



JUDICIAL COUNCIL
OF CALIFORNIA

TRIAL COURT BUDGET
ADVISORY COMMITTEE

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TRIAL COURT BUDGET ADVISORY COMMITTEE

MINUTES OF OPEN MEETING

July 7, 2014

11:00 a.m. to 2:30 p.m.

Administrative Office of the Courts, 2860 Gateway Oaks Drive, Suite 400, Sacramento

Advisory Body Members Present: Judges: Laurie Earl (Chair), Loretta Begen, Thomas Borris, C. Don Clay, Mark Cope, Thomas DeSantos, Lloyd Hicks, Laura Masunaga, Marsha Slough, Brian Walsh, David Wesley; Executive Officers: Jake Chatters, Richard Feldstein, Kimberly Flener, Deborah Norrie, Michael Planet, Michael Roddy, Brian Taylor, Mary Beth Todd, Tania Ugrin-Capobianco, Christina Volkers, and David Yamasaki; Judicial Council staff advisory members: Jody Patel, Curt Soderlund, and Zlatko Theodorovic (Co-Chair).

Advisory Body Members Absent: Judges: Rene Chouteau, Barry Goode (Judge Slough had his proxy), Elizabeth Johnson, Robert Trentacosta; Executive Officers: Sherri Carter (Judge Wesley had her proxy), John Fitton, Rebecca Fleming, Shawn Landry; Judicial Council staff advisory members: Curtis Child.

Others Present: Hon. Jonathan Conklin, Sharon Morton, Patty Wallace-Rixman, Kim Kampling, Hon. Carolyn Kuhl, William Mitchell, Jeff Gately, Rosa Junquero, Hon. Lesley Holland, Ronna Uliana, Jared Orr, Brenda Dabney, Samuel Hamrick, Hon. Steven Jahr, Cory Jaspersen, Steven Chang, Patrick Ballard, Bob Fleshman, Colin Simpson, Valerie Vindici, Vicki Muzny, Olivia Lawrence, Elaine Siega, and John Moynihan.

OPEN MEETING

Call to Order and Roll Call

The co-chair called the meeting to order at 11:04 a.m., and took roll call.

Approval of Minutes

The advisory body reviewed and approved the minutes of the June 3, 2014, Trial Court Budget Advisory Committee (TCBAC) meeting.

DISCUSSION AND ACTION ITEMS (ITEMS 1-10)

Item 1

Judicial Branch Budget for 2014-2015

Action: Discussion item only. No action taken.

Item 2

2014–2015 Workload-Based Allocation and Funding Methodology (WAFM): Funding Need and Allocation Adjustments

Action: *The TCBAC unanimously approved a motion supporting the WAFM Subcommittee recommendation that at its July 29, 2014 business meeting the Judicial Council adopt the 2014–2015 WAFM and the WAFM allocation adjustments related to (a) reallocation of 15 percent of historical base allocation; (b) allocation of \$60 million and \$86.3 million in new funding for general court operations provided in 2013–2014 and 2014–2015, respectively; (c) reallocation of \$60 million and \$86.3 million in historical base allocation; and (d) allocation related to funding floor adjustments.*

Item 3

Allocation of New Benefits Funding for 2014–2015

Action: *The TCBAC approved by a vote of 14 to 9 a motion that the Judicial Council at its July 29 meeting approve allocation of the new benefits funding for 2014–2015 by pro-rating the \$41.0 million in new funding to the courts based on each court’s percentage of the total funding need. (The remaining \$1.8 million is for interpreter benefits and, per the Judicial Council’s policy, would only be allocated to the courts if the Program 45.45 allocation is not sufficient to address these benefit costs.)*

Item 4

Other Trial Court Trust Fund (TCTF) Allocations for 2014–2015

Written comments were received from the Children’s Law Center of California urging the TCBAC to consider augmenting the current level of funding provided to dependency court counsel.

Action: *The TCBAC unanimously approved a motion that the Judicial Council at its July 29 meeting adopt the TCBAC recommendations regarding allocating \$21.19 million from the Trial Court Trust Fund (TCTF) Programs 30.05 and 30.15 expenditure authority in 2014–2015 for ten projects and programs, as well as allocating \$134.1 million from the TCTF Program 45.10 expenditure authority for costs related to court-appointed dependency counsel, jurors, self-help centers, replacement screening stations, criminal justice realignment, and elder abuse. Also, as required by Provision 12 of the Budget Act of 2014, the council would allocate \$325,000 in 2014–2015 to reimburse the California State Auditor for trial court audits.*

Item 5

TCTF Revenue Shortfall

Action: *The TCBAC unanimously approved a motion that the Judicial Council at its July 29 meeting, take the following action:*

- (1) Pursuant to Government Code section 68502.5 (c)(2)(A) preliminarily allocate courts’ 2014–2015 base allocations from the TCTF Program 45.10**

appropriation under the assumption that any revenue shortfall that supports base allocations will be fully backfilled or funded. The council should then finalize allocations to trial courts in January of the fiscal year.

