

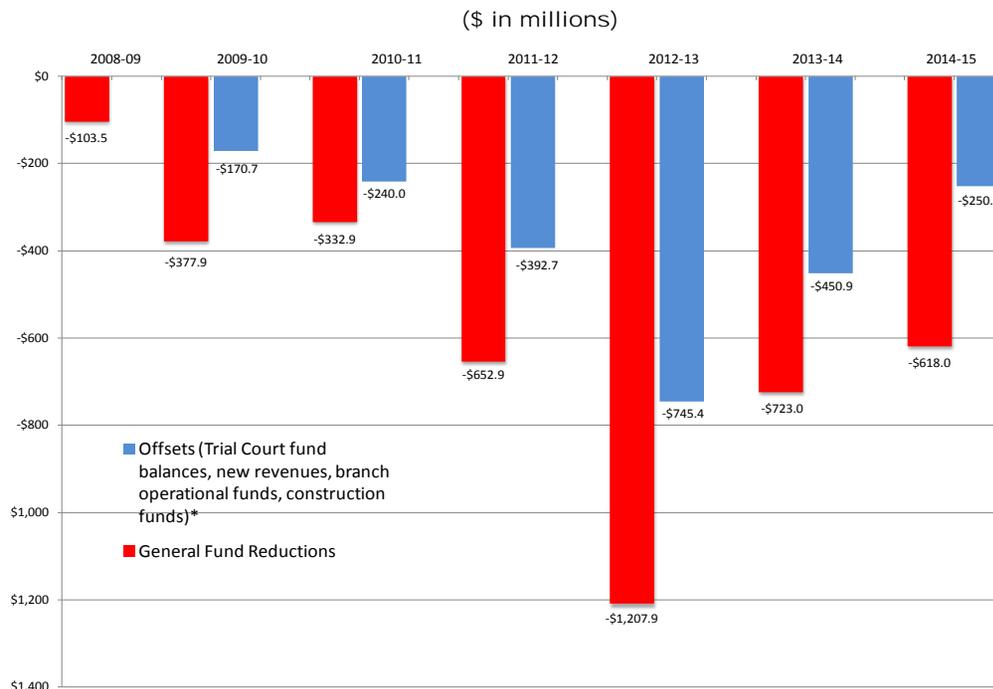
REINVESTING IN CALIFORNIA'S JUSTICE SYSTEM

A Three-Year Blueprint for a Fully Functioning Judicial Branch

California's state court system, the largest in the nation, serves 38 million people. Unprecedented budget cuts since 2008 hamper the people's access to justice. Only one penny of every General Fund dollar supports California's courts—not enough to sustain a fully functioning system. In 2013, courts struggled to maintain services while absorbing a cut of nearly a half billion dollars. One-time sources that softened past cuts are gone. We need a reinvestment in justice; this *Blueprint for a Fully Functioning Judicial Branch* outlines a three-year plan to restore and improve access to justice in California by focusing on four core elements:

1. Implement Access 3D: Physical, Remote, and Equal Access
2. Close the Trial Court Funding Gap
3. Provide Critically Needed Judgeships
4. Modernize Court Technology

General Fund Reductions to the Judicial Branch Since 2008



*The amounts shown as Offsets for 2012-13 and 2013-14 include \$200 million from trial court fund balances.

Reinvestment Needed	
Just to Tread Water*	\$266 million
1st Year	\$612 million
Over 3 Years	\$1.2 billion

*See attachment on *Treading Water*.

Impacts of Cuts to the Public

51 courthouses closed

205 courtrooms closed

30 courts with reduced public service hours

37 with reduced self-help/family law facilitator service

More on impacts at: <http://www.courts.ca.gov/partners/1494.htm>.

