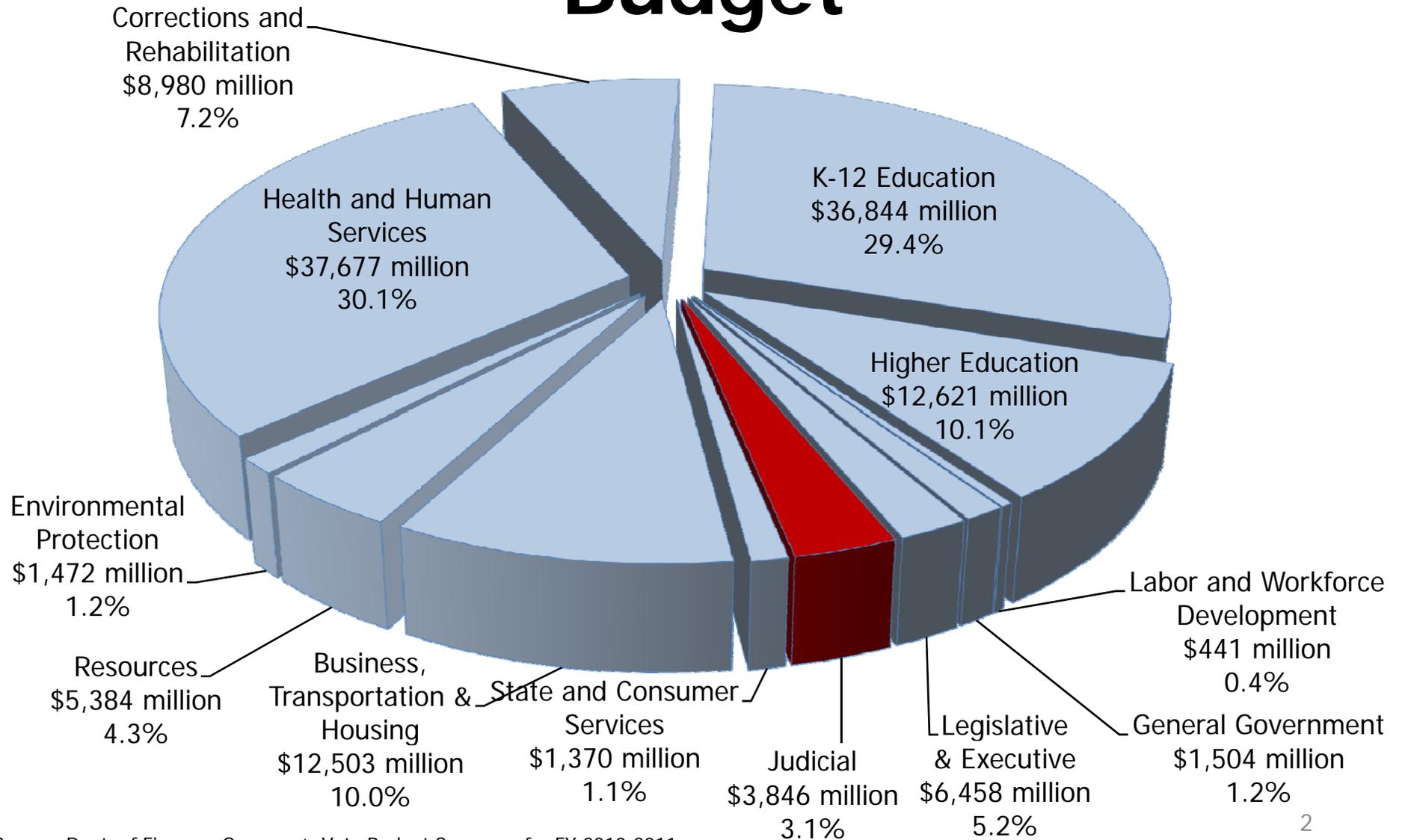


**Understanding the Judicial Branch
Budget, Part II:
Trial Court Budget Allocation
Process & Current Funding Issues**

December 6, 2010

December 15, 2010

FY 2010-11 State Budget



Source: Dept. of Finance, Governor's Veto Budget Summary for FY 2010-2011.

