



JUDICIAL COUNCIL OF CALIFORNIA

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REPORT TO THE JUDICIAL COUNCIL

Item No.: 22-020

For business meeting on January 21, 2022

Title

Trial Court Budget: 2020–21 Final One-Time Reduction for Fund Balances Above the 3 Percent Cap

Agenda Item Type

Action Required

Effective Date

January 21, 2022

Rules, Forms, Standards, or Statutes Affected

None

Date of Report

December 14, 2021

Recommended by

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

Contact

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Executive Summary

Pursuant to Government Code section 77203(b), a trial court may carry over unexpended funds in an amount not to exceed 3 percent of the court's operating budget from the prior fiscal year. The Trial Court Budget Advisory Committee recommends a final one-time reduction allocation of \$7,669,000 related to the fund balance cap in 2020–21 and prior-year excluded funds, as required by Government Code section 68502.5(c)(2)(A), which nets to \$232,000 after adjusting for \$7,437,000 in funds held on behalf of trial court reductions.

Recommendation

The Trial Court Budget Advisory Committee recommends that the Judicial Council, effective January 21, 2022, approve the final reduction allocation of \$7,669,000 to match the trial courts' final calculations of the amount above the 3 percent fund balance cap, further reduced by \$7,437,000 in approved funds held on behalf of the trial courts to \$232,000 to be reverted to the Trial Court Trust Fund.

This recommendation was presented to the Judicial Branch Budget Committee on December 7, 2021 and approved for consideration by the Judicial Council.

Relevant Previous Council Action

At its July 29, 2014 business meeting, the Judicial Council approved an annual process beginning in 2015–16 for courts to provide preliminary and final computations on the portion of their ending fund balance that is subject to the 1 percent cap required by Government Code section 68502.5(c)(2)(A):

1. Each year, courts will be required to submit the 1 percent computation form with preliminary year-end information by July 15. The information provided by courts will be used by the council to make the preliminary allocation of reductions as required by statute. Courts would not be required to provide the details related to encumbrances, prepayments, and restricted revenue when submitting the form for the preliminary allocation.
2. Each year, courts will be required to submit the 1 percent computation form with final year-end information by October 15.
3. Before February, the Judicial Council director of Budget Services will report to the council the information provided by the courts for the final allocation reduction, if any.

Analysis/Rationale

Pursuant to Government Code section 77203(b), a trial court could carry over unexpended funds in an amount not to exceed 1 percent of the court's operating budget from the prior fiscal year commencing June 30, 2014, and concluding June 30, 2019. Commencing June 30, 2020, a trial court may carry over unexpended funds in an amount not to exceed 3 percent of the court's operating budget from the prior fiscal year.

Government Code section 68502.5(c)(2)(A) requires that “[i]n January of each fiscal year, after review of available trial court reserves as of June 30 of the prior fiscal year, the Judicial Council shall finalize allocations to trial courts and each court's finalized allocation shall be offset by the amount of reserves in excess of the amount authorized to be carried over pursuant to subdivision (b) of Section 77203.”

The figures in Attachment A reflect the trial courts' finalized and closed accounting records for 2020–21, which have been reviewed by the Judicial Council's Budget Services and Branch Accounting and Procurement staff:

- Column A displays the calculated fund balance cap amount for each court;
- Column H shows the courts' 2020–21 fund balance amounts subject to the cap, excluding statutorily restricted funds per Government Code section 77203(b), encumbrances consistent with the state contracting process, prepayments, and approved funds held on behalf (FHOB) returned to courts;
- Column I displays the courts' final computation of the amount above their 3 percent cap, totaling \$7.26 million;
- Column J displays FHOB returned to the Trial Court Trust Fund (TCTF), totaling \$6,000;

- Column K provides those 2020–21 adjustments to the courts’ 2018–19 and 2019–20 fund balance cap, totaling \$407,000; and
- Column L displays the courts’ final total reduction computation of \$7.67 million.

