



## JUDICIAL COUNCIL OF CALIFORNIA

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# REPORT TO THE JUDICIAL COUNCIL

For business meeting on: January 17, 2020

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**Title**

Trial Court Budget: Technical Refinement of  
Approved Workload Formula Methodology

**Agenda Item Type**

Action Required

**Effective Date**

January 17, 2020

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

None

**Date of Report**

December 20, 2019

**Recommended by**

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

**Contact**

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### Executive Summary

The Trial Court Budget Advisory Committee recommends adopting technical refinements to current policy parameters for the Workload Formula. While current policy supports the objectives of the judicial branch in reaching workload-based equitable funding for trial courts, some parameters require clarification in their implementation. Providing clear allocation methodologies will further the goal of funding equity, minimize adverse funding impacts to trial courts, and provide clear direction on applying policy parameters.

### Recommendation

The Trial Court Budget Advisory Committee unanimously recommends the Judicial Council adopt the following, effective January 17, 2020:

1. Specify that the methodology for the first 50 percent allocation of new funding to courts below the statewide average be scaled by courts' distance from the statewide average and size based on the courts' Workload Formula need;
2. Include an exception for consistency purposes to allow the 2020–21 funding provided in the 2019 Budget Act for support of the 25 judgeships to apply the same allocation methodology used for 2019–20; and

3. Specify that the reallocation of funding for every second year in which no new money is provided be based on beginning Workload Formula allocations, distributed to courts via distance from statewide average and size based on Workload Formula need, and in the following sequence:
  - a. Up to 1 percent reduction for courts above the 2 percent band to courts below the 2 percent band.
  - b. Up to 2 percent reduction for courts above 105 percent of funding need to courts below the 2 percent band.
  - c. Courts above 105 percent of funding need will not fall below 104 percent of funding need.
  - d. Courts that penetrate into the band following the up to 1 percent reallocation will not be eligible for additional funding from the 2 percent reallocation from courts above 105 percent of funding need.

### **Relevant Previous Council Action**

Allocation of trial court funds is one of the principal responsibilities of the Judicial Council. At its business meeting on January 12, 2018, the Judicial Council approved new policy parameters for the Workload Formula that specifically addressed how new money<sup>1</sup> is to be allocated in the Workload Formula.<sup>2</sup> The current process allocates funding in the following sequenced manner:

1. Bring all Cluster 1 courts up to 100 percent of funding need.
2. Allocate up to 50 percent of remaining funding to courts under the statewide average funding ratio. Allocated funds will bring courts up to but not over the statewide average funding ratio.
3. Allocate remaining funding to all courts based on the Workload Formula.
4. Allow no court's allocation to exceed 100 percent of its need unless it is the result of a funding floor calculation.

At its January 12, 2018 meeting, the Judicial Council also approved the following parameters:

1. A band will be established that is 2 percent above and below the statewide average funding level, eliminating annual allocation fluctuations from minor changes in workload. Courts

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<sup>1</sup> New money is defined as any new ongoing allocation of general discretionary dollars to support costs of trial court workload, excluding funding for benefits and retirement increases.

<sup>2</sup> Judicial Council of Cal., Advisory Com. Rep., *Trial Court Budget: Workload-Based Allocation and Funding Methodology* (Dec. 8, 2017), <https://jcc.legistar.com/View.ashx?M=F&ID=5722980&GUID=EB419556-68BE-4685-A012-6A8D8502A126>; and Judicial Council of Cal., mins. (Jan. 12, 2018), p. 9, <https://jcc.legistar.com/View.ashx?M=M&ID=559778&GUID=3553B33A-BE03-4DF3-84E1-8196225C58DB>.

more than 2 percent above or below the statewide average funding ratio would be subject to an allocation change, whereas courts within the band would not be. The size of the band identified may be subject to reevaluation in the future.

2. No allocation adjustment will occur for those courts within the band or for Cluster 1 courts. The goal is to fully fund the Cluster 1 courts, and an allocation adjustment would be contrary to that outcome.
3. Funds will be reallocated from courts above the band to courts below the band every other fiscal year for which no new money is provided regardless of years of increase or decrease in between. The first year of no new money will provide time to adjust for a second year of no new money in which an allocation change will occur.
4. Up to 1 percent of allocations for courts above the band will be reallocated to courts below the band to provide an increased allocation of up to 1 percent. The allocation reductions are capped at 1 percent, regardless of the need of the courts below the band. Conversely, the allocation increases are capped at 1 percent, regardless of the available funding of the courts above the band. If adequate funds are available, some courts under the band may be able to penetrate into the band.