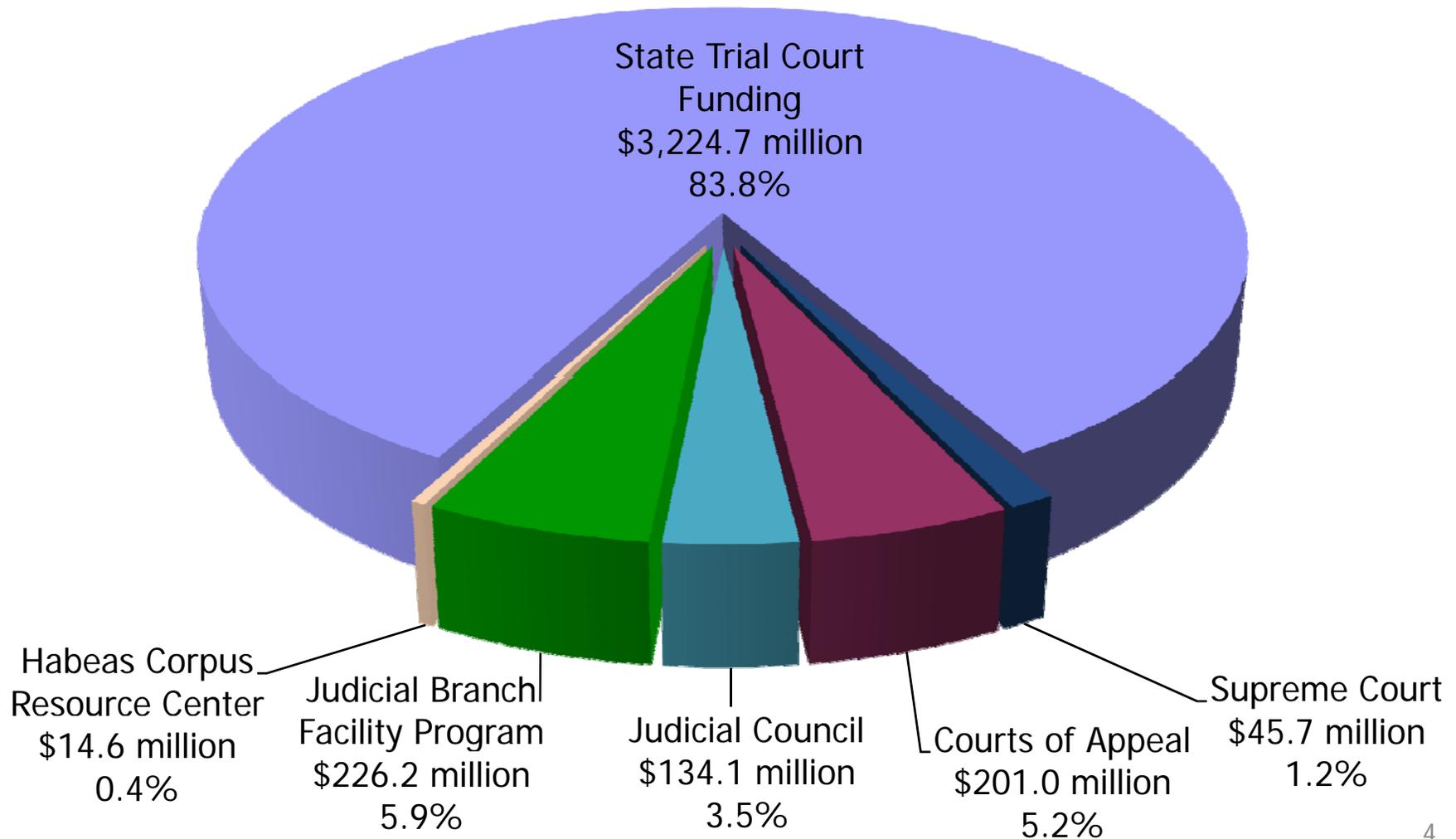
Legislature Judicial Council

Authority

- Legislature appropriates
- Judicial Council allocates

Government Code Section 77200 (c)

FY 2010-11 Judicial Branch Budget



Source: Dept. of Finance, Dept. of Finance, Governor's Veto Budget Summary for FY 2010-2011.

Main Trial Court Item of Appropriation

0250-101-0932--For local assistance, Judicial Branch,
payable from the Trial Court Trust Fund.....\$3,150,394,000

Schedule:

- (1) 45.10-Support for Operation of the Trial Courts.....\$2,723,214,000
- (2) 45.25-Compensation of Superior court Judges.....\$298,516,000
- (3) 45.35-Assigned Judges.....\$26,047,000
- (4) 45.45-Court Interpreters.....\$92,794,000
- (5) 45.55-Grants.....\$9,824,000
- (6) Reimbursements.....-\$1,000

Main Judiciary Item of Appropriation

0250-001-0001--For support of Judicial Branch.....\$355,145,000

Schedule:

- (1) 10-Supreme Courts.....\$45,664,000
- (2) 20-Courts of Appeal.....\$201,007,000
- (3) 30-Judicial Council.....\$109,503,000
- (4) 35-Judicial Branch Facility Program.....\$1,157,000
- (5) 50-California Habeas Corpus Resource Center.....\$14,554,000

AOC FY 2010-2011 Budget

Personal Services	\$95,651,177
OE&E	<u>38,493,223</u>
Total	<u>\$134,145,000</u>

Key Input and Decision-making

Judicial Council



Administrative
Director of the
Courts



TCBWG

Trial Court Budget Working Group

Role of the Group

- Advises Administrative Director of the Courts:
 - Trial Court Budget Priorities
 - Budget Preparation, Development. Implementation
 - Funding Allocations, Including Augmentations and Reductions
 - Budget Policies and Procedures, as appropriate
- Meets Concurrently with Budget Development Cycle, as needed

State Budget Enactment

Legislature/Governor

- Each House Passes Bill
by June 15
- Final Budget Package to Governor
by July 1
- Governor Decides Vetoes & Signs Budget
Act/Trailer Bills

Determining Allocations for Each Court

- Prior Year Funding
- Augmentations/Reductions
- Under-resourced Courts
- Workload Growth
- Specific Purpose Allocations

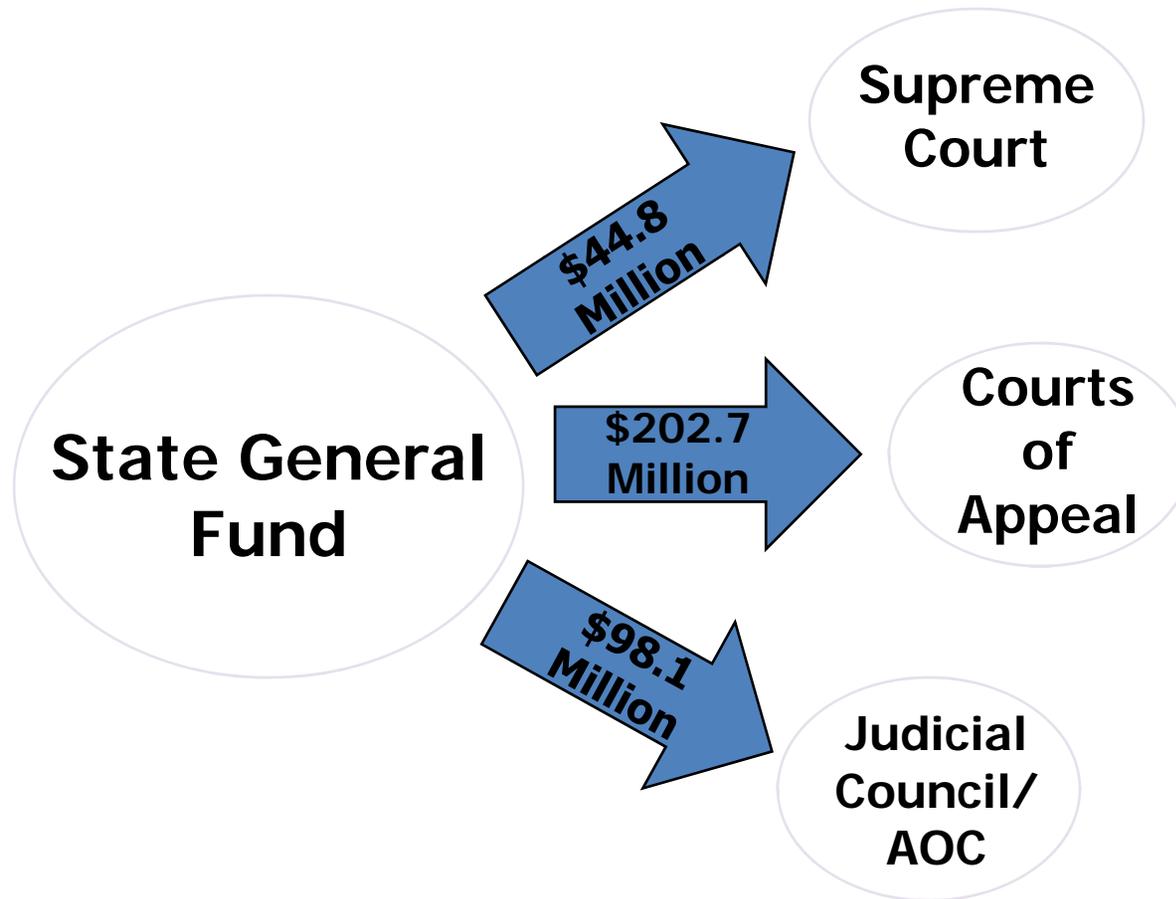
Judicial Council Allocation Process–Trial Courts

