



Judicial Council of California

Judicial Branch Budget Committee

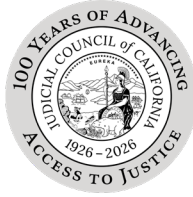
JUDICIAL BRANCH BUDGET COMMITTEE

MATERIALS OCTOBER 14, 2026 VIRTUAL MEETING

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Judicial Council of California

**JUDICIAL BRANCH BUDGET COMMITTEE
NOTICE AND AGENDA OF OPEN ELECTRONIC MEETING**

October 14, 2026

1:00 p.m. – 1:40 p.m.

Public Access: <https://jcc.granicus.com/player/event/5103>

Open to the public (Cal. Rules of Court, rule 10.75(c) and (e)(1)).

Meeting materials for open portions of the meeting will be posted on the [Judicial Branch Budget Committee](#) webpage on the California Courts website at least three business days before the meeting.

Request for ADA accommodations should be made at least three business days before the meeting and directed to: JCCAccessCoordinator@jud.ca.gov.

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 emailed 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 September 22, 2026, Judicial Branch Budget Committee meeting.

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

This meeting will be conducted by electronic means. As such, the public may make comments in writing or remotely.

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 emailed to JBBC@jud.ca.gov. Only written comments received by 1:00 p.m. October 13, 2026, will be provided to advisory body members prior to the start of the meeting.

Remote Public Comment

Members of the public requesting to speak during the public comment portion of the meeting must provide 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. Requests to make a remote public comment must be received by 1:00 p.m. October 13, 2026, via email to JBBC@jud.ca.gov. 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 individuals requesting to speak to be heard at this meeting.

III. DISCUSSION AND POSSIBLE ACTION ITEMS (ITEMS 1–2)

Item 1

Proposition 36 Allocations for Fiscal Year 2026–27 (Action Required)

Consideration of Proposition 36 allocations for fiscal year 2026–27.

Presenters: Hon. Judith K. Dulcich, Chair, Trial Court Budget Advisory Committee
Ms. Randie Chance, Director, Judicial Council Criminal Justice Services

Item 2

Trial Court Minimum Operating and Emergency Fund Balance Policy Updates (Action Required)

Consideration of updates to the Judicial Council's trial court minimum operating and emergency fund balance policy.

Presenters: Hon. Judith K. Dulcich, Chair, Trial Court Budget Advisory Committee
Ms. Oksana Tuk, Senior Fiscal Analyst, Judicial Council Budget Services

IV. INFORMATION ONLY ITEMS (NO ACTION REQUIRED)

Info 1

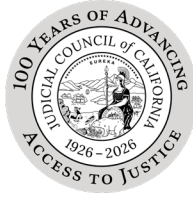
Funding Methodology Subcommittee Annual Work Plan

Update on the Funding Methodology Subcommittee annual work plan for fiscal year 2026–27.

Presenters: Hon. Judith K. Dulcich, Chair, Trial Court Budget Advisory Committee
Ms. Megan Ellis, Senior Fiscal Analyst, Judicial Council Budget Services

V. ADJOURNMENT

Adjourn



Judicial Council of California

**JUDICIAL BRANCH BUDGET COMMITTEE
MINUTES OF OPEN MEETING**

September 22, 2026

10:30 a.m. – 11:30 a.m.

Videoconference

Members Present: Hon. Ann C. Moorman, Chair, Hon. Brad R. Hill, Hon. Maria Lucy Armendariz, Hon. Judith K. Dulcich, Hon. Michael Rhoads, Mr. Charles Johnson, Ms. Kate Bieker, and Ms. Dena Stone

Members Absent: Hon. Maria D. Hernandez, Vice-Chair

Others Present: Mr. Zlatko Theodorovic, Ms. Fran Mueller, Ms. Angela Cowan, Ms. Jenny Clarke, Mr. Steven Quinn, and Ms. Oksana Tuk

OPEN MEETING

Call to Order and Roll Call

The chair called the meeting to order at 10:30 a.m. and took roll call.

Approval of Minutes

The advisory body approved the minutes of the May 20, 2026, Judicial Branch Budget Committee (Budget Committee) meeting, and the June 10, 2026, and August 6, 2026, actions by e-mail between meetings.

DISCUSSION AND ACTION ITEMS (ITEMS 1–3)

Item 1

Involuntary Medication Orders (Senate Bill 820) Allocations for Fiscal Year 2026–27 (Action Required)

Consideration of allocations to implement the new hearing process for involuntary medication orders established by Senate Bill 820 for fiscal year 2026–27.

Action: *The Budget Committee unanimously voted to approve the fiscal year 2026-27 allocations to implement Senate Bill 820, as outlined in Attachment 1A, based on 60 percent incompetent to stand trial filings and 40 percent nontraffic misdemeanor filings and a \$1,200 funding floor. This recommendation will be considered by the Judicial Council at its business meeting on October 16, 2026.*

Item 2

Workload Formula Adjustment Request Process Update (Action Required)

Consideration of updates to Judicial Council instructions for submitting annual Workload Formula policy adjustment requests.

Action: The Budget Committee unanimously voted to approve the proposed updates to the Workload Formula Adjustment Request Process Instructions as shown in Attachment 2A. This recommendation will be considered by the Judicial Council at its business meeting on October 16, 2026.

Item 3

Workload Formula Policy Base Funding Floor Adjustment Process (Action Required)

Consideration of potential changes to the Workload Formula base funding floor policy.

Action: The Budget Committee unanimously voted to approve an update to the Workload Formula policy's base funding floor adjustment so that, when calculating annual allocations for the two funding floor courts, the base funding floor amount is treated as a minimum floor. Under this methodology, when a floor court's Workload Formula allocation exceeds the floor, the court will retain its full calculated allocation rather than be reduced to the floor. This change provides greater funding stability and ensures the floor courts have sufficient resources to meet essential operational needs and maintain minimum staffing levels. This recommendation will be considered by the Judicial Council at its business meeting on October 16, 2026.

A D J O U R N M E N T

There being no further business, the meeting was adjourned at 10:58 a.m.

Approved by the advisory body on enter date.

JUDICIAL COUNCIL OF CALIFORNIA
BUDGET SERVICES
Report to the Judicial Branch Budget Committee
(Action Item)

Title: Proposition 36 Allocations for Fiscal Year 2026–27

Date: 10/1/2026

Contact: Randie Chance, Director, Criminal Justice Services | 916-643-6985 | randie.chance@jud.ca.gov

Issue

Consideration of a recommendation from the Trial Court Budget Advisory Committee (TCBAC) for the fiscal year (FY) 2026–27 allocations to the trial courts for the implementation of Proposition 36.

Background

Proposition 36, the Homelessness, Drug Addiction, and Theft Reduction Act, was passed by California voters in November 2024. This law raises penalties for some drug and theft crimes, allowing prosecutors to charge these crimes as felonies if the defendants had previously committed specified drug and theft offenses. It also gives individuals with two or more prior drug possession convictions the option to join a treatment program instead of serving time in custody, with the possibility of having their cases dismissed if they complete the treatment successfully.

The Budget Act of 2025 included an initial \$20 million one-time General Fund, of which \$19 million was allocated for the courts to begin implementation activities. The Budget Act of 2026 included an additional \$10 million one-time General Fund to support the increased workload for Proposition 36 and expand or establish collaborative courts. Of this amount, \$9.5 million will be distributed to the trial courts and \$500,000 is for the Judicial Council’s administrative costs.

Per item 0250-101-0001, provision 17 of the Budget Act of 2026, at least half of the funding is to be allocated to the trial courts based on each trial court’s share of non-traffic misdemeanor and felony filings in FY 2024–25. The methodology for allocating the remaining 50 percent of the funding may be determined by the Judicial Council (Attachment 1A).¹ In 2025, the Judicial Council allocated the remaining 50 percent of the funding based on each trial court’s Proposition 36 filings survey data.