On July 18, 2019, the council approved the following recommendations related to how Workload Formula-based allocations are calculated.<sup>3</sup> These recommendations increased the accuracy and transparency of the Workload Formula by including all relevant sources of funding effective with 2019–20 allocations:

1. Adjust each court’s workload allocation to include net civil assessments based on the prior fiscal year, effective with FY 2019–20 allocations; and
2. Include specific general ledger accounts that the committee recommends including as part of the Workload Formula, effective with FY 2019–20 allocations.

On September 24, 2019, the council approved a recommendation to change the Workload Formula policy concerning reallocations in years with no new money so that any court above 105 percent of funding will be subject to a 2 percent reduction of funding without going below 104 percent<sup>4</sup>:

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<sup>3</sup> Judicial Council of Cal., Advisory Com. Rep., *Trial Court Budget: Workload Formula: Allocations* (June 25, 2019), <https://jcc.legistar.com/View.ashx?M=A&ID=640298&GUID=14C9B632-0D81-4D17-84F5-6E87545C6A17>; and Judicial Council of Cal., mins. (July 18, 2019), p. 4, <https://jcc.legistar.com/View.ashx?M=M&ID=640298&GUID=14C9B632-0D81-4D17-84F5-6E87545C6A17>.

<sup>4</sup> Judicial Council of Cal., Advisory Com. Rep., *Trial Court Budget: Policy for Courts that Exceed 100 Percent of Workload Formula Funding* (Sept. 5, 2019), <https://jcc.legistar.com/View.ashx?M=F&ID=7684283&GUID=BAC36D10-9191-44F8-A59D-4BA133D2560A>; and Judicial Council of Cal., mins. (Sept. 24, 2019), p. 45, <https://jcc.legistar.com/View.ashx?M=M&ID=640301&GUID=D9F2C541-0D50-4879-9782-2205D1E8FDF1>.

1. Approve a change to the workload formula policy concerning reallocations in years with no new money so that any court above 105 percent of funding will be subject to a 2 percent reduction of funding without going below 104 percent; and
2. Allocate any funding received for cost increase adjustments to trial courts separately from the workload formula allocation.

## **Analysis/Rationale**

One of the items on the Funding Methodology Subcommittee (FMS) of the Trial Court Budget Advisory Committee's (TCBAC) 2019 work plan was to develop a methodology to allocate 50 percent of funding to courts under the statewide average funding ratio in years of new money, and develop a methodology to allocate funding from courts above the band to courts below the band every other year for which no new money is allotted, both as provided per the policy approved by the Judicial Council on January 12, 2018. Additionally, the work plan included developing a methodology for reallocating funding from courts above 105 percent as proposed by FMS on June 17, 2019.

At its July 19, 2019 business meeting, the council approved 2019–20 trial court allocations including funding for support of 25 judgeships totaling \$24 million.<sup>5</sup> The current Workload Formula does not specify a method for allocating 50 percent of funding for courts below the statewide average funding level, and in this instance, there were not enough funds remaining to bring all courts under the statewide average up to the statewide average. For 2019–20, the TCBAC recommended allocating the first 50 percent of new funding based on a weighted approach, considering both the courts' distance from the statewide average and the size of the court to continue on the path towards equity of funding.

For the 2019–20 allocation of new funding, the distance from the statewide average was calculated for each eligible court. The percentage share of the funding the court should receive based on the distance from the average was then scaled based on the relative size of the court's Workload Formula allocation.

While this was the approach that was taken to allocate the support funding for the judgeships provided in the 2019 Budget Act, an alternative approach is recommended to scale new funding based on the relative size of courts' Workload Formula need, rather than the courts' current Workload Formula allocation.

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<sup>5</sup> Judicial Council of Cal., Advisory Com. Rep., *Trial Court Budget: Allocations from the Trial Court Trust Fund and Trial Court Allocations for Fiscal Year 2019–20* (July 1, 2019), <https://jcc.legistar.com/View.ashx?M=F&ID=7511221&GUID=89249166-9F19-4DFA-A00F-4DF6642BC521>; and Judicial Council of Cal., mins. (July 19, 2019), p. 13, <https://jcc.legistar.com/View.ashx?M=M&ID=640299&GUID=79BFCCF3-78C5-45FE-909E-190F0A45083B>.

