



JUDICIAL COUNCIL OF CALIFORNIA

TRIAL COURT BUDGET
ADVISORY COMMITTEE

TRIAL COURT BUDGET ADVISORY COMMITTEE

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OF CALIFORNIA

TRIAL COURT BUDGET
ADVISORY COMMITTEE

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TRIAL COURT BUDGET ADVISORY COMMITTEE

MINUTES OF OPEN MEETING

July 6, 2015

10:00 a.m. to 3:00 p.m.

Judicial Council of California, 455 Golden Gate Avenue, San Francisco

Advisory Body Members Present: Judges: Laurie M. Earl (Chair), Thomas Borris, Jonathan Conklin, Mark A. Cope, Thomas DeSantos, Barry Goode, Dodie Harmon, Lesley Holland, Elizabeth W. Johnson, Carolyn Kuhl, Paul Marigonda, Cynthia Ming-mei Lee, Marsha Slough, and Winifred Younge Smith.

Executive Officers: Alan Carlson, Sherri R. Carter, Jake Chatters, Richard D. Feldstein, Kimberly Flener, Jose Guillén, Shawn C. Landry, Stephen Nash, Deborah Norrie, Michael M. Roddy, Mary Beth Todd, Kim Turner, Christine M. Volkers, and David Yamasaki.

Judicial Council staff advisory members: Curt Soderlund and Zlatko Theodorovic.

Advisory Body Members Absent: Judges: Gregory Gaul.
Executive Officers: Rebecca Fleming.
Judicial Council staff advisory members: Jody Patel.

Others Present: Judges: Daniel J. Buckley and Glenda Sanders
Court staff: Stephanie Hansel
Judicial Council staff: Patrick Ballard, Francine Byrne, Steven Chang, Shelley Curran, Lucy Fogarty, Colin Simpson, and Don Will.

OPEN MEETING

Call to Order and Roll Call

The meeting was called to order at 10:00 am and roll was taken.

Approval of Minutes

The advisory body reviewed and approved the minutes of the June 2, 2015 Trial Court Budget Advisory Committee (TCBAC) meeting.

Public Comment

None.

DISCUSSION AND ACTION ITEMS (ITEMS 1–9)

Item 1

Budget Update

Zlatko Theodorovic presented this discussion item on the Budget Act of 2015. No action was taken.

Item 2

Allocation of Proposition 47 Funding for 2015–2016

Action: TCBAC unanimously approved for presentation to the Judicial Council at its July 28, 2015 meeting, a recommendation (Option 3) presented by the Criminal Justice Realignment Subcommittee that would allocate the Proposition 47 workload costs funding provided in the Budget Act of 2015 as stated below.

Option 3: Two Half Year Allocations Using Hybrid Methodology (first half based on proposition 47 petitions and felony filings; second half based only on Proposition 47 filings).

- a) *Allocate 50% of \$26.9 million in first half of fiscal year funding based on:*
 - 1. *Percentage of statewide petitions for resentencing and reclassification from November 5, 2014 to May 31, 2015 (\$6.725 million); and*
 - 2. *10 year average percentage of statewide felony filings (\$6.725 million).*
 - 3. *Total of \$13.45 million would be allocated in July of 2015.*
- b) *Allocate additional 50% of \$26.9 million in second half of fiscal year funding based only on:*
 - 1. *Percentage of statewide petitions for resentencing and reclassification from June 1, 2015 to November 31, 2015.*
 - 2. *Total of \$13.45 million would be allocated in January of 2016.*

Item 3

Criminal Justice Realignment Allocation for 2015–2016

Action: TCBAC approved, on a vote of 20 to 6, for presentation to the Judicial Council at its July 28, 2015 meeting, an alternate recommendation to what was presented by the Criminal Justice Realignment Subcommittee that would allocate the \$9.223 million of criminal justice realignment funding as stated below.

Approve a one-time allocation of \$9.2 million for criminal justice realignment costs from the Trial Court Trust Fund based on the most current available postrelease community supervision (PRCS) and parole workload data submitted to the Judicial Council's Criminal Justice Services office pursuant to Penal Code section 13155 (each court's percentage of the statewide number of petitions filed and court motions made to revoke/modify PRCS and parole).

