



# Judicial Council of California

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## REPORT TO THE JUDICIAL COUNCIL

*Item No.: 23-026*

For business meeting on March 24, 2023

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**Title**

Trial Court Budget: Base Funding Floor  
Inflationary Increases

**Agenda Item Type**

Action Required

**Effective Date**

July 1, 2023

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

None

**Date of Report**

March 3, 2023

**Recommended by**

Trial Court Budget Advisory Committee  
Hon. Jonathan B. Conklin, Chair  
Ms. Rebecca Fleming, Vice-Chair

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### Executive Summary

The Trial Court Budget Advisory Committee recommends that the Judicial Council approve an update to the annual base funding floor process to include automatic increases for the base funding floor courts, Alpine and Sierra Superior Courts, similar to all other courts when general inflationary funding is received through the state budget process. Currently, base funding for the two smallest courts is \$950,000 annually and is based on the minimum level of staffing and operational costs necessary.

### Recommendation

The Trial Court Budget Advisory Committee recommends that the Judicial Council, effective July 1, 2023, approve a change to the annual base funding floor process to include automatic increases for the base funding floor courts, similar to all other courts, when general inflationary funding is received through the state budget process.

This recommendation was presented to the Judicial Branch Budget Committee on November 16, 2022, and approved for consideration by the Judicial Council.

## Relevant Previous Council Action

At its April 2013 meeting,<sup>1</sup> the Judicial Council approved 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 currently known as the Workload Formula (WF).

While the April 2013 council action established the funding and allocation methodology for the majority of trial courts, it was determined that the smallest courts' funding needs could not be established using workload metrics alone. For that reason, TCBAC temporarily deferred addressing a funding methodology for the smallest courts in the first fiscal year of the Workload Formula implementation to allow time for further evaluation.

On February 20, 2014, after the committee convened a group of leaders of the smallest courts to provide (1) input on the minimum levels of staffing needed to provide access to justice, and (2) detailed information about operations expenditures to help arrive at a funding floor amount, the council approved a recommendation from TCBAC to establish a base funding floor amount of \$750,000 effective 2014–15.<sup>2</sup>

On March 15, 2019, the council approved a \$50,000 inflationary adjustment, increasing the base funding floor to \$800,000, effective 2019–20.<sup>3</sup> At that time, there had not been any adjustments to the initial base funding floor amount. The increase, based on inflationary adjustments as reported by the Department of Finance (DOF) at that time, helped to account for increases to employee salaries and operating expenses and equipment.

On March 11, 2022, the council approved a \$150,000 inflationary adjustment, increasing the base funding floor to \$950,000, effective 2022–23.<sup>4</sup> Similar to prior practice, this increase was

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<sup>1</sup> Judicial Council of Cal., Advisory Com. Rep., *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); Judicial Council of Cal., mins. (Apr. 26, 2013), pp. 24–26, [www.courts.ca.gov/documents/jc-20130426-minutes.pdf](http://www.courts.ca.gov/documents/jc-20130426-minutes.pdf).

<sup>2</sup> Judicial Council of Cal., Advisory Com. Rep., *Trial Court Allocations: Revisions to the Workload-Based Allocation and Funding Methodology* (Feb. 10, 2014), [www.courts.ca.gov/documents/jc-20140220-itemK.pdf](http://www.courts.ca.gov/documents/jc-20140220-itemK.pdf); Judicial Council of Cal., mins. (Feb. 20, 2014), pp. 15–16, [www.courts.ca.gov/documents/jc-20140220-minutes.pdf](http://www.courts.ca.gov/documents/jc-20140220-minutes.pdf).

<sup>3</sup> Judicial Council of Cal., Advisory Com. Rep., *Trial Court Budget: Base Funding Floor Allocation* (Feb. 13, 2019), <https://jcc.legistar.com/View.ashx?M=F&ID=7058011&GUID=805D0070-0C38-40C7-A8CE-F08E82D8DDD5>; Judicial Council of Cal., mins. (Mar. 15, 2019), p. 13, <https://jcc.legistar.com/View.ashx?M=M&ID=640295&GUID=4C88EDD5-7207-4839-BB72-89B184E22C9B>.

<sup>4</sup> Judicial Council of Cal., Advisory Com. Rep., *Trial Court Budget: Base Funding Floor Allocation* (Feb. 18, 2022), <https://jcc.legistar.com/View.ashx?M=F&ID=10541345&GUID=95859AA1-D4C0-4EAA-B339-EE6F27359A29>; Judicial Council of Cal., mins. (Mar. 11, 2022), pp. 11–12, <https://jcc.legistar.com/View.ashx?M=M&ID=869097&GUID=1D946F85-D965-47A7-A2E1-54EFA1C834D2>.

based on inflationary adjustments reported by the DOF at that time and was provided in recognition of trial court operational cost pressures due to rising inflation.

