



Judicial Council of California · Administrative Office of the Courts

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REPORT TO THE JUDICIAL COUNCIL

For business meeting on: August 31, 2012

Title

Trial Court Trust Fund Allocations: Process and Criteria for Allocating 2% State-Level Reserve

Agenda Item Type

Action Required

Effective Date

August 31, 2012

Rules, Forms, Standards, or Statutes Affected
None.

Date of Report

August 28, 2012

Recommended by

Trial Court Budget Working Group

Contact

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Hon. David Rosenberg, Presiding Judge,
Superior Court of Yolo County, and Co-
Chair, Trial Court Budget Working Group

Zlatko Theodorovic, Director, Finance
Division, Administrative Office of the
Courts, and Co-Chair, Trial Court Budget
Working Group

Executive Summary

Government Code section 68502.5 requires the Judicial Council to set aside 2 percent of the total funds appropriated in the Trial Court Trust Fund for Program 45.10 (Support for Operation of the Trial Courts) each fiscal year. The funds must be used to establish a state-level reserve in the Trial Court Trust Fund that may be allocated to trial courts for unavoidable funding shortfalls, unforeseen emergencies, and unanticipated expenses for existing programs. To establish criteria for the allocation of the reserve fund, the Trial Court Budget Working Group recommends

updating the current process for allocating supplemental funding for urgent needs,¹ which the Judicial Council approved at its October 28, 2011 meeting.

Recommendations

1. The Trial Court Budget Working Group (TCBWG) recommends the following changes to the process, criteria and required information for requesting supplemental funding for urgent needs:

- a) define supplemental funding for urgent needs as funding “for unavoidable funding shortfalls, unforeseen emergencies, or unanticipated expenses for existing programs;”
- b) change the application timelines to be consistent with Government Code section 68502.5 and adding language encouraging courts to submit requests for unavoidable funding shortfalls before the October 1 deadline but no earlier than 60 days after the Budget Act is enacted into law;
- c) add a condition that generally courts may not receive supplemental funding for urgent needs in successive fiscal years “absent a clear and convincing showing.”
- d) limit the amount that can be allocated to courts submitting requests by the October 1 deadline to the amount of that court’s contribution to the 2% state-level reserve, however, the Judicial Council may allocate more funding to a court after October 31 and prior to March 15 of the fiscal year;
- e) allocate to all courts after March 15 a proportionate share of any unexpended funds from the 2% state-level reserve, regardless of whether the Judicial Council has allocated to a court supplemental funding for an urgent need in the current fiscal year, using courts’ current year Trial Court Trust Fund and General Fund base allocation;
- f) require courts that are allocated supplemental funding for urgent needs to return the amount that is not needed, if a court determines during the fiscal year that some or all of the allocation is no longer needed due to changes in revenues and/or expenditures;
- g) require courts to provide employee compensation practices and staffing levels for the past five years in their application;
- h) require courts to provide five years of filing and termination numbers instead of the “judicial caseload backlog.”

¹That process was adopted by the Judicial Council at its October 28, 2011 meeting, and was based on requirements of the previous version of Government Code section 77209(b).

- i) require courts that received supplemental funding in the prior year to identify the amount and to explain why the funding is needed in the current fiscal year; and
- j) require courts to include an expenditure/revenue enhancement plan that identifies how the court will resolve its ongoing funding issue if the request for supplemental funding is not for a one-time concern.

Attachment A, *Summary of Recommended Process, Criteria and Required Information for Supplemental Funding for Urgent Needs*, provides a summary of all the recommendations proposed by the TCBWG. Attachment B, *Application for Supplemental Funding* form reflects the recommendations proposed by the Trial Court Working Group with the assumption that the council approves all the recommendations in this report.

Previous Council Action

Before the enactment of Senate Bill 1021 (Stats. 2012, ch. 41) on June 27, 2012, Government Code section 77209(b) required the Judicial Council to set aside in the Trial Court Improvement Fund until March 15 one-half of the 1-percent transfer from the Trial Court Trust Fund for allocation only for “urgent needs.” At the Judicial Council’s meeting on October 28, 2011, the Supplemental Funding Working Group² presented a recommendation to revise, update, and streamline the forms, processes, and criteria related to requests for supplemental funding for urgent needs then in effect. The working group recommended consolidating the process into a single form and revising the criteria for applying for supplemental funding and evaluating the requests.