Allocation Methodology

Beginning in FY 2025–26, until all funds are expended, the Judicial Council is required to report annually to the Legislature on a variety of Proposition 36 metrics, including counts of Health and Safety Code section 11395(b)(1) filings.² The data collected for the 2026 Legislative report reflects filings received from January 1, 2025, through December 31, 2025. The annual report to the Legislature contained data from 56 trial courts with data missing from two courts. For the

¹ The Budget Act of 2026 authorizes the Judicial Council to retain \$500,000 for administrative costs. Proposition 36 allocation language in the Budget Act of 2026 is presented in Attachment 1A.

² [Health & Safety Code §11395](#) (drug possession with priors).

purposes of this allocation, staff contacted the remaining two courts to obtain previously missing data. Those courts reported their data, and the updated information is used in the existing allocation methodology for FY 2026–27.

Estimating future workload associated with Proposition 36 cases remains challenging. Current data show that filing volumes differ significantly across counties, with some courts reporting more Penal Code section 666.1(a)(1) filings and others reporting more Health and Safety Code section 11395(b)(1) filings. Attachment 1B presents the filing counts by type and county. Although the available data show an upward trend for both filing types, it is too early to determine whether these increases will continue or level off once full implementation of Proposition 36 is underway.

On September 2, 2025, the Judicial Council approved the allocation methodology recommended by the Trial Court Budget Advisory Committee.³ The methodology included a combination of data collected through the Proposition 36 survey and the Judicial Branch Statistical Information System (JBSIS). Consistent with the FY 2025–26 allocation, this report recommends the same allocation methodology⁴ for FY 2026–27 using updated data from JBSIS on non-traffic misdemeanor and felony filings for FY 2024–25, along with the most current Proposition 36 filing information collected by the Judicial Council for calendar year 2025 for all 58 courts.⁵

Proposed Allocation Methodology – Fifty percent based on non-traffic misdemeanor and felony filings/fifty percent based on Proposition 36 survey

On September 29, 2026, TCBAC approved the recommended methodology for the FY 2026–27 allocations to the trial courts for the implementation of Proposition 36.⁶

- Fifty percent of the \$9.5 million will be allocated based on each court’s share of FY 2024–25 non-traffic misdemeanor and felony filings as reported through JBSIS, as required by statute.
- Fifty percent of the \$9.5 million will be allocated based on each court’s share of calendar year 2025 Penal Code section 666.1(a)(1) and Health and Safety Code section 11395(b)(1) filings as reported to the Judicial Council by all 58 trial courts.

Under this methodology, the proposed allocations by court for FY 2026–27 are included in Attachment 1C.

Expenditure and Reporting Requirements

Trial courts will receive the allocation as one distribution of \$9.5 million in January 2027. The allocation is available for expenditure or encumbrance until June 30, 2029, and courts have an additional two years to liquidate any funding for valid encumbrances until June 30, 2031. Courts are required to code all allocation-related activities using the Work Breakdown Structure element (WBSE) designated within the Phoenix financial system for this funding.

³ Judicial Council of Cal., *Allocations and Reimbursements to Trial Courts: Pretrial Release Funding and Allocation Methodology* (Circulating Order Number: CO-25-04). [Circulating Order Number: CO-25-04](#).

⁴ The number of non-traffic misdemeanor and felony filings in FY 2023–24 by court is provided from JBSIS and is reported in the *2025 Court Statistics Report: Statewide Caseload Trends 2014–15 Through 2023–24*, <https://courts.ca.gov/system/files/file/2025-court-statistics-report.pdf>.

⁵ The number of non-traffic misdemeanor and felony filings in FY 2024–25 by court is provided from JBSIS and is reported in the *2026 Court Statistics Report: Statewide Caseload Trends 2014–15 Through 2024–25*, https://courts.ca.gov/system/files/file/csr_2026.pdf.

⁶ Trial Court Budget Advisory Committee meeting materials (September 29, 2026), <https://courts.ca.gov/system/files/file/tcbac-20260929-materials.pdf>.

Trial courts may use their approved allocations for staffing, data collection and reporting, administrative support and overhead costs, other activities intended to address workload, and the expansion or establishment of collaborative courts for the implementation of Proposition 36. Courts must maintain financial records, supporting documents, and all other records relating to expenses under the program in accordance with state law and the Trial Court Financial Policies and Procedures Manual.

Qualifying expenditures must be recorded in the Phoenix financial system under the appropriate WBSE by the fifth business day after each month end to ensure current expenditure information is available as needed. Final year-end expenditures must be recorded in the Phoenix financial system by July 31 of each reportable year to ensure sufficient time to reconcile and report annual expenditures.

Trial courts are required to report the statistics outlined in item 0250-101-0001, provision 17.4 of the Budget Act of 2026 (Attachment 1A) to the Judicial Council through an annual survey administered by the Judicial Council.

Recommendation

Approve the FY 2026–27 allocations to support implementation of Proposition 36, as outlined in Attachment 1C, based on 50 percent non-traffic misdemeanor and felony filings and 50 percent Proposition 36 survey data.

This recommendation will be considered by the Judicial Council at its business meeting on December 11, 2026.

Attachments

1. **Attachment 1A:** Provisions Related to Proposition 36 funding in Senate Bill 111, Section 2, Item 0250-101-0001
2. **Attachment 1B:** Proposition 36 Total Filings for 2025 by County
3. **Attachment 1C:** Allocation Methodology – Fifty percent based on non-traffic misdemeanor & felony filings/fifty percent based on Proposition 36 Survey

**Attachment 1A: Provisions Related to Proposition 36 Funding in Senate Bill 111,
Section 2, Item 0250-101-0001**

17. Of the funds appropriated in Schedule (1), \$10,000,000 is available for the continued implementation of Proposition 36 (2024), the Homelessness, Drug Addiction, and Theft Reduction Act. Of this amount, at least \$9,500,000 shall be distributed to the trial courts, with allocations determined by the Judicial Council, but with at least 50 percent of the funding allocated based on each trial court's share of nontraffic misdemeanor and felony filings in the 2024–25 fiscal year.

17.1. The funding allocated in Provision 17 shall be used to address increased workload and expanding or establishing collaborative courts for the implementation of Proposition 36 (2024).

17.2. Courts shall collaborate with county departments and treatment providers to ensure maximum federal financial participation for eligible services.

17.3. The funding allocated in Provision 17 shall be available for both state operations and local assistance and shall be available for expenditure or encumbrance until June 30, 2029. Any unspent funds shall revert to the General Fund.

17.4. The Judicial Council, in collaboration with the State Department of Health Care Services, shall provide to the Legislature no later than March 1, 2027, an annual report of Proposition 36 implementation during the prior calendar year until all funds are spent. This report shall include the following, by county: specific allocations made to individual trial courts, a summary of how trial courts are using the funding, and the number of people served by trial court by criminal charge. For the number of people served by each trial court, key outcome and demographic data shall also be reported including, but not limited to, the following:

(a) The number of cases charged that included a violation of a treatment-mandated felony pursuant to Section 11935 of the Health and Safety Code.

(b) The number of cases described in subprovision (a) in which it is alleged that the defendant had previously been charged with a violation of a treatment-mandated felony pursuant to Section 11395 of the Health and Safety Code, and whether the defendant:

(1) Did not agree to participate in a treatment program and was convicted of a treatment-mandated felony pursuant to Section 11395 of the Health and Safety Code or another charge in the same indictment, complaint, or information.