Upon Budget Enactment:

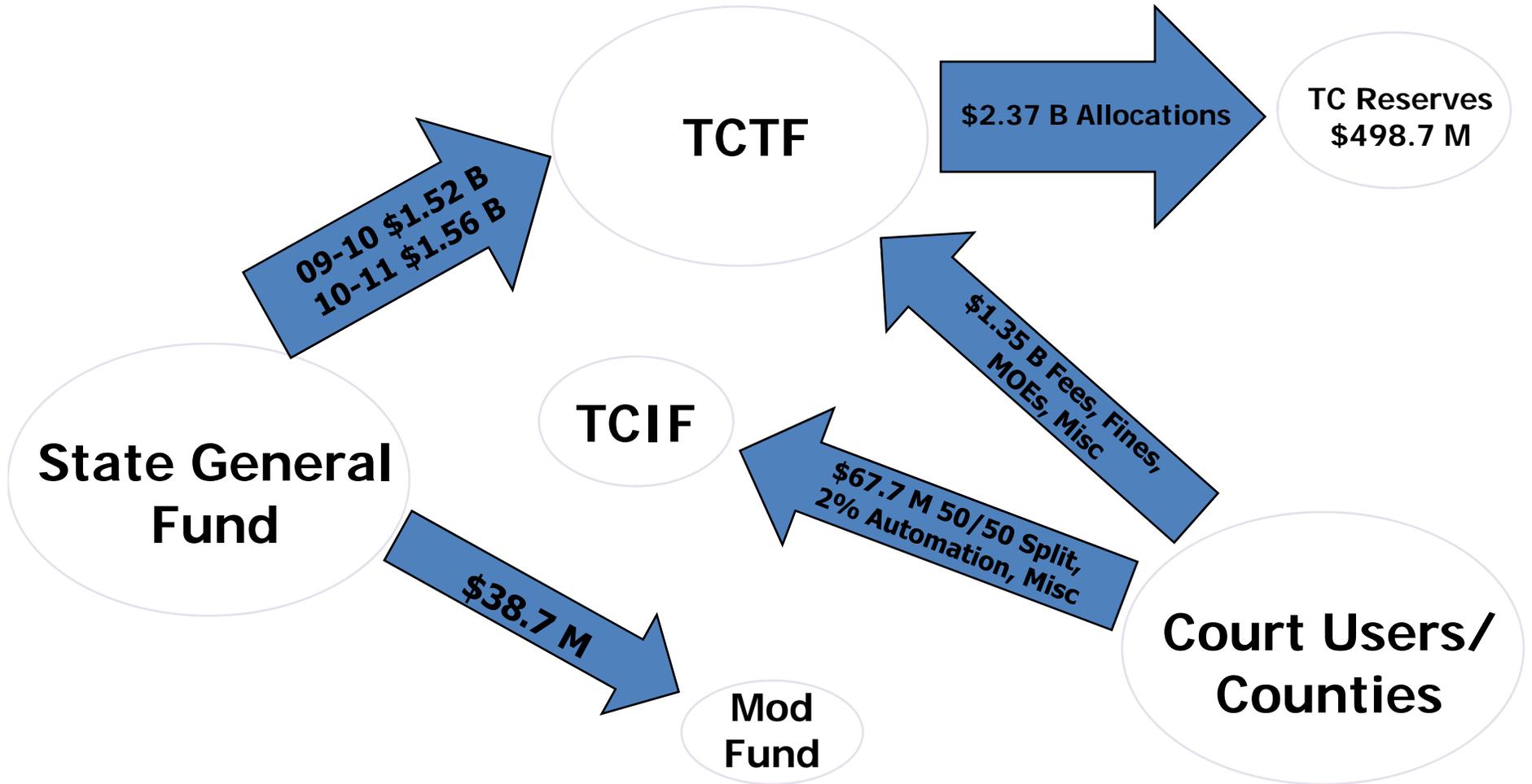
Judicial Council Considers
Recommendations and Allocates
Funding for Court Operations,
Statewide Projects, Programs, and
Services.

