



# JUDICIAL COUNCIL OF CALIFORNIA

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## REPORT TO THE JUDICIAL COUNCIL

*Item No.: 20-042*

For business meeting on July 24, 2020

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**Title**

Trial Court Budget: Workload-Based Allocations and Calculation for Operating Expenses and Equipment

**Agenda Item Type**

Action Required

**Effective Date**

July 1, 2020

**Rules, Forms, Standards, or Statutes Affected**

N/A

**Date of Report**

July 2, 2020

**Recommended by**

Trial Court Budget Advisory Committee  
Hon. Jonathan B. Conklin, Chair

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### Executive Summary

The Trial Court Budget Advisory Committee recommends that the Judicial Council approve policy recommendations related to how workload formula-based allocations are calculated. These recommendations will increase the accuracy and transparency of the Workload Formula by updating the calculation for operating expenses and equipment and making updates to the general ledger accounts used in the Workload Formula. If the recommended changes are approved, they would take effect with fiscal year 2020–21 allocations.

### Recommendation

Effective with Workload Formula allocations for fiscal year 2020–21, the Trial Court Budget Advisory Committee recommends that the Judicial Council:

1. Approve recommended designations on accounts used in the Operating Expenses and Equipment computation and for general ledger accounts that did not previously receive a designation for inclusion/exclusion in the Workload Formula; and

2. Direct staff to create a new project for Civil Transcripts so that it can be aligned with revenue for this workload.

### **Relevant Previous Council Action**

Allocation of trial court funds is one of the principal responsibilities of the Judicial Council. At its April 2013 meeting, the Judicial Council affirmed a shift away from a funding model based on historical levels to one based on workload need when it adopted a recommendation from the Trial Court Budget Working Group, now the Trial Court Budget Advisory Committee (TCBAC), for a new trial court budget development and allocation process, known as the Workload-Based Allocation and Funding Methodology (WAFM).<sup>1</sup>

Since then, the council has approved a number of policy decisions related to various aspects of the funding formula. Then, at its January 2018 meeting, the council adopted new policy parameters for workload funding that were designed to continue making progress on achieving funding equity, following the end of the five-year WAFM implementation.<sup>2</sup> Among the recommendations made in that report was that the council “direct TCBAC to propose to the Judicial Council changes or modifications to the model as needed.”

Apropos of that recommendation, the Funding Methodology Subcommittee of TCBAC maintains an annual work plan to track and manage review of various issues and topics related to the Workload Formula. Most relevant to the topic of the present report, in July 2019, TCBAC recommended that the council approve policy recommendations related to funding sources to include in the Workload Formula calculations.<sup>3</sup>

### **Analysis/Rationale**

The branch’s Workload Formula computes the total resources needed for trial court workload using the Resource Assessment Study (RAS) model and compares that to the total funding allocated for the same purpose. The RAS model estimates workload required to process filings, expressed as full-time equivalents (FTE). Those FTE are converted to dollars in the Workload Formula by multiplying the FTE by a statewide average salary for court operations staff, by actual benefit costs by court, and by an Operating Expenses and Equipment (OE&E) factor that

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<sup>1</sup> See Judicial Council of Cal., *Trial Court Budget Working Group: Recommendation of New Budget Development and Allocation Methodology* (Apr. 24, 2013), [www.courts.ca.gov/documents/jc-20130426-itemP.pdf](http://www.courts.ca.gov/documents/jc-20130426-itemP.pdf).

<sup>2</sup> See Judicial Council of Cal., *Trial Court Budget: Workload-Based Allocation and Funding Methodology* (Dec. 8, 2017), <https://jcc.legistar.com/View.ashx?M=F&ID=5722980&GUID=EB419556-68BE-4685-A012-6A8D8502A126>.

<sup>3</sup> See Judicial Council of Cal., *Trial Court Budget: Workload Formula: Allocations* (Jul. 18, 2019), <https://jcc.legistar.com/LegislationDetail.aspx?ID=3976394&GUID=B2063128-441E-43DD-85CD-7916240F928A>.

accounts for expenditures that should be included as part of the Workload Formula, but that are neither personnel nor benefit costs.

Following the general ledger review that was conducted last year and culminated in the July 2019 recommendation to the council referenced above, the small working group of FMS that conducted that work recommended that a subsequent review be conducted of the accounts used in the OE&E calculation, as they had not been reviewed nor changed since the workload formula was first approved in 2013.

