

JUDICIAL COUNCIL OF CALIFORNIA
ADMINISTRATIVE OFFICE OF THE COURTS
455 Golden Gate Avenue
San Francisco, California 94102-3688

Report Summary

TO: Members of the Judicial Council

FROM: Ronald G. Overholt, Chief Deputy Director
Christine M. Hansen, Director, Finance Division, 415-865-7951
Stephen H. Nash, Assistant Director, Finance Division
Eric Pulido, Supervising Budget Analyst

DATE: August 16, 2005

SUBJECT: Fiscal Year 2006–2007 Judiciary Budget Request (to include the Supreme Court, the California Judicial Center Library, the Courts of Appeal, and the Judicial Council/Administrative Office of the Courts) (Action Required)

Issue Statement

The Judicial Council has statutory authority to approve the judiciary's budget requests for the Supreme Court, the California Judicial Center Library, the Courts of Appeal, and the Judicial Council/Administrative Office of the Courts (AOC).

Recommendation

The Executive and Planning Committee and the AOC recommend that the Judicial Council:

1. Approve the development of budget change proposals (BCPs) for fiscal year 2006-2007, to be submitted to the Department of Finance, for the Supreme Court, the Courts of Appeal, the Judicial Council, and the California Judicial Center Library, as follows:
 - a) Increased reimbursement authority of up to \$9.224 million from the Trial Court Trust Fund and the Trial Court Improvement Fund in support of various trial court administrative services programs;
 - b) Increased appropriation authority from the State Court Facilities Construction Fund of up to \$27.311 million needed to support the fourth phase of the implementation of the Trial Court Facilities Act of 2002 (SB 1732; Chapter 1082, Statutes of 2002). It is also recommended that the Judicial Council approve adjustment of the Court Facilities Trust Fund appropriation level once county contributions are established to fund operations and maintenance expenditures;

- c) Increased appropriation authority of up to \$2.019 million from available Appellate Court Trust Fund resources, and a General Fund augmentation of approximately \$1.630 million to address increased support costs associated with a new courthouse for the Fifth District Court of Appeals.
 - d) Increased funding of up to \$4.388 million General Fund to address increased costs of the court appointed counsel program for the Supreme Court and the Courts of Appeal. This proposed augmentation would accommodate implementation of increased compensation for appointed counsel and increases for appointed counsel projects.
 - e) Authorize staff to develop BCPs that identify baseline resource needs associated with increased costs and workload related to the provision of services to the courts and the public, as well as for internal infrastructure needed to support judicial branch operations. In addition, staff recommends that the council delegate authority to the Executive and Planning Committee for final review and approval of the specific level of resources being requested prior to submission of the proposals to the Department of Finance
2. Approve development and submittal of a baseline adjustment based upon the annual percentage change in the State Appropriations Limit (SAL) for the Supreme Court, Courts of Appeal, the Judicial Council, and the Habeas Corpus Resource Center, to the extent that legislation is approved which would establish this adjustment or trailer bill legislation is proposed concurrent with the submission of this proposal, and that the SAL Adjustment is to be implemented during fiscal year 2006–2007.
 3. Delegate authority to the Administrative Director of the Courts to make technical changes to this budget as necessary.

Rationale for Recommendation

According to the Department of Finance’s (DOF) fiscal year 2006–2007 budget policy letter dated July 28, 2005, “... the state will continue to face a General Fund structural budget deficit in 2006–07 in the range of several billions of dollars. In this context, it will be difficult for Finance to support Agency proposals that expand the size of government without also identifying the means to pay for them. Similarly, any unavoidable General Fund cost proposals should be accompanied by offsetting savings.” However, the budget letter further indicates that other critical cost proposals, which support specific policies of the Governor but for which revenue sources or offsetting General Fund savings cannot be identified may be accommodated in the budget development process, although considered as “Supplemental Budget Change Proposals”.

Given the fiscal policy stated in the budget letter, staff have been endeavoring to identify critical operational and programmatic needs that have developed and not been addressed during the last several difficult fiscal years. Various resource needs have been identified,

and these are being reviewed by staff to determine where additional resources are needed and whether these needs can be addressed through a redeployment of existing resources.