REINVESTING IN CALIFORNIA'S JUSTICE SYSTEM—FOUR CORE BLUEPRINT ELEMENTS

1. IMPLEMENT ACCESS 3D

The Chief Justice's vision for multi-dimensional access to justice requires a robust reinvestment in the court system. Access 3D provides for:

- **Physical Access:** Keeping courts open and operating at locations where and when the public needs them.
- **Remote Access:** Increasing the ability of court users to conduct branch business online rather than *in line*.
- **Equal Access:** Providing court services to people of all languages, abilities, needs, and socio-economic levels, reflecting California's diversity.

2. CLOSE THE TRIAL COURT FUNDING GAP

Budget Gap: Based on current workload and case filings, the trial courts need \$2.6 billion to enable a fully functioning court system. The current shortfall stands at \$874.9 million. Including the \$60 million budget increase that began in 2013–2014, trial courts currently receive \$1.5 billion in state funding. They receive another roughly \$200 million in other revenue sources, such as local revenues from fines and fees.

Workload Allocation Funding Methodology: The calculation of the trial court funding gap is based on the recently adopted Workload Allocation Funding Methodology (WAFM), that itself is based on case filings and weighted by case type using the Resource Allocation Study (RAS) Model. The WAFM represents a historic overhaul of how funds are allocated to California's trial courts. Because it is based on a three-year rolling average of filings, and takes into consideration variations in case types and court resources needed for those various case types, it provides an equitable basis for determining funding levels to support trial court functions and help the state's most under-resourced courts. (For more detail, see attachment on Workload-Based Funding for Trial Courts).

1% Fund Balance: Trial courts are unable to adequately maintain local fund balances (reserves) provided for by the Lockyer-Isenberg Trial Court Funding Act of 1997. The 2012–2013 budget required trial courts to reduce any reserves by all but 1% of their previous year's expenditures by July 1, 2014. This requirement threatens to create cash-flow problems for local courts, and inhibits replacing failing equipment and performing long-term planning.

3. PROVIDE CRITICALLY NEEDED JUDGESHIPS

The state's fastest growing counties are facing a critical shortage of judges to hear the cases of our most vulnerable citizens. In 2007, the Legislature authorized 50 new trial court judges. However, the positions remain unfunded and unfilled. A 2012 study showed a statewide need for 314 judgeships. The lack of judges, coupled with ongoing funding cuts, has magnified the access-to-justice problems in historically under-resourced courts. Additionally, 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.

4. MODERNIZE COURT TECHNOLOGY

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 four-year technology plan for the courts. The strategic plan for judicial branch technology will be finalized in May 2014, and will provide a structure, roadmap, and process for managing technology initiatives for which additional funding will be sought.

FUNDING THE BLUEPRINT: 2014–15 to 2016–17

State General Fund support for the judicial branch has been reduced from 56% of the total branch budget in 2008–2009, to just 25% in 2013–2014. Over this five-year period, to make up for lost revenue to the branch and prevent debilitating impacts on public access to justice, user fees and fines have been increased, local court fund balances were spent, and statewide project funds, including \$1.7 billion for courthouse construction were diverted to court operations or the state's General Fund.

The \$63 million reinvestment (\$60 million for trial courts; \$3 million for state level courts) in the judicial branch in the current year (2013–2014) was an important first step that enables the courts to begin to address service impacts from recent cuts. Still, achieving significant restoration of services and access to justice will require the mitigation of the remaining \$472 million in permanent ongoing reductions to the judicial branch since 2008–2009, specifically \$415 million for trial courts, and a combined \$57 million for the Supreme Court, Courts of Appeal, Judicial Council/Administrative Office of the Courts (AOC), Judicial Branch Facility Program, and Habeas Corpus Resource Center (HCRC).

Moreover, in its budget analysis, the Legislative Analyst indicated that these ongoing reductions will increase by more than \$200 million in 2014–2015, given that there will be fewer resources available to the courts (such as trial court reserves) to offset them. This shortfall must be addressed. The \$105 million baseline adjustment in the Governor's proposed 2014–2015 budget is a positive step; however, additional funding is needed simply to maintain current service levels.

