

Funding Methodology Subcommittee Member Educational Session

Funding Methodology Subcommittee
December 16, 2015

1926

Funding Methodology Subcommittee

Roles and Responsibilities



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Subcommittee

Background

- This subcommittee, formed in July 2013, includes 15 presiding judges and court executive officers and is staffed by JCC Finance with support from the Office of Court Research. This group will continue to focus on the ongoing review and refinement of the Workload-based Allocation and Funding Methodology approved by the council in April 2013.
- This subcommittee is expected to meet at least twice per year.



Subcommittee Work Plan

Background

- In order to effectively address all outstanding issues related to trial court funding, need, and allocation methodology, the subcommittee established a work plan which currently has 4 issues to be addressed in 2015-2016, 4 issues in 2016-2017, and 3 issues not currently scheduled.



Subcommittee Work Plan

2015-2016

1. Identify technology funding streams (with JCTC and CITMF assistance)
2. Joint working group with Family and Juvenile Law Advisory Committee to evaluate the allocation methodology for Child Support Commissioner and Family Law Facilitator Program funding.
3. Evaluate the impact of civil assessments as it relates to the Workload-based Allocation and Funding Methodology (WAFM).
4. Plans for FY 2018–2019 and beyond



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Subcommittee Work Plan

2016-2017

1. Review self-help funding (with Access & Fairness Advisory Committee)
2. Review AB 1058 revenue as an offset
3. Identify all funding sources and determine allocation models
4. Review operating expenses and equipment (OE&E) calculation and other WAFM components to determine handling of inflation, modification and refresh cycle



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Subcommittee Work Plan

Indefinite

1. Evaluate impact of JCC and other provided services
2. Evaluate how to include unfunded costs – courthouse construction
3. Refresh and clarify county Maintenance of Effort



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Workload-based Allocation and Funding Methodology (WAFM)



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WAFM

Background

- Allocation of trial court budgets is one of the principal responsibilities of the Judicial Council, and every funding decision taken by the council has an impact upon the equity of funding in the courts
- Uneven workload growth since the advent of state funding has in many cases overtaken the relatively modest attempts to improve the equity of trial court funding.
- In particular, funding adjustments have not matched workload growth in Inland Empire and Central Valley courts or the slower growth of workload in larger, urban, and coastal courts.



WAFM

Workload-Based Allocation & Funding Methodology

- Calculates an estimate of funding needed, by court, for non-judicial, filings-driven functions
- Compares the total estimated funding need for all courts to total equivalent available funding
- Establishes methodology for allocation if available funding is less than funding needed
- In FY 2015-16, the equivalent funding is only 72% of the need



WAFM

Major Components of Estimating Need:

- An estimation of workload via the Resource Assessment Study model – RAS – expressed in numbers of “full time equivalents” or FTE
- Converting FTE into dollars using an average salary cost, adjusting for cost-of-labor differentials using the US Bureau of Labor Statistics, and including actual retirement and health costs.



RAS: Resource Assessment Study

Why RAS?

- Workload in the courts has changed over time
- The casemix and volume of cases is different across courts
- Agreement in principle that funding should be linked to workload



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RAS: Resource Assessment Study

Estimates the need for nonjudicial trial court staff based upon workload using:

- Three-year average of filings data for 20 different casetypes
- Caseweights that measure the amount of time needed for case processing work.
- Other factors that evaluate workload need for managers/supervisors and admin staff.



RAS: Resource Assessment Study

- Interim adjustments (complex civil, evaluation of special circumstances cases)
- Caseweights based on 2010 time study; next study update slated for spring 2016
- Similar model is used to measure workload-based need for judicial officers.