Alternative Actions Considered

In developing the recommendations, the following alternative was considered:

An alternative approach would be to only identify cost increases for existing program levels without proposing funding increases which relate to service and programmatic changes. Given workload and service need changes that have developed during the last few fiscal years and which have not been addressed, this was not staff's recommended approach.

Comments from Interested Parties

Not applicable.

Implementation Requirements and Costs

The areas recommended for budget increases for the judiciary budget in FY 2006-2007 are as follows: an increase in reimbursements authority up to \$9.224 million from the Trial Court Trust Fund and the Trial Court Improvement Fund in support of various administrative services programs that support the trial courts, an increase in appropriation authority from the State Court Facilities Construction Fund up to \$27.311 million to support the fourth phase of the implementation of the Trial Court Facilities Act of 2002; a one-time increase in appropriation authority of up to \$2.019 million from available Appellate Court Trust Fund resources, and a General Fund augmentation of approximately \$1.630 million to address increased support costs associated with a new courthouse for the Fifth District Court of Appeals, and a General Fund increase of up to \$4.388 million to address increased costs of the court appointed counsel program for the Supreme Court and the Courts of Appeal. Beyond these, there are various other funding needs related to the provision of services to courts, the public, and the Judicial Council which are currently under review. It is expected that, based upon this review, additional funding proposals will be identified that would be appropriate to develop into budget requests.

Additionally, as a result of discussions currently underway with Department of Finance staff and management, there is the possibility that legislation may be introduced which would provide for an annual baseline adjustment based upon annual changes in the State Appropriations Limit for the Supreme Court, Courts of Appeal, the Judicial Council, and the Habeas Corpus Resource Center. To the extent that such legislation is ultimately approved by the Legislature and enacted into law and that the change is to go into effect during the 2006–2007 fiscal year, the Judicial Branch will need to develop a State Appropriations Limit Adjustment computation package for submittal to the Governor and the Legislature.

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Issue Statement

The Judicial Council has statutory authority to approve the judiciary's budget requests for the Supreme Court, the California Judicial Center Library, the Courts of Appeal, and the Judicial Council/Administrative Office of the Courts (AOC).

I. State Operations Budget Requests

Background

Descriptions of the judiciary's State Operations budget requests for which recommendations are being made for Judicial Council consideration are presented on the following pages. They are separated into the following distinct categories:

- a) Proposals for increased reimbursement authority from the Trial Court Trust Fund and the Trial Court Improvement Fund to address administrative support services costs;
- b) Proposals to address costs related to the court facilities program costs;
- c) Proposals to address operational costs of the new Fifth Appellate District Courthouse;
- d) Proposals to address cost increases for the Court Appointed Counsel programs for the Supreme Court and the Courts of Appeal; and
- e) Proposals for additional baseline operational resources to address workload growth and cost increases related to the provision of services to the courts, the public, and the Judicial Council/Administrative Office of the Courts.

a) TRIAL COURT ADMINISTRATIVE SUPPORT

FY 2006-2007 – an amount up to \$9.224 million (up to \$600,000 one-time)

reimbursement from the Trial Court Trust Fund and the Trial Court Improvement Fund.

Trial Court Administrative Support Services

FY 2006-2007 – an amount up to \$9.224 million (up to \$600,000 one-time).

Increased reimbursement authority from the Trial Court Trust Fund and the Trial Court Improvement Fund is recommended for support of the provision of administrative services for the trial courts.

The Lockyer-Isenberg Trial Court Funding Act of 1997, AB 233 (Chapter 850, Statutes of 1997) consolidated all trial court funding and entrusted the financial management of trial courts to the judiciary as an independent branch of government. Prior to the passage of this legislation, trial courts received the majority of their funding and all business services and information technology systems through their counties. The trial courts look to the AOC to develop statewide administrative service delivery systems to support the courts as they move away from county-provided services.