YEAR 1 FUNDING DETAILS (\$612 Million)

- **Closing the Funding Gap (\$353 million)** — An additional \$353 million is needed to provide the necessary baseline for adequate judicial branch operations (see p.5 for details).
- **Trial Court Employee Costs (\$96.3 million)** — To cover increased health benefit and retirement costs of trial court employees, \$64.8 million is needed in the budget year (and thereafter). Without this funding, the courts will be faced with reducing services and eliminating even greater numbers of court staff positions in order to absorb these costs into already over-extended budgets. Once the Administration completes collective bargaining with the 21 state executive branch employee bargaining units, a request to provide a mean increase for trial court employees will be submitted. A 2% cost-of-living adjustment requires \$31.5 million for the trial courts.
- **Trial Court Judgeships (\$82.6 million)** — In 2007, the Legislature authorized 50 new trial court judges (AB 159, Stats. 2007, ch. 722). However, the positions remain unfunded and unfilled. The Judicial Council seeks funding for the 50 positions—\$82.6 million for the first year, and \$45.5 million annually in ongoing costs.
- **Court Facilities (\$35.8 million)** — General Funds are needed for \$33.7 million in trial court facility modification projects including major repairs, system lifecycle replacements, and safety related renovations (\$12 million); facility operational costs (\$20 million); and the purchase of insurance to provide for effective risk management and damage and destruction event financing of trial court facilities (\$1.7 million).

In addition, a request of \$2.1 million has been made to address rent increases at state buildings that house the Supreme Court, the First, Second, and Third District Courts of Appeal, and the Judicial Council/AOC. Given the significant reductions already absorbed by the courts, if not funded, these additional rent increases will result in further erosion of branch operations and services.

- **Dependency Counsel (\$33.1 million)** — Parents and children involved in court dependency proceedings rely on court-appointed dependency counsel. The fund that serves this need is inadequate and the Judicial Council seeks to permanently increase the budget for court-appointed dependency counsel for parents and neglected children by \$33.1 million per year to reduce caseloads from the current rate of 250 clients per attorney to 188. The American Bar Association recommends 100 clients per attorney.
- **State Judicial Branch Employee Costs (\$6.3 million)** — To cover increased health benefit and retirement costs of judicial state branch employees in the Supreme Court and the Courts of Appeal, \$2.2 million is needed in the budget year (and thereafter). Once the Administration completes collective bargaining with the 21 state executive branch employee bargaining units, a request to provide a mean increase for all judicial branch employees will be submitted. A 2% cost-of-living adjustment requires an infusion of \$4.1 million for the Supreme Court, Courts of Appeal, Habeas Corpus Resource Center, and the Judicial Council/AOC.
- **Appellate Court Justices (\$2.3 million)** — Due to increased workload, two additional appellate court justices are needed in Division Two of the Fourth Appellate District. The Judicial Council seeks funding for the two new positions at an estimated cost of \$2.3 million for the first year, and \$2.1 million annually in ongoing costs.
- **Habeas Representation (\$2 million)** — A request of \$2 million for the Habeas Corpus Resource Center will add 26 positions to address the increased number of death penalty cases requiring capital habeas representation.
- **Supreme Court Workload (\$913,000)** — \$913,000 is needed to provide the Supreme Court with additional resources to address mandated workload.

LOOKING AHEAD — BRANCH FISCAL MANAGEMENT

Baseline Budget Adjustment — Given the current level of and method for funding for the branch, neither the state level judicial branch entities nor local trial courts can adequately maintain operations or absorb annual increases in employee health benefits and pension costs. A mechanism to provide stable and reliable funding for the branch, which will include some level of annual adjustment, must be determined.