BLS Factor

Bureau of Labor Statistics

Cost of Labor Adjustment:

- Identifies labor cost differences between courts. (e.g. San Francisco labor is more expensive than Sacramento labor)
- Applied to the estimated “salary” amount only.
- Local government is used as the comparison for most, except in counties with high proportions of state employment
- Three-year average used to smooth any fluctuations



WAFM

Major Components of Estimating Need:

- An estimation of non-personnel costs (OE&E) needed for operations, this accounts for office supplies and equipment, IT equipment, software, and services, janitorial services, transcripts, etc.
- Higher amounts are provided for small court OE&E due to lack of economy of scale.



WAFM

Major Components of Estimating Need:

- A base funding floor to reflect the costs of the minimum level of court operations needed regardless of filings.
- Removing need associated with Title IV-D Child Support (AB 1058) grant funded programs.



WAFM

What it doesn't include:

- Costs associated with programs or salaries funding through dedicated funding sources, for example Title IV-D Child Support, enhanced collections programs, court-appointed counsel, security, SJOs, and interpreters.
- Both the need (cost) and funding are excluded from the model.



WAFM

What it doesn't require/mandate:

- How you structure positions in your court.
- The number and make up of staff in your court.
- The actual salaries you pay specific classifications.



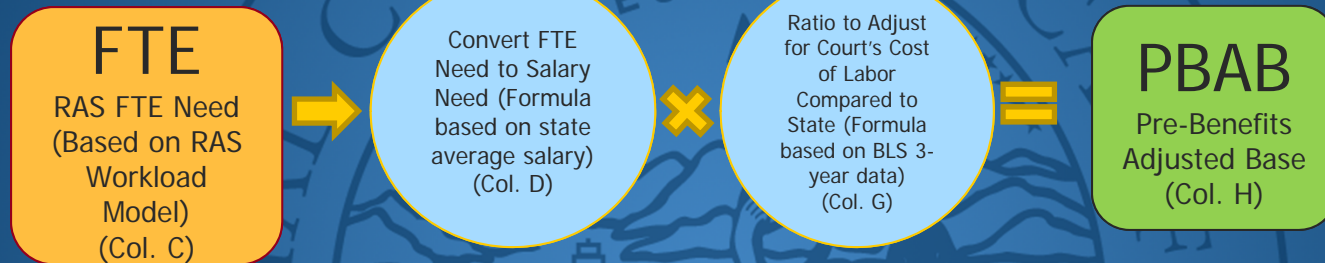
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Trial Court Budget Development and Allocation Process Diagram

Budget Development – WAFM Component

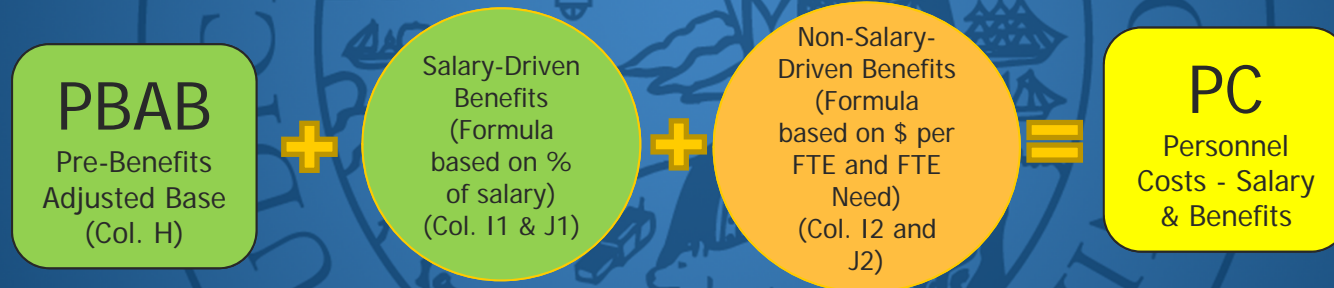
STEP 1

Determination of Personnel Salary Costs (non-Judicial Officers)