The Judicial Council has previously directed staff to develop and to implement strategies for statewide administrative infrastructure initiatives in the areas of finance, information technology, human resources, and legal services in the trial courts. The council has also not supported new funding for trial courts in some areas, such as for legal assistance, where these services would duplicate services that are being provided on a statewide basis. At its April 2002 meeting, the Judicial Council provided direction to AOC staff to develop a comprehensive administrative infrastructure for the trial courts and to take steps not to duplicate resources so that resources could be redirected to other needed areas. In February 2003, the Judicial Council reaffirmed its previous direction to the AOC to develop and implement the necessary administrative infrastructure to support the operations of the trial courts to provide efficient, cost-effective, and reliable statewide administrative services (to avoid duplication of services, etc.).

Pursuant to the council's direction, and in order to assist the trial courts in the transition from county to state responsibility and to promote fiscal management and accountability, the AOC launched several statewide administrative service initiatives. Given current state fiscal difficulties, however, the AOC has only been partially successful in obtaining additional General Fund resources through the BCP process for these efforts. Initial funding from the General Fund in fiscal years 2000-2001 and 2001-2002 was appropriated to address some of the initial needs resulting from enacted legislation. In FY 2003-2004, initial reimbursement authority from the trial courts was approved for the Court Reporting and Accounting System (CARS). The authority for the AOC to request reimbursement of expenditures from the Trial Court Trust Fund or the Trial Court Improvement Fund was established in FY 2003-2004 via Government Code Section 68085 (a) (4). This statutory provision authorizes the Judicial Council to authorize the direct payment or reimbursement of administrative infrastructure development costs for the trial courts from the Trial Court Trust Fund or the Trial Court Improvement Fund. In

FY 2004–2005 and FY 2005–2006, pursuant to Government Code Section 68084 (a) (4) the Judicial Council utilized reimbursement authority to partially support the development and provision of administrative and information technology services to the courts.

This request proposes additional reimbursement authority from the Trial Court Improvement Fund and the Trial Court Trust Fund in FY 2006-2007 to enable the AOC to continue to fulfill its responsibilities in accordance with the long-term fiscal responsibility and accountability plan that was designed to meet the requirements of AB 233. To fulfill part of this funding need, the AOC has begun seeking reimbursements from trial courts through Memorandums of Understanding for areas such as implementation of LAN/WAN and ongoing support costs for CARS. These agreements are negotiated with each court based on the level of service the court will receive, the court's ability to pay, and what the court has historically been paying their previous provider (e.g. the county) for these services. As other services are provided to the trial courts, including the implementation of case management systems, AOC will be expanding the Memorandums of Understanding to increase charges to the courts utilizing similar criteria to recover these costs where appropriate.

To address these issues, a BCP for Trial Court Administrative Support Services is proposed which will incorporate funding needs for the following initiatives:

- Continued implementation of the statewide Court Accounting and Reporting System (CARS);
- Design, development, and implementation costs associated with the statewide Court Human Resources Information System (CHRIS);
- Staffing to provide oversight for the continued development, implementation, and support of a statewide California Case Management System (CCMS);
- Staffing to provide oversight and transition coordination for the centralized California Courts Technology Center (CCTC); and
- Staffing to enable the branch to address the courts' data integration needs as they transition to statewide applications; also known as the Data Integration Program (DIP).

Court Accounting and Reporting System (CARS) – The proposed reimbursement funding increase will support the continued implementation of a statewide, centralized treasury function and financial system serving the trial courts. Recognizing that the trial courts differ in terms of their level of preparedness, AOC Finance Division staff developed a three-stage approach for implementation of the financial system. The first stage involves an evaluation of each trial court's financial condition and validation of basic financial reporting; the second stage concentrates on the preparation and validation of base data for the implementation of CARS and to prepare the courts to adopt the CARS fiscal processes; and the third stage is the rollout of the financial system. As the CARS rollout

continues, the Trial Court Accounting and Financial Services (TCAFS) will perform the accounting support, transaction processing, and other selected fiscal functions for those trial courts utilizing CARS. The requested additional reimbursement authority will provide the accounting, contracting and procurement services for up to fifteen courts anticipated to be installed on the CARS in FY 2006-2007.

