



Judicial Council of California · Administrative Office of the Courts

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REPORT TO THE JUDICIAL COUNCIL

For business meeting on: December 13, 2011

Title

Trial Courts: Allocation of Special Funds for Security System Replacement and Mandatory Valuation Reports

Agenda Item Type

Action Required

Effective Date

December 13, 2011

Rules, Forms, Standards, or Statutes Affected
None

Date of Report

December 5, 2011

Recommended by

Trial Court Budget Working Group (TCBWG)
Zlatko R. Theodorovic, TCBWG Chair and
AOC Finance Division Director

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Executive Summary

The Trial Court Budget Working Group recommends that the Judicial Council exercise its statutory authority to allocate funding from statewide special funds to allocate \$1.249 million from the Trial Court Improvement Fund (Improvement Fund) for 1) replacement of wireless duress systems at trial courts, and 2) development by a certified actuary of individual trial court other post-employment benefits valuation reports for FY 2011–2012 through FY 2012–2013.

Recommendation

The Trial Court Budget Working Group (TCBWG) recommends that the Judicial Council allocate \$1.249 million from the Trial Court Improvement Fund for FY 2011–2012 for the replacement of wireless duress systems at trial courts and the development by a certified actuary of individual trial court other post-employment benefits valuation reports.

Previous Council Action

Government Code section 77209(g) directs that the Judicial Council shall administer the Improvement Fund. The council has previously allocated funding totaling \$1.14 million for two separate valuation reports of the trial courts' other post-employment benefit (OPEB) liabilities. The first effort covered the period of FY 2007–2008 to FY 2008–2009, and the second covered FY 2009–2010 to FY 2010–2011. At its business meetings on July 22, September 9, and October 28, 2011, the council approved special funds allocations for FY 2011–2012 (see Attachment A, column B).

At the October 28, 2011, business meeting, the council directed staff of the Administrative Office of the Courts (AOC) to identify all available resources in the Trial Court Trust Fund, Improvement Fund, and Judicial Administration Efficiency and Modernization Fund—beyond urgent needs monies—that can be used to provide supplemental funding to courts, with the findings to be reported to the council at its February 2012 meeting.

Rationale for Recommendation

On November 29, 2011, the TCBWG voted to recommend the allocation of \$1.249 million from the Improvement Fund for two critical projects (see Attachment B, column C). If this recommendation is approved, the total approved allocation for FY 2011–2012 will be \$57.2 million, and the projected ending balance for the Improvement Fund will be \$29.6 million (see Attachment B, column E).

The amounts requested and rationales for the two recommended allocations are as follows:

1. Trial Court Security Grants Program—Request: \$248,550

The AOC Office of Emergency Response and Security (OERS) is requesting the rollover of \$248,550 in FY 2010–2011 program savings to bridge a shortfall in funding to address a necessary update of wireless duress systems in courts statewide (see Attachment C for a list of replacement costs by court). Wireless duress systems are installed at court facilities to allow judges and court staff to quickly and silently alert officers and others, as necessary, of a disturbance or potential security threat without alerting or agitating the offending parties. The systems typically identify who triggered the alarm and from what location.

OERS has learned that many of the wireless duress systems currently installed in courthouses throughout the state will require major system upgrades and are so old that the system manufacturer no longer supports the technologically outdated components. While most recently installed duress systems already feature the current technology, a significant number of older-model installations will need to be upgraded as there is no longer an adequate surplus inventory of the outdated components. Failure to upgrade the outmoded systems will risk their becoming inoperable in the absence of spare parts.

OERS estimates that this project to update 61 wireless duress systems in 25 courts will cost \$449,550. Of the FY 2011–2012 allocation to OERS of \$1.2 million, \$1.0 million is planned for expenditure or already expended on 41 other trial court security projects. This leaves only about \$201,000 available for the replacement of wireless duress systems, so an additional \$248,550 is required to fully fund this project.

Owing to a combination of the late enactment of the FY 2010–2011 state budget and the lengthy security assessment and procurement process, 3 of the program’s 43 planned projects from FY 2010–2011 could not be completed by the end of the fiscal year, leaving \$262,934 in unexpended program funds. Funding for these uncompleted projects has been addressed, with one project to use current-year funds, one project deferred for further assessment, and one project funded directly by the court.