Distribute Funding to Courts

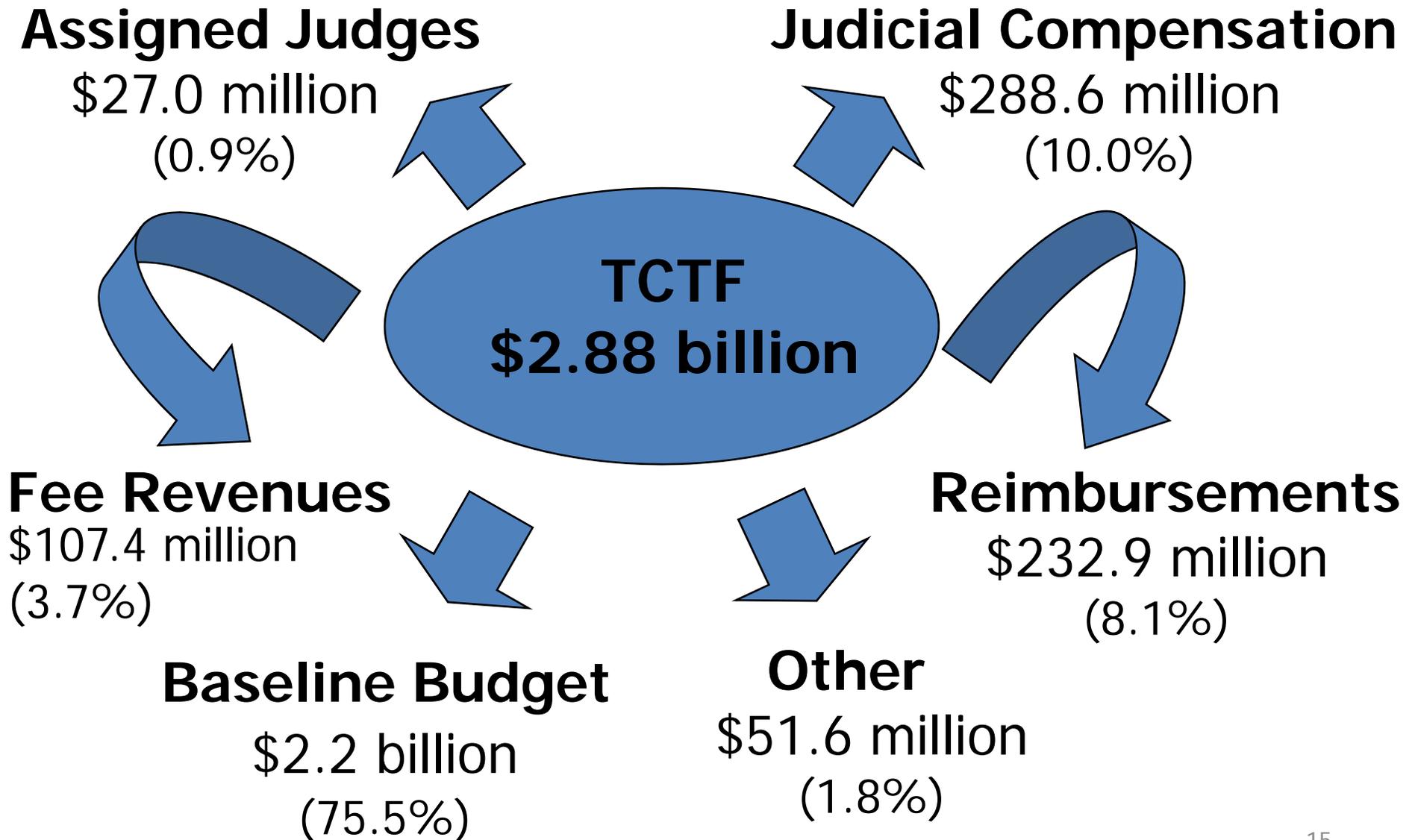
Funding Provided by the State General Fund