The passage of AB 223 provided the Judicial Council with explicit authority to establish procedures for handling trial court monies separate from the county treasury. As courts come “on-line” with the statewide trial court financial system, the AOC will provide centralized investment and cash management services to the trial courts. This strategy will maximize earnings and preserve capital enabling trial courts to meet operating requirements. Since additional positions will be required as the cash management and accounting support responsibilities increase, subsequent augmentations will be submitted in FY 2007–2008 and FY 2008–2009.

Court Human Resources Information System (CHRIS) – An increase in reimbursement authority will support system table maintenance, payroll services, and transactional data support for the Court Human Resources Information System (CHRIS) in fiscal year 2006/2007. New positions will provide human resources information services for the courts including, but not limited to, transaction processing, clarifying processes, procedures, analyzing end-to-end court operations and business processes, integration of statewide initiatives, design and development of statewide CHRIS training curricula and delivery of training program to AOC and court staff, payroll operational support regardless of gross or net; three positions will provide business system analysis; seventeen positions will provide support and transactional services and providing direct CHRIS support for the courts. The system will be rolled out to the trial courts as they transition from HR county-provided services and fulfill the new requirements of the Trial Court Employment Protection and Governance Act, SB 2140 (Chapter 1010, Statutes of 2000).

California Case Management System (CCMS) – The CCMS is a statewide effort to develop an integrated application to manage all case types for the California trial courts. CCMS is a multiyear effort with two phases currently under way — development and installation of the criminal and traffic system, and a civil, small claims, and probate system. Planning for the third phase, which includes family law, juvenile, and mental health case types, will begin this fall. Key participants in development of CCMS include six lead courts—the Superior Courts of Alameda, Sacramento, San Diego, Los Angeles, Ventura, and Orange counties; the Southern California Regional Office, AOC Information Services Division, and leading vendors for systems development. CCMS has completed the following key milestones: 1) The criminal and traffic system was installed in the California Courts Technology Center in July 2004; 2) implementation of the criminal and traffic system in the Superior Court of Alameda County is underway; 3) the Superior Courts of Orange, Fresno, San Luis Obispo, Marin, Solano, Sonoma and Butte Counties are in various stage of implementation planning. At the same time, development of the civil, small claims, and probate system is well

underway and on schedule to be completed in October 2005. The Superior Courts of San Diego and Sacramento Counties are beginning implementation planning. Planning for family law, juvenile and mental health will begin in fall 2005. The proposed staff will work with external consultants and trial courts to manage the project, design, develop and implement the system, define court requirements, and develop implementation plans to facilitate a smooth transition.

California Courts Technology Center (CCTC) - In 2003, the judicial branch began operating a new statewide technology center. CCTC is a centralized shared services environment data center that provides comprehensive information technology support for a growing number of trial courts. Services including hosting and support services for certified interim case management systems, help desk services, email, and network, security, and disaster recovery services. Twenty courts using the new CARS and eight courts using certified interim case management systems are now hosted in the CCTC. The new criminal and traffic application for CCMS has been installed in the technology center. Additional courts will be supported as new systems are brought on line. The proposed new position will provide oversight and coordination of network, operational, and application transition, and support services to trial courts as they migrate from local counties to the technology center.

Data Integration Program (DIP) – Until 1997, trial courts were funded through 58 counties in California. As a result, integration of trial courts with justice partners varies widely across the state, from very tightly integrated to no automated integration which reflect varying local resources, needs, and politics. This integration environment is also host to a wide range of technology solutions that have evolved from legacy systems to more sophisticated XML solutions. In order to standardize the branch’s data integration environment, the AOC initiated the Data Integration Program to: 1) develop specifications for high-value exchanges that are essential to court business and public safety; and 2) to procure tools for exchanging information electronically with the courts. These specifications and tools will allow any California court to send and receive critical information using XML technology. Through this program, courts will be better prepared to work with justice partners to establish information exchanges as they transition from legacy systems to CCMS and other statewide applications. Staff with project, business and technical implementation expertise must be available to coordinate the program, provide project and technical leadership and ensure that the specifications and tools meet the needs of the courts and the goals of the judicial branch.