Item 4

Security Funding

Action: TCBAC unanimously approved for presentation to the Judicial Council at its July 28, 2015 meeting, recommendations (Options 1 and 2) presented by the Security Growth Funding Working Group to address increased costs for marshals, court attendants, private security contracts for entrance screening, and other security costs since the 2011 Criminal Justice Realignment Act as stated below.

Option 1:

- **Submit a fall BCP for 2016–2017 to address increased costs for court-provided (non-sheriff) security for the maintenance of funding at 2010–2011 security levels.**

Option 2:

- **Beginning in FY 2016–2017 and beyond, if any new GF augmentation is received, courts with court-provided (non-sheriff) security since 2010–2011 would be provided funding based on the same growth funding percentage that the county sheriff receives.**
- **If the growth percentage provided to the county sheriffs exceeds the GF augmentation percentage increase to the trial courts, the funding provided (to courts with court-provided security) will equal the GF augmentation percentage increase. The growth funding would cease if a court discontinues its court-provided security services.**

Item 5

Allocation of New Funding for 2014–2015 Benefit Cost Changes

Action: TCBAC unanimously approved for presentation to the Judicial Council at its July 28, 2015 meeting, a recommendation presented by Judicial Council staff to approve the allocation to the trial courts of the non-interpreter cost changes funding based on confirmed rates of \$24.229 million that would allocate the 2014–2015 benefits cost changes funding provided in the Budget Act of 2015.

Item 6

2015–2016 Trial Court Trust Fund Allocations

Action: TCBAC unanimously approved for presentation to the Judicial Council at its July 28, 2015 meeting, recommendations based on information presented by Judicial Council staff to approve the preliminary allocations to the trial courts, allocate \$67.9 million of new funding provided in the Budget Act of 2015 based on the Workload-Based Allocation and Funding Methodology, allocate the WAFM funding floor adjustment, and allocate the \$37.7 million 2% set-aside as stated below. The TCBAC also directed that when the 2% set-aside recommendation is presented to the Judicial Council, the council be informed that the TCBAC is currently working on changes to the 2% set-aside statutory language and policy for the council's consideration.

1. **Approve the 2015–2016 beginning base allocation for court operations of \$1.683 billion, which carries forward the ending 2014–2015 Trial Court Trust Fund base allocation, and adds the General Fund benefits base allocation and adjustments to annualize partial-year allocations made in 2014–2015.**
2. **Allocate each court’s share of a net allocation increase of \$67.9 million from the Trial Court Trust Fund using the 2015–2016 Workload-Based Allocation and Funding Methodology (WAFM) consisting of a reallocation of \$432.1 million (30 percent) and an additional \$214.2 million of courts’ historical WAFM-related base allocation of \$1.44 billion, reallocation of \$146.3 million in new funding provided in 2013–2014 and 2014–2015 for general court operations, and allocation of \$67.9 million in new funding provided in 2015–2016 for general court operations.**
3. **Allocate each court’s share of the 2015–2016 Workload-Based Allocation and Funding Methodology funding-floor allocation adjustment, which includes funding-floor allocations for eight courts totaling \$560,269 and a corresponding funding-floor related reduction for all other courts totaling \$560,269, for a net zero total allocation.**
4. **Allocate each court’s one-time contribution toward the statutorily required 2 percent reserve in the Trial Court Trust Fund (\$37.7 million in 2015–2016) calculated using the method used from 2012–2013 through 2014–2015.**

Item 7

2015–2016 Court-Appointed Dependency Counsel Allocation

Action: TCBCAC unanimously approved for presentation to the Judicial Council at its July 28, 2015 meeting, a recommendation based on information presented by Judicial Council staff that would allocate \$11 million in new court-appointed dependency counsel funding provided in the Budget Act of 2015 as stated below.

