



JUDICIAL COUNCIL OF CALIFORNIA

TRIAL COURT BUDGET
ADVISORY COMMITTEE

TRIAL COURT BUDGET ADVISORY COMMITTEE

MATERIALS FOR MAY 2, 2019 MEETING

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TRIAL COURT BUDGET
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TRIAL COURT BUDGET ADVISORY COMMITTEE

NOTICE AND AGENDA OF OPEN IN-PERSON MEETING

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

THIS MEETING IS BEING RECORDED

Date: May 2, 2019
Time: 10:00 a.m. to 2:00 p.m.
Location: 455 Golden Gate Avenue, San Francisco, CA 94102; JCC Boardroom
Public Call-in Number: 1-877-820-7831; Pass Code 1884843 (Listen Only)

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

Members of the public seeking to make an audio recording of the meeting must submit a written request at least two business days before the meeting. Requests can be e-mailed to tcbac@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 April 16, 2019 Trial Court Budget Advisory Committee (TCBAC) teleconference meeting.

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

In-Person Public Comment

Members of the public requesting to speak during the public comment portion of the meeting must place the speaker's name, the name of the organization that the speaker represents if any, and the agenda item that the public comment will address, on the public comment sign-up sheet. The sign-up sheet will be available at the meeting location at least one hour prior to the meeting start time. The Chair will establish speaking limits at the beginning of the public comment session. While the advisory body welcomes and

encourages public comment, time may not permit all persons requesting to speak to be heard at this meeting.

Written Comment

In accordance with California Rules of Court, rule 10.75(k)(1), written comments pertaining to any agenda item of a regularly noticed open meeting can be submitted up to one complete business day before the meeting. For this specific meeting, comments should be e-mailed to tcbac@jud.ca.gov or mailed or delivered to Judicial Council of California, 455 Golden Gate Avenue, San Francisco, CA 94102, attention: Ms. Brandy Sanborn. Only written comments received by 10:00 a.m. on May 1, 2019 will be provided to advisory body members prior to the start of the meeting.

III. DISCUSSION AND POSSIBLE ACTION ITEMS (ITEMS 1-7)

Item 1

2019-20 AB 1058 Allocations (Action Required)

Consideration of the 2019-20 allocations for the child support commissioner and family law facilitator programs.

Presenter(s)/Facilitator(s): Ms. Anna Maves, Supervising Attorney, Judicial Council Center for Families, Children, and the Courts

Item 2

2019-20 Court-Appointed Dependency Counsel Allocations (Action Required)

Consideration of the 2019-20 allocations from the Trial Court Trust Fund (TCTF) for court-appointed dependency counsel.

Presenter(s)/Facilitator(s): Ms. Audrey Fancy, Supervising Attorney, Judicial Council Center for Families, Children, and the Courts

Item 3

Allocations from the State Trial Court Improvement and Modernization Fund (IMF) for 2019-20 (Action Required)

Consideration of recommendations of the Revenue and Expenditure (R&E) Subcommittee regarding allocations from the IMF for 2019-20.

Presenter(s)/Facilitator(s): Mr. Jason Haas, Senior Analyst, Judicial Council Budget Services

Item 4

Allocations from the TCTF and Trial Court Allocations for 2019-20 (Action Required)

Consideration of recommendations of the R&E Subcommittee regarding allocations from the TCTF for 2019-20, and consideration of 2019-20 trial court allocations from the TCTF and General Fund including the workload formula, criminal justice realignment, self-help, and benefits.

Presenter(s)/Facilitator(s): Ms. Melissa Ng, Senior Analyst, Judicial Council Budget Services

Item 5

Interpreter Shortfall Methodology (Action Required)

Consideration of options from the Funding Methodology Subcommittee for recommendation to the Judicial Council to address a projected 2019-20 shortfall and development of a methodology to manage anticipated, ongoing shortfalls.

Presenter(s)/Facilitator(s): Mr. Catrayel Wood, Senior Analyst, Judicial Council Budget Services

Item 6

Prioritization of Trial Court Budget Change Proposal (BCP) Concepts for 2020-21 (Action Required)

Review and prioritize trial court BCP concepts, and BCP concept submissions in which the TCBAC was identified as having purview and the opportunity to provide input, for submission to the Judicial Branch Budget Committee for its review.

Presenter(s)/Facilitator(s): Hon. Jonathan Conklin, Chair, Trial Court Budget Advisory Committee
Ms. Rebecca Fleming, Vice Chair, Trial Court Budget Advisory Committee

Item 7

Judicial Council Advisory Committee on Audits and Financial Accountability Letter (Action Required)

Consideration of a recommendation to address inconsistencies in the trial court encumbrance policies as alerted to TCBAC by the Advisory Committee on Audits and Financial Accountability for the Judicial Branch.

Presenter(s)/Facilitator(s): Mr. Doug Kauffroath, Director, Judicial Council Branch Accounting and Procurement

IV. INFORMATION ONLY ITEMS (NO ACTION REQUIRED)

Info 1

Budget Update for 2019-20

Update on the budget for 2019-20.

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

V. ADJOURNMENT

Adjourn



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TRIAL COURT BUDGET ADVISORY COMMITTEE

MINUTES OF OPEN MEETING

April 16, 2019
12:00 p.m. - 1:30 p.m.
Telephonic Meeting

Advisory Body Members Present: Judges: Hon. Jonathan B. Conklin (Chair), Hon. Jeffrey B. Barton, Hon. Daniel J. Buckley, Hon. Mark A. Cope, Hon. Jill C. Fannin, Hon. Kimberly A. Gaab, Hon. Teri L. Jackson, and Hon. B. Scott Thomsen.

Executive Officers: Ms. Kim Bartleson, Ms. Sherri Carter, Mr. Chad Finke, Mr. Kevin Harrigan, Mr. Brian Taylor, Ms. Kim Turner, Ms. Tania Ugrin-Capobianco, and Mr. David Yamasaki.

Judicial Council Staff Advisory Members: Mr. John Wordlaw

Advisory Body Members Absent: Ms. Rebecca Fleming, Hon. Andrew S. Blum, Hon. Charles Margines, Hon. Gary Nadler, Hon. Brian McCabe, Mr. Michael Planet, Mr. Michael Roddy, and Ms. Linda Romero-Soles, and Mr. Zlatko Theodorovic.

Others Present: Ms. Lucy Fogarty and Ms. Brandy Sanborn

OPEN MEETING

Call to Order and Roll Call

The chair called the meeting to order at 12:02 p.m. and took roll call.

Approval of Minutes

The advisory body reviewed and approved the minutes of the March 21, 2019 Trial Court Budget Advisory Committee meeting.

DISCUSSION AND ACTION ITEMS (ITEM 1)

Item 1 - Request to use 2018-19 State Trial Court Improvement and Modernization Fund (IMF) for 2019-20 Sustain Justice Edition (SJE) California Court Technology Center (CCTC) Hosting (Action Required)

Consideration of a recommendation from the Revenue and Expenditure Subcommittee to use current fiscal year's IMF Funding, approved for the Interim Case Management System (ICMS) program, for SJE CCTC hosting costs in 2019-20.

Presenter(s)/Facilitator(s): Mr. David Koon, Manager, Judicial Council Information Technology

Action: The Trial Court Budget Advisory Committee voted to approve the Revenue and Expenditure Subcommittee recommendation to approve the use of ICMS savings from 2018-19 to cover SJE hosting at the CCTC through December 31, 2019 to allow time for the remaining courts to leave CCTC hosting and allow for the decommissioning of the SJE CCTC environments. The vote was as follows:

- Yes: 15
- No: 0
- Abstain: 1

Item 2 - Trial Court Funding Stabilization Budget Change Proposal (BCP) Concept (Action Required)

Consideration of a recommendation from the Ad Hoc BCP Subcommittee on the Trial Court Funding Stabilization BCP concept for submission to the Judicial Branch Budget Committee.

Presenter(s)/Facilitator(s): Ms. Lucy Fogarty, Deputy Director, Judicial Council Budget Services

Action: The Trial Court Budget Advisory Committee unanimously approved the proposal intended to address changes in workload and the maintenance and sustainability of service levels:

1. Trial Courts should be funded based upon a workload formula; The current calculation indicates a need of \$340 million in 2020-21.
2. An automatic funding adjustment should occur each year based upon the Consumer Price Index (CPI); current calculations estimate the value of that increase to be \$50 million.

This assumes that the calculation does not include judicial officer compensation, one-time costs such as capital improvements and large automation projects, and benefits, save for social security and Medicare. The CPI adjustment would be provided to all 58 courts, regardless of their funding level.

A D J O U R N M E N T

There being no further business, the meeting was adjourned at 12:25 p.m.

Approved by the advisory body on enter date.



JUDICIAL COUNCIL OF CALIFORNIA

455 Golden Gate Avenue · San Francisco, California 94102-3688

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REPORT TO THE JUDICIAL COUNCIL

For business meeting on: July 18–19, 2019

Title

Child Support: Base Funding Allocation for Fiscal Year 2019–20 for Child Support Commissioner and Family Law Facilitator Program

Agenda Item Type

Action Required

Effective Date

July 1, 2019

Date of Report

April 19, 2019

Rules, Forms, Standards, or Statutes Affected

None

Contact

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Recommended by

Trial Court Budget Advisory Committee
Hon. Jonathan B. Conklin, Chair

Executive Summary

The Trial Court Budget Advisory Committee recommends approving the allocation of funding for the Child Support Commissioner and Family Law Facilitator Program for fiscal year 2019–20, as required by Assembly Bill 1058 (Stats. 1996, ch. 957). The funds are provided through a cooperative agreement between the California Department of Child Support Services and the Judicial Council. The courts are also offered an option to use local court funds up to an approved amount to draw down, or qualify for, federal matching funds.

Recommendation

The Trial Court Budget Advisory Committee recommends that the Judicial Council, effective July 1, 2019:

1. Approve allocation for funding of child support commissioners for fiscal year (FY) 2019–20, subject to the state Budget Act; and
2. Approve the allocation for funding of family law facilitators for FY 2019–20, subject to the state Budget Act.

Tables detailing the recommended allocations of funding are contained in Attachments A and B.

Previous Council Action

The Judicial Council is required to annually allocate non-trial court funding to the Child Support Commissioner and Family Law Facilitator Program and has done so since 1997.¹ A cooperative agreement between the California Department of Child Support Services (DCSS) and the Judicial Council provides the funds for this program and requires the council to annually approve the funding allocation. Two-thirds of the funds are federal, and one-third comes from the state General Fund (non-trial court funding). Any funds left unspent during the fiscal year revert to the state General Fund and cannot be used in subsequent years.

Additionally, in FY 2007–08, DCSS and the Judicial Council provided a mechanism for the courts to recover two-thirds of additional program costs beyond the contract maximum covered by local trial court funds. This federal drawdown option continues to be available for FY 2019–20.

On January 15, 2019, the Judicial Council approved the recommendations of the AB 1058 Funding Allocation Joint Subcommittee as follows:

1. Approve a new funding methodology for the AB 1058 child support commissioner program base funding that is workload-based and employs the same workload and cost structures as the Workload Formula;
2. Begin reallocating AB 1058 child support commissioner program base grant funds based on that methodology in FY 2019–20;
3. Cap increases or decreases of funding at 5 percent and maintain current funding levels for smaller courts to ensure continued operation of their programs;
4. Based on recommendations of the Family and Juvenile Law Advisory Committee, allocate federal title IV-D (of the Social Security Act) drawdown funds (to be matched by the trial courts) to each court in proportion to the total funds up to the amount the court requests and is prepared to match; and
5. Maintain the historical funding methodology for the family law facilitator program until FY 2021–22.

Analysis/Rationale

The Judicial Council is responsible for the allocation of base program funding at the beginning of each fiscal year. Funding for FY 2019–20 for the child support commissioner component of the program is anticipated to be \$31,616,936 base funding and \$13,038,953 for the federal

¹ AB 1058 added article 4 to chapter 2 of part 2 of division 9 of the Family Code, which at section 4252(b)(6) requires the Judicial Council to “[e]stablish procedures for the distribution of funding to the courts for child support commissioners, family law facilitators pursuant to [Family Code] Division 14 (commencing with Section 10000), and related allowable costs.”

drawdown option. Funding for the family law facilitator component is anticipated to be \$10,789,626 base funding and \$4,449,685 from the federal drawdown option, for a total program base allocation of \$44.6 million and a total federal drawdown allocation of \$15.2 million.

On January 15, 2019, the council approved a new funding methodology for base funding for the child support commissioner program, while maintaining the historical methodology for base funding for the family law facilitator program. The committee recommends that the Judicial Council adopt the allocations for the child support commissioner program detailed in Attachment A and the allocations for the family law facilitator program detailed in Attachment B, which follow the respective approved methodologies for each program as described below.

Child support commissioner program funding allocations, FY 2019–20

The recently approved child support commissioner program base funding allocation methodology estimates the workload-based need for child support commissioners and the staff to support those commissioners, excluding the family law facilitator, using the same principles and model parameters as the Resource Assessment Study (RAS) model and the Workload Formula. Child support commissioner need is estimated by taking a three-year average of governmental child support filings (FY 2014–15 through FY 2016–17) and multiplying those filings by the case weight in the Family Law–Other Petitions category (46 minutes). The product is then divided by the judicial workload year value. The result is an estimate of the full-time equivalent (FTE) positions needed for the workload. A similar approach is taken to estimate the workload-based need for staff support, with estimates for managers/supervisors and administrative staff (human resources, information technology, finance) included by using the same ratios of line staff to supervisory/administrative staff as in the RAS model. A ratio of 1.25 court reporters to each judicial officer needed is used to establish a court reporter need, and the salary, benefits, and labor costs for each staff position (following the Workload Formula framework) are used to convert the FTE need to dollars. Finally, the Operating Expenses & Equipment factor used in the Workload Formula was also applied on the staff side. Applying this methodology shows that the amount needed to fully fund the program greatly exceeds the funding available.

However, because this methodology would result in dramatic funding cuts or increases in most courts, which would impact the courts' ability to provide the services required to meet federal and state law and contractual provisions associated with the funding, the council approved the joint subcommittee's recommendation that the initial reallocation be capped at 5 percent of the total amount that each court's program can be cut or increased. Additionally, recognizing the important collaborations between small courts via intra-branch agreements to share child support commissioners to ensure each court's limited funding does not prevent it from being able to meet federal, state, and contractual requirements, the council approved the joint subcommittee's recommendation that these courts (cluster 1 courts and any courts with an existing intra-branch agreement with another court for AB 1058 services) be funded at no less than their current levels for FY 2019–20 and FY 2020–21.

With these new child support commissioner program base allocations, courts were directed to reassess their federal drawdown funding need and request a federal drawdown amount for FY 2019–20 by responding to a questionnaire distributed to the courts. At its January 15, 2019, meeting, the council adopted the joint subcommittee’s recommendation that federal drawdown funds be allocated proportionally to each court based on the new funding allocations up to the amount that a court requests and can match. The council further determined that if the request for federal drawdown funds exceeds the amount available to allocate, these funds should be allocated in proportion to a court’s base funding. This proportional allocation is continued until all drawdown funds are allocated to those courts that are willing and able to provide the matching funds.

The committee recommends that courts be allocated base and federal drawdown funding for the child support commissioner program for FY 2019–20 following these methodologies as shown on Attachment A.²

Family law facilitator program funding allocations, FY 2019–20

Per the historic funding allocation methodology, a questionnaire is sent to each court requesting the information needed to evaluate appropriate funding levels for the family law facilitator base funds and family law facilitator federal drawdown funds. The committee recommends that courts be allocated base funding, less any amount a court indicated that it wishes to relinquish, for the family law facilitator program as in FY 2018–19. The committee also recommends that courts be allocated federal drawdown funding, less any amount a court indicated that it wishes to relinquish, for the family law facilitator program as in FY 2017–18, but that each court requesting increased base funding, federal drawdown funding, or both, be allocated additional funding in proportion to overall funding available for program funding.

On April 29, 2019, the Family and Juvenile Law Advisory Committee reviewed the allocation of the federal drawdown funding for both the Child Support Commissioner Program and Family Law Facilitator Program as directed by the Judicial Council. The Family and Juvenile Law Advisory Committee recommends adopting the federal drawdown allocations for FY 2019–20 as shown on Attachment A and Attachment B.

Comments

This proposal was not circulated for public comment; however, a detailed funding questionnaire was completed by all 58 courts and used to develop the allocation recommendations.

Alternatives considered

The committee considered taking no action but rejected this option as inconsistent with Judicial Council goals because it would result in the reversion of unspent funds to the General Fund. Taking no action would also deprive courts of the option of using federal financial participation to cover two-thirds of some of the existing court contributions to the program. A number of

² As part of the questionnaire process, one court requested a reduced amount in base funding; \$37,042 will be made available during the FY 2019–20 midyear reallocation process.

courts commented in their questionnaires about the need for additional funding to support the program, but that courts are unable to contribute trial court funds to the continued shortfalls in program funding, and these concerns have been forwarded to DCSS.

Fiscal and Operational Impacts

To draw down federal funds, federal provisions require payment of a state share of one-third of total expenditures. Therefore, each participating court will need to provide the one-third share of the court's total cost to draw down two-thirds of total expenditures from federal participation.