The Judicial Council, effective October 28, 2011, adopted many of the recommendations to update the criteria and process for seeking urgent needs funding, and made several other decisions. A copy of the process, criteria, and information requested that were approved by the council is attached as Attachment B, “Current Judicial Council Policy on Supplemental Funding.”

Statutory Change Establishes 2% State-Level Reserve

On June 27, 2012, the Governor signed into law SB 1021, which, among other things, repealed the provisions in Government Code section 77209 related to urgent needs funding and added Government Code section 68502.5, which requires the Judicial Council to set aside as a reserve 2 percent of the funds appropriated in the Trial Court Trust Fund for Program 45.10. The funds must be used to establish a state-level reserve fund that may be allocated to trial courts for unavoidable funding shortfalls, unforeseen emergencies, or unanticipated expenses for existing

² The Supplement Funding Working Group included 12 trial court judges and executives officers and was co-chaired by Presiding Judge David Rosenberg, Superior Court of Yolo County; and Court Executive Officer David H. Yamasaki, Superior Court of Santa Clara County.

programs. The TCBWG at its meeting on July 17, 2012 established the 2% State-Level Reserve Subcommittee to address criteria and a process for allocating the reserve. The 2% State-Level Reserve Subcommittee developed a recommendation to revise the existing process, criteria, and required information for requesting supplemental funding for urgent needs under Government Code section 77209, so that it implemented the provisions of Government Code section 68502.5. At its meeting on August 22, 2012, the TCBWG adopted the recommendation of the subcommittee and added several other recommendations for consideration by Judicial Council.

Changes to Process

Recommendation 1a: Defining Supplemental Funding for Urgent Needs

- 1a. Define supplemental funding for urgent needs as funding “for unavoidable funding shortfalls, unforeseen emergencies, or unanticipated expenses for existing programs.”

Rationale for recommendation 1a

The supplemental funding process adopted by the Judicial Council at its October 2011 meeting was to allocate funding to comply with Government Code section 77209(b), which simply stated that the money in the reserve may be allocated to courts for “urgent needs” but did not define the term. The TCBWG recommends defining supplemental funding for urgent needs as unavoidable funding shortfalls, unforeseen emergencies, or unanticipated expenses for existing programs, to comply with the terms used in Government Code section 68502.5.

The TCBWG did not want to define each term specifically and inadvertently omit an unknown situation and compromise a court’s ability to request funding. However, courts will need to justify to the Judicial Council why they are identifying a supplemental funding request for urgent needs as either due to an unavoidable funding shortfall or an unforeseen emergency or an unanticipated expense for existing programs.

Recommendation 1b: Statutory Timelines

- 1b. Change the application timelines to be consistent with Government Code section 68502.5 and add language encouraging courts to submit supplemental funding for urgent needs requests for unavoidable funding shortfalls before the October 1 deadline but no earlier than 60 days after the Budget Act is enacted into law.

Rationale for recommendation 1b

Subparagraph (c)(2)(B) of Government Code section 68502.5 states in relevant part:

[U] navoidable funding shortfall requests for up to 1.5 percent of these funds shall be submitted by the trial courts to the Judicial Council no later than October 1 of each year. The Judicial Council shall, by October 31 of each year, review and evaluate all requests submitted, select trial courts to receive funds, and notify those selected trial courts. The Judicial Council shall, by October 31 of each year, review and evaluate all requests submitted, select trial courts to receive funds, and notify those selected trial courts. By March 15 of each year, the Judicial Council shall distribute the remaining funds if there has been a request from a trial court for unforeseen emergencies or unanticipated expenses that has been reviewed, evaluated, and approved.

The TCBWG recommends revising the current process by changing the timelines to be consistent with Government Code section 68502.5(c)(2)(B) and to make clear the deadlines for submitting requests for each type of supplemental funding for urgent needs.

1. Requests for supplemental funding for urgent needs caused by unavoidable funding shortfalls must be submitted by no later than October 1 and the Judicial Council must notify those selected courts of its decisions by October 31. The TCBWG also recommends encouraging courts to apply earlier than the October 1 deadline but no earlier than 60 days after the Budget Act is enacted to give the council and staff time to review and evaluate all requests submitted.
2. Requests for supplemental funding for urgent needs caused by unforeseen emergencies or unanticipated expenses must be submitted after October 31 and before March 15. In addition, to be considered at a Judicial Council business meeting, requests must be submitted at least 25 business days before the Judicial Council business meeting to give the council and staff time to review and evaluate requests submitted.