A total of 13 courts have submitted requests totaling \$7.4 million (Column M) under the Judicial Council–approved process for trial courts to request that TCTF-reduced allocations related to the fund balance cap be retained in the TCTF as restricted fund balance for the benefit of those courts. This retention allows the courts to prudently plan for and fund necessary court infrastructure projects such as technology or infrastructure improvements, facilities maintenance and repair allowed under rule 10.810 of the California Rules of Court, court efficiencies projects, and other court infrastructure projects that would not be possible as an unintended consequence of the 3 percent fund balance cap.

Attachment B provides details on the final allocation adjustments for the 3 percent cap adjustment for 2020–21 and TCTF FHOB requests that will be distributed in the February 2022 distribution to the trial courts:

- Column A displays the preliminary 3 percent cap reductions. (Due to timing and when information would become available, the preliminary reduction amounts related to trial court reserves above the 3 percent cap were set at \$0 for the Judicial Council’s July 9, 2021 business meeting and deferred to be considered as the final allocation reductions for fund balances above the 3 percent cap prior to recommendation to the Judicial Council at its business meeting in January 2022.)
- Column B displays the final reductions and includes 24 courts.
- Column C shows the adjustment between the preliminary and final 3 percent cap calculations.
- Column D reflects the preliminary TCTF FHOB requests returned to the courts.
- Column E reflects the final TCTF FHOB requests totaling \$7.4 million. Of this amount, \$4.49 million will be allocated to trial courts for 2021–22 expenditures (Column F) and \$2.95 million will be held in the TCTF fund balance for the courts that are saving funds for expenditures in future years shown in Column G.
- Column H displays the February 2022 allocation adjustment for TCTF FHOB of the trial courts.
- The net adjustment column, Column I, displays the total net allocation adjustment for both the 3 percent cap and the TCTF FHOB returning to courts in 2020–21.

Policy implications

None.

Comments

Public comment was not received for this item.

Alternatives considered

None.

Fiscal and Operational Impacts

Maintaining an allowable fund balance and FHOB consistent with statutory requirements enables the trial courts to prudently manage available funding to support court operations.

Attachments and Links

1. Attachment A: Final One-Time Allocation Reduction for Fund Balance Above the 3% Cap
2. Attachment B: Final Allocation Adjustments for 2020–21 Fund Balance 3% Cap Adjustment and TCTF Funds Held on Behalf

