

The Judicial Council of California is the constitutionally created policymaking body of the California courts. The council meets at least six times a year for business meetings that are open to the public and audiocast live via the California Courts Web site. What follows is a formatted and unedited transcript of the meeting of May 17, 2012. The official record of each meeting, the meeting minutes, are usually approved by the council at the next business meeting. Much more information about this meeting, the work of the Judicial Council, and the role of the state court system is available on the California Courts Website at <http://www.courts.ca.gov>.

>> To briefly instruct us this is our first time for a judicial council meeting in this room. Please.

>> Thank you, chief. As the chief mentioned I'm Nick Barsetti with the emergency security because it's an unfamiliar location I would like to go over the emergency procedures. In the event we're ask to shelter in place I'd ask everyone to exit the rooms through the double doors in front and we're going to congregate in the pre-meeting area that will be our shelter area until we're given the all-clear. In the event we're asked to evacuate the building I'd ask everybody seated to the tables to my right to exit these doors and through the pre-meeting area, that's going to lead to the front parking area. Everybody seated to the left will exit the rear of the room going to go through the double doors and down a hallway down to the right ide and that stairwell is also going to take you to the parking lot in the front of the building. If there are any questions or if you lose your way, look for the gentleman in suits with lapel pins or my unit with the highway patrol judicial protection section and once you're in the parking area you're going to be directed to the staging area by the members of the building disaster team in their orange vests. Thank you, chief.

>> Thank you, Mr. Barsetti.

>> This is a special meeting of the judicial council of California, May 17th, 2012, now in session. Before we begin I'd like to make my usual announcements regarding our meetings and make a few comments before we invite the speakers to give public comment on our subject matter today. Council meetings are audiocast live with real time captioning on the California courts website. For the benefit of the online audience and also for council members joining us by telephone, I'll have -- a report in who is joining us joining us by telephone in a minute I remind members to speak in the microphones and address each other by name. As I indicated before we invite our public comment speakers, I do have some brief comments about today's meeting. I do want to thank council members for accommodating the special meeting in their busy calendars. As we all know this is our second unscheduled meeting this year. I think it's the increased frequency of our meetings is the one occasion of the number and the complexity of the challenges facing not only the judicial branch but the state as a whole. The purpose of the meeting today is to assess the impact of the governor's May revised proposal on the judiciary and the trial courts. The judicial court has graciously to join us on the first discussion item to review

the proposal and answer any questions about it. And I'm grateful to for her appearance here today and for her willingness to work today on minimizing the harm any of these reductions will have on the public. We will then proceed with various perspectives on the impact of the proposed budget cuts on court construction projects, on services provided by the administrative office of the Court, on the trial courts and on the bar. The leadership of the judicial council during the state fiscal crisis has been true to the mission of the judiciary consistent with branch goals and I think steeped in the pragmatism that comes with four conservative years of a state financial crisis. The council and court leaders have been so successful in protecting essential Court Services and the trial courts that from the governor's perspective the trial courts have largely been held harmless from budget reductions. Of course, over the last three years through a combination of one-time fixes and reallocation of resources, the council sought to minimize the impact on the reduction of the Court but those solutions are unavailable to us this year. Presiding judges and court executives who have had to cut programs, impose furloughs, close courtrooms and sadly order staff reductions don't believe that they have been held harmless by reductions in prior years. Nor, do the court employees who have lost their jobs in the last two years over these economic downturns. This year as you know will be different. The governor has called for a 544 million general fund reduction. Offset by a 300 million in local fund balances and moving 240 million from court construction funds. In addition to these reductions the governor's revised proposals for court construction priorities, establishing a statewide reserve and establishing a working group to conduct a comprehensive evaluation of the state's progress in achieving the goal of the statewide funding. I was disheartened, of course, like all of you by the extent of these reductions called for in the governor's proposal. However, our state is in crisis. The courts are in crisis. And we are called on to make very difficult decisions that will affect the people we serve for years to come. This will test not only our abilities and experience but also our characters and now more than ever is the time for unity about the judicial branch. We do have several comments that have been submitted to us in writing. These have been distributed to council members and are also posted online with today's agenda and other meeting material. As you can see from your handout the written materials received are from a Michael A. Tozzi court executive officer from superior court of California county of Stanislaus. Written comments from Mr. Ray Pelman, Ms. Elizabeth Woods out of Vallejo and Mr. David Farrar, attorney-at-law an attorney out of Los Angeles. We also have a series of requests from individuals to address us today. We have a final list in front of us. At this time then starting public comments I invite Judge Steve White, alliance director to come speak to council for approximately 5 minutes. Welcome, Judge White.

>> Thank you. Definite

>> I appreciate the opportunity to speak to you regarding the budget crisis we are dealing with. I think that the best model for understanding this crisis is a two layered cake the first layer is something that we have no control over whatsoever and that is the economic situation of the world, of the United States, and particularly of California. That is the context within which the

budget which the governor has announced must be dealt with. The second layer of the cake we have no control over that first layer and anybody who thinks there's more money coming out of that first layer I think is sorely mistaken. And is betting wrong if that's going to be their strategy for going forward. The second layer is the layer over which we do have control. It's how the money within this branch is allocated, what the priorities are and how those priorities are decided.

For a decade and a half, those priorities have in the court's view -- many of the courts in the alliance of California judges or whom I speak has been the priority of the administrative office of the courts. Sometimes good priorities, sometimes bad priority but nonetheless a separate entity entirely not constitutionally created, not mandated, not required that is not the courts. And the judicial council -- this body of people, some of you personally who have sat on this council during those times and some of you who I've spoken to you before has been the cat's-paw for the administrative office of the courts. The administrative office of the courts has devised a strategy, has set the values has concluded how the money ought to be spent and this body has historically ratified the will of the AOC. In December of 2010, I came before you as presiding judge as a Sacramento superior court and implored you not to supervisor yet another \$106 million from trial court funding to the failed and now collapsed CCMS project. I told you at that time incoming governor had announced that he would have significant cuts. And those cuts would affect our branch as well. But the people -- many of you were on this council at that time, some of you were new looked at me and said, no, that isn't going to happen. I also said the money shouldn't be spent on CCMS, whatever money there is regardless of what cuts the governor imposes and the legislature imposes, but you concluded that CCMS was a good priority. And the point I made at that time to you was that in February of the coming year, only two months away the state auditor was going to release a report on CCMS and I thought and I was right it would be a very critical one. This body concluded in favor of CCMS funding of taking trial court funds and taking them out of trial courts and putting them into CCMS which was a priority of the administrative office of the Courts and not a priority of the courts. I think that we were right, those of us who told you that the budget crisis was going to be worse than ever and continuing to worsen until we get out of the overall economic doldrums and I think we were obviously right in what we said about CCMS. Over a half a billion dollars was put into CCMS and other millions of dollars were put into other priorities that were not the courts. Regardless of the arrant ways of the past and regardless of the mistakes that have been made by this council historically and simply being the hand maiden to the AOC, simply doing the AOC's bidding, the time has come to stop and change that. The administrative office of the courts is not the courts. A week doesn't pass that we don't read about courts closing and people being laid off and dismissed in the states courts. A week doesn't pass that there isn't a contraction of the availability of courts for the people of the state of California. You do not see that kind of contraction or reduction or trimming back of the administrative office of the courts.

>> Judge White, one minute.

>> Thank you, Chief Justice. You still see house counsel of over 100 people and outside contracts of law firms. You still see educational divisions of over 100 people. The time has come to cut the administrative office of courts to its core essential functions whatever those are at least a 75%, at least freeing up \$75 million to keep courts running, eliminate the regional offices and focus on the real courts. There will be intonations with speaking of one voice. We've already heard some of this from the Chief Justice today and I agree an abstract concept of speaking with one voice but that will not happen in the judiciary until that one voice is the voice of the judiciary and not the voice of the administrative office of the courts. It will not happen until we have a judicial council that represents judges rather than represents the interests of the administrative office of the courts. There's no more money coming. We must find the best way to spend and allocate the money we have. And every dollar that goes to the AOC is a dollar that isn't spent on running courts and keeping courts open for the people of the state of California. Thank you, Chief Justice, and members of the council.

>> Thank you, Judge White. Next we'll hear from Mr. Michael Tozzi.

>> Good morning, chief. Members of the council, colleagues, distinguished guests. Today I have with me our presiding judge, Ricardo Cardova and also our assistant CEO Rebecca Fleming. I've been with the judicial branch since 1974. I was hired by Dr. KLEPPS right out of Dorothy Nelson's judicial administration program out of USC. I'm also a former member of this distinguished body serving for two years in 1993 and '94. I strongly believe in the separation of powers and the inherent power of the courts to conduct and control its business. The superior court was one of the original 17 courts designated as historically underfunded. The original resource allocation study or RAS was beneficial to our court for a time. We've always been a lean court, however. We've allocated court resources, for example. We have four judicial secretaries and three research attorneys for 24 judicial positions. The RAS with some modifications could very well be part of the solution for the trial courts in this difficult time. In 2010, '11, we heard a warning from the administrative office of the courts about '12, '13, the warning was that the offsets that we received for two conservative fiscal years would dry up in fiscal year '12, '13. Following that meeting, we did a paradigm shift in our thinking. We went from a let's survive from year-to-year mentality to we better start operationalizing the cuts that are coming down in '12, '13. Thus, we began planning several years ago for the crisis that is now upon us. The next paragraph of the letter enumerates twelve things that we did as a court. I'm not going to read them to you, but you can see incentive programs, reducing expenditures, re-engineering processes, automating processes, closing branch courts, giving layoff notices, not negotiating COLAs, et cetera, all of that and more allowed us to build up a budget reserve or a fund balance which we had planned for us to meet these known cuts that were coming in fiscal year '12, '13. In July, '2012, our fund balance or our budget reserve will be depleted by 50%.

That depletion will be the result of using that fund balance to meet the known budget cuts that will be made in '12/13 or for our court approximately \$3.5 million. The remaining 50% are designated funds which will meet statutory reserves, et cetera. We also have an emergency reserve and we were going to use that if the trigger was not part of the budget reduction announcements. We believe that our planning and our current resources would allow us to meet the proposed budget reductions without significant further reductions to our operations, to our employees or the services that we provide our public. However, if our fund balance and our emergency reserves are swept, then all the good planning and our proper administrative work will be for naught. What is worse, all we have left to cut are people. It tears us up emotionally to consider the horrendous and devastating impact that further staff reductions would have on our employees' lives and the level of service that we pride ourselves in giving to the public on a daily basis. To that end, our suggestion is to utilize the AOC reserves to assist all of the trial courts to meet the newly announced \$300 million budget reduction scheduled for '12, '13 and to allow those courts with fund balances to utilize them in order to meet the ongoing budget reductions also scheduled for '12, '13.

>> Mr. Tozzi, 30 seconds.

>> Thank you. Thank you very much.

>> Thank you, sir. Next we'll hear from Mr. David Farrar.

>> Good morning, Honorable Chief Justice, honorable members of the judicial council. My name is David Farrar. I don't have an official position with the courts or with any government. I'm just an attorney. I've been a member of the California State Bar since 1973. I'm now more or less retired, but in Los Angeles alone, it's been announced that they're going to close 56 courts and lay off over 350 people effective in the coming fiscal year. I think that's a great hardship for the county and a great tragedy for our judicial system. And I share your concern that this is something that is an emergency and also needs to be addressed. Thank you for letting me share what I believe is a modest proposal that this judicial could take immediately which might help local court, trial court revenue. The reason we are here today is that, quite frankly, the state is out of money. The governor's budget, as the Chief Justice indicated, is cutting several hundred million dollars, from the courts. One argument against taking money away from education and giving more money to the courts is the fact that court-ordered debt, which remains uncollected by local trial courts currently exceeds \$7.7 billion. Let me repeat that. Uncollected court-ordered debt currently exceeds \$7.7 billion. Now, why in the world would I know that or even want to talk about it? One of my clients for the last six years is in the business of collecting government receivables, exclusively for governments. The client provides the service strictly on a contingency basis and I'm not here marketing their services. But the client currently collects court-ordered debt on behalf of local trial courts throughout the United States. Government

clients in California include the county of Los Angeles, the city and county of San Francisco and several other entities. However, my client does not currently collect any court-ordered debt for any local trial courts in California because? Whenever they try to market their services to local trial courts, they always encounter the same excuse. Why would we care whatever additional revenue we collect just goes to the AOC and the judicial council? Quite candidly, that gives them no incentive to do better in collecting the \$7 billion. I researched the law. Code section 77205 actually says that. It says in any year in which a county or a court collects excess revenue, 50% of the excess transferred to the state for deposit in the trial court improvement fund, 50% remains in the county general fund. The local courts get almost nothing of any additional monies collected. Now, that's what the statute says. However, this judicial council could change that effective immediately. The statute goes on to provide that the judicial council shall allocate 80% of the amount deposited in the trial court improvement fund among and it gives three options, and the first option is the trial court in the county from which the revenue was collected. What this means is that the judicial council could immediately, even today, issue a simple directive to the AOC and the local trial courts which would result in 40% of additional revenue collected by the local trial courts actually being retained by the local trial courts which make that extra effort to collect this additional revenue.