***Operating expenses and equipment computation analysis***

In 2019, at the request of the small working group of FMS, a small group of chief financial officers and other finance staff from courts throughout the state (Contra Costa, Orange, Monterey, Los Angeles, Lake, and Tehama) convened multiple times by teleconference to establish a set of decision principles for review and to analyze and discuss the hundreds of account codes that make up the OE&E calculation. The financial subject matter expert team reviewed expenditure data for fiscal year (FY) 2016–17 and 2017–18, reviewing the expenditures by fund, program-element-component-task (PECT) functional area, general ledger (GL) account, and work breakdown structure (WBS) element project code. The review encompassed 28 funds, 20 PECTS, 461 expenditure GLs, and 978 WBS elements.

The team used the same set of decision-making principles used by the group that reviewed the general ledger accounts in the preceding year (Attachment A). Attachment B shows the various accounts where the recommendation differs from the current designation in the Workload Formula.

***Additional designations to general ledger accounts following July 2019 recommendation***

As a follow-up to the general ledger review conducted last year and approved by the council at its July 2019 meeting, the Branch Accounting and Procurement (BAP) office identified a few changes to the Phoenix general ledger that required review and a decision on whether to include these items in the Workload Formula calculation. The ad hoc subcommittee of FMS that had previously led the general ledger review last year reconvened to make determinations on each of the accounts that needed action. The table at Attachment C describes the accounts in question, the issues raised by BAP, and the recommendations made by the FMS group. (In the attachment, WF denotes the Workload Formula.)

***Ongoing work to review accounts used in workload formula***

The groups working on these projects have highlighted the challenges in making general recommendations by individual OE&E fund, PECT, GL accounts, and WBS elements because of the variation in usage by the 58 trial courts. Additionally, changes in the law, local practice, and technology can also result in changes to the codes used and reporting made by courts. The Court Executives Advisory Committee (CEAC) has been working with Judicial Council staff to review and implement some standardization in the use of the general ledger “local fees” accounts, working through CEAC to develop a recommendation for the use of the accounts. Those changes

would then be brought to TCBAC and ultimately the Judicial Council for review and consideration as to whether they should be part of the Workload Formula.

***Civil Transcript project needed to track civil transcript expenditures***

Finally, TCBAC recommends that the council direct staff to create a new project for civil transcripts so that it can be aligned with revenue for this workload. Currently, a single project is used to track criminal and civil transcript expenditures, but the two types of expenditures are handled differently in the Workload Formula.

**Policy implications**

These changes are designed to improve the accuracy of the Workload Formula by periodically reviewing the underlying methodologies used in the model. Adoption of the recommendations concerning operating expenses and equipment and civil transcripts will affect all courts in the same manner, as the same set of calculations will be applied to all courts. The recommendation on the additional general ledger accounts may impact some courts differently than others, depending on whether courts report revenue in these accounts.

**Comments**

This report was discussed at the FMS meeting on February 20, 2020. There were no public comments on this item.

Subsequently, this report was discussed at the TCBAC meeting on June 11, 2020. There were no public comments on this item and the item was approved unanimously.

**Alternatives considered**

The principles document that is referenced in the Analysis/Rationale section of this report distilled all of the possible alternatives that the work group considered for the general ledger and OE&E review.

**Fiscal and Operational Impacts**

Implementing these policy changes will require Judicial Council staff to modify certain processes and tables that are used to calculate and display allocations. There are no direct implementation costs to trial courts, but applying these adjustments may change each court's Workload Formula funding and percentages of funding need. Some courts may be more impacted than others as a result of these changes.

Applying the changes to OE&E would result in a slight decrease in the OE&E allotment per FTE (9 percent for cluster 1 courts, 6 percent for all others).

| Cluster | FY 19–20 OE&E per Full-Time Equivalent) (CURRENT) | FY 20–21 OE&E per Full-Time Equivalent (PROPOSED) |
|---------|---|---|
| 1       | \$32,987  | \$29,728  |
| 2       | \$22,236  | \$20,877  |

| Cluster | FY 19–20 OE&E per Full-Time Equivalent) (CURRENT) | FY 20–21 OE&E per Full-Time Equivalent (PROPOSED) |
|---------|---|---|
| 3       | \$22,236  | \$20,877  |
| 4       | \$22,236  | \$20,877  |