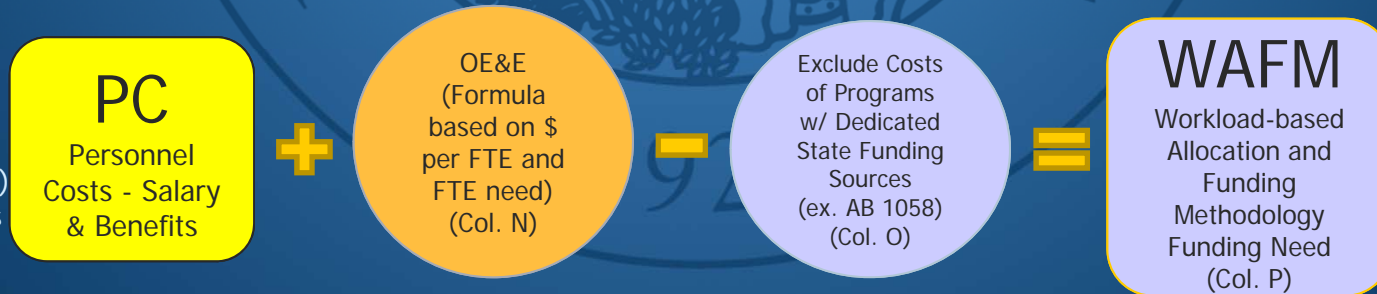
STEP 2

Determination of Total Personnel Costs (non-Judicial Officers)



STEP 3

Apply Operating Expenses and Equipment (OE&E) and Exclude Costs from Dedicated Funding Sources



Trial Court Budget Development and Allocation Process Diagram

Budget Development – non-WAFM Components

STEP 4

Add Subordinate Judicial Officer Costs

WAFM

Workload-based Allocation and Funding Methodology Funding Need (Col. P)



Subordinate Judicial Officer Costs



TCBC

Trial Court Baseline Costs (Specific Court – State Funds)

STEP 5

Additional Expenditures from State Funding Sources

TCBC

Trial Court Baseline Costs (Specific Court – State Funds)



Costs of programs w/ dedicated state funding sources/ reimbursements (ex. Security, Dependency Counsel, Jury, AB 1058, AB 109)



TTBC

TOTAL TRIAL COURT BASELINE COSTS (Specific Court – State Funded)

STEP 6

Additional Expenditures Local Funding Sources

TTBC

TOTAL TRIAL COURT BASELINE COSTS (Specific Court – State Funded)



Costs associated w/ programs or services funded w/ local revenue



TTBA

Total Trial Court Baseline Costs (Specific Court – All Funding Sources)

Trial Court Budget Development and Allocation Process Diagram

Budget Development – non-WAFM Components (cont'd)

STEP 7

One-Time Costs / Budget Change Proposals



STEP 8

The State "Ask"

SUM:



How is WAFM Implemented

WAFM-based Reallocation of FY 2013-14 Historical Base Funding

Five year transition plan:

FY 2013-14 – 90% of the FY 2013-14 historical base funding allocated based on the FY 2013-14 historical funding allocation and 10% allocated based on WAFM