Attachment A displays the allocation of new judgeship funding for courts below the statewide average for 2019–20, and then allocates the dollars as if they were based on need and not allocation. With the alternate approach, the court farthest from the statewide average would have received additional funding. The TCBAC supports the alternate approach as it is thought that allocating dollars based on allocation perpetuates the disparity in allocations, which the Workload Formula is meant to remedy. Allocating dollars based on need supports the path to equity.

The \$24 million allocated in 2019–20 represented 10 months of costs. An additional \$5 million will need to be allocated in 2020–21 to account for the full-year cost of general trial court operations as part of the funding to support the 25 judgeships. The TCBAC recommends that the methodology applied for the \$24 million be used for the remaining \$5 million to be consistent with how funding has been previously allocated for this purpose.

With the addition of the 105 percent policy, the sequencing in which the reallocations will take place during every other year in which no new funding is provided needs to be addressed as well as the methodology for distribution.

The following process is recommended for reduction of allocations for courts more than 2 percent above the band and over 105 percent of funding need to implement the 105 percent policy:

1. Establish beginning Workload Formula base allocations using applicable, prior year-end base allocations.
2. Calculate new Workload Formula funding amounts based upon any funding provided that is not considered new money and after routine annual updates.
3. Establish a new statewide average funding ratio based on updated workload data and step 2.
4. Apply up to a 1 percent reduction to courts more than 2 percent above the band based on beginning Workload Formula base allocations.
5. Reallocate up to 1 percent of the funding identified in step 4 to courts below the band utilizing the same methodology identified under Work Plan Item 1a.
6. For courts still over 105 percent of funding need after step 4, apply a 2 percent allocation reduction without reducing the allocation below 104 percent of funding need.
7. Reallocate the funding identified in step 4 to courts that remain below the band utilizing the same methodology identified under Work Plan Item 1a.

Attachment B displays examples of the process as described above, and then alternating the order to display each outcome. If the order is reversed by first applying a 2 percent allocation reduction for courts over 105 percent followed by the up to 1 percent reduction for courts more

than 2 percent over the band, the reductions are larger. The TCBAC supports the first option as expressed in steps 1 through 7 above as it is thought that the recent policy decision for courts over 105 percent was set up in a way to prevent courts from taking too large a cut in one year, and was designed to prevent courts from going below 104 percent.

### **Policy implications**

Adoption of the recommendation on a methodology for the first 50 percent allocation of new funding to courts below the statewide average and reallocation of funding for every second year in which no new money is provided will provide direction to the TCBAC for making allocation recommendations to the trial courts. Furthermore, this policy supports the intent of the Workload Formula to promote equity among all 58 trial courts and provides protection against any one court taking a large cut in a single year and going below 104 percent of the statewide average funding level in years where no new money is provided to the trial courts. Finally, approving an exception to allocating the 2020–21 new judgeship support funds will provide consistency with the manner in which the 2019–20 funds were allocated.

### **Comments**

There were no public comments received on this item.

### **Alternatives Considered**

Alternatives were considered for allocating the 50 percent funding to courts below the statewide funding need and redistributing funds from courts more than 2 percent above the band and over 105 percent of funding need. The alternative for allocating the 50 percent funding was based on Workload Formula allocations instead of need, and the alternative for redistributing funds applied the 2 percent reduction to courts over 105 percent of funding need first followed by up to a 1 percent reduction. The alternative methodologies were found to be inconsistent with the intent of the Workload Formula to promote funding equity among all 58 trial courts; therefore, they were excluded as viable methodologies.

### **Fiscal and Operational Impacts**

There are no associated costs to implementing this policy proposal. In terms of the fiscal and operational impacts to trial courts, this proposal will result in increased funding to those courts farthest from the statewide average of funding and will mitigate large cuts to those courts that are above 105 percent of funding need in those years in which the judicial branch does not receive discretionary funding.