Attachments and Links

1. Attachment A: *Child Support Commissioner Program Allocation, FY 2019–2020*
2. Attachment B: *Family Law Facilitator Program Allocation, FY 2019–2020*

Attachment 1A

Child Support Commissioner Program Allocation, FY 2019–2020

		A	B	C	D	E	F
#	Court	Recommended Base Funding Allocation	Recommended Federal Drawdown Option Allocation	Total Allocation (A + B)	Federal Share 66% (Column B * .66)	Court Share 34% (Column B * .34)	Contract Amount (A + D)
1	Alameda	1,119,358	549,815	1,669,173	362,878	186,937	1,482,236
2	Alpine (see El Dorado)				-	-	0
3	Amador	140,250	45,736	185,986	30,186	15,550	170,436
4	Butte	250,000	0	250,000	-	-	250,000
5	Calaveras	132,667	10,000	142,667	6,600	3,400	139,267
6	Colusa	45,691	20,809	66,500	13,734	7,075	59,425
7	Contra Costa	835,291	0	835,291	-	-	835,291
8	Del Norte	50,404	29,023	79,427	19,155	9,868	69,559
9	El Dorado	203,169	100,382	303,551	66,252	34,130	269,421
10	Fresno	1,547,773	843,800	2,391,573	556,908	286,892	2,104,681
11	Glenn	120,030	63,012	183,042	41,588	21,424	161,618
12	Humboldt	117,835	59,801	177,636	39,469	20,332	157,304
13	Imperial	173,631	99,977	273,608	65,985	33,992	239,616
14	Inyo	79,264	45,640	124,904	30,123	15,518	109,387
15	Kern	704,023	405,377	1,109,400	267,548	137,828	971,571
16	Kings	289,538	166,716	456,254	110,033	56,683	399,571
17	Lake	148,425	37,000	185,425	24,420	12,580	172,845
18	Lassen	60,000	0	60,000	-	-	60,000
19	Los Angeles	5,554,479	3,198,270	8,752,749	2,110,858	1,087,412	7,665,337
20	Madera	205,992	83,000	288,992	54,780	28,220	260,772
21	Marin	120,757	34,980	155,737	23,087	11,893	143,844
22	Mariposa	75,216	0	75,216	-	-	75,216
23	Mendocino	162,914	51,250	214,164	33,825	17,425	196,739
24	Merced	516,419	297,354	813,773	196,253	101,100	712,672
25	Modoc		0	0	-	-	0
26	Mono	45,974	5,000	50,974	3,300	1,700	49,274
27	Monterey	375,757	100,556	476,313	66,367	34,189	442,124
28	Napa	100,465	0	100,465	-	-	100,465
29	Nevada	327,593	0	327,593	-	-	327,593
30	Orange	2,199,809	326,142	2,525,951	215,254	110,888	2,415,063
31	Placer	328,758	51,092	379,850	33,721	17,371	362,479
32	Plumas	95,777	0	95,777	-	-	95,777
33	Riverside	1,055,625	244,375	1,300,000	161,287	83,088	1,216,912
34	Sacramento	1,096,727	500,000	1,596,727	330,000	170,000	1,426,727
35	San Benito	135,384	30,000	165,384	19,800	10,200	155,184
36	San Bernardino	2,698,328	1,393,318	4,091,646	919,589	473,728	3,617,917
37	San Diego	1,755,653	1,010,905	2,766,558	667,198	343,708	2,422,851
38	San Francisco	863,471	441,796	1,305,267	291,585	150,211	1,155,056
39	San Joaquin	719,254	50,000	769,254	33,000	17,000	752,254
40	San Luis Obispo	220,725	127,093	347,818	83,882	43,212	304,607
41	San Mateo	372,835	214,678	587,513	141,688	72,991	514,523
42	Santa Barbara	458,012	149,724	607,736	98,818	50,906	556,830
43	Santa Clara	1,697,087	977,183	2,674,270	644,940	332,242	2,342,027
44	Santa Cruz	186,631	36,000	222,631	23,760	12,240	210,391
45	Shasta	417,575	205,874	623,449	135,877	69,997	553,452
46	Sierra (see Nevada)		0	0	-	-	0
47	Siskiyou	124,720	0	124,720	-	-	124,720
48	Solano	493,537	95,481	589,018	63,017	32,464	556,554
49	Sonoma	477,253	221,104	698,357	145,929	75,175	623,182
50	Stanislaus	737,802	260,000	997,802	171,600	88,400	909,402
51	Sutter	192,235	63,487	255,722	41,901	21,586	234,136
52	Tehama	98,961	56,982	155,943	37,608	19,374	136,569
53	Trinity (see Shasta)		0	0	-	-	0
54	Tulare	534,195	68,348	602,543	45,110	23,238	579,305
55	Tuolumne	158,566	78,346	236,912	51,708	26,638	210,274
56	Ventura	555,211	106,527	661,738	70,308	36,219	625,519
57	Yolo	199,702	33,000	232,702	21,780	11,220	221,482
58	Yuba	203,149	50,000	253,149	33,000	17,000	236,149
	TOTAL	31,579,897.00	13,038,953	44,618,850	8,605,709	4,433,244	40,185,606

CSC Base Funds	31,579,897	\$37,039	31,616,936
CSC Federal Drawdown	13,038,953		13,038,953
Total Funding Available	44,618,850		\$44,655,889

Attachment 1B

Family Law Facilitator Program Allocation, FY 2019–20

		A	B	C	D	E	F
#	Court	Recommended Base Funding Allocation	Recommended Federal Drawdown Option Allocation	Total Allocation (A + B)	Federal Share 66% (Column B * .66)	Court Share 34% (Column B * .34)	Contract Amount (A + D)
1	Alameda	362,939	247,743	610,682	163,510	84,233	526,449
2	Alpine (see Amador)			-	-	-	-
3	Amador	46,885	4,701	51,586	3,103	1,598	49,988
4	Butte	101,754	61,250	163,004	40,425	20,825	142,179
5	Calaveras	70,655	8,000	78,655	5,280	2,720	75,935
6	Colusa	35,600	8,900	44,500	5,874	3,026	41,474
7	Contra Costa	345,518	0	345,518	-	-	345,518
8	Del Norte	50,002	5,971	55,973	3,941	2,030	53,943
9	El Dorado	106,037	50,384	156,421	33,253	17,131	139,290
10	Fresno	394,558	186,596	581,154	123,153	63,443	517,711
11	Glenn	75,808	0	75,808	-	-	75,808
12	Humboldt	89,185	9,774	98,959	6,451	3,323	95,636
13	Imperial	52,865	36,086	88,951	23,817	12,269	76,682
14	Inyo	57,185	27,171	84,356	17,933	9,238	75,118
15	Kern	355,141	200,000	555,141	132,000	68,000	487,141
16	Kings	58,493	32,000	90,493	21,120	10,880	79,613
17	Lake	57,569	26,836	84,405	17,712	9,124	75,281
18	Lassen	65,000	0	65,000	-	-	65,000
19	Los Angeles	1,890,029	803,431	2,693,460	530,264	273,167	2,420,293
20	Madera	80,794	25,383	106,177	16,753	8,630	97,547
21	Marin	136,581	0	136,581	-	-	136,581
22	Mariposa	45,390	0	45,390	-	-	45,390
23	Mendocino	60,462	30,000	90,462	19,800	10,200	80,262
24	Merced	98,847	67,473	166,320	44,532	22,941	143,379
25	Modoc	70,941	1,247	72,188	823	424	71,764
26	Mono	48,246	1,350	49,596	891	459	49,137
27	Monterey	120,688	57,179	177,867	37,738	19,441	158,426
28	Napa	61,820	40,000	101,820	26,400	13,600	88,220
29	Nevada	116,010	0	116,010	-	-	116,010
30	Orange	537,209	114,738	651,947	75,727	39,011	612,936
31	Placer	89,626	0	89,626	-	-	89,626
32	Plumas	55,827	7,803	63,630	5,150	2,653	60,977
33	Riverside	665,441	218,500	883,941	144,210	74,290	809,651
34	Sacramento	309,597	211,331	520,928	139,478	71,853	449,075
35	San Benito	60,289	29,151	89,440	19,240	9,911	79,529
36	San Bernardino	459,342	313,548	772,890	206,942	106,606	666,284
37	San Diego	605,937	253,614	859,551	167,385	86,229	773,322
38	San Francisco	245,257	113,795	359,052	75,105	38,690	320,362
39	San Joaquin	214,154	78,238	292,392	51,637	26,601	265,791
40	San Luis Obispo	67,010	32,246	99,256	21,282	10,964	88,292
41	San Mateo	126,800	86,554	213,354	57,126	29,428	183,926
42	Santa Barbara	170,705	77,323	248,028	51,033	26,290	221,738
43	Santa Clara	445,545	210,712	656,257	139,070	71,642	584,615
44	Santa Cruz	74,335	43,000	117,335	28,380	14,620	102,715
45	Shasta	185,447	111,913	297,360	73,863	38,050	259,310
46	Sierra (see Nevada)			-	-	-	-
47	Siskiyou	74,650	35,000	109,650	23,100	11,900	97,750
48	Solano	129,070	39,710	168,780	26,209	13,501	155,279
49	Sonoma	138,141	65,519	203,660	43,243	22,276	181,384
50	Stanislaus	219,062	120,000	339,062	79,200	40,800	298,262
51	Sutter	66,292	31,409	97,701	20,730	10,679	87,022
52	Tehama	27,294	3,535	30,829	2,333	1,202	29,627
53	Trinity (see Shasta)			-	-	-	-
54	Tulare	307,882	132,293	440,175	87,313	44,980	395,195
55	Tuolumne	64,534	30,084	94,618	19,855	10,229	84,389
56	Ventura	252,718	77,864	330,582	51,390	26,474	304,108
57	Yolo	76,604	35,377	111,981	23,349	12,028	99,953
58	Yuba	65,856	44,953	110,809	29,669	15,284	95,525
TOTAL		10,789,626	4,449,685	15,239,311	2,936,792	1,512,893	13,726,418

FLF Base Funds 10,789,626
 FLF Federal Drawdown 4,449,685
 Total Funding Available 15,239,311

JUDICIAL COUNCIL OF CALIFORNIA
BUDGET SERVICES
Report to the Trial Court Budget Advisory Committee

(Action Item)

Title: 2019-20 Court-Appointed Dependency Counsel Allocations

Date: April 19, 2019

Contact: Penelope Davis, Supervising Analyst, Judicial Council Center for Families, Children & the Courts | penny.davis@jud.ca.gov, 415-865-8815
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Issue

The current annual budget for court-appointed juvenile dependency counsel is \$136.7 million. The Governor’s proposed 2019-20 budget released in January 2019 includes additional funding for Court Appointed Counsel in the amount of \$20 million which, if contained in the final budget, would bring the total Court Appoint Counsel allocation to \$156.7 million. Judicial Council staff presents two allocations for approval and a directive to submit the allocation to the Judicial Council at its July meeting based on the funding level in the final 2019 Budget Act.

Background

Court-appointed dependency counsel became a state fiscal responsibility in 1989 through the Brown-Presley Trial Court Funding Act (Sen. Bill 612/Assem. Bill 1197; Stats. 1988, ch. 945), which added section 77003 to the Government Code, defined “court operations” in that section as including court-appointed dependency counsel, and made an appropriation to fund trial court operations. In 1997, the Lockyer-Isenberg Trial Court Funding Act of 1997 (Assem. Bill 233; Stats. 1997, ch. 850) provided the funding for, and delineated the parameters of, the transition to state trial court funding that had been outlined in the earlier legislation.

In 2015, the Judicial Council approved recommendations of the Trial Court Budget Advisory Committee (TCBAC) to reallocate funding for court-appointed dependency counsel among the trial courts based on the caseload funding model. The purpose was to provide a more equitable allocation of funding among the courts. Rather than using historical funding levels dating back to the adoption of state trial court funding, the new funding methodology is based on the caseload-based calculation of funding for each court provided by the workload model approved by the Judicial Council through the Dependency, Representation, Administration, Funding and Training (DRAFT) Pilot Program and Court-Appointed Counsel report (*Juvenile Dependency: Court-Appointed–Counsel Funding Reallocation*; April 17, 2015).¹

¹ Judicial Council of Cal., *Juvenile Dependency: Court-Appointed-Counsel Funding Reallocation* (April 17, 2015), www.courts.ca.gov/documents/jc-20150417-item1.pdf.

JUDICIAL COUNCIL OF CALIFORNIA
BUDGET SERVICES
Report to the Trial Court Budget Advisory Committee

Another recommendation approved by the Judicial Council at this time was that a joint subcommittee of the TCBCAC and the Family and Juvenile Law Advisory Committee be formed to review that workload model for possible updates and revisions. After a year of research and analysis, the methodology recommended by this joint subcommittee was approved by the Judicial Council (*Juvenile Dependency: Court-Appointed Dependency Counsel Workload and Funding Methodology*; April 15, 2016).²

Discussion at the April and June 2016 Judicial Council meetings indicated that the issues related to workload and funding for small courts required immediate attention. In July 2016, the Judicial Council directed the Executive and Planning Committee to form a working group to consider changes to the court-appointed juvenile dependency counsel funding methodology as it relates to small courts.

The working group determined that changes were justified in light of the unique costs faced by small courts. It recommended that the funding methodology be modified for 2017–18 and 2018–19 to suspend reallocation-related budget reductions for the those smallest courts with caseloads under 200, adjust the local economic index for all those small courts with caseloads under 400, and adjust the funding allocations of those larger courts receiving increases related to the reallocation to compensate for these increases to the small court budget (*Juvenile Dependency: Small Court Dependency Workload Working Group Final Recommendations*; May 19, 2017).³ The Judicial Council adopted the modified funding methodology for small courts approved in May 2017 for fiscal years 2017-18 and 2018-19, as on-going effective July 1, 2019.⁴ Based on current workload and filing information, 30 courts remain in the small court category; however, some shifting has resulted in only 22 courts meeting the “smallest” court criteria.

Recommendation

It is recommended that TCBCAC approve two separate allocations for Court Appointed Counsel funding for consideration by the Judicial Council at its July 18-19, 2019 business meeting:

1. \$136.7 million in the event there is no additional funding included in the 2019 Budget Act (Attachment 2A); and

² Judicial Council of Cal., *Juvenile Dependency: Court-Appointed Dependency Counsel Workload and Funding Methodology* (April 15, 2016), <https://jcc.legistar.com/View.ashx?M=F&ID=4382676&GUID=E8BCCA8A-5DED-48C3-B946-6E21EBB0BEAF>.

³ Judicial Council of Cal., *Juvenile Dependency: Small Court Dependency Workload Working Group Final Recommendations* (May 19, 2017), <https://jcc.legistar.com/View.ashx?M=F&ID=5150554&GUID=7D8E5F4F-6D83-4C73-A246-4F11E877A411>.

⁴ Judicial Council of Cal., *Juvenile Law: Court Appointed Juvenile Dependency Counsel Funding Methodology for Small Courts* (January 15, 2019), <https://jcc.legistar.com/View.ashx?M=F&ID=6913216&GUID=4DEB6A82-B007-46D8-9885-8D11D907DBF5>

JUDICIAL COUNCIL OF CALIFORNIA
BUDGET SERVICES
Report to the Trial Court Budget Advisory Committee

2. \$156.7 million in the event the \$20 million in proposed additional funding is in the final 2019 Budget Act (Attachment 2B).

Attachments

Attachment 2A: 2019-20 Allocation of Dependency Counsel Funding (Current Level)

Attachment 2B: 2019-20 Allocation of Dependency Counsel Funding (Including Additional Funding)

2019-20 Allocation of Dependency Counsel Funding

Court	Caseload Funding Model Estimated Funding Need	2015-16 Allocation	2016-17 Allocation	2017-18 Allocation	2018-19 Allocation	2019-20 Allocation	Diff from Prior Year
	A	B	C	D	E	F	
Alameda	\$4,723,737	\$4,037,391	\$3,618,313	\$3,565,629	\$3,399,620	\$3,292,089	(\$107,531)
Alpine	\$7,124	\$0	\$399	\$1,799	\$2,628	\$6,516	\$3,888
Amador	\$186,176	\$115,233	\$115,233	\$143,696	\$144,678	\$131,340	(\$13,338)
Butte	\$1,245,579	\$664,923	\$627,554	\$794,546	\$799,814	\$860,534	\$60,719
Calaveras	\$240,712	\$123,940	\$142,758	\$220,822	\$191,355	\$183,564	(\$7,792)
Colusa	\$120,329	\$38,471	\$40,667	\$43,948	\$72,637	\$93,345	\$20,708
Contra Costa	\$3,407,138	\$3,030,406	\$2,600,337	\$2,363,610	\$2,294,410	\$2,353,891	\$59,481
Del Norte	\$164,514	\$214,730	\$214,730	\$214,730	\$214,730	\$214,730	\$0
El Dorado	\$785,548	\$788,644	\$655,569	\$548,764	\$505,148	\$547,468	\$42,320
Fresno	\$4,177,784	\$2,900,594	\$2,670,600	\$3,015,746	\$2,800,979	\$2,886,308	\$85,328
Glenn	\$158,922	\$90,417	\$90,417	\$111,158	\$122,690	\$126,253	\$3,563
Humboldt	\$794,957	\$543,896	\$462,558	\$522,682	\$657,658	\$554,025	(\$103,634)
Imperial	\$889,166	\$591,128	\$518,512	\$576,150	\$562,114	\$614,298	\$52,184
Inyo	\$42,132	\$72,277	\$72,277	\$45,459	\$51,626	\$48,006	(\$3,619)
Kern	\$3,645,548	\$2,347,548	\$2,277,753	\$2,664,810	\$2,627,276	\$2,540,672	(\$86,604)
Kings	\$899,956	\$354,779	\$443,478	\$700,757	\$713,352	\$627,201	(\$86,150)
Lake	\$254,125	\$296,119	\$296,119	\$272,201	\$276,158	\$285,153	\$8,994
Lassen	\$129,764	\$106,891	\$106,891	\$106,891	\$108,967	\$116,166	\$7,199
Los Angeles	\$91,164,464	\$40,230,156	\$45,149,389	\$60,560,884	\$62,434,046	\$62,982,841	\$548,796
Madera	\$821,381	\$225,443	\$293,833	\$535,074	\$589,946	\$607,812	\$17,866
Marin	\$244,710	\$388,488	\$388,488	\$311,538	\$304,984	\$244,710	(\$60,274)
Mariposa	\$65,374	\$38,070	\$38,070	\$38,070	\$41,897	\$48,711	\$6,814
Mendocino	\$570,685	\$711,060	\$566,908	\$440,581	\$458,911	\$475,777	\$16,866
Merced	\$1,074,141	\$738,248	\$751,397	\$844,260	\$775,718	\$748,595	(\$27,122)
Modoc	\$51,824	\$16,090	\$17,128	\$24,065	\$37,161	\$44,630	\$7,469
Mono	\$15,773	\$13,956	\$13,956	\$13,956	\$14,615	\$13,956	(\$659)
Monterey	\$952,326	\$434,541	\$494,823	\$682,574	\$715,702	\$663,699	(\$52,002)
Napa	\$463,936	\$212,285	\$232,362	\$315,051	\$311,403	\$323,328	\$11,926
Nevada	\$133,092	\$226,123	\$226,123	\$202,832	\$174,058	\$167,712	(\$6,346)
Orange	\$8,116,529	\$6,418,278	\$5,648,065	\$5,366,139	\$5,355,390	\$5,607,471	\$252,080
Placer	\$826,994	\$518,087	\$687,985	\$895,552	\$747,111	\$576,352	(\$170,759)
Plumas	\$124,521	\$154,059	\$154,059	\$151,555	\$154,059	\$154,059	\$0
Riverside	\$9,566,510	\$6,080,322	\$6,411,055	\$8,806,009	\$8,173,324	\$6,667,137	(\$1,506,187)
Sacramento	\$7,270,449	\$5,205,426	\$4,832,997	\$5,609,080	\$5,161,591	\$5,066,955	(\$94,636)
San Benito	\$119,833	\$89,163	\$89,163	\$112,410	\$104,920	\$96,521	(\$8,399)
San Bernardino	\$15,928,459	\$4,963,161	\$5,731,210	\$8,514,703	\$9,751,976	\$11,004,503	\$1,252,527
San Diego	\$7,200,660	\$9,408,199	\$7,711,177	\$6,132,621	\$5,339,513	\$5,018,318	(\$321,195)
San Francisco	\$3,627,923	\$3,761,098	\$3,296,146	\$3,060,973	\$2,754,101	\$2,528,389	(\$225,712)
San Joaquin	\$3,500,355	\$2,982,578	\$2,601,178	\$2,480,278	\$2,399,805	\$2,418,292	\$18,487
San Luis Obispo	\$1,034,627	\$699,248	\$647,980	\$703,001	\$672,046	\$714,793	\$42,747
San Mateo	\$1,048,661	\$554,582	\$668,643	\$960,903	\$934,702	\$730,838	(\$203,864)
Santa Barbara	\$1,013,313	\$1,557,379	\$1,267,448	\$979,287	\$826,760	\$706,203	(\$120,557)
Santa Clara	\$4,282,962	\$4,508,063	\$3,780,956	\$3,223,912	\$2,947,634	\$2,958,972	\$11,338
Santa Cruz	\$657,016	\$863,289	\$713,676	\$598,314	\$544,197	\$482,997	(\$61,200)
Shasta	\$987,610	\$681,818	\$621,700	\$680,076	\$614,678	\$682,311	\$67,633
Sierra	\$0	\$13,759	\$13,759	\$9,848	\$8,323	\$5,045	(\$3,278)
Siskiyou	\$209,226	\$245,373	\$245,373	\$245,373	\$245,373	\$245,373	\$0
Solano	\$1,007,781	\$875,639	\$801,057	\$883,349	\$805,489	\$702,347	(\$103,141)
Sonoma	\$1,643,005	\$1,137,764	\$990,021	\$918,101	\$945,770	\$1,135,104	\$189,334
Stanislaus	\$1,853,850	\$1,107,189	\$1,004,470	\$1,092,505	\$1,091,719	\$1,280,770	\$189,052
Sutter	\$449,762	\$143,904	\$146,804	\$220,511	\$260,937	\$318,713	\$57,776
Tehama	\$506,837	\$163,859	\$177,634	\$319,793	\$362,975	\$354,238	(\$8,738)
Trinity	\$101,746	\$93,829	\$93,829	\$96,021	\$93,829	\$93,829	\$0
Tulare	\$2,639,897	\$954,553	\$1,032,410	\$1,591,232	\$1,714,221	\$1,823,827	\$109,606
Tuolumne	\$198,551	\$110,593	\$110,593	\$159,147	\$168,548	\$169,042	\$494
Ventura	\$2,625,232	\$1,151,975	\$1,284,628	\$1,835,753	\$1,833,055	\$1,829,589	(\$3,466)
Yolo	\$1,526,875	\$404,107	\$430,429	\$596,503	\$712,428	\$1,054,873	\$342,445
Yuba	\$503,871	\$200,855	\$278,909	\$474,768	\$471,244	\$369,806	(\$101,438)
Reserve	\$0	\$100,000	\$200,000	\$100,000	\$100,000	\$100,000	\$0
Total	\$196,003,969	\$114,700,000	\$114,800,000	\$136,700,000	\$136,700,000	\$136,700,000	\$0

Note: Allocations are based on filings data obtained from the Office of Court Research as of March 22, 2019 and caseload data obtained from the California Child Welfare Indicators Project (CCWIP) as of July 1, 2018.