2. Other Post-Employment Benefits (OPEB) Valuation Reports—Request: \$1,000,000

The AOC Finance Division is requesting \$1 million to hire an actuarial firm to assist trial courts in meeting the requirements established in Governmental Accounting Standards Board (GASB) Statements 43 and 45, which require government entities to disclose their accrued liability for OPEB and related information at least once every other year.

Post-employment benefits may be provided through a county retirement system, CalPERS, or directly through benefit providers. Each trial court, as an independent entity, offers its own unique benefits package, and some may offer more than one package depending on the provisions of their collective bargaining agreements. Due to the specialized terminology associated with the complex rules and regulations for collecting the required information, as well as the specialized calculations involved in determining the valuations of these post-employment plans, these reports must be certified by a licensed actuary.

The AOC will issue a request for proposals (RFP) and contract the services of a firm with sufficient expertise in producing the necessary calculations and documentation as well as sufficient staffing and experience with entities similar to trial courts. Copies of the completed valuation reports will be provided to the State Controller’s Office so that this mandatory information can be included in the state’s comprehensive annual financial report.

This contract will result in the third detailed study to date of the trial courts’ OPEB plans. The two prior studies cost \$611,000 and \$490,000, respectively, but the firm that prepared them no longer provides the service, and Finance Division staff have been informed that many other consultants no longer venture into this process because of the prohibitive costs. In addition, the current market demand for actuaries has spiked considerably. While no RFP has yet been issued for this study, staff estimate the cost of the required services could be high as \$1 million. The AOC will negotiate the lowest possible rate based on proposals received during the RFP submission period.

Comments, Alternatives Considered, and Policy Implications

The TCBWG considered an alternative to have each court pay for wireless duress system replacements and OPEB valuation reports out of its own operating funds. The TCBWG also discussed having each court contract with the same vendor with whom its county's local pension board is contracting. However, given the time constraint for development of the valuations, that the alternative might involve the complexity of contracting with possibly 58 distinct actuaries, and the potentially higher cost, the TCBWG deemed this a less optimal solution.

Implementation Requirements, Costs, and Operational Impacts

The recommended allocations impose no specific implementation costs on the courts.

Attachments

1. Attachment A: Trial Court Improvement Fund Allocations Detail
2. Attachment B: Trial Court Improvement Fund Fund Condition Statement
3. Attachment C: Duress System Replacement Detail

**Trial Court Improvement Fund
FY 2011-2012 Approved and Recommended Allocation by Project/Program**

(amount in dollars)

