



JUDICIAL COUNCIL OF CALIFORNIA

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REPORT TO THE JUDICIAL COUNCIL

For business meeting on: August 22, 2014

Title	Agenda Item Type
Budget: Fiscal Year 2015–2016 Budget Requests for Supreme Court, Courts of Appeal, Judicial Council and Judicial Branch Facilities Program	Action Required
	Effective Date
	August 22, 2014
Rules, Forms, Standards, or Statutes Affected	Date of Report
None	August 8, 2014
Recommended by	Contact
Advisory Committee on Financial Accountability and Efficiency for the Judicial Branch	Zlatko Theodorovic, 916-263-1397 zlatko.theodorovic@jud.ca.gov
Hon. Richard D. Huffman, Chair	
Mr. Curt Soderlund, Chief Administrative Officer	
Mr. Zlatko Theodorovic, Director and Chief Financial Officer, Finance	

Executive Summary

The Advisory Committee on Financial Accountability and Efficiency for the Judicial Branch recommends that the Judicial Council (1) approve the proposed fiscal year 2015–2016 budget requests for the Judicial Council, including the Judicial Branch Facilities Program.¹ It is further recommended that the Judicial Council (2) approve the proposed fiscal year 2015–2016 budget requests for the Supreme Court and Courts of Appeal and (3) delegate authority to the Administrative Director to make technical changes to any budget proposals, as necessary.

¹ The approval of the Advisory Committee on Financial Accountability and Efficiency for the Judicial Branch is pending its meeting on August 11, 2014 to review the proposed FY 2015-2016 Judicial Council's staff organization budget concepts, including Judicial Branch Facilities Program staffing-related proposals.

Submittal of budget change proposals (BCPs) is the standard process for proposing funding adjustments in the State Budget. This year, BCPs are to be submitted to the state Department of Finance (DOF) by September 2, 2014.

Recommendation

The Advisory Committee on Financial Accountability and Efficiency for the Judicial Branch recommends that the Judicial Council:

1. The Advisory Committee on Financial Accountability and Efficiency for the Judicial Branch recommends that the Judicial Council:
 - a) Approve the proposed fiscal year 2015–2016 budget requests for the Judicial Council and the Judicial Branch Facilities Program for submission to the state Department of Finance; and
2. The Judicial Council staff recommends that the Judicial Council:
 - a) Approve the submission of budget change proposals (BCPs) to the state Department of Finance for fiscal year 2015–2016, which would communicate funding needs for the Supreme Court and Courts of Appeal as identified in this report;
 - b) Delegate authority to the Administrative Director to develop budget proposals for submission to the state Department of Finance; and
 - c) Delegate authority to the Administrative Director to make technical changes to budget proposals, as necessary.

Previous Council Action

The Judicial Council has statutory authority to approve budget requests on behalf of the Supreme Court, Courts of Appeal, Judicial Council and the Judicial Branch Facilities Program. The recommendations in this report are consistent with the council's past practice under this authority.

Rationale for Recommendation

Each year, the Judicial Council staff presents budget concepts for review by the council. Budget concepts approved by the council will be developed into full BCPs. The current estimated need is indicated in parentheses after the program title.

Delegation of authority to make technical changes

To the extent that council staff receives additional information that requires technical changes to the funding requests identified in this report, there may be a need to modify the BCPs being submitted to the DOF. For some of the proposals included in this report, the actual amounts may change as updated information is received. Rather than requesting that council staff return to the Judicial Council to seek authority to make minor adjustments to these proposals, having authority delegated to the Administrative Director to do so in advance will facilitate the dynamic budget process. In addition, each year during the course of developing the State Budget, issues arise that may need to be addressed on short notice. This possibility makes it advisable for the

Administrative Director to have the ability to update and add funding proposals in an efficient and flexible manner. If the BCPs that are submitted to the DOF contain changes from the proposals contained in this report, council staff will report to the Judicial Council on these revisions.

Comments, Alternatives Considered, and Policy Implications

An alternative to recommendations 1(b) and 2 (b) and (c) is for the council staff to return to the Judicial Council prior to submission of the BCPs at any time technical adjustments need to be made or if unanticipated issues arise. This approach could cause delays in getting proposals updated and submitted in a timely manner, and, for this reason, this alternative is not recommended. Council staff will report to the Judicial Council on changes made to the proposals in this report.

Judicial branch budget proposals

The Advisory Committee on Financial Accountability and Efficiency for the Judicial Branch will consider these proposals at the August 11, 2014 meeting.

