

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

Title: State Trial Court Improvement and Modernization Fund (IMF) Allocation Increase for 2023–24 for Judicial Council Legal Services

Date: 4/23/2024

Contact: Eric Schnurpfeil, Deputy Chief Counsel, Legal Services
415-865-8936 | eric.schnurpfeil@jud.ca.gov

Issue

Consider a recommendation from the Trial Court Budget Advisory Committee to provide the Judicial Council’s Legal Services office with a \$2 million IMF allocation in 2023–24 for the Litigation Management Program to address increased legal services for the trial courts, for consideration by the Judicial Council at its May 17, 2024, business meeting.

Background

The Judicial Council’s Legal Services office provides litigation management services for the defense and indemnification of all judicial branch entities, their bench officers, and employees. Defense of these parties is for government claims, prelitigation claims, and litigation, as well as for various risk-reduction measures as required by Government Code sections 810–811.9, 825–825.6, 900.3, and 995–996.6 and California Rules of Court, rules 10.201 and 10.202. These obligations are generally referred to as the Litigation Management Program (LMP).

The LMP receives an annual appropriation of \$6.2 million General Fund. The majority of this funding is for expenditures and settlements related to trial court matters. In 2023–24, the LMP incurred three large trial court–related settlements that substantially affected the budget, and there are pending expenses in a nearly 10-year trial court litigation. The current year’s settlement expense is the second largest in the last decade.

As a result of these increased expenses, the LMP appropriation for 2023–24 has been fully used. Additional funding of \$2 million is necessary to continue servicing the LMP portfolio of cases and fund higher value settlements before the end of the current fiscal year. Overall, settlement values are generally increasing, particularly with employment matters for which recovery of attorney’s fees often drives up the settlement value.

Litigation expenditures were generally consistent with those of past years, but costs in the current year were affected by a significant litigation matter that was granted summary judgment a week before trial, as well as three high-expense employment cases. While the sizeable amount of trial settlements affected the budget, overall litigation expenses have continued to rise and remain a growing pressure on the fund.

The IMF is an appropriate fund source to pay for trial court–related expenditures to ensure the continuity of LMP services. Attachment A reflects the approved year to date IMF allocations for the Judicial Council. This request for \$2 million is reflected in the IMF Fund Condition Statement (Attachment B). Based on current revenue estimates, the fund will have a sufficient balance for the requested allocation in 2023–24.

As cost increases for LMP are expected to continue, an IMF allocation of \$1.7 million will be requested for 2024–25 to supplement the General Fund appropriation. Legal Services will evaluate program costs and available resources to determine if a future budget change proposal is needed to ensure the program is adequately funded.

Recommendation

The following recommendation is presented to the Judicial Branch Budget Committee for consideration:

Approve a \$2 million 2023–24 IMF allocation for Legal Services for the LMP to address increased legal services for the trial courts, effective May 17, 2024. Doing so will ensure that trial courts will be defended and indemnified as required by California Rules of Court, rules 10.201 and 10.202.

Attachments

1. Attachment 2A: Judicial Council of California Approved 2023–24 Allocations, State Trial Court IMF, State Operations and Local Assistance Appropriations
2. Attachment 2B: State Trial Court IMF Fund Condition Statement, April 2024