Line #	Project and Program Description	Term of Funding	Approved Allocations	Recommended	
				Request	Total Allocation
				Column C	Column D
1	Category 1 - Ongoing Statewide Programs				
2	(1) Non-Statewide Administrative and Technology Infrastructure				
3	Domestic Violence Family Law Interpreter Program	Ongoing	1,750,000	-	1,750,000
4	HR Legal Counsel for Trial Court Benefits	Ongoing	80,000	-	80,000
5	Judicial Officer Assistance Program (JOAP)	Ongoing	85,000	-	85,000
6	Judicial Performance Defense Insurance	Ongoing	793,923	-	793,923
7	Jury System Improvement Projects	Funding from actual receipts	18,000	-	18,000
8	Litigation Management Program	Ongoing	4,500,000	-	4,500,000
9	Self-Help Center	Ongoing	5,000,000	-	5,000,000
10	Self-represented Litigants Statewide Support	Ongoing	150,000	-	150,000
11	Subscription Costs - Judicial Conduct Reporter	Ongoing	17,110	-	17,110
12	Trial Court Security Grants	Ongoing	1,200,000	248,550	1,448,550
13	Trial Court Transactional Assistance Program	Ongoing	685,000	-	685,000
14	Subtotal, Non-Technology		14,279,033	248,550	14,527,583
15	(2) Statewide Technology Infrastructure and Ongoing Services to the Trial Courts				
16	Ongoing Programs and Services				
17	(I) Ongoing Programs and Services (Local Assistance)				
18	A. Local Assistance Related to Statewide Technology Infrastructure				
19	California Courts Protective Order Registry (CCPOR)	Ongoing	663,136	-	663,136
20	California Court Technology Center (CCTC)	Ongoing	6,169,081	-	6,169,081
21	Enterprise Test Management Suite (Testing Tools)	Ongoing	828,713	-	828,713
22	Interim Case Management System (ICMS)	Ongoing	5,152,306	-	5,152,306
23	Judicial Branch Enterprise Licensing and Policy	Ongoing	5,957,966	-	5,957,966
24	Jury Technology Grants to Trial Courts	Ongoing	600,000	-	600,000
25	Uniform Civil Fees	Ongoing	385,602	-	385,602
26	Subtotal, Local Assistance Related to Statewide Technology Infrastructure		19,756,804	-	19,756,804
27	B. Local Assistance Related to Ongoing Services to the Trial Courts				
28	Phoenix Financial and Human Resources Services	Ongoing	4,561,890	-	4,561,890
29	Subtotal, Local Assistance Related to Ongoing Services to the Trial Courts		4,561,890	-	4,561,890
30	(II) Ongoing Programs and Services (Administrative Support)				
31	A. Support Related to Statewide Technology Infrastructure				
32	California Court Technology Center (CCTC)	Ongoing	1,668,559	-	1,668,559
33	Data Integration	Ongoing	291,101	-	291,101
34	Statewide Electronic Business Services (SEBS)	Ongoing	287,068	-	287,068
35	Subtotal, Support Related to Statewide Technology Infrastructure		2,246,728	-	2,246,728
36	B. Support Related to Ongoing Services to the Trial Courts				
37	California Law Enforcement Telecommunications System	Ongoing	164,208	-	164,208
38	Enhanced Collections	Ongoing	801,947	-	801,947
39	Internal Audits	Ongoing	764,664	-	764,664
40	Phoenix Financial and Human Resources Services	Ongoing	1,441,147	-	1,441,147
41	Regional Office Assistance Group	Ongoing	1,740,862	-	1,740,862
42	Treasury	Ongoing	228,230	-	228,230
43	Trial Court Procurement	Ongoing	127,760	-	127,760
44	Trial Court Re-engineering	Ongoing	290,946	-	290,946
45	Subtotal, Support Related to Ongoing Services to the Trial Courts		5,559,764	-	5,559,764
46	Total, Statewide Tech. Infrastructure and Ongoing Services Support		7,806,492	-	7,806,492

Trial Court Improvement Fund
FY 2011-2012 Approved and Recommended Allocation by Project/Program

(amount in dollars)

Line #	Project and Program Description	Term of Funding	Approved Allocations	Recommended	
				Request	Total Allocation
				Column C	Column D
47	Total, Statewide Tech. Infrastructure and Ongoing Services Local Assistance		24,318,694	-	24,318,694
48	Total, Statewide Tech. Infrastructure and Ongoing Services to the Trial Courts		32,125,186	-	32,125,186
49	Total, Category 1		46,404,219	248,550	46,652,769
50	Category 2 - Trial Court Projects and Model Programs				
51	Audit Contract	Ongoing	150,000	-	150,000
52	Domestic Violence - Order After Hearing	One-time	81,420	-	81,420
53	Human Resources - Court Investigation	Ends in 12-13	50,000	-	50,000
54	Reimbursement to Trial Court for Public Access	Ends in 11-12	700,000	-	700,000
55	Other Post Employment Benefits (OPEB) Valuation Report	One-time	-	1,000,000	1,000,000
56	Workers' Compensation Program Reserve	Ongoing rollover	6,027,892	-	6,027,892
58	Total, Category 2		7,009,312	1,000,000	8,009,312
59	Category 3 - Emergency Funding Reserve				
60	1/2 of 1% transfer from TCTF (Reserved until March 15)		9,848,315	-	9,848,315
61	Allocation of Urgent Needs Reserve		2,500,000	-	2,500,000
62	Total, Category 3		2,500,000	-	2,500,000
63	Total, All Categories		55,913,531	1,248,550	57,162,081

**Trial Court Improvement Fund
Summary of FY 2010-11 Budget and Actual and
FY 2011-12 Approved and Recommended Allocations
(amount in dollars)**