Changes to Criteria

Recommendation 1c: Applying in Successive Fiscal Years

- 1c. Add a condition that generally courts may not receive supplemental funding for urgent needs in successive fiscal years “absent a clear and convincing showing.”

Rationale for recommendation 1c

Although there is nothing in Government Code section 68502.5 that bars courts from receiving supplemental funding in successive years, the TCBWG is recommending that additional criteria to the supplemental funding for urgent needs process be included to state that courts may not receive supplemental funding for urgent needs in successive years “absent a clear and convincing showing” based on the following two premises:

1. That courts who have not submitted a request in prior year should be given priority over a court that received funding in prior year; and
2. That the process should not encourage courts to submit requests for urgent needs each year to address an ongoing structural deficit because the 2 percent state-level reserve is allocated to courts as one-time funding.

However, the TCBWG acknowledges that there may be times when there will be a need to submit a request in successive fiscal years and therefore is recommending that if there is such a need, that the court demonstrate “a clear and convincing showing” of why additional funding is necessary.

Recommendation 1d: Allocation of the 2% State-Level Reserve by October 31

- 1d. Courts submitting requests by the October 1 deadline can only receive up to the amount of the court’s contribution to the 2% state-level reserve fund, however, the Judicial Council may allocate more funding to a court after October 31 and before March 15 of the fiscal year.

Rationale for recommendation 1d

Government Code section 68502.5 authorizes the Judicial Council to allocate only up to 75 percent of the reserve for unavoidable funding shortfalls by October 31.

The TCBWG recommends that the Judicial Council only allocate the amount of the court’s contribution to the reserve for requests that are submitted for unavoidable funding shortfalls by October 31. The main rationale for this recommendation is that there could be many requests for unavoidable funding shortfalls submitted by the October 1 deadline and if a large court’s request represented a major portion of the available 75 percent of the reserve it could compromise other courts’ chances to receive funding. Thus, by allocating only up to each court’s contribution amount, no matter the amount of the request, this recommendation would ensure that all courts that submit a request could receive an allocation. If a court requests more than the amount it contributed to the state-level reserve, adding this criterion still gives the Judicial Council the discretion to allocate needed funding to that court after the October 31 deadline and before March 15 of the fiscal year.

Recommendation 1e: Allocation of the 2% State-Level Reserve after March 15

- 1e. Allocate to all courts after March 15 a proportionate share of any unexpended funds from the 2% state-level reserve, regardless of whether the Judicial Council has allocated to a court supplemental funding for an urgent need in the current fiscal year, using courts' current year Trial Court Trust Fund and General Fund base allocation.

Rationale for recommendation 1e

Government Code section 68502.5 requires that “[a]ny unexpended funds shall be distributed to the trial courts on a prorated basis.” Not all TCBWG members interpreted this to mean that all courts, regardless of whether a court received a supplemental funding for urgent needs allocation in the current fiscal year, should be allocated a prorated share of unexpended funds from the reserve.

Some members were in agreement that courts that had received, through the supplemental funding for urgent needs process, their contribution to the 2 %state-level reserve fund in the current fiscal year, should be excluded from a prorated share of the unexpended reserve after March 15. However, one member stated that if the Judicial Council had approved a court’s request for supplemental funding, it would only bring the court to the same level as other courts and would not put the court in a better fiscal situation than courts that did not need supplemental funding. Another member indicated that it should depend on the type of court request for supplemental funding for urgent needs; for example, if a court submitted a request for an unforeseen emergency, the court should receive a prorated share of the unexpended reserve after March 15. But a court that received an allocation for supplemental funding for urgent needs for a funding shortfall should be excluded from the receiving a share.

Unlike all the other recommendations, this recommendation was not endorsed either unanimously or near unanimously by the members of the TCBWG—twenty one members voted for it, eight against, and one abstained.

Recommendation 1f: Supplemental Funding Need Changes

- 1f. Require courts that are allocated supplemental funding for urgent needs to return the amount that is not needed, if a court determines during the fiscal year that some or all of the allocation is no longer needed due to changes in revenues and/or expenditures.