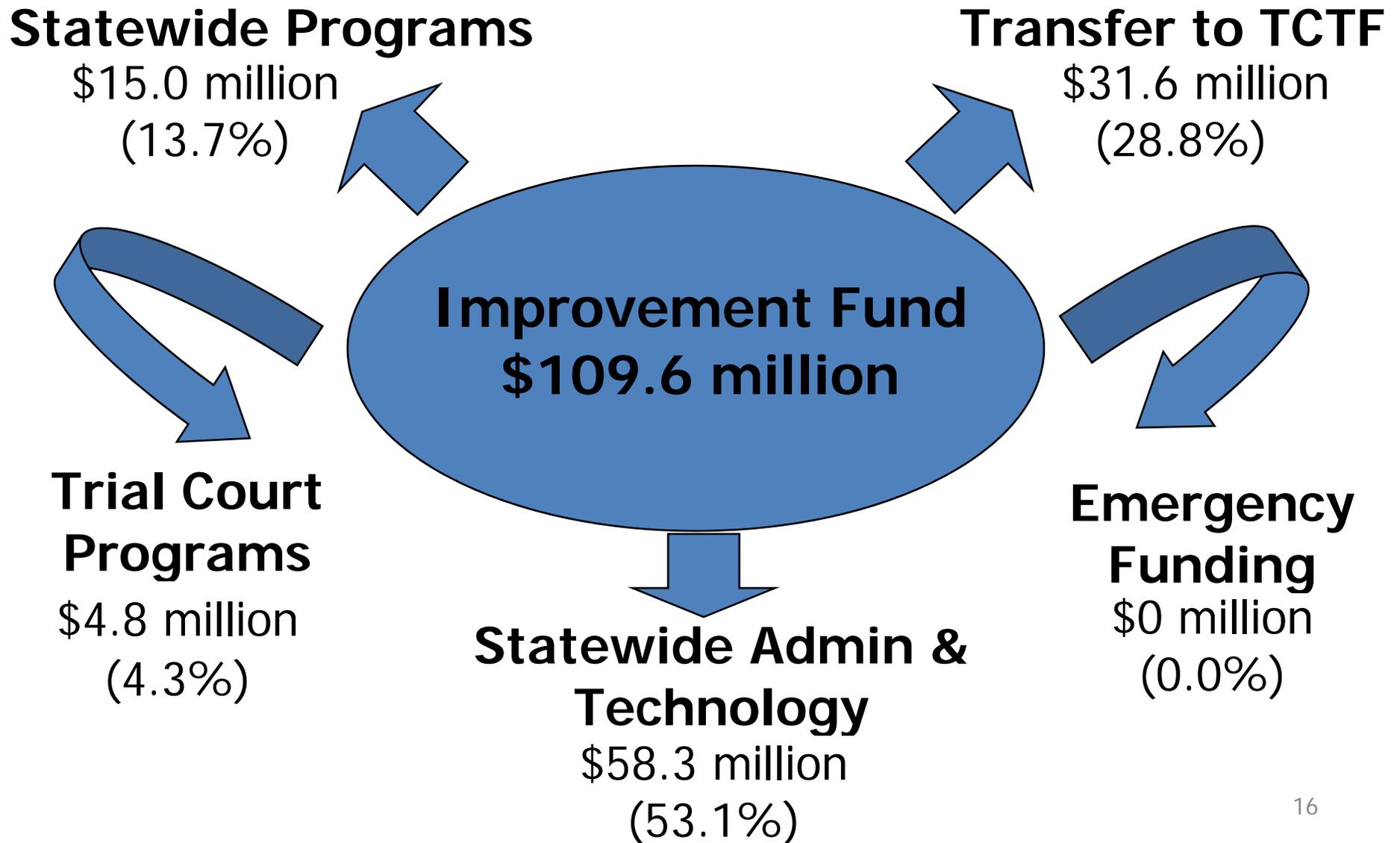
Trial Court Funding – Flow of Funds



Fiscal Year 2009-10 Expenditures



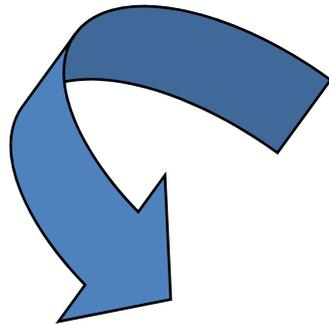
Fiscal Year 2009-10 Expenditures



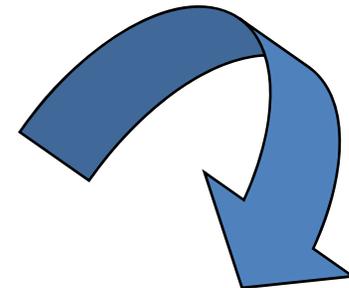
Fiscal Year 2009-10 Expenditures

Statewide Technology Projects

\$30.2 million
(79.8%)