	FY 2010-11 Budget	FY 2010-11 Actual	FY 2011-12 Budget		
			Projected Resources / Approved Allocations	Request	Total
			Column C	Column D	Column E
	Column A	Column B			
Beginning Balance	20,674,512	20,674,512	38,534,160		38,534,160
Prior Years' Adjustments - Revenue	-	2,770,916	-		-
Prior Years' Adjustments - Expenditure	-	4,228,513	-		-
Adjusted Beginning Balance ¹⁾	20,674,512	27,673,941.75	38,534,160	-	38,534,160
Revenues					
50/50 Excess Fines Split Revenue	40,846,821	44,718,887	42,508,701	-	42,508,701
2% Automation Fund	17,629,673	17,746,416	17,827,502	-	17,827,502
Income from Surplus Money Investment Fund	174,351	136,199	126,014	-	126,014
Royalties from Publications	510,965	548,795	526,189	-	526,189
Other Revenues and Charges ²⁾	2,566,000	552,295	-	-	-
Subtotal, Revenues	61,727,810	63,702,592.50	60,988,406	-	60,988,406
Transfers and Adjustments					
1% Transfer from Trial Court Trust Fund	27,232,140	27,232,140	19,696,630	-	19,696,630
Transfer to Trial Court Trust Fund	(31,563,000)	(31,563,000)	(31,563,000)	-	(31,563,000)
Subtotal, Transfers and Adjustments	(4,330,860)	(4,330,860.00)	(11,866,370)	-	(11,866,370)
Total Resources	78,071,462.31	87,045,674.25	87,656,196	-	87,656,196
Expenditures and Encumbrances					
Category 1 - Ongoing Statewide Programs (excluding statewide technology infrastructure and ongoing services to the trial courts)	15,609,418	14,284,800	14,279,033	248,550	14,527,583
Category 2 - Trial Court Projects and Model Programs	8,595,443	1,181,938	7,009,312	1,000,000	8,009,312
Category 3 - Urgent Needs Reserve (reserved until March 15)	13,616,070	-	9,848,315	-	9,848,315
Allocation of Urgent Needs Reserve	1,000,000	-	2,500,000	-	2,500,000
Subtotal, Local Assistance	25,204,861	15,466,738	23,788,345	1,248,550	25,036,895
Statewide Technology Infrastructure and Ongoing Services to the Trial Courts - Local Assistance	31,384,994	24,347,787	24,318,694	-	24,318,694
Statewide Technology Infrastructure and Ongoing Services to the Trial Courts - Administrative Support	9,587,382	7,835,219	7,806,492	-	7,806,492
Subtotal, Statewide Tech. Infrastructure and Ongoing Services to the Trial Courts	40,972,376	32,183,007	32,125,186	-	32,125,186
Total Expenditures and Encumbrances	66,177,237	47,649,745	55,913,531	1,248,550	57,162,081
Prorata	862,000	861,770	861,770	-	861,770
Ending Fund Balance, Reflecting Approved and Recommended Allocations	11,032,225.31	38,534,159.75	30,880,895		29,632,345
Ending Fund Balance, Assuming Full Allocation of Urgent Needs Reserve	11,032,225.31	38,534,159.75	23,532,580		22,284,030

Note:

1) FY 2010-11 Adjusted Beginning Balance - the difference of \$6,999,469 between the budget and actual is due to the under-accrual of revenue and over-accrual of expenditures as reflected above.

2) Estimated other revenues and charges for FY 2010-11 includes loan repayments from two superior courts and an estimated transfer fund from Bank of America's "trial court benefit account". However, the \$2.0 million transfer from BofA account was not completed by the end of June 2011.

Wireless Duress System Replacement Project

Superior Court	Systems in Need of Replacement	Estimated Replacement Cost
	Column A	Column B
Butte	2	\$ 15,700
Contra Costa	2	34,350
Del Norte	1	6,350
Glenn	2	10,700
Humboldt	1	14,250
Inyo	3	16,100
Kern	5	26,450
Lake	2	10,200
Madera	2	11,850
Mendocino	2	8,350
Modoc	1	5,100
Nevada	2	13,150
Orange	2	42,200
Plumas	1	9,000
San Benito	1	9,600
San Francisco	1	6,750
San Luis Obispo	3	21,150
Santa Barbara	10	65,500
Shasta	1	14,000
Sierra	1	6,500
Solano	1	16,700
Sutter	3	15,300
Trinity	2	10,000
Tulare	6	39,000
Yolo	4	21,300
Total	61	\$ 449,550

