



Judicial Council of California · Administrative Office of the Courts

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

www.courts.ca.gov

REPORT TO THE JUDICIAL COUNCIL

For business meeting on: April 25, 2014

Title	Agenda Item Type
Judicial Council Report to the Legislature and the Department of Finance: 2 Percent Set-Aside in the Trial Court Trust Fund for FY 2013–2014	Action Required
	Effective Date
	April 25, 2014
Rules, Forms, Standards, or Statutes Affected	Date of Report
None	April 15, 2014
Recommended by	Contact
Administrative Office of the Courts	Patrick Ballard, 818-558-3115
Zlatko Theodorovic, Director	patrick.ballard@jud.ca.gov
Fiscal Services Office	

Executive Summary

The Administrative Office of the Courts recommends that the Judicial Council approve the Report on the Allocation of the 2 Percent Set-Aside in the Trial Court Trust Fund for fiscal year (FY) 2013–2014. Government Code section 68502.5(c)(2)(C) requires that the Judicial Council report to the Legislature and the Department of Finance each fiscal year regarding all requests and allocations made from the 2 percent set-aside in the Trial Court Trust Fund to the superior courts.

Recommendation

The Administrative Office of the Courts (AOC) recommends that the Judicial Council:

1. Approve the Report on the Allocation of the 2 Percent Set-Aside in the Trial Court Trust Fund for FY 2013–2014; and
2. Direct the AOC to submit the report to the Legislature and the Department of Finance.

Previous Council Action

Options for allocations of the 2 percent set-aside in the Trial Court Trust Fund (TCTF) in fiscal year 2013–2014 were presented to the Judicial Council during the fiscal year. The attached report to the Legislature describes the actions taken during those meetings.

These reports are submitted to the Legislature on an annual basis. Previous reports can be found at www.courts.ca.gov/7466.htm.

Rationale for Recommendation

The submission of this report to the Legislature and the Department of Finance (DOF) is required under Government Code section 68502.5(c)(2)(C). The statute requires that the Judicial Council provide information regarding all requests and allocations made from the set-aside of 2 percent of the total funds appropriated in the TCTF in the annual Budget Act to trial courts for:

- Unavoidable funding shortfall requests submitted by the trial courts to the Judicial Council no later than October 1 of the current fiscal year;
- Unforeseen emergencies or unanticipated expenses for existing program requests submitted after October 1 and before March 15 of the current fiscal year; and
- Unexpended funds distributed to the trial courts on a prorated basis after March 15.

Comments, Alternatives Considered, and Policy Implications

This report was not circulated for comment. The information contained in the report to the Legislature and the DOF was obtained from the trial courts. The attached report summarizes actions previously taken by the Judicial Council.

Implementation Requirements, Costs, and Operational Impacts

There are no costs or operational impacts to implementing the recommendations in this report.

Relevant Strategic Plan Goals and Operational Plan Objectives

The recommendations contained in this report pertain to statutory requirements.

Attachments

1. Report on the Allocation of the 2 Percent Set-Aside in the Trial Court Trust Fund for FY 2013–2014



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

STEVEN JAHR
Administrative Director of the Courts

Report title: Report on the Allocation of the 2 Percent Set-Aside in the Trial Court Trust Fund for FY 2013–2014

Statutory citation: Government Code section 68502.5(c)(2)(C)

Date of report: April 28, 2014

The Judicial Council has submitted a report to the Legislature in accordance with Government Code section 68502.5(c)(2)(C), which requires the Judicial Council to report to the Legislature and the Department of Finance, no later than April 15 of each year, all requests and allocations made from the 2 percent set-aside of the Trial Court Trust Fund (TCTF) to trial courts.

The following summary of the report is provided under the requirements of Government Code section 9795.

Government Code section 68502.5(c)(2)(B) requires requests for unavoidable funding shortfalls be submitted by the trial courts to the Judicial Council no later than October 1 of each year. The Judicial Council, by October 31 of each year, will review and evaluate all such requests, select trial courts to receive funds, and notify those selected trial courts. No more than 1.5 percent of the 2 percent shall be distributed during this period. By March 15, the Judicial Council shall allocate from the remaining funds if there have been requests from trial courts, to cover unforeseen emergencies or unanticipated expenses. After such distributions, any remaining unexpended funds shall be distributed to the trial courts on a prorated basis.

For the period of October 1, 2013 through March 15, 2014, one court, the Superior Court of Kings County, met the Judicial Council criterion of projecting a current year negative fund balance and received an allocation totaling \$130,000 in funding from the 2 percent set-aside of the TCTF for unavoidable funding shortfalls and unanticipated expenditures.

The full report can be accessed here: www.courts.ca.gov/7466.htm. A printed copy of the report may be obtained by calling 818-558-3115.



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HON. STEVEN JAHR
Administrative Director of the Courts

April 28, 2014

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Legislative Counsel
State of California
State Capitol, Room 3021
Sacramento, California 95814

Mr. Gregory P. Schmidt
Secretary of the Senate
State Capitol, Room 400
Sacramento, California 95814

Mr. E. Dotson Wilson
Chief Clerk of the Assembly
State Capitol, Room 3196
Sacramento, California 95814

Mr. Michael Cohen
Director of Finance
California Department of Finance
State Capitol, Room 1145
Sacramento, California 95814

Re: Report on the Allocation of the 2 Percent Set-Aside in the Trial Court Trust Fund for FY 2013–2014

Dear Ms. Boyer-Vine, Mr. Schmidt, Mr. Wilson, and Mr. Cohen:

The Judicial Council respectfully submits this report, as required by Government Code section 68502.5(c)(2)(C), detailing all requests and allocations made by the Judicial Council from the set-aside of 2 percent of the total funds appropriated in Program 45.10 of Item 0250-101-0932 of the annual Budget Act. As required in Government Code section 68502.5(c)(2)(B), these funds are set aside in the Trial Court Trust Fund (TCTF) for trial courts to be allocated by the Judicial Council and to be used by the trial courts for unforeseen emergencies, unanticipated expenses for existing programs, or unavoidable funding shortfalls.