Rationale for recommendation 1f

The TCBWG’s main rationale for this recommendation is that there may be times when a court determines after receipt of supplemental funding by the Judicial Council that it is no longer needed. This may occur due to changes in the projected revenues and/or expenditures, unknown

at the time of submission of the request. Although this would rarely occur, the TCBWG wanted to make clear that if this does occur, the unneeded allocation should not remain in a court's fund balance but instead, be returned.

Changes to the Required Information

Recommendation 1g: Employee Compensation Practices and Staffing Levels

- 1g. Require courts to provide employee compensation practices and staffing levels for the past five years in their application.

Rationale for recommendation 1g

The supplemental funding process adopted by the Judicial Council at its October 2011 meeting required courts to provide data on five years of employee compensation. The TCBWG members recommend also including five years of staffing levels as part of the required information for applying for supplemental funding for urgent needs. The main rationale for recommending this information is for the Judicial Council to be able to better assess if a court has implemented staff reductions as part of its cost savings measures, prior to applying for supplemental funding for urgent needs.

Recommendation 1h: Caseload Backlog

- 1h. Require courts to provide five years of filing and termination numbers instead of the "judicial caseload backlog."

Rationale for recommendation 1h

The TCBWG recommends that filing and termination numbers be used instead of judicial case backlog as part of the required information for applying for supplemental funding which is a more accurate measure of a court's workload than using backlog information.

Recommendation 1i: Successive Fiscal Year Request

- 1i. Require courts that received supplemental funding in the prior year to identify the amount and to explain why the funding is needed in the current fiscal year.

Rationale for recommendation 1i

As discussed in Recommendation 1c, if Recommendation 1c is approved, the TCBWG members recommend adding, as part of the required information, a question for courts who are applying for supplemental funding in a successive fiscal year. The main rationale for requiring this information is to have courts that are applying in a successive fiscal year, identify a “clear and convincing showing” of why the supplemental funding it received in the prior year was insufficient to address its need.

Recommendation 1j: Supplemental Funding for an Ongoing Funding Need

- 1j. If the request for supplemental funding is not for a one-time concern, the court must include an expenditure/revenue enhancement plan that identifies how the court will resolve its ongoing funding issue.

Rationale for recommendation 1j

The TCBWG recommends requiring courts that are applying for supplemental funding for urgent needs for an ongoing funding concern to provide an expenditure/revenue enhancement plan. If the funding problem is of a one-time nature the court will not need to provide this information. However, if the problem is ongoing, such as a structural deficit, the court must put forward a plan showing how they will resolve the issue in the next fiscal year and beyond.

Comments From Interested Parties

[None]

Attachments

- Attachment A: Summary of Recommended Process, Criteria and Required Information for Supplemental Funding for Urgent Needs
- Attachment B: *Application for Supplemental Funding* form
- Attachment C: Current Judicial Council Policy on Supplemental Funding

Attachment A: Summary of Recommended Process, Criteria, and Required Information for Supplemental Funding for Urgent Needs

Judicial Council Approved Process (Column A) ¹	Trial Court Budget Working Group Recommendations (Column B) ¹
	<p>a Supplemental funding for urgent needs is defined as unavoidable funding shortfalls, unforeseen emergencies, or unanticipated expenses for existing programs.</p>
<p>a. <u>i.</u> A request can be for either a loan or one-time funding that is not repaid, but not for ongoing funding.</p>	<p>i. A request can be for either a loan or one-time funding that is not repaid, but not for ongoing funding.</p>
<p>b. The submission, review, and approval process is:</p> <p>i. All requests will be submitted to the council for consideration;</p>	<p>b. The submission, review, and approval process is:</p> <p>i. All requests will be submitted to the Judicial Council for consideration;</p>
<p>b. The submission, review, and approval process is:</p> <p>ii. Requests will be submitted to the Administrative Director of the Courts by either the court’s presiding judge or court executive officer;</p>	<p>b. The submission, review, and approval process is:</p> <p>ii. Requests will be submitted to the Administrative Director of the Courts by either the court’s presiding judge or court executive officer;</p>
<p>b. The submission, review, and approval process is:</p> <p>iii. The Administrative Director of the Courts will forward the request to the AOC Director of Finance and the court’s AOC regional administrative director;</p>	<p>b. The submission, review, and approval process is:</p> <p>iii. The Administrative Director of the Courts will forward the request to the AOC Director of Finance.</p>
<p>b. The submission, review, and approval process is:</p> <p>iv. AOC Finance Division <u>budget</u> staff, including the court’s regional budget analyst, will review the request, ask the court to provide any missing or incomplete information, draft a preliminary report, share the preliminary report with the court for its comments, revise as necessary, and issue a final report for the council;</p>	<p>b. The submission, review, and approval process is:</p> <p>iv. AOC Finance Division budget staff will review the request, ask the court to provide any missing or incomplete information, draft a preliminary report, share the preliminary report with the court for its comments, revise as necessary, and issue a final report for the council;</p>