>> Mr. Farrar, we have your letter that points this out.

>> Thank you. I do want to point out my letter does set forth and reports the code sections that I've referenced in my remarks. But, quite frankly, in these tough times, I think the judicial council needs to be mindful of the fact that \$7.7 billion and collected court-ordered debt is just too much potential revenue for the local courts to keep sweeping under the rug. Thank you.

>> Thank you, sir. Next we'll hear from Ms. Karen Norwood.

>> Madam Chief Justice, judicial council, my name is Karen Norwood. I am president of AFSCME local 332 and secretary of council 36. I am here representing the superior courts. The governor's proposed budget cuts presents an unprecedented crisis in our courts. Without a doubt access to justice across the state is going to be limited even further than it is. Our priority now must be to keep the courtrooms open which means streamlining wherever possible. All nonessential operations must be closed down and every penny redirected towards trial court funding. I would like to point out some of the waste that can no longer be tolerated, much of it coming from the AOC. The AOC wasted a half a billion dollars on CCMS. The AOC has grown too big. There are -- they are bureaucracy out of control. In the past 14 years, the staff has more than tripled. From 245 to 960 employees. And that doesn't even include over 100 employees and outside contractors. The AOC maintains and operates a full-fledged so-called news studio complete with cameras and staff. The AOC has over 100 attorneys on staff, at least some who are allowed to telecommunicate to work, one from Switzerland. With all those attorneys on staff,

they really send lawyers to court preferring instead to contract with outside counsel at an additional cost. The AOC employees a well paid scholar in residence who resides in Virginia, not even in California. And since 2006 a judge in residence, the education division of the AOC runs a full-fledged of 100 employees, 21 council members are flown into San Francisco for council meetings, and their room and board is also an additional expense. The AOC pays the national center for state courts an annual fee well over \$800,000 so far this year. The 30 highest paid AOC executives contribute nothing towards their retirement. The AOC should reduce to only those functions that are mandated by law. There is a place for the basic functions for the AOC, but the legislature must cut the AOC's budget allocations substantially and redirect the monies to the trial courts themselves. The AOC legal department education department, public relations, government affairs, I.T. department as well as the executive programs should either be eliminated or scaled back dramatically. Again, every dollar we have needs to go directly to make sure that our citizens have access to courts. That means keeping courtroom doors opened and courts staffed. Court staff makes courts run. If we cut the staff, we will no longer be able to keep justice moving forward. I thank you for listening to me.

>> Thank you, Ms. Norwood.

>> Next we'll hear from Mr. Adam Acosta.

>> Good morning, madam Chief Justice, and members of the AOC. My name is Adam Acosta. I'm assistant executive director of council 36 in Southern California. We represent over 3500 court workers in California. California mostly in Los Angeles. These folks are critical to the day-to-day operations of the Court. Most of you work side-by-side with them. They're court live reports, research attorneys, people in the I.T. decisions they're sort of the busy bees that really maintain the operations of the Court along your side. Without these folks, as most of you know, it would be very difficult to serve the folks in the state. And throughout their communities. We at the local level and I see this a lot in Los Angeles, these lines of which they either have to pay fines or filing documents are getting longer and longer. I don't know when was the last time any of you walked by your halls and saw the line to pay a traffic ticket. I mean, you're talking 35 to an hour wait in Los Angeles. So the thought of reducing revenue or resources to local courts is very daunting and very scary to the local -- to the local courts as well as to the local communities. Without reiterating the courts -- without reiterating the governor's May revise, let me just highlight a couple of things that AFSCME is suggesting to the legislature as well as to you today. We are in favor of extending S.B.857. We certainly would like to see the permanent reallocation of court funding into the trial courts. Without folks, there's no purpose in building courtrooms or courthouses to man those courts, so we would like for you to look at that with a critical eye. These layoffs, a few years back, we had alternative work schedules, furloughs. We would urge the court to look at that as a possible alternative to mitigate cuts in services. Or really cut and lay off of court employees. We also would urge for you to look at

utilizing your own reserves to back-fill the local deficits as part of the court budget for next year. As always, AFSCME stands to work with you. And with the legislature and with the governor, and that is still the case today. It just makes it a little bit more difficult year in and year out for our members, your employees to talk to our friends in the legislature, to come up here when we read and hear about sort of the -- I wouldn't say injustices but sort of like the reckless behavior of particular the items both Karen Norwood mentioned and Judge Lambke in his article the other day in terms of just court staffing and whatnot. We would implore you to look at that and -- to make sure that you leave no stone unturned, to make sure that every penny that you find is directed to local courts to keep those operations. So as always, we welcome the opportunity to work with you, to work with the legislature and the governor to make sure that justices serve properly and judicially to the people of California. Thank you again.

>> Thank you, Mr. Acosta. That concludes our list of speakers. I thank you all for your comments at this very difficult time facing the state and the branch. As to our agenda item, consent agenda item A passes. It was not removed from the consent agenda so that brings us now to our discussion agenda item B and this is the discussion of the governor's May revision of the proposed fiscal year '12, '13. As I moved Ana Matosantos to have a seat at the table, I would like to ask those council members listening by phone to please state your name and afterward, then mute your phone button. (Listing of names.)

>> Good morning, thank you for joining us. Ana Matosantos we welcome you and we appreciate you being here and -- appearing in person to do that and the floor is yours.

>> Thank you, chief. And thank you, members of the judicial council. Can you hear me okay?

>> A little louder.

>> Is this better?

>> No.

>> All right. I'll just be loud. I'll be okay. So thank you -- thank you, chief. Thank you members of the council, I appreciate the honor to come before you. And if I may, with your indulgence I would like to provide a little background on the budget and before I get to that, I just wanted to reiterate first, you know, the governor's appreciation recognition of the independence of the judiciary, of the independence of the branch, of the independence and the importance of the branch as it relates to, you know, administering the rule of law toward democracy and as we look at the rule of law and as we look at the constitutional obligations before the governor and before the legislature, enacting a balanced budget is a constitutional requirement for the legislature and

for the governor and it is that difficulty in light of our reduced revenues and other challenges that brings us to some of the difficult reductions and difficult topics that we've talked about before and that we'll be talking about today. So if I may, I appreciate the opportunity and want to talk a little bit about some of our challenge. All right, let's see if I can actually run this thing. How do we get the -- can I get some help with this. I'll try to get a slide on. There we go. When governor brown came into ouch the state faced a \$26.6 billion budget deficit and it faced a budget problem of about \$20 billion each year in terms of the ongoing gap between expenditures called for under law and revenue. The making of that budget deficit was many fold. First, the state had an underlying budget problem coming into the recession so we had a structural deficit of about \$7 billion coming into the recession. Then the recession dropped tax revenues by 24%. Those revenues have not yet recovered. It's going to be -- several more years before revenues, general fund revenues, are back to where they were in 2007, '8. And budgets in the last decade relied on a lot of short-term solutions, solutions that did not non-materialize and temporary fixes and as such with 75 to 80% of those prior solutions being temporary one-time or not occurring, the budget problem the governor faced when he came into office was \$26.6 billion and \$20 billion each year. Last year, the budget made substantial progress and a lot of that progress came with a lot of difficult challenges for the judiciary budget to balance the state budget. The budget made very deep spending cuts, \$16 billion. Billions of those spending cuts occurred when the taxes previously in effect were not extended. That included \$150 million in additional reductions to the judiciary as you know. Today, the ongoing budget problem has been reduced from an ongoing problem of \$20 billion to about \$8 billion. As a result of all the reductions that have been made to date, general fund spending as a share of our economy is down to where it was in 1972, '73. And if we look at total spending, total spending is also a very low levels, levels that we've generally only seen at comparable levels during the recessionary periods in the 1980s and '90s. As you know, I'd like to take an opportunity to talk a little bit about some of the other reductions that have been made in the budget to date. As you know, noted to reduce that gap from \$20 billion to \$8 billion very difficult reductions across state government and to a whole host of services. Entire programs have been eliminated including refundable child care independent credits, redevelopment agencies, adult day health care and other services across the state. The state has reduced state government by 15,000 positions. The governor's May revision actually doubles that number and reduces -- permanently reduces the state's workforce by 30,000 positions. The state has eliminated 20 different entities and that number under the governor's proposal would go to more than 80. The Department of Corrections and rehabilitation expenditures will be reduced by \$1.5 billion. That reverses a trend where the Department of Corrections accounted for a greater account for general fund spending in the past. It had risen to general fund expenditures on the part of the department corrections. It will reduce the trend and bring down that spending at 7.5 percentage of the general fund. I bring that up because it's those types of reductions that will -- that will help the state manage its budget in an ongoing manner but it will also provide more sustainable consistent funding to other priorities like the courts and education. State grants for low-income and persons with disabilities

have been reduced to the effect of 1983. They've been reduced by \$156 or 30%. And this is the grant that's provided for individuals who are living at the poverty level. Call works have been reduced to the 1987 level. General supports for the state of university has been cut by approximately 25%. Some of those reductions have been offset by fee revenues. And some of the tuition increases we've seen. K-12 remains \$9 billion below the level in effect in 2007, '8. As a result of all these actions, the annual budget shortfall has been reduced by more than half from 20 billion to \$8 billion. The governor's May revision closes that gap in each year under the projections as well as balances the problem for this coming year in '12, '13. The May revision, you know, why are we here? The May revision essentially updates the problem definition that we were looking at in January. So the governor's January budget balanced the \$9.2 billion budget gap estimated at that time and at that time as you know we were not contemplating continuation of last year's reductions but not contemplating additional reductions to the judiciary as part of the proposal in chief. However, it turns out our revenue projection was too high. That the loss of those revenues contrary to how it usually works actually triggers an increase in proposition 98. And we also have some losses of property taxes that have further increased general fund costs in the area of education. The federal government, both the federal administration as well as federal courts have blocked a number of cuts. And the combined effect of those pieces minus cheeses of caseload and reimbursements etcetera, means today the governor is looking at balancing a budget of \$15.7 billion in order to rebuild the required reserve we're looking at \$16.7 billion of total solutions.

The governor's proposal has a balanced approach to close this gap. It looks at \$8.3 billion in additional cuts. \$5.9 billion in revenues, \$2.5 billion in other proposals. The bulk of those ongoing cuts are in areas in health and human services so there's about \$1.2 billion in reductions to the Medi-Cal program. There's about \$900 million in reductions to the Cal works program. And as I mentioned, that's reductions on top of where the grant levels are today. We're looking at additional reductions to child care programs, changes through proposition 98 guarantee as well as the difficult cuts through the judiciary that I will speak to. The governor's budget assumes revenues from the initiative without those revenues, additional cuts would be necessary. And the budget also brings us -- stabilizes the budget, balances the budget in an ongoing manner and allows the state to repay its budgetary debt. An important thing to do to -- in light of our -- you know, our continued problem, \$5 billion is a problem that we face today is associated with the decisions of the past borrowings in the past and other things that have added to our deficit. So avoiding that type of decision in the future and paying down those obligations is important to rebuild our fiscal capacity.