Judicial Council approval is requested to proceed with the development of the following fiscal year 2015–2016 BCPs to address baseline resources for the state judiciary, as part of more global budget requests for the judicial branch. At the June 27, 2014 Judicial Council business meeting, the council approved the submittal of trial court proposals consistent with the Chief Justice’s *Three-Year Blueprint for a Fully Functioning Judicial Branch*, including reinvestment and cost of living adjustments for employees.

Judicial Branch Reinvestment (\$TBD). Proposed General Fund augmentation for reinvestment in the entire branch, including the Supreme Court, Courts of Appeal, Judicial Council and Habeas Corpus Resource Center, for the restoration of services to the public and access to justice. The branch has taken substantial reductions over the past several years, and while there has been some reinvestment over the past two fiscal years, additional reinvestment is necessary to ensure the branch meets its constitutional and statutory mandates. All parts of the branch require additional resources to fulfill the branch’s mandates.

Judicial Branch Cost of Living Adjustments (\$TBD). Proposed augmentation of General Fund and various Special Funds for 4.5 percent cost of living adjustment (COLA) consistent with funding approved for the Executive Branch. This would be for all branch employees.

Judicial branch technology proposals

A predominantly paper-based court system in California is costly and inefficient. It inhibits access to justice and thwarts the public’s growing expectations for online access for filings, payments, and other court services, expectations that can be mitigated by e-filing and a variety of solutions. The branch continues to support initiatives that address immediate needs (such as maintaining current operating systems and continuing deployment of technologies such as the

California Courts Protective Order Registry), while developing a technology plan for the courts. The strategic plan for judicial branch technology will be finalized in 2014, and will provide a structure, roadmap, and process for managing technology initiatives for which additional funding will be sought. In the interim, the following proposals are necessary to ensure the branch is moving forward to address critical technology needs.

At the June 27, 2014 Judicial Council business meeting, the Judicial Council approved the submittal of technology proposals for development of the fiscal year 2015-2016 budget. Following are the technology budget proposals that have been developed. Two of the proposals are “placeholders” which are under development at this time, and may be considered for submittal to the State Department of Finance as spring finance letters.

Telecommunications Trial Court Local Area Network/Wide Area Network (LAN/WAN) Architecture Program (\$5.509 million). Proposed ongoing General Fund augmentation for the statewide telecommunications trial court LAN/WAN program to support all 58 courts. The network and security infrastructure at all trial courts must be replaced consistently with a judicial branchwide technology refresh schedule in order to maintain a secure, robust, reliable and flexible computing environment for all court operations. Funding will address the hardware refresh, ongoing training for court staff, and maintenance and security of the judicial branch network. This proposal is consistent with the Chief Justice’s *Three-Year Blueprint for a fully Functioning Judicial Branch*.

Judicial Branch Information Systems Security Framework Implementation – Placeholder (\$TBD). Proposed General Fund augmentation for the initial implementation of a court information security program which is required to ensure the security and reliability of court data. With the Judicial Branch Contract Law enacted in 2011, the branch is now subject to biennial audits under which court procurement activities are inspected by the California State Auditor (PCC 19210). The auditors may also perform a “general systems” audit to assess the security and reliability of local court information technology infrastructure and the data hosted on that infrastructure.

Statewide Partner Data Exchange – Placeholder (\$TBD). Proposed ongoing General Fund augmentation for the statewide partner interface effort to support all 58 courts. Funding will address data exchange development, single portal solutions development, and outreach training, configuration, and implementation between case management systems and justice partners. Development of interface standards to meet a single exchange solution will need to be adopted between the courts and business partners.

Appellate Courts Document Management System (\$2.348 million). *The Judicial Council Technology Committee will make a recommendation to the council for the approval of the proposal for the Appellate Courts Document Management System. The Advisory Committee on Financial Accountability and Efficiency for the Judicial Branch will consider this proposal at the August 11, 2014 meeting.*

Proposed General Fund augmentation for the first year's one-time costs to implement an electronic Document Management System (DMS) for the Supreme Court and the Courts of Appeal (Appellate Courts). The DMS will enable the appellate courts to capture, manage, store, share and preserve essential case documents and administrative records. The DMS is necessary to improve efficiency, reduce costs associated with record storage/retrieval and improve customer service to the public. This project would be a phased-in deployment.

Judicial branch facilities program proposals

At the June 27, 2014 Judicial Council business meeting, the council approved the submittal of facilities program proposals (non-staff proposals) for development of the fiscal year 2015-2016 budget. The following budget proposals contain the staffing portion of the facility requests which will be reviewed by the Advisory Committee on Financial Accountability and Efficiency for the Judicial Branch on August 11, 2014.