FUNDING THE BLUEPRINT: 2014-15 to 2016-17

Reinvestment

	\$150 m from 11-12	\$125 m from 12-13		WAFM Shortfall	\$18.5m Other Operational Considerations	Less \$3.025m already provided in 2013 Budget Act	Net Construction Need		
							Net Support Need	Need	
Supreme Court	\$ 285,000	\$ 514,000			\$ 4,971,000	(\$500,000)	\$ 5,270,000		
Courts of Appeal	1,265,000	2,163,000			11,666,000	(2,375,000)	12,719,000		
Trial Courts ¹				\$ 874,881,000			874,881,000		
JC/AOC	3,672,000	1,063,000	\$ 5,000,000				9,735,000		
Facility Program	77,000	40,000	\$ 5,000,000	\$ 50,000,000			5,117,000	\$ 50,000,000	
HCRC	291,000	220,000			1,870,000	(150,000)	2,231,000		
Total Reinvestment	\$ 5,590,000	\$ 4,000,000	\$ 10,000,000	\$ 50,000,000	\$ 874,881,000	\$ 18,507,000	(\$3,025,000)	\$ 909,953,000	\$ 50,000,000
							\$ 959,953,000		

	3-year Implementation Plan		
	14-15	15-16	16-17
Total Reinvestment²	\$ 353,319,000	\$ 656,638,000	\$ 959,953,000

Other Critical Funding Needs (General Fund Only)			
Trial Court Employee Costs^{3,4}	\$ 96,286,000	\$ 96,286,000	\$ 96,286,000
Trial Court Judgeships	82,643,000	45,479,000	45,479,000
Court Facilities	35,799,000	35,799,000	35,799,000
Dependency Counsel	33,100,000	33,100,000	33,100,000
State Judicial Employee Costs⁴	6,292,000	6,292,000	6,292,000
Appellate Court Justices	2,327,000	2,125,000	2,125,000
Habeas Representation	1,989,000	1,989,000	1,989,000
Supreme Court Workload	913,000	913,000	913,000
Total Critical Funding Needs	\$ 259,349,000	\$ 221,983,000	\$ 221,983,000

Total Reinvestment and Other Critical Funding Needs - 3-year Implementation			
	\$ 612,668,000	\$ 878,621,000	\$ 1,181,936,000
Supreme Court	3,161,000	4,918,000	6,674,000
Courts of Appeal	9,020,000	13,058,000	17,297,000
Trial Courts	472,192,000	726,655,000	1,018,281,000
JC/AOC	4,342,000	7,587,000	10,832,000
Facility Program	85,592,000	87,298,000	89,003,000
HCRC	2,832,000	3,576,000	4,320,000
Judicial Branch Salaries	35,529,000	35,529,000	35,529,000

¹ The reductions for the trial courts are not identified separately because they are addressed in the WAFM shortfall amount of \$874.9 million.

² Included in these amounts is \$4.2 million General Fund (plus \$1 million other funds) needed to eliminate furloughs at the Supreme Court, Courts of Appeal, Judicial Council/AOC, and HCRC.

³ \$29.3 m of trial court benefit costs was funded from the Trial Court Trust Fund in 2013-14 on a one-time basis, as the TCTF does not have sufficient revenues to fund these costs on an ongoing basis

⁴ These figures do not include any cost increases in future years.

TREADING WATER

A SNAPSHOT OF ADDITIONAL RESOURCES NECESSARY IN 2014–15 JUST TO MAINTAIN CURRENT JUDICIAL BRANCH FUNDING & SERVICE LEVELS

Budget Year Shortfall

“While the Governor’s [14-15] budget provides an additional \$100 million in ongoing General Fund support for trial court operations, these funds may not result in a substantial restoration of access to court services. ... [A]pproximately \$200 million in one-time solutions previously used to offset ongoing reductions from prior years will no longer be available in 2014-15. Thus, trial courts will need to take actions to absorb this on an ongoing basis, which could include further operational reductions.

—Legislative Analyst’s Office: The 2014-15 Budget: Overview of the Governor’s Budget

Because the previous year’s budget supplemented state appropriations with \$200 million in trial court reserves (fund balances), the **2014–15 budget must be increased** by that amount in addition to amounts representing uncontrollable cost increase in order to preserve current, but less-than-adequate, service levels.

