



JUDICIAL COUNCIL OF CALIFORNIA

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REPORT TO THE JUDICIAL COUNCIL

For business meeting on August 21, 2015

Title	Agenda Item Type
Trial Courts: State Trial Court Improvement and Modernization Fund Allocation	Action Required
Adjustments for Fiscal Year 2015–2016	Effective Date
	August 21, 2015
Rules, Forms, Standards, or Statutes Affected	Date of Report
None	August 12, 2015
Recommended by	Contact
Trial Court Budget Advisory Committee	Steven Chang, 415-865-7195
Hon. Laurie M. Earl, Chair	steven.chang@jud.ca.gov

Executive Summary

The Trial Court Budget Advisory Committee is recommending allocation adjustments, totaling a net of \$938,823, to fiscal year (FY) 2015–2016 allocations made by the Judicial Council from the State Trial Court Improvement and Modernization Fund in April and June 2015 and is also recommending new reporting requirements related to encumbrances.

Recommendation

On August 5, 2015, the Trial Court Budget Advisory Committee (TCBAC) adopted the following recommendations for consideration by the Judicial Council:

1. Allocate a net adjustment of \$938,823 from the State Trial Court Improvement and Modernization Fund (IMF) in FY 2015–2016, as follows:
 - a. A \$5.509 million augmentation to the allocation of \$10.65 million for the Telecommunications Support (LAN/WAN) program,

- b. A \$145,600 augmentation to the allocation of \$715,600 for the California Courts Protective Order Registry program,
 - c. A one-time reduction of \$375,186 to the allocation of \$12,496,300 for the Phoenix program,
 - d. A one-time reduction of \$1,952,231 to the allocation of \$10,487,200 for the California Courts Technology Center, and
 - e. A one-time reduction of \$2,388,360 to the allocation of \$5,220,500 for the Enterprise Policy and Planning program.
2. Require Judicial Council staff to provide the following reports to the TCBAC:
- a. By September 30th of each year, an annual report of outstanding encumbrances for all programs funded from the Trial Court Trust Fund (TCTF) or IMF that support the trial courts, which should identify the amount and purpose of each encumbrance, the name of the vendor/contractor for which the funds are encumbered, the equipment or services related to each encumbrance, and estimated time frames for expenditure or disencumbrance; and
 - b. By March 31st of each year, an updated encumbrance report, containing the same information as the September report and adding updates on the status of encumbrances contained in the September report as well as any new encumbrances that have occurred since the previous September.

Previous Council Action

At its April 2015 and June 26, 2015 meetings, the council approved \$66.277 million in allocations from the IMF for various programs and projects (see Attachment A).

At its August 23, 2013 business meeting, the council exercised its authority provided by statute and delegated to the Administrative Director the limited authority to transfer allocations between projects and programs that are funded from the IMF, subject to the following criteria:

1. The sum of allocation transfers cannot exceed 20 percent of the allocation to be reduced or 20 percent of the allocation to be augmented.
2. The Administrative Director must notify the chair of the council's Executive and Planning Committee and the chair of the TCBAC in advance of any transfer.
3. The Administrative Director must report back to the council on the rationale for and amounts of any approved adjustments after the end of the fiscal year.

Rationale for Recommendation

Recommendation 1 includes allocation augmentations for two programs (totaling \$5.655 million) and allocation reductions for three programs (totaling \$4.716 million), for a net recommended adjustment of \$938,823 (see column C of Attachment A). The \$5.509 million augmentation to the Telecommunications Support (LAN/WAN) program's 2015–2016 allocation of \$10.65