(2) Agreed to participate in a treatment program, and: (i) successfully completed the treatment program and had the charge dismissed pursuant to paragraph (3) of subdivision (d) of Section 11395 of the Health and Safety Code, (ii) was participating in a treatment program at the time they allegedly committed a treatment-mandated felony pursuant to Section 11395 of the Health and Safety Code, or (iii) did not successfully complete a treatment program and sustained a conviction of a treatment-mandated felony pursuant to Section 11395 of the Health and Safety Code.

(c) The number of cases described in subprovision (a) in which the defendant elected treatment by pleading guilty or no contest to a violation agreeing to participate in, and complete, a detailed treatment program developed by a drug addiction expert and approved by the court, pursuant to subparagraph (A) of paragraph (1) of subdivision (d) of Section 11395 of the Health and Safety Code.

(d) The number of cases described in subprovision (a) in which the court ordered a drug addiction expert to conduct a substance abuse and mental health evaluation of the defendant pursuant to subparagraph (B) of paragraph (1) of subdivision (d) of Section 11395 of the Health and Safety Code.

(e) The number of cases described in subprovision (a) in which an expert submitted a report of the evaluation to the court and the parties.

(f) The number of cases described in subprovision (a) in which the court ordered that a case worker or other qualified individual determine whether the defendant was eligible to receive Medi-Cal, Medicare, or any other relevant benefits for any programs or evaluations, pursuant to subparagraph (C) of paragraph (1) of subdivision (d) of Section 11395 of the Health and Safety Code.

(g) The number of cases described in subprovision (a) in which the defendant entered into drug treatment but not mental health treatment.

(h) The number of cases described in subprovision (a) in which the defendant entered into mental health treatment but not drug treatment.

(i) The number of cases described in subprovision (a) in which the defendant entered into drug treatment and mental health treatment.

(j) The number of cases described in subprovision (a) in which the defendant was ordered to receive job training.

(k) The number of cases described in subprovision (a) in which the defendant successfully completed the treatment program and received the positive recommendation of the treatment program pursuant to paragraph (3) of subdivision (d) of Section 11395 of the Health and Safety Code.

(l) The number of cases described in subprovision (a) in which the defendant successfully completed the treatment program, received the positive recommendation of the treatment program, and the court subsequently dismissed the charge pursuant to paragraph (3) of subdivision (d) of Section 11395 of the Health and Safety Code.

(m) The number of cases described in subprovision (a) in which the defendant is currently undergoing treatment at the time data is submitted to the Judicial Council.

(n) The number of cases described in subprovision (a) in which the prosecuting attorney, the court, or the probation department moves for entry of judgment and sentencing and whether that motion was based on the defendant performing unsatisfactorily in the program, not

benefiting from treatment, not being amenable to treatment, refusing treatment, or having been convicted of a crime.

(o) The number of cases described in subprovision (a) for which judgment was imposed and the defendant was sentenced because the court found true one or more of the circumstances described in subprovision (n).

(p) Demographic data as available including, at a minimum: race, gender, age, and housing status for reporting pursuant to subprovisions (a) to (o), inclusive.

17.5. Trial courts receiving an allocation described in Provision 17 shall provide all necessary court information described in Provision 17.4 to the Judicial Council by January 15, 2027.

Attachment 1B
Proposition 36 Total Filings for 2025 by County

County	Health and Safety Code section 11395	Penal Code section 666.1	Total
Alameda	11	537	548
Alpine	0	0	0
Amador	43	32	75
Butte	14	1	15
Calaveras	29	5	34
Colusa	9	2	11
Contra Costa	90	427	517
Del Norte	4	11	15
El Dorado	80	79	159
Fresno	101	553	654
Glenn	10	0	10
Humboldt	78	113	191
Imperial	56	29	85
Inyo	2	0	2
Kern	1,226	762	1,988
Kings	103	55	158
Lake	122	29	151
Lassen	20	15	35
Los Angeles	1,660	2,672	4,332
Madera	119	34	153
Marin	31	50	81
Mariposa	5	1	6
Mendocino	105	71	176
Merced	32	110	142
Modoc	7	2	9
Mono	3	4	7
Monterey	171	129	300
Napa	43	71	114
Nevada	48	21	69
Orange	5,260	1,003	6,263
Placer	237	290	527
Plumas	2	0	2
Riverside	1,769	1,537	3,306
Sacramento	224	786	1,010
San Benito	38	10	48
San Bernardino	289	907	1,196
San Diego	2,175	1,052	3,227
San Francisco	4	125	129

County	Health and Safety Code section 11395	Penal Code section 666.1	Total
San Joaquin	136	214	350
San Luis Obispo	404	108	512
San Mateo	349	717	1,066
Santa Barbara	225	159	384
Santa Clara	690	799	1,489
Santa Cruz	197	155	352
Shasta	291	166	457
Sierra	4	0	4
Siskiyou	70	25	95
Solano	163	174	337
Sonoma	153	163	316
Stanislaus	910	412	1,322
Sutter	217	121	338
Tehama	69	13	82
Trinity	24	2	26
Tulare	309	294	603
Tuolumne	74	22	96
Ventura	411	268	679
Yolo	117	168	285
Yuba	131	32	163
Statewide:	19,164	15,537	34,701

**Attachment 1C: Allocation Methodology – Fifty percent based on non-traffic
misdemeanor & felony filings/fifty percent based on Proposition 36 Survey**

County	Survey¹	Survey %	\$4.75M × (survey)	Non- Traffic² + Felony	Non-Traffic² + Felony %	\$4.75M × (Non Traff + Felony)	Total Funding Allocation
Alameda	548	1.58%	75,012	11,342	2.87%	136,419	\$211,432
Alpine	0	0.00%	-	14	0.00%	168	168
Amador	75	0.22%	10,266	625	0.16%	7,517	17,784
Butte	15	0.04%	2,053	1,535	0.39%	18,463	20,516
Calaveras	34	0.10%	4,654	363	0.09%	4,366	9,020
Colusa	11	0.03%	1,506	355	0.09%	4,270	5,776
Contra Costa	517	1.49%	70,769	5,645	1.43%	67,897	138,666
Del Norte	15	0.04%	2,053	360	0.09%	4,330	6,383
El Dorado	159	0.46%	21,765	1,303	0.33%	15,672	37,437
Fresno	654	1.88%	89,522	11,303	2.86%	135,950	225,472
Glenn	10	0.03%	1,369	167	0.04%	2,009	3,377
Humboldt	191	0.55%	26,145	1,538	0.39%	18,499	44,644
Imperial	85	0.24%	11,635	1,263	0.32%	15,191	26,826
Inyo	2	0.01%	274	377	0.10%	4,534	4,808
Kern	1,988	5.73%	272,125	15,223	3.85%	183,099	455,224
Kings	158	0.46%	21,628	2,234	0.57%	26,870	48,498
Lake	151	0.44%	20,669	1,258	0.32%	15,131	35,800
Lassen	35	0.10%	4,791	460	0.12%	5,533	10,324
Los Angeles	4,332	12.48%	592,980	87,752	22.22%	1,055,465	1,648,445
Madera	153	0.44%	20,943	2,023	0.51%	24,332	45,275
Marin	81	0.23%	11,088	2,013	0.51%	24,212	35,300
Mariposa	6	0.02%	821	195	0.05%	2,345	3,167
Mendocino	176	0.51%	24,092	1,409	0.36%	16,947	41,039
Merced	142	0.41%	19,437	2,986	0.76%	35,915	55,353
Modoc	9	0.03%	1,232	248	0.06%	2,983	4,215
Mono	7	0.02%	958	167	0.04%	2,009	2,967
Monterey	300	0.86%	41,065	3,664	0.93%	44,070	85,135
Napa	114	0.33%	15,605	1,819	0.46%	21,879	37,483
Nevada	69	0.20%	9,445	959	0.24%	11,535	20,980
Orange	6,263	18.05%	857,302	26,820	6.79%	322,586	1,179,888
Placer	527	1.52%	72,138	3,394	0.86%	40,822	112,960
Plumas	2	0.01%	274	129	0.03%	1,552	1,825
Riverside	3,306	9.53%	452,537	36,618	9.27%	440,434	892,972
Sacramento	1,010	2.91%	138,252	21,641	5.48%	260,294	398,546
San Benito	48	0.14%	6,570	411	0.10%	4,943	11,514
San Bernardino	1,196	3.45%	163,713	37,853	9.59%	455,289	619,002
San Diego	3,227	9.30%	441,724	28,518	7.22%	343,009	784,733