**Education &
Development
Programs**
\$2.3 million
(6.0%)



**Other
Programs**
\$5.4 million
(14.1%)

Current Branch Funding Issues

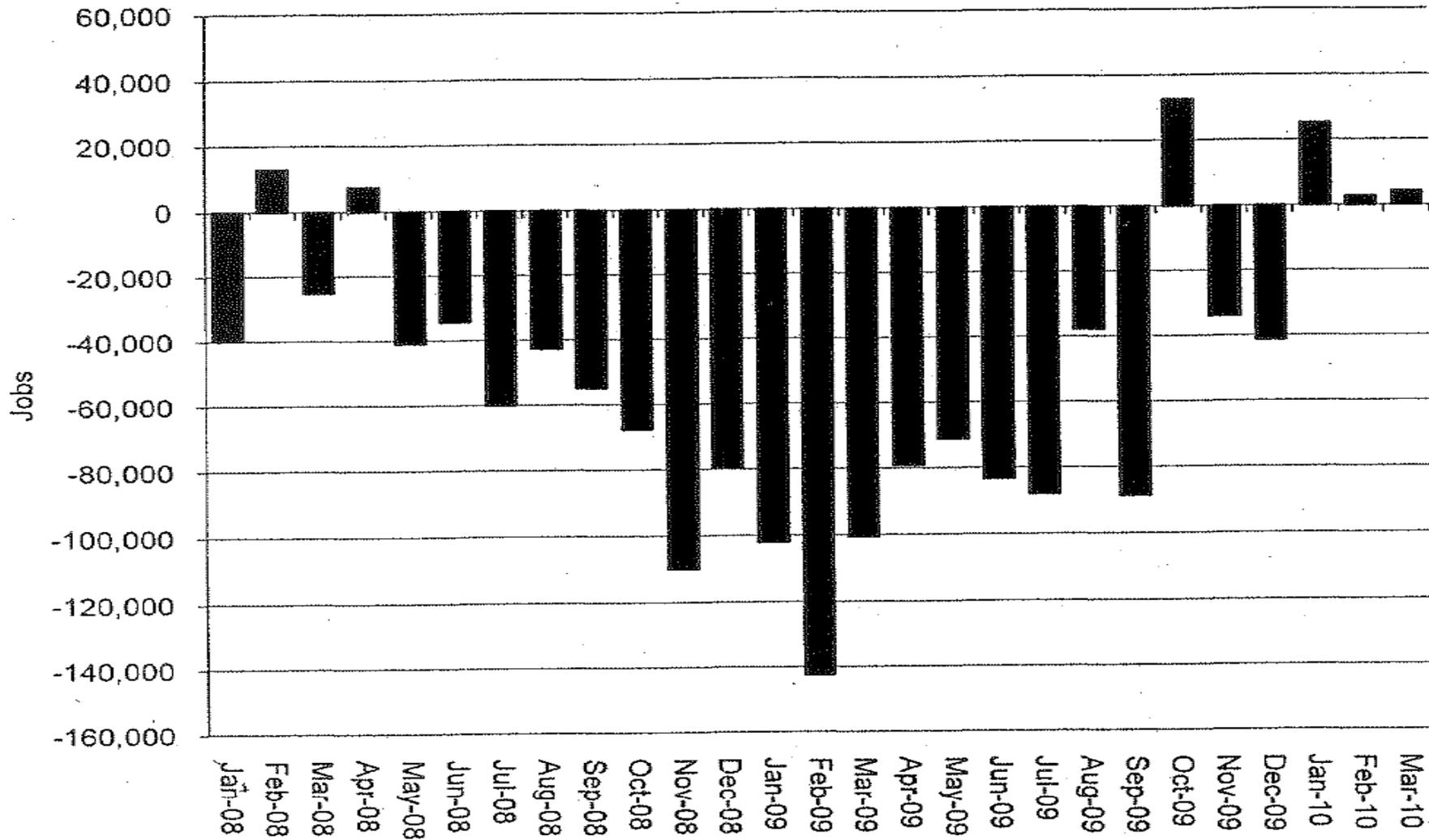
Economic Context

- Employment
- Home Valuations
- California Income and Sales Tax

California Non-Farm Employment

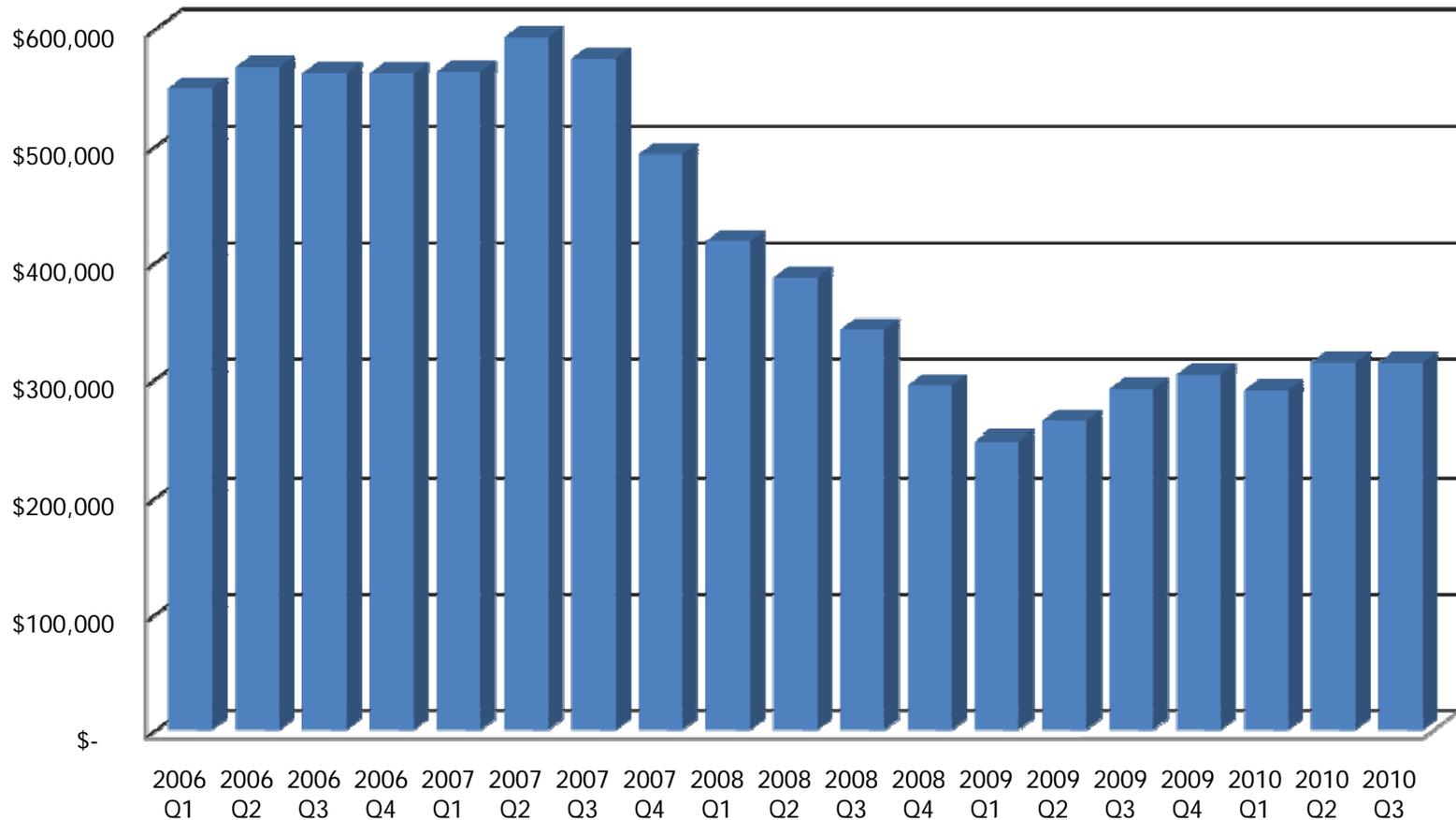
Month-over-Month Change

January 2008 to March 2010



Source: Employment Development Department, Labor Market Information Division

California Median Home Prices Quarterly - Q1 2006 to Q3 2010



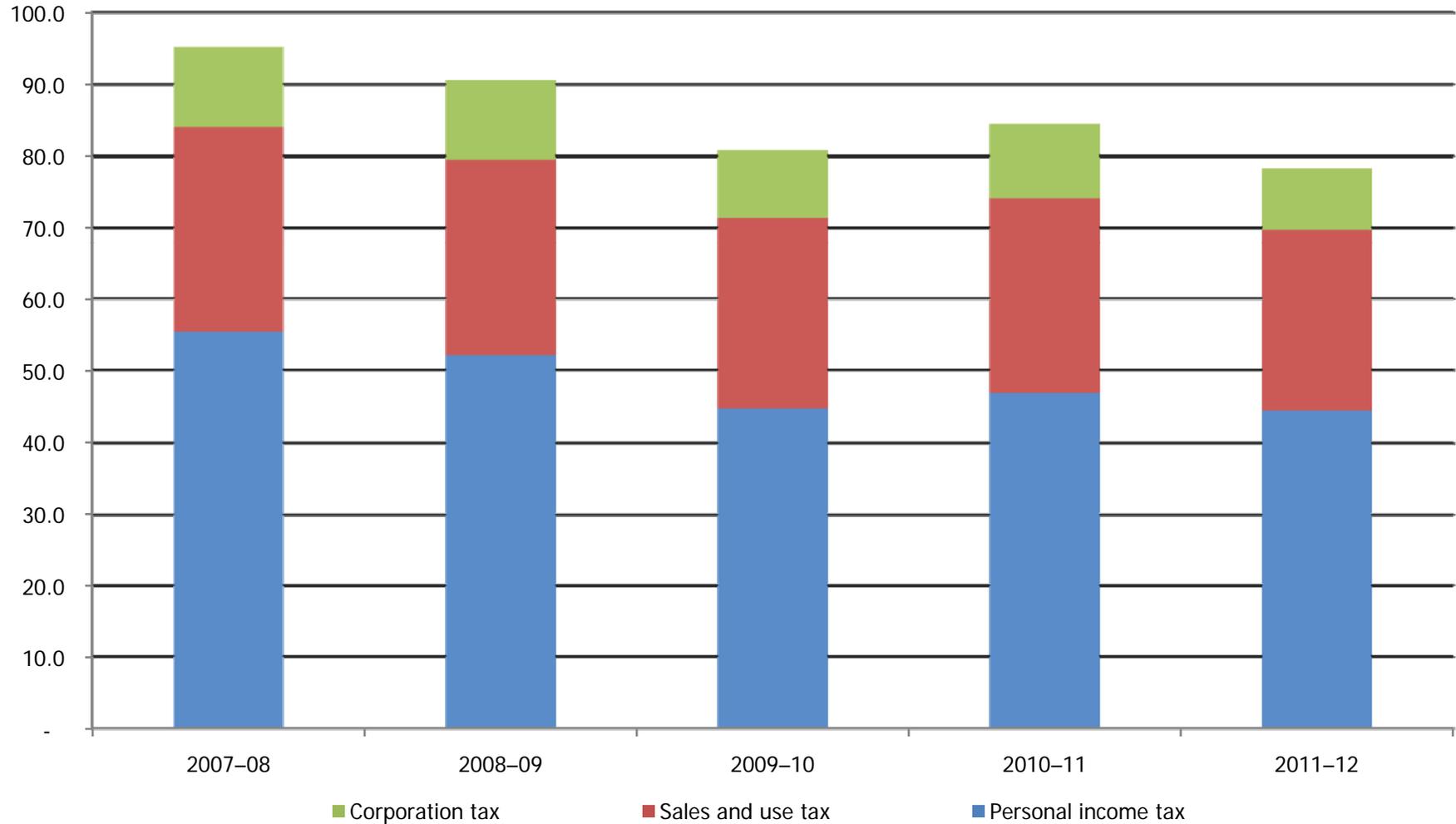
*California Association of Realtors

Impact on State Budget

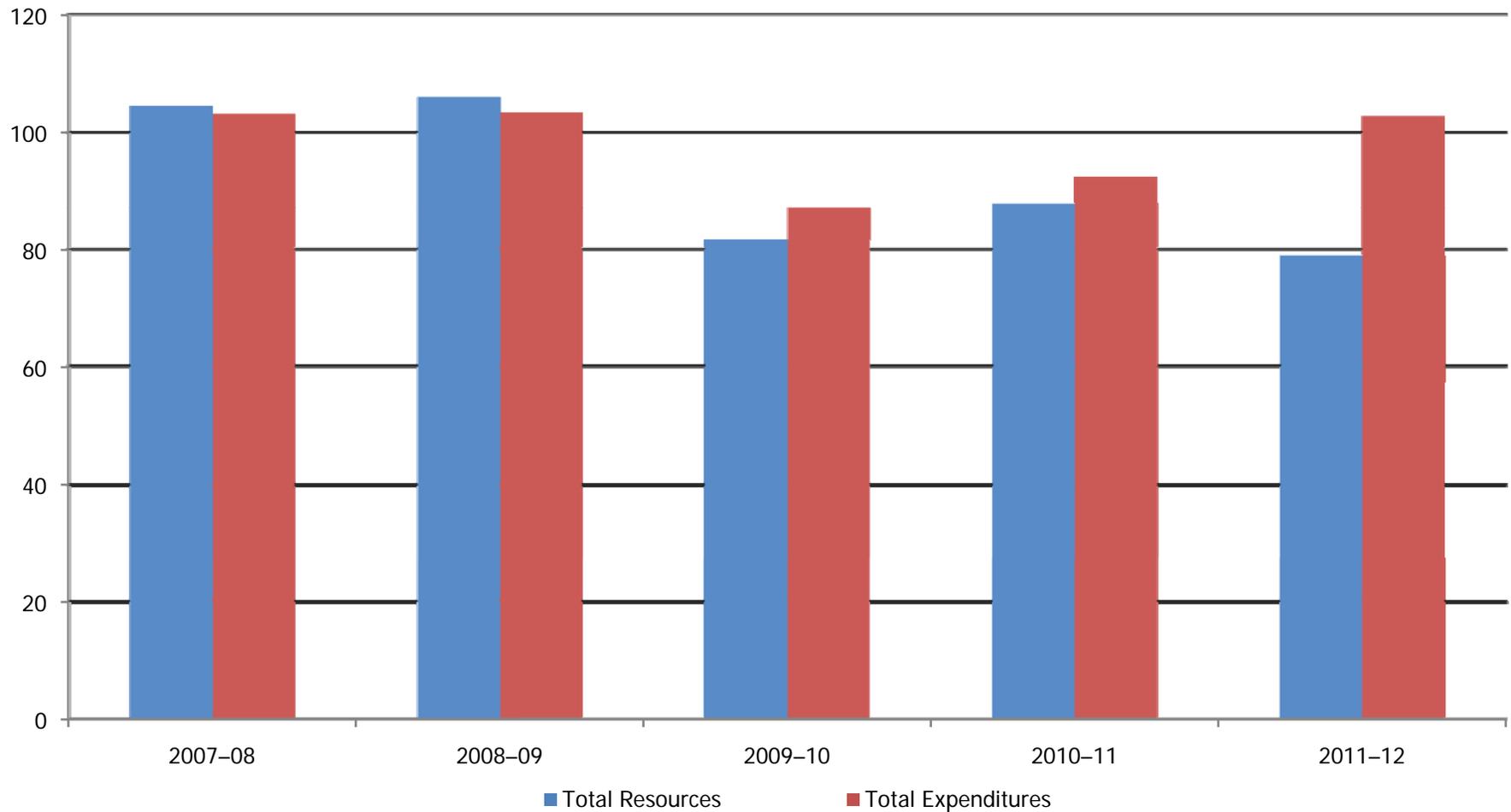
Income and Sales Tax Projections

Yearly Totals and Estimates (Billions)

FY 2007-08 to FY 2011-12



California General Fund Total Resources and Expenditure Estimates (Billions)



Source: LAO 2011-12 Budget Outlook; Dept. of Finance

LAO Projects \$6 Billion Deficit this Year

Factors:

- Assumed \$3.5 Billion Federal Funds likely over estimated
- \$800 million in budgeted 2010–11 funding solutions prevented by Proposition 22
- \$780 million Prisoner Medical Care Receiver budget overrun Projected
- \$400 million budgeted saving shortfall in Employee Compensation
- \$400 million estimated shortfall in Medi-Cal

LAO Projects additional \$19 Billion Deficit in FY 2011-12

Factors:

- \$6.3 Billion sales and income tax revenue decline
- \$5.1 Billion increase in Medi-Cal cost
- \$898 Million increase in CalWORKs costs
- \$583 Million increase in Developmental Services cost

LAO Projects additional \$19 Billion Deficit, Cont'd:

- \$1.2 Billion shortfall in other health and social service programs
- \$1.2 Billion increase in infrastructure debt service cost
- \$2 Billion increase in all other state programs

