



JUDICIAL COUNCIL OF CALIFORNIA

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REPORT TO THE JUDICIAL COUNCIL

For business meeting on May 24, 2018

Title	Agenda Item Type
Judicial Council Budget: Adjustments to Judicial Council–Approved FY 2017–18 Allocations from the State Trial Court Improvement and Modernization Fund	Action Required
	Effective Date
	May 24, 2018
Rules, Forms, Standards, or Statutes Affected	Date of Report
None	May 14, 2018
Recommended by	Contact
Trial Court Budget Advisory Committee Hon. Jonathan B. Conklin, Chair	Donna Newman, 916-263-7498 Donna.Newman@jud.ca.gov

Executive Summary

The Judicial Council’s Court Operations Services, Information Technology, and Legal Services offices have identified funding needs of \$1,292,000 in addition to the fiscal year (FY) 2017–18 Judicial Council–approved allocations from the State Trial Court Improvement and Modernization Fund (IMF). The Trial Court Budget Advisory Committee recommends approving the augmentation requests for the current fiscal year.

Recommendation

The Trial Court Budget Advisory Committee unanimously recommends that the Judicial Council approve the total FY 2017–18 augmentation request from the State Trial Court Improvement and Modernization Fund of \$1,292,000 for Court Operations Services, Information Technology, and Legal Services, effective May 24, 2018.

Relevant Previous Council Action

On May 19, 2017, the council approved allocations from the IMF for FY 2017–18 in the amount of \$73.457 million (Link A). Included in the approved allocations was \$465,000 for the Jury

Management Program in the Judicial Council Information Technology office and \$4,500,000 for the Litigation Management Program (LMP) in the Judicial Council Legal Services office.

Analysis/Rationale

The purpose of the IMF is to pay the cost of automated administrative system improvements for the trial courts as well as implement other trial court projects approved by the Judicial Council. Details for the three current-year IMF augmentation requests are as follows:

- **Court Operations Services, \$352,000 for the Language Access Plan and support for the Court Language Access Support Program**
 - An FY 2017–18 budget change proposal was approved and added \$352,000 from the General Fund to the judicial branch budget to support the Video Remote Interpreting spoken language pilot project. This approval occurred after the IMF allocations were approved at the May 19, 2017, Judicial Council meeting. These funds were transferred into the IMF and are designated to be used solely for the pilot; therefore, an allocation adjustment has a net-zero impact to the IMF. At its April 5, 2018, Trial Court Budget Advisory Committee (TCBAC) meeting, the committee voted in support of the augmentation request.
- **Information Technology, \$340,000 for the Jury Management Program**
 - The Government Code provides specific funding for improvement of the jury systems:

“Royalties received from the publication of uniform jury instructions shall be deposited in the State Trial Court Improvement and Modernization Fund and used for the improvement of the jury system.” (Gov. Code, § 77209(h).)

Over the past five years, an excess of \$857,000 has been deposited into the IMF for this purpose and by Government Code is to be solely for the improvement of jury systems. The program has requested to augment the Judicial Council–approved allocation of \$465,000 to spend these resources. Also a net-zero impact to the fund, the TCBAC voted in support of this augmentation request on April 5, 2018.
- **Legal Services, \$600,000 for the LMP**
 - The LMP is established through rule 10.202 of the California Rules of Court for the management and handling of government claims and lawsuits against the trial courts. The funds cover fees and costs related to the investigation, adjudication, and settlement of government claims against the trial courts, their judges, and their employees. Current funding in the LMP is fully expended; additional funding is required to ensure the ongoing handling of government claims and the legal defense of pending litigation against the trial courts, and to handle new matters and development through the end of the current fiscal year. The total need for LMP is \$933,000; however, savings in the

Regional Office Assistance Group (\$150,000) and Judicial Performance Defense Insurance (\$183,000) have reduced the shortfall to \$600,000. Considering the savings adjustments, the program has requested to augment the Judicial Council–approved allocation of \$4,500,000 by \$600,000.

Policy implications

The recommended augmentation has no policy implications.

Comments

This augmentation proposal did not circulate for comment.

Alternatives considered

Because the funds to support the recommended augmentation are available and/or earmarked, see Attachment A, for the identified purposes, no alternatives to this proposal were considered.

Fiscal and Operational Impacts

This proposal recommends an augmentation of \$1,292,000 to the FY 2017–18 Judicial Council–approved allocations from the IMF. The funds designated for two of the programs, Court Operation Services and Information Technology, are to be used solely for those programs and cannot be used for any other purposes. The funding augmentation will support the ongoing work of the Video Remote Interpreting spoken language pilot project and the improvement of jury systems in the current year.