County	Survey ¹	Survey %	\$4.75M × (survey)	Non-Traffic ² + Felony	Non-Traffic ² + Felony %	\$4.75M × (Non Traff + Felony)	Total Funding Allocation
San Francisco	129	0.37%	17,658	7,235	1.83%	87,021	104,679
San Joaquin	350	1.01%	47,909	10,091	2.56%	121,373	169,282
San Luis Obispo	512	1.48%	70,084	3,181	0.81%	38,260	108,345
San Mateo	1,066	3.07%	145,918	4,077	1.03%	49,037	194,955
Santa Barbara	384	1.11%	52,563	4,127	1.05%	49,639	102,202
Santa Clara	1,489	4.29%	203,820	10,986	2.78%	132,138	335,957
Santa Cruz	352	1.01%	48,183	2,388	0.60%	28,722	76,905
Shasta	457	1.32%	62,556	2,312	0.59%	27,808	90,364
Sierra	4	0.01%	548	47	0.01%	565	1,113
Siskiyou	95	0.27%	13,004	721	0.18%	8,672	21,676
Solano	337	0.97%	46,130	3,060	0.77%	36,805	82,935
Sonoma	316	0.91%	43,255	7,565	1.92%	90,990	134,246
Stanislaus	1,322	3.81%	180,960	7,472	1.89%	89,872	270,832
Sutter	338	0.97%	46,267	1,372	0.35%	16,502	62,769
Tehama	82	0.24%	11,224	1,160	0.29%	13,952	25,177
Trinity	26	0.07%	3,559	218	0.06%	2,622	6,181
Tulare	603	1.74%	82,541	4,419	1.12%	53,151	135,692
Tuolumne	96	0.28%	13,141	674	0.17%	8,107	21,248
Ventura	679	1.96%	92,944	6,158	1.56%	74,067	167,011
Yolo	285	0.82%	39,012	1,938	0.49%	23,310	62,322
Yuba	163	0.47%	22,312	1,733	0.44%	20,844	43,156
Statewide	34,701	100.00%	4,750,000	394,918	100.00%	4,750,000	\$9,500,000

¹Survey represents Penal Code section 666.1 and Health and Safety Code section 11395 as displayed in Attachment 1B.

²Non-traffic represents non-traffic misdemeanors.

JUDICIAL COUNCIL OF CALIFORNIA
BUDGET SERVICES
Report to the Judicial Branch Budget Committee
(Action Item)

Title: Trial Court Minimum Operating and Emergency Fund Balance Policy Updates

Date: 10/14/2026

Contact: Oksana Tuk, Senior Fiscal Analyst, Judicial Council Budget Services | 916-643-8027 | oksana.tuk@jud.ca.gov

Issue

Consideration of a recommendation from the Trial Court Budget Advisory Committee (TCBAC) to update the Judicial Council’s trial court minimum operating and emergency fund balance policy to better align the policy with the current financial realities and reserve needs of the trial courts. The policy has been continuously suspended since fiscal year (FY) 2012–13 due to statutory changes and the availability of alternative emergency funding options. The most recent suspension extends through June 30, 2027.

Background

The Judicial Council’s minimum operating and emergency fund balance policy requires the trial courts to maintain a reserve of approximately 3 to 5 percent of their prior year General Fund expenditures (Attachment 2A). The policy was originally established in FY 2006–07 to ensure that courts had dedicated funding available to address emergencies, revenue shortfalls, or unexpected budget imbalances. The policy remained in effect through FY 2011–12.

Subsequent statutory changes—including the establishment of a statewide 2 percent reserve in the Trial Court Trust Fund (TCTF) and the imposition of a 1 percent fund balance cap—rendered the policy increasingly outdated and impractical. Additional statewide emergency funding mechanisms further reduced the need for courts to maintain their own minimum emergency reserves. As a result, the Judicial Council began suspending the policy in FY 2012–13 and has continued renewing the suspension through FY 2026–27.

In December 2025,¹ the Funding Methodology Subcommittee considered repealing the policy because of its extended suspension. However, it was ultimately determined to update the policy, recognizing that maintaining some level of operating and emergency fund is a prudent best practice for the courts, where possible.

¹ Funding Methodology Subcommittee Meeting Materials (December 18, 2025), [Trial Court Minimum Operating and Emergency Fund Balance Policy](#).

History of Policy Suspension

The Budget Act of 2012 authorized the creation of a state-level reserve equal to 2 percent of the statewide allocation to the trial courts to be held in the TCTF. Local reserves were simultaneously reduced to 1 percent of each court's operating budget effective June 30, 2014, as required under Government Code section 68502.5. The courts were provided a two-year transition period to implement these reserve changes. The Judicial Council received authority to allocate funds from this statewide reserve to individual courts as needed to address emergencies and unavoidable budget shortfalls.

Additionally, Government Code section 77203 established a 1 percent cap on the amount of unexpended operating funds a court could carry forward from one fiscal year to the next beginning June 30, 2014 (Attachment 2B). Previously, trial courts could carry over all unexpended operating funds from the previous fiscal year.

In response to these statutory changes—both the new reserve requirements and fund balance cap—the Judicial Council suspended the minimum operating and emergency fund balance policy for two years beginning August 31, 2012², allowing time to evaluate the financial impact of these statewide requirements on trial court operations.

On October 28, 2014, the council extended the suspension of the policy for two additional years until June 30, 2016.³ On January 19, 2017,⁴ and again on May 24, 2018,⁵ the council approved additional two-year suspensions of the policy until June 30, 2020. These actions were taken in recognition of the 2 percent statewide reserve in the TCTF and continued advocacy efforts by the judicial branch to eliminate or increase the 1 percent fund balance cap.

In FY 2019–20, Government Code section 77203 was amended to increase the fund balance cap from 1 percent to 3 percent. This allowed the trial courts to carry over unexpended funds up to 3 percent of their operating budgets from the prior fiscal year beginning June 30, 2020.

On July 24, 2020,⁶ May 11, 2022,⁷ and May 17, 2024,⁸ the council approved additional two-year suspensions of the policy.

² Judicial Council of Cal., Advisory Com. Rep., [*Trial Court Trust Fund Allocations: Statewide Programs*](#) (Aug. 24, 2012).

³ Judicial Council of Cal., Advisory Com. Rep., [*Trial Court Budget: 2 Percent State-Level Reserve Process and Minimum Operating and Emergency Fund Balance Policy*](#) (Oct. 20, 2014).

⁴ Judicial Council of Cal., Advisory Com. Rep., [*Trial Court Budget: Minimum Operating and Emergency Fund Balance Policy*](#) (Dec. 29, 2016).

⁵ Judicial Council of Cal., Advisory Com. Rep., [*Trial Court Budget: Minimum Operating and Emergency Fund Balance Policy*](#) (May 11, 2018).

⁶ Judicial Council of Cal., Advisory Com. Rep., [*Trial Court Budget: Minimum Operating and Emergency Fund Balance Policy*](#) (July 2, 2020).

⁷ Judicial Council of Cal., Advisory Com. Rep., [*Trial Court Budget: Minimum Operating and Emergency Fund Balance Policy*](#) (May 10, 2022).