We take a look in developing May revision. First we stepped back and looked at where is funding today? As you mentioned, chief, many actions that you have taken in the judicial council as well as actions by the legislature have had the effect of -- while the general fund for support for the courts has reduced substantially, you've identified a variety of other sources, somewhat on a several basis to an ongoing basis back those reductions. Based on our look of it, when we where was the trial court program before we came to the economic recession compared

to where it is now, we see that even after the May revision reductions, trial court funding would be 1.5% above the 2007, '8 level. Today, it's 7% higher than it was in 2007, '8 and as we look at other components of the judiciary, we see that the budget for the Supreme Court, the budget for the courts of appeal, the budget for the judicial council are all reduced from the level it affects before this budget challenge became particularly pronounced. As we -- as we looked at the need for additional reductions, we took a couple of -- we looked at a couple things. One was, what is the, you know -- where are we relative of implement reforms put into place in the 1990s? What is the role of local reserves in the context of a state-funded local court system? And what are some of the approaches that we might have available for achieving savings in a manner that minimizes the impact on court operations where possible? We know that -- we know that much - - many reductions have been made, that costs have risen and that you've been doing with a lot of these difficulties but we see based on our that you've done a good job of trying to protect the trial courts where possible. And we see that -- the trial courts have substantial reserves that we think are available to help us achieve some general fund savings while also being able to protect those court operations. So a couple of principles, maintaining local reserves is a lower priority in light of the state's fiscal challenges and, in fact, we go a step further and believe the local reserve system should be modified and I can talk about that in about 15 seconds. Second, core construction program. We believe it should be reduced and it should be delayed to help fund court operations. And to achieve additional savings as we're looking at all the other difficult choices that this budget presents us with. And the last piece is we believe that there are some elements where it makes sense for state employees working for the judicial branch to be similarly to other state employees in comparison to state contributions. So government proposals in the governor's May revision it achieves \$544 million in savings. The bulk of 5 -- the bulk of that is one-time savings we're looking at \$125 million of ongoing savings, the bulk -- the bulk of the reductions that was mentioned is one time. So on the area of trial court reserves, the May revision proposes to restructure trial court reserves that essentially says, look, if we have a state-funded local court system we should have a state level reserve that is managed by the council that is available to a local trial court based on rules that are uniformly applied across the state, where you look at, you know, emergencies that arise, inability of a local court to be able to achieve savings and have those dollars available to deal with those emergencies to be able to maintain access to justice but not having -- but having that as a state-wide -- not having the diversity that we find today kind of consistent with some of the principles in our judgment of trial court reform and the interest in having equal access to justice across the state. So we look at creating a statewide reserve of 3%, why 3%? Because that's consistent with reserve requirements in other areas. And we believe it's a sufficient level to be able to deal with some of the issues that may arise. As I mentioned we think the allocation of the reserve should be done by judicial council and it should be based on uniform criteria established in law things like emergencies unavoidable, shortfalls, contracts that have been entered into that can't be -- that can't be changed, et cetera. The budget uses local reserves to maintain court operations. At the end of '10, '11, trial court reserves equaled \$562 million. We basically assume that a portion of those

reserves that we applied a discount factor so we assume a portion of those reserves have been spent or in the current year we also know that there's part of some of the things that are looking at previously based on information provided to the legislature and to our department. In January, you were looking at \$100 million of potential redirection to be able to deal with the cuts of the legislature -- from last year if the legislature maintains those so we were basically looking at about \$300 million of that 562 as the general fund savings. The way in which we envision the statute being set forth is that basically it would be specific and it would say the allocation of each court shall be offset by available reserves. And so it would be very specific in statute in terms of how it's to be administered in our judgment because of -- because of the availability of reserves, this will mitigate additional operational reductions. It does mean that as trial courts look at the '13, '14 budget they're going to have some additional challenges ahead in terms of operational -- making the operational changes necessary to be able to accommodate the reductions that were already put into place by the 2011 budget act. Next element of the proposal, the delay in court construction so we believe this is also the bulk of this 190 million of the 240 million is a one-time reduction. We believe -- we know you've already initiated the process of reviewing the construction program looking at the construction standards, looking at facility standards, looking at courts, looking at the relationship between the -- and I appreciate the opportunity that we had to visit with Judge O'Malley and looking at the way the construction program and con at a Costa provided and to have some efficiencies and change the efficiencies and have a better understanding of how the construction program helps the balance of the program itself operate in terms of the people moving in other elements, and we want to have -- take a look at that with you. The budget -- the May revision would posit the construction of the next round of projects so up to 38 projects affected. It proposes to use those funds on a one time basis for operations but it assumes that the program going forward will be scaled back, hence, the \$15 million of ongoing savings. Projects ready for construction could proceed after a review of cost and scope and we would -- we would work with you on that so one project, San Diego project, would go forward. Another six projects we put into the category of projects that we think should be reviewed further and those could continue next year. The balance of the projects would be paused until after the program review and we see what the program looks like going forward. As I mentioned, another one of the principles is looking at compensation for -- for state court employees compared to other state employees. As you know, state employees contribute 8 to 10% tally to the retirement and the contribution rates which were recently increased for state employees have not been increased for state employees of the courts. We think that we should look at increasing those contribution rates to the 8% and discontinue the practice of the employer pickup of the employee's share. That's consistent with the governor's -- the governor's pension proposal, the governor's pension reform proposal, in fact, goes further than this proposal and the governor believes that some of these -- some of these various changes should be made at all levels of the government including at the local level. This proposal is specific to state court employees. But we think many of the same principles make sense for other employees. Ongoing reductions of 125 million as I mentioned, 50 from court construction, 75 million from

operations. And with that, I will take any questions or address anything else you'd like me to.

>> Thank you, Ana Matosantos, for that presentation and I know council has a number of questions and so the first one I'll ask Judge Westley.

>> Thank you.

>> Good morning and thank you for being here. In looking at the chart that was provided in the May revise, it indicates that the plan is to use \$402 million in court reserves in the '12, '13 budget year, am I correct?

>> Yes.

>> So I actually have two questions. Do you believe there will be 402 million in unrestricted dollars in the trial court reserves at the end of 2011, and '12 budget year? If it's not there how do you envision the branch will come up with \$402 million? My second question is, once the reserves are taken, where is it anticipated that the 3% statewide allocation to the trial courts that you intend to be held by the AOC -- where's that going to come from? Is that an additional 3% cut to the courts off their trial court funding each year? Also in the documents that were provided, it describes the -- the 3% -- in one document the -- in the May revise it says the 3% will come from the statewide allocation of trial courts. In the department of finance document it says the 3% is the total of the trial court expenditures and I wasn't sure what that meant by that and so those are my dwells.

>> Okay. On your first question, yes, I mean, our expectation is at the end of '10, '11 there were \$562 million in available reserves. Based on our estimate, we believe 402 will be available. We understand that some of the local level which is consistent with what we've seen in other areas when similar proposals have been -- have been set forth have been looking at encumbrances and additional encumbrances before the law is changed and I would -- I think we're looking at similar provisions to those that were included in the redevelopment law in terms of looking at obligations that are entered into after the proposal is made and whether or not those obligations are to be valid. We think it would be shortsighted for local courts to be looking to spend those reserves because the appropriation would be reduced. And the statute would set forth that the allocations are to be offset by the available reserves. So -- so our -- you know, based on our calculation, we think this amount of dollars is available, and we -- we would urge folks to be -- to be prudent in the coming weeks because the appropriation of the state level would be capped and the law would be specific about offsetting those reductions with the available reserves.

>> And --

>> In answer to your second question, basically -- in this chart, when we look at '12, '13, in order to have an apples-to-apples comparison, we've added the trial court security expenses. Those are not part of the -- are not part of the base and would not be part of the 3%, but basically 3% of the remaining appropriation would be held back, that's roughly \$80 million and that's the allocation that we -- that we assume would be provided by the council to courts on a needs-basis as emergencies or additional costs that can't be avoided arise. So that's how we see that being structured. I hope I answered the question.

>> I think you did. Thank you very much.

>> Thank you. Justice Hull?

>> Thank you, chief. Thank you, chief. Am I being heard here all right? And thank you, Ana Matosantos, for your time this morning. To your answer to Judge Westley's question just now, you mentioned of the \$562 approximately million dollars in reserves you estimated 402 million would be available, can you tell us how you arrived at that estimate?

>> We basically looked at what has been the pattern in terms of building reserves in the past and we just used a discount factor. We've seen the reserve levels being relatively -- relatively consistent. The reserves were actually -- there were some additional dollars going into the reserves in '10, '11 from where they had been at the end of '9, '10 and we just applied a 20% discount factor trying to be -- trying to be conservative in our -- in our estimate.

>> Thank you. But your answers suggest to me -- I mean, you didn't undertake any survey or county by county survey as to the restricted versus the unrestricted funds or anything like that?

>> We did not. We looked at the availability of information. We know that the recent -- the accounting rules have changed recently in looking at comparable -- the standards that have been put in place and moved more into the restricted category. This may require some changes in things that were planned for particular purposes and having those dollars be redirected to support operations. There may be plans for some of these dollars. We don't see all of these dollars being committed to things that can't be -- that can't be modified. In terms of -- we looked at the descriptions and we looked and based on the GASBE rules and the changes it's hard to, you know -- one person's encumbrance and one person's commitment and one person's restriction is not necessarily the same across-the-board. So we looked at the overall reserves and we look at what the standard reserve levels have been we believe these amount of dollars are available it may require some changes at the local level with expenses.

>> Let me thank you for your attendance. I appreciated your presentation. As I understand the provisions in the May revision, the judicial council would make the allocation to the individual trial courts; is that correct?

>> The judicial council would make the allocations -- the allocation in the law -- there would be a requirement that allocation be offset by the reserve requirements. So there would be more specificity in how the allocations are to occur than there has been in the law in the recent years.

>> And that allocation would take place in July; is that correct? I guess my question is, is a very pragmatic one, and that is how can the judicial council make a determination of what amount of reserves are available in each and every county by July?

>> I think we basically would like at saying the -- would provide an estimate and look at saying these amounts are -- are -- are done. That's part of the process of things that folks are going to have to look at and would come back to you with. In terms of there are some emergency issues, there are some contracts and encumbrances in those reserves that can't be modified. And that would be part of what the 3% holdback could be -- could be -- could be used for. So but we're looking at early allocation based on estimates of available reserves.

>> Justice Miller?

>> Like everyone else I'm going to thank you for being here and your willingness to take questions. And we all certainly appreciate that. And because the reserves are a major part of the May revision and certainly of great concern to the trial courts in the judicial council, I'm going to follow up on that. So if I understand, in essence, starting with your answer to Judge Westley and the other two questioners, you've made that decision already that there's 562 available and of that 402 is going to be utilized in the May revise?

>> Yes.

>> All right.

>> And we envisioned the statute would be specific to that end and it would provide specific instructions to offset those reductions. And that amount of dollars it would be provided statewide and the statewide allocation would be capped so if there are decisions that are made to spend down those reserves between now and when the budget is enacted, those courts would be looking at a challenge because the budget would be based on the assumption that those reserves are available.

>> All right. Thank you.

>> Judge Rubin?

>> Allow me to also thank you for being here this morning. I want to follow up -- I'm from the California judges association and I wanted to follow up on a question by Judge Baxter. Obviously, the reserves are a very sensitive issue for us around the state. And I'm trying to track this a little bit better than I am. And that is -- it seems like there's going to be some fairly specific instructions coming from the governor's office regarding the spending down of the reserves. That's what I'm getting. You're nodding yes. And the question is, is it going to be -- for instance, there are some courts that have done well at maintaining reserves, other courts have had more challenges with that. Will there be some sort of offset for that? Will there be in effect some reserves transferred from one court that has more and more courts that have less?

>> Each individual's court's allocation would be offset by that individual's court's reserve. So the reserves wouldn't be moving from one jurisdiction to the other. The allocation would be set forth and that allocation would be reduced by the available reserve. The courts that have been -- that have been working as we heard from stance laws to achieve the operational efficiencies when '13, 14 comes and when they're looking at in terms of their available reductions they will be in better shape than those who haven't but each individual court's reserve would be used to offset that individual courts, that individual jurisdiction's statewide allocation. So there wouldn't be reserves moving from one jurisdiction to the other. Does that answer your question?

>> Somewhat, for instance, let's say Palomar County a non-existing county they've had a lot of reserves and then say another county, another fictitious county has spent down has nothing. Would the county with more reserves Palomar County in a sense -- would their -- they would be reduced by the amount they had in reserve whereas the account that didn't have any would not get a reduction in their allocation is that right? So in effect though, the reserve is transferred across. If not practically, in effect.

>>Palomar's reserve allocation would be offset the mayor vision moves away from the notion of multiple reserves and really looks at how, in light of the fact that we really have a state-funded local court system where the maintenance of efforts are capped where many of the fees are established at the state level, you know, there are some local fund sources -- those local funds offices would remain unaffected. But for the bulk of the funding we're really saying-- if the state is now funding the program, how does a local reserve, you know, practice fit within that and within our judgment it makes sense to transition to a statewide reserve concept so Palomar county would have a lesser allocation because that reserve would be used to offset the allocation in Mildred County the one that has the smaller reserve would receive the lesser reduction in her allocation. In terms of how it would work. Going forward, and maybe this is an opportunity to talk about the work group the mayor vision speaks to and the task force. Going forward, we think that, you know, more than a decade after many of the reforms have been put in

place, it makes sense to look at the administrative structures that have been set in place and makes sense to look at some of these -- the first step is this -- us re-visiting this notion of local reserves versus statewide reserves. But it seems to make sense to do a review of, you know, how is the state doing relative to implementation of trial court funding and other reforms. Have we achieved the goals of providing equal access to justice and looking not as the administration of justice side but at the actual administrative structure and the statutory frame work and all of those different elements. And this fits into that overall perspective.

>> Thank you.

>> Mr. Carlson.

>> Alan Carlson from the Orange County Superior Court. Again, thank you for coming and talking to us. I'm confused as to how you can get to a 1.5% increase in trial court funding over time. I'm thinking you added construction money in as part of local court, trial court now in the more recent times so there's an apples and oranges problem with that charge.