FY 2014-15 – 85% 2013-14 historical allocation basis, 15% WAFM basis

FY 2015-16 – 70% 2013-14 historical allocation basis, 30% WAFM basis

FY 2016-17 – 60% 2013-14 historical allocation basis, 40% WAFM basis

FY 2017-18 – 50% 2013-14 historical allocation basis, 50% WAFM basis



How is WAFM Implemented

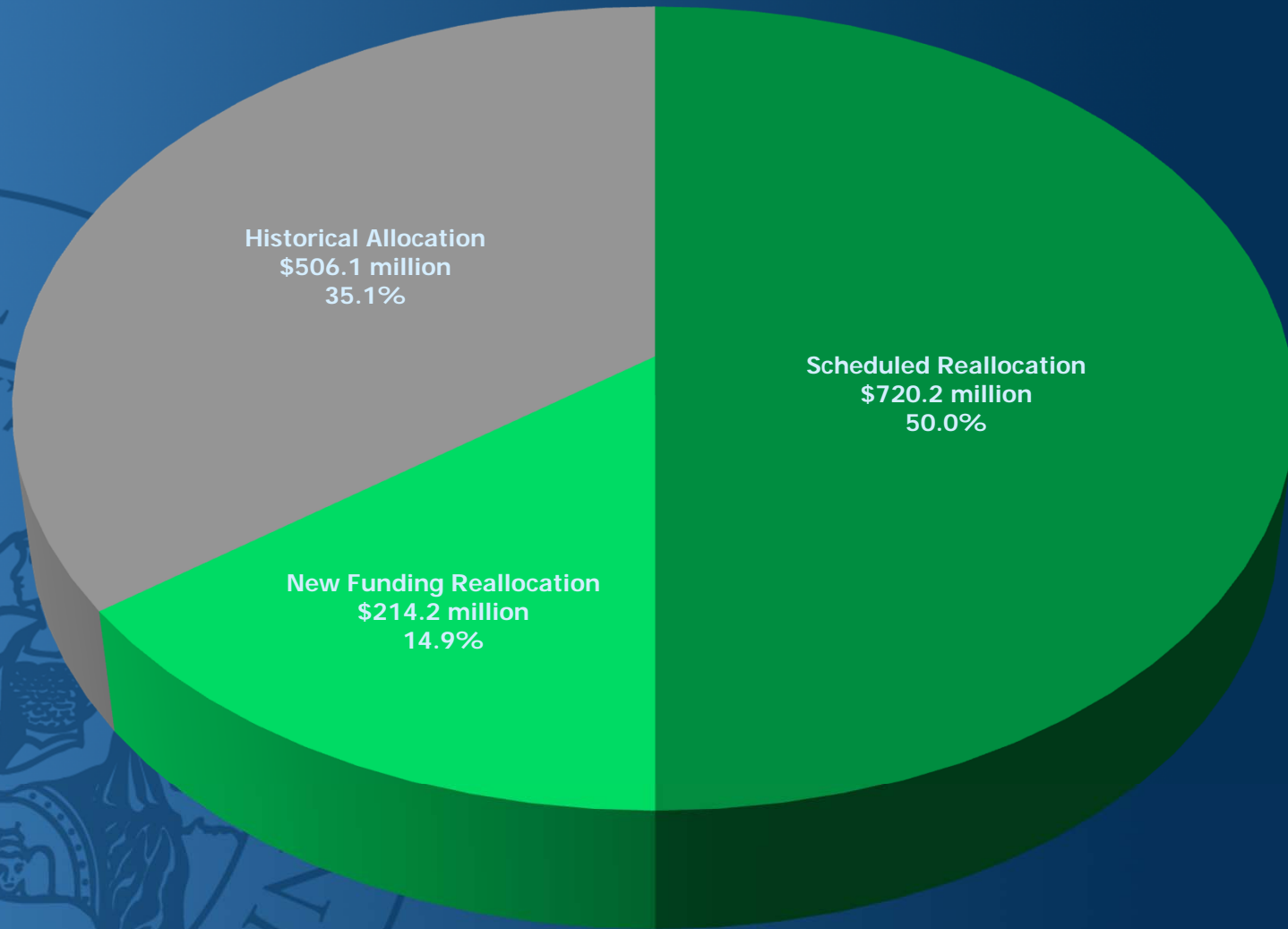
New Money – Funding Above State Provided Funding at beginning of FY 2013-14

- Any new money appropriated for general trial court operations, not specific court costs, is allocated using WAFM.
- An amount equal to the new money amount of FY 2013-14 historical base funding is then also reallocated using WAFM.