2019-20 Allocation of Dependency Counsel Funding

Court	Caseload Funding Model Estimated Funding Need	2015-16 Allocation	2016-17 Allocation	2017-18 Allocation	2018-19 Allocation	2019-20 Allocation	Diff from Prior Year
	A	B	C	D	E	F	
Alameda	\$4,723,737	\$4,037,391	\$3,618,313	\$3,565,629	\$3,399,620	\$3,752,930	\$353,310
Alpine	\$7,124	\$0	\$399	\$1,799	\$2,628	\$7,470	\$4,842
Amador	\$186,176	\$115,233	\$115,233	\$143,696	\$144,678	\$150,570	\$5,892
Butte	\$1,245,579	\$664,923	\$627,554	\$794,546	\$799,814	\$989,592	\$189,777
Calaveras	\$240,712	\$123,940	\$142,758	\$220,822	\$191,355	\$210,440	\$19,085
Colusa	\$120,329	\$38,471	\$40,667	\$43,948	\$72,637	\$107,012	\$34,375
Contra Costa	\$3,407,138	\$3,030,406	\$2,600,337	\$2,363,610	\$2,294,410	\$2,706,914	\$412,503
Del Norte	\$164,514	\$214,730	\$214,730	\$214,730	\$214,730	\$214,730	\$0
El Dorado	\$785,548	\$788,644	\$655,569	\$548,764	\$505,148	\$627,624	\$122,476
Fresno	\$4,177,784	\$2,900,594	\$2,670,600	\$3,015,746	\$2,800,979	\$3,319,179	\$518,199
Glenn	\$158,922	\$90,417	\$90,417	\$111,158	\$122,690	\$144,738	\$22,048
Humboldt	\$794,957	\$543,896	\$462,558	\$522,682	\$657,658	\$635,141	(\$22,517)
Imperial	\$889,166	\$591,128	\$518,512	\$576,150	\$562,114	\$706,427	\$144,313
Inyo	\$42,132	\$72,277	\$72,277	\$45,459	\$51,626	\$48,006	(\$3,619)
Kern	\$3,645,548	\$2,347,548	\$2,277,753	\$2,664,810	\$2,627,276	\$2,896,327	\$269,050
Kings	\$899,956	\$354,779	\$443,478	\$700,757	\$713,352	\$715,000	\$1,648
Lake	\$254,125	\$296,119	\$296,119	\$272,201	\$276,158	\$285,153	\$8,994
Lassen	\$129,764	\$106,891	\$106,891	\$106,891	\$108,967	\$133,174	\$24,207
Los Angeles	\$91,164,464	\$40,230,156	\$45,149,389	\$60,560,884	\$62,434,046	\$72,428,628	\$9,994,582
Madera	\$821,381	\$225,443	\$293,833	\$535,074	\$589,946	\$696,803	\$106,857
Marin	\$244,710	\$388,488	\$388,488	\$311,538	\$304,984	\$244,710	(\$60,274)
Mariposa	\$65,374	\$38,070	\$38,070	\$38,070	\$41,897	\$55,843	\$13,946
Mendocino	\$570,685	\$711,060	\$566,908	\$440,581	\$458,911	\$545,437	\$86,526
Merced	\$1,074,141	\$738,248	\$751,397	\$844,260	\$775,718	\$853,387	\$77,669
Modoc	\$51,824	\$16,090	\$17,128	\$24,065	\$37,161	\$51,164	\$14,004
Mono	\$15,773	\$13,956	\$13,956	\$13,956	\$14,615	\$15,041	\$426
Monterey	\$952,326	\$434,541	\$494,823	\$682,574	\$715,702	\$756,607	\$40,905
Napa	\$463,936	\$212,285	\$232,362	\$315,051	\$311,403	\$370,668	\$59,265
Nevada	\$133,092	\$226,123	\$226,123	\$202,832	\$174,058	\$167,712	(\$6,346)
Orange	\$8,116,529	\$6,418,278	\$5,648,065	\$5,366,139	\$5,355,390	\$6,448,445	\$1,093,055
Placer	\$826,994	\$518,087	\$687,985	\$895,552	\$747,111	\$660,738	(\$86,373)
Plumas	\$124,521	\$154,059	\$154,059	\$151,555	\$154,059	\$154,059	\$0
Riverside	\$9,566,510	\$6,080,322	\$6,411,055	\$8,806,009	\$8,173,324	\$7,643,291	(\$530,033)
Sacramento	\$7,270,449	\$5,205,426	\$4,832,997	\$5,609,080	\$5,161,591	\$5,776,249	\$614,658
San Benito	\$119,833	\$89,163	\$89,163	\$112,410	\$104,920	\$110,653	\$5,733
San Bernardino	\$15,928,459	\$4,963,161	\$5,731,210	\$8,514,703	\$9,751,976	\$12,654,892	\$2,902,916
San Diego	\$7,200,660	\$9,408,199	\$7,711,177	\$6,132,621	\$5,339,513	\$5,720,803	\$381,290
San Francisco	\$3,627,923	\$3,761,098	\$3,296,146	\$3,060,973	\$2,754,101	\$2,882,324	\$128,223
San Joaquin	\$3,500,355	\$2,982,578	\$2,601,178	\$2,480,278	\$2,399,805	\$2,780,973	\$381,168
San Luis Obispo	\$1,034,627	\$699,248	\$647,980	\$703,001	\$672,046	\$821,993	\$149,948
San Mateo	\$1,048,661	\$554,582	\$668,643	\$960,903	\$934,702	\$837,842	(\$96,860)
Santa Barbara	\$1,013,313	\$1,557,379	\$1,267,448	\$979,287	\$826,760	\$809,600	(\$17,160)
Santa Clara	\$4,282,962	\$4,508,063	\$3,780,956	\$3,223,912	\$2,947,634	\$3,402,741	\$455,107
Santa Cruz	\$657,016	\$863,289	\$713,676	\$598,314	\$544,197	\$553,714	\$9,517
Shasta	\$987,610	\$681,818	\$621,700	\$680,076	\$614,678	\$784,640	\$169,961
Sierra	\$0	\$13,759	\$13,759	\$9,848	\$8,323	\$5,045	(\$3,278)
Siskiyou	\$209,226	\$245,373	\$245,373	\$245,373	\$245,373	\$245,373	\$0
Solano	\$1,007,781	\$875,639	\$801,057	\$883,349	\$805,489	\$805,180	(\$309)
Sonoma	\$1,643,005	\$1,137,764	\$990,021	\$918,101	\$945,770	\$1,305,340	\$359,570
Stanislaus	\$1,853,850	\$1,107,189	\$1,004,470	\$1,092,505	\$1,091,719	\$1,472,853	\$381,134
Sutter	\$449,762	\$143,904	\$146,804	\$220,511	\$260,937	\$365,377	\$104,440
Tehama	\$506,837	\$163,859	\$177,634	\$319,793	\$362,975	\$406,103	\$43,127
Trinity	\$101,746	\$93,829	\$93,829	\$96,021	\$93,829	\$94,631	\$802
Tulare	\$2,639,897	\$954,553	\$1,032,410	\$1,591,232	\$1,714,221	\$2,097,354	\$383,133
Tuolumne	\$198,551	\$110,593	\$110,593	\$159,147	\$168,548	\$193,792	\$25,244
Ventura	\$2,625,232	\$1,151,975	\$1,284,628	\$1,835,753	\$1,833,055	\$2,085,703	\$252,648
Yolo	\$1,526,875	\$404,107	\$430,429	\$596,503	\$712,428	\$1,219,918	\$507,490
Yuba	\$503,871	\$200,855	\$278,909	\$474,768	\$471,244	\$423,950	(\$47,294)
Reserve	\$0	\$100,000	\$200,000	\$100,000	\$100,000	\$100,000	\$0
Total	\$196,003,969	\$114,700,000	\$114,800,000	\$136,700,000	\$136,700,000	\$156,700,000	\$20,000,000

Note: Allocations are based on filings data obtained from the Office of Court Research as of March 22, 2019 and caseload data obtained from the California Child Welfare Indicators Project (CCWIP) as of July 1, 2018.

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Report to the Trial Court Budget Advisory Committee

(Action Item)

Title: Allocations from the State Trial Court Improvement and Modernization Fund (IMF) for 2019-20

Date: 5/2/2019

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Issue

Consideration of the Revenue and Expenditure Subcommittee recommendation to approve allocations for 2019-20 from the IMF in the amount of \$80,079,860 for consideration by the Judicial Council at its July 18-19, 2019 business meeting. This value is contingent upon the approval of several 2019-20 budget change proposals (BCPs) through the legislative process.

Should the 2019-20 BCPs not be approved through the legislative process, an additional \$8,367,208 in allocations is requested.

Background

The proposed Governor's Budget released on January 10, 2019 contains BCPs that impact the 2019-20 allocations for the IMF. The allocation requests below assume the BCPs will be approved in the enacted budget, and the 2019-20 budget will be enacted by the time the final allocations are presented to the council in July.

The following are the proposed 2019-20 allocation requests by Judicial Council office (additional details on each of the programs are located in Attachment 3B):

1. **Audit Services** – Conducts operational audits and risk assessments, and recommends improvement to all judicial branch entities.
 - a. Approve an allocation of \$409,804, an increase of \$39,804 from the 2018-19 allocation.
 - i. The increase is primarily due to increased staffing costs.

2. **Branch Accounting and Procurement** – Supports the trial courts' financial and human resources Phoenix System.
 - a. Approve an allocation of \$138,625, a reduction of \$1,364,580.
 - i. The allocation is for staff supporting the procurement needs of courts.

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- ii. The reduction in allocation is due to the expected approval of the 2019-20 Phoenix Roadmap BCP which shifts expenditures out of the IMF and into the General Fund. If the BCP is not approved, an additional allocation of \$1,531,00 will be needed.
3. **Center for Families, Children, and the Courts** – Supports various programs within the courts for litigants and provides court interpreter testing.
- a. Approve an allocation of \$5,907,692, an increase of \$663,692.
 - i. An increase of \$520,692 is due to a change to the Code of Civil Procedure 384 in 2017-18 which diverted funds for one year to IMF for the sole purpose of the Shriver Civil Counsel. The funds collected and unspent were reserved in the IMF fund balance and the program is requesting allocation to spend these excess funds collected during that year for the Shriver program (see Attachment 3A, Column J, Row 8).
 - ii. An increase of \$143,000 is due to a funding shift from the office of Court Operation Services being merged in part with the Center for Families, Children, and the Courts.
 - iii. Although the allocation of \$5,000,000 for the Self-Help Center is unchanged in amount, there has been a change in how unspent funds will be addressed. Provisional language was added to the 2018 Budget Act that says, “Of the funds appropriated in this item, \$5,000,000 shall be available for support of services for self-represented litigants, and any unexpended funds shall revert to the General Fund.”
4. **Center for Judicial Education & Research** – Provides education to judges, court leaders, court staff faculty, managers, supervisors, and lead staff.
- a. Approve an allocation of \$1,202,000, no change from the 2018-19 allocation.
5. **Budget Services** - Supports meetings of various committees and subcommittees as they relate to the trial courts’ funding, policies, and other issues.
- a. Approve an allocation of \$366,216, an increase of \$28,716 from the 2018-19 allocation.
 - i. The two main expenditures are for Treasury Services-Cash Management, and budget focused training and meetings. The increase is due to increased staffing costs.
6. **Human Resources** – Supports the Trial Court Labor Relations Academy to provide assistance to trial court staff in meeting its many labor challenges (not mandated).

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- a. Approve an allocation of \$22,700, no change from the 2018-19 allocation.
7. **Information Technology** – Supports information systems for the 58 trial courts.
- a. Approve an allocation of \$68,105,984, an increase of \$26,427,613 from the 2018-19 allocation.
 - i. The increase is almost exclusively due to multiple pending BCPs (see Attachment 3A, Column I, Rows 45-48).
 - ii. Without regard to impact of the BCPs, the net allocation request is lower by \$370,438 from prior year. There were savings from several projects that are ending or that had one-time funding (see Attachment 3A, Column J, Rows 21-37).
8. **Legal Services** – Supports the Judicial Council staff divisions and courts, manages litigation, and is responsible for rules and projects including the California Rules of Court and Judicial Council forms.
- a. Approve an allocation of \$3,926,839, a reduction of \$2,961,661 from the 2018-19 allocation.
 - i. The reduction in allocation is due to the expected approval of the 2019-20 Litigation Management Program BCP which shifts expenditures out of the IMF and into the General Fund. If the BCP is not approved, an additional allocation of \$5,151,000 will be needed (see Attachment 3A, Column I, Rows 50-51).
 - ii. Without regard to the impact of the BCPs, the net allocation request is higher by approximately \$2.1 million from prior year. The increased need is primarily due to pending litigation, which may or may not result in an expense to the IMF in 2019-20.

The 2019-20 IMF allocation requests total is \$80,079,860. This amount is reflected in the IMF Fund Condition Statement (Attachment 3C). The fund is estimated to have a sufficient balance for this level of allocations based on current projections of revenues and expenditure savings in 2018-19.

Should the BCPs that shift funding to the General Fund be denied, a total additional amount for allocations of \$8,367,208 would be necessary (see Attachment 3A, Column I, Rows 48-51):

- (1) Branch Accounting and Procurement: \$1,531,000
- (2) Information Technology: \$1,685,208
- (3) Legal Services: \$5,151,000

The status of the pending BCPs and final allocation request will be known prior to the July Judicial Council business meeting.

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In last year's 2018-19 allocation request, it was noted that the fund was projected to have a negative balance in 2019-20 due to the structural imbalance. If the BCPs are approved, this would alleviate the structural imbalance and, based on current revenue and expenditure projections, provide fund solvency (see Attachment 3C, Row 32).

Recommendation

The following recommendation is presented to the Trial Court Budget Advisory Committee for consideration:

1. Adopt a recommendation to approve a total of \$80,079,860 in allocations for 2019-20 from the IMF, contingent upon approval of various BCPs in the 2019 Budget Act.
2. Adopt a recommendation to approve an additional allocation value of \$8,367,208, provided the 2019-20 BCPs that shift expenditures to the General Fund are denied. If these fund shift BCPs are approved this recommendation will not be presented to the Judicial Council.

Attachments

1. **Attachment 3A:** Judicial Council Approved 2018-19 Allocations and 2019-20 Proposed Allocations from the IMF State Operations and Local Assistance Appropriations
2. **Attachment 3B:** Summary of Programs
3. **Attachment 3C:** IMF Fund Condition Statement

**Judicial Council Approved 2018-19 Allocations and 2019-20 Proposed Allocations
from the State Trial Court Improvement and Modernization Fund (IMF) State Operations and Local Assistance Appropriations**

#	Program Name	Office	2018-19 Allocations			Recommended 2019-20 Allocations			\$ Change from 2018-19	% Change from 2018-19
			Judicial Council Approved Allocations	Proposed Adjustments	Pending Total Allocations	State Operations	Local Assistance	Total		
A	B	C	D	E	F	G	H	I = (G + H)	J = (I - F)	K = (J/F)
Program Adjustments										
1	Superior Court Audit Program	AS	\$ 370,000		\$ 370,000	\$ 409,804		\$ 409,804	39,804	11%
2	Phoenix Program	BAP	\$ 1,381,205		\$ 1,381,205		\$ 1,531,000	\$ 1,531,000	149,795	11%
3	Trial Court Procurement/TCAS-MSA-IMF	BAP	\$ 122,000		\$ 122,000	\$ 138,625		\$ 138,625	16,625	14%
4	Domestic Violence Forms Translation	CFCC	\$ 17,000		\$ 17,000		\$ 17,000	\$ 17,000	-	0%
5	Interactive Software - Self-Rep Electronic Forms	CFCC	\$ 60,000		\$ 60,000		\$ 60,000	\$ 60,000	-	0%
6	Self-Help Center	CFCC	\$ 5,000,000		\$ 5,000,000		\$ 5,000,000	\$ 5,000,000	-	0%
7	Statewide Multidisciplinary Education	CFCC	\$ 67,000		\$ 67,000		\$ 67,000	\$ 67,000	-	0%
8	Shriver Civil Counsel- Cy Pres Funding	CFCC	\$ -		\$ -		\$ 520,692	\$ 520,692	520,692	
9	Statewide Support for Self-Help Programs	CFCC	\$ 100,000		\$ 100,000		\$ 100,000	\$ 100,000	-	0%
10	Court Interpreter Testing etc.	CFCC			\$ -		\$ 143,000	\$ 143,000	143,000	
	Court Interpreter Testing etc.	COS	\$ 143,000		\$ 143,000		\$ -	\$ -	(143,000)	-100%
11	CJER Faculty	CJER	\$ 340,000		\$ 340,000		\$ 36,000	\$ 36,000	(304,000)	-89%
12	Distance Education	CJER	\$ 7,500		\$ 7,500	\$ -		\$ -	(7,500)	-100%
13	Essential Court Management Education	CJER	\$ 18,000		\$ 18,000		\$ 35,000	\$ 35,000	17,000	94%
14	Essential Court Personnel Education	CJER	\$ 91,000		\$ 91,000		\$ 215,000	\$ 215,000	124,000	136%
15	Judicial Education	CJER	\$ 745,500		\$ 745,500		\$ 916,000	\$ 916,000	170,500	23%
16	Budget Focused Training and Meetings	BS	\$ 50,000		\$ 50,000		\$ 50,000	\$ 50,000	-	0%
17	Treasury Services - Cash Management (Support)	BS	\$ 265,000		\$ 265,000	\$ 298,216		\$ 298,216	33,216	13%
18	Revenue Distribution Training	BS	\$ 9,500		\$ 9,500		\$ 9,500	\$ 9,500	-	0%
19	Workload Assessment Advisory Committee	BS	\$ 13,000		\$ 13,000		\$ 8,500	\$ 8,500	(4,500)	-35%
20	Trial Court Labor Relations Academies and Forums	HR	\$ 22,700		\$ 22,700		\$ 22,700	\$ 22,700	-	0%
21	CCTC Operations	IT	\$ 1,479,754		\$ 1,479,754	\$ 1,718,714		\$ 1,718,714	238,960	16%
22	ISB Support	IT	\$ 554,966		\$ 554,966	\$ 946,153		\$ 946,153	391,187	70%
23	Uniform Civil Filing System Unit	IT	\$ 389,084		\$ 389,084	\$ 423,779		\$ 423,779	34,695	9%
24	CCPOR Development	IT	\$ 325,726		\$ 325,726	\$ 524,200		\$ 524,200	198,474	61%
25	V3 - ICMS/CMS Release Management Support	IT	\$ 776,811		\$ 776,811	\$ 619,669		\$ 619,669	(157,142)	-20%
26	Telecommunications Support	IT	\$ 9,951,140		\$ 9,951,140		\$ 11,749,425	\$ 11,749,425	1,798,285	18%
27	Phoenix Program	IT	\$ 1,772,796		\$ 1,772,796		\$ 1,685,208	\$ 1,685,208	(87,588)	-5%
28	Enterprise Policy & Planning (Statewide Planning and Dev Support)	IT	\$ 4,721,364		\$ 4,721,364		\$ 4,342,185	\$ 4,342,185	(379,179)	-8%
29	Interim Case Management Systems	IT	\$ 1,453,628		\$ 1,453,628		\$ 1,441,032	\$ 1,441,032	(12,596)	-1%
30	Data Integration	IT	\$ 1,668,285		\$ 1,668,285		\$ 1,841,149	\$ 1,841,149	172,864	10%
31	California Courts Technology Center (CCTC)	IT	\$ 7,949,505		\$ 7,949,505		\$ 7,995,247	\$ 7,995,247	45,742	1%
32	Jury Management System	IT	\$ 465,000	\$ 252,000	\$ 717,000		\$ 665,000	\$ 665,000	(52,000)	-7%
33	CCPOR (ROM)	IT	\$ 418,285		\$ 418,285		\$ 364,848	\$ 364,848	(53,437)	-13%
34	Sustain Justice Edition CMS	IT	\$ 896,000		\$ 896,000		\$ -	\$ -	(896,000)	-100%
35	V3 Case Management System	IT	\$ 2,595,027		\$ 2,595,027		\$ 1,481,970	\$ 1,481,970	(1,113,057)	-43%
36	Telecom	IT	\$ 5,509,000		\$ 5,509,000		\$ 5,509,354	\$ 5,509,354	354	0%
37	V3 CMS Transition	IT	\$ 500,000		\$ 500,000		\$ -	\$ -	(500,000)	-100%
38	Judicial Performance Defense Insurance	LS	\$ 1,150,000		\$ 1,150,000		\$ 1,200,000	\$ 1,200,000	50,000	4%
39	Jury System Improvement Projects	LS	\$ 19,000		\$ 19,000		\$ 19,000	\$ 19,000	-	0%
40	Litigation Management Program	LS	\$ 4,500,000		\$ 4,500,000		\$ 6,618,647	\$ 6,618,647	2,118,647	47%
41	Regional Office Assistance Group	LS	\$ 568,500		\$ 568,500	\$ 589,192		\$ 589,192	20,692	4%
42	Trial Courts Transactional Assistance Program	LS	\$ 651,000		\$ 651,000		\$ 651,000	\$ 651,000	-	0%
43	Subtotal Program Adjustments		\$ 57,137,276	\$ 252,000	\$ 57,389,276	\$ 5,668,352	\$ 54,295,457	\$ 59,963,809	\$ 2,574,533	
BCP Adjustments										
45	CMS Replacement - Phase IV	IT					\$ 22,777,259	\$ 22,777,259	22,777,259	
46	Futures Commission	IT					\$ 853,000	\$ 853,000	853,000	
47	Digitizing Court Records	IT					\$ 4,853,000	\$ 4,853,000	4,853,000	
48	Phoenix Program ^{1/}	IT					\$ (1,685,208)	\$ (1,685,208)	(1,685,208)	
49	Phoenix Program ^{1/}	BAP					\$ (1,531,000)	\$ (1,531,000)	(1,531,000)	
50	Litigation Management Program ^{1/}	LS					\$ (4,500,000)	\$ (4,500,000)	(4,500,000)	
51	Trial Courts Transactional Assistance Program ^{1/}	LS					\$ (651,000)	\$ (651,000)	(651,000)	
52	Subtotal BCP Adjustments						\$ 20,116,051	\$ 20,116,051	\$ 20,116,051	
53	Total		\$ 57,137,276	\$ 252,000	\$ 57,389,276	\$ 5,668,352	\$ 74,411,508	\$ 80,079,860	\$ 22,690,584	

^{1/} The approval of this Budget Change Proposal would shift these IMF expenditures to the General Fund.

