



Judicial Council of California
Trial Court Budget Advisory Committee

TRIAL COURT BUDGET ADVISORY COMMITTEE
FUNDING METHODOLOGY SUBCOMMITTEE

MATERIALS FOR DECEMBER 17, 2024
VIRTUAL MEETING

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Judicial Council of California

Trial Court Budget Advisory Committee

www.courts.ca.gov/tcbac.htm
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TRIAL COURT BUDGET ADVISORY COMMITTEE FUNDING METHODOLOGY SUBCOMMITTEE

NOTICE AND AGENDA OF OPEN MEETING

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

THIS MEETING IS BEING CONDUCTED BY ELECTRONIC MEANS

THIS MEETING IS BEING RECORDED

Date: Tuesday, December 17, 2024
Time: 2:00 p.m. to 5:00 p.m.
Public Call-in Number: <https://jcc.granicus.com/player/event/3979>

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 emailed 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 October 30, 2024, Funding Methodology Subcommittee meeting.

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

This meeting will be conducted by electronic means with a listen-only conference line available for the public. As such, the public may submit comments for this meeting only in writing. 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. Only written comments received by 2:00 p.m. on December 16, 2024 will be provided to advisory body members prior to the start of the meeting.

III. DISCUSSION AND POSSIBLE ACTION ITEM (ITEMS 1-2)

Item 1

Court Reporter Funding Mid-Year Reallocation for 2024–25 (Action Required)

Consideration of mid-year reallocation of court reporter funding for 2024–25.

Presenter(s)/Facilitator(s): Mr. Chris Belloli, Manager, Judicial Council Business Management Services

Item 2

Workload Formula Allocation Methodologies for Potential Budget Reductions and Funding Restoration (Action Required)

Consideration of Workload Formula options for allocation methodologies for potential future budget reductions and restoration of funding.

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

IV. ADJOURNMENT

Adjourn



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TRIAL COURT BUDGET ADVISORY COMMITTEE
FUNDING METHODOLOGY SUBCOMMITTEE

MINUTES OF OPEN MEETING

October 30, 2024
12:00 p.m. – 1:00 p.m.

<https://jcc.granicus.com/player/event/3869>

Advisory Body Members Present: Judges: Hon. Jonathan B. Conklin (Cochair), Hon. J. Eric Bradshaw, Hon. Samantha P. Jessner, and Hon. Patricia L. Kelly.

Executive Officers: Mr. Chad Finke (Cochair), Ms. Stephanie Cameron, Ms. Rebecca Fleming, Mr. Shawn C. Landry, Mr. Chris Ruhl, Mr. David W. Slayton, and Mr. David H. Yamasaki.

Advisory Body Members Absent: Hon. David C. Kalemkarian.

Others Present: Mr. Zlatko Theodorovic, Ms. Fran Mueller, Ms. Donna Newman, Ms. Thera Hearne, Ms. Rose Lane, and Ms. Oksana Tuk.

OPEN MEETING

Call to Order and Roll Call

The chair welcomed the members, called the meeting to order at 12:00 p.m., and took roll call.

Approval of Minutes

The subcommittee approved minutes from the September 11, 2024, Funding Methodology Subcommittee meeting.

DISCUSSION ITEMS (ITEMS 1-2)

Item 1 – Trial Court Trust Fund Court Interpreters Program for 2024–25 (Action Required)

Consideration of court interpreter allocations and expenditures for 2024–25.

Action: *The Funding Methodology Subcommittee unanimously voted to approve the following recommendations for consideration by the Trial Court Budget Advisory Committee, the Judicial Branch Budget Committee, and then the Judicial Council as outlined below:*

1. *Continue discussions to determine an approach to address the \$4.6 million shortfall in fiscal year 2023–24, which could include allocating a portion of the remaining \$35 million Court Interpreter Program*

(CIP) fund balance from the Trial Court Trust Fund in fiscal year 2024–25 to courts that exceeded their allocation;

2. Approve the remaining \$35 million CIP fund balance from the TCTF to be allocated to courts mid-year to address any CIP shortfalls for fiscal years 2024–25 and 2025–26;

3. Direct Judicial Council staff to continue to monitor CIP funding and program expenditures, provide regular updates to the Trial Court Budget Advisory Committee to report any changes, and work with the trial courts to develop a funding request for additional CIP resources beginning in fiscal year 2026–27; and

4. Direct Judicial Council Center for Families, Children & the Courts' staff to work in collaboration with the Court Executives Advisory Committee to further refine the CIP policy to address the statewide operational impacts of rising CIP expenditures.