Estimated 2017-2018 WAFM Reallocation of 2013-2014 Historical Base Funding

(For Reference Purposes, Assumes No Additional Funding After 2015-2016)

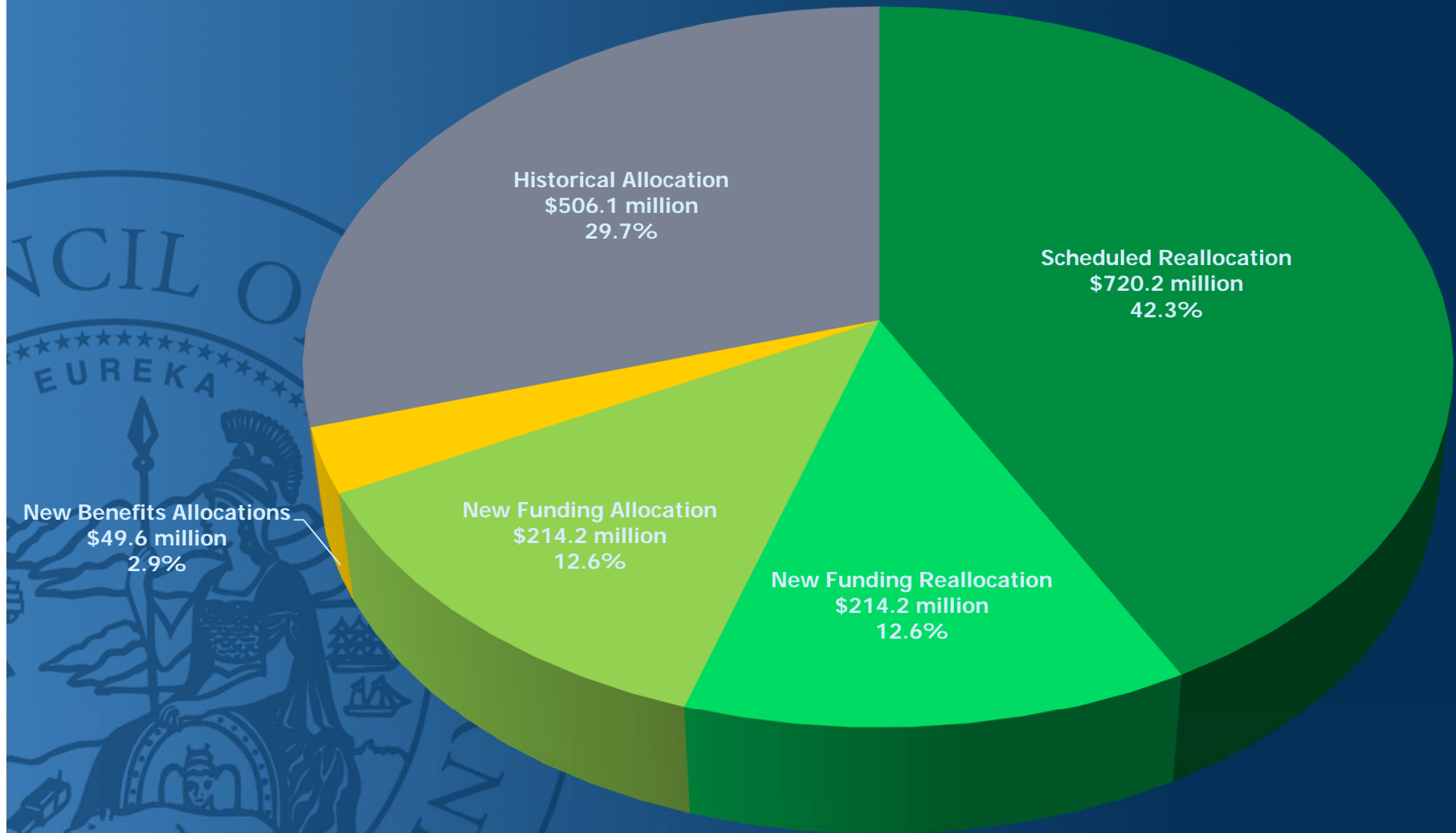


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2013-2014 HISTORICAL BASE FUNDING
(\$1,440.5 Million)