**Judicial Council Approved 2018-19 Allocations and 2019-20 Proposed Allocations
from the State Trial Court Improvement and Modernization Fund (IMF) State Operations and Local Assistance Appropriations**

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Totals by Office

Total Allocations

Office	Judicial Council Approved Allocations	Proposed Adjustments	Pending Total Allocations	State Operations	Local Assistance	Total	\$ Change from 2018-19	% Change from 2018-19
C	D	E	E	G	H	I = (G + H)	J = (I - F)	K = (J/F)
AS	\$ 370,000	\$ -	\$ 370,000	\$ 409,804	\$ -	\$ 409,804	\$ 39,804	10.76%
BAP	\$ 1,503,205	\$ -	\$ 1,503,205	\$ 138,625	\$ -	\$ 138,625	\$ (1,364,580)	-90.78%
CFCC	\$ 5,244,000	\$ -	\$ 5,244,000	\$ -	\$ 5,907,692	\$ 5,907,692	\$ 663,692	12.66%
COS	\$ 143,000	\$ -	\$ 143,000	\$ -	\$ -	\$ -	\$ (143,000)	-100.00%
CJER	\$ 1,202,000	\$ -	\$ 1,202,000	\$ -	\$ 1,202,000	\$ 1,202,000	\$ -	0.00%
BS	\$ 337,500	\$ -	\$ 337,500	\$ 298,216	\$ 68,000	\$ 366,216	\$ 28,716	8.51%
HR	\$ 22,700	\$ -	\$ 22,700	\$ -	\$ 22,700	\$ 22,700	\$ -	0.00%
IT	\$ 41,426,371	\$ 252,000	\$ 41,678,371	\$ 4,232,515	\$ 63,873,469	\$ 68,105,984	\$ 26,427,613	63.41%
LS	\$ 6,888,500	\$ -	\$ 6,888,500	\$ 589,192	\$ 3,337,647	\$ 3,926,839	\$ (2,961,661)	-42.99%
Total Allocations	\$ 57,137,276	\$ 252,000	\$ 57,389,276	\$ 5,668,352	\$ 74,411,508	\$ 80,079,860	\$ 22,690,584	39.54%

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Summary of Programs

Row #	Program Name	Office	Program Description
A	B	C	D
1	Superior Court Audit Program	AS	Conducts comprehensive audits (financial, operational, and compliance) at each of the 58 trial courts.
2, 27, 48, 49	Phoenix Program	BAP	The Phoenix Program supports the judicial branch's financial and human resources system (the Phoenix System) with a diverse range of services, including a centralized treasury system, accounting and financial services, trust accounting services, human capital management/payroll services, and core business analysis, training, and support. All 58 courts currently use the financial component of the system. There are currently 15 courts utilizing the payroll component.
3	Trial Court Procurement	BAP	Pays for personal services costs for one FTE to create and maintain statewide procurement agreements for the courts.
4	Domestic Violence Forms Translation	CFCC	This program makes available to all courts, translation of domestic violence protective order forms in languages other than English. Since 2000, these forms have been translated into Spanish, Vietnamese, Chinese and Korean based on data from various language needs studies.
5	Interactive Software-Self-Rep Electronic Forms	CFCC	This program enables all courts to use Hotdocs Document Assembly Applications, which present court users with a Q&A format that automatically populates fields across all filing documents.
6	Self-Help Center	CFCC	Provides court-based assistance to self-represented litigants.
7	Statewide Multidisciplinary Education	CFCC	Supports annual Youth Summit and Child & Family Focused Education conference in FY18.
8	Shriver Civil Counsel- Cy Pres Funding	CFCC	This program provides funding for legal services agencies and their court partners to provide representation to indigent persons in cases involving housing, child custody, guardianship, conservatorships, and domestic violence.
9	Statewide Support for Self-Help Programs	CFCC	The Self-represented Litigants Statewide Support Program updates and expands the online California Courts Self-Help Center on the judicial branch website. Further, this program facilitates the translating of over 50 Judicial Council forms that are used regularly by self-represented litigants.
10	Court Interpreter Testing etc.	CFCC	Pays for the testing, orientation, and recruitment of new interpreters. <i>Effective March 2019 moved from COS to CFCC.</i>
11	CJER Faculty	CJER	Faculty training courses for judges, court managers and staff.
12	Distance Education	CJER	Infrastructure & software to support distance education. CJER Online website & toolkits video hosting & on-demand transmission, podcast course hosting, subscription service and transmission.
13	Essential Court Management Education	CJER	National and statewide training for court leaders, including Institute for Court Management (ICM) courses, CJER Core 40 and Core 24 courses, & other local & regional courses for managers, supervisors and lead staff. Distance education videos & online courses.
14	Essential Court Personnel Education	CJER	The Court Clerks Training Institute - courtroom and court legal process education in civil, traffic, criminal, probate, family, juvenile, appellate. Regional and local court personnel courses. The biennial Trial Court Judicial Attorneys Institute. Distance Education Videos and Online Courses.
15	Judicial Education	CJER	Three Projects: New Judge Education; Primary Assignment Orientation Courses for Experienced Judges; Continuing Judicial Education for Experienced Judges. Programs for all newly elected or appointed judges and subordinate judicial officers required by Rule of Court 10.462 (c)(1) to complete the new judge education programs offered by CJER; Judicial Institutes, courses for experienced judges; programs for PJs, CEOs & Supervising Judges; distance education videos, webcasts, podcasts and online courses.
16	Budget Focused Training and Meetings	BS	Supports meetings of the Trial Court Budget Advisory Committee and associated subcommittees that deal with trial court funding policies and issues.
17	Treasury Services - Cash Management (Support)	BS	Used for the compensation, operating expenses and equipment costs for two accounting staff. Staff are engaged in the accounting and distribution of all Uniform Civil Fees ("UCF") collected by the Trial Courts, and other cash management and treasury duties as needed for the Trial Courts.
18	Revenue Distribution Training/Records Management	BS	Pays for annual training on Revenue Distribution to all the collection programs as well as annual CRT training.
19	Workload Assessment Advisory Committee/Trial Court Workload Study	BS	Pays for meeting expenses of the Workload Assessment Advisory Committee (WAAC) and travel expenses for court personnel and judges related to workload studies.

Summary of Programs

Row #	Program Name	Office	Program Description
A	B	C	D
20	Trial Court Labor Relations Academies and Forums	HR	<p>The Labor Relations Academy and Forums provide court management staff with comprehensive labor relations knowledge that assists the courts in meeting its labor challenges. The Academies are held once per year in the spring and the Forums are held once per year in the fall.</p> <p>The allocation pays for costs tied to the setup and operations of HR's annual Labor Relations Academies and Forums. Typical expenses include: reimbursement of travel expenses for trial court employees who participate as faculty; lodging for all trial court attendees (including those who serve as faculty); meeting room/conference room rental fees; books/reference materials if needed; and meals for trial court participants of the Labor Relations Forum.</p> <p>Following each Academy, program staff send out surveys to gather feedback and receive suggestions for future events. In addition, participant attendance is gathered and reported to the Judicial Council as part of the Administrative Director's Report to the Council.</p>
21, 31	California Courts Technology Center (CCTC)	IT	<p>The CCTC hosts some level of services for the 58 California superior courts, all the Courts of Appeal and the Supreme Court and has over 10,000 supported users. Major installations in the CCTC include the following:</p> <ul style="list-style-type: none"> • Appellate Court Case Management System (ACCMS) • California Court Protective Order Registry (CCPOR) • Phoenix - Trial Court Financial and Human Resources System • Sustain Interim Case Management System (ICMS) • Computer Aided Facilities Management (CAFM) system • Civil, Small Claims, Probate, and Mental Health Trial Court Case Management System (V3) • Integration Services Backbone (ISB) <p>This program provides consistent, cost effective, and secure hosting services, including ongoing maintenance and operational support, data network management, desktop computing and local server support, tape back-up and recovery, help desk services, email services, and a disaster recovery program.</p>
22, 30	Data Integration (ISB Support)	IT	Data Integration provides system interfaces between Judicial Council systems and the computer systems of our justice partners, be they courts, law enforcement agencies, the department of justice and others. Without the Integrated Services Backbone (ISB), the current systems for sharing protective orders, for example, would not function.
23	Uniform Civil Filing Services (UCFS)	IT	This program supports the distribution and mandated reporting of uniform civil fees collected by all 58 superior courts, with an average of \$52 million distributed per month. The system generates reports for the State Controller's Office and various entities that receive the distributed funds. There are over 200 fee types collected by each court, distributed to 31 different entities (e.g. Trial Court Trust Fund, County, Equal Access Fund, Law Library, etc.), requiring 65,938 corresponding distribution rules that are maintained by UCFS. UCFS benefits the public by minimizing the amount of penalties paid to the state for incorrect or late distributions and ensuring that the entities entitled to a portion of the civil fees collected, as mandated by law, receive their correct distributions.
24, 33	California Courts Protective Order Registry (CCPOR)	IT	The California Courts Protective Order Registry (CCPOR) is a statewide repository of protective orders containing both data and scanned images of orders that can be accessed by judges, court staff, and law enforcement officers. CCPOR allows judges to view orders issued by other court divisions and across county lines.
25, 37	Case Management Systems, Civil, Small Claims, Probate and Mental Health (V3)	IT	V3 is used by the California Superior Courts of Orange, Sacramento, San Diego, and Ventura Counties. The courts use it to process approximately 25% of civil, small claims, probate, and mental health cases statewide.
26, 36	Telecommunications Support	IT	This program develops and supports a standardized level of network infrastructure for the California superior courts. This infrastructure provides a foundation for local systems (email, jury, CMS, VOIP, etc.) and enterprise system applications such as Phoenix, via shared services at the CCTC provides operational efficiencies, and secures valuable court information resources.
28	Enterprise Policy/Planning (Statewide Development)	IT	The Enterprise Policy and Planning program provides the trial courts access to a variety of Oracle products (e.g., Oracle Enterprise Database, Real Application Clusters, Oracle Security Suite, Oracle Advanced Security, Diagnostic Packs, Oracle WebLogic Application Server) without cost to the courts.

Summary of Programs

Row #	Program Name	Office	Program Description
A	B	C	D
29	Interim Case Management Systems	IT	This ICMS Unit primarily provides project management and technical expertise to those courts which have their SJE application hosted at the CCTC. This support includes incorporating legislative updates into the SJE application, integrating application upgrades into the CCTC and supporting CCTC infrastructure upgrades. Locally hosted SJE courts also utilize ICMS resources as requested for legislative updates such as traffic amnesty. The ICMS Unit support includes support for SJE interfaces at CCTC including DMV, DOJ, FTB COD collections, IVR/IWR processing, warrants and FTA-FTP collection interfaces among others. The ICMS Unit also provides SJE production support which is critical to ensuring that the SJE application and interfaces are available to support court operations and provide information to local/state justice partners.
32	Jury Management System	IT	The allocation for the Jury Program is used to distribute funds to the trial courts in the form of grants to improve court jury management systems. All trial courts are eligible to apply for the jury funding. The number of courts receiving grants varies according to the amount of grant funding available and the number of jury grant requests received.
34	Sustain Justice Edition CMS	IT	The allocation was approved to replace the Sustain Justice Edition Case Management System in the Superior Courts of California - Humboldt, Lake, Madera, Modoc, Plumas, Sierra, San Benito, Trinity and Tuolumne Courts.
35	Case Management Systems, Civil, Small Claims, Probate and Mental Health (V3) Replacement BCP	IT	The allocation was to replace V3 Court Case Management Systems in the Superior Courts of California - Orange, Sacramento, San Diego, and Ventura counties.
38	Judicial Performance Defense Insurance	LS	The allocation for the Judicial Performance Defense Insurance program is used to pay the insurance premium for trial court judges and judicial officers for the Commission on Judicial Performance (CJP) defense master insurance policy. The program (1) covers defense costs in CJP proceedings related to CJP complaints; (2) protects judicial officers from exposure to excessive financial risk for acts committed within the scope of their judicial duties, and (3) lowers the risk of conduct that could lead to complaints through required ethics training for judicial officers.
39	Jury System Improvements	LS	This program is related to Jury Instructions and is a "self-funding" PCC. Funds in this account are generated by royalties generated from sales of criminal and civil jury instructions. The funds are deposited pursuant to the Government Code.
40, 50	Litigation Management Program	LS	The allocation for the Litigation Management Program is used to pay settlements, judgments (if any), and litigation costs, including attorney fees, arising from claims and lawsuits brought against trial courts.
41	Regional Office Assistance Group	LS	The allocation for the Regional Office Assistance Group is used to pay for attorneys and support personnel working in Burbank and Sacramento to provide direct legal services to the trial courts in the areas of transactions/business operations, legal opinions, and labor and employment law.
42, 51	Trial Courts Transactional Assistance Program	LS	The allocation for the Trial Court Transactional Assistance Program are used primarily to pay for outside counsel managed by the Legal Services office to represent the trial courts in labor arbitrations and proceedings before the Public Employment Relations Board (PERB). To a lesser extent, the funds are used to pay for outside counsel to assist trial courts with legal services in specialized areas of court operations, e.g., tax and employee benefits.
45	CMS Replacement - Phase IV (2019-20 BCP)	IT	This BCP allocation was approved to fund the replacement of outdated legacy case management systems used by the Superior Courts of California - Amador, Colusa, Contra Costa, Lassen, Marin, Mariposa, Mono, Nevada, Shasta, and Solano.
46	Future Commission (2019-20 BCP)	IT	This BCP allocation was approved to fund the implementation of a multi-phased program for intelligent chat, video remote hearings, and natural language voice-to-text translation services. The goal was to eventually expand these programs to all of the trial courts.
47	Digitizing Court Records (2019-20 BCP)	IT	This BCP allocation was approved to fund the first phase of a multi phase program to digitize mandatory court records for the Superior and Appellate Courts. The first phase would include 6 to 8 courts.

State Trial Court Improvement and Modernization Fund
Fund Condition Statement

#	Description	2016-17 (Year-end Financial Statement)	2017-18 (Year-end Financial Statement)	Estimated			
				2018-19	2019-20	2020-21	2021-22
				A	B	C	D
1	Beginning Balance	6,956,187	9,300,938	14,795,000	11,461,389	9,816,067	11,935,563
2	Prior-Year Adjustments ¹	4,187,917	-5,979,333	-1,107,625	0	0	0
3	Adjusted Beginning Balance	11,144,104	3,321,605	13,687,374	11,461,389	9,816,067	11,935,563
4	REVENUES:						
5	Jury Instructions Royalties	607,672	604,495	648,480	688,541	747,029	747,029
6	Interest from SMIF	415,663	863,725	811,835	811,835	811,835	811,835
7	Escheat-Unclaimed Checks, Warrants, Bonds	7,615	2,158	1,000	1,000	1,000	1,000
8	50/50 Excess Fines Split Revenue	13,160,903	22,077,608 ^{1/}	11,177,463	10,936,414	10,530,689	10,530,689
9	2% Automation Fund Revenue	12,792,097	12,367,362	10,933,254	10,590,748	10,178,984	10,178,984
10	Other Revenues/SCO Adjustments	0	146	2,000	2,000	2,000	2,000
11	Class Action Residue		205,615	315,077	0	0	0
12	Subtotal Revenues	26,983,950	36,121,109	23,889,109	23,030,538	22,271,537	22,271,537
13	Transfers and Other Adjustments						
14	To TCTF (GC 77209(k))	-13,397,000	-13,397,000	-13,397,000	-13,397,000	-13,397,000	-13,397,000
15	To Trial Court Trust Fund (Budget Act)	-594,000	-594,000	-594,000	-594,000	-594,000	-594,000
16	From State General Fund	0					
17	Total Revenues, Transfers, and Other Adjustments	12,992,950	22,130,109	9,898,109	9,039,538	8,280,537	8,280,537
18	Total Resources	24,137,054	25,451,714	23,585,483	20,500,927	18,096,604	20,216,100
19							
20	EXPENDITURES:						
21	Judicial Branch Total State Operations	6,002,342	4,405,086	4,793,364	5,668,352	4,470,687	4,396,223
22	Judicial Branch Total Local Assistance	65,451,774	63,464,276	52,138,730	74,411,508	48,666,316	45,030,716
23	Pro Rata and Other Adjustments	659,579	305,352	306,000	106,000	400,000	400,000
24	Less funding provided by General Fund (Local Assistance)	-56,618,000	-57,518,000	-45,114,000	-69,501,000	-47,375,962	-43,740,362
25	Total Expenditures and Adjustments	14,836,116	10,656,714	12,124,094	10,684,860	6,161,041	6,086,577
26	Fund Balance	9,300,938	14,795,000	11,461,389	9,816,067	11,935,563	14,129,524
27	Reserve Funds (June 24, 2016 JCC)		2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
28	Restricted Funds - Jury Management	1,104,525	799,682	712,162	716,703	775,191	779,732
29	Restricted Funds - Sargent Shriver Civil Counsel		205,615	520,692	0	0	0
30	Restricted Funds - Case Management Systems (CMS)			4,338,989	0	0	0
31	Fund Balance - less restricted funds	9,300,938	11,789,703	3,889,547	7,099,364	9,160,373	11,349,792
32	Structural Balance	-1,843,166	11,473,395	-2,225,985	-1,645,322	2,119,496	2,193,960

¹ State Controllars Office recorded 50/50 revenues incorrectly in 2016-17. Actual 50/50 revenue for 2016-17 is \$12,109,826 and 2017-18 is \$12,120,300.