Reductions to Trial Court Funding in 2009-2010

Total Reduction	\$ (360.0)
Less: New/Increased Fees	\$ 14.9
Less: One Time Transfers, Adjustments & Allocations	<u>\$ (155.0)</u>
Amount of Reductions to Courts	<u><u>\$ (190.1)</u></u>

Impacts of Reductions in 2009-2010

- One day per month Statewide Closure
- Hiring freezes
- Additional Staff Furloughs
- Increased Case Backlogs

Reductions to Trial Court Funding in 2010-2011

Total Reduction	\$ (315.8)
Less: New/Increased Fees	\$ 66.3
Less: One Time Transfers, Adjustments & Allocations	<u>\$ (173.7)</u>
Amount of Reductions to Courts	<u>\$ (75.8)</u>

Impacts of Funding Changes in 2010-2011

- One day per month Statewide Closure ENDED
- Many Hiring freezes still in place
- Additional Staff Furloughs
- Reduced Court Reserves

BUT Next Fiscal Year

Possible Reductions in 2011-2012

Total Reduction	\$ (285.8)
Less: New/Increased Fees	\$ 70.6
Less: One Time Transfers, Adjustments & Allocations	<u>\$ (43.1)</u>
Amount of Reductions to Courts	<u>\$ (172.1)</u>

Impacts of Funding Changes in 2011-2012

- Need for statewide closure?
- Additional Layoffs?
- Some Courts without sufficient cash
- Civil and other backlogs may become severe

**A Difficult Situation Could get
Worse:
If Additional Reductions**

Objective #1

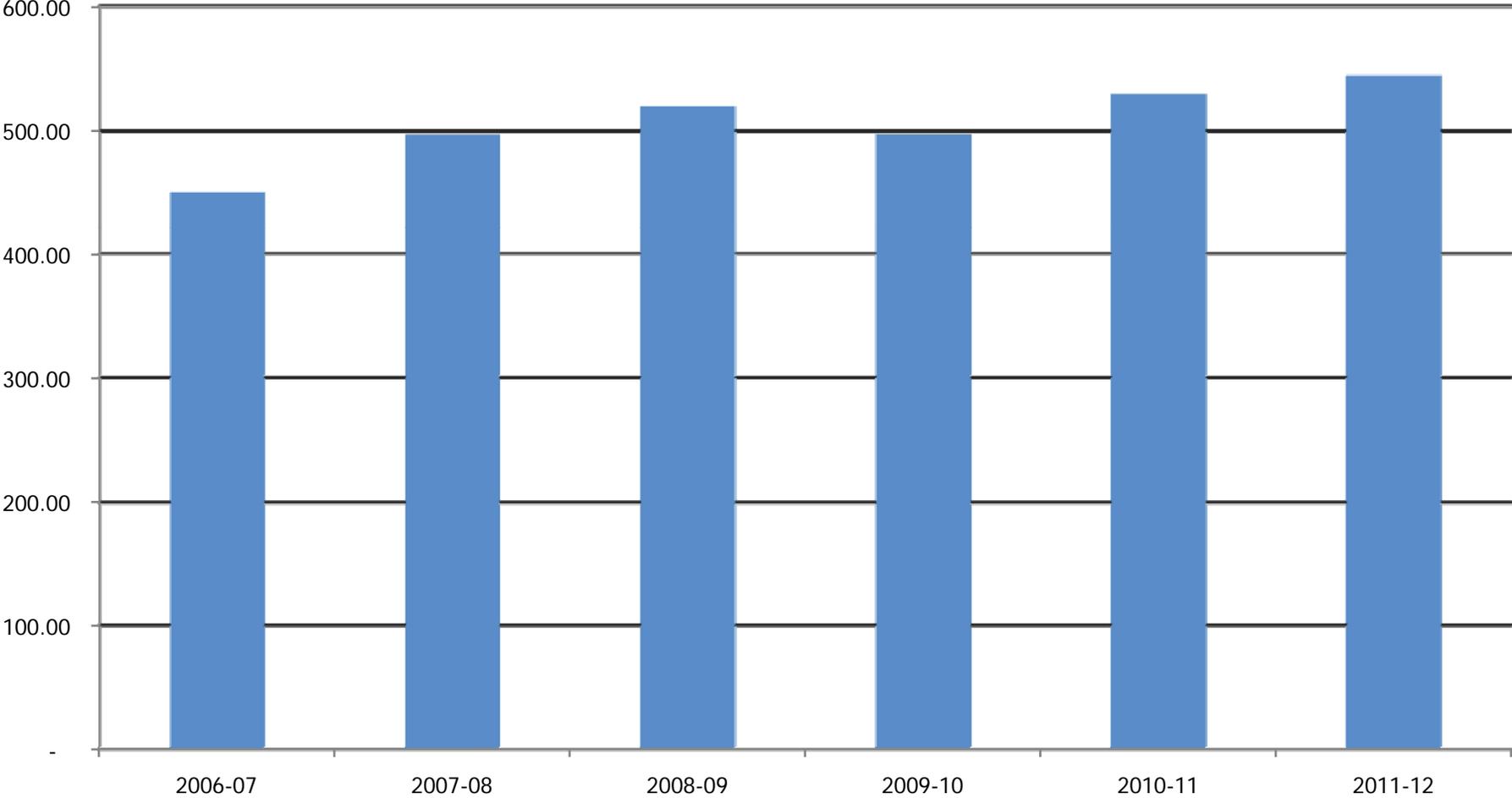
- Avoid or Minimize Additional Cuts to the Branch

Objective #2

- Secure Funding to Reduce Impact of Cuts Already Implemented

Trial Court Security Costs

(Actual through FY 2009-2010,
Projected for 2010-2011 & 2011-2012)



Court Security Funding 2010-11

Projected Costs	\$ (529.5)
Base Funding	\$ 500.4
\$10 Sec Fee increase	<u>\$ 16.5</u>
Shortfall	<u><u>\$ (12.6)</u></u>
% Short	2.4%

Court Security Funding 2011-12

Projected Costs	\$ (544.3)
Base Funding	\$ 470.6
\$10 Sec Fee increase	<u>\$ -</u>
Shortfall	<u><u>\$ (73.7)</u></u>
% Short	13.5%

Objective #3

- Extend Sunset of Security Fee Increase

Objective #4

- Secure Funding or Reduced Reduction to Security

End of Presentation