Approve a one-time allocation of \$11 million in new funding from the Trial Court Trust Fund for reimbursement of court-appointed dependency counsel costs based on the Judicial Council–approved allocation methodology as follows:

- a. **Allocate \$10.9 million to trial courts with a ratio of 2015–2016 base funding to their workload-based funding need that is below the statewide ratio of 2015–2016 base funding to funding needed to meet the workload standard for juvenile dependency; and**
- b. **Set aside a reserve of \$100,000 to reimburse trial courts for unexpected and significant court-appointed dependency counsel costs based on an application and reimbursement process to be approved by the Judicial Council by April 2016.**

Item 8

Maintaining Court Reserves in the Trial Court Trust Fund

Action: Judge Laurie M. Earl opened a discussion regarding whether, to provide for more effective fiscal management and planning, the TCBCAC would be interested in establishing an ad

hoc working group to examine permitting trial court allocation amounts reduced as a result of a court exceeding the 1% fund balance cap to be retained for the benefit of that court for a fixed period of time and not to exceed a certain dollar amount. The working group would develop fiscal planning and management guidelines regarding maintaining these reserved amounts and how the courts would most effectively use the program. The TCBAC unanimously approved the establishment of the ad hoc working group.

Item 9

Open Discussion

Judge Laurie M. Earl announced that an educational session for the TCBAC, interested presiding judges, and Judicial Council members would be provided in the fall and solicited feedback on the type of information members would like covered in that meeting. Alan Carlson requested that spreadsheets be made available for members for any report attachments provided converted from spreadsheets.

A D J O U R N M E N T

There being no further business, the meeting was adjourned at 1:26 p.m.

Approved by the advisory body on _____, 2015.

Item 1
Adjustments to Various Council-Approved 2015–2016 Allocations from the State
Trial Court Improvement and Modernization Fund
(Action Item)

Issue

Consider the Revenue and Expenditure Subcommittee’s recommendation regarding encumbrance reporting requirements and a net allocation adjustment of \$938,824 for five programs, whose current council-approved 2015–2016 allocations total \$39.57 million from the State Trial Court Improvement and Modernization Fund.

Background

The Revenue and Expenditure Subcommittee met on July 7 and 29, 2015 to review findings and recommendations from its ad hoc working group, which was tasked in March 2015 to review in detail the Phoenix, California Courts Technology Center, and Enterprise Policy and Planning programs and report back to the subcommittee with findings and recommendations (see Attachments 1B and 1C).

Recommendations

The subcommittee recommends the following:

1. Augment by \$5.509 million the Telecommunications Support (LAN/WAN) program’s 2015–2016 allocation of \$10.65 million. The \$5.509 million will be spent as proposed in the Budget Change Proposal (BCP) submitted to the Department of Finance. The funding comes from a \$5.509 million augmentation to the General Fund transfer to the IMF, as proposed by the BCP submitted by the Judicial Council.
2. Augment by \$145,600 on a one-time basis the California Courts Protective Order Registry program’s 2015–2016 allocation of \$715,600 for California Law Enforcement Telecommunications Systems software and infrastructure (CCTC CLETS Infrastructure, \$77,000; DOJ Telecommunications, \$10,214; and DataMax/Omnixx CLETS Support, \$58,346) without which the CCPOR program cannot continue operations.
3. Reduce by \$375,186 on a one-time basis the Phoenix program’s 2015–2016 allocation of \$12,496,300,
4. Reduce by \$1,952,231 on a one-time basis the California Courts Technology Center program’s 2015–2016 allocation of \$10,487,200,
5. Reduce by \$2,388,360 on a one-time basis the Enterprise Policy and Planning program’s 2015–2016 allocation of \$5,220,500, which would entail split funding the current Oracle contract (i.e., pay the contract from different fiscal years’ appropriations),
6. Require JCC staff to provide an annual report by September 30th of each year to TCBCAC of outstanding encumbrances for all programs funded from the TCTF or IMF that support

the trial courts. The report should identify the amount of each encumbrance, the purpose of the encumbrance, the name of the vendor/contractor for which the funds are encumbered, the equipment or services related to each encumbrance, and estimated timeframes for expenditure or disencumbrance, and

7. Require JCC staff to provide an updated encumbrance report by March 31st of each year to TCBAC, containing the same information as the September report. This report should update the TCBAC on the status of encumbrances contained in the September report as well as any new encumbrances that have occurred since the previous September. This updated information will be considered by the TCBAC as it undertakes its review of funds available to support trial court activities in the next Fiscal Year.

The impact of the subcommittee's recommendations on the IMF's allocations would be to increase it by \$938,824 to \$67.216 million from \$66.277 million to (see Attachment 1D) and on the IMF's estimated ending fund balance in 2015–2016 would be to decrease it by \$938,824 to \$7.898 million from \$8.837 million (see Attachment 1E).