1. Column A reflects the Judicial Council’s current policy on Supplemental Funding for Urgent Needs with the proposed changes by TCBWG redlined. Column B are the proposed TCBWG proposed recommendations.

Attachment A: Summary of Recommended Process, Criteria, and Required Information for Supplemental Funding for Urgent Needs

Judicial Council Approved Process (Cont.) (Column A) ¹	Trial Court Budget Working Group Recommendations (Column B) ¹
<p>b. The submission, review, and approval process is:</p> <ul style="list-style-type: none"> v. The final report will be provided to the requesting court prior to the report being made publicly available on the California Courts website; and vi. The court may send a representative to the council meeting to present its request and respond to questions from the council. 	<p>b. The submission, review, and approval process is:</p> <ul style="list-style-type: none"> v. The final report will be provided to the requesting court prior to the report being made publicly available on the California Courts website; and vi. The court may send a representative to the Judicial Council meeting to present its request and respond to questions from the council.
<p>c. Beginning in FY 2012–2013, <u>court requests for supplemental funding for urgent needs due to unavoidable budget shortfalls, must be submitted to the Administrative Director of the Courts, by no later than October 1. Courts are encouraged to submit supplemental funding requests for urgent needs before the October 1 deadline, but no earlier than 60 days</u> the council will not consider a request for supplemental funding related to urgent needs in the current fiscal year until 90 days after the Budget Act is enacted into law.</p>	<p>c. Beginning in 2012–2013, court requests for supplemental funding for urgent needs due to unavoidable budget shortfalls, must be submitted to the Administrative Director of the Courts, by no later than October 1. Courts are encouraged to submit supplemental funding requests for urgent needs before the October 1 deadline, but no earlier than 60 days after the Budget Act is enacted into law.</p>

1. Column A reflects the Judicial Council’s current policy on Supplemental Funding for Urgent Needs with the proposed changes by TCBWG redlined. Column B are the proposed TCBWG proposed recommendations.

Attachment A: Summary of Recommended Process, Criteria, and Required Information for Supplemental Funding for Urgent Needs

Judicial Council Approved Process (Cont.) (Column A) ¹	Trial Court Budget Working Group Recommendations (Column B) ¹
<p>d. e. Beginning in FY 2012–2013, the council will allocate no more than 75 percent of the urgent needs monies available for the current fiscal year prior to March 16. <u>the Judicial Council shall allocate up to 75 percent of the 2 percent state-level reserve fund by October 31 of each year to courts requesting supplemental funding for urgent needs due to unavoidable funding shortfalls.</u></p>	<p>d. Beginning in 2012–2013, the Judicial Council shall allocate up to 75 percent of the 2 percent state-level reserve fund by October 31 of each year to courts requesting supplemental funding for urgent needs due to unavoidable funding shortfalls.</p>
<p>e. f. Beginning in FY 2012–2013, after March 15 the Judicial Council will determine whether to allocate any remaining urgent needs monies. The council can allocate additional funding to courts that prior to March 16 received less than what they requested. <u>after October 31 and by March 15 of each fiscal year, the Judicial Council shall allocate the remaining funds if there has been an approved request from a trial court(s) requesting supplemental funding for urgent needs due to unforeseen emergencies or unanticipated expenses for existing programs. Any unexpended funds shall be distributed to the trial courts on a prorated basis.</u></p>	<p>e. Beginning in 2012–13, after October 31 and by March 15 of each fiscal year, the Judicial Council shall allocate the remaining funds if there has been an approved request from a trial court(s) requesting supplemental funding for urgent needs due to unforeseen emergencies or unanticipated expenses for existing programs. Any unexpended funds shall be distributed to the trial courts on a prorated basis.</p>

1. Column A reflects the Judicial Council’s current policy on Supplemental Funding for Urgent Needs with the proposed changes by TCBWG redlined. Column B are the proposed TCBWG proposed recommendations.