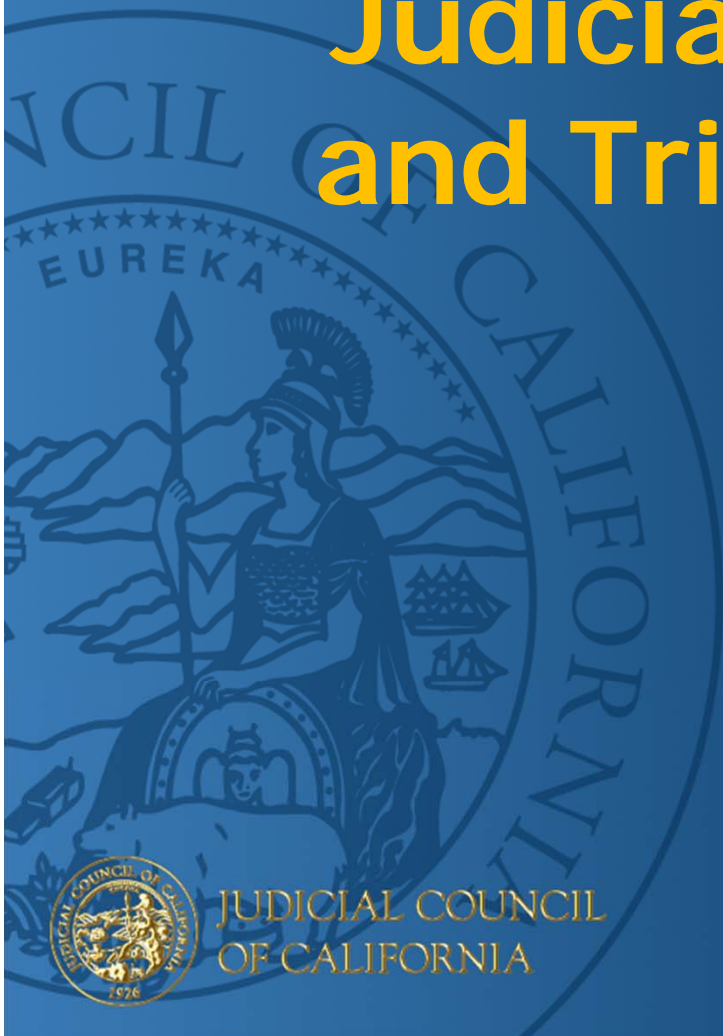
Estimated 2017-2018 WAFM Allocation Allocated or Reallocated Using WAFM

(For Reference Purposes, Assumes No Additional Funding After 2015-2016)



BASED ON 2015-2016 WAFM ALLOCATION (\$1.704 Billion)

Judicial Branch Funds and Trial Court Funding



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Funds that Directly Support Trial Court Operations

- General Fund
- Trial Court Trust Fund
- State Trial Court Improvement and Modernization Fund
- Immediate & Critical Needs Account, State Court Facilities Construction Fund
- Judicial Branch Workers' Compensation Fund *
- Recidivism Reduction Fund
- Federal Trust Fund
- Local Revenue

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*Funds not distributed to the trial courts

Estimated 2015-16 WAFM, Non-WAFM, and Undesignated Trial Court Funding*

Funding Source	Amount	%
<i>Funding for Workload-Related Costs:</i>	\$ 1,711.6 million	
Trial Court Trust Fund	1,584.8 million	63.6%
General Fund	71.8 million	2.9%
Immediate and Critical Needs Account	50.0 million	2.0%
Improvement and Modernization Fund	5.0 million	0.2%
<i>Funding for Non-Workload-Related Costs:</i>	554.4 million	
Trial Court Trust Fund	337.1 million	13.5%
Local Revenue	102.0 million	4.1%
Improvement and Modernization Fund	61.4 million	2.5%
General Fund	53.8 million	2.2%
<i>Funding Requiring Further Analysis:</i>	224.2 million	
Trial Court Trust Fund	140.7 million	5.7%
Local Revenue	77.0 million	3.1%
General Fund	4.0 million	0.2%
Recidivism Reduction Fund	1.3 million	0.1%
Federal Trust Fund	1.2 million	0.1%
Total	\$ 2,490.2 million	