TO: Members of the Revenue and Expenditure Subcommittee of the Trial Court Budget Advisory Committee

FROM: Members of the Ad Hoc Working Group on Trial Court Revenues

DATE: July 7, 2015

SUBJECT: Report on Encumbrances in Three Programs Funded by the Improvement and Modernization Fund

Background and Issue Statement

In March 2015, the Revenue and Expenditure Subcommittee of the Trial Court Budget Advisory Committee met over two days to review programs funded through allocations from the Trial Court Trust Fund (TCTF) and the Improvement and Modernization Fund (IMF). The greatest challenge facing the Subcommittee was to develop recommendations to address an \$11.5 million anticipated funding shortfall in the IMF for Fiscal Year 2015-16. At this meeting, the Subcommittee members identified three programs -- Phoenix, California Courts Technology Center (CCTC), and Enterprise Policy/Planning (EPP) -- that required a more extensive and detailed review to assist the Subcommittee in understanding the staffing and other costs that comprise the proposed total expenditures for these programs. Judicial Council staff for these programs are proposing allocations of over \$28.2 million in 2015-16, including total planned expenditure increases exceeding \$2.85 million over FY 2013-14 expenditure levels. Given the total size of these allocations, and the complexity of the programs, the Subcommittee established an ad hoc working group to undertake a more detailed review of expenditures and planned allocations in these areas.

The members of the Ad Hoc Working Group on Trial Court Revenues are Judge Dodie Harman, Presiding Judge of San Luis Obispo Superior Court; Stephen Nash, Court Executive Officer, Contra Costa Superior Court; Kim Turner, Court Executive Officer, Marin Superior Court; David Yamasaki, Court Executive Officer, Santa Clara Superior Court; and Shawn Landry, Court Executive Officer, Yolo Superior Court.

The Working Group met in person with Judicial Council staff on May 21, 2015. The Working Group also met by phone on June 1st to review additional information obtained from Judicial Council staff and to develop preliminary findings and recommendations. The Working Group met again by phone on June 23rd to develop a course of action, based on information it reviewed regarding these three programs. As a result of these meetings, the Working Group has developed recommendations that involve policy issues and potential modifications to prior allocation decisions that would require Judicial Council consideration for approval.

The first issue is whether Judicial Council should direct staff to prepare semi-annual encumbrance reports and submit them to the TCBAC to assist the TCBAC in its annual review of expenditures on all programs that support the trial courts. The second issue is whether, in light of significant encumbrances in these programs, the Council should reduce previously approved allocations to Phoenix, CCTC and EPP. If such reductions are authorized, the third issue is whether TCBAC should (1) reconsider previously approved recommendations related to FY 2015-16 allocation reductions pertaining to other programs funded by the IMF or (2) delay

action on these funds to a future date or (3) leave the freed up funds in the IMF in order to offset future projected shortfalls.

Findings

Annual encumbrances for the Phoenix, CCTC and EPP programs have been significant in recent years and comprise millions of dollars for services that support the trial courts. While some of these amounts relate to pending invoices for services actually delivered during the Fiscal Years in which the funds are encumbered, some of the encumbered funds reportedly relate to ‘forward funding’ of future year services. These encumbrances of funds related to future costs are funded through accumulated prior year savings. Under the current format for information provided to the TCBAC, these encumbrances have not been clearly identified in reports provided to the TCBAC, which has hampered the ability of the advisory committee to evaluate ongoing funding needs and to make appropriate funding recommendations to the Council.