² 2018-19 expenditures reflect anticipated savings as recognized by programs in relation to the 2018-19 Judicial Council approved allocations.

JUDICIAL COUNCIL OF CALIFORNIA
BUDGET SERVICES
Report to the Trial Court Budget Advisory Committee

(Action Item)

Title: Allocations from the Trial Court Trust Fund (TCTF) and Trial Court Allocations for 2019-20

Date: 5/2/2019

Contact: Melissa Ng, Senior Budget Analyst, Judicial Council Budget Services
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Issue

Government Code section 68502.5(c)(2)(A) requires the Judicial Council to make a preliminary allocation for the trial courts in July of each fiscal year and a final allocation in January of each fiscal year. The Trial Court Budget Advisory Committee (TCBAC) is asked to consider approval of 2019-20 trial court TCTF and General Fund allocations for recommendation to the Judicial Council at its July 18-19, 2019 business meeting.

Recommendation

The following recommendations are presented to TCBAC for consideration:

- Approve base, discretionary, and non-discretionary programs from the TCTF in the amount of \$2.21 billion (Attachment 4A, line 60);
- Approve a General Fund allocation in the amount of \$68.8 million for employee benefits (Attachment 4A, line 13); and
- Approve a Workload Formula allocation of \$2.032 billion based on methodologies approved by the Judicial Council (Attachment 4B, column Q).

Base, Discretionary, and Non-Discretionary Programs

1. Program 0140010 – Judicial Council
 - a. Revenue & Expenditure (R&E) Subcommittee recommendation for Judicial Council staff in the amount of \$3,915,900 (Attachment 4A, line 33).
2. Program 0150010 – Support for Operation of the Trial Courts
 - a. 2018-19 Adjusted TCTF Allocation in the amount of \$1,861,356,507 (Attachment 4A, line 15).
 - i. Includes prorated allocation adjustment of \$3,123,761 for Subordinate Judicial Officer (SJO) conversions in 2018-19 (Attachment 4A, line 3).
 - ii. Includes \$1,896,000 allocation for Riverside Judgeships, appropriated from the 2018 Budget Act (Attachment 4A, line 4).

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- iii. Shifts the \$19.1 million for self-help funding appropriated in the 2018 Budget Act from the base allocation to the self-help funding line. This allocation will be displayed with the \$2.5 million in self-help funding currently not included in the base allocation (Attachment 4A, line 5).
 - iv. Includes \$9,223,000 for criminal justice realignment funding (Attachment 4A, line 9).
 - v. Includes \$10,907,514 for 2% automation replacement (Attachment 4A, line 10).
 - vi. Includes \$943,840 for telephonic appearances (Attachment 4A, line 11).
 - b. New and changed allocations in the amount of \$31,922,399.
 - i. Includes \$21,922,399 for non-court interpreter employee benefits for 2018-19 in the May Revise for inclusion in the 2019 Budget Act (Attachment 4A, line 18)¹.
 - ii. Includes \$8,787,706 of the \$10 million designated for court reporters in family law in the 2018 Budget Act, to be used for discretionary purposes based on survey results that indicated fully staffed court reporters in family law (Attachment 4A, line 20).
 - iii. Includes \$1,212,294 of the \$10 million designated for court reporters in family law in the 2018 Budget Act (Attachment 4A, line 21).
 - c. R&E Subcommittee recommendation for Support of Operation of Trial Courts in the amount of 38,498,538 (Attachment 4A, line 52).
3. Program 0150011 – Court Appointed Dependency Counsel
- a. R&E Subcommittee recommendation to allocate \$156,700,000 for Court Appointed Dependency Counsel (Attachment 4A, line 44).
 - i. Includes \$20,000,000 in new funding proposed in the 2019-20 Governor’s Budget.
4. Program 0150037 – Court Interpreter Allocation in the amount of \$109,833,486 (Attachment 4A, line 58).
- i. Includes \$873,486 for court interpreter employee benefits for 2018-19 cost changes in the May Revise for inclusion in the 2019 Budget Act (Attachment 4A, line 19).
5. Program 0150095 – Expenses on Behalf of the Trial Courts
- a. R&E Subcommittee recommendation in the amount of \$10,014,999 for expenditures incurred by the Judicial Council on behalf of the trial courts (Attachment 4A, line 42).

General Fund

Approve \$68,818,575 in General Fund for employee benefits (Attachment 4A, line 13).

¹ Court interpreter benefit cost changes are added to the Court Interpreter Program.

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2019-20 Workload Formula Allocation

The 2019-20 Workload Formula includes allocations, revenues, and adjustments in the amount of \$2.032 billion.

Changes to the prior year allocation formula include:

- a. Reductions for SJO conversions totaling \$1,734,620 (Attachment 4B, column J).
- b. Adjustment to SJO allocation totaling \$2,382,505 (Attachment 4B, column K).
- c. Difference of \$172,579 in Automated Recordkeeping and Micrographics collections from 2016-17 to 2017-18 (Attachment 4B, column L).
- d. 2018-19 cost changes for non-interpreter employee benefits totaling \$21,922,399 (Attachment 4B, column M).
- e. Allocation of \$8,787,706 in discretionary funding that was previously designated for court reporters in family law in 2018-19. This allocation is based on courts that have fully staffed court reporters in family law (Attachment 4B, column N).
- f. 2017-18 revenues collected totaling \$107,999,677 (Attachment 4B, column O)².
- g. 2019-20 Workload Formula funding floor adjustment, which includes funding floor allocations for two courts totaling \$58,504, with all other courts sharing pro rata in the reduction to cover the funding floor allocations (Attachment 4B, column P). The funding floor adjustment may change in the event there are Workload Formula related allocations in the 2019 Budget Act.

Pending Allocations

Two items that will be allocated from the Program 0150010 appropriation are pending:

1. Because the courts have until July 14 to provide their preliminary 2018-19 ending fund balances, the preliminary reduction amounts related to trial court reserves above the 1% cap referenced in Government Code section 68502.5(c)(2)(A) will not be available for TCBAC consideration prior to recommendation to the council at its July 18-19, 2019 meeting. However, the TCBAC will consider the final allocation reductions for fund balance above the 1% cap prior to recommendation to the Judicial Council before February 2020.
2. The allocation of monies, using the council-approved formula, collected through the dependency counsel collections program will be brought to the TCBAC and council once final 2018–19 collections are known. A number of allocations are required by the Budget Act (a \$50 million distribution from the Immediate & Critical Needs Account for court operations; various revenue distributions as required by statute or as authorized charges for the cost of programs or cash advances).

² Includes all other applicable revenue sources as recommended by TCBAC and pending council approval.

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Other Allocations

The following allocations are pending:

- a. Any changes to appropriations provided for in the 2019 Budget Act;
- b. Reduction amounts related to the pending request from Humboldt Superior Court for \$117,124 from the \$10 Million State-Level Reserve to be considered by the Judicial Council at its May 17, 2019 business meeting.
- c. There is a Resource Assessment Study work year value recommendation to be considered by the council on May 17, 2019. The value used in the 2019-20 Workload Formula is the recommended year value.
- d. The revenue reflected as a change to the Workload Allocation includes additional, relevant funding sources in addition to civil assessments. The allocation used presupposes that the council will approve the recommendation of additional funding sources at its July 18-19, 2019 business meeting.
- e. There is an ad hoc subcommittee of trial courts working through all of the operating expenditures and equipment (OE&E) accounts to determine which should be included in the OE&E calculation, in addition to developing a recommendation as to the correct Consumer Price Index calculation to apply to OE&E. The current materials do not reflect any of this work, which is scheduled for consideration by the council in July 2019.

The \$10 million in urgent needs funding assumes no allocations in 2019–20. If monies are allocated, courts would need to replenish the monies up to what was allocated by the council from their 2020-21 base allocation (Link 4A).

The projected 2019–20 ending TCTF fund balance is \$57.5 million (Attachment 4C; column E, row 25). Approximately \$26.5 million are monies that are either statutorily restricted or restricted by the council (Attachment 4C; column E, row 26). The estimated unrestricted fund balance is \$31.0 million (Attachment 4C; column E, row 27). The 2019-20 preliminary allocation requests totaling \$2.21 billion can be supported by the TCTF based on current revenue projections and 2018-19 projected savings.

Attachments

Attachment 4A: 2019-20 TCTF Recommended Preliminary Allocation

Attachment 4B: 2019-20 Workload Formula Allocation

Attachment 4C: TCTF Fund Condition Statement

Link 4A: Judicial Branch Budget Committee report (March 18, 2019),

<https://www.courts.ca.gov/documents/jbbc-20190318-materials.pdf>

2019-20 Trial Court Trust Fund (TCTF) Recommended Preliminary Allocation

2018-19 Base Allocation				Base Allocation Adjustments				2019-20 Base Allocation	2019-20 TCTF Allocations	
A	B	C	D	E	F	G	H	I	J	K
2018-19 Ending Base	Less General Fund Employee Benefits	Less Trial Court Operations Funded from ICNA	2018-19 TCTF Ending Base (A + B + C)	2018-19 Adjusted TCTF Allocation	2018-19 Court Interpreter Allocation	Non-Court Interpreter New and Changed Allocations	Court Interpreter Benefits Cost Change	2018-19 TCTF Base Allocation (E + F + G + H)	Revenue and Expenditure (R&E) Subcommittee Recommendations	2018-19 Total TCTF Allocation (I + J)
1,979,428,489	(68,818,575)	(50,000,000)	1,860,609,914	1,861,356,507	108,960,000	31,922,399	873,486	2,003,112,392	209,129,437	2,212,241,829

Trial Court Trust Fund (TCTF) 2019-20 Allocation

1	2018-19 Ending Base	1,979,428,489
2	2018-19 Allocation Adjustments	
3	Subordinate Judicial Officer Conversions	(3,123,761)
4	Riverside Judgeships	1,896,000
5	2018-19 Self-Help Funding Shift (From Base to Reimbursement Section, line 43)	(19,100,000)
6		<u>(20,327,761)</u>
7	2018-19 Adjusted Base Allocation	1,959,100,728
8	2018-19 Other Allocations	
9	Criminal Justice Realignment	9,223,000
10	2% Automation Replacement	10,907,514
11	Telephonic Appearances	943,840
12		<u>21,074,354</u>
13	Less General Fund Employee Benefits	(68,818,575)
14	Less Trial Court Operations Funded from the Immediate and Critical Needs Account (ICNA)	(50,000,000)
15	2018-19 Adjusted TCTF Allocation (Program 0150010)	1,861,356,507
16	2018-19 Court Interpreter (Program 0150037)	108,960,000
17	New and Changed Allocations	
18	2018-19 Non-Court Interpreter Employee Benefits Cost Change	21,922,399
19	2018-19 Court Interpreter Employee Benefits Cost Change (Program 0150037)	873,486
20	Court Reporters in Family Law (Discretionary)	8,787,706
21	Court Reporters in Family Law	1,212,294
22		<u>32,795,885</u>
23	2019-20 TCTF Base and Other Allocations	2,003,112,392
24	R&E Subcommittee Recommendations	
25	Judicial Council (Staff) - Program 0140010	
26	Sargent Shriver Civil Counsel Pilot Program	500,000
27	Equal Access Fund	246,000
28	Court-Appointed Dependency Counsel Collections	260,000
29	Statewide Support for Collections Programs	806,000
30	Phoenix Financial Services	72,500
31	Phoenix Human Resources Services	1,401,400
32	Statewide E-Filing Implementation	630,000
33		<u>3,915,900</u>
34	Expenses on Behalf of the Trial Courts - Program 0150095	
35	Children in Dependency Case Training	113,000
36	Sargent Shriver Civil Counsel Pilot Program	7,490,937
37	Civil, Small Claims, Probate and Mental Health (V3) Case Management System	564,000
38	California Courts Technology Center	688,800
39	Interim Case Management System	62,200
40	Other Post Employment Benefits Valuations	556,062
41	External Audit - Trial Court Audit Program	540,000
42		<u>10,014,999</u>
43	Allocation for Court-Appointment Dependency Counsel - Program 0150011	
44	Court-Appointed Dependency Counsel ¹	156,700,000

Trial Court Trust Fund (TCTF) 2019-20 Allocation

45	Allocation for Reimbursements - Program 0150010	
46	Jury	14,500,000
47	Replacement Screening Stations	1,300,000
48	Self-Help Center (includes \$19.1 million moved from base)	21,600,000
49	Elder Abuse	332,340
50	Court-Appointed Dependency Counsel Collections Reimbursement Rollover	pending
51	Court-Appointed Dependency Counsel Collections Reimbursement	766,198
52		38,498,538
53	2019-20 Total TCTF/Other Allocations (Base + R&E Recommendations)	2,212,241,829
54	2019-20 TCTF Allocation by Program	
55	0140010 - Judicial Council	3,915,900
56	0150010 - Support for Operation of the Trial Courts	1,931,777,444
57	0150011 - Court-Appointed Dependency Counsel	156,700,000
58	0150037 - Court Interpreters (Benefits)	109,833,486
59	0150095 - Expenses on Behalf of the Trial Courts	10,014,999
60	Total 2019-20 Allocation by Program	2,212,241,829

¹ Includes \$20 million in new funding proposed in the 2019-20 Governor's Budget.

Court	2018-19 Adjusted Base Allocation	2017-18 NON-BASE ADJUSTMENTS USED TO CALCULATE WORKLOAD ALLOCATION				2018-19 BASE ADJUSTMENTS USED TO CALCULATE WORKLOAD ALLOCATION			2018-19 Workload Allocation	Changes to Workload Allocation							2019-20 Workload Allocation	2019-20 Workload Formula	2019-20 Workload Percentage
		Automated Recordkeeping & Micrographics	2% Automation Replacement	2018-19 Self-Help (3-Year Limited Term)	Self-Help	Security Base (FY 10-11) Adjustment	SJO Adjustment	Total Workload Formula Related Adjustments		Fiscal Neutral Cost Change	Fiscal Neutral Offset	Change in Revenue Collected	Fiscal Neutral Cost Change	Proportional Share	Revenue Collected	RAS Methodology			
A	B	C	D	E	F	G	H (B:G)	I	J	K	L	M	N	O	P	Q (P:P)	R	S (Q/R)	
Alameda	76,817,412	96,585	424,792	795,129	105,802	(3,275,206)	(2,019,741)	72,944,773	-	(18,741)	5,142	2,392,027	397,540	4,109,810	(2,300)	79,828,251	86,474,695	92.3%	
Alpine	747,588	32	2,034	556	65	-	-	750,276	-	(12)	13,000	-	22,786	13,950	-	800,000	426,518	187.6%	
Amador	2,861,472	656	11,006	18,548	2,333	-	-	2,894,015	-	-	21	222,444	-	90	[90]	3,140,943	3,403,969	92.3%	
Butte	11,704,996	13,427	59,332	109,411	14,122	(481,445)	(330,047)	11,089,796	-	(21,028)	25	2,229	-	396,005	(330)	11,466,696	14,668,798	78.2%	
Calaveras	2,589,298	800	18,652	21,828	2,707	-	-	2,633,285	-	-	90	25,934	-	94,505	(79)	2,753,733	2,919,609	94.3%	
Colusa	1,979,551	339	13,708	10,652	1,358	-	-	2,005,608	-	-	38	25,526	-	138,576	(63)	2,169,686	2,055,381	105.6%	
Contra Costa	41,109,976	64,244	218,186	550,676	74,046	-	(850,172)	41,166,956	-	(135,831)	3,486	827,215	-	4,577,997	(1,338)	46,438,485	54,652,885	85.0%	
Del Norte	2,925,150	423	11,208	13,108	1,544	-	(116,360)	2,835,073	-	116,360	42	158,849	-	84,809	(92)	3,195,041	3,095,378	103.2%	
El Dorado	7,222,030	3,120	54,374	89,432	11,606	-	(154,758)	7,225,804	-	36,474	329	230,562	-	37,609	(222)	7,707,027	9,497,526	81.1%	
Fresno	51,117,892	60,160	181,080	481,310	64,728	-	(1,018,675)	50,886,496	-	(109,213)	5,494	(448,513)	-	265,110	(1,560)	54,146,707	67,406,253	80.3%	
Glenn	2,120,171	440	19,264	13,884	1,741	(10,078)	-	2,145,422	-	-	54	28,765	-	180,730	(68)	2,354,903	2,434,626	96.7%	
Humboldt	6,717,859	7,448	48,160	66,183	8,489	(172,937)	(161,102)	6,514,102	-	38,864	160	25,385	-	775,856	(212)	7,354,155	6,692,756	84.6%	
Imperial	9,232,298	8,847	67,678	91,013	12,403	(433,351)	(151,222)	8,827,667	-	151,222	(273)	154,305	-	930,361	(290)	10,062,992	11,129,924	90.4%	
Inyo	2,165,882	222	30,402	8,998	1,131	(192,372)	-	2,014,262	-	(66,958)	25	44,002	-	91,716	(60)	2,082,988	2,182,661	95.4%	
Kern	54,423,177	54,614	277,328	432,568	59,500	(67,574)	(1,531,380)	53,648,233	-	(457,000)	7,070	141,540	-	6,809,874	(1,733)	60,147,183	71,109,226	84.6%	
Kings	7,968,836	8,136	57,026	72,265	9,129	(434,834)	(265,474)	7,415,085	-	58,552	576	72,365	-	41,393	(244)	8,467,985	9,871,265	85.8%	
Lake	3,988,695	1,343	20,328	31,385	3,967	(202,508)	(65,367)	3,777,843	-	(1,672)	(48)	63,696	-	37,823	(112)	3,898,076	5,147,175	75.7%	
Lassen	2,429,096	415	20,156	14,941	1,660	(302,831)	-	2,163,437	-	-	21	7,071	-	238,446	(69)	2,408,906	2,347,609	102.6%	
Los Angeles	555,725,135	870,104	3,144,530	4,949,153	619,270	(14,732,045)	(19,855,347)	530,720,800	-	(1,155,516)	54,312	3,046,522	2,886,810	15,976,876	(15,813)	548,891,645	720,403,452	76.2%	
Madera	8,359,895	2,599	52,502	75,626	10,028	(393,081)	-	8,107,568	-	-	114	22,956	-	589,835	(252)	8,763,439	10,879,787	80.5%	
Marin	12,128,314	15,296	114,766	127,388	16,422	(9,920)	(64,829)	12,327,438	-	64,829	599	(139,473)	-	62,936	(389)	13,496,125	14,126,733	95.5%	
Mariposa	1,340,196	276	3,904	8,770	1,095	-	-	1,354,240	-	(34,500)	50	2,258	-	96,296	(41)	1,418,303	1,485,277	95.5%	
Mendocino	6,188,362	4,430	30,068	43,074	5,331	(308,513)	(17,930)	5,944,823	-	17,930	388	217,589	-	31,965	(185)	6,428,351	7,426,169	86.6%	
Merced	13,294,250	12,398	55,652	132,733	17,911	-	(394,167)	13,118,778	-	1,926	1,926	46,029	-	544,855	(397)	13,773,443	17,378,170	79.3%	
Modoc	1,022,344	278	6,134	4,630	567	(813)	-	1,033,140	-	-	16	21,921	-	37,240	(31)	1,092,285	1,135,371	96.2%	
Mono	1,933,413	168	12,446	6,627	834	(24,895)	-	1,928,592	-	(17,401)	36	10,812	-	281,926	(61)	2,103,905	2,195,675	95.8%	
Monterey	20,020,569	19,958	183,464	213,775	27,573	(896,632)	(370,295)	19,498,409	-	25,271	662	317,866	103,764	1,339,627	(605)	20,984,994	24,021,877	87.4%	
Napa	7,672,619	2,308	30,550	68,819	8,984	(304,599)	(386,927)	7,091,755	-	(104,742)	254	137,689	-	838,643	(228)	7,927,447	9,650,276	82.1%	
Nevada	5,516,236	4,814	49,946	47,759	5,920	(446,699)	(320,695)	4,857,282	-	12,445	264	30,486	-	305,635	(150)	5,205,962	6,382,981	81.6%	
Orange	141,318,302	235,272	923,882	1,543,529	198,855	(2,817,461)	(4,282,161)	137,120,218	-	(287,118)	14,849	(319,961)	734,637	11,061,510	(4,267)	148,116,695	180,685,494	82.0%	
Placer	17,477,787	20,905	77,378	185,008	26,240	-	(970,110)	16,817,209	-	107,939	2,965	222,437	-	1,530,743	(538)	18,680,754	23,721,877	78.7%	
Plumas	1,237,783	266	9,206	9,578	1,123	-	-	1,257,956	-	-	154	10,266	-	17,873	(37)	1,286,212	1,420,183	90.6%	
Riverside	100,693,803	57,407	532,226	1,152,459	164,306	(1,990,647)	(2,540,304)	98,069,250	-	(683,751)	(1,344)	2,333,859	514,099	14,880,915	(3,316)	115,109,711	131,444,731	87.6%	
Sacramento	80,408,562	197,102	340,254	732,021	97,629	(1,921,497)	(1,915,768)	77,938,302	-	1,509,364	9,656	1,485,041	415,809	2,924,441	(2,428)	84,280,185	119,006,905	70.8%	
San Benito	3,277,419	1,085	14,700	27,475	3,403	-	-	3,324,083	-	-	62	50,843	-	95,147	(100)	3,470,034	3,609,371	96.1%	
San Bernardino	106,643,595	147,729	435,474	1,043,955	138,498	(3,369,529)	(3,251,190)	101,788,533	-	(185,293)	19,947	2,591,739	554,088	3,345,954	(3,115)	108,111,853	138,199,504	78.2%	
San Diego	143,108,618	217,206	718,442	1,602,568	212,180	(677,310)	(4,364,278)	140,817,427	-	(111,459)	10,038	942,844	742,318	9,996,639	(4,389)	152,350,211	171,051,818	89.1%	
San Francisco	54,490,253	68,146	272,528	422,475	56,392	-	(508,842)	54,800,952	-	17,778	3,816	669,758	280,480	3,906,607	(1,719)	59,677,671	56,652,812	105.3%	
San Joaquin	37,521,643	46,781	201,698	360,928	48,830	(296,555)	(853,972)	37,029,352	-	(107,573)	7,003	737,372	194,123	488,995	(1,105)	38,348,168	51,084,825	75.1%	
San Luis Obispo	14,410,781	14,981	130,020	135,360	17,727	(249,074)	(417,124)	14,042,671	-	(28,334)	379	282,672	74,917	1,159,115	(447)	15,530,973	19,759,134	78.6%	
San Mateo	38,207,726	13,022	329,518	372,205	48,731	(456,604)	(1,648,337)	36,866,260	-	(75,784)	530	647,571	198,431	2,133,242	(1,146)	39,764,420	46,976,457	84.6%	
Santa Barbara	23,582,216	23,479	162,858	217,785	28,609	(1,087,411)	(529,336)	22,398,202	-	(22,811)	1,593	319,695	121,916	1,452,319	(699)	24,270,214	30,231,570	80.3%	
Santa Clara	77,237,234	88,760	452,782	936,636	124,902	-	(752,452)	78,087,862	-	(13,723)	7,925	1,022,089	400,368	741,615	(2,312)	80,243,823	96,044,759	83.5%	
Santa Cruz	13,008,694	12,116	113,210	113,670	17,394	-	(297,927)	12,987,156	-	31,250	1,051	101,170	-	546,669	(394)	13,666,902	17,187,826	79.5%	
Shasta	15,079,299	3,603	44,394	86,312	10,670	(2,714,484)	(322,217)	12,187,577	-	20,760	129	10,979	-	309,012	(361)	12,528,096	15,990,523	78.3%	
Sierra	736,869	31	1,830	1,550	181	-	-	740,461	-	-	24	7,745	-	7,217	44,554	800,000	292,345	273.6%	
Siskiyou	3,164,357	786	37,000	21,596	2,635	-	(162,904)	3,063,470	-	(16,112)	77	319,602	16,379	137,902	(101)	3,521,217	3,776,273	93.2%	
Solano	22,488,000	29,083	119,364	210,710	26,987	(448,728)	(630,587)	21,794,829	-	181,956	3,465	466,108	116,378	1,475,495	(693)	24,037,540	30,059,311	80.0%	
Sonoma	24,223,033	27,406	119,004	244,102	31,725	(453,469)	(558,958)	23,632,842	-	(25,202)	1,576	532,498	125,413	966,659	(727)	25,233,059	30,877,425	81.7%	
Stanislaus	25,846,784	30,276	88,718	264,852	34,717	(9,611)	(491,527)	25,764,207	-	(80,510)	3,339	375,797	133,542	2,201,508	(789)	27,977,094	34,329,251	79.8%	
Sutter	5,652,982	1,755	37,382	46,855	6,121	(254,634)	-	5,490,460	-	-	153	140,405	-	29,222	(171)	5,918,587	7,939,123	74.5%	
Tehama</																			

