



Judicial Council of California

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REPORT TO THE JUDICIAL COUNCIL

Item No.: 24-104

For business meeting on May 17, 2024

Title

Trial Court Budget: 2023–24 State Trial Court Improvement and Modernization Fund Allocation Increase for Legal Services

Rules, Forms, Standards, or Statutes Affected

None

Recommended by

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

Agenda Item Type

Action Required

Effective Date

May 17, 2024

Date of Report

May 6, 2024

Contact

Eric Schnurpfeil, 415-865-8936
eric.schnurpfeil@jud.ca.gov

Executive Summary

The Trial Court Budget Advisory Committee recommends a \$2 million fiscal year 2023–24 State Trial Court Improvement and Modernization Fund allocation for the Litigation Management Program to address increased legal services for the trial courts. The \$2 million request in the current year is to supplement the annual appropriation of \$6.2 million General Fund for the Litigation Management Program.

Recommendation

The Trial Court Budget Advisory Committee recommends that the Judicial Council approve, effective May 17, 2024, a \$2 million fiscal year 2023–24 Trial Court Improvement and Modernization Fund allocation to the Judicial Council’s Legal Services office to support trial court–related expenses managed under the Litigation Management Program.

This recommendation was approved by the Judicial Branch Budget Committee in an action by email between meetings on May 2, 2024.

Relevant Previous Council Action

Before fiscal year (FY) 2019–20, \$4.5 million from the State Trial Court Improvement and Modernization Fund (IMF) was allocated to the Legal Services budget annually to address trial court–related litigation expenses and settlements under the Litigation Management Program (LMP). In 2017, funds were approved to pay for a significant fee award in a long-running case involving access to court records. These allocations were approved through the Judicial Council.

Analysis/Rationale

The Judicial Council’s Legal Services office provides litigation management services for the defense and indemnification of all judicial branch entities, their bench officers, and their employees. Defense of these parties is for government claims, prelitigation claims, and litigation, as well as for various risk-reduction measures as required by Government Code sections 810–811.9, 825–825.6, 900.3, and 995–996.6 and California Rules of Court, rules 10.201 and 10.202. These obligations are generally referred to as the Litigation Management Program.

The LMP receives an annual appropriation of \$6.2 million General Fund. The majority of this funding is for expenditures and settlements related to trial court matters. In FY 2023–24, the LMP incurred three large trial court–related settlements that substantially affected the budget; in addition, expenses are pending in a nearly 10-year trial court litigation. The current year’s settlement expense is the second largest in the last decade.

As a result of these increased expenses, the LMP appropriation for 2023–24 has been fully used. Additional funding of \$2 million is necessary to continue servicing the LMP portfolio of cases and fund higher-value settlements before the end of the current fiscal year. Overall, settlement values are generally increasing, particularly with employment matters for which recovery of attorney’s fees often drives up the settlement value.

Litigation expenditures were generally consistent with those of past years, but costs in the current year were affected by a significant litigation matter that was granted summary judgment a week before trial, as well as three high-expense employment cases. While the sizeable amount of trial settlements affected the budget, overall litigation expenses have continued to rise and remain a growing pressure on the fund.

The IMF is an appropriate fund source to pay for trial court–related expenditures to ensure the continuity of LMP services. Attachment A reflects the approved year-to-date IMF allocations for the Judicial Council. This request for \$2 million is reflected in the IMF Fund Condition Statement (Attachment B). Based on current revenue estimates, the fund will have a sufficient balance for the requested allocation in FY 2023–24.

As cost increases for the LMP are expected to continue, an IMF allocation of \$1.7 million will be requested for FY 2024–25 to supplement the General Fund appropriation. Legal Services will evaluate program costs and available resources to determine if a future budget change proposal is needed to ensure that the program is adequately funded.

Policy implications

None.

Comments

This proposal was not circulated for public comment. However, this recommendation was considered at meetings that were open to the public and no public comments were received.

Alternatives considered

The advisory committee did not consider an alternative because the Judicial Council has a legal obligation to defend and indemnify trial courts under the LMP.

Fiscal and Operational Impacts

There are no additional fiscal or operations costs to implement this recommendation.

Attachments and Links

1. Attachment A: Judicial Council of California Approved 2023–24 Allocations, State Trial Court IMF, State Operations and Local Assistance Appropriations
2. Attachment B: State Trial Court IMF Fund Condition Statement, April 2024

**Judicial Council of California
Approved 2023-24 Allocations
State Trial Court Improvement and Modernization Fund
State Operations and Local Assistance Appropriations**