- For Phoenix, encumbrances of more than \$1.2 million carried over from Fiscal Year 2013-14 to 2014-15 (11.3% of total expended). Judicial Council staff indicated that \$618,385 of funds encumbered this Fiscal Year are identified to ‘forward fund’ Phoenix technology into the 2015-16 Fiscal Year.
- For CCTC, \$5.208 million was encumbered at year end in Fiscal Year 2012-13 (60.4% of total expended) and \$5.723 million (61.0% of total expended) was encumbered at year end in Fiscal Year 2013-14. Based upon information provided by Judicial Council staff, the Working Group has determined that \$2,485,193 of the current year encumbrances are earmarked to ‘forward fund’ technology contracts through September 2015.
- For EPP, \$2.974 million was encumbered at year end in Fiscal Year 2012-13 (58.3% of total expended) and \$2.959 million (also 58.3% of total expended) was encumbered at year end in Fiscal Year 2013-14. Again, reflective of staff-provided information, the Working Group has determined that \$2,433,333 of the current year encumbrances are designated to ‘forward fund’ the annual cost of Oracle licenses and other contracts through November 2015.
- The total ‘forward funded’ current year encumbrances for these three programs is \$5,536,911.

Because services and other deliverables associated with contracts can span Fiscal Years, encumbering funds to ensure payment of such services is technically allowable, and is even advisable in some situations. In addition, in past years, the State Budget has often been significantly delayed, sometimes into August or later. Under these circumstances, encumbrance of funds related to ongoing services that crossed over Fiscal Years was often a prudent means to ensure that there were no lapses in funding to sustain contracts and services. However, after recent changes to the State Constitution as well as other political developments, the likelihood of substantially late state budgets has declined. Consequently, the need to continue encumbrance practices of earlier years has diminished. In addition, in prior years, when the TCTF and IMF carried larger ending reserve balances, the impact of these encumbrances upon cash management and allocation decisions was inconsequential. In the current fiscal environment, however, with both funds projecting negative or negligible fund balances, there is a need for careful review of

all encumbrances of funds between Fiscal Years to ensure that adequate cash reserves and liquidity are maintained.

The issue for the TCBAC is that the amount of 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 ‘forward funding’ component 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 Working Group only reviewed encumbrances in the three program areas above, in the future it will be 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.

Recommendations for consideration of the Revenue & Expenditure Committee

1. Recommend that the Judicial Council direct staff to provide an annual report by September 30th of each year to TCBAC of outstanding encumbrances for all programs funded from the TCTF or IMF that support the trial courts. The report should identify the amount of each encumbrance, the purpose of the encumbrance, the name of the vendor/contractor for which the funds are encumbered, the equipment or services related to each encumbrance, and estimated timeframes for expenditure or disencumbrance.
2. Recommend that the Judicial Council direct staff to provide an updated encumbrance report by March 31st of each year to TCBAC, containing the same information as the September report. This report should update the TCBAC on the status of encumbrances contained in the September report as well as any new encumbrances that have occurred since the previous September. This updated information will be considered by the TCBAC as it undertakes its review of funds available to support trial court activities in the next Fiscal Year.
3. Recommend that the Judicial Council modify its previously approved funding allocations for Fiscal Year 2015-16 for Phoenix, CCTC and EPP to reduce such allocations by the amount of ‘forward funding’ in each program, totaling \$5,336,911. These cuts are recommended to be one-time allocation reductions to these programs.
4. Recommend that Judicial Council reconsider actions taken in April 2015 that reduced or eliminated programs funded by the IMF, following a subsequent review of the Revenue and Expenditure Subcommittee of IMF-funded programs and submission of revised recommendations from the TCBAC to the Council.

Alternative Actions to Consider

There are no alternative actions proposed for Recommendations 1 and 2 above, as these reports are critical to ensure that the TCBAC is able to fulfill its responsibilities, as articulated in the

Chief Justice's charge to this committee, and there is no known argument against the provision of this information.

Alternatives for Recommendation 3 include (1) not reducing current year allocations for these programs despite the availability of significant carryover encumbered funds; and (2) not reducing forward funded amounts that relate to services that will be completed by July 31, 2015, thus leaving one month of forward funded encumbrances. With regard to Alternative (1), given the amount of funds that have rolled forward each year for these programs and given the severe reductions to, and complete elimination of, many worthy IMF-funded programs and the continued anticipated shortfall in the IMF fund in Fiscal Year 2015-16, we believe that there is a strong need to recapture some of the encumbered funding that could be available for allocation to other critical programs. Regarding Alternative (2), leaving one month of encumbered funds would maintain a small additional cushion for these ongoing programs. The need for such a cushion in the current year is not clear, though, with a timely state budget in place and no indication from program staff that there is a likelihood of cost increases pending.