Ongoing Increase to Facility Modifications (\$625,000). Proposed General Fund augmentation and 4.0 positions to support an ongoing increase to the facility modification program. The increase to the modification program will address major repairs, system life-cycle replacements, and renovation projects in existing courthouses to provide safe and secure facilities. The requested staff resources will enable effective and timely delivery of projects. This proposal is consistent with the Chief Justice's *Three-Year Blueprint for a Fully Functioning Judicial Branch*.

Facilities Operations Costs Adjustment (\$605,000). Proposed General Fund augmentation and 4.0 positions to maintain trial court facilities at industry standard levels using the Building Owners and Managers Association (BOMA) average. Includes funding for ongoing baseline adjustment to offset inflationary cost increases, and adjustment to maintain trial court facilities at industry standard levels. This proposal is consistent with the Chief Justice's *Three-Year Blueprint for a Fully Functioning Judicial Branch*.

Judicial council proposal

The Advisory Committee on the Financial Accountability and Efficiency for the Judicial Branch will consider the following proposals at the August 11, 2014 meeting.

Trial Court Security System Maintenance and Replacement (\$1.892 million). Proposed ongoing General Fund augmentation to maintain and replace camera, electronic access, duress alarm and intrusion alarm systems in state trial court facilities. Existing systems will be maintained for the duration of their life cycle and replaced on either a five or ten-year schedule depending on the system type.

Other state judiciary proposals

State Judiciary Rent Increases for Appellate Courts, Judicial Council Staff and Judicial Branch Facilities Program (\$TBD). *This proposal will be considered by the Advisory Committee on Financial Accountability and Efficiency for the Judicial Branch at the August 11, 2014 meeting.*

Proposed General Fund augmentation to fund 2015–2016 increased rent costs for state-owned and non-state owned facilities. Increased costs are based on the Department of General Services estimates for state-owned facilities, and lease rates for non-state owned facilities. This proposal is consistent with the Chief Justice’s *Three-Year Blueprint for a Fully Functioning Judicial Branch*.

Supreme Court Workload (\$TBD). General Fund augmentation is needed to provide the Supreme Court with additional resources to address required workload. This proposal is consistent with the Chief Justice’s *Three-Year Blueprint for a Fully Functioning Judicial Branch*.

California Supreme Court, Courts of Appeal and Habeas Corpus Resource Center Print and Online Subscriptions (\$TBD). General Fund augmentation to address the increased costs of law library print and online resources for the California Judicial Center Library and the law libraries of the Courts of Appeal. The amount requested represents observed and predicted increases in the costs of supplying library, judicial chambers and staff collections in all court libraries and contractually-required increases in the costs of providing access to the major online legal research services.

New Appellate Court Justices (\$TBD). Due to increased workload, two additional appellate court justices are needed in Division Two of the Fourth Appellate District. This addition will prevent cases from being transferred from one district to another, which poses a hardship for litigants who bear the expense and burden of traveling to a distant district. It will also allow local issues to be decided in the geographic area in which the dispute arose. This proposal is consistent with the Chief Justice’s *Three-Year Blueprint for a Fully Functioning Judicial Branch*.

Implementation Requirements, Costs, and Operational Impacts

Not applicable.

Relevant Strategic Plan Goals and Operational Plan Objectives

The funding proposals requested for the appellate courts, Judicial Council and Judicial Branch Facilities Program will address the strategic plan goals of Access, Fairness, and Diversity (Goal I); Modernization of Management and Administration (Goal III); Quality of Justice and Service to the Public (Goal V).

Attachments and Links

1. Department of Finance 2015–16 Budget Policy Letter #14-12, issued July 15, 2014.

DRAFT

BUDGET LETTER

	NUMBER: 14-12
SUBJECT: 2015-16 BUDGET POLICY	DATE ISSUED: July 15, 2014
REFERENCES: BL14-05, BL14-07	SUPERSEDES: 13-14

TO: Agency Secretaries
Department Directors
Department Chief Counsels
Department Budget and Accounting Officers
Department of Finance Budget and Accounting Staff

FROM: DEPARTMENT OF FINANCE

This Budget Letter sets forth the Governor's policy direction for his proposed 2015-16 Budget. As a reminder, BL14-05, issued April 14, 2014, outlines the technical and procedural requirements for preparation of the 2015-16 Governor's Budget.