Item 2 – Workload Formula Allocation Methodologies for Potential Budget Reductions and Funding Restoration (Action Required)

Consideration of workload formula options for allocation methodologies for potential future budget reductions and restoration of funding.

Action: *The Funding Methodology Subcommittee unanimously voted to defer action to allow sufficient time for further deliberation. Judicial Council staff will meet with the cochairs and subcommittee member, Mr. David W. Slayton, to obtain input for additional methodology options for consideration at the next Funding Methodology Subcommittee meeting.*

INFORMATION ONLY ITEMS (NO ACTION REQUIRED)

Info 1 – Court Reporter Funding Mid-Year Survey for 2024–25

Informational update on the mid-year survey for one-time redistribution of unspent court reporter funding for 2024–25.

Action: *No action taken*

Info 2 – Community Assistance, Recovery, and Empowerment (CARE) Act Updates

Informational update on the mid-year survey for one-time redistribution of unspent CARE Act funding for 2024–25 and potential allocation adjustments.

Action: *No action taken*

ADJOURNMENT

There being no further business, the meeting was adjourned at 1:06 p.m.

Approved by the advisory body on .

JUDICIAL COUNCIL OF CALIFORNIA
BUDGET SERVICES
Report to the Funding Methodology Subcommittee
(Action Item)

Title: Court Reporter Funding Mid-Year Reallocation for 2024–25

Date: 12/17/2024

Contact: Chris Belloli, Manager, Business Management Services
415-865-7658 | chris.belloli@jud.ca.gov

Issue

Consider an allocation methodology for a one-time redistribution of unspent court reporter funding in fiscal year 2024–25 to ensure the full appropriation is maximized to increase the number of court reporters in family law and civil cases.

Background

Budget Language

Senate Bill 170 (Stats. 2021, ch. 240), which amended the Budget Act of 2021, included \$30 million ongoing General Fund to the Judicial Council for establishing a methodology to allocate funding to all trial courts to increase the number of court reporters in family law and civil cases. The budget language in the Budget Act of 2022 and ongoing expanded the use of this funding but did not affect how these funds are allocated to the courts.

Mid-year Reallocation of 2024-25 Court Reporter Funding

At its business meeting on July 12, 2024¹, the Judicial Council approved an allocation of \$20 million in court reporter funding and directed Judicial Council staff to survey the courts after allocations are distributed to the trial courts, no later than mid-year of fiscal year 2024–25, for a one-time redistribution of unspent funds to ensure the full appropriation is maximized to increase the number of court reporters in family law and civil cases. On September 20, 2024², the Judicial Council approved an additional allocation of \$10 million for fiscal year 2024–25 for a total of \$30 million in ongoing funding for court reporters, which completed the distribution of court reporter funding to the trial courts.

Reallocation Survey

Judicial Council staff conducted the survey after allocations were distributed to the courts asking for an estimate of potential unspent funding available in fiscal year 2024–25 for the one-time

¹ Judicial Council Business Meeting (July 12, 2024)

<https://jcc.legistar.com/View.ashx?M=F&ID=13046534&GUID=FAD8252D-5225-492C-B299-7B2DC379CAEB>

² Judicial Council Business Meeting (September 20, 2024)

<https://jcc.legistar.com/View.ashx?M=F&ID=13260163&GUID=CE670600-3C2B-421B-B36A-B6FDB7F08599>

reallocation process. The survey focused on two key questions needed to identify unspent court reporter funding in fiscal year 2024–25 to be reallocated:

1. For courts that would not be able to use all their allocated funding for court reporters in fiscal year 2024–25, an estimate of the amount of funding that would not be used in the current fiscal year and available to be returned for this reallocation process; and
2. For courts that would be able to use additional funding for court reporters beyond their initial allocation in fiscal year 2024–25, an estimate of the amount of additional funding that could be used in the current fiscal year.