Regarding Recommendation 4, an alternative action would be that the TCBAC not reconsider any program reduction or elimination decisions already authorized by the Council and not recommend restoration of funding to any programs that were reduced or eliminated by the Council in April 2015. If the Council approves budget reductions in Phoenix, CCTC and EPP, as recommended above, these funds would remain in the IMF to be allocated in future years or to offset future shortfalls in the IMF.

TO: Members of the Revenue and Expenditure Subcommittee of the Trial Court Budget Advisory Committee

FROM: Members of the Ad Hoc Working Group on Trial Court Revenues

DATE: July 28, 2015

SUBJECT: Follow-Up Report Regarding Allocation Reduction Recommendations

Background and Issue Statement

At the July 7, 2015 meeting of the Revenue and Expenditure Subcommittee (R&E Subcommittee), the Ad Hoc Working Group on Trial Court Revenues presented a report on its review of expenditures, encumbrances, and allocations related to the Phoenix, California Courts Technology Center (CCTC); and the Enterprise Policy/Planning program (EPP). The report included findings and specific recommendations. The first two recommendations related to future reporting on encumbrances. The R&E Subcommittee approved those two recommendations. The third recommendation in the report related to specific one-time allocation reductions related to the three projects, reflecting elimination of funding planned for encumbrance rather than expenditure in fiscal year 2015-2016. These recommended reductions totaled \$5,336,911.

After the report had been submitted, but before the R&E Subcommittee meeting had convened on July 7, 2015, staff from the Judicial Council submitted additional updated information related to projected encumbrances, fund reversions, and funding needs that resulted in a revised reduction amount of \$4,681,205. In addition to these revised numbers, Judicial Council staff (JC Staff) also identified technical accounting questions regarding the proposal to reduce funding in 2015-16 that staff planned to encumber related to its annual Oracle contract, by only providing funding for actual costs to be incurred in 2015-16, rather than encumbering a majority of the allocated funding for a subsequent fiscal year, thus unnecessarily tying up current year monies. During the July 7th meeting, there was substantial discussion, including exploration of the possibility of modifying the ending term of the Oracle contract to more closely align with the annual fiscal year. Given the lateness of the issue, and the need to further research the accounting and contract issues that had been raised, members of the Ad Hoc Working Group suggested that it would be prudent to defer action on this third recommendation, to allow further review and discussion by both JC Staff and members of the Ad Hoc Working Group. Based upon this suggestion, the R&E Subcommittee took the following action related to Recommendation 3:

A motion was made, seconded, and approved unanimously to have the Ad Hoc Working Group report back to the subcommittee on July 29 regarding reducing the 2015–2016 allocation for the Phoenix, California Courts Technology Center, and Enterprise Planning and Policy programs by \$4.681 million through aligning the 2015–2016 allocations with the costs that will be incurred in 2015–2016, subject to further adjustment, and the continued assessment of the accounting and contractual issues related to modifying the length of the Oracle contract and/or the current encumbrance practice.

Following the July 7 R&E Subcommittee meeting, JC Staff presented revised numbers to the Ad Hoc Working Group that reflected updated end of year expenditures, reversions, and encumbrances. In addition to presenting this information, JC Staff indicated that they believe that this adjustment can be implemented as recommended. The results of these adjusted amounts are reflected in the table below:

Recommended IMF Allocation Adjustments
Prepared by Ad Hoc Working Group
July 28, 2015

Project	Approved IMF 2015- 16 Allocation	Recommended One-Time Allocation Adjustment 2015-16	Recommended Revised Allocation
Phoenix	\$12,496,300	-\$375,186	\$12,121,114
California Court Technology Center (CCTC)	\$10,487,200	-\$1,952,231	\$8,534,970
Enterprise Policy and Planning (EPP)	\$5,220,500	-\$2,388,360	\$2,832,140
<i>Total Allocations</i>	\$28,204,000	-\$4,715,777	\$23,488,224

In addition to updating actual and planned expenditures and investigating the technical ability to make the proposed adjustments, JC staff also explored the possibility of modifying the ending date of the next Oracle contract, to potentially align it more closely to the beginning and ending of the fiscal year. Inquiries were made with the vendor and it was determined that such a change could be implemented. Staff subsequently indicated, however, that there are workload and other considerations that would make such a change unattractive. In addition, given the ability to split fund the contract by fiscal year, changing the contract term at this time would be unnecessary. Consequently, changing the term and ending date of future Oracle contracts is not included in the modified recommendation below.

