



JUDICIAL COUNCIL OF CALIFORNIA

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REPORT TO THE JUDICIAL COUNCIL

For business meeting on March 15, 2019

Title

Trial Court Budget: Base Funding Floor
Allocation

Agenda Item Type

Action Required

Effective Date

July 1, 2019

Rules, Forms, Standards, or Statutes Affected
None

Date of Report

February 13, 2019

Recommended by

Trial Court Budget Advisory Committee
Hon. Jonathan B. Conklin, Chair
Leah Rose-Goodwin, Manager, Budget
Services

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Executive Summary

The Trial Court Budget Advisory Committee recommends that the Judicial Council approve increasing the base funding floor from \$750,000 to \$800,000. Base funding is currently allocated to the two smallest trial courts, the Superior Court of Alpine County and the Superior Court of Sierra County and is based on the minimum level of staffing and operational costs necessary. If approved, this would be the first increase to the base funding floor since the Judicial Council approved the Workload-based Allocation and Funding Methodology and would represent the first time that floor-funded courts have received an increase in their funding allocation since fiscal year 2014–15.

Recommendation

The Trial Court Budget Advisory Committee (TCBAC) recommends that the Judicial Council approve an increase of \$50,000 to the base funding floor for trial courts. This action would raise the level of funding to the smallest trial courts to \$800,000, effective July 1, 2019, for 2019–20 budget allocations.

Relevant Previous Council Action

At its April 2013 meeting,¹ 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 TCBAC, for a new trial court budget development and allocation process known as the Workload-based Allocation and Funding Methodology (WAFM).

While the April 2013 council action established the funding and allocation methodology for the majority of trial courts, it was determined in the course of the numerous discussions that took place when WAFM was established 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 WAFM implementation (2013–14) so that the committee could evaluate the needs more carefully.

Over the next several months, the committee convened a group of leaders of the smallest courts to (1) provide input on the minimum levels of staffing needed to provide access to justice, and (2) provide detailed information about operations expenditures to help arrive at a funding floor amount. These efforts culminated in a recommendation to establish both a base funding floor amount of \$750,000 for the courts whose workload-based need fell below \$750,000, and a series of graduated funding floors for courts whose workload-based need was slightly higher but still insufficient to be fully based on workload. At its February 20, 2014 meeting, the council approved a recommendation from TCBAC to establish a base funding floor of \$750,000 that would first take effect for 2014–15.²

Since that time, there have been no adjustments to the funding floors and only a few technical adjustments made to the WAFM model in general. Then, in late 2017, the Funding Methodology Subcommittee of TCBAC underwent a review of the WAFM model, culminating in a recommendation to the Judicial Council to approve new policy parameters for the workload formula for trial courts. The updated policy, approved by the Judicial Council at its January 12, 2018 meeting,³ did not include any adjustments to the base and graduated funding floors for 2018–19, although TCBAC recommended that the amount be reviewed annually.

Funding provided in the 2018 Budget Act triggered a provision in the updated workload formula policy parameters that the Cluster 1 courts—the 15 courts with two authorized judicial positions—be funded at 100%, which then eliminated the need for the graduated funding floors. However, the base funding floor remains in place, as the two smallest courts continue to require operational funding above that which the workload formula provides.

¹ See www.courts.ca.gov/documents/jc-20130426-itemP.pdf

² See www.courts.ca.gov/documents/jc-20140220-itemK.pdf

³ See <https://jcc.legistar.com/View.ashx?M=F&ID=5722980&GUID=EB419556-68BE-4685-A012-6A8D8502A126>

Analysis/Rationale

Cost increases for employee salaries and operating expenses and equipment are factored into the workload formula for trial courts. However, the floor courts have not benefitted from those adjustments to the model since the floor funding is allocated outside of the formula. For that reason, the committee supported the concept of a funding increase for courts that qualify for the funding floor.

The court executive officers of the Superior Court of Sierra County and the Superior Court of Alpine County were asked for their feedback to help inform TCBAC's recommendation. The court executive officer and finance director of the Sierra court expressed a need for a funding adjustment. The court is under contract with a vendor for a case management system upgrade to replace an aged system. The annual cost of the upgrade represents about 13% of the court's annual budget and the court has needed to make a number of operational adjustments and cutbacks to afford the contract cost. With courts unable to retain more than 1% in reserve funds, this somewhat modest investment in court technology infrastructure is nearly impossible to absorb for a court of Sierra's size while the court is also funding personnel cost increases and increases in operating expenses and equipment. The court indicated that it could meet the additional costs with a \$50,000 increase in its funding allocation.

The court executive officer of the Alpine court noted that, in the near term, the court could continue to operate within its current funding but acknowledged that the situation at the Sierra court might be different. Indeed, the two courts have very distinct numbers of filings, population levels, and other differentiating factors that might make their individual situations unique.

Policy implications

A funding augmentation of \$50,000 represents about a 7% increase. In comparison, the percent change in the consumer price index for California from 2014–15 (the year the base funding floor went into effect) through 2017–18 was 7% for the Los Angeles region and about 9% for the San Francisco region (see Table 1).

Table 1: CONSUMER PRICE INDICES FOR ALL URBAN CONSUMERS (CPI-U)

LOS ANGELES CMSA AND SAN FRANCISCO CMSA

FISCAL YEAR AVERAGES a/

(1982–84=100)

Fiscal	Los Angeles		%	San Francisco		%	
Year	CMSA		Change	CMSA		Change	
2012–13	238.359		1.9	242.549		2.6	
2013–14	240.654		1.0	248.330		2.4	
2014–15	243.030		1.0	255.055		2.7	
2015–16	247.130	R/	1.7	262.117	R/	2.8	
2016–17	252.311		2.1	271.141		3.4	
2017–18 f/	260.048		3.1	278.880		2.9	

f/ May Revision Forecast, April 2018

Source: <http://www.dof.ca.gov/Forecasting/Economics/Indicators/Inflation/>

Comments

This policy proposal was approved unanimously both at the October 18, 2018 Funding Methodology Subcommittee meeting and the December 13, 2018 Trial Court Budget Advisory Committee meeting. There were no public comments received for this item at either meeting. The comments of the two courts affected were factored into the recommendation.

Alternatives considered

The committee did not consider alternative allocation amounts and instead relied on the information provided by the two trial courts that currently qualify for the funding floor.

Fiscal and Operational Impacts

Approving this adjustment is consistent with the principles of the workload formula, which incorporates cost of living and cost of labor adjustments. This policy has a very small net effect to overall funding allocations. An additional \$50,000 directed to the two smallest courts, totaling \$100,000, represents a tiny fraction of the over \$2 billion total base allocation for trial courts in 2018–19.

If approved, this recommendation would take effect for 2019–20 budget allocations. Going forward, TCBAC’s workplan states that future adjustments to the funding floor will be reviewed *at the request* of the applicable courts.