b) COURT FACILITIES PROGRAM COSTS

SB 1732 - Trial Court Facilities Act of 2002-Phase IV – Up to \$27.311 million in State Court Facilities Construction Fund (Up to \$6.421 million one-time). As recommended by the Task Force on Trial Court Facilities, the Trial Court Facilities Act of 2002 was enacted for the purpose of transferring the responsibility for trial court facilities to the state from the counties over a period of three years, beginning July 1, 2004 through June 30, 2007. SB 1732 further provided for new revenue streams to assist in the support of

the transition. In FY 2003–2004 and FY 2004–2005, Finance Letters were approved to implement the first and second years of organizational development for the program. In FY 2005–2006, the third year phase of the five-year organizational plan, in lieu of approving additional resources, budget act control language was approved which authorizes the Administrative Office of the Courts to submit a current year request to the Director of Finance for approval of additional resources based upon justified need.

- *The Office of Court Construction and Management (OCCM)* – Additional resources in FY 2006-2007 are needed to support the facilities program, which will enable OCCM to fulfill its responsibilities to manage, construct court facilities for the Judicial branch, as well as to provide for review of legal transfer documents and state-county operating agreements; prepare and assign staff for assuming operations and maintenance responsibilities of court facilities transferred to the State; and support seismic evaluation findings in any disputes and appeals. In addition, resources are needed for professional services and construction contracts for critical special repairs for those facilities that transfer to the state by FY 2006-2007, and allows for timely repairs to those facilities, reducing liabilities to the state posed by aging structures and to provide for compensation and to relocate another occupying entity under the provisions of the Trial Court Facilities Act of 2002 (equity buy-out), as necessary.
- *Administrative Support Services:*
 - *Office of the General Counsel, Real Estate Unit* – Appropriation authority will be requested to augment the authorized staff complement of the Office of the General Counsel’s, Real Estate Unit. The request will be made in order to meet the critical and expanding need for legal services to implement the trial court facilities transfers mandated by the Trial Court Facilities Act of 2002, and to provide ongoing legal support to the Office of Court Construction and Management for non-transfer related real estate activities. The requested positions will provide resources needed to accomplish the facilities transfers in a more cost-effective manner than through increased reliance on outside legal counsel.
 - *Executive Office, Emergency Response and Security Unit* – Appropriation authority will be requested to address emergency response and security issues for the judicial branch. Workload addressed will include establishment of an Emergency Response and Security Analyst to provide continuity of operations and disaster plans at all court facilities, including resource guide development; establishment of three Regional Emergency Coordinators to organize recovery efforts during emergencies and to provide day-to-day support to address emergency issues including security assessments, threat investigations, safety and health assessments, and drill and exercise planning for the appellate and superior courts; and establishment of an Information Security and Communications Coordinator to act as a liaison between the Emergency Response and Security Unit and the AOC’s Information Services Division to address security issues for the

AOC, appellate, and superior courts' information systems and to plan for disaster recovery of data. The funding source for the support of these positions is pending review and final decision. Sources considered are the General Fund, the State Court Facilities Construction Fund, and Trial Court Administrative Support Services reimbursement.

- *Information Services Division* – Appropriation authority will be requested for the ongoing maintenance, support, and development of the Computer Aided Facilities Management (CAFM) System. Ongoing Maintenance costs include the following: yearly user and technical staff training; license maintenance cost; maintenance for system interface to the AOC Oracle Financial System; maintenance on Oracle licenses; maintenance of the AOC local development and test environments; hosting, security, disaster recovery and helpdesk support for the externally hosted staging and production environment. In addition, authority will be requested for the following: support and development of the space and move management functionality; development of customized user portals; enhancements to project, portfolio, lease and maintenance development; report writing and configuration support; consulting services for the interface between SAP and CAFM; and upgrades to the local hardware to accommodate the increased traffic due to the implementation of CAD drawings and enhanced user interface graphical representations.