### **Attachments and Links**

1. Attachment A: New Judgeship Funding Provided to Courts Below the Statewide Average
2. Attachment B: Order of Process w/ Redistribution and Over 105 Percent in Year of No New Money

## New Judgeship Funding Provided to Courts Below the Statewide Average Based on Workload Formula Allocation

Cluster	Court	Workload Formula-Related Allocation (Before New Money)	Workload Formula Need	% of Need (81.4% Statewide)	Distance from Statewide Average	Share of % Based on Distance from Statewide Average	Adjustment for Size of Allocation	Additional Allocation Based on Distance From Average and Relative Size of Allocation	Share of Additional Funding	Additional Allocation Based on \$11m in Available Funding	New Funding Level
		A	B	C	D	E	F	G	H	I	J
4	Sacramento	84,300,745	119,006,905	70.8%	10.5%	14.6%	12,296,086	1,793,504	31.6%	3,622,322	73.9%
2	Sutter	5,921,311	7,939,123	74.6%	6.8%	9.4%	556,724	52,343	0.9%	105,718	75.9%
3	Ventura	38,606,279	51,502,221	75.0%	6.4%	8.9%	3,428,705	304,510	5.4%	615,017	76.2%
3	San Joaquin	38,351,342	51,084,825	75.1%	6.3%	8.7%	3,345,881	291,904	5.1%	589,556	76.2%
2	Lake	3,900,242	5,147,175	75.8%	5.6%	7.8%	302,466	23,456	0.4%	47,375	76.7%
4	Los Angeles	549,049,278	720,403,452	76.2%	5.2%	7.1%	39,239,127	2,804,319	49.4%	5,663,854	77.0%
2	Yolo	12,399,254	16,124,983	76.9%	4.5%	6.2%	769,403	47,743	0.8%	96,427	77.5%
2	Butte	11,471,848	14,668,798	78.2%	3.2%	4.4%	503,774	22,123	0.4%	44,681	78.5%
4	San Bernardino	108,147,907	138,199,504	78.3%	3.1%	4.3%	4,675,681	202,149	3.6%	408,278	78.6%
2	Shasta	12,557,141	15,990,523	78.5%	2.9%	3.9%	495,344	19,540	0.3%	39,465	78.8%
2	San Luis Obispo	15,533,639	19,759,134	78.6%	2.8%	3.8%	594,206	22,730	0.4%	45,908	78.8%
2	Placer	18,680,754	23,721,877	78.7%	2.6%	3.6%	679,941	24,748	0.4%	49,984	79.0%
2	Madera	8,767,645	11,079,000	79.1%	2.2%	3.1%	272,005	8,439	0.1%	17,043	79.3%
2	Merced	13,773,443	17,378,170	79.3%	2.1%	2.9%	404,507	11,880	0.2%	23,994	79.4%
2	Santa Cruz	13,666,902	17,187,826	79.5%	1.9%	2.6%	352,623	9,098	0.2%	18,375	79.6%
3	Stanislaus	27,397,197	34,329,251	79.8%	1.6%	2.2%	596,155	12,972	0.2%	26,200	79.9%
3	Solano	24,042,341	30,059,311	80.0%	1.4%	1.9%	464,661	8,980	0.2%	18,138	80.0%
3	Santa Barbara	24,281,849	30,231,570	80.3%	1.1%	1.5%	356,248	5,227	0.1%	10,556	80.4%
3	Fresno	54,146,707	67,406,253	80.3%	1.1%	1.5%	787,368	11,449	0.2%	23,124	80.4%
3	Tulare	24,733,683	30,721,420	80.5%	0.9%	1.2%	297,843	3,587	0.1%	7,244	80.5%
2	El Dorado	7,707,027	9,497,526	81.1%	0.2%	0.3%	24,765	80	0.0%	161	81.1%
		1,097,436,533	1,431,438,848			100.0%			11,473,418		