Court	Other Allocations and Information						2019-20 Total Allocation and Revenues
	Non-Sheriff Security	SJOs (excludes AB 1058)	Telephonic Appearances	Criminal Justice Realignment	Funding for Court Reporters in Family Law	Total Other Allocations and Information	
	T	U	V	W	X	Y (T-X)	
Alameda	3,275,206	2,038,482	-	258,356	-	5,572,044	85,400,295
Alpine	-	-	-	-	-	-	800,000
Amador	-	-	5,790	5,091	-	10,881	3,151,823
Butte	481,445	351,075	15,210	100,906	60,749	1,009,385	12,476,081
Calaveras	-	-	791	8,363	-	9,155	2,762,888
Colusa	-	-	-	6,727	-	6,727	2,176,413
Contra Costa	-	986,003	-	121,451	213,434	1,320,888	47,759,372
Del Norte	-	-	-	10,000	-	10,000	3,205,041
El Dorado	-	118,284	24,418	38,908	-	181,610	7,888,636
Fresno	-	1,127,888	75,930	262,538	-	1,466,356	55,613,063
Glenn	10,078	-	1,230	5,818	-	17,126	2,372,030
Humboldt	172,937	122,238	12,250	35,817	34,954	378,196	7,732,351
Imperial	433,351	-	25,465	29,817	47,852	536,485	10,599,477
Inyo	192,372	66,958	1,395	5,273	-	265,997	2,348,985
Kern	67,574	1,988,380	38,700	354,353	281,681	2,730,688	62,878,673
Kings	434,834	206,922	5,935	60,180	-	707,871	9,175,053
Lake	202,508	67,039	-	16,545	-	286,092	4,184,167
Lassen	302,831	-	4,241	4,000	-	311,072	2,719,978
Los Angeles	14,732,045	22,477,693	-	3,031,910	-	40,241,648	589,133,293
Madera	393,081	-	-	38,726	-	431,808	9,195,247
Marin	9,920	-	42,540	18,727	-	71,186	13,567,312
Mariposa	-	34,500	-	4,545	-	39,046	1,457,349
Mendocino	308,513	-	8,520	41,272	-	358,304	6,786,655
Merced	-	331,916	13,095	111,451	68,995	525,457	14,298,900
Modoc	813	-	776	2,000	-	3,589	1,095,874
Mono	24,895	17,401	-	545	-	42,842	2,146,747
Monterey	896,632	345,025	-	33,817	-	1,275,474	22,260,468
Napa	304,599	422,851	14,590	18,181	40,006	800,227	8,727,674
Nevada	446,699	308,250	-	3,091	28,461	786,501	5,992,463
Orange	2,817,461	4,485,435	-	482,531	-	7,785,428	155,902,122
Placer	-	862,171	24,920	52,726	90,332	1,030,149	19,710,903
Plumas	-	-	2,448	3,273	-	5,720	1,291,932
Riverside	1,990,647	3,224,055	-	766,341	-	5,981,044	121,090,755
Sacramento	1,921,497	406,404	43,920	166,904	-	2,538,725	86,818,910
San Benito	-	-	-	9,636	-	9,636	3,479,670
San Bernardino	3,369,529	3,436,483	239,760	997,789	-	8,043,561	116,155,414
San Diego	677,310	4,407,483	-	491,985	-	5,576,778	157,926,989
San Francisco	-	491,065	17,515	72,725	-	581,305	60,258,976
San Joaquin	296,555	961,545	51,955	88,543	-	1,398,598	39,746,767
San Luis Obispo	249,074	445,458	18,700	94,179	-	807,411	16,338,385
San Mateo	456,604	1,653,021	39,743	63,089	-	2,212,457	41,976,877
Santa Barbara	1,087,411	552,146	44,719	72,907	-	1,757,183	26,027,397
Santa Clara	-	766,176	-	183,085	-	949,261	81,193,085
Santa Cruz	-	266,678	21,904	33,454	67,302	389,337	14,056,239
Shasta	2,714,484	301,456	9,190	72,543	77,290	3,174,963	15,703,060
Sierra	-	-	630	1,455	-	2,085	802,085
Siskiyou	-	179,015	-	6,909	-	185,924	3,707,142
Solano	448,728	448,631	42,765	108,360	-	1,048,485	25,086,024
Sonoma	453,469	584,160	14,895	73,089	-	1,125,613	26,358,672
Stanislaus	9,611	572,037	46,740	95,634	-	724,022	28,121,116
Sutter	254,634	-	2,795	27,090	-	284,519	6,203,106
Tehama	-	-	1,340	14,545	-	15,885	4,820,620
Trinity	530,681	-	400	1,273	-	532,354	2,176,892
Tulare	16,053	543,948	12,890	100,179	-	673,069	25,406,581
Tuolumne	227,266	61,207	6,280	7,454	-	302,207	4,188,426
Ventura	1,606,885	804,479	-	412,897	201,238	3,025,500	41,614,585
Yolo	600,732	-	-	53,089	-	653,822	13,046,648
Yuba	136,627	-	9,456	40,908	-	186,991	5,601,469
Total	42,555,593	56,463,957	943,840	9,223,000	1,212,294	110,398,684	2,142,717,152

¹ Benefits funding reflects actual cost changes as identified by the court and is fiscally neutral.

Trial Court Trust Fund - Fund Condition Statement

#	Description	YEAR END FINANCIAL STATEMENTS			ESTIMATED	
		2016-17	2017-18	2018-19 ¹	2019-20	2020-21
A		B	C	D	E	F
1	Beginning Fund Balance	34,829,875	66,569,099	60,477,544	58,504,175	57,878,477
2	Prior-Year Adjustments	5,759,000	8,556,629		-	-
3	TOTAL REVENUES AND TRANSFERS	1,288,395,327	1,303,737,015	1,311,356,000	1,316,445,000	1,328,324,000
4	<i>Total Revenues</i>	<i>1,270,421,327</i>	<i>1,283,589,015</i>	<i>1,291,388,000</i>	<i>1,296,968,000</i>	<i>1,310,009,000</i>
5	Transfers/Charges/Reimbursements					
6	General Fund Loan - Statewide E-Filing		671,000	491,000		(1,162,000)
7	Reduction Offset Transfers	6,080,000	6,080,000	6,080,000	6,080,000	6,080,000
8	Net Other Transfers/Charges/Reimbursements	11,894,000	13,397,000	13,397,000	13,397,000	13,397,000
9	Total Resources	1,328,984,203	1,378,862,742	1,371,833,544	1,374,949,175	1,386,202,477
10	EXPENDITURES/ENCUMBRANCES/ALLOCATIONS					
11	Program 0140010 - Judicial Council (Staff)	2,306,934	2,657,198	3,957,000	3,915,900	3,856,500
12	Program 0150010 - Support for Operation of the Trial Courts	1,860,003,547	1,857,899,805	1,983,950,000	2,014,918,932	2,014,918,932
13	Program 0150011 - Court-Appointed Dependency Counsel	114,699,919	130,146,303	136,700,000	156,700,000	156,700,000
14	Program 0150019 - Compensation of Superior Court Judges	335,384,000	348,583,021	375,054,369	378,119,381	378,119,381
15	Program 0150028 - Assigned Judges	25,923,351	28,063,247	29,090,000	29,090,000	29,090,000
16	Program 0150037 - Court Interpreters	102,282,915	108,537,000	108,960,000	109,833,486	109,833,486
17	Program 0150046 - Grants	8,147,000	9,554,900	10,329,000	10,329,000	10,329,000
18	Program 0150095 - Expenses on Behalf of the Trial Courts	11,391,069	9,543,398	11,207,000	10,014,999	11,092,773
19	Total Local Assistance	2,446,549,101	2,493,406,000	2,655,290,369	2,709,005,798	2,710,083,571
20	<i>FISCAL Assessment</i>		<i>174,000</i>	<i>174,000</i>	<i>174,000</i>	<i>174,000</i>
21	<i>Pro Rata</i>		<i>129,000</i>	<i>2,000</i>	<i>66,000</i>	<i>66,000</i>
22	<i>Supplemental Pension Payments</i>			<i>98,000</i>	<i>76,000</i>	<i>169,000</i>
23	<i>Less Funding Provided by General Fund:</i>	<i>1,197,832,000</i>	<i>1,177,981,000</i>	<i>1,346,192,000</i>	<i>1,396,167,000</i>	<i>1,384,667,000</i>
24	Total, Expenditures/Encumbrances/Allocations	1,262,415,104	1,318,385,198	1,313,329,369	1,317,070,698	1,329,682,071
25	Ending Fund Balance	66,569,099	60,477,544	58,504,175	57,878,477	56,520,406
26	Total Restricted Funds	28,450,583	31,355,448	27,157,424	26,506,585	25,648,733
27	Ending Unrestricted Fund Balance	38,118,516	29,122,096	31,346,751	31,371,892	30,871,672

¹ 2018-19 revenues reflect the most current revenue projections (actuals through January 2019)

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(Action Item)

Title: Interpreter Program Shortfall Methodology
Date: 4/25/2019
Contact: Catrayel Wood, Senior Budget Analyst, Judicial Council Budget Services
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Issue

Consideration of options from the Funding Methodology Subcommittee for recommendation to the Judicial Council on addressing a 2019-20 projected shortfall amount of \$13.5 million in the Court Interpreter Program (CIP) while continuing development of a methodology to manage anticipated, ongoing shortfalls and review existing methodologies.

Background

A fundamental goal of the California judicial branch is equal access to justice and to the courts, regardless of an individual's ability to communicate in English. With over 200 languages spoken in California, court interpreters play a critical role in achieving this goal by accurately interpreting for persons who are limited English proficient.

Article I, section 14 of the California Constitution was amended in 1974 to provide that "[a] person unable to understand English who is charged with a crime has a right to an interpreter throughout the proceedings," and the enactment of Assembly Bill (AB)1657 (Stats. 2014, ch.721) expanded California's constitutional mandate and authorized courts to provide interpreters to all parties in civil matters, regardless of income, and set forth a priority and preference order when courts do not have sufficient resources to provide interpreters for all persons (Attachment 5A).

In 1998, the Judicial Council approved the establishment of the CIP. The CIP oversees program development and is responsible for the recruitment, orientation, testing, and certification of individuals seeking to become court interpreters. The CIP also oversees mandatory ethics training for newly certified or registered interpreters and monitors annual renewal requirements, including compliance with the continuing education and professional assignment requirements of certified and registered interpreters in California's courts.

At its business meeting on July 29, 2009, the council authorized the allocation of savings from the statewide special funds, on a one-time basis, to address the anticipated 2008-09 shortfall of \$912,000 in the CIP (Link 5A).

During its business meeting on October 29, 2010, the council approved a policy that \$4.839 million in savings associated with the court interpreters' reimbursement program in 2009-10,

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and any future program savings, be set aside and made available to address future reimbursable court interpreter costs, including based funding (Link 5B).

Effective January 1, 2015, the enactment of Assembly Bill 1657 (Stats. 2014, ch. 721) expanded California's constitutional mandate and authorized courts to provide interpreters to all parties in civil matters, regardless of income, and presented a priority and preference order when courts have insufficient resources to provide interpreters for all persons.

At its August 14, 2018 meeting, the Trial Court Budget Advisory Committee (TCBAC) approved the one-time use of the Trial Court Trust Fund (TCTF) for courts to maintain the CIP at its current level through 2018-19 in an amount not to exceed the projected shortfall of \$3.4 million for recommendation to the Judicial Council (Link 5C). The council approved the allocation on a one-time basis, and directed Judicial Council staff to continue to monitor the CIP fund and to provide regular updates to TCBAC to report any changes and to incorporate any additional funding after the Governor's proposed budget was released in January 2019 (Link 5D).

Taking the Governor's budget proposal into consideration with \$4 million ongoing beginning in 2019-20, there are not enough funds available to resolve the shortfall and maintain services in the budget year and beyond. Absent use of TCTF fund balance or state funding to shore up projected shortfalls, trial courts may be negatively impacted through a reduction in reimbursements (Attachment 5B).

As a result, Judicial Council staff presented a recommendation to the Funding Methodology Subcommittee (FMS) on October 18, 2018 requesting an allocation methodology to address ongoing shortfalls. The FMS established the Interpreter Ad Hoc Subcommittee to explore a methodology for allocations from the TCTF CIP in the event of a shortfall and review existing methodologies. The Interpreter Ad Hoc Subcommittee recommended to the FMS at its February 28, 2019 meeting to use unrestricted TCTF fund balance to address the projected 2019-20 shortfall of \$13.5 million. Recognizing that the CIP is a priority of the council, the FMS decided to carry forward two options to TCBAC with a recommendation that they be presented to the Judicial Council for consideration at its May 17, 2019 business meeting.

The Judicial Council is still pursuing \$13.5 million through the budget process to address the projected shortfall in 2019-20 and has had multiple discussions with the Department of Finance about the estimated need.

Allowable Expenditures

The following expenditures¹ qualify for reimbursement under the TCTF CIP:

- Contract court interpreters, including per diems and travel;
- Certified and registered court interpreters employed by the courts, including salaries, benefits, and travel;

¹ Per Budget Act provisional language for item 0250-101-0932.

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- Court interpreter coordinators, including salaries and benefits;² and
- Four court interpreter supervisor positions: two in Los Angeles County, one in Orange County, and one in San Diego County.³

Projections

The updated projected expenditures below reflect the following:

- An estimated 7.5 percent wage growth over a three-year term starting in 2018-19 for regions one, three, and four; and an estimated five percent wage growth over a two-year term starting in 2019-20 for region two;
- Civil expansion under AB 1657 (Stats. 2014, ch.721);
- Increased interpreter coordinator expenses; and
- Merit Salary Adjustments.

PROJECTED EXPENDITURES AS OF AUGUST 13, 2018					
Expenditure Categories		2017-18	2018-19	2019-20	2020-21
		A	B	C	D
1	Mandated Criminal	100,780,466	102,339,457	103,920,316	105,532,792
2	Domestic Violence	1,307,433	1,346,656	1,387,056	1,428,667
3	Civil <i>(expansion locked at 87% of rollout)</i>	3,802,455	3,878,504	3,956,074	4,035,196
4	Additional Interpreter Coordinator Expenses	1,000,000	2,637,215	2,637,215	2,637,215
5	Estimated Wage Increases	1,558,991	1,580,859	1,612,476	1,644,726
6	Court Interpreter Data Collection System	87,000	87,000	87,000	87,000
Total Projected Expenditures		108,536,345	111,869,691	113,600,137	115,365,596

PROJECTED EXPENDITURES AS OF JANUARY 28, 2019					
Expenditure Categories		2017-18	2018-19	2019-20	2020-21
		Actuals	Estimated	Estimated	Estimated
		A	B	C	D
1	Mandated Criminal	102,870,427	108,840,563	114,199,516	117,625,502
2	Domestic Violence	1,426,150	1,253,446	940,084	940,084
3	Civil <i>(expansion at 93% of rollout)</i>	4,174,854	4,240,345	4,494,766	4,809,400
4	Additional Interpreter Coordinator Expenses*	---	---	---	---
5	Estimated Wage & Benefit Increases**	---	2,359,229	3,978,656	4,029,985
6	Court Interpreter Data Collection System	65,568	87,000	87,000	87,000
Total Projected Expenditures		108,536,999	116,780,583	123,700,022	127,491,971

* Additional interpreter coordinator expenses included in Mandated Criminal, Domestic Violence, and Civil.