Updated: April 12, 2024

#	Program Name	Office	Approved 2023-24 Allocations			Proposed 2023-24 Allocations	
			State Operations	Local Assistance	Total	IMF Allocation Increase	Total
A	B	C	D	E	F = (D + E)	G	H = (F + G)
1	Audit Services	AS	\$ 372,000	\$ -	\$ 372,000	\$ -	\$ 372,000
2	Trial Court Master Agreements	BAP	182,000	-	182,000	-	182,000
3	Treasury Services - Cash Management	BAP	110,000	-	110,000	-	110,000
4	Data Analytics Advisory Committee	BMS	-	9,000	9,000	-	9,000
5	Budget Focused Training and Meetings	BS	-	25,000	25,000	-	25,000
6	Revenue Distribution Training	BS	-	10,000	10,000	-	10,000
7	Treasury Services - Cash Management	BS	-	-	-	-	-
8	Domestic Violence Forms Translation	CFCC	-	17,000	17,000	-	17,000
9	Interactive Software - Self-Rep Electronic Forms	CFCC	-	60,000	60,000	-	60,000
10	Self-Help Center	CFCC	-	5,000,000	5,000,000	-	5,000,000
11	Statewide Multidisciplinary Education	CFCC	-	67,000	67,000	-	67,000
12	Shriver Civil Counsel - cy près Funding	CFCC	-	893,000	893,000	-	893,000
13	Statewide Support for Self-Help Programs	CFCC	-	100,000	100,000	-	100,000
14	Court Interpreter Testing etc.	CFCC	-	143,000	143,000	-	143,000
15	CJER Faculty	CJER	-	48,000	48,000	-	48,000
16	Essential Court Management Education	CJER	40,000	-	40,000	-	40,000
17	Essential Court Personnel Education	CJER	-	130,000	130,000	-	130,000
18	Judicial Education	CJER	-	1,284,000	1,284,000	-	1,284,000
19	Jury System Improvement Projects	CJS	-	9,000	9,000	-	9,000
20	Trial Court Labor Relations Academies and Forums	HR	-	23,000	23,000	-	23,000
21	Data Center and Cloud Service	IT	2,215,000	4,471,000	6,686,000	-	6,686,000
22	Uniform Civil Filing Services	IT	399,000	3,000	402,000	-	402,000
23	California Courts Protective Order Registry (CCPOR)	IT	418,000	537,000	955,000	-	955,000
24	Telecommunications	IT	-	14,500,000	14,500,000	-	14,500,000
25	Enterprise Policy & Planning (Statewide Planning and Dev Support)	IT	1,044,000	2,500,000	3,544,000	-	3,544,000
26	Data Integration	IT	703,000	993,000	1,696,000	-	1,696,000
27	Jury Management System	IT	-	665,000	665,000	-	665,000
28	Case Management System Replacement	IT	-	-	-	-	-
29	Telecom	IT	1,297,000	4,384,000	5,681,000	-	5,681,000
30	Digitizing Court Records	IT	-	721,490	721,490	-	721,490
31	Jury System Improvement Projects	LS	-	10,000	10,000	-	10,000
32	Regional Office Assistance Group	LS	861,000	-	861,000	-	861,000
33	Litigation Management Program	LS	-	-	-	2,000,000	2,000,000
34	Judicial Performance Defense Insurance	LSS	-	1,931,000	1,931,000	-	1,931,000
Total			\$ 7,641,000	\$ 38,533,490	\$ 46,174,490	\$ 2,000,000	\$ 48,174,490

Totals by Office		Office	State Operations	Local Assistance	Total	Proposed IMF Allocation Increase	Revised Total
Legend		C	D	E	F = (D + E)	G	H = (F + G)
35	Audit Services	AS	\$ 372,000	\$ -	\$ 372,000	\$ -	\$ 372,000
36	Branch Accounting and Procurement	BAP	292,000	-	292,000	-	\$ 292,000
37	Business Management Services	BMS	-	9,000	9,000	-	\$ 9,000
38	Budget Services	BS	-	35,000	35,000	-	\$ 35,000
39	Center for Families, Children & the Courts	CFCC	-	6,280,000	6,280,000	-	\$ 6,280,000
40	Center for Judicial Education and Research	CJER	40,000	1,462,000	1,502,000	-	\$ 1,502,000
41	Criminal Justice Services	CJS	-	9,000	9,000	-	\$ 9,000
42	Human Resources	HR	-	23,000	23,000	-	\$ 23,000
43	Information Technology	IT	6,076,000	28,774,490	34,850,490	-	\$ 34,850,490
44	Legal Services	LS	861,000	10,000	871,000	2,000,000	\$ 2,871,000
45	Leadership Services	LSS	-	1,931,000	1,931,000	-	\$ 1,931,000
Total Allocations			\$ 7,641,000	\$ 38,533,490	\$ 46,174,490	\$ 2,000,000	\$ 48,174,490