## **Analysis/Rationale**

In 2021–22, the trial courts received a 3.7 percent Consumer Price Index (CPI) adjustment of \$72.2 million to address inflationary cost increases. The council approved the allocation of this funding to all 58 courts, including the two base funding floor courts, as a 3.7 percent increase over each court’s 2020–21 WF allocation.<sup>5</sup> Since Alpine and Sierra have a set base funding floor amount, the CPI adjustment was not provided to these two courts because it would have exceeded the established base funding floor amount.

In 2022–23, the trial courts received an additional 3.8 percent CPI adjustment of \$84.2 million. The council also approved the allocation of this funding to all 58 courts, including Alpine and Sierra, as a 3.8 percent increase over each court’s 2021–22 WF allocation.<sup>6</sup> Due to the set base funding floor amount, the CPI adjustment received by these two courts was included in their allocation up to their newly established base funding floor amount of \$950,000.

Implementation of an automatic inflationary increase for the two base funding floor courts would provide Alpine and Sierra with the same opportunity to benefit from funding provided to address cost increases and operational impacts as the other 56 trial courts.

## **Policy implications**

This approach to provide the two base funding floor courts with automatic inflationary adjustments can help ease the current process where Alpine and Sierra must request base funding increases and present these requests to the Funding Methodology Subcommittee, TCBAC, and the Judicial Branch Budget Committee for council consideration. Although this process will remain in place, the need for additional funding and the frequency of these requests might decrease for the base funding floor courts if automatic inflationary adjustments were provided through the budget process, as for the other 56 trial courts.

## **Comments**

This item did not circulate for comment and received no public comment.

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<sup>5</sup> Judicial Council of Cal., Advisory Com. Rep., *Trial Court Budget: Allocation Methodology of \$72.2 Million Trial Court Funding in Governor’s Proposed 2021–22 Budget* (June 17, 2021), <https://jcc.legistar.com/View.ashx?M=F&ID=9499530&GUID=797D4736-AE15-43D3-84D7-4676D4D7C4B0>; Judicial Council of Cal., mins. (July 9, 2021), p. 9, <https://jcc.legistar.com/View.ashx?M=M&ID=803683&GUID=7A91FDD5-4839-4018-9831-79E23D4383BF>.

<sup>6</sup> Judicial Council of Cal., Advisory Com. Rep., *Trial Court Budget: Allocations from the Trial Court Trust Fund and Trial Court Allocations for 2022–23* (June 28, 2022), <https://jcc.legistar.com/View.ashx?M=F&ID=11018996&GUID=EFC36BA3-294F-4DC3-8C7E-1AC030ED7B72>; Judicial Council of Cal., mins. (July 15, 2022), pp. 8–9, <https://jcc.legistar.com/View.ashx?M=M&ID=869107&GUID=7982B915-4E53-4539-9B54-8536AB5EF9A1>.

### **Alternatives considered**

During its meeting on November 10, 2022, the TCBAC was provided with and discussed the following options, in addition to the recommended one:<sup>7</sup>

- Implement an automatic annual adjustment to the base funding floor amount in years that CPI is provided in the budget. The adjustment would be a portion of the percentage amount provided to the other 56 trial courts.
- Revisit and evaluate the established process for adjustments to the base funding floor for a set period, and make necessary modification recommendations:
  - For example, every two years on an ongoing basis; or
  - Every three years.

TCBAC determined that the best approach would be to provide the base funding floor courts with a percentage increase that is the same as that received by the other 56 courts.

### **Fiscal and Operational Impacts**

Approval of the funding floor adjustment is consistent with the principles of the WF, which incorporates cost-of-living and cost-of-labor adjustments. The additional funding directed to the two smallest courts represents a few hundred thousand dollars out of the approximate \$3 billion allocated for trial courts in 2022–23. This adjustment to the funding floor process would provide critical funding to the two base funding floor courts to support operations and advance access to justice.

### **Attachments and Links**

None.

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<sup>7</sup> Funding Methodology Subcommittee meeting rep. (Nov. 2, 2022), pp. 8–10, [www.courts.ca.gov/documents/tcbac-20221102-fms-materials.pdf](http://www.courts.ca.gov/documents/tcbac-20221102-fms-materials.pdf).