** 2017-18 estimated wage and benefit increases included in Mandated Criminal, Domestic Violence, and Civil.

² Interpreter Coordinators no longer need to be certified and/or registered starting in 2017-18.

³ Eligible supervisor costs are those for which funding was provided in a 2003-04 budget change proposal.

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The updated projected fund balance is as follows:

PROJECTED FUND BALANCE AS OF AUGUST 13, 2018				
Description	2017-18	2018-19	2019-20	2020-21
Beginning Fund Balance <i>(prior year carry over)</i>	5,698,434	794,089	-	-
Allocation	103,632,000	107,632,000	103,632,000	103,632,000
Projected Expenditures	(108,536,345)	(111,869,691)	(113,600,137)	(115,365,596)
Surplus / (Deficit)	(4,904,345)	(4,237,691)	(9,968,137)	(11,733,596)
Ending Fund Balance	794,089	(3,443,602)	(9,968,137)	(11,733,596)

PROJECTED FUND BALANCE AS OF JANUARY 31, 2019 *				
Description	2017-18	2018-19	2019-20	2020-21
Beginning Fund Balance <i>(prior year carry over)</i>	9,281,980	4,376,981	-	-
Allocation*	103,632,000	108,960,000	110,158,000	110,158,000
Allocation Adjustment	-	3,443,602	-	-
Projected Expenditures	(108,536,999)	(116,780,583)	(123,700,022)	(127,491,971)
Surplus / (Deficit)	(4,904,999)	(7,820,583)	(13,542,022)	(17,333,971)
Ending Fund Balance	4,376,981	0	(13,542,022)	(17,333,971)

* 2019-20 and 2020-21 assumes enactment of ongoing \$4 million in 2019-20 Governor's Budget.

Basis of Projected Fund Balance Differences

- For 2017-18, the beginning fund balance was updated based on an audit of appropriations and actual expenditures against fund resulting in an addition of \$3.6 million.
- The allocation adjustment for 2018-19 represents the dollars approved by the council for the current year shortfall.
- For 2019-20 and 2020-21, the allocation change represents the estimated amount of funding to be received for increases in benefits costs and assumes enactment of ongoing \$4 million in 2019 Budget Act.
- The 2019-20 and 2020-21 ending fund balance represents the fiscal year shortfall to be covered through a shortfall methodology in the event there is no new funding available.

Recommendation

Recommend the following two options to address the projected 2019-20 shortfall to be presented to the Judicial Council for consideration at its May 17, 2019 business meeting:

JUDICIAL COUNCIL OF CALIFORNIA
BUDGET SERVICES
Report to the Trial Court Budget Advisory Committee

Option 1

Authorize a one-time allocation of unrestricted fund balance from the TCTF in an amount not to exceed \$13.5 million. The current TCTF fund condition statement prior to the use of fund balance to cover projected CIP expenditures is provided in Attachment 5C.

Option 2

Allocate a reduction to courts up to \$13.5 million via a pro rata reduction to courts based on prior year actuals. Projected reductions are provided in Attachment 5B.

Attachments

Attachment 5A: Priority in Providing Court Interpreter Services to Parties

Attachment 5B: CIP Shortfall Projected Reductions by Court

Attachment 5C: TCTF Fund Condition Statement

Link 5A: Judicial Council meeting minutes (July 29, 2009),

www.courts.ca.gov/documents/min072909.pdf

Link 5B: Judicial Council meeting minutes (Oct. 29, 2010),

<https://www.courts.ca.gov/documents/min20101029.pdf>

Link 5C: TCBAC meeting materials (August 14, 2018),

<http://www.courts.ca.gov/documents/tcbac-20180814-materials.pdf>

Link 5D: Judicial Council meeting minutes (Sept. 21, 2018),

<https://jcc.legistar.com/View.ashx?M=M&ID=559788&GUID=1AF2481A-79EE-44AD-A8E6-1D5F9E02CC7A>

PRIORITY IN PROVIDING COURT INTERPRETER SERVICES TO PARTIES

MANDATORY PROVISION OF INTERPRETER SERVICES

- CRIMINAL
- TRAFFIC
- JUVENILE DELINQUENCY OR DEPENDENCY
- MENTAL COMPETENCY HEARINGS WITH APPOINTED COUNSEL
- OTHER MANDATED CIVIL

Until sufficient funds are appropriated, provide interpreters in all other case types in the following priority order:

PRIORITY 1

Protective order in family law case with domestic violence claim, elder or dependent adult case involving physical abuse or neglect, or civil harassment case under CCP § 527.6(w)

Fee waiver does not have preference.

PRIORITY 2

Unlawful detainer

Fee waiver does not have preference.

PRIORITY 3

Action to terminate parental rights

Fee waiver has preference.

PRIORITY 4

Conservatorship or guardianship

Fee waiver has preference.

PRIORITY 5

Actions by a parent to obtain sole legal or physical custody of child or visitation

Fee waiver has preference.

PRIORITY 6

Elder/dependent adult abuse not involving physical abuse or neglect or other civil harassment under CCP § 527.6

Fee waiver has preference.

PRIORITY 7

All other family law (not involving domestic violence/custody/visitation)

Fee waiver has preference.

PRIORITY 8

All other civil cases

Fee waiver has preference.

CCP = Code of Civil Procedure

Court	2017-18 Expenditures	2017-18 Percent of Total Expenditures	2019-20 Projected Reduction (-13,542,022)
Alameda	\$ 4,747,779	4.4%	\$ (592,374)
Alpine	\$ 1,355	0.0%	\$ (169)
Amador	\$ 23,549	0.0%	\$ (2,938)
Butte	\$ 216,028	0.2%	\$ (26,954)
Calaveras	\$ 25,051	0.0%	\$ (3,126)
Colusa	\$ 93,049	0.1%	\$ (11,610)
Contra Costa	\$ 2,507,418	2.3%	\$ (312,847)
Del Norte	\$ 46,860	0.0%	\$ (5,847)
El Dorado	\$ 234,418	0.2%	\$ (29,248)
Fresno	\$ 1,917,960	1.8%	\$ (239,301)
Glenn	\$ 90,346	0.1%	\$ (11,272)
Humboldt	\$ 166,391	0.2%	\$ (20,760)
Imperial	\$ 483,278	0.4%	\$ (60,298)
Inyo	\$ 42,868	0.0%	\$ (5,349)
Kern	\$ 3,064,925	2.8%	\$ (382,407)
Kings	\$ 444,714	0.4%	\$ (55,486)
Lake	\$ 87,346	0.1%	\$ (10,898)
Lassen	\$ 41,360	0.0%	\$ (5,160)
Los Angeles	\$ 33,924,329	31.3%	\$ (4,232,695)
Madera	\$ 529,677	0.5%	\$ (66,087)
Marin	\$ 530,732	0.5%	\$ (66,219)
Mariposa	\$ 30,743	0.0%	\$ (3,836)
Mendocino	\$ 341,517	0.3%	\$ (42,611)
Merced	\$ 919,078	0.8%	\$ (114,672)
Modoc	\$ 5,043	0.0%	\$ (629)
Mono	\$ 41,496	0.0%	\$ (5,177)
Monterey	\$ 1,089,563	1.0%	\$ (135,943)
Napa	\$ 628,876	0.6%	\$ (78,464)
Nevada	\$ 69,743	0.1%	\$ (8,702)
Orange	\$ 10,348,718	9.5%	\$ (1,291,196)
Placer	\$ 462,261	0.4%	\$ (57,676)
Plumas	\$ 6,141	0.0%	\$ (766)
Riverside	\$ 5,051,918	4.7%	\$ (630,321)
Sacramento	\$ 3,881,970	3.6%	\$ (484,348)
San Benito	\$ 100,765	0.1%	\$ (12,572)
San Bernardino	\$ 5,374,206	5.0%	\$ (670,533)
San Diego	\$ 5,631,264	5.2%	\$ (702,606)
San Francisco	\$ 3,206,048	3.0%	\$ (400,014)
San Joaquin	\$ 1,659,817	1.5%	\$ (207,093)
San Luis Obispo	\$ 654,364	0.6%	\$ (81,644)
San Mateo	\$ 2,203,913	2.0%	\$ (274,979)
Santa Barbara	\$ 1,819,864	1.7%	\$ (227,062)
Santa Clara	\$ 6,708,060	6.2%	\$ (836,956)

Court	2017-18 Expenditures	2017-18 Percent of Total Expenditures	2019-20 Projected Reduction (-13,542,022)
Santa Cruz	\$ 779,525	0.7%	\$ (97,260)
Shasta	\$ 302,435	0.3%	\$ (37,734)
Sierra	\$ 4,750	0.0%	\$ (593)
Siskiyou	\$ 55,307	0.1%	\$ (6,901)
Solano	\$ 575,033	0.5%	\$ (71,746)
Sonoma	\$ 1,114,598	1.0%	\$ (139,067)
Stanislaus	\$ 1,275,377	1.2%	\$ (159,127)
Sutter	\$ 260,498	0.2%	\$ (32,502)
Tehama	\$ 161,215	0.1%	\$ (20,115)
Trinity	\$ 49,916	0.0%	\$ (6,228)
Tulare	\$ 1,692,091	1.6%	\$ (211,120)
Tuolumne	\$ 48,395	0.0%	\$ (6,038)
Ventura	\$ 1,902,869	1.8%	\$ (237,419)
Yolo	\$ 794,855	0.7%	\$ (99,173)
Yuba	\$ 65,338	0.1%	\$ (8,152)
Total	\$ 108,536,999	100%	\$ (13,542,022)

Trial Court Trust Fund - Fund Condition Statement

#	Description	YEAR END FINANCIAL STATEMENTS			ESTIMATED	
		2016-17	2017-18	2018-19 ¹	2019-20	2020-21
A		B	C	D	E	F
1	Beginning Fund Balance	34,829,875	66,569,099	60,477,544	58,504,175	57,878,477
2	Prior-Year Adjustments	5,759,000	8,556,629		-	-
3	TOTAL REVENUES AND TRANSFERS	1,288,395,327	1,303,737,015	1,311,356,000	1,316,445,000	1,328,324,000
4	<i>Total Revenues</i>	<i>1,270,421,327</i>	<i>1,283,589,015</i>	<i>1,291,388,000</i>	<i>1,296,968,000</i>	<i>1,310,009,000</i>
5	Transfers/Charges/Reimbursements					
6	General Fund Loan - Statewide E-Filing		671,000	491,000		(1,162,000)
7	Reduction Offset Transfers	6,080,000	6,080,000	6,080,000	6,080,000	6,080,000
8	Net Other Transfers/Charges/Reimbursements	11,894,000	13,397,000	13,397,000	13,397,000	13,397,000
9	Total Resources	1,328,984,203	1,378,862,742	1,371,833,544	1,374,949,175	1,386,202,477
10	EXPENDITURES/ENCUMBRANCES/ALLOCATIONS					
11	Program 0140010 - Judicial Council (Staff)	2,306,934	2,657,198	3,957,000	3,915,900	3,856,500
12	Program 0150010 - Support for Operation of the Trial Courts	1,860,003,547	1,857,899,805	1,983,950,000	2,014,918,932	2,014,918,932
13	Program 0150011 - Court-Appointed Dependency Counsel	114,699,919	130,146,303	136,700,000	156,700,000	156,700,000
14	Program 0150019 - Compensation of Superior Court Judges	335,384,000	348,583,021	375,054,369	378,119,381	378,119,381
15	Program 0150028 - Assigned Judges	25,923,351	28,063,247	29,090,000	29,090,000	29,090,000
16	Program 0150037 - Court Interpreters	102,282,915	108,537,000	108,960,000	109,833,486	109,833,486
17	Program 0150046 - Grants	8,147,000	9,554,900	10,329,000	10,329,000	10,329,000
18	Program 0150095 - Expenses on Behalf of the Trial Courts	11,391,069	9,543,398	11,207,000	10,014,999	11,092,773
19	Total Local Assistance	2,446,549,101	2,493,406,000	2,655,290,369	2,709,005,798	2,710,083,571
20	<i>FISCAL Assessment</i>		<i>174,000</i>	<i>174,000</i>	<i>174,000</i>	<i>174,000</i>
21	<i>Pro Rata</i>		<i>129,000</i>	<i>2,000</i>	<i>66,000</i>	<i>66,000</i>
22	<i>Supplemental Pension Payments</i>			<i>98,000</i>	<i>76,000</i>	<i>169,000</i>
23	<i>Less Funding Provided by General Fund:</i>	<i>1,197,832,000</i>	<i>1,177,981,000</i>	<i>1,346,192,000</i>	<i>1,396,167,000</i>	<i>1,384,667,000</i>
24	Total, Expenditures/Encumbrances/Allocations	1,262,415,104	1,318,385,198	1,313,329,369	1,317,070,698	1,329,682,071
25	Ending Fund Balance	66,569,099	60,477,544	58,504,175	57,878,477	56,520,406
26	Total Restricted Funds	28,450,583	31,355,448	27,157,424	26,506,585	25,648,733
27	Ending Unrestricted Fund Balance	38,118,516	29,122,096	31,346,751	31,371,892	30,871,672

¹ 2018-19 revenues reflect the most current revenue projections (actuals through January 2019)

JUDICIAL COUNCIL OF CALIFORNIA
 Branch Accounting and Procurement
 Report to the Trial Court Budget Advisory Committee

(Action Item)

Title: Prioritization of Trial Court Budget Change Proposal Concepts for 2020-21
Date: 4/24/2019
Contact: Brandy Sanborn, Manager, Judicial Council Budget Services
 415-865-7195 | brandy.sanborn@jud.ca.gov

Issue

Issue 1

Review and prioritize the trial court budget change proposal (BCP) concepts identified by the Trial Court Budget Advisory Committee (TCBAC) and authorized to proceed by the Judicial Branch Budget Committee (JBBC). Table 1 below includes the BCP priority recommendations first identified by TCBAC, followed by established working titles. The prioritized BCP concepts will be submitted again to JBBC for final review, approval, and prioritization for submission to the Judicial Council at its July 18-19, 2019 business meeting.

Table 1

#	BCP Concept (in ranking order based on TCBAC prior vote on January 24, 2019)	2020-21 Dollar Amount
1	General Operational Costs / Negotiated Salary Increases	\$390,000,000
	Trial Court Funding Stabilization	
2	Civil Assessments Backfill	\$56,400,000
	Trial Court Civil Assessment Backfill	
3	Civil Assessments MOE	\$48,300,000
	Trial Court Civil Assessment Maintenance of Effort	
4	1% Reserve Cap	N/A
	Trial Court Reserve Cap	
5	New Judgeships	\$7,400,000 to \$15,400,000*
	Funding for 10 of the 50 Judgeships Authorized by AB 159	

*Reflects trial court estimate only.

- 1. Trial Court Funding Stabilization.** TCBAC proposes a General Fund augmentation of \$390.0 million beginning in 2020-21 and ongoing in order to ensure that trial court funding is not eroded and that sufficient funding is provided to trial courts to continue to

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enhance services levels, and to accommodate operational cost changes without degrading the quantity or quality of court services to the public, the trial courts should be funded based upon two analytical approaches: a workload-based formula and the annual year-to-year percentage change in Consumer Price Index (CPI). The current Workload Formula, as approved by the Judicial Council, shall serve as the basis for the workload-based funding adjustments. For the annual percentage change adjustment, trial court costs shall include, but are not limited to, all expenses for court operations and court employee salaries, plus social security and Medicare, but shall not include the costs of compensation for judges, subordinate judicial officers or judges in the Assigned Judges Program. One-time costs are also excluded from this calculation such as capital improvements, large automation projects, and benefits. This proposal is intended to address changes in workload and the maintenance and sustainability of actual service levels that can be subject to erosion during inflationary economic cycles. It is also intended that the CPI percentage change shall be provided to all 58 courts, regardless of whether the court is above the median average equity threshold based on the current Workload Formula, as this adjustment is used exclusively to ensure that actual service levels are sustained for employee and other operating costs.

2. **Trial Court Civil Assessment Backfill.** TCBAC proposes a General Fund augmentation of \$56.4 million beginning in 2020-21 and ongoing to transition the deposit of civil assessment revenues into the General Fund instead of the Trial Court Trust Fund (TCTF) after \$48.3 million for the Maintenance of Effort (MOE) shortfall has been fulfilled.
3. **Trial Court Civil Assessment Maintenance of Effort.** TCBAC proposes a General Fund augmentation of \$48.3 million beginning in 2020-21 and ongoing to backfill MOE payments that are currently being funded from civil assessment revenues to stabilize the TCTF funding that supports trial court allocations. This proposal provides for transition of deposit of civil assessment revenues into the General Fund and also requests General Fund to backfill the amount of retained civil assessment revenues that annually funds this portion of the base trial court allocations.
4. **Trial Court Reserve Cap.** TCBAC proposes a trailer bill language request to amend Government Code section 77203, to allow the trial courts to carryover an amount not to exceed 5 percent of their operating budget from the previous fiscal year. Current law restricts courts to carryover an amount not to exceed 1 percent of their operating budget from the prior fiscal year. This limits trial courts' ability to manage their resources effectively and efficiently. Increasing the reserve cap to 5 percent would permit courts to have a reliable reserve that will facilitate responsible budget management including covering unanticipated expenses and weathering economic downturns.
5. **Funding for 10 of the 50 Judgeships Authorized by AB 159.** TCBAC proposes an ongoing General Fund augmentation, estimated between \$7.4 million and \$15.4 million, to support 10 of the 50 trial court judgeships authorized by Assembly Bill 159 (Ch. 722,

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Stats. 2007) and accompanying support staff. While the latest Judicial Needs Assessment (2016) shows that the branch needs just over 188 judgeships based on workload metrics, efforts to secure funding for the previously-authorized judgeships under AB 159 have been unsuccessful. The only significant changes in judgeships since 2007 was the reallocation of four vacant judgeships in the 2017-18 Public Safety Omnibus trailer bill (Ch. 17, Stats. 2017), which reallocated two vacant judgeships each from the Superior Courts of California, County of Alameda and County of Santa Clara to the Superior Courts of California, County of Riverside and County of San Bernardino, and the addition of two judgeships to Riverside in the 2018 Budget Act. 48 of the 50 authorized judgeships continue to be unfunded.

For additional information on each of the above concepts, see Link A in the attachments to view the initial funding request submissions to JBBC.

Issue 2

Review and prioritize BCP submissions developed by other committees in which the TCBAC was identified as having purview and the opportunity to provide input for submission to JBBC:

Table 2¹

#	BCP Concept (in alphabetical order)	2020-21 Dollar Amount	Ranking ²
A	Digitizing Documents Phases 2 and 3	\$6,693,000 (one-time 2020-21), \$11,114,000 (one-time 2021-22)	JCTC ranked this 2 nd in priority.
B	Language Access Expansion in the California	\$18,269,000 (includes \$349,000 one-time in 2020-21)	N/A
C	Next Generation Hosting Consulting Services for Data Center and Disaster Recovery	\$540,553 (plus \$1,280,420 one-time in 2020-21, and \$624,000 one-time in 2021-22)	JCTC ranked this 3 rd in priority.
D	Productizing California Court Innovation Grants	TBD	JCTC ranked this 1 st in priority.
E	Trial and Appellate Court Deferred Maintenance Funding	\$100,000,000 (one-time)	TCFMAC ranked this 2 nd in priority.
F	Trial Court Facility Operations and Maintenance Funding	\$51,500,000	TCFMAC ranked this 1 st in priority.

¹ Reference Link A for details on BCP concepts listed A through G.

² JCTC: Judicial Council Technology Committee; TCFMAC: Trial Court Facility Modification Advisory Committee

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#	BCP Concept (in alphabetical order)	2020-21 Dollar Amount	Ranking ²
G	Trial Court Lease Funding	\$8,000,000	N/A

Background

At its January 17, 2019 meeting, the TCBAC discussed potential 2020-21 BCPs after deciding to take a brainstorm approach in identifying trial court priorities. To ensure full trial court participation, each TCBAC member was assigned one to two courts to contact for ascertaining their priorities for reporting back to the committee at this meeting.