There are 19 courts that indicated through the survey that they would be able to return a portion of their court reporter funding in fiscal year 2024–25 for this reallocation process. The total amount of funding estimated by these 19 courts is \$1.4 million. The list of courts and amount of unspent funding is outlined in Attachment A.

There are 14 courts that indicated they would be able to use additional funding for court reporters beyond their initial allocation in fiscal year 2024–25. The total amount of funding identified by these 14 courts is \$9.7 million. The list of courts and amount of additional funding requested is outlined in Attachment B.

Trial court feedback was received in response to the mid-year survey that outlined the challenges in providing an accurate estimate for final court reporter expenditures for fiscal year 2024–25 at this time.

Reallocation methodology

Based on the survey results, the preliminary amount of funding available for reallocation is \$1.4 million, which is not sufficient to cover the \$9.7 million in additional funding that is requested by the 14 courts. To ensure the funding is provided to the courts as timely as possible, the reallocation will take place in the March 2025 distribution and the final amounts may change pending updated estimates.

Two options to reallocate the estimated \$1.4 million in unspent funding to the 14 courts are provided below for consideration.

Option 1: Allocate additional funding to the 14 courts based on the total amount of funding available as a proportion of the total amount of funding being requested by these courts in fiscal year 2024–25.

The amount of funding available for reallocation is estimated to be \$1.4 million, or 14.34 percent, of the \$9.7 million in additional funding being requested by the 14 courts in 2024–25. In this option, each of the 14 courts would be allocated the same proportion (i.e.: 14.34 percent) of the amount of additional funding they requested through the survey.

For example, if Court A requested \$100,000 in additional court reporter funding in the survey, then Court A would receive 14.34 percent of this requested amount, or \$14,340 in additional funding. The results of Option 1 are outlined in Attachment C.

Option 2: Allocate additional funding to the 14 courts based on their proportion of the total funding initially allocated to these courts in fiscal year 2024–25.

The 14 courts requesting additional funding received \$18.1 million in their initial allocation of court reporter funding in fiscal year 2024–25. This option would take the \$1.4 million and reallocate it to the 14 courts based on their proportion of the \$18.1 million in total funding initially allocated to these courts in fiscal year 2024–25. For example, if Court B’s initial allocation was \$1.8 million or 10 percent of the total funding initially allocated to the 14 courts, then Court B would receive 10 percent of the \$1.4 million available for reallocation, or approximately \$139,000 in additional funding.

After allocating the available funding based on Option 2, an adjustment was needed since the initial amount of additional funding allocated to Los Angeles Superior Court was greater than the amount of funding requested by the court in the survey. The allocation of additional funding for Los Angeles was first adjusted to the actual amount requested by the court, or \$692,000. After this adjustment, the remaining funding was allocated to the other 13 courts based on their proportion of the total funding initially allocated just to these 13 courts in fiscal year 2024–25. The results of Option 2, including the adjustment described above, are outlined in Attachment D.

Recommendation

Consider two options for the reallocation of the \$1.4 million in unspent court reporter funding in fiscal year 2024–25 to the 14 courts listed in Attachment B, including any technical adjustments to account for the final amount available prior to distribution:

1. **Option 1** – Allocate the unspent funding to courts as a proportion of the total amount of funding being requested as outlined in Attachment C;
2. **Option 2** – Allocate the unspent funding to courts, after making the adjustment for Los Angeles Superior Court described in the methodology, based on their proportion of the total funding initially allocated to these courts in fiscal year 2024–25 as outlined in Attachment D.