## New Judgeship Funding Provided to Courts Below the Statewide Average Based on Workload Formula Need

Court	Workload Formula-Related Allocation (Before New Money)	Workload Formula Need	% of Need (81.4% Statewide)	Distance from Statewide Average	Share of % Based on Distance from Statewide Average	Adjustment for Amount of Need	Additional Allocation Based on Distance From Average and Relative Size of Need	Share of Additional Funding	Additional Allocation Based on \$11m in Available Funding	New Funding Level
	K	L	M	N	O	P	Q	R	S	T
Sacramento	84,300,745	119,006,905	70.8%	10.5%	14.6%	17,358,318	2,531,880	33.2%	3,806,550	74.0%
Sutter	5,921,311	7,939,123	74.6%	6.8%	9.4%	746,440	70,181	0.9%	105,513	75.9%
Ventura	38,606,279	51,502,221	75.0%	6.4%	8.9%	4,574,020	406,228	5.3%	610,743	76.1%
San Joaquin	38,351,342	51,084,825	75.1%	6.3%	8.7%	4,456,787	388,823	5.1%	584,575	76.2%
Lake	3,900,242	5,147,175	75.8%	5.6%	7.8%	399,167	30,956	0.4%	46,540	76.7%
Los Angeles	549,049,278	720,403,452	76.2%	5.2%	7.1%	51,485,365	3,679,525	48.2%	5,531,975	77.0%
Yolo	12,399,254	16,124,983	76.9%	4.5%	6.2%	1,000,594	62,089	0.8%	93,348	77.5%
Butte	11,471,848	14,668,798	78.2%	3.2%	4.4%	644,165	28,288	0.4%	42,529	78.5%
San Bernardino	108,147,907	138,199,504	78.3%	3.1%	4.3%	5,974,935	258,321	3.4%	388,372	78.5%
Shasta	12,557,141	15,990,523	78.5%	2.9%	3.9%	630,782	24,883	0.3%	37,410	78.8%
San Luis Obispo	15,533,639	19,759,134	78.6%	2.8%	3.8%	755,843	28,913	0.4%	43,469	78.8%
Placer	18,680,754	23,721,877	78.7%	2.6%	3.6%	863,428	31,427	0.4%	47,249	78.9%
Madera	8,767,645	11,079,000	79.1%	2.2%	3.1%	343,712	10,663	0.1%	16,032	79.3%
Merced	13,773,443	17,378,170	79.3%	2.1%	2.9%	510,373	14,989	0.2%	22,535	79.4%
Santa Cruz	13,666,902	17,187,826	79.5%	1.9%	2.6%	443,467	11,442	0.1%	17,202	79.6%
Stanislaus	27,397,197	34,329,251	79.8%	1.6%	2.2%	746,994	16,254	0.2%	24,438	79.9%
Solano	24,042,341	30,059,311	80.0%	1.4%	1.9%	580,950	11,228	0.1%	16,881	80.0%
Santa Barbara	24,281,849	30,231,570	80.3%	1.1%	1.5%	443,539	6,507	0.1%	9,783	80.4%
Fresno	54,146,707	67,406,253	80.3%	1.1%	1.5%	980,180	14,253	0.2%	21,429	80.4%
Tulare	24,733,683	30,721,420	80.5%	0.9%	1.2%	369,948	4,455	0.1%	6,698	80.5%
El Dorado	7,707,027	9,497,526	81.1%	0.2%	0.3%	30,519	98	0.0%	147	81.1%
		1,097,436,533	1,431,438,848			100.0%			11,473,418	

## Differences

Court	Share of Additional Funding	Additional Allocation Based on \$11m in Available Funding	New Funding Level
	U	V	W
Sacramento	1.6%	184,228	0.2%
Sutter	0.0%	(205)	0.0%
Ventura	0.0%	(4,274)	0.0%
San Joaquin	0.0%	(4,981)	0.0%
Lake	0.0%	(835)	0.0%
Los Angeles	-1.1%	(131,879)	0.0%
Yolo	0.0%	(3,079)	0.0%
Butte	0.0%	(2,152)	0.0%
San Bernardino	-0.2%	(19,906)	0.0%
Shasta	0.0%	(2,055)	0.0%
San Luis Obispo	0.0%	(2,438)	0.0%
Placer	0.0%	(2,735)	0.0%
Madera	0.0%	(1,012)	0.0%
Merced	0.0%	(1,458)	0.0%
Santa Cruz	0.0%	(1,173)	0.0%
Stanislaus	0.0%	(1,762)	0.0%
Solano	0.0%	(1,257)	0.0%
Santa Barbara	0.0%	(773)	0.0%
Fresno	0.0%	(1,695)	0.0%
Tulare	0.0%	(546)	0.0%
El Dorado	0.0%	(13)	0.0%

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Order of Process w/ Redistribution and Over 105% in Year of No New Money

Court	% Funded	Option 1 - Bands (1%), then 105% (2%)				Option 2 - 105% (2%), then Bands (1%)			
		Up to 1% Reduction	2% Reduction*	Total	Difference	2% Reduction*	Up to 1% Reduction	Total	Difference
A	105.3%	-1.0%	0.0%	104.3%	-1.0%	-1.3%	-1.0%	103.0%	-2.3%
B	106.5%	-1.0%	-1.5%	104.0%	-2.5%	-2.0%	-1.0%	103.5%	-3.0%

\*Not to go below 104%.