Revised Recommendation for consideration of the Revenue & Expenditure Committee

3. Recommend that the Judicial Council modify its previously approved funding allocations for Fiscal Year 2015-16 for Phoenix, CCTC and EPP to reduce such allocations to reflect the actual costs to be incurred in FY 2015-2016 for each program, totaling \$4,715,777. These cuts are recommended to be one-time allocation reductions to these programs.

Alternative Actions to Consider

Alternatives for Recommendation 3 include (1) not reducing current year allocations for these programs despite the availability of significant carryover encumbered funds; and (2) not reducing encumbered amounts that relate to services that will be completed by July 31, 2015, thus leaving one month of funding that will not be expended until fiscal year 2016-2017. With regard to

Alternative (1), given the amount of funds that have rolled forward each year for these programs and given the severe reductions to, and complete elimination of, many worthy IMF-funded programs and the continued projections of minimal reserves in the IMF fund in Fiscal Year 2015-16, we believe that there is a strong need to recapture some of the encumbered funding that could be available for allocation to other critical programs. Regarding Alternative (2), leaving one month of encumbered funds would maintain a small additional cushion for these ongoing programs. The need for such a cushion in the current year is not clear, though, with a timely state budget in place and no indication from program staff that there is a likelihood of cost increases pending.

**Attachment 1D: 2015-16 State Trial Court Improvement and Modernization Fund Council-
Approved Allocations**

#	Project/Program Title	JCC Office	Approved Allocations for 2015-16 ¹	R/E Subc. 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.

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	R/E Subcommittee 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.

Item 3

Prioritization of Trial Court Budget Change Proposals for Fiscal Year 2016–2017 (Action Item)

Issue: How should the trial court budget change proposals (BCPs) for 2016–2017 be prioritized? Should any of the BCPs be combined as a single priority?

Background

2016–2017 Trial Court BCP Priority Development

The Trial Court Budget Advisory Committee (TCBAC) surveyed its members to solicit input regarding 2016–2017 statewide budget priorities. The members were asked to rank identified BCP concepts and were provided with the option to add three additional concepts not already included. The concepts provided were: Modernization of Case Management Systems, E-Filing Implementations, Document Management Systems, Increased Costs for New Facilities, New Judgeships (AB 159), Implementation of Language Access Plan, and Dependency Counsel. A total of 25 responses for alternatives were submitted.

The TCBAC met on May 18, 2015, and discussed the results of the survey and other priorities suggested by their members. Seven BCP concepts were recommended by TCBAC for consideration by the Judicial Council for submission of BCPs. They were not listed in order of priority although it's required by the state Department of Finance (DOF) that BCPs must be assigned an individual priority number indicated by sequential numbering—with number 1 being the highest priority—and address a single issue.¹ The TCBAC decided to meet again, after the Judicial Council's June meeting, to discuss and recommend a priority for the programs that were approved for BCPs, to be presented to the council at its August 21, 2015 meeting. The Judicial Council, effective June 26, 2015, approved the preparation and submission of all the TCBAC's recommended BCP concepts as FY 2016–2017 BCPs to the DOF for the trial courts. At TCBAC's July 6, meeting, the committee recommended an additional BCP concept for 2016–2017 for court-provided security to be presented to the council. The Judicial Council approved the TCBAC's recommendation for a court-provided security BCP at its July 28, 2015 meeting.

The Judicial Council has approved the following eight trial court BCP's for 2016–2017:

1. ***Funding for trial courts equal to 10 percent of the Workload-Based Allocation and Funding Methodology (WAFM) estimated funding need (\$238 million).*** Based on the 2015–2016 WAFM funding need estimate, total equivalent, available funding is only 71.6% to 80.4% of the funding need. The proposal requests 10 percent of the amount of funding needed by the courts based on the 2015–2016 WAFM estimate to reduce the gap between funding need and available funding.