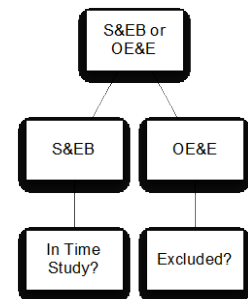
**Attachments and Links**

1. Attachment A: Principles for Determining Whether a Revenue Stream Should Be Counted as Part of WAFM
2. Attachment B: Recommendations for Changes to Funds Used to Compute OE&E
3. Attachment C: Proposed Changes to the Phoenix General Ledger

## Principles for determining whether a revenue stream should be counted as part of WAFM

8 September 2018

1. **Inclusions:** If the underlying expenses (staff or OE&E) were included in the RAS time study and/or subsequent WAFM calculations, the associated revenue stream is presumptively WAFM-related.
  - a. Consider whether the revenue stream is more appropriately associated with staff costs, or non-staff costs.
  - b. If staff costs,
    - i. Were the staff who perform the function captured by the Time Study (e.g., temp workers and contract workers were not captured)?
    - ii. Or, is this a regular, core operation of all courts? Is it a discretionary program that can be discontinued (e.g., grant funded)?
  - c. If OE&E costs:
    - i. Are the OE&E expenses captured by the OE&E calculations that are used by WAFM to determine the OE&E ratio (i.e., as determined by the WAFM working group and updated by the Funding Methodology Subgroup of TCBCAC)?
2. **Exclusions:** WAFM is for normal, status quo, core business operations. Revenue should be excluded if it is associated with:
  - a. Discretionary or limited-time programs or services, especially those that are provided only because the funding is available (e.g., particularly grant-funded programs, programs off-set by specialized or restricted funding);
  - b. Costs of providing discretionary, non-mandated services that:
    - i. Were not measured in RAS;
    - ii. Have a separate, off-setting revenue stream.
      1. Examples include fee revenue from electronic public access (per CRC 2.506) and telephonic appearances (per CCP 367.6).
  - c. Costs associated with activities that were not captured in the RAS Time Study and/or not included in the WAFM model (e.g., interpreter staff; court reporter staff in non-mandated areas).
  - d. Costs of improvements or innovations (e.g., IMF-funded programs);
  - e. Funding for extraordinary circumstances (e.g., extraordinary homicide case reimbursement, civil coordination);
  - f. Pass-through funding (e.g., funding provided to some courts for their local CASA program).



**ATTACHMENT B:  
RECOMMENDATIONS FOR CHANGES TO FUNDS USED TO COMPUTE OE&E**

**REVIEW OF FUNDS USED BY THE COURTS IN FY 16/17 AND FY 17/18**

| <b>Funds</b> | <b>Fund Description</b>            | <b>Current JCC Designation</b> | <b>Change Recommended</b> | <b>Exceptions/Notes</b>   |
|--------------|------------------------------------|--------------------------------|---------------------------|---|
| 120002       | Donation                           | Pending                        | Excluded                  | Revenue GLs are excluded. Donations are used for specific purposes. (e.g. juror enrichment and juror appreciation)  |
| 120005       | Grand Jury                         | Further Review                 | Excluded                  | Majority of the expenses are county responsibility offset by county revenue. Expenses related to Grand Jury that are a court responsibility such as advertisement should be posted to the court's general fund. |
| 120009       | Other County Svc - Pgm -Restricted | Further Review                 | Excluded                  | Offset by county revenue.   |
| 120013       | Public Access                      | Not Reviewed                   | Excluded                  | Align with the revenue recommendations.   |
| 120020       | Court Facilities Maintenance Fund  | Further Review                 | Excluded                  | Offset by revenue from the Judicial Council.  |
| 120012       | Traffic Violator Fee               | Included                       | Excluded                  | Align with the revenue recommendations. Offsetting revenue stream   |
| 190200       | Federal Grant                      | Included                       | Excluded                  | Align with revenue recommendation. Expenses should be offset by revenue.  |
| 190300       | State Grant                        | Included                       | Excluded                  | Align with revenue recommendation. Expenses should be offset by revenue.  |
| 190400       | Local Govt. Grant                  | Included                       | Excluded                  | Align with revenue recommendation. Expenses should be offset by revenue.  |
| 190500       | Private Grant                      | Included                       | Excluded                  | Align with revenue recommendation. Expenses should be offset by revenue.  |