>> We looked at what are the state budget totals and we looked at what were the funds that were provided in 2007-8. We made adjustments to reflect the offsets that have been done by the counsel and by the legislature. We start with a number of 3316 3.3 billion dollars in 2007-08. And then we look at those adjustments. This is not looking at the capital costs. It does make an adjustment so that we have again an apples to apples so there were some elements of the facilities program that had been moved from the trial court budget to a separate budget. We adjusted that so that the facilities expensed included in 2007-8 in the trial court budget, we split out those going forward but we look at the actual dollars and what we've seen is a significant reduction in the general fund support. And we've seen that the general funds this last year alone dropped alone by 20%. But we've seen that through the actions of the legislature and through the actions of the Counsel, those funds have been replaced with fee revenues, penalty revenues, other revenues a direction from the modernization funds, from the elimination in the coming year from the elimination of CCMS and other elements to hold trial court budgets level. So we're happy to walk through the data, but we basically just went back and said, let's look at exactly what an apples to apples tells us. An apples to apples tells us -- that you know, this is not to say that costs haven't risen, but the actual level of allocation when we look at the general fund and the other funds combined has remained level and in fact has increased by 1.5% after the mayor revision. Right now it's increased by 7% up to the current year. So it's for next year that we're looking at a 1.5% --

>> I'd like to see the numbers. I'm down over 20%. Doesn't make sense --

>> I'm happy to provide them.

>> Picking up on the reserve question. Use Palomar county. Seems the only way -- well, if you have \$100 million going to the trial courts and we've allocated that out and using the number for the reserves that you're going to allocate to the courts that had the reserves, the only way I can see where you can say that the courts that had reserves get benefitted is somehow the first \$100 million gets allocated than differently in the past. If we allocate the money we do get the way we've done in the past and you subtract from that allocation our reserves, you're transferring the money from the people that save money to the people that didn't.

>> That's right.

>> I don't see how you can get there the way you described it.

>> The way in which we look at it is looking at what is happening to the program on a statewide basis. And as we look at the program on a statewide basis, how do we -- and the need to achieve additional reductions similar to the reductions we're looking at in all different areas of the budget, how do we do that in a manner that minimizes the effects to operations as possible. So we look at the local reserves as an available offset to that statewide allocation. The benefit to the entire judiciary system consistent with the principal of equal access to justice is that we're looking at minimizing the effect and operations by using those reserves. We are fundamentally looking at changing the way in which the funding structure works. Because in our judgment, you know, as we look at the entire program and how the spire program is funded, it seems to us if that statewide reserve with a state -- that is available for emergencies and allocations made at the front end is what makes sense. In the school districts, we have reserves. They're funded with taxes and federal funds. So it's a different structure. As we look at this as, you know, the reimbursements from the overall accounts and look at how it should be funded, we should use those local reserves for the branches overall, you know, minimize cuts to the trial court as a statewide program. That's how we're looking at it.

>> Commissioner Alexander.

>> So if I understand this right, what you're trying to do is use this coming budget year to make that transition. So in this budget year, you're saying those courts that have reserves are going to have their allocation reduced. They basically spend all their reserves this year to meet their operating expenses. And then the following year, it would be limited to the 3% that would be allocated to the state who would then -- the judicial council would decide which courts would get a portion of that.

>> The only pieces that there would be a 3% reserve .available next year as well

>> So you're spending down to 3%.

>> We look at the local reserves as -- these are -- you know, these are taxpayer dollars that are available in accounts that can be used to offset the overall allocation to make dollars available to maintain program on a statewide basis. Then we say as we make the transition, we also need to have -- we're looking at spending down those reserves in terms of the offset that would be required to each particular allocation. We also think we see the possibility for unforeseen circumstances to occur or some obligations to be in effect that cannot be modified. It seems to us the council needs a statewide allocation that is available to deal with those circumstances as they arise in the course of the next year

>> When you got to the dollar amount, that includes the restricted funds and unrestricted funds?

>> We look at the 562 and offset it by 25%. That's how we're arriving at our numbers.

>> Judge Herman

>> I think that answers my question. Thank you on behalf of the council for the educational session. It's helpful to us. Getting to the 20% discount. Did that in any way take into account an evaluation of what funds were actually restricted within the trial courts? For example, a number of funds that are legislatively restricted where without change in legislation, we're told we can't spend these funds on operations or on our local general funding. Was that figure chosen, taken into account actual reserves -- actual restricted funds or is that just a basically an overall shot at a discount for --

>> It was really looking at using a conservative assumption on what we've seen in the past. If there's a sense -- the May revision is out. If there's data we should be looking at, if there's additional information that we should look at on this issue, we're happy to take a look at it. We basically say the reserves have generally be level. The increase in 10-11. We assume there's some spending of reserves going on this year as courts are phasing in the operational changes to deal with the reductions made last year. We look at what we think is a reasonable to conservative assumption of how much of those reserves may have been spent.

>> Just one follow up, if I may. In terms of individual trial courts, if an individual trial court has restricted funding in excess of the 20% in terms of what you're looking the council to do by way of allocation of cuts and funding, is that a court-by-court analysis or is it just each court is looking at operationalizing the reserves net 20%?

>> We're open to talking through how to make this work. Our notion is we specify the reserve levels and direct the offset of the amount. Then if things arise, issues arise, if there's emergencies, that's what this -- the 3% hold-back it would be available for.

>> Judge O'Malley.

>> Thanks again for being here and thanks for visiting our court and learning, you know, how facilities -- how to make operations better and more efficient. Thanks very much. A couple questions. With regard to the emergency funds and how they would be allocated. Will there be specific language as to how that is to be allocated or are you leaving the methodology to the council to decide a structure?

>> We think it would make sense to provide some specific dates. We want to make sure it's not a first come first serve type of operation. There's specific dates by all courts have to submit the information to the council and the council makes the evaluation. So some criteria, but --

>> Okay. Thank you. The commission you talked about forming to look at the overall -- if we're achieving goals that we want to do for state funding. What do you envision the authority of that commission to be? A fact-finding body, an advisory body or to have authority to be able to do allocation?

>> We see that as a fact-finding body. We would want to work with the chief and want to do this in partnership with the judiciary. There will also be legislative interest as well as other stakeholders. We see it as a fact-finding body to look at the administrative side of the house and we look at it as something that could inform the governor's budget, something that he could consider as he looks at next year an any additional charges that he deems appropriate.

>> One final question. Right now when we allocate to the trial courts, we've been using a model and a pro rata share goes to each court. Would that work, go to the courts minus their fund balance?

>> I think we're basically looking -- we looked at building the May revision and trying to do it consistent with how we see that you've done 11-12 as well as changes that we understood based on discussions in January that you were looking at for the coming year. Very different thing that would be done this year is the budget and the statute would be specific as we envision it in terms of both the distribution of the reductions to the different segments of the judiciary as well as this notion of being specific and directive about the way in which the allocations should be offset with the reserves.

>> Thank you. Kim Turner.

>> Thanks, chief. I have a question about -- certainly you're well aware that the way courts are funded is very complicated. There's state money, local revenues generated throughout the year. Let's talk about perhaps one of the local revenues that the courts across California have been able

to generate that have I think assisted us in this difficult time over the last four years. That is civil assessment. So right now civil assessment is -- the revenue is essentially in the same budget with all of the funding that we get for court operations. So my concern is that by, you know, essentially taking any surplus revenue that remains at the end of the year, unspent money and saying we're going to reduce the court's allocation next year to the tune of whatever those dollars may be. So if my court has \$100,000 leftover, then my budget next year will be \$100,000 short to -- to cause me to use that. But it de-incentivizes the courts from collecting that \$7.7 billion in uncollected debt and essentially sort of takes a local revenue stream that I think really rewards some courts, the courts that are good collectors in terms of moving forward on their administration of justice and equal access to justice programs.

So is there a way or does the governor or your office contemplate a way to segregate the local revenues that the courts are all over the board on, California being able to set those aside or keep those out of this equation of, you know, how you're going to deal with the state allocations to the courts in the future?

>> The things that we see as purely local revenues, we don't see those as things that would be coming into the mix. I think that it goes into what is in the definition of local revenue. The dollars that are associated with state established assessments or state-established fees that are collected at the local level are part of the statewide funding structure. We would see those as being part of the overall statewide funding structure. We see significant incentives to continue to do collection exists in that continue to be an interest in looking at the overall funding levels. We -- and looking at maintaining program and looking at moving forward in administrating these requirements as they have been established in law. If there are particular ideas that we should take a look at, let us know. We see those as assessments that have been established by the legislature and efforts that have been -- efforts by the courts and by the legislature to try to find alternative fund sources to minimize the impact as the general fund resources have been diminished. We see those as part of the overall funding picture and would be part -- would not be in a separate account at the local level in our judgment.

>> Chief, one more quick question. I wanted to follow up on what Justice Baxter talked about earlier. Right now you came up with a \$402 million figure and we don't know how the year is going to end with fund balances or trial court reserves. So to make allocations in July, we obviously can't hold up the allocations until the numbers roll in and we figure out who has what. So do you contemplate an adjustment mid year if it turns out my court has a higher reserve level than the 20% discount would have accounted for or another court has a lower than 20% -- has less than the 20% discount level? How would that work so we don't end up with a real problem where some courts that have costly obligations this year and spent them on those programs prior to the date of the announcement of the May revised so that they're not penalized.

>> The statewide allocation and the statewide appropriation would be at the lower level. So I

think it then -- I think in my mind, it's more of a question of we're saying 3%. But if there's -- based on information, a sense that things should be at -- is that the right number, is it too high or too low, in light of this information, I appreciate, you know, justice Baxter's question relates to -- it's a very practical issue about we're looking at what is the best information available. But the information is limited. So we see the allocation of this 3% as where some of those issues are addressed in terms of if there are commitments made in those reserves that can't be changed. That would be where -- the types of things we'd see as falling into the emergency or unavoidable cost categories that would -- the reserve would be available for.

>> Thanks very much.

>> Justice Holmes.

>> Would it be fair to say this is a conscious policy shift on behalf of your office that you weighed and balanced some of the things that Mrs. Turner talked about, the incentives collecting in your judgment the shift is necessary to equalize the spending and for access to justice in all of California. Is that kind of the bottom line here?

>> Yes. In the governor's judgment -- my judgment is consistent with his. [Laughter] You know, we have a state judicial system. We have local and state courts. We should be looking at making the changes in a matter that we can make sure we have equal access to justice but manage the program at a statewide program. That's the rationale for the proposal.

>> Judge Elias.

>> Thanks. Going back to an answer you made a moment ago. I want to make sure I understand it. I think you said there would be specificity by statute as to the amount of reserves on court by court basis that would be offset. Did I understand that properly?

>> Yes. There would be specificity on -- there would be specificity on saying this is how the allocation is to occur. And the allocation of the -- I think the -- we have to work on exactly how we talk about this 402 and the 402 on a by county or jurisdictional basis. The statute would be clear that the allocation provided is offset by the available reserve.

>> That suggests to me that -- I don't know who, perhaps the administration, is going to determine reserves on a 58-county basis county by county. Is that what we're facing here? I don't know how one can be specific in a statute and the reserves be offset without having some sort of a study as to the reserves available.

>> There would have to be a state level determination of the available reserves and how best to

make that determination. Is that something that, you know, we should say is 402 and it works this way, should it be -- you know, in consultation with finance or what. Exactly how we deal with it. Has to be a state level determination of the 58 county reserves. Our estimation is 402.

>> So it isn't a county by county determination. It's a statewide estimate.

>> It's a statewide determination based on county by county levels as they were in 2011 reduced by the 20% assumption.

>> And that's done by the end of this fiscal year? Is that my understanding correct?

>> The calculation and the specificity about the available reserves will have to be done in time for the allocations to occur. The allocations will occur at the next fiscal year.

>> Judge Elias, you're taking some reserves on a certain day? You picked a day? That's the day that the reserves -- I can't understand how you are going to say what the reserves are. Once you decide, are you going to have those checked with the courts to see whether those are the reserves?

>> What we're looking at is basically saying when the allocations are made, the allocations are offset by the reserves. At that point in time, the determination is made and specified in the context of offsetting the allocations.

>> Is there a given date like you're going to take a snapshot on a certain day and is that how --

>> The determination of the available reserves will be made before the allocations are made. They will be made in the beginning of the year. We did an evaluation of reserves in 10-11. We discounted it. They're available on a county by county basis. And then we -- my colleague, Amy Jarvis. Help me expand here, if she has ideas on how to make it a little more clear. Basically as we look at it, we say before -- in the budget act, the enacted budget act, it was specified. Basically at the time of the allocations are done, the allocations would have to be offset. It's looking at what are the reserves at that point in time. It's based on an estimate before that point in time.

>> So you have the date yet on which you're going to decide what the reserves are?

>> It's an assumption in the budget act.

>> So are you going to send the assumptions out to everybody so they can see how they --

>> If it makes sense to set up a process on this issue, exactly how we arrive at the number, we're happy to do it. Our judgment is the budget act and the statute needs to be clear how this process will work in order how to make it happen early. We can provide a sense of what is our estimate based on what we know in 10-11 and try to have more discussions to make this as workable as possible. We don't want to hold up cash for a long period of time in the next fiscal year. We see the distribution of the statewide allocation at the place where we make adjustments with things that, you know, that need to be adjusted. There may be a need to, you know, change some planned expenditures and to look at the encumbrances of previously planned expenditures. We're looking at -- we're not saying that it's all idle cash. We're saying it's cash we believe is available to fund operations, and we believe it's dollars that can be redirected for this purpose.