Attachments

Attachment A: Courts Returning Unused 2024–25 Funding for Court Reporter Reallocation

Attachment B: Courts Requesting Additional Funding in 2024–25 for Court Reporter Reallocation

Attachment C: Option 1 Reallocation Methodology

Attachment D: Option 2 Reallocation Methodology

Attachment A: Courts Returning Unused 2024-25 Funding for Court Reporter Reallocation

Court	Initial Allocation	Funding Returned for Reallocation Process
TOTAL	\$2,165,990	\$1,386,486
Alpine	\$25,000	\$16,667
Colusa	\$25,000	\$20,000
El Dorado	\$118,271	\$111,183
Glenn	\$25,000	\$25,000
Lassen	\$25,000	\$25,000
Marin	\$142,636	\$67,636
Mariposa	\$25,000	\$25,000
Merced	\$203,529	\$50,000
Modoc	\$25,000	\$25,000
Mono	\$25,000	\$25,000
Monterey	\$262,987	\$100,000
San Francisco	\$703,092	\$566,000
Santa Cruz	\$146,060	\$15,000
Shasta	\$173,496	\$125,000
Sierra	\$25,000	\$25,000
Siskiyou	\$42,778	\$40,000
Sutter	\$83,408	\$60,000
Tehama	\$64,733	\$40,000
Trinity	\$25,000	\$25,000

Attachment B: Courts Requesting Additional Funding in 2024-25 for Court Reporter Reallocation

Court	Initial Allocation	Additional Funding Requested for Reallocation Process
TOTAL	\$18,139,547	\$9,666,734
Kings	\$124,578	\$329,372
Los Angeles	\$9,553,044	\$692,000
Madera	\$166,742	\$74,500
Mendocino	\$74,629	\$25,000
Nevada	\$72,304	\$60,000
Orange	\$2,156,003	\$2,429,126
Riverside	\$1,756,704	\$2,691,597
San Diego	\$2,179,163	\$2,000,000
San Joaquin	\$557,652	\$55,000
San Mateo	\$376,647	\$602,023
Santa Barbara	\$258,026	\$76,465
Solano	\$306,758	\$200,000
Tuolumne	\$54,146	\$153,919
Ventura	\$503,150	\$277,733

Attachment C: Option 1 Reallocation Methodology

Court	Initial Allocation	Additional Funding Requested	Amount of Funding Available for Reallocation	Funding Available as a Proportion of Amount Requested	Reallocation of Additional Funding
TOTAL	\$18,139,547	\$9,666,734	\$1,386,486	14.34%	\$1,386,486
Kings	\$124,578	\$329,372		14.34%	\$47,241
Los Angeles	\$9,553,044	\$692,000		14.34%	\$99,253
Madera	\$166,742	\$74,500		14.34%	\$10,685
Mendocino	\$74,629	\$25,000		14.34%	\$3,586
Nevada	\$72,304	\$60,000		14.34%	\$8,606
Orange	\$2,156,003	\$2,429,126		14.34%	\$348,406
Riverside	\$1,756,704	\$2,691,597		14.34%	\$386,052
San Diego	\$2,179,163	\$2,000,000		14.34%	\$286,857
San Joaquin	\$557,652	\$55,000		14.34%	\$7,889
San Mateo	\$376,647	\$602,023		14.34%	\$86,347
Santa Barbara	\$258,026	\$76,465		14.34%	\$10,967
Solano	\$306,758	\$200,000		14.34%	\$28,686
Tuolumne	\$54,146	\$153,919		14.34%	\$22,076
Ventura	\$503,150	\$277,733		14.34%	\$39,835