Without a funding augmentation for the LMP in the current year, Legal Services may have to instruct outside legal counsel to cease work in the current year, which would place ongoing litigations in jeopardy. In addition, Legal Services will be critically restricted in its ability to address new matters for the remainder of FY 2017–18.

Attachments and Links

1. Attachment A: IMF Fund Condition Statement
2. Link A: Judicial Council Report, *Fiscal Year 2017-2018 Allocations from the State Trial Court Improvement and Modernization Fund*,
<https://jcc.legistar.com/View.ashx?M=A&ID=512292&GUID=8C379D3F-1774-4555-AE4D-5B8728283100>

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

#	Description	Estimated						
		2014-15 (Year-end Financial Statement)	2015-16 (Year-end Financial Statement)	2016-17 (Year-end Financial Statement)	2017-2018	2018-2019	2019-2020	2020-2021
		A	B	C	D	E	F	G
1	Beginning Balance	26,206,661	9,255,317	6,956,187	9,300,613	6,953,049	3,555,009	1,627,028
2	Prior-Year Adjustments ¹	2,877,000	753,239	4,188,013	520,415	0	0	0
3	Adjusted Beginning Balance	29,083,661	10,008,556	11,144,200	9,821,028	6,953,049	3,555,009	1,627,028
4	REVENUES:							
5	Jury Instructions Royalties	532,783	552,000	607,672	736,000	748,000	748,000	748,000
6	Interest from SMIF	100,734	170,114	415,663	750,000	750,000	750,000	750,000
7	Escheat-Unclaimed Checks, Warrants, Bonds	2,000	1,085	7,615	2,000	2,000	2,000	2,000
8	50/50 Excess Fines Split Revenue	23,702,658	20,219,295	13,160,903	11,652,000	11,195,000	10,747,000	10,747,000
9	2% Automation Fund Revenue	14,730,023	12,463,280	12,792,097	11,027,000	10,220,000	9,620,000	9,620,000
10	Other Revenues/SCO Adjustments	28,233	62,857	0	10,000	10,000	10,000	10,000
11	Class Action Residue				96,000	96,000	96,000	96,000
12	Subtotal Revenues	39,096,431	33,468,632	26,983,950	24,273,000	23,021,000	21,973,000	21,973,000
13	Transfers and Other Adjustments							
14	To TCTF (GC 77209(k))	(13,397,000)	(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)	(20,594,000)	(594,000)	(594,000)	(594,000)	(594,000)	(594,000)	(594,000)
16	Total Revenues, Transfers, and Other Adjustments	5,105,431	19,477,632	12,992,950	10,282,000	9,030,000	7,982,000	7,982,000
17	Total Resources	34,189,092	29,486,188	24,137,150	20,103,028	15,983,049	11,537,009	6,354,972
18								
19	EXPENDITURES:							
20	Judicial Branch Total State Operations	13,289,265	14,213,000	6,002,763	6,243,110	4,851,841	5,030,050	4,366,942
22	Judicial Branch Total Local Assistance	50,353,510	52,535,000	65,451,774	60,918,869	55,620,199	53,945,987	51,574,150
23	Total Expenditures	63,642,775	66,748,001	71,454,537	67,161,979	60,472,040	58,976,037	55,941,092
24	Expenditure Adjustments:							
21	Pro Rata and Other Adjustments			660,000	306,000	306,000	306,000	306,000
25	Less funding provided by General Fund (Local Assistance)	38,709,000	44,218,000	56,618,000	54,318,000	48,350,000	46,118,000	44,927,000
25	Total Expenditures and Adjustments	24,933,775	22,530,001	14,836,537	13,149,979	12,428,040	13,164,037	11,320,092
26	Fund Balance				6,953,049	3,555,009	-1,627,028	-4,965,120
27	Restricted Funds - Jury Management	816,367	882,733	1,104,525	1,016,525	1,280,525	1,544,525	1,544,525
28	Restricted Funds - Sargent Shriver Civil Counsel				96,000	192,000	288,000	384,000
29	Fund Balance - less restricted funds	9,255,317	6,956,187	9,300,613	5,840,524	2,082,484	-3,459,553	-6,893,645
30	Structural Balance	-19,828,344	-3,052,369	-1,843,587	-2,867,979	-3,398,040	-5,182,037	-3,338,092

Adequate Reserve Options:

3% of Total Resources	1,314,433	1,910,869	2,088,328	1,938,000	1,721,400	1,623,000	1,587,270
10% of Total Expenditures	6,364,277	6,674,800	7,145,454	6,716,198	6,047,204	5,897,604	5,594,109