million comes from a \$5.509 million augmentation to the General Fund transfer to the IMF, as proposed in the BCP submitted by the Judicial Council. The \$145,600 one-time augmentation to the California Courts Protective Order Registry (CCPOR) program's 2015–2016 allocation of \$715,600 is for California Law Enforcement Telecommunications Systems (CLETS) software and infrastructure (California Courts Technology Center CLETS Infrastructure, \$77,000; DOJ Telecommunications, \$10,214; and DataMax/Omnixx CLETS Support, \$58,346). Given that the council eliminated IMF funding for the CLETS program in 2015–2016, the CCPOR program cannot continue operations without the proposed \$145,600 augmentation of the program's allocation. The proposed one-time reductions are to align the current level of funding available from prior-year encumbrances and current-year allocation so that the three programs are fully funded for costs through the end of 2015–2016 but not beyond June 30, 2016. Removing funding that was planned for costs that would be incurred during 2015–2016 allows for a reduction of \$375,186 from the Phoenix program's 2015–2016 allocation of \$12,496,300, \$1,952,231 from the California Courts Technology Center (CCTC) program's 2015–2016 allocation of \$10,487,200, and \$2,388,360 from the Enterprise Policy and Planning (EPP) program's 2015–2016 allocation of \$5,220,500. For the EPP program, the recommendation would entail funding the current Oracle contract from the 2015–2016 and 2016–2017 IMF appropriations. The current practice at the Judicial Council is to fully encumber a 12-month contract using the most current year's appropriation. This report's recommendation would require a deviation from the current practice.

Recommendation 2 requires Judicial Council staff to report on encumbrances from the IMF and Trial Court Trust Fund (TCTF) twice a year. The TCBAC believes that the amount of encumbered funds being carried over from year to year is significant at a time when many difficult funding decisions must be made. Had the TCBAC understood the amount of some of these encumbrances during its review in March 2015, it might have delayed, reduced, or avoided altogether, reduction recommendations for various IMF-funded programs that were subsequently approved by the Judicial Council in April 2015. Although, as part of this current effort, the TCBAC's Revenue and Expenditure Subcommittee only reviewed encumbrances in the three program areas, in the future it is important that the TCBAC be apprised of all outstanding encumbrances for all program areas that are funded from the TCTF and IMF—monies intended to support the trial courts. The recommended updated encumbrance reports will be considered by the TCBAC as it reviews funds available to support trial court activities in the next fiscal year.

Comments, Alternatives Considered, and Policy Implications

No comments were received when these recommendations were considered by the TCBAC at its August 5, 2015 meeting. The TCBAC did not consider alternatives to the proposed recommendations.

Attachments

1. Attachment A: 2015–2016 State Trial Court Improvement and Modernization Fund Council-Approved Allocations
2. Attachment B: State Trial Court Improvement and Modernization Fund (IMF) Fund Condition Statement

**Attachment A: 2015-16 State Trial Court Improvement and Modernization Fund Council-
Approved Allocations**

#	Project/Program Title	JCC Office	Approved Allocations for 2015-16 ¹	TCBAC Recommended Adjustment	Recommended Allocation
1	CFCC Educational Programs	CFCC	67,000		67,000
2	Interactive Software - Self-Rep Electronic Forms	CFCC	60,000		60,000
3	CFCC Publications	CFCC	20,000		20,000
4	Domestic Violence - Family Law Interpreter Program	CFCC	17,000		17,000
5	Self-Help Center	CFCC	5,000,000		5,000,000
6	Self-represented Litigants Statewide Support	CFCC	100,000		100,000
7	Distance Learning	CJER	138,000		138,000
8	Essential/Other Education for Court Management	CJER	20,000		20,000
9	Essential/Other Education for Court Personnel	CJER	140,000		140,000
10	Faculty and Curriculum Development	CJER	250,000		250,000
11	Mandated, Essential & Other Education for JOs	CJER	654,000		654,000
13	CIP - Testing, Development, Recruitment and Education	COSSO	143,000		143,000
14	JusticeCorps (Court Access and Education)	COSSO	347,600		347,600
15	Trial Court Performance Measures Study	COSSO	13,000		13,000
17	Budget Focused Training and Meetings	Finance	50,000		50,000
18	Treasury Services - Cash Management	Finance	238,000		238,000
19	Trial Court Procurement	Finance	122,000		122,000
21	Trial Court Labor Relations Academies and Forums	HR	25,700		25,700
24	Audit Services	AS	660,000		660,000
26	Data Integration	IT	3,849,600		3,849,600
28	Adobe LiveCycle Reader Service Extension	IT	141,000		141,000
29	California Courts Technology Center (CCTC)	IT	10,487,200	(1,952,231)	8,534,970
30	CCPOR (ROM)	IT	715,600	145,600	861,200
31	Civil, Small Claims, Probate and Mental Health (V3) CMS ²	IT	5,658,100		5,658,100
32	Enterprise Policy/Planning (Statewide Development)	IT	5,220,500	(2,388,360)	2,832,140
33	Interim Case Management Systems ²	IT	1,246,800		1,246,800
34	Jury Management System	IT	465,000		465,000
35	Telecommunications Support	IT	10,650,000	5,509,000	16,159,000
37	Uniform Civil Fees	IT	366,000		366,000
40	Judicial Performance Defense Insurance	LSO	966,600		966,600
41	Jury System Improvement Projects	LSO	19,000		19,000
42	Litigation Management Program	LSO	4,000,000		4,000,000
43	Regional Office Assistance Group	LSO	1,460,000		1,460,000
45	Trial Courts Transactional Assistance Program	LSO	451,000		451,000
46	Court-Ordered Debt Task Force	TCAS	19,000		19,000
47	Phoenix Program	TCAS	12,496,300	(375,186)	12,121,114
48	Total		66,277,000	938,824	67,215,824