>> Judge Wesley and then Judge Friedman.

>> Mr. Carlson, I believe that now our reductions total about 1/5 of the general support for the trial courts. In other areas we've made changes like this. For example, the CDCR. They were accompanied by large-scale programmatic changes. Do you anticipate large scale programmatic changing for the court? Do you think we can do all the things we're presently doing or do you anticipate realignment?

>> In terms of as we look at the dollars, we agree with you that the general fund support has been roughly 1/5. However, the reduction has notice been 1/5. The levels have increased some. That has been a shift from the general fund to other fund sources. So as we look at the -- as we look at going forward, we do see that several of the one-time solutions available in 11-12 and some of the one-time solutions in the coming year will not be available in 13-14. We see the reductions. If there's changes that would make it easier for you to achieve some savings, those would be good issues for us to work in partnership through the work group. 13-14 is a difficult year. It's the year when these one-time solutions will have been exhausted for the trial court program and when the changes have to be made in order to be able to operationalize -- to make changes to achieve the level of resources to be provided.

>> Judge Friedman.

>> Thanks for your presentation. I have -- maybe I'm confused. I understand that the general fund reduction is \$300 million to the branch. The offset from the reserves is \$400 million. \$402 million as you estimate it. Where does the \$100 million difference go?

>> The \$100 million is based on looking at our assessment of how much you're looking at redistricting from the reserves and to provide additional years for the reductions that were made

in 11-12 to actually be operationalized. So we said there's 562 offset by 20%. You already have plans for 100 based on the transmission of information that was provided to the legislature in January. So we're looking at \$300 million of dollars that we think are available as an additional one-time solution.

>> Thank you. You answered my question.

>> Justice Baxter.

>> A number of judges have expressed concern, some alarm, with having an executive branch commission basically looking over judicial branch policies. I wondered if any consideration has been given to basically requiring that the judicial branch conduct -- create and pursue that -- the work of that commission.

>> The thought is this is something we would do together. That we work together on the scope to make sure it's clear with things that have to do with the structures set forth in statute, with the administrative side of the house set forth in law and how it relates to -- to try to stick to the things that are not and unrelated to the actual administration of justice, which under separation of powers we don't want to effect. We want to do this in partnership with the judiciary. We want to work with you on how best to convene it. We think it's important that it's something that is a group that is representative of the judiciary, but that also includes, you know, department of finance and other stakeholders from the executive branch and we also anticipate interest from the legislative branch to look at, you know, the statutes that have been set forth, have we set up the right structures, has the state made these changes. And that it's something we should do together because many of these elements, you know, have to do with what is the underlying later that the legislature has set forth as well as getting a better sense of how are things working, what are the cost structures looking like from jurisdiction to jurisdiction. What are the staffing standards from jurisdiction to jurisdiction and looking at some of those issues.

It's something that we think makes sense to do together.  
Not any one branch putting it together.

>> I would urge consideration of it ultimately being added commission created by the chief justice with participation and membership of the executive branch representatives that you mentioned. And the same objectives that are currently there. So I'm hopeful that this is something that can be negotiated with the time available.

>> Okay. Appreciate it.

>> Justice Hull.

>> On a slightly different subject. Of the \$544 million that we see in the May revision, we've all noted that \$125 million of that, including you, is a permanent reduction to the branch. I'm interested in the administration's thinking as to why it is appropriate to make that a permanent further budget reduction to the branch.

>> Because the governor is constitutionally required to balance the budget. The legislature is constitutionally required to balance the budget. The revenue initiative the governor is working for, working to achieve is an important part of the budget solution and the budget assumes the revenues associated with that.

We continue to have an ongoing shortfall in excess of -- at around \$8 billion. And in order to balance that budget on an ongoing manner, reductions are necessary. Some can be achieved through changes and other additional savings that would be achieved. These are not reductions that the governor looks at lightly or things that, you know, from a policy standpoint would be necessarily be his preferred choice. But they're a function of what he believes is necessary and appropriate in light of the fiscal situation in which the state faces.

>> Thank you.

>> I have a question. I believe you were here for part of that. We've heard from public speakers that indicated to us that we should be looking elsewhere for the cuts within our branch. I know as you described and as you walk through our budget, there are also cuts made to the AOC, the supreme court and the court of appeals. I wanted to know if you can share your thinking with how this kind of cut structure to the judicial branch and the way it was. Did you consider looking to the AOC as suggested and the courts of review?

>> Our thought is you have already made some reductions and ongoing reductions in other areas of the budget. You have achieved savings and ongoing savings with Supreme Court. Ongoing savings in the court of appeal, the judicial council's budget we see as having been reduced by \$13 million. 10% from 2010-11 to 12-13. And we look at reductions. That's the specified \$4 million the governor is proposing in the change of retirement contributions for state employees that work for the state court level.

>> Thank you. Any more questions at this time? Mrs. Mat and Amy, I didn't catch your last name, but we're grateful as indicated here by you presentation. It's a lot to digest. We have a number of questions. So we continue to look forward to your generosity and answering questions and your reciprocity as we move forward in trying to make our pitch to you to reduce our cuts, eliminate our cuts, make them one-time, et cetera. But we thank you for being here today and having this difficult conversation with us

>> Thanks very much for your time. I appreciate your consideration and I appreciate the difficult task you face ahead. Thank you.

>> At this time then given the hour, it's about 12:38. We're going to take a half an hour lunch break and start up again with item c, which is a Q&A as needed regarding the budget impact with our chief financial officer and director of finance, Zlatko Theodorovic. We're going to

break the meeting for a half hour. Council members are invited to lunch.

>> So next on our agenda, is item C. Zlatko, seeing you sitting there by yourself. You're a brave soul. This is the judicial branch budget, the impact of continuing and proposed reductions on the judicial branch. This is not an action item. This is Q&A. Go ahead, Zlatko.

>> Thank you. I wanted to briefly walk you through where we were before the bomb went off on Monday. Give you a sense of what this might mean to allocations to the trial courts, both for 12-13 and 13-14. So as you're aware, we have the \$653 million of cuts as of this '11-'12 fiscal year. We have found either allocations of reductions to both the state judicial entities and the trial courts as well as fees and other internal offsets. We've covered about \$358 million of that 653. That led us to the \$300 million restoration request that we put forward to the governor and we're pursuing through the legislature.

The May review assumes the following with respect to our \$300 million plan. It assumes the expenditure of \$100 million of fund balances. That's why the director of finance is referring to \$400 million. Because it's their \$300 million and what the branch had initially identified as \$100 million of fund balance use. They also include \$50 million in fee authority that was in the January budget. So we're \$150 million way to our \$300 million solution.

They know that they weren't going to provide us the \$100 million in general fund that they asked. So they're assuming we would find that \$100 million through internal redirections. And they assume that we will find that, and they have discussed issues, as the director say, CCMS, they're a wade of MOD fund, the construction fund. So they assume we find the \$100 million. That's assumed in the budget.

So from the perspective of prior to the May revision cut, we did cover our last \$300 million, albeit \$100 million in fund balance, which is a reduction in the allocations to the trial courts.

With the May revision, additional cuts, we've discussed they take \$540 million of general fund against the trial courts \$400 million with the adjustment of the security, the courts of appeal, council, habeas corpus resource center. That 540, they back fill. They see no impact operationally from the \$240 million of construction funds. They also then by stating they're directing us to use \$300 million in fund balances, again do not see an operational impact in 12-13.

So from the way I see it, there's effectively a \$400 million reduction in trial court allocations in 12-13. What is unknown and I don't think was fully expressed today by the director, was exactly the source of the 3% holdback. In their mind, since it's in the branch, it's funds that will be used. What we're not sure of at this point, when they talk about the allocation methodology, let's just say this \$80 million that was calculated as of January half of it is allocated and there's no further requests for allocation.

Do we distribute it to the rest of the courts? There wasn't a discussion of what happens in terms of how it's actually distributed, what happens if it's not fully allocated through their process. So those are things that we would absolutely need to understand as far as how they do that. So it's

\$400 million plus however they generate the 3% hold back, is the allocation reduction that I see coming into 12-13.

Clearly we know their data is old. We're going to have to fight with them in terms of giving them clean data and I've talked to a number of CEOs and we're going to think about how we can give them updated data, but yet our books won't close until August. So there's clearly some timing issues with their perspective. These allocations and the fund balance also be predicated on books that haven't closed yet. We have to think about the mechanics of that. As far as the budget year plus one, 13-14, the director talked about this \$125 million on going reduction. Split 121 to the trial courts and \$4 million to the rest of the branch.

She referred to the redirectionment of construction funds. Gets you to the \$71 million on going cut as a result of the May proposal. What I would add to that, of our \$300 million plan, essentially there's only \$100 million that is conceivably on going that we can use to offset cuts. It would be the \$50 million in fees and some portion of the 150 redirections, that I would peg at \$20 million conceivably of ongoing mod fund reductions and something in the range of \$30 million of ongoing CCMS savings.

So we're looking at about \$100 million of permanent. That means we have a gap of 200. So you look at the 71 that they add and the fact that we are going to struggle to find any more solutions. We're going to have another \$200 million. So 13-14 we'll have an additional \$271 million of reductions to deal with.

So for the trial courts, that comes up to 214 that has already been taken in 11-12, through 11-12, and 271. \$485 million of reduction also be looked at in 13-14 fiscal year. Clearly it's going to be a major challenge and we have to find a way to mitigate this to whatever extent we can. But that was my point, is to get you thinking about the -- and we also then 13-14, the unanswered question of the 3%, what is the source of that. That could also further reduce allocations to create the pot. We're not sure how that would work with the sources. So that's a terrible scenario.

With that, I'll open it for questions. You did a good job of asking the director a lot. If she couldn't answer that, I don't know if I'll know the answer. I'll do my best.

>> Kim Turner.

>> Thanks. You've been through a lot of numbers. I'm sure folks are scribbling madly. I'm sure you will put out a summary of what you said.

>> Absolutely.

>> But -- and I'm glad you said what you said about this 3% holdback. I too was curious, was that coming on the of the trial fund allocation. It's a \$80 million reduction to the courts overall until those courts come forward and say I have an emergency here or an emergency there. So the \$80 million plus the 71 million is \$151 million in 13-14 that we're currently not experiencing in the upcoming fiscal year. Is that the way you read that?

>> Yes. In theory, if they started in 12-13 --

>> The 80 million would be --

>> Right.

>> And next year, almost every county will be in trouble financially. Should we anticipate that there's a deadline to apply for their share of the 3% that virtually every county will do that?

>> I would expect there would be. It's again, given that the department of finance is working on this language, I think it would be important for them to understand a process time line. I'm concerned that in basically 45 days this all will start. There's just -- that's not conceivable. It really -- you know, if there's no way to get out from underneath the numerical cut, if there's any way to see some transitional period that we can give the branch a way to accommodate the adjustment. But I really think that it behooves us to fight for something over multiyear if we can't get out from under it.

>> Kim turner.

>> And I want to say as Judge Westley did when Matosantos was here, when CDR took a big cut, re-alignment came in and they were relieved of a number of responsibilities that they had had for historically for many years. And I know we have ongoing efforts to identify efficiencies and statutory changes and so forth. But I'm hoping that as a council and as a branch, we're going to try to elevate and escalate our opportunities to get some of those, you know, initiatives, the old statutes and things that keep us doing business as we did in the 1900s in place today to get those things moving on a fast track so we have a mini re-alignment, for a lack of a better world, but certainly get legislative and statutory relief from some of the things that we do that really don't make sense any longer, especially in this new environment. So I'm hoping 12-13 is the year that we really push hard on the legislature and get the governor to walk hand and hand with us through that.

I think he understands there's some initiatives that are hard to move politically. This is the year we would have to move them.

>> Any other questions? I know we're all a little bit shell-shocked from the presentation earlier. So I appreciate the looking forward, but I think we're all stuck in 12-13. For a while, anyway. Thank you, Zlatko.

Okay. You're just going to move over. [Laughter]

Thank you. This is item D. Jody will be a presenter. This is a report from the interim administrative director of the courts, the AOC office of governmental affairs and finance division. There's no material. I ask you to go ahead.

>> Thank you, Chief. I want to take a couple of moments before I turn it over to Curt and Zlatko to comment on the May revise with respect to the courts and also brief the council on changes that the AOC is in the process of making to realign our operations and manage budget reductions in the current year as well as in budget year.

The AOC has a responsibility to back the courts. As being an officer, I fully realize that the May revise poses extremely difficult challenges for the courts. In terms of the fund balances -- and I think this is a point that the Judge Herman made in one of his questions to Anna Matosantos, that we recognize there's issues that we will need to work through. So that we have full information that can be provided on the restrictions and statutory obligations for which the courts have set aside reserves. Some of those include contractual obligations such as perimeter security and case management systems, which are in critical need in many of our courts. Employee compensation liabilities such as unfunded pension obligations. The upgrade or replacement of jury management systems. And fund balances would truly -- statutory restrictions such as funding for children's waiting room and the 2% automation fee that is by statute has to be set aside and used only for specific purposes.