Attachment A: Summary of Recommended Process, Criteria, and Required Information for Supplemental Funding for Urgent Needs

Judicial Council Approved Process (Cont.) (Column A) ¹	Trial Court Budget Working Group Recommendations (Column B) ¹
<p>f. d. Requests <u>To be considered at a scheduled Judicial Council council business meeting, requests submitted after October 31 for supplemental funding due to unforeseen emergencies and unanticipated expenses</u> must be submitted to the Administrative Director of the Courts at least 25 business days prior to that meeting.</p>	<p>f. To be considered at a scheduled Judicial Council business meeting, requests submitted after October 31 for supplemental funding due to unforeseen emergencies and unanticipated expenses must be submitted to the Administrative Director of the Courts at least 25 business days prior to that business meeting.</p>
<p>g. Determined that <u>The Judicial Council would consider appropriate terms and conditions that courts must accept in order to receive supplemental funding for urgent needs.</u></p>	<p>g. The Judicial Council would consider appropriate terms and conditions that courts must accept in order to receive supplemental funding for urgent needs.</p>

1. Column A reflects the Judicial Council’s current policy on Supplemental Funding for Urgent Needs with the proposed changes by TCBWG redlined. Column B are the proposed TCBWG proposed recommendations.

Attachment A: Summary of Recommended Process, Criteria, and Required Information for Supplemental Funding for Urgent Needs

Judicial Council Approved Criteria (Column A) ¹	Trial Court Budget Working Group Recommendations (Column B) ¹
<p>Only trial courts that are projecting a current-year negative fund balance can apply for supplemental funding related to urgent needs.</p>	<ul style="list-style-type: none"> a. Only trial courts that are projecting a current-year negative fund balance can apply for supplemental funding related to urgent needs. b. Generally, no court may receive supplemental funding for urgent needs in successive fiscal years absent a clear and convincing showing. c. Courts submitting on or before October 1 can only receive up to the amount the court contributed to the 2 percent state-level reserve fund. If the requested amount is beyond the court’s contribution to the 2 percent state-level reserve fund, the Judicial Council may distribute more funding to the court, after October 31 and prior to March 15 of the fiscal year. d. Allocate to all courts after March 15 a proportionate share of any unexpended funds from the 2% state-level reserve, regardless of whether the Judicial Council has allocated to a court supplemental funding for an urgent need in the current fiscal year, using courts’ current year Trial Court Trust Fund and General Fund base allocation. e. If a court that is allocated supplemental funding determines during the fiscal year that some or all of the allocation is not needed, due to changes in revenues and/or expenditures, is required to return the amount that is not needed.

1. Column A reflects the Judicial Council’s current policy on Supplemental Funding for Urgent Needs with the proposed changes by TCBWG redlined. Column B are the proposed TCBWG proposed recommendations.

Attachment A: Summary of Recommended Process, Criteria, and Required Information for Supplemental Funding for Urgent Needs

Judicial Council Approved Required Information (Column A) ¹	Trial Court Budget Working Group Recommendations (Column B) ¹
a. A description of what factors caused or are causing the need for funding;	a. A description of what factors caused or are causing the need for funding;
b. If requesting a one-time distribution, an explanation of why a loan would not be appropriate;	b. If requesting a one-time distribution, an explanation of why a loan would not be appropriate;
c. Current status of court fund balance;	c. Current status of court fund balance;
d. Three-year history of year-end fund balances, revenues, and expenditures;	d. Three-year history of year-end fund balances, revenues, and expenditures;
e. Current detailed budget projections for the current fiscal year (e.g., FY 2011–2012), budget year (e.g., FY 2012–2013), and budget year plus 1 (e.g., FY 2013–2014);	e. Current detailed budget projections for the current fiscal year (e.g., FY 2012–2013), budget year (e.g., FY 2013–2014), and budget year plus 1 (e.g., FY 2014–2015);
f. Measures the court has taken in the last three years regarding revenue enhancement and/or expenditure reduction, including layoffs, furloughs, reduced hours, and court closures;	f. Measures the court has taken in the last three years regarding revenue enhancement and/or expenditure reduction, including layoffs, furloughs, reduced hours, and court closures;
g. Employee compensation practices in the past five years (e.g., cost-of-living adjustments); <u>and staffing levels in the past five years;</u>	g. Employee compensation practices (e.g., cost-of-living adjustments) and staffing levels in the past five years;

1. Column A reflects the Judicial Council’s current policy on Supplemental Funding for Urgent Needs with the proposed changes by TCBWG redlined. Column B are the proposed TCBWG proposed recommendations.