**State Trial Court Improvement and Modernization Fund
Fund Condition Statement
April 2024**

Updated: April 12, 2024

#	Description	2020-21	2021-22	2022-23	Estimated		
		(Year-End Financial Statement)	(Year-End Financial Statement)	(Year-End Financial Statement)	2023-24	2024-25	2025-26
		A	B	C	D	E	E
1	Beginning Balance	21,152,288	16,886,288	23,242,054	38,128,109	32,236,659	28,540,659
2	Prior-Year Adjustments	2,422,000	8,176,338	8,638,611	-3,200,000	0	0
3	Adjusted Beginning Balance	23,574,288	25,062,626	31,880,665	34,928,109	32,236,659	28,540,659
4	REVENUES¹:						
5	Jury Instructions Royalties	466,000	538,154	429,853	576,000	560,000	560,000
6	Interest from Surplus Money Investment Fund	242,000	210,218	1,550,086	1,727,000	1,296,000	1,037,000
7	Escheat-Unclaimed Checks, Warrants, Bonds	65,000	0	1,000	1,000	1,000	1,000
8	50/50 Excess Fines Split Revenue	7,288,250	4,986,200	7,504,000	2,863,000	2,720,000	2,584,000
9	2% Automation Fund Revenue	7,925,750	8,455,157	8,327,104	8,479,000	8,394,000	8,394,000
10	Other Revenues/State Controller's Office Adjustments	366,000	285,925	171,078	20,000	2,000	2,000
11	Class Action Residue	911,000	952,317	329,186	0	0	0
12	Subtotal Revenues	17,264,000	15,428,439	18,311,387	13,666,000	12,973,000	12,578,000
13	Transfers and Other Adjustments						
14	To Trial Court Trust Fund (Gov. Code, § 77209(j))	-13,397,000	-13,397,000	-13,397,000	-13,397,000	-13,397,000	-13,397,000
15	To Trial Court Trust Fund (Budget Act)	-594,000	-594,000	-594,000	-594,000	-594,000	-594,000
16	General Fund Transfer (Gov. Code, § 20825.1)		-270,000	0	0	0	0
17	Total Revenues, Transfers, and Other Adjustments	3,273,000	1,167,439	4,320,387	-325,000	-1,018,000	-1,413,000
18	Total Resources	26,847,288	26,230,065	36,201,052	34,603,109	31,218,659	27,127,659
19	EXPENDITURES:						
20	Judicial Branch Total State Operations	4,635,000	5,217,956	5,319,495	8,184,400	10,051,000	8,683,000
21	Judicial Branch Total Local Assistance	47,825,000	44,734,883	36,857,436	38,283,050	36,531,000	36,859,000
22	Pro Rata and Other Adjustments	289,000	307,171	180,012	117,000	314,000	314,000
23	Less funding provided by General Fund (Local Assistance)	-42,788,000	-47,272,000	-44,284,000	-44,218,000	-44,218,000	-44,218,000
24	Total Expenditures and Adjustments	9,961,000	2,988,011	-1,927,057	2,366,450	2,678,000	1,638,000
25	Fund Balance	16,886,288	23,242,054	38,128,109	32,236,659	28,540,659	25,489,659
26	Fund Balance - less restricted funds	12,775,459	19,677,611	35,864,950	30,072,500	26,426,500	23,375,500
27	Structural Balance	-6,688,000	-1,820,572	6,247,444	-2,691,450	-3,696,000	-3,051,000

¹ Revenue estimates are as of 2024-25 Governor's Budget

State Trial Court Improvement and Modernization Fund -- Fund Condition Statement

#	PCC	Description	Office	2021-22 (Year-end Financial Statement)
		Beginning Balance		16,886,288
		PY Adjustments		(25)
		<i>Prior Year Adjustments (GAAP/FSCU)</i>		
		<i>Reverted Appropriations</i>		
		Prior Year Revenue adjustments		7,128,573
		Prior Year Expenditure		1,047,790
		Total Adjustments		8,176,338
		Adjusted Beginning Balance		25,062,626
		Revenues		
	0164603	50/50 Excess Fines Split Revenue (GC77025) 164603		4,986,200
	0164602	2% Automation Fund Revenue (GC68098.8) 164602		8,455,157
	0141200	Jury Instructions Royalties (Sales of Documents) 141200 GC 77209(h)		538,154
	0150300	Interest from SMIF 150300		210,218
		Escheat-Unclaimed Checks, Warrants, Bonds, and Coupons 161000		468
	0161000	MiscRevenue/Penalty-Audit Findings		285,925
	0161000	Class Action Residue (Cy Pres) 163001/163000		952,317
		Subtotal Revenues		15,428,439
		Transfers		
		From State General Fund		
		To Trial Court Trust Fund (Budget Act)		(594,000)
		To TCTF (GC 77209(j))		(13,397,000)
		Gov Code Sec 20825.1 Trf to GF EO 21/22 276 Revised		(270,000)
		Subtotal Transfers		(14,261,000)
		Net Revenues and Transfers		1,167,439
		Total Resources		26,230,065
		Total, State Operations (Support Provided by JCC Staff)		5,217,956
		Total, Local Assistance		44,734,883
		Less Funding Provided by GF (Local Assistance)		(47,272,000)
		SCO - MyCalPays Assessments (FY 2012-13)		
		Possible Expenditure Reduction to Programs (if needed)		
		Forced Savings		
		Pro Rata and Other Adjustments		307,171
		Total Expenditures		2,988,011
		Fund Balance		23,242,054
		Reserve		2,000,000
		Restricted Funds - Jury Management GC 77209(h)		506,307
		Restricted Funds - Sargent Shriver Civil Counsel		1,058,137
		Restricted Funds - Case Management Systems (CMS)		-
		Available Fund Balance		19,677,611
			FSO	6,552,455