Attachment D: Option 2 Reallocation Methodology

Court	Initial Allocation	Proportion of Initial Allocation	Initial Reallocation of Additional Funding	Additional Funding Requested	Final Reallocation After Adjustment*	Funding as a Proportion of Amount Requested
TOTAL	\$18,139,547	100.00%	\$1,386,486	\$9,666,734	\$1,386,486	14.34%
Kings	\$124,578	0.69%	\$9,522	\$329,372	\$10,076	3.06%
Los Angeles	\$9,553,044	52.66%	\$730,182	\$692,000	\$692,000	100.00%
Madera	\$166,742	0.92%	\$12,745	\$74,500	\$13,486	18.10%
Mendocino	\$74,629	0.41%	\$5,704	\$25,000	\$6,036	24.14%
Nevada	\$72,304	0.40%	\$5,526	\$60,000	\$5,848	9.75%
Orange	\$2,156,003	11.89%	\$164,793	\$2,429,126	\$174,380	7.18%
Riverside	\$1,756,704	9.68%	\$134,273	\$2,691,597	\$142,084	5.28%
San Diego	\$2,179,163	12.01%	\$166,563	\$2,000,000	\$176,253	8.81%
San Joaquin	\$557,652	3.07%	\$42,624	\$55,000	\$45,104	82.01%
San Mateo	\$376,647	2.08%	\$28,789	\$602,023	\$30,464	5.06%
Santa Barbara	\$258,026	1.42%	\$19,722	\$76,465	\$20,869	27.29%
Solano	\$306,758	1.69%	\$23,447	\$200,000	\$24,811	12.41%
Tuolumne	\$54,146	0.30%	\$4,139	\$153,919	\$4,379	2.85%
Ventura	\$503,150	2.77%	\$38,458	\$277,733	\$40,695	14.65%

* The initial amount of additional funding allocated to Los Angeles was greater than the amount requested by the court, so the allocation for Los Angeles was adjusted to the actual amount requested by the court, or \$692,000.

JUDICIAL COUNCIL OF CALIFORNIA
BUDGET SERVICES
Report to the Funding Methodology Subcommittee
(Action Item)

Title: Workload Formula Allocation Methodologies for Potential Budget Reductions and Funding Restoration

Date: 12/17/2024

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

Issue

Consideration of the Workload Formula policy and options for allocation methodologies for potential future budget reductions and restoration of trial court funding. The development of recommendations regarding these complex issues with sufficient time for deliberation will enable the Judicial Council to thoughtfully consider the impact of these allocation methodologies on the trial courts in response to the state’s fiscal condition.

This issue is a continuation of the ongoing work of the Funding Methodology Subcommittee to consider alternative allocation approaches based on the Workload Formula’s core principles to advance the goal of funding equity, stability, and predictability to support trial court operations.

Background

The Judicial Council allocates a portion of the funding for the trial courts according to its approved allocation methodology, known as the Workload Formula. The Workload Formula determines the need for funding based on workload measures and has been in place since fiscal year 2018–19.

At its January 12, 2018, business meeting, the Judicial Council approved new policy parameters for the Workload Formula that specifically addressed how new discretionary funding included in the budget is to be allocated in the Workload Formula for the trial courts.¹ The new policy also stated that allocations in fiscal years for which a budget reduction must be implemented will be addressed as needed, with special consideration toward those courts below the statewide average funding level.

At its July 12, 2024, business meeting, the Judicial Council approved an amended definition for “new money”. Specifically, the Council established that because Consumer Price Index funding, when included in the budget, is used to address inflationary costs for the trial courts, such

¹ Judicial Council meeting report (January 12, 2018), <https://jcc.legistar.com/View.ashx?M=F&ID=5722980&GUID=EB419556-68BE-4685-A012-6A8D8502A126>.

funding should not be considered “new money” for the purpose of allocation via the Workload Formula.²

At its October 30, 2024, meeting³, the Funding Methodology Subcommittee discussed the allocation methodologies used for previous budget reductions and the restoration of funding in fiscal year 2021–22, as well as various options for future consideration. The subcommittee voted to defer action to allow additional time for further deliberation and to consider input from subcommittee members and the trial courts.

The subcommittee also requested that Judicial Council staff meet with members of the subcommittee to obtain input for additional methodology options for consideration. An initial meeting occurred on November 14, 2024, and subsequent meetings may be needed as potential allocation methodology options are explored further. To assist with ongoing deliberations, Judicial Council staff will provide additional information to the subcommittee on the history of trial court funding, principles of the Workload Formula and the implementation of these principles, and the data components used in the Workload Formula model to calculate the statewide funding need for the trial courts.