- (2) Direct the Administrative Director of the Courts to send a letter to the Department of Finance (DOF) indicating that a deficiency request for any shortfall of revenue that supports courts' base allocations will be submitted by the Judicial Council after September 30, 2014, and subsequently direct the Administrative Director to submit such deficiency request after September 30, 2014. If the deficiency request is not successful and a reduction has to be made, the allocation would be sent back to the TCBAC to review and to bring a recommendation for allocation to the council.**

The TCBAC also approved unanimously that it would inform the Judicial Council that it had discussions regarding allocations of the reduction and presented two options as the most viable allocation options but are not prepared to make a recommendation at this time. If the deficiency is not successful, TCBAC will review the options again and come back to the council with a recommendation.

Item 6

Allocation of 2% TCTF Reserve Contributions

Action: No action was taken by the TCBAC on this item. Members were informed that the recommendation approved by the TCBAC at its June 3, 2014 meeting, that the same methodology approved by the Judicial Council in 2012–2013 and 2013–2014 for allocating each court's contribution towards the statutorily required 2 percent reserve in the TCTF be used for allocating courts' 2014–2015 contribution, will be presented to the council at its July 29, 2014 business meeting.

Item 7

Allocation Reduction Due to 1% Fund Balance Cap

Action: The TCBAC approved unanimously the recommendations of the Judicial Council's Finance Director related to the 1 percent fund balance cap and recommend that the Judicial Council approve these processes as follows:

One-time process in 2014:

- 1. Courts will be required to submit the 1% computation form (see Attachment 7B) with preliminary year-end information by July 18, 2014. The information provided by courts will be used by the council to make the preliminary allocation of reductions as required by statute. Courts would not be required to provide the details related to encumbrances, prepayments, and restricted revenue when submitting the form for the preliminary allocation.**
- 2. Courts will be required to submit the 1% computation form with final year-end information by October 15, 2014 for review by a committee consisting of**

the following members: Court Executives Advisory Committee (CEAC) chair, CEAC vice chair, Judicial Council Chief Financial Officer, and two TCBAC members appointed by the TCBAC co chairs.

- 3. The review committee will review each court's submission and either concur with the submission and provide the concurrence to the court or provide questions and comments to the court for clarification by November 15, 2014.***
- 4. Courts will have until December 1, 2014 to submit revised 1% computation forms.***
- 5. The Judicial Council Chief Financial Officer will report the information provided by courts for the final allocation reduction, if any, to the council prior to February 1, 2015.***

Ongoing process starting in 2015:

- 6. Each year courts will be required to submit the 1% computation form with preliminary year-end information by July 15. The information provided by courts will be used by the council to make the preliminary allocation of reductions as required by statute. Courts would not be required to provide the details related to encumbrances, prepayments, and restricted revenue when submitting the form for the preliminary allocation.***
- 7. Each year courts will be required to submit the 1% computation form with final year-end information by October 15.***
- 8. The Judicial Council Chief Financial Officer will report the information provided by courts for the final allocation reduction, if any, to the council prior to February.***

In order to ensure consistency and compliance with the agreement and allowance from the DOF to exclude statutorily restricted funds and encumbrances from the 1% calculation, a one-time only review committee will be established to review the submissions. This is the critical year to ensure that it is done correctly in order to provide assurance to the DOF that the council and courts are treating this seriously in terms of compliance.

Item 8

Changes to the Supplemental Funding Process

Action: On a vote of 19 in favor and 4 opposed, the TCBAC approved a motion supporting the 2 Percent Reserve Process Working Group's recommendation that at its July 29, 2014 meeting, the Judicial Council approve that in January, after its December business meeting, it distribute 100 percent of the remaining TCTF 2 percent reserve funds. Courts would have two instead of four opportunities per fiscal year to request supplemental funding from the 2 percent reserve:

- 1. Courts would still submit requests for supplemental funding for unavoidable budget shortfalls from the 2 percent reserve for consideration at the Judicial Council's October business meeting.**
- 2. Courts would have one opportunity to submit a supplemental funding request due to unforeseen emergencies or unanticipated expenses for existing programs for consideration by the Judicial Council at its December business meeting. The current council policy allows courts three opportunities to submit these types of requests for council consideration – its business meetings in December, January, and February.**

The TCBCAC approved unanimously, a motion that a recommendation be made to the Judicial Council at its July 29 business meeting that the council seek repeal of Government Code section 68502.5(c)(2)(B).

Item 9

Trial Court Minimum Operating and Emergency Fund Balance Policy

Action: The TCBCAC approved unanimously a motion recommending to the Judicial Council that at its July 29 meeting, the council eliminate the Minimum Operating and Emergency Fund Balance Policy.

Item 10

State Trial Court Improvement and Modernization Fund (IMF) Allocations for 2014–2015

Action: This was an information item with no action required at this time.

A D J O U R N M E N T

There being no further business, the meeting was adjourned at 2:30 p.m.

Approved by the advisory body on September 26, 2014.