⁸ Judicial Council of Cal., Advisory Com. Rep., [*Trial Court Budget: Minimum Operating and Emergency Fund Balance Policy*](#) (May 6, 2024).

Most recently, in April 2026,⁹ the council approved a one-year suspension until June 30, 2027. This final one-year extension was intended to provide time to revise the policy so that it better aligns with current financial conditions and reserve needs of the courts. The council also directed that updating the policy be added to the Funding Methodology Subcommittee’s annual work plan.

Fund Balance Cap

The fund balance cap for the trial courts was increased from 1 percent to 3 percent in FY 2019–20. Since that change, the Judicial Council has continued discussions with the administration to raise the cap further, recognizing that trial courts have limited resources and must sustain essential programs and services.

This resulted in a proposal in the FY 2024–25 Governor’s Budget to increase the fund balance cap from 3 percent to 5 percent, or \$100,000, whichever is greater, effective June 30, 2024. The proposal sought to provide courts with a stronger reserve position to support operational needs and address emergency expenditures. However, the proposal was not included in the enacted budget, and the fund balance cap remains at 3 percent.

Funds Held on Behalf of the Trial Courts

Government Code section 68502.5(c)(2)(A) requires the Judicial Council to approve preliminary funding allocations for the trial courts each July and finalize those allocations each January. When the final allocation is calculated, any court with reserves above the 3 percent cap must have the excess amount deducted unless the court submits a request through the Funds Held on Behalf of the Trial Courts program.

This program, established in FY 2015–16 in consultation with the Department of Finance and approved by the Judicial Council, allows courts to preserve and use funds that exceed the statutory cap for approved projects or expenditures.¹⁰ The program was created in recognition of the limited resources available to trial courts and the reality that some needs—such as technology upgrades, facility improvements, or other multiyear initiatives—cannot be funded within a single year’s budget. Through this process, courts may request that the Judicial Council hold excess funds on their behalf and authorize their use for allowable purposes, ensuring that important projects can move forward without violating the reserve cap.

Allowable projects include technology improvements or infrastructure (case management systems); court efficiency efforts (online or smart forms for court users); facilities maintenance or repair allowed under California Rules of Court, rule 10.810; and one-time expenditures such as vehicle, equipment, or furniture replacement.

Funds approved through this process are held in the TCTF, and courts are reimbursed for actual expenses related to specific projects. This process is an important fiscal tool that allows the

⁹ Judicial Council of Cal., Advisory Com. Rep., [*Trial Court Budget: Minimum Operating and Emergency Fund Balance Policy*](#) (Apr. 2, 2026).

¹⁰ Judicial Council of Cal., Advisory Com. Rep., [*Trial Court Allocations: Trial Court Reserves Held in the Trial Court Trust Fund*](#) (Apr. 15, 2016).

courts to meet operational and contractual obligations, maximize available resources, and provides critical flexibility given the 3 percent fund balance cap and ongoing fiscal constraints.

Other Emergency Funding Options

There are several options available to the trial courts to assist with funding shortfalls, unforeseen emergencies, or unanticipated expenses for existing programs or operations. These options provide flexibility to the trial courts while the minimum operating and emergency fund balance policy has been suspended. These funding options include:

State-Level Reserve: Government Code section 68502.5(c)(2)(B) authorized a one-time General Fund reserve of \$10 million in the TCTF. This reserve replaced the 2 percent reserve requirement that was in place since FY 2012–13. This reserve funding has only been used one time in FY 2018–19 by the Superior Court of Humboldt County. Assembly Bill 170 (Stats. 2024, ch. 51) reduced the emergency reserve in the TCTF from \$10 million to \$5 million as a budget solution and because of the reserve’s limited use by the courts.¹¹

The Judicial Council established a process for the trial courts to apply for this emergency funding¹². If funding is used from the reserve, it must be replenished the following fiscal year by all trial courts contributing from their base allocations.

Cash Advance: Government Code section 68502.5 (c)(2)(B) and Judicial Council policy¹³ also authorized a process by which trial courts experiencing cash flow issues can request a cash advance. Whenever possible, the cash advance will be distributed from a court’s remaining TCTF allocation. The cash advance must be repaid by the borrowing court based on the repayment schedule included in the court’s approved cash advance application.

Use of Statutorily Restricted Funds: Although statutorily restricted funds are to be used for the purpose specified in statute, there are urgent or emergency circumstances when these funds may be used by the courts. Use of these funds are also authorized under Government Code section 68502.5 (c)(2)(B) and Judicial Council policy. This option requires repayment within the same month the funds are borrowed.

Options for Updating the Policy

On September 29, 2026,¹⁴ TCBAC approved the recommendation to modernize the trial court minimum operating and emergency fund balance policy to reflect current fiscal conditions and provide courts with greater operational flexibility. TCBAC modified the proposed language in

¹¹ Judicial Council of Cal., Advisory Com. Rep., [Trial Court Budget: Allocations from the Trial Court Trust Fund and Trial Court Allocations for Fiscal Year 2024–25](#) (June 17, 2024).

¹² Judicial Council of Cal., Advisory Com. Rep., [Trial Court Budget: \\$10 Million State-Level Reserve Process](#) (Oct. 13, 2016).

¹³ Judicial Council of Cal., Advisory Com. Rep., [Trial Court Budget: \\$10 Million State-Level Reserve Policy](#) (Dec. 16, 2019).

¹⁴ Trial Court Budget Advisory Committee Meeting Materials (Sep. 29, 2026), [Trial Court Minimum Operating and Emergency Fund Balance Policy Updates](#).

the policy to clarify how the minimum fund balance for emergencies would be calculated (Attachment 2C). The changes to the policy would:

- Remove the requirement that courts must maintain a specific reserve amount. Courts would no longer be obligated to hold a fixed level of operating and emergency funds;
- Remove the requirement to notify the Administrative Director, or designee, when the reserve cannot be maintained, including removal of the corrective action plan requirement; and
- Affirm an operating and emergency fund as a financial best practice, and courts should maintain a 1 percent minimum fund balance for emergencies or unforeseen needs, where possible. The 1 percent reserve amount is calculated based on the prior fiscal year's ending total unrestricted General Fund expenditures, less any material one-time expenditures.

Recommendation

Approve the revisions to the trial court minimum operating and emergency fund balance policy, as shown in Attachment 2C, to ensure the policy (1) aligns with contemporary fiscal realities, (2) supports greater flexibility for courts with limited financial resources, and (3) maintains prudent financial guidance without imposing outdated or burdensome requirements.

This recommendation will be considered by the Judicial Council at its business meeting on December 11, 2026.

Attachments

1. **Attachment 2A:** Trial Court Financial Policies & Procedures Fund Balance Policy
2. **Attachment 2B:** State of California Government Code Section 77203
3. **Attachment 2C:** Trial Court Financial Policies & Procedures Fund Balance Policy – Proposed

Trial Court Financial Policies & Procedures Fund Balance Policy

June 2020

Fund Balance

1. As publicly funded entities, and in accordance with good public policy, trial courts must ensure that the funds allocated and received from the state and other sources are used efficiently and accounted for properly and consistently. The trial courts shall account for and report fund balance in accordance with established standards, utilizing approved classifications. Additionally, a fund balance can never be negative.
2. Beginning with the most binding constraints, fund balance amounts must be reported in the following classifications:
 - a. Nonspendable Fund Balance
 - b. Restricted Fund Balance
 - c. Committed Fund Balance
 - d. Assigned Fund Balance
 - e. Unassigned Fund Balance (General Fund only)
3. When allocating fund balance to the classifications and categories, allocations must follow the following prioritization:
 - a. Nonspendable Fund Balance
 - b. Restricted Fund Balance
 - c. Contractual commitments to be paid in the next fiscal year
 - d. The minimum calculated operating and emergency fund balance
 - e. Other Judicial Council mandates to be paid in the next fiscal year
 - f. Contractual commitments to be paid in subsequent fiscal years
 - g. Assigned Fund Balance designations
 - h. Unassigned Fund Balance
4. Nonspendable Fund Balance includes amounts that cannot be spent because they are either (a) not in spendable form (not expected to be converted to cash), or (b) legally or contractually required to be maintained intact. Examples include: Inventories, prepaid amounts, Long-Term Loans and Notes Receivable, and Principal of a Permanent (e.g., endowment) Fund.
5. Restricted Fund Balance includes amounts constrained for a specific purpose by external parties, constitutional provision, or enabling legislation.