Final One-Time Allocation Reduction for Fund Balance Above the 3% Cap

Court	Fund Balance Cap	2020-21 Ending Fund Balance	Encumbrance Reserves at June 30	Excluded Funds	Prepayments	Cannabis Conviction Resentencing	FHOB Returned to Court	Fund Balance Subject to Cap ¹	Current Year Reduction	FHOB Returned to TCTF	Prior Year Disencumbrance	Total Final Reduction	Approved 2021-22 FHOB ²	Net Reduction after FHOB
	A	B	C	D	E	F	G	H (B - C : G)	I	J	K	L (I + J + K)	M	N (L - M)
ALAMEDA	3,172,696	7,575,618	3,482,719	1,558,388	125,554	379,358	0	2,029,598	0	1,735	6,531	8,266	0	8,266
ALPINE	26,314	66,930	38,028	8,458	8,729	0	0	11,716	0	0	5	5	0	5
AMADOR	123,587	456,684	251,940	64,832	830	20,611	0	118,471	0	0	0	0	0	0
BUTTE	455,070	948,143	13,387	372,691	41,138	71,111	0	449,816	0	0	7,500	7,500	0	7,500
CALAVERAS	106,807	814,046	2,103	217,835	225,604	21,948	203,833	142,723	35,916	0	0	35,916	0	35,916
COLUSA	81,222	1,275,318	107,118	299,969	211,367	21,847	255,000	380,018	298,796	0	0	298,796	283,796	15,000
CONTRA COSTA	1,726,482	4,564,672	203,408	1,793,876	724,102	255,599	0	1,587,686	0	0	0	0	0	0
DEL NORTE	113,588	1,239,506	409,838	503,961	0	25,707	300,000	0	0	0	0	0	0	0
EL DORADO	289,829	1,175,902	769,546	64,252	18,565	73,585	0	249,954	0	0	0	0	0	0
FRESNO	2,090,945	1,055,814	0	1,048,105	0	0	0	7,710	0	0	0	0	0	0
GLENN	102,069	317,779	0	123,228	4,019	26,049	0	164,483	62,414	0	0	62,414	62,414	0
HUMBOLDT	280,997	329,184	70,541	47,371	25,381	0	0	185,892	0	0	0	0	0	0
IMPERIAL	362,012	3,091,002	949,089	743,790	208,047	130,154	424,995	634,928	264,751	0	8,165	272,916	272,916	0
INYO	88,250	423,645	0	328,564	198	11,009	0	83,874	0	0	0	0	0	0
KERN	2,360,844	8,104,011	0	3,212,497	446,255	255,290	676,688	3,513,280	1,152,436	0	0	1,152,436	1,152,436	0
KINGS	339,128	1,319,325	49,785	385,749	111,083	53,034	0	719,674	380,546	0	0	380,546	380,546	0
LAKE	155,773	706,508	237,537	231,082	76,463	43,925	0	117,502	0	0	0	0	0	0
LASSEN	97,381	383,711	20,287	168,297	2,712	19,454	75,925	97,036	0	0	0	0	0	0
LOS ANGELES	24,073,614	76,660,151	28,015,789	32,489,010	859,887	0	0	15,295,466	0	0	0	0	0	0
MADERA	342,880	476,422	5,080	360,115	1,606	74,263	0	35,359	0	0	0	0	0	0
MARIN	454,143	1,195,758	5,100	868,068	0	9,747	0	312,842	0	0	17,650	17,650	0	17,650
MARIPOSA	64,093	211,002	0	37,023	128,905	0	0	45,075	0	0	0	0	0	0
MENDOCINO	233,251	347,370	0	201,565	0	0	0	145,805	0	0	0	0	0	0
MERCED	532,346	2,934,983	91,094	2,761,737	0	0	0	82,153	0	0	0	0	0	0
MODOC	53,905	134,769	14,580	31,232	0	9,804	0	79,153	25,248	0	0	25,248	0	25,248
MONO	84,777	713,462	162,959	78,010	65,621	1,038	0	405,834	321,057	0	0	321,057	321,057	0
MONTEREY	758,131	2,858,964	227,985	1,051,941	4,780	9,591	0	1,564,668	806,537	0	0	806,537	806,537	0