The redirection of the construction fund also presents challenges. We fully understand that the fiscal crisis that the administration is dealing with, however our concern on redirection of the fund goes directly to the issue of being able to address critical facility needs where we have seismic and safety issues across the state in our courthouses.

I know you'll hear later on in our agenda from Presiding Judge Trentacosta, Presiding Judge Earle, and Alan Carlson on the direct impact of the proposed May revise reductions to the trial courts. But as Interim Administrative Director, I want to reiterate that the AOC is doing and will continue to do everything that we can to effectively represent and support the council and the courts on these issues. As part of the branch budget reductions, over the past four years, the AOC budget has been reduced by 18.2%. As a result, we have fast-tracked over the last three months that I have been Interim Administrative Director, realignment efforts at the AOC to ensure that we're better positioned both functionally and fiscally to meet our core responsibilities.

Our realignment efforts are driven by two specific things. First, a budget reduction of 12% for the 2012-13 fiscal year, as well as the recognition within our own organization that a realignment of operations and staffing is needed and overdue. In the current fiscal year, we have implemented two separate voluntary separation incentive programs resulting in a total of 49 regular employees separating from the AOC, with several more expected to be added before the end of this fiscal year. I fully anticipate that by June 30th, in about a month and a half, we will have a total workforce reduction of roughly 180 positions in this current fiscal year.

I also want to note that as of June 30th of this year, we will have eliminated 59% of the AOC's executive-level staff, as compared to this time last year from 17 directors down to 10. We will be implementing a second phase of our realignment effort shortly after the start of the new fiscal year where I fully anticipate that our staffing numbers will drop even further. Decisions on staffing reductions are being made in partnership with our executive team by doing a

comprehensive organizational review. And we're doing this to confirm, No. 1 -- to confirm AOC core activities in this current environment of reduced resources.

And secondly, to identify programs and services that we believe can either be realigned or eliminated completely. As we move into our second phase, we will ensure that our courts and the support that the courts receive from the AOC to the extent possible is not negatively impacted and we will be conferring with presiding judges and court executive officers across the state so that they can also plan for any reduction in AOC services. So that concludes my report, chief. I'll hand it off to Curt and Zlatko.

>> Good afternoon, everyone. A lot of numbers a lot of information and it's moving fast and that's why I'm giving you some sense on this afternoon quickly is where do we go now that we have the May revise and when can we expect things to start happening in the legislature. As you all know once the governor introduces his May revise, puts that out, the action begins in the legislature. We have only had, thus far, in the senate a hearing -- in the budget subcommittee, one hearing over there, no action was taken on that -- on our budget. They have moved ahead and set up hearings for next week. So on Tuesday, we'll have hearing budget subcommittee number 5 on the subcommittee on Thursday. I think there will be some question of how much action they might take, but the purpose really of those hearings will be for the subcommittees to hear from the administration on his proposals that will be included in May revise and we'll expect from the branch some responses and perspectives on the governor's proposal. LAO I'm sure will be prepared to weigh in on their analysis of the May revise as well. So there's not a lot of time that we've got moving forward. We've got essentially a little less than one month to hit the June 15th deadline to have a budget. And we've got an election that comes in between there on June 5th. I don't know how much action will actually be taken on the budget before June 5th. I sort of expect that much of the action -- at least the formal action taken on budget items will probably happen after that date. So between the 5th and the 15th, there will be the effort to try to get the budget put together. I anticipate, I'm usually wrong on these things -- but I anticipate that we will have a budget this year on time for a number of reasons. It's an election year. It now -- we're in the world of the majority party budgets where minority party viewpoints and consensus on a budget is not required. And there is the deadline on whether legislators get paid on having a budget so I fully anticipate that now this will -- this will go quickly and we will have a budget in time and Zlatko I think was appropriately warning a lot of work on implementation if something that looks like the governor's May revise proposal does, in fact, become law in -- in the budget. We do anticipate now that there will be a lot of work happening. We will certainly be having discussions on the concerns that we were hearing from you all today, concerns that the courts will be having and raising with the -- with the proposal. We will be addressing that to both the legislature and continue to address that with the administration as well. I do anticipate, as you heard the administration -- Ana mentioning that they intend to indeed work with -- with the branch, and so we will need to be working, I think, very closely to ensure that we have our inputs and it will happen quickly, and I think the important point now is we've got to be nimble in -- in addressing I think the issues that we have concerns about. And to the extent that something much like the framework that moving forward happens that we're going to have some input, influence many of the areas that were not fully described. I think there's a lot of room for -- for detail that still needs to be worked out.

I just did want to remind the council that under rule court 10.101 the chief and the administrative director Jody do have the responsibility of negotiating a budget with the legislative and administrative branch and I think, chief, what I would suggest -- what would be important at this point is we look to having a not very large group that could assist, I think, in guiding these discussions as we have them because they will happen quickly and they'll happen in the middle of the night. And back to my point that we do need to be nimble and to the extent we're not, we lose. If there's someone not there and someone that's stating a position for the branch, decisions get made with -- without us and so we don't want to be on that position but we do want to make sure that there is touchback with the council, touchback with -- with the PJs and touchbacks with the court executives and APJs as well. So, chief, I would suggest is we look forward to moving ahead on the discussions that you can put together a group for us to do that, and then we'll be ready to -- to have the discussions with the legislature and the administration in the short time that we have.

>> Well, and I appreciate that. I remember last year things moved very quickly. Things -- we were having 11:00 PM conversations. We were having conversations on Saturdays and Sundays. I was going down to meet with the pro tem on a Sunday morning, and it just happens as one right after the other depending on who's talking to the decision-makers last, and so I realized how important it is for us to have a presence there, and to be -- that presence to be small but with reach to all of our branch members. And so I will be taking that recommendation under submission for a small group to assist in fact-gathering and outreach to help us through -- going to be a very fast day after the 5th is what I anticipate. Zlatko?

>> I was going to add is the speed of the process is that it's likely that the legislature will have their subcommittee hearings, the senate and the assembly next week will -- I think we've been told that a high level member of the department of finance will be testifying which from my experience in 14 years, to have the chief deputy director of budget -- the department of finance, second in command on budget come in and potentially represent the administration's proposal definitely indicates the strength of their proposal going forward. But there likely will be no action taken those next two days, and then we'll have a full budget subcommittee for both houses the subsequent week in which they will just adopt a list. There won't be any more discussion of the issues. Maybe a little bit, but there won't be a real vetting and a discussion of the details of any of this language to the extent that they adopt it. So it may be that if there's no real official public hearing of the details of any proposal that is -- that is put forth, and it may be something that at the last minute on the day that they're voting on the budget, that they just have an off the floor committee hearing, nobody's really there. They move it through procedures and it is before the governor, you know, middle of June. So having a group that can really be responsive is important given that much of this work never is in the sort of public light.

>> Thank you. David and then Charlotte --(Inaudible.)

>> Yes. Thanks very much, gentlemen. I had a question with respect to, I guess, timing and approach, and I am hopeful that what Ms. Ana Matosantos discussed is an ongoing discussion of solutions that is truly available to us. And I'm obviously alarmed by the level of reductions that we're facing, but I'm even more alarmed by the notion that the decision-making about

how cuts are going to be applied are going to be taken out of our hands. And I know the discussions are going to be moving forward very quickly about what we're going to ultimately see. Should we be deciding right now about what lines we have to protect so to speak, as a body, moving forward for that -- for that discussion to take place.

>> And, David, I think you identify absolutely the two -- at this point, the two key and foremost issues that -- that we need to make sure that we're advocating for directly, both in -- in the hearings publicly but importantly in the discussions that we're having and that is the scope of these proposed reductions that are in the May revise. They're sweeping, and they need to understand. We will attempt to help them understand the impact of these. I will say this, though, it will be a challenge. You've heard the numbers that the administration has laid out. And when you're in this kind of discussion now at this point in time, it's moving between bad choices. But that being said, that's what policymakers are there to make those decisions, and we will certainly be reminding them of the needs of the judicial branch and I think all the issues that we've raised thus far about those cuts, so making sure that's understood. I think going back to our original discussions starting last fall when we were talking about, you know, strategies moving into this budget year was always that we want to make sure and retain for this council the discretion and as much discretion as we can have in determining how we move forward with the appropriations made by the legislature, and that we are retaining as much of the authority as possible for this branch of government so I think those will be the two key principles that we will make sure that we're advocating on in our -- in our discussions with the legislature and the governor.

>> So I just want to offer one point, and that is amidst among the annual substantial reductions that this branch has sustained, we have been able to, using their term, operationalize many of these reductions very painfully, and despite that, this branch has instituted many of these changes and has been able to save some money, save some money to mitigate the impact to the state budget, and I think that's a point that needs to be expressed to them. We are doing things very well, we're being very judicious with our resources, we're not doing anything necessarily that draws public attention in a negative way, and we need to continue to have that ability to make those decisions within each court. We know what we have to face. As Mr. Tozzi had expressed earlier, we've been trying to come up with a plan to help us reach a point of sustainability, and to take that resource from us is basically unfounded especially with the advances in progress that we've made thus far.

>> Commissioner Alexander?

>> David covered most of the things I wanted to say, but my question is, how likely is it to not have some of the trailer language that the governor wants in to be eliminated?

>> I think there's going to be room for discussion.  
(Inaudible.)

>> The proposals that the administration will have, both with the administration and with the legislature, and we will work on both fronts.

>> Kim?

>> I also wanted to just get back to a point that Zlatko made, and I just got a text from one of my colleagues who is, of course, very alarmed at the speed with which change would be implemented, you know, we're 45 days from the end of the fiscal year right now, and so I'm wondering if there's any opportunity to revisit perhaps in the budget bill language the process and the timeline for which these various draconian measures are going to go into effect so that we are not forever in a position of being kind of behind the eight ball trying to fix things that they don't quite get right on July 1st.

>> Yeah. And then I'll let Zlatko answer too. The answer to that is yes. I mean, from our perspective, you know, everything is on the table here now for us to be raising with them. I don't envision we're going to win every fight along the way on this. But I think on the point that you make, Kim, is really an important one. There's two things going on, I would suggest, with this May revise. One is the numbers. As Ana Matosantos laid out Ana Matosantos laid out what the governor's position is and what they hope to achieve. It's \$300,000 at least on the fund balances is something that is essential for balancing the budget statewide. That's going to be one piece. The other is, more of the policy issues that she was discussing with us. And those are not necessarily determinative of the same timeline that we would have to move on, on the dollar sign, and I think we will be suggesting that very point. Either that it may be still -- we might need some time to answer that policy question on whether that is the correct policy to have the -- no ability to have fund balances, which we could still get the dollars that they need; yet, still have a policy discussion on whether that's where we need to end up, and then I think Zlatko had mentioned before that there are also other ways that we could, over an additional year, still roll out an approach to get them where they need to go. So I think those are both on -- on the table.

>> The only other thing I would add is that we shouldn't expect them to commit to the '13, '14 budget plan where they assume this \$125 million ongoing. There's no requirement that they balance the subsequent budget year for now. In terms of putting out a budget package, the governor clearly wants to show that his plan is fiscally sound in the out years but we're advocating on no decision for cuts in '13, or '14 because that would be premature at this point.  
>> Have we actually seen budget bill language yet?

>> No.

>> 'Cause Ana seemed to be indicating -- you know, she was reading from something and was reading -- no, okay.

>> I've asked, and it doesn't exist because -- they have a website that posts all of their actual trailer bill that's been posted at this point and it doesn't even show us on TVDes it's not on the spreadsheet yet. That's on the website so that's not something I have special access to. It's draft. It's pencil to paper, finger to keyboard so --

>> I don't think they're hiding anything but I think it's not done yet.

>> But it seems we could take the language by drafting the language ourselves.

>> I think what happened today is going to inform them because there were things in the -- in the speed in which this proposal was developed, there was -- there was not an ability to completely understand the implications, and so I think this form actually gave them some ideas as to how they might frame their language.

>> Judge Westley?

>> Zlatko, that \$80 million as 3% seems to me to be a low figure and again, I wasn't clear because the DF language was different than language in the -- in the revise. Were you able to get a handle on what they were talking about?

>> No. Those two documents -- they're just narrative. They're not -- you know, they're not statute or anything like that. It's just what happens is, is on one side of the street, the technician folks, the budget like Amy was sitting here and Ana is in the capital office and Amy is in the office building -- the one is a more technical document and sometimes between the two documents they don't get married up. It's not it's purposeful ambiguity or purposeful inconsistency. They are still working on what it was and the base number of what they're calculating their \$80 million number against. So I think there's still room for us to talk about -- to the extent we are, you know, working on this, what that calculation would be and how it could be used.

>> So you're not -- am I correct that we're not clear where that 3% --

>> Yeah, I at one point heard their calculation was 100 and so it's like what is that? Where does that number come from? So is it tied to the chart in any way. I heard they're taking out court security. It's a fast-moving issue. The May revision budget -- they compress what is in the fall from September to December and to January into about a month, and so putting together all the details makes it -- there's a number of gaps, and so they put out the high level policy and their ultimate goal, how we get there is a whole different process. As the director said, she wants input from us. Well, today I think was informing their thought process on the fly.