1. The allocations for education programs managed by CJER reflect the CJER Governing Committee's most recent allocation. The council authorized the committee to allocate and reallocate a total of \$1.202 million among the five categories as needed.

2. Will be reduced, up to 10 percent, to maintain a \$300,000 fund balance in the IMF if the projected year-end 2015-16 IMF fund balance falls below \$300,000.

Attachment B: IMF -- Fund Condition Statement

(revised July 22, 2015)

#	Description	2012-2013 (Year-end Financial Statement)	2013-2014 (Year-end Financial Statement)	Estimated 2014-2015 (Estimated YEFS)	Estimated 2015-2016 ¹
		A	B	C	D
1	Beginning Balance	48,128,575	44,827,741	26,207,006	8,408,150
2	Prior-Year Adjustments	11,547,967	4,410,172	2,880,385	992,266
3	Adjusted Beginning Balance	59,676,542	49,237,913	29,087,391	9,400,416
4	Revenues				
5	50/50 Excess Fines Split Revenue	31,920,133	26,873,351	23,202,658	21,526,146
6	2% Automation Fund Revenue	15,753,200	15,242,700	14,730,023	14,143,701
7	Jury Instructions Royalties	518,617	445,365	484,063	484,063
8	Interest from SMIF	201,201	124,878	100,734	100,000
9	Other Revenues/SCO Adjustments	2,875	24,476	30,233	-
10	Transfers				
11	From State General Fund	38,709,000	38,709,000	38,709,000	44,218,000
12	To Trial Court Trust Fund (Budget Act)	(23,594,000)	(20,594,000)	(20,594,000)	(594,000)
13	To TCTF (GC 77209(k))	(13,397,000)	(13,397,000)	(13,397,000)	(13,397,000)
14	Net Revenues and Transfers	50,114,026	47,428,770	43,265,710	66,480,910
15	Total Resources	109,790,568	96,666,683	72,353,102	75,881,326
16	Expenditures				
17	Allocation	71,923,000	73,961,680	71,466,600	66,277,000
18	TCBAC Recommended Adjustments:				
19	Telecommunications program				5,509,000
20	California Courts Protective Order Registry program				145,600
21	Phoenix program				(375,186)
22	California Court Technology Center (CCTC) program				(1,952,231)
23	Enterprise Policy and Planning (EPP) program				(2,388,360)
24	Less: Unused Allocation	(7,123,067)	(4,082,985)	(7,819,229)	
25	Pro Rata and Other Adjustments	162,894	580,982	297,581	767,091
26	Total Expenditures	64,962,827	70,459,677	63,944,952	67,982,915
27	Fund Balance	44,827,741	26,207,006	8,408,150	7,898,411
28	Revenue/Transfers Over/(Under) Exp	(14,848,801)	(23,030,907)	(20,679,241)	(1,502,005)

1. Revenue estimates are May Revise estimates submitted to the Department of Finance in April 2015.