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*Other than IMF revenues and Program 30.15 administrative infrastructure costs, excludes state trial court funding not distributed to courts (e.g., TCTF Program 45.25 (judges' compensation)) and one-time appropriations. 29

FY 2015-16 TCTF Allocations and Appropriations

Description	Amount	%
Base Allocations	\$ 1,667.9 million	67.8%
Judicial Compensation	333.2 million	13.5%
Trial Court Reimbursements	241.4 million	9.8%
Fee Revenue Distributions	145.0 million	5.9%
Other Allocations	27.0 million	1.1%
Assigned Judges Program	26.0 million	1.1%
Grants (includes Shriver Civil Counsel)	16.1 million	0.7%
SCO Service Charges	1.7 million	0.1%
Judicial Council (not charged to courts)	1.7 million	0.1%
Total	\$ 2,460.0 million	

Non-TCTF Court Funding: A Closer Look

Non-TCTF revenues and allocations

- Local Revenue

- Local fees, recovery for the cost of collections, county programs, escheatment, other reimbursements, non-Judicial Council grants, interest income, etc.

- General Fund

- AB 1058 Child Support Commissioner Program, FY 2010-11 & 2011-12 trial benefit cost changes funding, prisoner hearings, service of process, various grants, etc.

- Immediate and Critical Needs Account

- \$50 million in trial court operations funding to offset the FY 2012-13 reduction in General Fund support to the TCTF.



Non-TCTF Court Funding: A Closer Look (cont'd)

Non-TCTF revenues and allocations

- State Trial Court Improvement and Modernization Fund
 - Self-help centers, jury management systems grants, Justice Corps, Adobe LiveCycle Reader Service extension.
- Federal Trust Fund
 - Federal Child Access and Visitation Grant Program, Federal Court Improvement Grant Program, California Adult Reentry Drug Court Project
- Recidivism Reduction Fund
 - Recidivism reduction program



TCTF Base Allocation: What's Included

- Beginning FY 2015-16 Ongoing TCTF Allocation
- Adjustments to FY 2014-15 Ending Base
 - Annualization of Reduction for Appointed Converted SJO
 - Judicial Council allocations made at their June 26 and July 29, 2015 meetings
 - \$67.9 million in new funding and other WAFM-related allocations (90.6 million in new funding net of \$22.7 million revenue shortfall)
 - \$24.2 million in 2014-15 Benefits Cost Changes Funding (\$1.2 million of \$25.4 million in new funding appropriated to Program 45.45)
 - \$13.3 million in 2013-14 Restored Benefits Cost Changes Funding (\$0.1 million of \$13.4 million in new funding appropriated to Program 45.45)
 - \$50.0 million adjustment for funding to be distributed from the Immediate and Critical Needs Account



TCTF Base Allocation: What's Excluded

Allocations from other funds

- General Fund \$68.8 million benefits
 - GF Benefits to be distributed in December
- ICNA \$50 million distribution
 - Distributed evenly across the fiscal year

Non-base and pending TCTF allocations

- Proposition 47 workload funding (\$26.9 million)
- 2% Set-aside reserve (\$37.7 million)
- Supplemental funding (up to \$37.7 million)
- Return of the 2% set-aside reserve (up to \$37.7 million – remainder after supplemental funding allocations)
- Reduction for fund balances above the 1% cap
- Reductions for appointments to FY 2014-15 and FY 2015-16 SJO conversions



TCTF Base Allocation: What's Excluded (cont'd)

Non-base allocations and adjustments

- Revenues returned to courts
 - Civil assessments, GC 68085.1 fees returned to courts, replacement of 2% automation, children's waiting room, etc.
- Trial Court reimbursements
 - Court-appointed counsel, jury, self-help center, criminal justice realignment, etc.
- Charges to the courts
 - Judicial Branch Worker's Compensation premiums, statewide administrative technology services charges, facilities-related charges



End of Presentation