c) SUPPORT COSTS FOR NEW COURTHOUSE FOR THE 5TH DISTRICT COURT OF APPEALS

Fifth Appellate District New Courthouse – Support Operations. Up to \$1,630,000 General Fund (ongoing) and Up to \$2.019 million Appellate Court Trust Fund (one-time). Additional resources are needed to fund one-time and ongoing operating expenses and equipment associated with the anticipated completion of the new Fifth Appellate District Courthouse, located in Fresno, California, in March 2007. The ongoing resources will fund rent and increased operations and maintenance costs. Items included in the one-time costs are: a new phone switch with current technological capabilities, phone handsets that will be able to utilize the capabilities of the new phone switch, furniture for the building in addition to the existing furniture that will be re-used, window treatments for the new building, a high-density file storage system to make the most efficient use of the space, additional AV equipment, and additional line scanner and magnetometer for a second entry, in addition to those being moved from the existing leased quarters, bookshelves for the judges' chambers, staff, and library, appliances for the new break rooms, videoconferencing equipment, new tack boards, and moving costs for the existing books, files, and furniture being reused in the new facility. Additionally, full-year cost adjustments of up to \$672,000 for facilities rent, and up to \$415,000 for facilities maintenance, will be effective for FY 06-07.

d) COURT APPOINTED COUNSEL PROGRAM FOR THE SUPREME COURT AND THE COURTS OF APPEAL

Supreme Court—Increase for the Court-Appointed Counsel Program – Up to \$1,467,000. The request has two components: 1) a \$10 per hour increase for attorneys appointed by the court to represent capital defendants; and 2) an 8.5 percent increase for the non-profit appellate project (CAP-SF) that contracts with the Supreme Court to mentor and oversee the work of these attorneys.

The current rate for attorneys handling death penalty cases on an hourly rate basis is \$125; some attorneys elect to accept capital cases on a fixed-fee basis ranging from \$54,000 to \$314,000, depending on the nature of the appointment (appeal only, habeas corpus/executive clemency only, or a combination). The compensation rate has not changed in over eight years and the Supreme Court is experiencing difficulty in obtaining qualified counsel to appoint in capital cases and there are defendants who have been on death row for more than five years who do not have counsel because of the shortage of qualified counsel.

In addition, the California Appellate Project in San Francisco has not had a budget increase in its contracts in four years, and three years ago, the project budget was reduced by 1.5 percent (\$74,000). To add to the budgetary pressure, the project is now required to provide regular, detailed, reports to the Supreme Court concerning the management of capital cases, including information about cases that are approaching or have passed critical deadlines and that may require project intervention. The project has tried to provide the court with the same level of service, while facing significant increases in both personnel and operating costs, but they cannot continue to do so. The requested funds will allow the project to retain its most valuable assets—experienced criminal defense attorneys—and assist the project in meeting rising operational costs and additional reporting obligations. The cost of this increase is \$424,000.

Courts of Appeal—Increase for the Court-Appointed Counsel Program – Up to \$2,921,000 Similar to the Supreme Court proposal, request has two components: 1) a \$10 per hour increase for panel attorneys appointed by the courts to represent indigent appellants in non-capital cases; and 2) a 7.5 percent increase for the non-profit appellate projects that contract with the courts of appeal to recruit, train, and oversee the work of the panel attorneys.

The current three-tiered rate system is \$65/75/85 depending on the complexity of the case and the experience of the appointed counsel. This rate is far below that of local, state and federal government attorneys who do comparable work. The \$65 rate has been in effect for more than 10 years, and the \$85 rate, which is reserved for a very limited group of cases with the most serious convictions, has been in effect for 6 years. The program has lost 25 percent of its statewide panel since 1999. In 2002, a \$10 per hour across-the-board increase was approved by the Administrative Presiding Justices Advisory Committee but did not move forward because of the fiscal crisis in California at that time.

In order to attract and retain competent counsel, the program must increase the hourly rates.