- a. Externally imposed—imposed externally by grantors, creditors, contributors, or laws or regulations of other governments (i.e., monies received by a grantor that can only be used for that purpose defined by the grant).
 - b. Imposed by Law (Statutory)—restricted fund balance that consists of unspent, receipted revenues whose use is statutorily restricted (e.g., children’s waiting room and dispute resolution program funding).
6. Committed Fund Balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Judicial Council. These committed amounts cannot be used for any other purpose unless the Judicial Council removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. Committed Fund Balance must also include contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. While the requirement to include contractual commitments is a policy decision of the Judicial Council, the type, number, and execution of contracts is within the express authority of presiding judges or their designee.
7. **[NOTE: The minimum operating and emergency fund requirement discussed here is temporarily suspended until the Judicial Council lifts the suspension.]** The Judicial Council has authorized a stabilization arrangement (Operating and Emergency fund category) to be set aside for use in emergency situations or when revenue shortages or budgetary imbalances might exist. The amount is subject to controls that dictate the circumstances under which the court would spend any of the minimum operating and emergency fund balance. Each court must maintain a minimum operating and emergency fund balance at all times during a fiscal year as determined by the following calculation based upon the prior fiscal year’s ending total unrestricted general fund expenditures (excluding special revenue, debt service, permanent proprietary, and fiduciary funds), less any material one-time expenditures (e.g., large one-time contracts).

Annual General Fund Expenditures

5 percent of the first \$10,000,000

4 percent of the next \$40,000,000

3 percent of expenditures over \$50,000,000

If a court determines that it is unable to maintain the minimum operating and emergency fund balance level as identified above, the court must immediately notify the Administrative Director, or designee, in writing and provide a plan with a specific time frame to correct the situation.

8. Assigned Fund Balance is constrained by the presiding judge, or designee, with the intent that it be used for specific purposes or designations that are neither unspendable,

restricted, nor committed. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed. Assigned amounts are based on estimates, and explanations of the methodology used to compute or determine the designated amount must be provided.

Assigned Fund Balances include:

- a. All remaining amounts that are reported in governmental funds, other than general funds, that are not classified as nonspendable and are neither restricted nor committed; and
- b. Amounts in the general fund that are intended to be used for a specific purpose in accordance with the provision identified by the presiding judge or designee.

Assigned Fund Balances will be identified according to the following categories:

- a. One-time Facility–Tenant Improvements. Examples include carpet and fixture replacements.
- b. One-time Facility–Other Examples include amounts paid by the Judicial Council on behalf of the courts.
- c. Statewide Administrative Infrastructure Initiatives. Statewide assessment in support of technology initiatives (e.g., Phoenix) will be identified in this designation.
- d. Local Infrastructure (technology and nontechnology needs). Examples include interim case management systems and nonsecurity equipment.
- e. One-time Employee Compensation (leave obligation, retirement, etc.). Amounts included in this category are exclusive of employee compensation amounts already included in the court’s operating budget and not in a designated fund balance category.
 - i. One-time leave payments at separation from employment. If amounts are not already accounted for in a court’s operating budget, estimated one-time payouts for vacation or annual leave to employees planning to separate from employment within the next fiscal year should be in this designated fund balance subcategory. This amount could be computed as the average amount paid out with separations or other leave payments during the last three years. Any anticipated non-normal or unusually high payout for an individual or individuals should be added to at the average amount calculated.

- ii. Unfunded pension obligation. If documented by an actuarial report, the amount of unfunded pension obligation should be included as a designated fund balance. Employer retirement plan contributions for the current fiscal year must be accounted for in the court's operating budget.
- iii. Unfunded retiree health care obligation. If documented by an actuarial report, the amount of unfunded retiree health care obligation should be included as a designated fund balance.

The current year's unfunded retiree health care obligation contains: (i) the current year Annual Required Contribution (ARC) based on a 30-year amortization of retiree health costs as of last fiscal year-end, and (ii) the prior year retiree health care obligation less (iii), the retiree health care employer contributions and any transfers made to an irrevocable trust set up for this purpose. The current year's unfunded retiree health care obligation is to be added to the prior year's obligation.

- iv. Workers' compensation (if managed locally). The amount estimated to be paid out in the next fiscal year.
 - v. Use of reserve funds for liquidation of outstanding leave balances for employees in a layoff situation, consistent with the requirements of GASB 45; other examples would include reserving funds for the implementation of "enhanced retirement" or "golden handshake" programs in the interest of eliminating salaries at the "high end" or "top step," and thereby generating salary savings or rehires at the low end of a pay scale for position(s), but realizing one-time costs in the interest of longer-term savings for the court.
- f. Professional and Consultant Services. Examples include human resources, information technology, and other consultants.
 - g. Security. Examples include security equipment and pending increases for security service contracts.
 - h. Bridge Funding. A court may choose to identify specific short or intermediate term funding amounts needed to address future needs that are otherwise not reportable, nor fit the criteria, in either restricted nor committed classifications, that it believes are necessary to identify through specific designations. These designations must be listed with a description in sufficient detail to determine their purpose and requirements.
 - i. Miscellaneous (required to provide detail). Any other planned commitments that are not appropriately included in one of the above designated fund balance subcategories

should be listed here with a description in sufficient detail to determine its purpose and requirements.

9. Unassigned Fund Balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to any other fund balance classification. The general fund is the only fund that shall report a positive unassigned fund balance amount.

State of California

GOVERNMENT CODE

Section 77203

77203. (a) Prior to June 30, 2014, a trial court may carry over all unexpended funds from the courts operating budget from the prior fiscal year.

(b) Commencing June 30, 2014, and concluding June 30, 2019, a trial court may carry over unexpended funds in an amount not to exceed 1 percent of the court's operating budget from the prior fiscal year. Commencing June 30, 2020, a trial court may carry over unexpended funds in an amount not to exceed 3 percent of the court's operating budget from the prior fiscal year. The calculation of the percentage authorized to be carried over from the previous fiscal year shall not include funds received by the court pursuant to the following:

(1) Section 470.5 of the Business and Professions Code.

(2) Section 116.230 of the Code of Civil Procedure, except for those funds transmitted to the Controller for deposit in the Trial Court Trust Fund pursuant to subdivision (h) of that section.

(3) Subdivision (f) of Section 13963, Sections 26731, 66006, 68090.8, 70640, 70678, and 76223, subdivision (b) of Section 77207.5, and subdivision (h) of Section 77209.

(4) The portion of filing fees collected for conversion to micrographics pursuant to former Section 26863, as that section read immediately before its repeal, and Section 27361.4.

(5) Sections 1027 and 1463.007, subdivision (a) of Section 1463.22, and Sections 4750 and 6005, of the Penal Code.

(6) Sections 11205.2 and 40508.6 of the Vehicle Code.

(Amended by Stats. 2019, Ch. 36, Sec. 2. (SB 95) Effective June 27, 2019. Section conditionally inoperative as provided in Section 77400.)