NAPA	319,350	1,270,744	43,026	793,860	0	58,747	0	375,111	51,916	3,845	0	55,761	55,761	0
NEVADA	215,572	541,445	5,289	337,402	0	48,129	0	150,625	0	0	0	0	0	0
ORANGE	6,099,246	3,837,291	461,891	1,678,790	317,093	1,072,718	84,242	222,557	0	0	1,044	1,044	0	1,044
PLACER	654,083	2,188,511	21,315	615,448	28,646	82,762	0	1,440,340	770,233	0	16,024	786,257	715,000	71,257
PLUMAS	51,850	161,099	19,400	76,985	0	13,433	0	51,281	0	0	0	0	0	0
RIVERSIDE	4,940,094	8,723,801	38,696	4,237,239	0	400,314	0	4,047,551	0	0	0	0	0	0
SACRAMENTO	3,113,217	8,202,984	0	2,718,594	342,229	175,967	1,906,534	3,059,660	0	0	30,989	30,989	0	30,989
SAN BENITO	116,938	2,021,631	39,000	46,720	2,433	3,895	309,242	1,620,342	1,203,404	0	300,000	1,503,404	1,503,404	0
SAN BERNARDINO	4,367,343	4,813,942	151,387	581,014	2,823,834	836,719	0	420,989	0	0	0	0	0	0
SAN DIEGO	5,207,793	17,432,877	504,945	10,886,871	716,767	2,174,248	0	3,150,046	0	0	0	0	0	0
SAN FRANCISCO	2,217,731	3,091,563	0	1,751,742	0	0	80,323	1,259,499	0	0	0	0	0	0
SAN JOAQUIN	1,414,354	3,529,310	221,353	1,774,084	220,296	39,273	0	1,274,305	0	0	0	0	0	0
SAN LUIS OBISPO	538,631	2,505,454	0	1,905,218	0	54,687	0	545,549	0	0	6,918	6,918	0	6,918
SAN MATEO	1,480,081	1,800,089	481,619	217,775	357,612	174,885	3,249	564,951	0	0	4,942	4,942	0	4,942
SANTA BARBARA	934,340	5,068,228	1,189,351	3,048,176	108,201	134,014	0	588,487	0	0	0	0	0	0
SANTA CLARA	2,933,843	560,707	0	338,560	19,976	0	0	202,171	0	0	0	0	0	0
SANTA CRUZ	492,660	1,239,565	55,364	608,088	0	104,525	0	471,588	0	0	0	0	0	0
SHASTA	657,481	2,625,008	0	377,300	1,265	0	471,670	1,774,773	1,117,292	0	0	1,117,292	1,117,292	0
SIERRA	28,554	170,002	44,924	14,095	79,337	4,224	0	27,423	0	0	0	0	0	0
SISKIYOU	127,239	368,678	0	290,514	0	0	0	78,164	0	0	0	0	0	0
SOLANO	883,611	2,354,456	84,312	1,409,393	7,326	0	0	853,425	0	0	0	0	0	0
SONOMA	946,465	3,489,922	0	2,163,741	435,863	177,322	0	712,997	0	0	0	0	0	0
STANISLAUS	928,034	2,568,441	327,608	332,230	829,126	161,189	0	918,288	0	0	0	0	0	0
SUTTER	236,390	1,404,278	11,445	393,882	96,542	19,917	86,254	796,238	559,848	0	0	559,848	559,999	(151)
TEHAMA	187,552	968,886	0	280,030	72,593	61,282	161,184	393,796	205,914	0	330	206,244	205,914	330
TRINITY	82,595	188,718	0	71,368	55,661	46,014	0	15,675	0	0	0	0	0	0
TULARE	1,009,122	1,475,973	0	424,868	172,697	69,219	0	809,189	0	0	0	0	0	0
TUOLUMNE	164,809	429,647	90,276	174,701	0	39,756	0	124,914	0	0	0	0	0	0
VENTURA	1,631,881	642,075	192,912	179,415	0	130,617	0	139,132	0	0	0	0	0	0
YOLO	483,981	1,287,716	120,936	683,236	7,516	0	0	476,028	0	0	0	0	0	0
YUBA	213,087	566,066	45,041	158,266	252,250	19,448	0	91,061	0	0	6,940	6,940	0	6,940
TOTAL	81,248,062	204,909,787	39,278,001	87,621,247	10,238,107	7,616,427	5,039,139	55,116,865	7,256,308	5,580	407,038	7,668,926	7,437,072	231,854