Attachment A: Summary of Recommended Process, Criteria, and Required Information for Supplemental Funding for Urgent Needs

Judicial Council Approved Required Information (Column A) ¹	Trial Court Budget Working Group Recommendations (Column B) ¹
h. Description of the consequences to the court’s operations if the court does not receive funding;	h. Description of the consequences to the court’s operations if the court does not receive funding;
i. Description of the consequences to the public and access to justice if the court does not receive funding;	i. Description of the consequences to the public and access to justice if the court does not receive funding;
j. What measures the court will take to mitigate the consequences to court operations, the public, and access to justice if funding is not approved;	j. What measures the court will take to mitigate the consequences to court operations, the public, and access to justice if funding is not approved;
k. Judicial caseload backlog; and <u>Five years of filing and termination numbers;</u>	k. Five years of filing and termination numbers;
l. Most recent audit history and remediation measures.	l. Most recent audit history and remediation measures;
	m. If supplemental funding was received in prior year, please identify amount received and explain why additional funding is again needed in the current fiscal year.
	n. If the request for supplemental funding is not for a one-time concern, the court must include an expenditure/revenue enhancement plan that identifies how the court will resolve its ongoing funding issue.

1. Column A reflects the Judicial Council’s current policy on Supplemental Funding for Urgent Needs with the proposed changes by TCBWG redlined. Column B are the proposed TCBWG proposed recommendations.

APPLICATION FOR SUPPLEMENTAL FUNDING FORM

Please check the type of funding that is being requested:

- CASH ADVANCE** (Complete Section I only.)
- URGENT NEEDS** (Complete Sections I through IV.)
- ONE-TIME DISTRIBUTION**
- LOAN**

**SECTION I: GENERAL INFORMATION**

SUPERIOR COURT: Click to enter County	PERSON AUTHORIZING REQUEST (Presiding Judge or Court Executive Officer):	
	CONTACT PERSON AND CONTACT INFO:	
DATE OF SUBMISSION: 2T	DATE FUNDING IS NEEDED BY: 2T	REQUESTED AMOUNT: \$

REASON FOR REQUEST

(Please briefly summarize the reason for this funding request, including the factors that contributed to the need for funding. If your court is applying for a cash advance, please submit a cash flow statement when submitting this application. Please use attachments if additional space is needed.)

Section II through Section IV of this form is required to be completed if your court is applying for supplemental funding for urgent needs (unavoidable funding shortfall, unforeseen emergency or unanticipated expenses for existing programs). Please submit attachments to respond to Sections II through Section IV.

SECTION II: TRIAL COURT OPERATIONS AND ACCESS TO JUSTICE

- A. What would be the consequence to the public and access to justice if your court did not receive the requested funding?**
- B. What would be the consequence to your court's operations if your court did not receive the requested funding?**
- C. What measures will your court take to mitigate the consequences to access to justice and court operations if funding is not approved by the Judicial Council?**
- D. Please provide five years of filing and termination numbers.**

SECTION III: REVENUE ENHANCEMENT AND COST CONTROL MEASURES

- A. If supplemental funding was received in prior year, please identify amount received and explain why additional funding is again needed in the current fiscal year.**
- B. If the request for supplemental funding is not for a one-time concern, the court must include an expenditure/revenue enhancement plan that identifies how the court will resolve its ongoing funding issue.**
- C. What has your court done in the past three fiscal years in terms of revenue enhancement and/or expenditure reductions, including layoffs, furloughs, reduced hours, and court closures?**
- D. Please describe the employee compensation changes (e.g. cost of living adjustments and benefit employee contributions) and staffing levels for past five fiscal years for the court.**

SECTION IV: FINANCIAL INFORMATION

Please provide the following:

- A. Current detailed budget projections/estimates for the current fiscal year, budget year and budget year plus one (e.g., if current fiscal year is FY 2012-2013, then budget year would be FY 2013-2014 and budget year plus one would be FY 2014-2015).**
- B. Current status of your court's fund balance.**
- C. Three-year history of your court's year-end fund balances, revenues, and expenditures.**
- D. If the trial courts' application is for one-time supplemental funding, please explain why a loan would not be appropriate.**
- E. The most recent audit findings of fiscal issues and the remediation measures taken to address them.**

Judicial Council Action on Supplemental Funding

The following is a summary of the actions taken by the Judicial Council, at its October 28, 2011 meeting to update the criteria and process for seeking urgent needs funding based on the recommendations of the Supplemental Funding Working Group and the Administrative Office of the Courts. In summary, the Judicial Council:

1. Discontinued the processes for applying for supplemental funding for urgent needs established by *Finance Memos 2002–003 and 2003–005*.
2. Approved a single form, *Application for Supplemental Funding*, for trial courts to use to apply for supplemental funding, including cash advances and urgent needs funding.
3. Approved a revised process for requesting cash advances where requests are submitted to the AOC Finance Director for consideration within 5 business days, as described in the report. Cash advances will initially be provided from the Trial Court Trust Fund allocations approved by the council.

The council adopted (1) a process, (2) criteria and (3) required information for applying for supplemental funding.

PROCESS:

The Judicial Council approved the following process for requesting supplemental funding related to urgent needs:

- a. A request can be for either a loan or one-time funding that is not repaid, but not for ongoing funding.
- b. The submission, review, and approval process is:
 - i. All requests will be submitted to the council for consideration;
 - ii. Requests will be submitted to the Administrative Director of the Courts by either the court's presiding judge or court executive officer;
 - iii. The Administrative Director of the Courts will forward the request to the AOC Director of Finance and the court's AOC regional administrative director;
 - iv. AOC Finance Division staff, including the court's regional budget analyst, will review the request, ask the court to provide any missing or incomplete information, draft a preliminary report, share the preliminary report with the court for its comments, revise as necessary, and issue a final report for the council;

- v. The final report will be provided to the requesting court prior to the report being made publicly available on the California Courts website; and
 - vi. The court may send a representative to the council meeting to present its request and respond to questions from the council.
- c. Beginning in FY 2012–2013, the council will not consider a request for supplemental funding related to urgent needs in the current fiscal year until 90 days after the Budget Act is enacted into law.
- d. Requests to be considered at a scheduled council business meeting must be submitted to the Administrative Director of the Courts at least 25 business days prior to that meeting.
- e. Beginning in FY 2012–2013, the council will allocate no more than 75 percent of the urgent needs monies available for the current fiscal year prior to March 16.
- f. Beginning in FY 2012–2013, after March 15 the council will determine whether to allocate any remaining urgent needs monies. The council can allocate additional funding to courts that prior to March 16 received less than what they requested.
- g. Determined that the council would consider appropriate terms and conditions that courts must accept in order to receive supplemental funding for urgent needs.

CRITERIA:

Only trial courts that are projecting a current-year negative fund balance can apply for supplemental funding related to urgent needs.

REQUIRED INFORMATION:

Courts are required to submit the following information:

- a. A description of what factors caused or are causing the need for funding;
- b. If requesting a one-time distribution, an explanation of why a loan would not be appropriate;
- c. Current status of court fund balance;
- d. Three-year history of year-end fund balances, revenues, and expenditures;
- e. Current detailed budget projections for the current fiscal year (e.g., FY 2011–2012), budget year (e.g., FY 2012–2013), and budget year plus 1 (e.g., FY 2013–2014);

- f. Measures the court has taken in the last three years regarding revenue enhancement and/or expenditure reduction, including layoffs, furloughs, reduced hours, and court closures;
- g. Employee compensation practices in the past five years (e.g., cost-of-living adjustments);
- h. Description of the consequences to the court's operations if the court does not receive funding;
- i. Description of the consequences to the public and access to justice if the court does not receive funding;
- j. What measures the court will take to mitigate the consequences to court operations, the public, and access to justice if funding is not approved;
- k. Judicial caseload backlog; and
- l. Most recent audit history and remediation measures.