Previous Funding Reductions

Currently there is no “standard” methodology for addressing funding reductions. The Workload Formula policy states that a methodology for applying a funding reduction will be determined for each year in which a reduction occurs. Three recent examples of funding reductions that occurred in fiscal years 2020–21, 2023–24, and 2024–25 are described below:

Example 1 – The Budget Act of 2020 included a \$167.8 million reduction to trial court baseline funding due to the sizeable budget deficit projected as a result of the COVID-19 pandemic. The council-approved methodology⁴ to allocate this reduction is based on Workload Formula funding need. The specific steps in the calculation are described below:

- Courts within the established band around the statewide average funding level take a proportional reduction, but do not fall outside of the band;
- Courts above the band take an additional 1 percent cut from those within the band without falling into the band;
- Courts below the band take less of a cut than those within the band, scaled by their size and distance from the statewide average, not taking more of a cut than those inside of the band; and

² Judicial Council meeting report (July 12, 2024)

<https://jcc.legistar.com/View.ashx?M=F&ID=13077708&GUID=08C509A8-B264-4D66-AFDC-B3EC97A5D296>

³ Funding Methodology Subcommittee meeting materials (October 30, 2024)

https://courts.ca.gov/system/files/file/tcbac-20241030-fms-materials_0.pdf

⁴ Judicial Council meeting report (July 24, 2020),

<https://jcc.legistar.com/View.ashx?M=F&ID=8651228&GUID=27A3B6D8-9783-4865-8C5A-F6697EB58734>.

- Cluster 1 courts – all of which are above the band – take the same percentage reduction as courts within the band but are not required to take the additional percentage reduction as those other courts above the band.

This reduction was restored in the Budget Act of 2021 and the funding was allocated to the courts in the same amounts as the initial reduction.

Example 2 – Per the Budget Act of 2022, effective 2023–24, the civil assessment backfill amount decreased by \$10 million to \$100 million ongoing, due to the elimination of one-time funding for prior uncollected debt. In addition, the backfill amount was reduced by an additional \$2.5 million for debt service obligation payments as approved by the council at its May 12, 2023, business meeting.⁵ As a result, there was a total reduction of \$12.5 million ongoing to the amount of civil assessment backfill funding allocated to the trial courts beginning in 2023–24.

The \$12.5 million was reduced proportionally based on courts’ percentage of 2022–23 civil assessment backfill funding – with additional adjustments to three courts funded over 100 percent and a redirection of \$421,000 to five courts below the statewide average funding level.⁶ As approved by the council at its July 21, 2023, business meeting, the \$12.5 million ongoing reduction was reflected in the trial court allocations beginning in fiscal year 2023–24.⁷

Example 3 – The Budget Act of 2024 included an ongoing reduction of \$97 million to trial court baseline funding due to the state’s projected multiyear budget deficit. The council-approved methodology to allocate the reduction was similar to how the reduction was implemented in fiscal year 2020–21, whereas all calculations were based on the Workload Formula need. This methodology used a 4 percent band (2 percent above the statewide average and 2 percent below) and followed the same steps as outlined in Example 1.

Prior to the July 12, 2024, Judicial Council business meeting, several trial courts provided additional feedback on the methodology which included:

- Consideration of basing the calculations on Workload Formula allocation rather than Workload Formula need. The approved methodology for the fiscal year 2024–25 reduction calculates the share of the trial courts’ funding need and then the percentage is applied to the courts’ funding allocation.
- Discussion about how to apply the reduction to the trial courts within the 4 percent band around the statewide average to ensure (1) the courts do not fall outside of the band and (2) the courts do not move further away from the statewide average, which will impact funding equity.

⁵ Judicial Council meeting report (May 12, 2023), <https://jcc.legistar.com/View.ashx?M=F&ID=11916929&GUID=4F4B033A-9A14-4C88-8654-8CF355F8E8D5>.

⁶ Judicial Branch Budget Committee meeting report (June 6, 2023), jbbc-20230606-materials.pdf.

⁷ Judicial Council meeting report (July 21, 2023), <https://jcc.legistar.com/View.ashx?M=F&ID=12124713&GUID=2A166CFF-E318-4E77-AA91-C06AE38FDFC2>.