New Recommendation  
 Recommendation to Change

**RECOMMENDATIONS FOR  
PECT**

**REVIEW OF PECTS USED BY THE COURTS IN FY 16/17 AND FY 17/18**

| <b>PECT</b> | <b>Description</b>               | <b>Current JCC Designation</b> | <b>Change Recommended</b> | <b>Notes</b>  |
|-------------|----------------------------------|--------------------------------|---------------------------|---|
| 1100        | Judges and Courtroom Support     | Not reviewed                   | Included                  |   |
| 1211        | Traffic and Other Infractions    | Not reviewed                   | Included                  |   |
| 1212        | Criminal                         | Not reviewed                   | Included                  |   |
| 1220        | Civil                            | Not reviewed                   | Included                  |   |
| 1231        | Families and Children Services   | Not reviewed                   | Included                  |   |
| 1232        | Probate, Guardianship            | Not reviewed                   | Included                  |   |
| 1233        | Juvenile Dependency Services     | Not reviewed                   | Included                  |   |
| 1234        | Juvenile Delinquency Services    | Not reviewed                   | Included                  |   |
| 1310        | Other Courtroom Operations       | Not reviewed                   | Included                  |   |
| 1320        | Court Interpreters               | Not reviewed                   | Included                  |   |
| 1330        | Jury Services                    | Not reviewed                   | Included                  |   |
| 1340        | Security                         | Not reviewed                   | Excluded                  | Security revenue adjusted out of the calculation; aligns expenses to funds. |
| 2110        | Enhanced Collections             | Not reviewed                   | Excluded                  | Align with revenue recommendation. All expenses are cost recoverable.       |
| 2120        | Other Non-Court Operations       | Not reviewed                   | Included                  |   |
| 9100        | Executive Office                 | Not reviewed                   | Included                  |   |
| 9200        | Fiscal Services                  | Not reviewed                   | Included                  |   |
| 9300        | Human Resources                  | Not reviewed                   | Included                  |   |
| 9400        | Business and Facilities Services | Not reviewed                   | Included                  |   |
| 9500        | Information Technology           | Not reviewed                   | Included                  |   |
| 9600        | Distributed Administration       | Not reviewed                   | Included                  |   |



**RECOMMENDATIONS FOR WBS ELEMENTS**

| <b>WBS to exclude</b> | <b>Name of Funded Programs</b>            |
|-----------------------|---|
| G-BA1058-1-FY         | 40031-AB1058 FAMILY LAW FACILITATOR       |
| G-BA1059-1-FY         | 40031-AB1058 CHILD SUPPORT COMMISSIONER   |
| G-BA1061-1-FY         | 40033 - ACCESS TO VISITATION              |
| G-BA1063-1-FY         | 47033-MODEL SELF HELP PROGRAM             |
| G-BA1065-1-FY         | 47032-FAMILY LAW INFORMATION CENTER       |
| G-BA1077-1-FY         | 40058-AUTH TO ADMIN PSYCHOTROPIC MEDICAT  |
| G-BA1080-1-FY         | CIGP                                      |
| G-BA1080-2-FY         | CIGP                                      |
| G-BA1080-3-FY         | CIGP                                      |
| G-BA1080-4-FY         | CIGP                                      |
| G-BA1080-5-FY         | CIGP                                      |
| M-BA01-2FY            | CALIFORNIA JUSTICECORPS OF SAN MATEO      |
| M-BA02-2FY            | SHOWCASE DMS AND DESKTOP SCANNERS         |
| M-BA16-2FY            | ADMIN SUPPORT UNIT EDUCATIONAL ASSISTANCE |
| M-BA23-2FY            | CALIFORNIA JUSTICECORPS OF SAN FRANCISCO  |
| M-BA24-2FY            | CALIFORNIA JUSTICE CORPS OF CONTRA COSTA  |
| M-BA42-2FY            | DUALLY INVOLVED YOUTH INITIATIVE          |
| M-BA47-1FY            | CIVIL CMS REPLACEMENT                     |
| M-BA48-1FY            | MADERA MANAGED SERVICES TRANSITION        |
| M-BA49-1FY            | BCP FUNDING-CMS CONVERSION                |

BA= Business Area (varies by Court location)