>> Thank you.

>> No more questions? At least not now. Thank you. Next we invite Judge Robert Trentacosta, vice chair of the trial court presiding judges advisory committee, Judge Laurie Earl, a member of the trial court presiding judges court executive committee and Mr. Allen Carlson, chair court executives advisory committee for item E the judicial branch budget the impact of budget reductions and the governor's proposed May revision from the perspective of the trial courts, not an action item.

>> Thank you, Chief Justice, members of the committee. We're going to do this in two parts. I'm going to talk a little bit about the state perspective that we got earlier from the trial court view and then each of us is going to talk a little bit about what's going on in our particular courts to kind of give some more reality to this I represent the people who sign the contracts and send the

contracts and send letter to people telling them they're laid off or fired or going to take furloughs. Because I'm in that position I take a quite a bit more hard-nosed pragmatic realistic view of what's going on with this budget process. So in my opinion right now the trial courts are looking at a \$752 million cut next year. The difference -- the question I asked earlier is that -- whereas they think we're going to go up 1.5% I think we're going down \$752 million. She gave me a chart that explains the difference and basically she's assuming \$402 million in reserve use and \$314 million in backfill from other places. I don't -- I don't think this year 400 million and \$200 million in reserves and I don't know where they're going to get \$314 million in backfill from other places. So the number of actual -- the dollar of actual cut we're going to experience is somewhere between her plus 1.5% and my minus 752 million, which is a pretty big gap. As I say I'm a -- pragmatist and before I see an action by the legislature or money, I don't count it and that's one of the reasons why Orange County has been able to survive as well as it has over the last several years is because we don't use the money or plan for using the money until it's actually there. So in my opinion we're down \$752 million. That's not counting any increases I don't see there so if my retirement contributions go up because the actuarial people tell me it cost more, that's on top of the 752. If a court has contracts with union folks and there aren't many left since the time has been so long now, where they had promised certain increases, that's going to be on top of the 752. Even if you use 300 million in reserves which was the original number, now it's 402, that still represents a pretty substantial -- I think an 18% reduction in our funding over time. And if we have to make the reductions we're talking about -- if you compared to what we had to reduce for this year, it's like 1.7 times as much reduction as we had to experience this year. Those are pretty massive changes in what's going on, and I think that's why there's a certain amount of oh, my God! In the room particularly me and my colleagues who I say have to write the checks and explain to judges why we're closing down and we can't do this and we can't do that and that sort of thing. So shifting to what Orange County has done over time, I think that as you've heard before and maybe heard in other venues we've worked pretty hard to operationalize the cuts that we've had. We saw this coming in 2008. We started planning in 2008 to glide down to where we are now. We didn't think it would last this long but we kind of view it as a three-year slider or horizon on doing things. As of July 1st, I will have reduced the number of staff in the court from 1860 to 1600. That's about a 15% reduction in staff. We have not done any furloughs except the one year when everybody did them. I only laid off 5 people in the first year. All the rest of our attrition has been done through VSIP programs, normal attrition. We looked very seriously now if somebody is not doing well on probation, we cut them. And we've looked seriously at performance and have a higher rate of releasing people after they're in there because that's what we need to do now. We've also done a number of measures internally -- the business process re-engineering VPR concept -- we started it in January of 2009. We had 17 teams with over 100 people working on things. We have an hour-long video that talks about some of the major things to cut down thing. I'm not going to share them with you. We have an individual phone book of items we've done, ranging all the way from stopping producing printed copies of custody lists and sending it out electronically all the way up to a magic mail machine that processes traffic tickets. It's been a massive effort. We dropped 100 people. We don't need these people anymore, just in the first year of the VPR efforts. We've now expanded that into -- we first began only in operations and now we're looking at it in an H.R. and a finance administration side of the Court, and I expect to get several more staff reductions from that. We've taken advantage of technology at a massive scale. We are completely paperless in civil cases and family law cases and probate

cases. No case files, no filing room. The filing room got turned into a room where the people review the eFiling stuff that comes in. That's small claims, limited civil, general civil, unlimited civil complex, everybody is paperless, no files. We're working to finish that off in family law. We're pretty much there. There's some old cases that were never scanned that we still have to have paper once in a while. We're working on getting electronic versions of criminal and traffic cases. We're part of a project with two other courts to get CHP citations electronically. It's now running. I think we had 1,000 citations I think after the first three or four weeks and they continue to ramp up as they get it more officers and we've taken it out electronically we're working with three local agencies to get their tickets electronically the same way so again no more paper. We've reduced the staff, we've reduced the management levels. We have fewer layers of management. We have fewer managers. One of the people I laid off was my chief deputy on day one and we have cut that down and done a lot of things and it is ongoing. Our collections are up and we are collecting more money than we used to be. Ironically because of the changes we've made with technology we are in fact providing more services than we were in 2008. You can pay your traffic ticket online, you can pay your traffic ticket using the telephone, you can schedule traffic hearings online or over the telephone now. We've done a lot of things like that. You cannot do that if you don't have the technology to support that, and there's a lot of courts in this state that didn't start where we started and couldn't make the kind of changes we made because they didn't have the technology and the capacity to do that. So I think that is important to remember. It's taken us four years to get to this point. We couldn't do it between now and June 30 or even between now and next July 1, 2013. These things take time. Sometimes it takes money. You have to buy these things and you have to implement it. You have to train people. You have to figure out how to change your business practices. So we've done all these things and we've been fairly quiet about it. A lot of people can't do what we do. We're not going to push this on anybody else but the fact of the matter is we're down from 1860 people to 1600 people and we've done all of those other things, and yet this year we will spend \$8.7 million out of our reserves. So already this year we are \$8.7 million below what we need to operate even as efficiently and with as much technology as we have in Orange County. Right now we're at the \$700 million and some cuts. \$44 million more I have to cut between now and the end of next year to get through next year. That's probably more than we've cut already and we've already cut a lot out of our system. '13-'14, it's a cliff because even the money that's in their chart. So they've got \$402 million from the reserves and \$314 million backfill. That's gone. So that's \$700 million and some-- \$716

I don't know how that's going to happen, but it certainly can't happen in one year without ending up with just furloughs, closures and services not being delivered. So that is the positive, upbeat message that I have from both a state-wide perspective and from a court that's really worked hard to operationalize the funding and get to where we got. I'm happy to answer questions and maybe we'll let the other two courts do theirs and then we'll have questions. format and worked hard to operate that and do the other two courts.

>> Thank you, Allen.

>> I'd like to start by addressing what I think is the fallacy that the trial courts have been largely held harmless from previous budget reductions. About \$606 million to the trial courts is hardly harmless. Perhaps we have not done a good enough job at educating those outside the branch and

I welcome the opportunity to do so today and to share a little bit about what Sacramento has done like so many of our state trial courts to adjust to this steady decrease in funding. Since 2008 our court's funding has decreased resulting in 193 fewer employees. In response to that, we have had made a number of changes to our operations in an effort to meet those reductions. And we have eliminated the full-time use of temporary staff, staff that was needed to timely process the cases that are filed in our court. We have and copier, paper, and janitorial services and eliminated a number of benefits as well as the 6% COLA and like Orange County we have gone electronic in civic and small traffic claims and eliminated hard copies of the judges' library materials and instituted a hiring freeze and we have extended a voluntary salary incentive program. And we have restructured and we have also used technology to leverage staff resources. We've recently installed kiosks at our traffic court to allow folks to pay fines and fees through the kiosk and check in for court and to view the red light video camera and we have increased our online services to allow many of the users to do the same thing online as well. We in Sacramento have been proactive in addressing the budget reductions. As I said, as a result we have 193 fewer employees today than we did in 2008 and by implementing the proposal offered by the /K-P governor on Monday, to lose another 140 and this would be a 40% reduction in staff since 2008 and we continue to receive the same amount of work and the same number of homicide, drug, and theft cases and the same number of guard -- of guardianship and custody hearings and have slowed down tremendously in the ability to process the cases and we will stop doing some of these things all together. In 2010 based on several years of ongoing permanent reductions to the branch and a belief that we developed a three-year budget plan to live within the resources of our time. This reduction would result in a dramatic decreasing in the staffing abilities and force a total reorganization of our court. In 2008 we had 873 employees. Today we have 680 and when we are done, we will have 540. -- attempting to achieve this in one year while serving for a functioning court in our community would have been irresponsible and resulted in disastrous consequences upon the public. However, we have been fiscally prudent and managed to set aside money in the reserve account for such purposes. We plan to spend those reserves over the next three years to responsibly make the reductions and changes to meet decreased funding. We are nearing the end of the first year of our budget plan. We have imposed layoffs, reduced expenditures and held our hiring freeze and we have spent reserves in doing so. Year two of our plan is to begin on July 1 of this year and it calls for a reduction of \$14 million from our budget. And in pure staff costs that is 140 employees. Realizing that we could ill afford to lose 140 employees at once, our plan calls for the additional use of reserve funds as much as \$8 million to offset the layoffs until the final year of our plan. However, on Monday we were advised that we would not have the reserve money to do so. Suddenly the second and final years of our restructuring plan must be completed in one year or we will be fiscally penalized. I am somewhat taken aback by the comment today and she said it more than once and that is that this restructuring, the use of reserves, would allow courts to maintain operations. That will do anything but allow us to maintain operations. Before Monday the path to our restructuring included the reduction of the services that we currently provide and now that path involves the cessation of those services. Some of the things that will be impacted here in Sacramento include the civil case management program and currently insures the timely litigation of the civil cases and we can no longer afford to maintain that program. The council recently approved rules of court that require a case management program for penalty law cases. We will not implement the rules as we do not have the resources to do so. We will close our

small claims department and other courtrooms are at risk of closures as well. We will replace the front counter staff with drop boxes in the civil division. We will reduce the hours of operation at the public counters and public phones. We will backlog the processing of arrest warrants, state prison commitments and new criminal cases. We will eliminate court reporters in civil cases.

By necessity we will virtually cease the processing of any case except criminal end? Si and family and civil law cases will trickle through the system. The magnitude of the Governor's proposal is so huge that I am not sure we have truly digested it yet. One thing I do know is it will be impossible for us to accomplish this mass reduction in less than a year, let alone 45 days. We also cannot begin to act in my opinion until we fully understand where we are. We first need to step back and look at the global picture before we act, before we start talking about specific allocations and about layoffs and court closures and trial courts up and down the state will need to ask themselves, have we completely operationalized the \$606 million reduction we have received in previous years? And the answer is no. We are doing that now. We are doing that now. Sacramento courts is one of many trial courts to address previously imposed reductions. And I think the question of whether we've operationalized reflects that what we are really looking at here is a \$653 million problem from previous years, plus a \$544 million problem from this year.

If we don't look at previous years and fool ourselves into believing that we have absorbed those, we will face ruin. Let me close just by stressing this. We cannot afford these cuts. Furthermore, we cannot absorb these reductions in 45 days. It is procedurally, if not physically, impossible. Two weeks ago we sent letters to 60 employees that their position had been identified for elimination in the next fiscal year. How many do we send now? We need time. We need at least a year or more to position ourselves to accomplish what I think is the Governor's goal, to restructure ourselves to promote equal access to justice. But as was afforded by our state and local correction system, the trial courts also need a realignment plan. Not just to impose statutory changes that would allow us to redirect some of the things that we do, but to give us the time to be able to accomplish the goals that the governor has set out for us. Thank you.

>> Thank you. Judge Costa.

>> I have been asked how the Governor's revise may affect the trial courts and I want to begin with this overarching principle. You and the presiding judges have struggled to keep our courtroom doors open and to maintain a level of excellence in our judicial system by making it accessible, fair, and efficient. As our branch has endured four years of successive cuts, our presiding judges, perhaps now to their detriment, struggled to make sure that the public would not feel the full impact of our pain. We did that in a variety of ways. As P.J. /KWR-S, we shared our best business practices. We helped one another implement the practices and we worked together as a team. We also used technology and in San Diego and Orange County and elsewhere, we have gone paperless in civil and probate matters and were moving toward paperless in many other disciplines and the question remain social security can we get there. And we have used the Internet and Internet technology to try and make our courts more user friendly. And matters like scheduling and fine payments and providing information to the public so that they can understand the process. Those have been our goals. Those have been things that we have been able to accomplish despite a lack of resources.

But as the May revise makes clear and this is perhaps the most painful part of today and the coming days that we cannot now protect the public from the full brunt of these cuts. It's disheartening because the people in this room know. We have talked about numbers all morning. But numbers may be a way for other people to keep score. What we understand the numbers to be is the effect it will have on people. We have all seen the lines and the folks who have come in to try and do their business at the courts and who have had to take a half day off in order to get through the lines and it doesn't mean the staff isn't working as hard as they possibly can. There's just a lot less of them. So what does this mean for our trial courts?