¹ Variance in total is due to rounding.² Approved TCTF FHOB Requests include those requests pending before the Judicial Council at its January 20-21, 2022 business meeting.

**Final Allocation Adjustments for 2020-21 Fund Balance
3% Cap Adjustment and TCTF Funds Held on Behalf**

Court	3% Cap Adjustments			TCTF FHOB					Net Adjustment (C + H)	
	Preliminary Reduction for Fund Balance Above the 3% Cap	Final Reduction for Fund Balance Above the 3% Cap	Allocation Adjustment for Reduction for Fund Balance Above the 3% Cap	Preliminary TCTF FHOB of the Trial Courts Returned to Courts	Total Final TCTF FHOB of the Trial Courts	TCTF FHOB of the Trial Courts to be Returned for 2021-22	TCTF Funds Held in Reserve in the TCTF for Future Years ¹	Allocation Adjustment for TCTF FHOB of the Trial Courts		
	One-Time		One-Time	One-Time		Feb #8 Dist.	Feb #8 Dist.	One-Time		Feb #8 Dist.
			Feb #8 Dist.							
A	B	C (B - A)	D	E	F	G	H			
Alameda	-	(8,266)	(8,266)	-	-	-	-	-	(8,266)	
Alpine	-	(5)	(5)	-	-	-	-	-	(5)	
Amador	-	-	-	-	-	-	-	-	-	
Butte	-	(7,500)	(7,500)	-	-	-	-	-	(7,500)	
Calaveras	-	(35,916)	(35,916)	-	-	-	-	-	(35,916)	
Colusa	-	(298,796)	(298,796)	-	283,796	125,000	158,796	125,000	(173,796)	
Contra Costa	-	-	-	-	-	-	-	-	-	
Del Norte	-	-	-	-	-	-	-	-	-	
El Dorado	-	-	-	-	-	-	-	-	-	
Fresno	-	-	-	-	-	-	-	-	-	
Glenn	-	(62,414)	(62,414)	-	62,414	62,414	-	62,414	-	
Humboldt	-	-	-	-	-	-	-	-	-	
Imperial	-	(272,916)	(272,916)	-	272,916	272,916	-	272,916	-	
Inyo	-	-	-	-	-	-	-	-	-	
Kern	-	(1,152,436)	(1,152,436)	-	1,152,436	1,152,436	-	1,152,436	-	
Kings	-	(380,546)	(380,546)	-	380,546	-	380,546	-	(380,546)	
Lake	-	-	-	-	-	-	-	-	-	
Lassen	-	-	-	-	-	-	-	-	-	
Los Angeles	-	-	-	-	-	-	-	-	-	
Madera	-	-	-	-	-	-	-	-	-	
Marin	-	(17,650)	(17,650)	-	-	-	-	-	(17,650)	
Mariposa	-	-	-	-	-	-	-	-	-	
Mendocino	-	-	-	-	-	-	-	-	-	
Merced	-	-	-	-	-	-	-	-	-	
Modoc	-	(25,248)	(25,248)	-	-	-	-	-	(25,248)	
Mono	-	(321,057)	(321,057)	-	321,057	90,000	231,057	90,000	(231,057)	
Monterey	-	(806,537)	(806,537)	-	806,537	299,134	507,403	299,134	(507,403)	
Napa	-	(55,761)	(55,761)	-	55,761	-	55,761	-	(55,761)	
Nevada	-	-	-	-	-	-	-	-	-	
Orange	-	(1,044)	(1,044)	-	-	-	-	-	(1,044)	
Placer	-	(786,257)	(786,257)	-	715,000	715,000	-	715,000	(71,257)	
Plumas	-	-	-	-	-	-	-	-	-	
Riverside	-	-	-	-	-	-	-	-	-	
Sacramento	-	(30,989)	(30,989)	-	-	-	-	-	(30,989)	
San Benito	-	(1,503,404)	(1,503,404)	-	1,503,404	500,000	1,003,404	500,000	(1,003,404)	
San Bernardino	-	-	-	-	-	-	-	-	-	
San Diego	-	-	-	-	-	-	-	-	-	
San Francisco	-	-	-	-	-	-	-	-	-	
San Joaquin	-	-	-	-	-	-	-	-	-	
San Luis Obispo	-	(6,918)	(6,918)	-	-	-	-	-	(6,918)	
San Mateo	-	(4,942)	(4,942)	-	-	-	-	-	(4,942)	
Santa Barbara	-	-	-	-	-	-	-	-	-	
Santa Clara	-	-	-	-	-	-	-	-	-	
Santa Cruz	-	-	-	-	-	-	-	-	-	
Shasta	-	(1,117,292)	(1,117,292)	-	1,117,292	1,117,292	-	1,117,292	-	
Sierra	-	-	-	-	-	-	-	-	-	
Siskiyou	-	-	-	-	-	-	-	-	-	
Solano	-	-	-	-	-	-	-	-	-	
Sonoma	-	-	-	-	-	-	-	-	-	
Stanislaus	-	-	-	-	-	-	-	-	-	
Sutter	-	(559,848)	(559,848)	-	559,999	-	559,999	-	(559,848)	
Tehama	-	(206,244)	(206,244)	-	205,914	155,914	50,000	155,914	(50,330)	
Trinity	-	-	-	-	-	-	-	-	-	
Tulare	-	-	-	-	-	-	-	-	-	
Tuolumne	-	-	-	-	-	-	-	-	-	
Ventura	-	-	-	-	-	-	-	-	-	
Yolo	-	-	-	-	-	-	-	-	-	
Yuba	-	(6,940)	(6,940)	-	-	-	-	-	(6,940)	
Total	-	(7,668,926)	(7,668,926)	-	7,437,072	4,490,106	2,946,966	4,490,106	(3,178,820)	

¹ Approved requests for TCTF FHOB will be held in reserve in the TCTF account for courts that have indicated they will incur expenditures in future years.