State-Level Reserve Policy

Applying for Emergency Funding:

- a) Allow only trial courts that are projecting a current-year negative fund balance to apply for emergency funding;
- b) Define emergency funding as funding “for unavoidable shortfalls, unforeseen emergencies, or unanticipated expenses for existing programs;”
- c) Require that a request be for either a loan or one-time funding, but not for ongoing funding;
- d) Require the submission, review, and approval process to be:
 - i. All requests will be submitted to the council for consideration;
 - ii. Requests will be submitted to the Administrative Director, Judicial Council, by either the court’s presiding judge or court executive officer;
 - iii. The Administrative Director, Judicial Council, will forward the request to the Director of Budget Services, Judicial Council;
 - iv. Judicial Council Budget Services staff will review the application for completeness, submit the application to the ad hoc court executives’ work group for review and contact with the requesting court, and issue a report to the Judicial Branch Budget Committee;
 - v. The Judicial Branch Budget Committee will review the request and make a recommendation for Judicial Council consideration;
 - vi. The final report will be provided to the requesting court prior to the report being made publicly available on the California Courts website; and
 - vii. The requesting court may send a representative to the council meeting to present its request and respond to questions from the council.
- e) Authorize courts to submit requests for emergency funding only after a proposed baseline budget (Schedule 1) has been submitted by the court;
- f) Allow requests submitted to the Administrative Director, Judicial Council, to be considered at the next regularly scheduled council meeting following the time necessary to review the application;

- g) Require replenishment of the reserve to occur on an annual basis as a pro rata reduction to each trial courts' beginning base allocation the following fiscal year;
- h) Require requests for emergency funding approved by the council after April 1 of any given fiscal year to be distributed to the court as a cash advance loan until the following fiscal year when the court, if necessary, could apply for emergency funding in the new fiscal year in order to repay the cash advance loan;
- i) Require the following information be submitted by courts when requesting emergency funding:
 - i. a description of what factors caused or are causing the need for funding;
 - ii. if emergency funding was received in the prior year, identify the amount and explain why funding is needed in the current year;
 - iii. if requesting a one-time distribution, an explanation of why a loan would not be appropriate;
 - iv. current status of court fund balance;
 - v. three-year history of year-end fund balances, revenues, and expenditures;
 - vi. current detailed budget projections for the current fiscal year (e.g., 2016–2017), budget year (e.g., 2017–2018), and budget year plus 1 (e.g., 2018–2019);
 - vii. measures the court has taken in the last three years regarding revenue enhancement and/or expenditure reduction, including layoffs, furloughs, reduced hours, and court closures;
 - viii. employee compensation practices (e.g., cost-of-living adjustments) and staffing levels for the past five years;
 - ix. description of the consequences to the court's operations if the court does not receive funding;
 - x. description of the consequences to the public and access to justice if the court does not receive funding;
 - xi. what measures the court will take to mitigate the consequences to court operations, the public, and access to justice if funding is not approved;

- xii. five years of filing and disposition numbers;
 - xiii. most recent audit history and remediation measures; and
 - xiv. an expenditure/revenue enhancement plan that identifies how the court will resolve its ongoing funding issue if the request for emergency funding is not for a one-time concern.
- j) Include the condition that the council will consider appropriate terms and conditions that courts must accept in order to receive emergency funding; and
- k) Require courts that are allocated emergency funding to return the amount that is not needed, if a court determines during the fiscal year that some or all of the allocation is no longer needed due to changes in revenues and/or expenditures.

\$10 Million State-Level Reserve Policy

Applying for Emergency Funding:

- a) Allow only trial courts that are projecting a current-year negative fund balance to apply for emergency funding;
- b) Define emergency funding as funding “for unavoidable shortfalls, unforeseen emergencies, or unanticipated expenses for existing programs;”
- c) Require that a request be for either a loan or one-time funding, but not for ongoing funding;
- d) Require the submission, review, and approval process to be:
 - i. All requests will be submitted to the council for consideration;
 - ii. Requests will be submitted to the Administrative Director, Judicial Council, by either the court’s presiding judge or court executive officer;
 - iii. The Administrative Director, Judicial Council, will forward the request to the Director of Budget Services, Judicial Council;
 - iv. Judicial Council Budget Services staff will review the application for completeness, submit the application to the ad hoc court executives’ work group for review and contact with the requesting court, and issue a report to the Judicial Branch Budget Committee;
 - v. The Judicial Branch Budget Committee will review the request and make a recommendation for Judicial Council consideration;
 - vi. The final report will be provided to the requesting court prior to the report being made publicly available on the California Courts website; and
 - vii. The requesting court may send a representative to the council meeting to present its request and respond to questions from the council.
- e) Authorize courts to submit requests for emergency funding only after a proposed baseline budget (Schedule 1) has been submitted by the court;
- f) Allow requests submitted to the Administrative Director, Judicial Council, to be considered at the next regularly scheduled council meeting following the time necessary to review the application;

- g) Require replenishment of the reserve to occur on an annual basis as a pro rata reduction to each trial courts' beginning base allocation the following fiscal year;
- ~~h) Require requests for emergency funding approved by the council after April 1 of any given fiscal year to be distributed to the court as a cash advance loan until the following fiscal year when the court, if necessary, could apply for emergency funding in the new fiscal year in order to repay the cash advance loan;~~
- h) Distribution of emergency funding approved by the council will be based on when funding is needed and will be part of a regularly scheduled monthly distribution process.
- i) Require the following information be submitted by courts when requesting emergency funding:
- i. A description of what factors caused or are causing the need for funding;
 - ii. If emergency funding was received in the prior year, identify the amount and explain why funding is needed in the current year;
 - iii. If requesting a one-time distribution, an explanation of why a loan would not be appropriate;
 - iv. ~~Current status of court~~ Forecast of negative fund balance in the current year;
 - v. Three-year history of year-end fund balances, revenues, and expenditures;
 - vi. Current detailed budget projections for the current fiscal year ~~(e.g., 2016-2017)~~, budget year ~~(e.g., 2017-2018)~~, and budget year plus 1 ~~(e.g., 2018-2019)~~;
 - vii. Measures the court has taken in the last three years regarding revenue enhancement and/or expenditure reduction, including layoffs, furloughs, reduced hours, and court closures;
 - viii. Employee compensation practices (e.g., cost-of-living adjustments) and staffing levels for the past five years;
 - ix. Description of the consequences to the court's operations if the court does not receive funding;
 - x. Description of the consequences to the public and access to justice if the court does not receive funding;

- xi. What measures the court will take to mitigate the consequences to court operations, the public, and access to justice if funding is not approved;
 - xii. Five years of filing and disposition numbers;
 - xiii. Most recent audit history and remediation measures; and
 - xiv. An expenditure/revenue enhancement plan that identifies how the court will resolve its ongoing funding issue if the request for emergency funding is not for a one-time concern.
- j) Include the condition that the council will consider appropriate terms and conditions that courts must accept in order to receive emergency funding; and
- k) Require courts that are allocated emergency funding to return the amount that is not needed, if a court determines during the fiscal year that some or all of the allocation is no longer needed due to changes in revenues and/or expenditures.