We have seen the point of the spear already in many courts. It will continue. We are going to undergo in the next year and the years that follow a painful constriction. There will be closed courtrooms. There will be furloughs. There will be layoffs. And painfully for many of us in the trial courts, we have through long experience put in place innovative programs that work. There simply isn't going to be enough money to fund many of those programs and we are going to be turning the clock back 10 or 15 years in term of providing equality to the justice system and to the public. My fear and the fear of many of my P.J. colleagues is this: We have worked hard and we all take great pride in our justice system. It is sad to think that because of the lack of funding, our justice system may now be characterized in ways that are hurtful to us. Lay people may say, this is a system that has chronic and systemic delays and barriers to real people achieving the end of justice. While it has been a difficult day for all of us, there is an unsettling question that keeps reverberating among the P.J.'s and to be honest and we should be honest and we have to put it on the table and that is this. If a lack of adequate funding continues, we will see a systemic dismantling of a justice system that has been a model in our country. That is the concern of our P.J.'s.

>> One final comment. All the things that you have heard us say in the three courts and I am sure it is true in all the other courts occurred because of the financing structure and the trial court funding structure we have here in California including being able to have reserves. What we have done could not have been accomplished absent that structure. I don't understand and I'll be happy to talk and the branch can talk with a working group to reassess how we're defined after you make a fundamental change in the structure as proposed in the Governor's business to take away what we have done so far. Let's leave it alone and talk about it and I don't understand why we change fundamentally.

>> Thank you. Points well made. Thank you. Any questions? Appreciate it.

>> Thank you.

>> I can now to call the next matter and Mary Ann O'Malley and Mr. Neil McCarthy and this is item F and the impact of budget reductions and the governor's proposed May revision from the perspective of the coalition and the Bar. No action required. No materials are provided for this item from the bench-bar coalition.

>> Thank you, Chief. I am here on behalf of the bench-bar coalition and my other co-chair Danny Murphy and I have been working with the bench-bar coalition to put the word out to the legislators and our justice partners about the effects of the recent cuts to the court and they have been working very hard and today I am almost numb. I am just -- all the hard work that

everybody has been doing trying to educate people as to the specific effects of the budget cuts, and I can't help but think it's just falling on deaf ears. I am just a little bit numb here. Just to let you know all the activities that have been going on to do just that is that on May 14, the bench-bar coalition quarterly conference call was made and there were over 50 BBC members who joined the call. Several obviously expressing their dismay at the extent of the proposed reductions. We also heard from the president of the state bar and the CJA, California Judges' Association and the co-chair of the open courts commission and the coalition on the access to court justice and their efforts to address the ongoing budget cut and we appreciate the efforts and the help of the legal community and our partners. BBC members are now registering for the day of the district visits to the legislative district offices, which will be hopefully effective to put the word out especially now and we're asking them to update the legislators and their key staff members on the devastating effects of the reductions. And those are being scheduled on Thursday afternoons and Fridays and basically whenever the legislator can meet with us or their staff.

What we're asking also is that the bench-bar coalition members kind of enlist this four C's project where on their visit to the legislator they either take or all a client, a court user, a construction industry stakeholder, and/or a constituent from the legislator's district all to let them know the direct impact of what the cuts would have for each of these people specifically so they know how it impacts each one of these areas.

The office of governmental affairs, of course, has been working nonstop and has partnered with the BBC members and the California courthouse construction coalition, the coalition called just build California, for legislative visits as well. And the construction coalition recently sent a joint letter to legislators urging the protection of the construction fund which was signed by labor organizations and hopefully many of you saw that, industry business groups, and governmental and elected officials, and individual construction-related business owners and stakeholders also to let them know the ramifications and the drastic effects of what this will have to basically all the people of the state of California.

The BBC also invites anyone who would like to be, you know, informed of any of the judicial council members that would like to have updates and just let me know if you would like to be on the mailing list and we can add you to that. Other activities on Monday, April 16, of course bench-bar coalition members attended a press conference and the senate joint legislative hearing on the impact of budget reductions which was held at the state capitol followed by a well-attended reception there. Several BBC members also attended the stand up for justice rally that took place in San Francisco and that was April 16 on that day. Tuesday, of course, May 8, was law day and Chief Justice, we heard your eloquent talk on that date and that was attended by many BBC members. And so again, working very hard, members of the judicial council and chief, to put out the word and use people who are being specifically impacted by it. And we will continue to do so in the best of our ability.

>> Thank you, Judge O'Malley. Any question about the activities of the bench-bar coalition? Can't urge you enough about the great work you do and the outreach and I urge you if you are already not to sign up for the updates about what is happening in the capitol and what information they have that they are taking to the legislature. Thank you.

>> Good afternoon. Neil McCarthy speaking today as the president of the consumer attorneys of California on behalf of our 6,000 members of our state and local organizations. As I think the

council is aware, we have been a partner in the path with respect to fee increases and we're presently working on that now with the defense council and some of the other stake holders to see if there is a way to direct additional funds provided the funds would go to the courts and not some other area of state government. That work is underway presently. I just want to speak for a moment about the problems faced by plaintiffs and plaintiffs' attorneys. And while court underfunding affects all litigants, the problem is particularly acute with plaintiff lawyers. Most civil cases settle. We all know that. Settlements are created by pressure being placed on both sides and pressure comes from trial dates. Without trial dates, the plaintiffs are put in a distinct disadvantage. And so this point the budget cuts in the past, we have heard a series of complaints from our members which are going to increase exponentially and due to what was announced on Monday but the net result is you have plaintiffs who are settling cases for less than their fair value simply because they cannot wait for a courtroom to be open due to the massive underfunding of our state's judiciary. And certainly justice is not served when one of your settlement criteria is will my case ever be heard in this court due to the lack of staffing. The other point I wanted to briefly make is on the issue of court unification. And due to the budget cuts, we are at a cross roads now on the issue of unification. And I think we all recognize practices in California are no longer local. Most of our membership practices throughout the state and our members have received a tremendous benefit from court unification. Uniform rules, uniform fees, understanding that California can be treated as one cohesive court unit as opposed to 58 separate units. And I would just encourage this council in this decision making to think long term about the benefits of unification and keep those benefits intact while you address this massive budget crisis. Thank you for your time.

>> Thank you, Mr. McCarthy.

>> Thank you, Chief Justice and thank you, council members, for the chance to address you. This is fitting the defendant always follows the plaintiff. And I certainly share some of Mr. McCarthy's comments. The accessibility to trial court departments has become an enormous issue in defense practice as well. We have had numerous cases in our office where trials are coming up four, five, six times before they actually get out, requiring counsel to prepare every time and get witnesses prepared at tremendous expense to our clients. Some of them are from out of state and don't understand what's wrong with California. But I certainly share his comments and it is a tremendous burden and is somewhat creating a bet of an atmosphere of unfavorability to business that we're striving to overcome. One of the points I wanted to address is there was discussion today about fees and assessing additional fees for access to the courts. As Mr. McCarthy said, we have been working collaboratively to increase fees for first appearances, increase complex filing fees, fees for motions in Limine and various other motions but the concern that we have, which he touched on, is the ability of the fees to be swept into the general fund and not to remain within the court system. And my role through California defense counsel working with the northern and southern defense association social security to advocate what we're doing and why. And it's becoming increasingly difficult to convince the membership that these fee increases that we're talking about are a good idea if there appears to be no end in sight and if it appears that the money is not going to what it is us a sensibly for. The -- the concern is the amounts and is it ever going to stop and where we're not coming back to the well on a virtually annual basis looking for creative ways to generate revenue. Also a concern to us and I believe someone mentioned at some point today the example San

Joaquin County and it may be a bit of an aberration but we are concerned in representing clients throughout the state of California and not just those who are fat and happy but others that are struggling. And it certainly is a problem that concerns us greatly. And we also want to focus on redoubling our efforts to create efficiencies. If the fees increase, can we get something back in terms of efficiencies with the courts and working collaboratively with judges on things like E-filing and telephone appearances and work with the courts to streamline what we do and make what we do as efficient as possible and eliminate unnecessary hearings and at least contribute in that regard. Anyway, thank you very much for your time.

>> Thank you. Any questions or comments for the panel? Yes?

>> I would just address my question to Mr. Bacon and Mr. McCarthy. There is been caulk today and over some time now about structural changes -- there's been talk today and over some time now about structural changes to the system. I was wondering if the attorney groups have discussed any type of reform such as jury reforms. Eliminating jury trials in some cases, number of jurors, pre-emptory challenges, and that sort of thing on the agenda?

>> One device in place is the expedited jury trial, which we saw as possibly a really great resource to get cases out quickly and have them resolve more efficiently. Sadly for whatever reason, it does not seem to be getting a lot of traction. Both sides have to agree and that has proven difficult. People are just concerned about their being able to truncate a trial in that fashion, but it is something that I certainly favor. We have talked about it coming more and more frequently to certain aspects of the trial and get rid of the liability issue and move on to damages and stipulating to reduce jury sizes, that kind of thing. And there are very aggressive judges in a good way that have talked about truncating voir dire and trying to move things along more quickly and I guess the short answer is yes, we have considered a lot of options.

>> I think John covered it. One of the few times I will let defense counsel speak for me.

>> With the current crisis, it just may become something that has to be considered more seriously by all parties.

>> Right, I agree.

>> Thank you. Any other questions?

>> I would just like that make a comment, and that is -- at the podium there, the work of the open courts coalition was just tremendous this year. And so I think we're all indebted to you and all of those involved for the efforts that you went through in terms of promoting the interest of the judicial branch, so thank you.

>> Thank you very much. On behalf of the open courts coalition, we're mid fight, so we're nowhere near the end. We certainly got a setback on Monday, but our group is more invigorated and ready for battle than before.

>> Thank you very much. Always appreciate your perspective. Thank you.

Next on our agenda is item G but I am told that they felt in most instances and most ways that Kurt, and Jody and Zlatko covered what they would have in the next step and before we conclude it is important to talk about what we have gleaned here today and to announce to you how I see this going forward and the response will be the Chief Justice and the administrative director to negotiate the budget. I anticipate naming a small representative group for the flexibility and the ability to move I think quickly in the capitol at all hours and any part of the week and I will be announcing that quickly and I expect no later than close of business tomorrow. And every member of that group would be tasked with the responsibility of outreach to the particular entity they represent. Also point out that the small group would assist Jody and I in developing the issues that we have talked about here and taken copious notes about the message and the information that will support the message that we take to the department of finance and the legislature about where the branch is, and what these cuts mean, thousand they're untenable, and our -- how they're untenable and we can't do this in 45 days and the strength of trial court funding as it exists today as describe bid the panel with Allen Carlson, Judge Earl, and Judge Trentacosta. And we will post our activity regarding how we're moving on the website as well as through email, but I urge you to note something you're probably already aware of. The greatest contact person in terms of what is happening with judicial council is Justice Miller and Mary Ann O'Malley with the bench-bar coalition as well as any of us and I urge you out there to contact for the Judicial Council for input. Exchange information and transmission and it is not our intent to hide the ball in any way, so this is going to be moving quickly and the information will be available to you and we're also interested in your input as we can incorporate those into the message to department of finance and Governor's office and the legislature. The only other I think I want to say before we close today is ask if anyone else in council would like to make a statement about today and where we go from here.

>> The only thing I would like to say is, again, to thank the P.J.'s and I wish that Judge Rosenberg was here, but I want to thank him and the P.J.s and through judge Trentacosta and Judge Earl and you have been wonderful to work with and I know we will spend a great deal of time in the coming weeks and months working together and the information and insight is particularly insightful and I want to thank Judge Ruben and CJA and all of you who provided us with your insight as well.

And what I would end with and those who know me know I like to use humor to break the ice or lighten the situation, but I don't find today that that is appropriate. This is too sober of a time, but I know that with all of us and with the help of the P.J.s and the C.E.O.s and that we're going to get through this and it may be a difficult time, but we're going to get through to the other side.  
Judge Ruben

>> Thank you. I echo Justice Miller's comments and I think most of you know I try to be upbeat in most situations. And this is just been, pardon the expression, one hell of a week and today was -- I hope it doesn't get worse this week. Just get us through the end and a couple of comments. First of all, on behalf of CJA, we are just -- this is staggering. We are, the court system is the backbone of the justice system and the public safety piece that is being threatens here that we have to figure out how to protect the public and as Mr. Carlson said and we spent all the time --

and I'm sorry, and sorry, and we spend all this time trying to insulate the public from what's been happening to us and this is what happened to us in the end.

And it's very profound and very difficult and there is another piece, I think, that we need to keep our eye on. There is a profound structural change suggested in this budget. And it really changes and shapes the relationship of the courts to the council and the council to the executive and to the legislative branches. And we need to focus on this and look at this and not let in our efforts to ameliorate what is happening and to implement the changes that we want and need.

>> Thank you. I appreciate you being here. There are hard, difficult times ahead, but I continue to believe the judicial branch are the smartest people in the room and we're going to figure it out. Thank you.