¹ 2016-17 BUDGET PREPARATION GUIDELINES: http://www.dof.ca.gov/budgeting/budget_letters

2. ***Cost-of-living adjustment for trial court employees consistent with increases provided to Executive Branch employees (\$71 million)***. Executive branch agencies have received funding to provide for a 2 percent salary increase to their employees in the current fiscal year and are slated to receive an additional 2.5 percent in 2015–2016. This proposal would request a similar increase for trial court employees.
3. ***Court Case Management System V3 Replacement (\$TBD)***. Due to the projected deficit in the Trial Court Improvement and Modernization Fund (IMF), the Judicial Council determined the need to eliminate funding from the IMF for the V3 case management system. This proposal is to replace the court case management system V3 with a vendor-supplied case management system in Orange, Sacramento, San Diego, and Ventura counties.
4. ***Court-appointed dependency counsel (\$22 million)***. In FY 2015–2016, the base budget for court-appointed dependency counsel is \$114.7 million, which includes an additional \$11 million in funding provided in the 2015 Budget Act. This proposal would be for the need based on the current workload model is \$137.1 million—an ongoing need of \$22.4 million in new funding to address the costs for court-appointed counsel for parents and children.
5. ***New Judgeships (AB 159) (\$TBD)***. In Spring of 2015, the legislature had proposed \$7.8 million with budget bill language for an allocation of 12 judgeships to be based on the judicial workload needs assessment, and placed in courtrooms that were active at the time of passage of the 2011 Criminal Realignment Act but then subsequently closed, thereby not increasing the need for court security beyond the level already funded through the 2011 realignment. However, the funding augmentation and budget bill language were not included in the final 2015 Budget Act. The proposal would be similar and request 12 new judgeships based on the most current judicial needs assessment and would be placed in courtrooms that were open at the time of the 2011 realignment but had since closed.
6. ***Courthouse Operations Costs (\$TBD)***. This proposal would address increased operating costs for new facilities opening in 2016-2017 (operations and maintenance, utilities, and insurance).
7. ***Implementation of Language Access Plan (\$TBD)***. At its January 22, 2015 meeting, the Judicial Council adopted the *Strategic Plan for Language Access in the California Courts* (Language Access Plan) as presented by the Joint Working Group for California’s Language Access Plan. This proposal is to request funding to implement provisions of the Language Access Plan including: (a) expanding interpreter services into all civil proceedings, (b) providing training for interpreters on civil cases and remote interpreting and for signage in the courthouse regarding availability of the services, (c) providing on-site trial court support for language access, and (d) implementing a pilot program for video remote interpreting.

8. ***Funding for Court-Provided Security (\$TBD)***. Since criminal justice realignment occurred in 2011, county-provided sheriff security receives growth funding from the Trial Court Security Growth Special Account; however, courts have not received any funding for increased costs for private security contracts since FY 2010–2011. Courts do, however, receive funding for benefit adjustments for marshal and court security staff through the benefit funding process. This proposal would request funding to address increased costs for court-provided security for the maintenance of funding at FY 2010–2011 security levels.

Item 5
Update on the Work of the Court-Appointed Counsel Funding Allocation Joint
Subcommittee
(Discussion Item)

Charge to the Joint Subcommittee:

(From the April 16-17, 2015, meeting of the Judicial Council, pages 25-26)

The Judicial Council, effective April 17, 2015:

...

7. Directed that a joint working group of the Trial Court Budget Advisory Committee and the Family and Juvenile Law Advisory Committee be established to review the workload model for court-appointed dependency counsel and include in its review the following issues:

- a. Whether attorney salaries should continue to be based on an average salary by region, or whether another method should be used such as an individual county index of salaries;
- b. Whether the attorney salaries used in the model should be updated;
- c. Whether the calculation for benefits costs in the model is accurate or if it should be changed;
- d. Whether the calculation for overhead costs in the model is accurate or if it should be changed;
- e. Whether the state child welfare data reported through the University of California, Berkeley, accurately represents court-supervised juvenile dependency cases in each county, or whether court filings data or another source of data should be used;
- f. Whether the ratio used to estimate parent clients in the model is accurate or if it should be changed;
- g. Whether a modified methodology should be used for funding small courts; and
- h. Whether dependency counsel funding should be a court or county obligation.

Recommendations from the joint working group are to be brought to the respective committees in time for consideration by the Judicial Council at its April 2016 meeting.