Funding Necessary to Maintain Current-Year Service Levels

\$197.3 million to offset previously available reserves. In 2012–13, the trial courts spent-down \$207.2 million to offset budget reductions. In 2013–14, the spend-down is projected to equal \$187.4 million, producing a two-year average of \$197.3 million, representing the annual use by the trial courts of reserves to maintain service levels when allocations have been cut. Consistent with the assumption in the Governor’s 2013–14 Budget, reserves will be unavailable in 2014–15.

\$67.1 million in employee health benefits and retirement cost increases, consistent with baseline adjustments afforded executive branch agencies (\$64.8 million for trial courts, \$209,000 for the Supreme Court, \$1.0 million for the Courts of Appeal, \$747,000 for the Judicial Council/ Administrative Office of the Courts (AOC), \$99,000 for the Habeas Corpus Resource Center (HCRC)).

\$2.1 million in Department of General Services rent increases for Supreme Court, Courts of Appeal, and Judicial Council/AOC facilities.

\$266.5 million *Total General Fund reinvestment required.*

-\$105 million General Fund allocation in Governor’s 2014–15 Proposed Budget.

\$161.5 million Amount by which the judicial branch budget will effectively be reduced in 2014–15, if the Proposed Budget is not augmented.

Additional Key Considerations Regarding the Status Quo

\$5.2 million in additional funding (\$4.2 million General Fund and \$1 million other funds) is needed in order to eliminate furloughs that have been in place for five years at the Supreme Court, Courts of Appeal, Judicial Council/AOC and HCRC.

\$35.5 million in additional funding is needed to provide a 2% cost-of-living adjustment to all judicial branch employees, consistent with potential increases to be provided to executive branch employees; this funding would be divided as follows: \$31.5 million for trial courts, and \$4.0 million for the Supreme Court, Courts of Appeal, Judicial Council/AOC, and HCRC.

WORKLOAD-BASED FUNDING FOR TRIAL COURTS

The Resource Assessment Study Model (RAS) as a Foundation for the Trial Court Workload Allocation and Funding Methodology (WAFM)

The Workload Allocation Funding Methodology (WAFM) provides a budget development and allocation process for annual state trial court operations funds. The Resource Assessment Study (RAS) model is used as the basis for this process. Because court workload primarily consists of case processing, using a workload-based funding allocation model is the most equitable means of distributing resources. The annual estimates produced by the RAS model identify different funding needs across courts based on workload composition (e.g., workload-intensive felony cases are weighted more heavily than infractions cases) and filing patterns over time.

What is the Resource Assessment Study (RAS) Model?

- A weighted caseload model used to estimate staff resource need in the trial courts.
- Considered the gold standard in trial court workload evaluation; version used by 14 other states.

How Does It Work?

- Caseweights (time required for processing 20 different case types) are multiplied by a three-year average of filings, then divided by an average staff year (amount of work time available).
- Result is an estimate of operations staff need for case processing work.
- Workload need for managers and supervisors and administration staff is assessed using ratios, then added to staff need to estimate total need.
- Staffing needs are converted to a funding need estimate for each court through the WAFM process.

(Non filings-driven staff (e.g., enhanced collections, interpreters, or security), are not included in the RAS model, but are accounted for in the budget development and allocation process.)

What's Good About the Model?

Solid methodology

- Developed with guidance and support from national experts.
- Time study conducted with 24 California trial courts from all geographic regions, over 5,000 case-processing staff, 20 individual case types.
- Data collection methodologies captured case-related and non-case-related workload.

Massive data collection and analysis between 2010 and 2012

- 100,000 + data points from 16 time-study courts; 1,000,000 + minutes of data from 8 other courts; aggregated to construct a composite of case processing.

Quality adjustment phase

- Survey to factor in contracted services or paid/unpaid noncourt staff performing some portion of case processing work.
- Court site visits and sessions with court groups to validate data and refine recommendations.
- Validation by National Center for State Courts (recognized leader in court workload analysis).

For More Detail & Staff Need Projections Based on Most Recent Filing Data: California Courts Website: <http://www.courts.ca.gov/12922.htm>