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Government Code section 68502.5(c)(2)(B) requires requests for unavoidable funding shortfalls be submitted by the trial courts to the Judicial Council no later than October 1 of each year. In response, the Judicial Council, by October 31 of each year, will review and evaluate the requests, select trial courts to receive funds, and notify those selected trial courts. No more than 75 percent of the total set-aside shall be distributed during this period. By March 15, the Judicial Council will distribute from the remaining funds if there has been a request from a qualifying trial court for unforeseen emergencies or unanticipated expenses. If there are unexpended funds after March 15, they shall be distributed to the trial courts on a prorated basis.

Requests Related to Unavoidable Funding Shortfall

The 2 percent set-aside in the TCTF for fiscal year (FY) 2013–2014 was \$35.2 million. Government Code section 68502.5(c)(2)(B) permits only up to 1.5 percent—or \$26.4 million—to be allocated by the Judicial Council by October 31 for unavoidable funding shortfall requests. No courts requested funding related to unavoidable funding shortfalls by that date.

Requests Related to Unforeseen Emergencies or Unanticipated Expenditures for Existing Programs

Government Code section 68502.5(c)(2)(B) requires that the Judicial Council, after October 31 and before March 15 of each fiscal year, distribute from the remaining funds for requests from any of the trial courts due to unforeseen emergencies or unanticipated expenses for existing programs. The Superior Court of Kings County requested funding related to unanticipated expenses. Under the council's policy, the courts' requests may be for amounts exceeding their respective contributions to the 2 percent set-aside of the TCTF.

The Superior Court of Kings County qualified for funding under the council-approved criterion of projecting a negative fund balance for the current fiscal year for unanticipated expenses. The total amount requested by the court was \$130,000. Information about this request follows:

- In 2012–2013, the Superior Court of Kings County was facing a current year estimated negative ending fund balance of \$1.968 million, which was comprised of a budget shortfall for an expenditure of \$2.11 million for a soon-to-be-unsupported, antiquated county case management system. The Judicial Council, at its February 26, 2013 business meeting, considered the court's request and approved an allocation of up to \$2.11 million over a five-year period, starting with \$733,000 in 2012–2013. The Judicial Council also stipulated that in order to receive a future distribution from the Trial Court Trust Fund 2 percent state-level reserve for 2013–2014 through 2016–2017 for the project, the court must provide to the council a projection of all project costs and detailed financial information demonstrating why it is unable to address those costs within existing resources. The Superior Court of Kings County submitted all the required financial

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information in January 2014, which projected a negative fund balance due to the \$130,000 in additional funding needed for the second year deployment cost to replace a soon-to-be-unsupportable and failing case management system. The Judicial Council considered the court's request at its February 20, 2014, business meeting and approved an allocation of \$130,000.

Distribution of the 2 Percent Funds

The total amount allocated by the Judicial Council for all FY 2013–2014 requests through March 15 was \$130,000. The balance of unallocated funds from the 2 percent set-aside in the TCTF was \$35 million. A proportionate share of the \$35 million was distributed to all 58 superior courts on March 15, 2014.

Please direct any questions related to this report to Zlatko Theodorovic, Director, Fiscal Services Office, Administrative Office of the Courts (AOC), at 916-263-1397.

Very truly yours,

Steven Jahr
Administrative Director of the Courts

SJ/PB/pb
Attachment

cc:

Ms. Margie Estrada, Policy Consultant, Office of Senate President pro Tempore Darrell Steinberg
Ms. Fredericka McGee, Deputy Chief of Staff/General Counsel, Office of Assembly Speaker John A. Pérez
Ms. Tina McGee, Executive Secretary, Legislative Analyst's Office
Mr. Jay Sturges, Principal Program Budget Analyst, Department of Finance
Ms. Madelynn McClain, Program Budget Analyst, Department of Finance
Ms. Peggy Collins, Principal Consultant, Joint Legislative Budget
Ms. Julie Salley-Gray, Consultant, Senate Budget and Fiscal Review Committee
Mr. Matt Osterli, Consultant, Senate Republican Fiscal Office
Mr. Marvin Deon, Consultant, Assembly Budget Committee
Mr. Allan Cooper, Consultant, Assembly Republican Fiscal Office
Ms. Jolie Onodera, Consultant, Senate Appropriations Committee

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Mr. Chuck Nicol, Principal Consultant, Assembly Appropriations Committee

Mr. Benjamin Palmer, Chief Counsel, Senate Judiciary Committee

Mr. Mike Petersen, Consultant, Senate Republican Policy Office

Mr. Drew Liebert, Chief Counsel, Assembly Judiciary Committee

Mr. Paul Dress, Consultant, Assembly Republican Policy Office

Mr. Cory T. Jaspersen, Director, AOC Office of Governmental Affairs

Ms. Yvette Casillas-Sarcos, AOC Office of Governmental Affairs

Mr. Peter Allen, Senior Manager, AOC Office of Communications