Addressing Potential Future Budget Reductions and Restoration of Funding

Allocation Options for Budget Reductions

Due to the volatility of the state's fiscal condition and limited General Fund resources to support state government, it is prudent to review how recent reductions were allocated and discuss whether a standard allocation methodology for potential future budget reductions should be adopted and, if so, what options exist for such a methodology.

Possible reduction allocation options for deliberation include, but are not limited to, the following:

1. ***Pro rata reduction allocation.*** This approach will allocate the reduction proportionally to all trial courts based on each court's Workload Formula need or allocation amount. Courts with a greater need or allocation amount will receive a larger share of the reduction.
2. ***Reverse Workload Formula equity reduction allocations calculated on courts' Workload Formula need or allocation.***
 - a. ***Reverse Workload Formula equity reduction allocation with reduction limitation.*** This approach will allocate the first 50 percent, or a specified portion, of the reduction to courts above the statewide average funding level scaled by each court's distance from the statewide average and size based on the courts' Workload Formula need or allocation. Consistent with the Workload Formula, the size of any court's reduction would be capped at a set amount. The allocated reduction will bring courts down to, but not below, the statewide average funding level. The other 50 percent, or balance of the reduction, will be allocated to all courts based on the Workload Formula.

This methodology is the reverse of the existing Workload Formula allocation methodology used to distribute new money when it is included in the budget for trial courts. Consistent with the Workload Formula policy, this methodology gives special consideration to courts below the statewide average funding level to support the goal of workload-based equitable funding.

- b. ***Reverse Workload Formula equity reduction allocation without reduction limitation.*** This approach, which can be based on either Workload Formula need or allocation, will establish a funding band with specific criteria and a sequence of steps in which the reduction is allocated. The band will be established around a determined funding level (i.e.: statewide average funding level) and a specified reduction methodology, such as a proportional reduction, will be allocated to courts within the band. An additional reduction will be allocated to courts that are above the band and a smaller reduction will be allocated to courts that are below the band. The potential reduction level for courts above the band would not be subject to any limitation. Similar to option 2a, this methodology also gives special consideration to courts below the statewide average to support the goal of workload-based equitable funding.

This methodology, as described in 2a, based on the Workload Formula need, was the approach used in fiscal years 2020–21 and 2024–25 to allocate the reductions as described in the aforementioned “Previous Funding Reductions” section of this report.

3. Consider other methodologies as proposed by members of the Funding Methodology Subcommittee or trial court representatives.

Allocation Options for Restoration of Funding

To the extent the state’s fiscal condition improves, it is also prudent to discuss now whether to establish a methodology to allocate the restoration of funding from prior budget reductions.

Possible restoration allocation options for deliberation include, but are not limited to, the following:

1. ***Restore funding exactly how it was reduced.*** Funding is allocated to the courts in the same amounts, or portion restored, as the initial reduction. This was the approach when funding was restored in the Budget Act of 2021 for the reduction taken in fiscal year 2020–21 due to the state’s deficit resulting from COVID-19.
2. ***Workload Formula.*** The restoration is treated as “new money” and funding is allocated to the courts in the same way new money is allocated using the existing Workload Formula methodology. In general, the Workload Formula allocates the first 50 percent of new funding to courts under the statewide average and then the remaining 50 percent is allocated to all courts. In this manner, workload-based funding equity for the lower funded courts is prioritized and all courts benefit from the additional funding.
3. ***Pro rata restoration allocation.*** This approach will allocate the restoration proportionally to all trial courts based on each court’s Workload Formula need or allocation amount. Courts with a greater need or allocation amount will receive a larger share of the restoration.
4. ***Workload Formula with equity adjustment.*** The restoration will first fund those courts under and up to the statewide average, or a portion thereof. To the extent there is additional funding after this step, the remaining amount will be allocated using the existing Workload Formula methodology as described in option #2. This approach will prioritize workload-based funding equity for the lower funded courts and all courts benefit from the additional funding if available.

Recommendation

Consider the various options for allocation methodologies for potential future budget reductions and restoration of funding for the trial courts, determine whether additional analysis of these or other methodologies is required, and make recommendations to the Trial Court Budget Advisory Committee for consideration.