Trial Court Financial Policies & Procedures

Fund Balance Policy – Proposed

June 2020 September 2026

Fund Balance

1. As publicly funded entities, and in accordance with good public policy, trial courts must ensure that the funds allocated and received from the state and other sources are used efficiently and accounted for properly and consistently. The trial courts shall account for and report fund balance in accordance with established standards, utilizing approved classifications. Additionally, a fund balance can never be negative.
2. Beginning with the most binding constraints, fund balance amounts must be reported in the following classifications:
 - a. Nonspendable Fund Balance
 - b. Restricted Fund Balance
 - c. Committed Fund Balance
 - d. Assigned Fund Balance
 - e. Unassigned Fund Balance (General Fund only)
3. When allocating fund balance to the classifications and categories, allocations must follow the following prioritization:
 - a. Nonspendable Fund Balance
 - b. Restricted Fund Balance
 - c. Contractual commitments to be paid in the next fiscal year
 - d. The minimum calculated operating and emergency fund balance
 - e. Other Judicial Council mandates to be paid in the next fiscal year
 - f. Contractual commitments to be paid in subsequent fiscal years
 - g. Assigned Fund Balance designations
 - h. Unassigned Fund Balance
4. Nonspendable Fund Balance includes amounts that cannot be spent because they are either (a) not in spendable form (not expected to be converted to cash), or (b) legally or contractually required to be maintained intact. Examples include: Inventories, prepaid amounts, Long-Term Loans and Notes Receivable, and Principal of a Permanent (e.g., endowment) Fund.
5. Restricted Fund Balance includes amounts constrained for a specific purpose by external parties, constitutional provision, or enabling legislation.
 - a. Externally imposed—imposed externally by grantors, creditors, contributors, or laws

or regulations of other governments (i.e., monies received by a grantor that can only be used for that purpose defined by the grant).

- b. Imposed by Law (Statutory)—restricted fund balance that consists of unspent, receipted revenues whose use is statutorily restricted (e.g., children’s waiting room and dispute resolution program funding).
6. Committed Fund Balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Judicial Council. These committed amounts cannot be used for any other purpose unless the Judicial Council removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. Committed Fund Balance must also include contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. While the requirement to include contractual commitments is a policy decision of the Judicial Council, the type, number, and execution of contracts is within the express authority of presiding judges or their designee.
 7. ~~[NOTE: The minimum operating and emergency fund requirement discussed here is temporarily suspended until the Judicial Council lifts the suspension.]~~
The Judicial Council authorized trial courts to maintain an operating and emergency fund to ensure financial stability during emergencies, revenue shortages, or budgetary imbalances. Maintaining an emergency reserve is recognized as a financial management best practice, and courts should maintain, where possible, a 1 percent minimum fund balance for emergencies or unforeseen needs, as determined by the calculation based upon the prior fiscal year’s ending total unrestricted general fund expenditures (excluding special revenue, debt service, permanent proprietary, and fiduciary funds), less any material one-time expenditures (e.g., large one-time contracts).

~~The Judicial Council has authorized a stabilization arrangement (Operating and Emergency fund category) to be set aside for use in emergency situations or when revenue shortages or budgetary imbalances might exist. The amount is subject to controls that dictate the circumstances under which the court would spend any of the minimum operating and emergency fund balance. As a best practice, each court must should maintain a minimum operating and emergency fund balance at all times during a fiscal year, budgeting for a minimum of 1 percent of the fund balance, as determined by the following calculation based upon the prior fiscal year’s ending total unrestricted general fund expenditures (excluding special revenue, debt service, permanent proprietary, and fiduciary funds), less any material one-time expenditures (e.g., large one-time contracts).~~

~~Annual General Fund Expenditures
 5 percent of the first \$10,000,000
 4 percent of the next \$40,000,000
 3 percent of expenditures over \$50,000,000~~

~~If a court determines that it is unable to maintain the minimum operating and emergency fund balance level as identified above, the court must immediately notify the Administrative Director, or designee, in writing and provide a plan with a specific time frame to correct the situation.~~

8. Assigned Fund Balance is constrained by the presiding judge, or designee, with the intent that it be used for specific purposes or designations that are neither unspendable, restricted, nor committed. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed. Assigned amounts are based on estimates, and explanations of the methodology used to compute or determine the designated amount must be provided.

Assigned Fund Balances include:

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- b. Amounts in the general fund that are intended to be used for a specific purpose in accordance with the provision identified by the presiding judge or designee.

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 - i. One-time leave payments at separation from employment. If amounts are not already accounted for in a court’s operating budget, estimated one-time payouts for vacation or annual leave to employees planning to separate from

employment within the next fiscal year should be in this designated fund balance subcategory. This amount could be computed as the average amount paid out with separations or other leave payments during the last three years. Any anticipated non-normal or unusually high payout for an individual or individuals should be added to at the average amount calculated.

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The current year's unfunded retiree health care obligation contains: (i) the current year Annual Required Contribution (ARC) based on a 30-year amortization of retiree health costs as of last fiscal year-end, and (ii) the prior year retiree health care obligation less (iii), the retiree health care employer contributions and any transfers made to an irrevocable trust set up for this purpose. The current year's unfunded retiree health care obligation is to be added to the prior year's obligation.

- iv. Workers' compensation (if managed locally). The amount estimated to be paid out in the next fiscal year.
- v. Use of reserve funds for liquidation of outstanding leave balances for employees in a layoff situation, consistent with the requirements of GASB 45; other examples would include reserving funds for the implementation of "enhanced retirement" or "golden handshake" programs in the interest of eliminating salaries at the "high end" or "top step," and thereby generating salary savings or rehires at the low end of a pay scale for position(s), but realizing one-time costs in the interest of longer-term savings for the court.
- f. Professional and Consultant Services. Examples include human resources, information technology, and other consultants.
- g. Security. Examples include security equipment and pending increases for security service contracts.
- h. Bridge Funding. A court may choose to identify specific short or intermediate term funding amounts needed to address future needs that are otherwise not reportable, nor fit the criteria, in either restricted nor committed classifications, that it believes are necessary to identify through specific designations. These designations must be listed

- with a description in sufficient detail to determine their purpose and requirements.
- i. Miscellaneous (required to provide detail). Any other planned commitments that are not appropriately included in one of the above designated fund balance subcategories should be listed here with a description in sufficient detail to determine its purpose and requirements.
9. Unassigned Fund Balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to any other fund balance classification. The general fund is the only fund that shall report a positive unassigned fund balance amount.

JUDICIAL COUNCIL OF CALIFORNIA
BUDGET SERVICES
Report to the Judicial Branch Budget Committee
(Information Only)

Title: Funding Methodology Subcommittee Work Plan for Fiscal Year 2026–27

Date: 10/6/2026

Contact: Megan Ellis, Senior Fiscal Analyst, Judicial Council Budget Services
916-263-2445 | megan.ellis@jud.ca.gov

Issue

The Trial Court Budget Advisory Committee (TCBAC) approved the Funding Methodology Subcommittee's (FMS) annual work plan for fiscal year (FY) 2026–27. This informational report summarizes the key items included in the current year's work plan, along with items completed in the prior fiscal year.

Background

FMS develops an annual work plan that guides its work to (1) review and refine the Workload Formula policy and (2) evaluate existing allocation methodologies and consider alternatives to support statewide goals of funding equity, stability, and predictability for trial court operations.

TCBAC approves the FMS work plan at the start of each fiscal year. The FMS work plan for FY 2026–27 was approved at the TCBAC meeting on August 27, 2026, and is included as Attachment Information Item 1A.¹

Work Plan Items for FY 2026–27

The following projects are included in the FMS work plan for FY 2026–27:

1. Reevaluate the court cluster system which is determined by the number of authorized judicial positions, and the impact of trial courts' cluster placement in the Resource Assessment Study.