The TCBAC meeting resulted in a total of 26 concepts, to which members were asked to participate in an action by email and vote on their top three choices in order of priority (Link B). Each vote was weighted, and the result was an identified ranking of concepts presented to the committee on February 19, 2019 (Link C).

This subsequent meeting resulted in a total of five BCP concepts that mostly mirrored the outcome of the initial vote. An Ad Hoc BCP Subcommittee was developed to work on the mechanics of the combined “General Operational Costs” and “Negotiated Salary Increases” items to include a cost increase escalator for inclusion in the BCP concept (Link D).

The current BCP process was approved by the Judicial Council and effective on December 16, 2016, providing an opportunity for applicable advisory bodies to offer input and prioritize BCP concepts developed by other committees as time permits (see Link E). In preparation for the upcoming JBBC meeting on May 14, 2019 to review and prioritize all BCPs for submission to the Judicial Council, all BCPs under TCBAC purview have been included for TCBAC to provide input and prioritize as necessary.

Options for Discussion

Table 1

Option 1

Review and prioritize the BCP concepts recommended by the TCBAC for submission to the JBBC.

Option 2

Submit the BCP concepts to JBBC without prioritization.

JUDICIAL COUNCIL OF CALIFORNIA
Branch Accounting and Procurement
Report to the Trial Court Budget Advisory Committee

Table 2

Option 1

Review and prioritize some or all of the additional BCP concepts for submission to the JBBC.

Option 2

Submit the BCP concepts to JBBC without prioritization.

Attachments

- Link A: <https://www.courts.ca.gov/documents/jbbc-20190318-materials.pdf>
- Link B: <https://www.courts.ca.gov/documents/tcbac-20190124-materials.pdf>
- Link C: <https://www.courts.ca.gov/documents/tcbac-20190219-materials.pdf>
- Link D: <https://www.courts.ca.gov/documents/tcbac-20190219-minutes.pdf>
- Link E: <https://jcc.legistar.com/View.ashx?M=F&ID=4817140&GUID=6165243B-1678-4074-B1D7-AB5A1467CA6F>

JUDICIAL COUNCIL OF CALIFORNIA
Branch Accounting and Procurement
Report to the Trial Court Budget Advisory Committee

(Action Item)

Title: Judicial Council Advisory Committee on Audits and Financial Accountability Letter

Date: 4/19/2019

Contact: Doug Kauffroath, Director, Branch Accounting and Procurement
916-263-2872 | doug.kauffroath@jud.ca.gov

Issue

On January 10, 2019, the Judicial Council Advisory Committee on Audits and Financial Accountability (Audit Committee) submitted a letter (see Attachment 7A) to the Trial Court Budget Advisory Committee (TCBAC), alerting TCBAC of inconsistencies in the trial court encumbrance policies. This action item recommends a solution to those inconsistencies.

Background

As detailed in its letter, the Audit Committee pointed out inconsistencies between the Trial Court Financial Policies and Procedures Manual (FIN Manual) and an encumbrance policy recommended by TCBAC and adopted by the Judicial Council in June 2014. The June 2014 memo was recommended by TCBAC to give the trial courts more guidance on encumbrances than was previously provided in the FIN Manual.

The recommendation below is to correct the inconsistencies in the two policies and update the FIN Manual as the sole controlling document. There are two particular items that are called out in the Audit Committee letter.

This first item relates to multi-year contracts. The language in the FIN Manual states:

6.6.3 Multiyear Contracts and Purchase Orders - Multiyear POs, contracts, MOUs, and IBAs must specify on the document the amount to be encumbered when the performance occurs over several fiscal years. Contracts, POs, MOUs, and IBAs for anticipated costs must record an encumbrance for each fiscal year. This requires that each fiscal year bear its fair share of expenditures for applicable costs.

Judicial Council staff interpret this language to be more restrictive than what is allowed for State Agencies, which is the standard with which we've been directed to align. The State Administrative Manual (SAM) Section 8340 is similar to the FIN Manual language; however, SAM provides further clarification. SAM 8340 also refers to California Code of Regulations Title 2 Sub-Section 610. Clarification has been added from both of these references into the recommended FIN Manual updates contained in Attachment 7B.

In summary, on-going and recurring operating costs should be encumbered year-to-year, with each year paying its fair share in the case when goods or services are provided through a multi-

JUDICIAL COUNCIL OF CALIFORNIA
Branch Accounting and Procurement
Report to the Trial Court Budget Advisory Committee

year contract. This requirement is based on annual appropriations in the state budget intended for current year expenses. Examples of annually recurring expenses would be leases, janitorial services, security services, annual subscriptions, etc.

Multi-year contracts that begin in the current year and cross one or more fiscal years that ***are not*** for ongoing and recurring operating costs—and where the agreement does not specifically request a delay in service—may be charged fully to the budget in the first year of the agreement. Examples of non-recurring goods and services would be a case management system replacement project, or a one-time consultant contract for a specific purpose that might take multiple years or cross fiscal years, etc.

The second primary reference in the Audit Committee letter is the bullet in the June 2014 policy that states a court can encumber current year funds if it would allow greater budget flexibility in a subsequent year. This reference was added to allow courts time to make changes to their base budgets to accommodate the 1 percent limit placed on fund balances. While it was appropriate at the time, staff are recommending this language be deleted as there is no state policy or statutory authority to continue with this practice.

Recommendation

The following recommendation is submitted to TCBC for approval by the Judicial Council:

1. Direct Judicial Council staff responsible for coordinating changes to the Fin Manual to initiate an off-cycle (outside annual update) amendment process to include the encumbrance guidelines as outlined in Attachment 7B allowing for editorial updates as proposed by the trial courts, Department of Finance, and the State Controller's Office in their statutorily mandated review of FIN Manual updates.

Attachments

Attachment 7A: Letter from the Audit Committee dated January 10, 2019

Attachment 7B: Proposed FIN Manual Language



JUDICIAL COUNCIL OF CALIFORNIA

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January 10, 2019

HON. TANI G. CANTIL-SAKAUYE
Chief Justice of California
Chair of the Judicial Council

Hon. Jonathan B. Conklin
Superior Court of California,
County of Fresno
1100 Van Ness Avenue
Fresno, California 93724

MR. MARTIN HOSHINO
Administrative Director,
Judicial Council

Ms. Rebecca Fleming,
Superior Court of California,
County of Santa Clara
191 N. First Street
San Jose, CA 95113

**ADVISORY COMMITTEE
ON AUDITS AND FINANCIAL
ACCOUNTABILITY FOR THE
JUDICIAL BRANCH**

HON. DAVID ROSENBERG
Chair

Dear Judge Conklin and Ms. Fleming:

HON. PETER SIGGINS
Vice-chair

Under California Rules of Court, Rule 10.63(b), the Advisory Committee on Audits and Financial Accountability for the Judicial Branch (audit committee) is responsible for making recommendations to the Judicial Council on practices that will promote financial accountability and efficiency. The audit committee may also recommend the Judicial Council take certain actions in response to audit reports that identify substantial issues affecting the judicial branch.

Hon. Mary Ann O'Malley
Hon. Susan Matcham
Ms. Sherri Carter
Mr. Kevin Harrigan
Mr. Kevin Lane
Ms. Tania Ugrin-Capobianco
Mr. Phil Jelichich

COMMITTEE STAFF
Mr. Grant Parks
Tel 916-263-1321

AuditCommittee@jud.ca.gov

In your roles as the chair and vice chair of the Trial Court Budget Advisory Committee (TCBAC), I wanted to alert you of the audit committee's discussions from December 5, 2018, regarding inconsistencies within the Judicial Council's two different encumbrance policies. The first of these policies had been recommended by TCBAC and ultimately adopted by the Judicial Council on June 27, 2014. The second encumbrance policy is contained within the Trial Court Financial Policies and Procedures Manual (FIN Manual) and has been in effect since September 1, 2010. By writing this letter, the audit committee hopes TCBAC might work with staff from the Judicial Council's Branch Accounting and Procurement Office (BAP) and Budget Services to reconcile and clarify the two disparate policies.

The inconsistency centers on the guidance given to the superior courts with respect to how multi-year agreements should be encumbered (i.e. agreements where the performance period and the delivery of goods or services span multiple fiscal years). This issue becomes important since the Judicial Council Audit Division has been directed to review the trial courts' application of the 1% cap on fund balances and having inconsistent rules and policies makes it difficult to determine compliance.

The Annual Audit Plan Includes the 1% Cap on Court Fund Balance

The annual audit plan calls for the Judicial Council's auditors to review a superior court's adherence to the statutory 1% cap. By including this requirement in the audit plan, the audit committee's intention was to evaluate whether the superior courts were consistently following the Judicial Council's encumbrance policies and to evaluate whether each superior court was correctly calculating their 1% cap and returning, as required, any excess funds to the Trial Court Trust Fund.

As you recall, during the development the of 2012-13 Budget Act, the Legislature and Governor sought to achieve savings for the General Fund by leveraging the accumulated reserves held at the superior courts, which at the time amounted to roughly \$562 million.¹ The Public Safety Budget Trailer Bill for that year—SB 1021 (Ch. 41, Statutes of 2012)—added Government Code, Section 77203(b), which imposed a 1% limit on the amount of unexpended funds a superior court may carry over to the next fiscal year. By codifying the 1% cap in statute, the Legislature effectively required the return of any unreserved funds previously provided to the superior courts, so that those excess funds could be held instead at the state level within the Trial Court Trust Fund. The return of these funds is effectuated by the provisions of Government Code, Section 68502.5(c)(2)(A), which authorizes the Judicial Council to reduce (i.e. offset) each superior court's budget allocation in the current year by the amount of reserves beyond the 1% cap from the prior year.

Following fiscal year 2016-17, 19 superior courts faced budget reductions amounting to a combined \$7.4 million for being over the 1% cap, while the other 39 superior courts reported being under this threshold. The audit committee and its staff seek to ensure our encumbrance policies and the 1% cap process are consistently and fairly applied to all superior courts.

Inconsistent Encumbrance Policies Make Determining Audit Compliance Difficult

¹ The Judicial Council is required to report the revenues, expenditures and fund balance constraints to the Legislature per Government Code, Section 77202.5(b).

Aided by the secondary review from the Judicial Council's accounting staff, each superior court: (1) calculates its 1% cap threshold, and then (2) determines the amount of its fund balance subject to this limit. Under current policy, the amount of fund balance subject to the 1% cap is reduced based on the amount of the court's outstanding encumbrances at year's end (along with other deductions for restricted fund balance, prepayments, and other items of expenses specifically exempted by statute). Generally the higher a court's encumbrances, the lower its fund balance subject to the cap and the greater the likelihood it will be under the 1% limit. Determining how much to encumber when accounting for multi-year agreements is a policy area where the current guidance is not consistently defined. This makes it difficult for the Audit Division to determine compliance.

The FIN Manual and The Judicial Council's June 2014 Encumbrance Policy Need to Be Made Consistent and Clarified for The Superior Courts

The FIN Manual and the Judicial Council's encumbrance policy from June 2014 are inconsistent with respect to how courts should encumber multi-year contracts. The FIN Manual, Policy No. 5.01, Section 6.6.3, has been in effect since September 1, 2010, before the 1% cap was mandated. The FIN Manual states the following:

“Multiyear POs, contracts, MOUs, and IBAs must specify on the document the amount to be encumbered when the performance occurs over several fiscal years. Contracts, PO's MOUs, and IBAs for anticipated costs must record an encumbrance for each fiscal year. *This requires that each fiscal year bear its fair share of expenditures and applicable costs [emphasis added].*”

The FIN Manual's requirement that each year's appropriation “bear its fair share” of expenditures matches the spending authority provided in the annual budget act with the timing of when the expenditures from a multi-year agreement are expected to be incurred.

The Judicial Council's encumbrance policy from June 27, 2014, (paragraph #5) begins by reaffirming the same matching concept noted above; however, paragraph #5 then proceeds to provide the superior courts with various exceptions that broadly define the circumstances when a court may encumber its current year spending authority for expenses anticipated in subsequent years. These exceptions include:

- If encumbering the current year's fund balance would allow the court time to make structural changes to its budget to include this [ongoing] expense, or would...

- Provide the superior court with greater budget flexibility in the following fiscal year.

Lacking further definitions or limitations, a superior court could potentially claim, year-after-year, that it has a structural budget deficit—or assert that it continues to need greater budget flexibility—and therefore perpetually follow a practice of encumbering current year spending authority for the next fiscal year’s costs.

The exceptions within the judicial branch’s June 2014 encumbrance policy—which permits courts to encumber current year spending authority for certain types of operating costs in the following year—may be counter to other statutory and regulatory provisions that further define spending authority. For example, Government Code, Section 16304, states that “an appropriation shall immediately become available for encumbrance or expenditure *during the period specified.*” Further, regulatory guidance at 2 CCR 610(c)—which supports the appropriation and expenditure matching concept as articulated in the FIN Manual—states, in part:

“The date of an agreement or order for services, materials, supplies, or equipment determines the fiscal year appropriation...to which the expenditure shall be charged, *except that*: (1) expenditures pursuant to an agreement or order that stipulates that services or delivery be delayed until requested or until on or after a stated date in a subsequent fiscal year *shall be charged to the fiscal year in which the services, materials, supplies or equipment are received [emphasis added]*...”

However, the State Administrative Manual (SAM)—which provides guidance to executive branch agencies—largely reiterates the guidance above from 2 CCR 610(c) but section 8340 provides executive-branch entities with the discretion to decide which fiscal year’s appropriation to charge when encumbering a multi-year contract:

“Multi-year Agreements – Agreements which span more than one fiscal year maybe charged (1) totally to the first year of appropriation covered by the agreement, or (2) to more than one fiscal year’s appropriation, depending on the:

- *Appropriation authority – Sufficient spending appropriation authority must exist.*
- *Details of the agreement.*

Departments will determine the budgetary plan for charging the encumbrance and subsequent expenditure when issuing a multi-year agreement. The budgeted

amount will be reflected in the funding strip of the agreement. Departments have discretion as to which fiscal year appropriation to charge; however, the budgetary plan is the predominant factor in making this determination [emphasis added]."

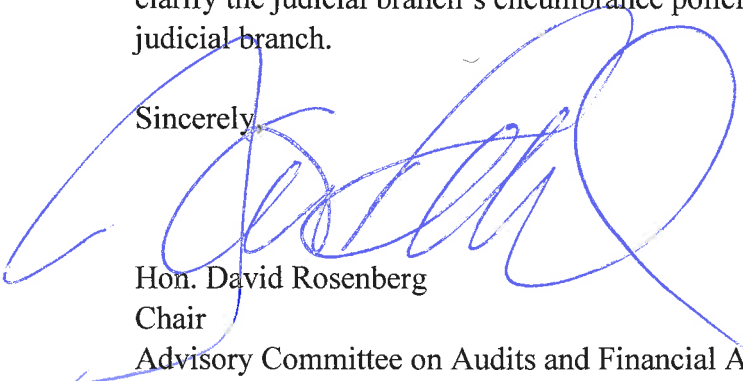
Policy Questions for TCBAC and Judicial Council BAP and Budget Services Staff

Thus, the central question becomes this: what policy should be provided to the superior courts to encumber multi-year contracts? Some further clarifying questions include:

- Do courts follow the FIN Manual or should it be reviewed for possible amendment, consistent with SAM and other regulations available to the Executive Branch that allow funds for certain types of contracts to be encumbered over multiple fiscal years?
- Alternatively, can courts continue to use the exceptions listed in paragraph 5 of the June 2014 policy indefinitely without limit or independent oversight or should they be reviewed for possible amendment? For example:
 - How do the exceptions in paragraph 5 align with regulatory guidance at 2 CCR 610(c)(1)?
 - Under what circumstances (if any) would a court not be allowed or expected to use paragraph 5's exceptions? For example, would a court with increasing revenues for the last three or more years—per its quarterly financial statements—still require the budget flexibility provided in paragraph 5?
 - Is it appropriate and proper for courts to encumber fund balance in anticipation of rent expense that will not be incurred until several years in the future? What about other types of ongoing and reasonably predictable operating costs?
- Should both the FIN Manual and June 2014 encumbrance policy be amended?

The audit committee greatly appreciates and respects the vital role TCBAC plays in the budget process, and my committee hopes you can help provide guidance in how best to reconcile and clarify the judicial branch's encumbrance policies for the benefit of the trial courts and the entire judicial branch.

Sincerely,



Hon. David Rosenberg
Chair
Advisory Committee on Audits and Financial Accountability

January 10, 2019
Hon. Jonathan B. Conklin
Ms. Rebecca Fleming
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DR/GP

c: Mr. Zlatko Theodorovic, Director, Budget Services, Judicial Council
Mr. Doug Kauffroath, Director, Branch Accounting and Procurement, Judicial Council

6.6.1 Encumbrance Guidelines

1. To encumber current fiscal year money, courts must have a valid contract or agreement by June 30 of the current year. Contracts may be encumbered with current year funds as of the execution date, if the contract does not state or imply a delay in delivery to the next fiscal year. For multi-year agreements, courts must follow the rules in paragraph 3 below.
2. Courts have the current fiscal year plus two subsequent fiscal years to liquidate the encumbrance regardless of the length of the contract. For example, if the court signs a four-year agreement to deploy a CMS in all case types, the funding for the fourth year would have to come from a subsequent budget year.
3. Multi-year agreements – Agreements which span more than one fiscal year may be encumbered (1) totally to the year in which the agreement is executed, or (2) to more than one budget year, depending on the funding authority and nature of the expense as described below:
 - a. Annual Recurring Operating Costs – The annual state budget includes an appropriation for Trial Court Operations that covers July – June of the current fiscal year. This appropriation is generally intended to support a court’s operational expenditures for that specific fiscal year. To the extent that annually recurring operating expenses are incurred through a multi-year agreement, each year’s expenses must be encumbered against the budget year in which the goods/services are received. Examples of annually recurring expenses would be leases, janitorial services, security services, annual subscriptions, etc.
 - b. Non-Recurring Costs - To the extent that certain costs are non-recurring—where the goods or services are provided through a multi-year agreement—the contract’s costs must either be encumbered totally against the budget year in which the agreement is executed, or to more than one budget year depending on the delivery date per paragraph (c) below. Examples of non-recurring goods and services would be a CMS replacement project, or a one-time consultant contract for a specific purpose that might take multiple years or cross fiscal years, etc.
 - c. Consideration of Delivery Date For Non-Recurring Costs - The California Code of Regulations Title 2 Sub-Section 610¹, states that the date of the agreement determines the fiscal year to which the expenditure (encumbrance) is charged if the agreement does not state that the

¹ Even though the current version of the California Code of Regulations refers to the State Victim’s Compensation Board, 2 CCR 610 was added when the agency was known as the State Board of Control, and it does guide the uniform accounting system of the state for all agencies.

services/goods be delayed to a subsequent fiscal year.² The absence of a delivery date, or the specifying of a calendar date without qualifying instructions requesting delay in delivery, or specifying of a delivery date as 10 days, 30 days, or the like, shall be construed to read “delivery as soon as possible.” Therefore, a multi-year contract for nonrecurring costs in paragraph (b)—where the contract does not specify a delivery date or otherwise imply a delay in delivery—may be full encumbered against the budget year in which the contract was executed.

4. If encumbered funds are not liquidated (i.e. spent) by the end of the third fiscal year (current year plus two subsequent years), then the portion of the unliquidated funds that was above the cap in the year it was encumbered will revert to the originating state fund (i.e., state Trial Court Trust Fund, State Trial Court Improvement and Modernization Fund) through allocation reductions. Any amount of the encumbrance that was not expensed when final liquidation occurs, regardless of when this occurs, will be reverted to the originating fund.
5. If work changes, requiring an amendment in subsequent years of the contract or agreement, any new funding must come from that subsequent budget year and has two years from the end of that budget year to be liquidated.

² Additional clarification on 2 CCR 610 can be found on the Department of Finance website: http://www.dof.ca.gov/Accounting/FSCU/FSCU_FAQs/