In addition, the five non-profit organizations (projects) that provide contractual services to the courts of appeal have not had an increase in their contracts for four years. In addition, three years ago, they received a reduction in their budget of 3.2 percent (\$500,000). The projects have continued to try and provide the courts with the same level of service, but cannot continue to operate without a significant reduction in services because the projects are facing significant increases in both personnel and operating costs. The requested funds will allow the projects to retain their most valuable assets—experienced criminal defense attorneys—and assist them in meeting rising operational costs.

e) BASELINE RESOURCES TO ADDRESS WORKLOAD GROWTH AND COST INCREASES

The state's current fiscal situation first began to affect the courts in FY 2001–2002. Since that time, the judiciary has voluntarily deferred numerous spending proposals and has been denied funding for various programmatic and operational workload growth and cost increases. Staff is currently in the process of identifying baseline resource needs associated with increased costs and workload related to the provision of services to the courts and the public, as well as for internal infrastructure needed to support judicial branch operations. The process will include reviewing proposals to determine whether or not the costs associated with workload growth and cost increases are justifiable, whether or not the judiciary has sufficient resources to address these workload growth and cost increases, and finally recommend what resource augmentations are needed.

At this time, the following issues are under review by staff:

- Improving Court Oversight of Juvenile Dependency Cases
- Staff Support for the Self-Help Website and Assistance for Self-Represented Litigants
- Science and the Law Curriculum for Judicial Officers
- AV/Video Resources Workload Needs
- Conference Services Staff for the Southern Region
- Trial Court Data Improvement & Quality Control
- Accounts Payable and Procurement Staffing
- Increased Costs for Court Security and Judicial Protection
- Various Judicial Branch Information Technology Services
- Labor Relations and Recruitment Unit Staffing Needs
- Increased Subscription and Book Costs

Recommendation (Action Required)

1. Staff recommends that the Judicial Council approve the development of budget change proposals (BCPs) for fiscal year 2006-2007, to be submitted to the

Department of Finance, for the Supreme Court, the Courts of Appeal, the Judicial Council, and the California Judicial Center Library, as follows:

- a) Increased reimbursement authority of up to \$9.224 million from the Trial Court Trust Fund and the Trial Court Improvement Fund in support of various trial court administrative services programs;
- b) Increased appropriation authority from the State Court Facilities Construction Fund of up to \$27.311 million needed to support the fourth phase of the implementation of the Trial Court Facilities Act of 2002 (SB 1732; Chapter 1082, Statutes of 2002). It is also recommended that the Judicial Council approve adjustment of the Court Facilities Trust Fund appropriation level once county contributions are established to fund operations and maintenance expenditures;
- c) Increased appropriation authority of up to \$2.019 million from available Appellate Court Trust Fund resources, and a General Fund augmentation of approximately \$1.630 million to address increased support costs associated with a new courthouse for the Fifth District Court of Appeals.
- d) Increased funding of up to \$4.388 million General Fund to address increased costs of the court appointed counsel program for the Supreme Court and the Courts of Appeal. This proposed augmentation would accommodate implementation of increased compensation for appointed counsel and increases for appointed counsel projects.
- e) Authorize staff to develop BCPs that identify baseline resource needs associated with increased costs and workload related to the provision of services to the courts and the public, as well as for internal infrastructure needed to support judicial branch operations. In addition, staff recommends that the council delegate authority to the Executive and Planning Committee for final review and approval of the specific level of resources being requested prior to submission of the proposals to the Department of Finance

Rationale for Recommendation

According to the Department of Finance's (DOF) fiscal year 2006–2007 budget policy letter dated July 28, 2005, "... the state will continue to face a General Fund structural budget deficit in 2006–07 in the range of several billions of dollars. In this context, it will be difficult for Finance to support Agency proposals that expand the size of government without also identifying the means to pay for them. Similarly, any unavoidable General Fund cost proposals should be accompanied by offsetting savings." However, the budget letter further indicates that other critical cost proposals, which support specific policies of the Governor but for which revenue sources or offsetting General Fund savings cannot be identified may be accommodated in the budget change proposal process, although considered as "Supplemental Budget Change Proposals".