This continuing project remains on the work plan to allow additional time for the Data Analytics Advisory Committee (DAAC) to review the statewide four-cluster model and its criteria. Trial court cluster placement continues to be a key factor in the Resource Assessment Study (RAS), which measures trial court workload. This item is also included in the DAAC work plan for FY 2026–27.

¹ Trial Court Budget Advisory Committee meeting materials (August 27, 2026), [Item 4 – Funding Methodology Subcommittee Annual Work Plan](#)

2. Consider updates to the Trial Court Minimum Operating and Emergency Fund Balance Policy to reflect current conditions regarding trial court operations and reserve needs.

This policy review continues in FY 2026–27. The policy has been suspended since FY 2012–13 while statewide evaluation of the emergency reserve and fund balance cap has been underway to determine the impact on trial court operations. A recommendation to revise the policy to reflect current financial conditions and trial court reserve needs appears on today’s agenda under Action Item 2.

3. Evaluate the Workload Formula equity-based reallocation policy including technical refinements and clarification of the application of the existing methodology.

This continuing project is to evaluate how the equity-based reallocation policy is interpreted and applied in the Workload Formula methodology. FY 2025–26 was the first year this policy was incorporated into the allocation methodology. Evaluation of the policy will continue to improve transparency in budget planning and adjustments, and help the trial courts better anticipate allocation changes.

4. Evaluate the Bureau of Labor Statistics factor on the Workload Formula calculation.

This continuing project remains on the work plan to allow additional time to assess whether the current use of the Bureau of Labor Statistics factor, which accounts for regional cost variances across the state, is still appropriate in the Workload Formula methodology.

5. Consider a revised allocation methodology for court-appointed juvenile dependency counsel funding.

This continuing project remains on the work plan while the Court-Appointed Juvenile Dependency Counsel Allocation Methodology Working Group completes its review of the current methodology to maximize use of available resources and improve outcomes in the dependency system. Recommendations from the working group are expected in fall 2026 for FMS consideration.

6. Review the Workload Formula policy to address adjustments as needed.

This ongoing project reflects FMS’ core responsibilities to review and refine the Workload Formula policy to ensure it remains current and supports funding equity, stability, and predictability for trial court operations.

7. Review the base funding floor amounts annually, if requested by the applicable courts.

This is an annual work plan item. The Workload Formula policy allows the two funding floor courts, the Superior Court of Alpine County and Superior Court of Sierra County, to submit annual requests for augmentations to ensure they have sufficient funding to support minimum staffing levels and operational needs. No requests were submitted for this year.

8. Review Workload Formula adjustment request process submissions as referred by the TCBAC chair.

This is an annual work plan item. The Workload Formula policy requires FMS to review annual adjustment requests from the trial courts seeking methodology changes for factors not accounted for in the current model. There are currently five requests from the 2025 and 2026 annual cycles that are either under review or recently resolved.

January 2026 submissions (three total):

- Superior Court of Sacramento County – Referred to DAAC for review due to potential implications for RAS assumptions. DAAC completed its review and concluded that the proposal did not warrant changes to the RAS model, and the item was closed in July 2026.²
- Superior Court of San Francisco County (two submissions) – Referred to FMS for evaluation. In September 2026, FMS determined that neither request should move forward for further consideration, and both items are now closed.³

January 2025 submissions (two total):

- Superior Court of Alameda County – Referred to DAAC for evaluation due to potential implications for RAS assumptions. In September 2026, DAAC completed its review and recommended a supplemental calculation to RAS to account for judicial position support for TCBAC’s review and consideration.⁴
- Superior Court of Stanislaus County – Referred to DAAC for evaluation. DAAC concluded that the proposal did not warrant changes to the existing methodology, and the item was closed in January 2026.⁵

Completed Work Plan Items

In FY 2025–26, DAAC completed its evaluation of the impact of updated RAS data on the Workload Formula calculation, including the timing of implementing the 2024 caseweights. DAAC conducted a comprehensive analysis, including stakeholder engagement, to validate the study results and clarify the drivers of changes in processing times for 22 case types.⁶ At its July 2026 meeting, the Judicial Council approved the FY 2026–27 Workload Formula calculation using the 2024 caseweights.⁷

Attachments

Attachment Information Item 1A: FMS Fiscal Year 2026–27 Work Plan Approved as of August 27, 2026

² Data Analytics Advisory Committee meeting materials (July 14, 2026), [Item 1 – Memo to DAAC Sacramento ARP](#).

³ Funding Methodology Subcommittee meeting materials (September 10, 2026), [Workload Formula Adjustment Request Presentation](#).

⁴ Data Analytics Advisory Committee meeting materials (September 15, 2026), [Item 4 Alameda ARP Memo](#).

⁵ Data Analytics Advisory Committee meeting materials (January 12, 2026), [Superior Court of Stanislaus Request Proposal](#).

⁶ Data Analytics Advisory Committee meeting materials (July 14, 2026), [Item 3 – RAS Supplemental Review Memo to DAAC](#).

⁷ Judicial Council of Cal., Advisory Com. Rep., [Trial Court Budget: Allocations for Trial Court Operations for Fiscal Year 2026–27](#), (July 17, 2026).

**Funding Methodology Subcommittee
Fiscal Year 2026–27 Work Plan
Approved as of August 27, 2026**

The Funding Methodology Subcommittee (FMS) is responsible for (1) the ongoing review and refinement of the Workload Formula policy and (2) the development of allocation methodologies for funding augmentations and reductions for the trial courts as necessary. The subcommittee will continue its ongoing work to evaluate existing allocation methodologies and consider alternative allocation approaches based on the Workload Formula's core principles to advance the goal of funding equity, stability, and predictability to support trial court operations.

Ongoing Through FY 2026–27

1. Reevaluate the court cluster system, which is determined by the number of authorized judicial positions, and the impact of trial courts' cluster placement in the Resource Assessment Study (RAS).
2. Consider updates to the Trial Court Minimum Operating and Emergency Fund Balance Policy to reflect current conditions regarding trial court operations and reserve needs.
3. Evaluate the Workload Formula equity-based reallocation policy including technical refinements and clarification of the application of the existing methodology.
4. Evaluate the Bureau of Labor Statistics factor on the Workload Formula calculation.
5. Consider a revised allocation methodology for court-appointed juvenile dependency counsel funding.

Ongoing Annual Updates

6. Review the Workload Formula policy to address adjustments as needed to ensure that it stays current to advance the goal of funding equity, stability, and predictability to support trial court operations.
7. Review the base funding floor amounts annually, if requested by the applicable courts, for consideration by the Trial Court Budget Advisory Committee (TCBAC) no later than December of each year, to determine whether an inflationary adjustment is needed.
8. Review the Workload Formula adjustment request process submissions as referred by the TCBAC chair.

The following proposals were received in response to the 2026 Workload Formula adjustment request process.

1. Superior Court of Sacramento County – proposed that the current methodology does not capture workload for required post-conviction activities, including sealing arrests not resulting in conviction and sealing dismissed convictions. Since the request involves workload measurement for specific case activities and potential new data elements for RAS, TCBAC is forwarding it to the Data Analytics Advisory Committee for analysis.
2. Superior Court of San Francisco – proposed a revision for distributing civil assessment backfill that was added to courts' base funding in fiscal year (FY) 2023–24. Since the request involves formula adjustments for specific court activities, TCBAC is forwarding it to FMS for analysis.
3. Superior Court of San Francisco – proposed a locality adjustment to operating expenditures and equipment in the Workload Formula to account for significant regional variations in the costs of goods and services. Since the request involves formula adjustments for specific court activities, TCBAC is forwarding it to FMS for analysis.