Priorities

The Administration's primary budget focus continues to be maintaining a structurally balanced budget that preserves critical state services and pays down debt and obligations. Departments must continue to control costs, increase efficiency, and refrain from creating new—or expanding existing—programs. Also, this year we will be making a major transition from our legacy information technology systems to Financial Information System for California (FI\$Cal), which will require all departments to technically modify the format of budget submissions to adjust to the new requirements of FI\$Cal.

Budget Change Proposals (BCPs) and Enrollment/Caseload/Population (ECP) Policy

To maintain a structurally balanced budget, departments' ability to submit BCPs or ECP policy changes for the 2015-16 Budget remains limited, regardless of the funding source.

Accordingly, departments (including those not under the Governor's direct authority) should submit BCPs or ECP policy changes for the 2015-16 Budget only in the following circumstances:

- a. Statutory changes necessary for departments to manage within their budgets.
- b. Expected changes in programs' ECPs.
- c. Paying down state debts and liabilities.
- d. Reducing deferred maintenance.
- e. Existing or ongoing Information Technology (IT) projects.
- f. Existing or ongoing Capital Outlay projects.
- g. New Capital Outlay projects, if critical, such as fire, life, safety, or court-ordered projects.
- h. Cost-cutting measures or authorizing efficiencies to offset unavoidable costs.
- i. Improved budgeting practices related to zero-base budgeting, performance measures, and other efforts as directed by Executive Order B-13-11.

In the event there is a critical need that does not meet the criteria outlined above and the agency secretary believes a new BCP is needed to prevent adverse consequences, or to address adverse problems a department is already encountering, contact your Finance Program Budget Manager before the due date.

All other BCP requests that do not fit into the categories listed above will be returned to departments without review.

Departments should assess whether statutory changes (including budget bill language) are necessary to effectuate any BCP that is submitted. If statutory changes are necessary, the department's BCP must include a copy of the proposed legislation. This requirement is necessary for Finance to comply with its obligations under Government Code §13308 to submit proposed statutory changes to the Legislature, through the Legislative Counsel. BCPs, including requests for Budget Bill language changes, must be submitted to Finance no later than **September 2, 2014**. (This is a change from the due date stated in BL14-05.)

FI\$Cal Wave 1 departments will enter information directly into the new FI\$Cal System for 2015-16 BCPs and all non-Wave 1 departments will use the BCP template to be provided separately.

BCP Confidentiality

Information contained in BCPs is an integral part of the Governor's deliberation process. Accordingly, every BCP must be treated as privileged and confidential until and unless the BCP is released to the Legislature as part of the Governor's Budget, the April 1 Finance Letter process, or the May Revision. Disapproved, unapproved, and draft BCPs (i.e., BCPs not released to the Legislature) remain confidential indefinitely, and may not be released. Final BCPs are those that contain a Finance supervisor's signature/approval attesting that the BCP has been submitted to the Legislature.

Questions about Public Records Act or litigation discovery requests for budget documents should be directed to department legal staff and, if necessary, by department legal staff to Finance legal staff.

If you have any questions about this Budget Letter, please contact your Finance budget analyst.

/s/ Michael Cohen

MICHAEL COHEN
Director

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2014 California Rules of Court

Rule 10.63. Advisory Committee on Financial Accountability and Efficiency for the Judicial Branch

(a) Area of focus

The committee makes recommendations to the council on practices that will promote financial accountability and efficiency in the judicial branch.

(b) Additional duties

In addition to the duties specified in rule 10.34, the committee must:

- (1) Make recommendations annually to the council concerning any budget change proposals for funding of the Administrative Office of the Courts (AOC) and any proposed changes to the annual compensation plan for the AOC;
- (2) Review all audit reports of the judicial branch, recommend council acceptance of audit reports, and, where appropriate, make recommendations to the council on individual or systemic issues;
- (3) Report to the council on AOC contracts that meet established criteria to ensure that the contracts are in support of judicial branch policy; and
- (4) Review proposed updates and revisions to the *Judicial Branch Contracting Manual*.

(c) Membership

The committee must include members in the following categories:

- (1) Appellate court justices;
- (2) Superior court judges; and
- (3) Court executive officers.

The California Judges Association will recommend three nominees for a superior court judge position and submit its recommendations to the Executive and Planning Committee of the Judicial Council.

Rule 10.63 adopted effective February 20, 2014.

Advisory Committee Comment

The purpose of the Advisory Committee on Financial Accountability and Efficiency for the Judicial Branch is to promote transparency, accountability, efficiency, and understanding of the AOC and the judicial branch. The advisory committee fosters the best use of the work, information, and recommendations provided by the AOC, and it promotes increased understanding of the AOC's mission, responsibilities, accomplishments, and challenges.

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