Given the fiscal policy stated in the budget letter, staff have been working to identify critical operational and programmatic needs that have developed and not been addressed during the last several difficult fiscal years. Various resource needs have been identified, and these are being reviewed by staff to determine where additional resources are needed and which needs can be addressed through a deployment of existing resources.

For those workload and service cost areas currently under review, final determination and approval must be secured in time for staff to complete BCPs for submission to the Department of Finance by September 13, 2005. In order to meet these timeframes, it is recommended that the Judicial Council delegate to the Executive and Planning Committee authority to review final funding request prior to submission to the Department of Finance.

Alternative Actions Considered

In developing the recommendations, the following alternative was considered:

An alternative approach would be to only identify cost increases for existing program levels without proposing funding increases which relate to service and programmatic changes. Given workload and service need changes during the last few fiscal years, which have not been addressed, this was not staff's recommended approach.

Comments from Interested Parties

Not applicable.

Implementation Requirements and Costs

The total budget recommendations for the judiciary budget in FY 2006-2007 are as follows: an increase in appropriation authority for reimbursements and for expenditures up to an amount of \$9.224 million from the Trial Court Trust Fund and the Trial Court Improvement Fund in support of various trial court administrative services programs, an increase in appropriation authority for reimbursements and for expenditures from the State Court Facilities Construction Fund up to an amount of \$27.311 million to support the fourth phase of the implementation of the Trial Court Facilities Act of 2002; an increase in appropriation authority of up to \$2.019 million from available Appellate Court Trust Fund resources, and a General Fund augmentation of approximately \$1.630 million to address increased support costs associated with a new courthouse for the Fifth District Court of Appeals, a General Fund increase of up to \$4.388 million to address projected cost increases of the court appointed counsel program for the Supreme Court and the Courts of Appeal. Consistent with recommendation 1e), additional implementation requirements and costs will be identified after the Executive and Planning Committee finalizes its review of the any additional baseline resource needs and approves the specific level of resources being requested prior to submission of proposals to the Department of Finance, which will be submitted to the DOF on or before September 13, 2005.

II. State Appropriations Limit Baseline Adjustment

Background

As a result of discussions currently underway with Department of Finance staff and management, there is the possibility that legislation may be introduced which would provide for an annual baseline adjustment based upon annual changes in the State Appropriations Limit for the Supreme Court, Courts of Appeal, the Judicial Council, and the Habeas Corpus Resource Center. To the extent that such legislation is ultimately approved by the Legislature and enacted into law and that the change is to go into effect during the 2006–2007 fiscal year, the Judicial Branch will need to develop a State Appropriations Limit Adjustment computation package, for submittal to the Governor and the Legislature.

Recommendation (Action Required)

2. Staff recommend that the Judicial Council approve development and submittal of a baseline adjustment based upon the annual percentage change in the State Appropriations Limit for the Supreme Court, Courts of Appeal, the Judicial Council, and the Habeas Corpus Resource Center, to the extent that legislation is approved which would authorize this change or trailer bill legislation is proposed concurrent with the submission of this proposal, and that the change is to be implemented during fiscal year 2006–2007.

Alternative Actions Considered

No alternative actions were considered.

Comments from Interested Parties

Not applicable.

Implementation Requirements and Costs

The requirements and costs will not be known until a new SAL adjustment rate has been computed for 2006–2007.

III. Delegation of authority to the Administrative Director of the Courts to make technical changes to this budget as necessary.

Issue Statement

To the extent that additional information is received which requires technical changes to the amounts or sources of funding identified in this report, there may be a need to modify the budget change proposals being submitted to the Department of Finance.

Recommendation (Action Required)

3. Staff recommends that the Judicial Council delegate authority to the Administrative Director of the Courts to make technical changes to this budget as necessary.

Alternative Actions Considered

No alternative actions were considered.

Comments from Interested Parties

Not applicable.

Implementation Requirements and Costs

The requirements and costs are not known at this time.