FY = Fiscal Year Designation

Include G-BA3005-1-FY parolee reentry program

Include M-BA02-1FY Self Help Center

**RECOMMENDATIONS FOR CHANGES TO GL ACCOUNTS**

| <b>GL Account Number</b> | <b>Expense Detail Account Name</b> | <b>Court-Specific Code Account Name</b>   | <b>Court-Specific Code Description</b>  | <b>Current JCC Designation</b> | <b>Change Recommended</b> | <b>Notes</b>   |
|--------------------------|------------------------------------|---|---|--------------------------------|---------------------------|--|
| 920301                   | Fees/Permits                       | Merchant Fees                             | Credit card fees.   | Included (Default)             | Exclude                   | Align with revenue; previous recommendation to exclude revenue (Revenue GL 861013) |
| 972299                   | Grand Jury Costs                   | Grand Jury Costs                          | Costs associated with a Grand Jury.   | Included                       | Exclude                   | Align with revenue and fund. (Revenue GL 841012 and Fund 120005)                   |
| 938514                   | Court Interpreter Services         | Court Interpreter-Language Line-Non Court | Used to record court interpreter services received over the phone for non court appearances (i.e., at the counter). These expenses are not reimbursable under court interpreter program 45.45.                                | Excluded                       | Include                   | Non-reimbursable on-going expenses funded by the courts.                           |
| 938599                   | Court Interpreter Services         | Court Interpreter Services                | May be used in lieu of the individual court specific codes within such corresponding expense detail code. Note: Expenses reimbursed by Judicial Council should be recorded in accounts identified as a reimbursement account. | Excluded                       | Included                  | Non-reimbursable on-going expenses funded by the courts.                           |
| 965106                   | Juror Costs                        | Meals (Non Sequestered Jurors)            | Meals for non-sequestered jurors.   | Excluded                       | Included                  | Non-reimbursable on-going expenses funded by the courts.                           |

Attachment C: Proposed Changes to the Phoenix General Ledger

| <b>GL Account Number</b> | <b>GL Account Name</b>        | <b>Chart of Account Category</b> | <b>BAP Observation</b>   | <b>FMS Determination</b>   |
|--------------------------|-------------------------------|----------------------------------|--|--|
| 821113                   | Children's Court Parking Fee  | Local Fee Revenue                | The WF recommendation did not include a recommendation for this account. | Do NOT include. Pass through.  |
| 821193                   | VC42006a Night Court          | Local Fee Revenue                | The WF recommendation did not include a recommendation for this account. | Do NOT include. This is an off-set to expenditures.  |
| 826010                   | Dividend Income               | Investment Income                | The WF recommendation did not include a recommendation for this account. | Do NOT include. Same as other income accounts - are not ongoing and help off-set expenditures. |
| 826011                   | Realized Gain on Investment   | Investment Income                | The WF recommendation did not include a recommendation for this account. | Do NOT include. Revenue, if posted, would not be on-going.                                     |
| 826012                   | Unrealized Gain on Investment | Investment Income                | The WF recommendation did not include a recommendation for this account. | Do NOT include. Revenue, if posted, would not be on-going.                                     |

Attachment C: Proposed Changes to the Phoenix General Ledger

| GL Account Number | GL Account Name          | Chart of Account Category | BAP Observation   | FMS Determination   |
|-------------------|--------------------------|---------------------------|---|---|
| 821181            | Installment Account Fees | Local Fee Revenue         | <p>The Trial Court Revenue Chart of Accounts was changed in October 2017 to remove code section PC1205(d) from the general ledger account name. Code section VC40510.5(g) was added to the existing code section PC1205(d) under the relevant legislation column as this account can be used to record revenue collected pursuant to both of these code sections. The recommendation identified this account to be included in WF.</p> <p>The WF recommendation did not reflect this account change. In addition, this account recommendation appears to conflict with the recommendation for account 821132 which references code section VC40510.5(g), and is identified <u>not</u> to be included in WF.</p> | Do NOT include. This is not mandatory work. Also, the fees off-set expenditures for those courts that allow installment payments. |

Attachment C: Proposed Changes to the Phoenix General Ledger

| GL Account Number | GL Account Name | Chart of Account Category | BAP Observation  | FMS Determination   |
|-------------------|-----------------|---------------------------|--|---|
| 821132            | Local Fees      | Local Fee Revenue         | <p>This general ledger account is part of a series of local fee revenue accounts that were created to allow courts to have the flexibility to designate these revenues that did not already have a designated account. This results in the courts designating the same general ledger account for different purposes.</p> <p>The WF recommendation indicated a description for this account as</p> <p>"primarily from traffic payment plan revenue per VC40510.5". This description conflicts with the Revenue Chart of Accounts which identifies GL 821181-Installment Fees for recording revenue pursuant to VC40510.5. The recommendation identified this account to <u>not</u> be included in WF whereas account 821181 is recommended to be included in WF.</p> | Do NOT include. ALL local fees are not mandatory work and the local fees off-set expenditures for those courts that provide the resulting services. |