



Judicial Council of California

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Title

Trial Court Budget: \$10 Million State-Level Reserve Process (Action Required)

Summary

Government Code section 68502.5(c)(2)(B) requires the Judicial Council to establish a process for trial courts to apply for emergency funding from the newly established \$10 million state-level reserve, which replaces the 2 percent state-level reserve. Government code section 68502.5(c)(2)(C) requires a report to the Legislature, pursuant to Section 9795, and to the Department of Finance no later than October 1 of each year detailing all requests and allocations made for the preceding year. The Judicial Branch Budget Committee recommends that the Judicial Council approve the updated process for requesting emergency funding.

Recommendation

The Judicial Branch Budget Committee is unanimously recommending that the Judicial Council adopt the following recommendations effective immediately:

1. The process, criteria, and required information for requesting emergency funding as developed from the previous Judicial Council approved process for the 2 percent state-level reserve and incorporating updates as related to the new statute are as follows:
 - a. allow only trial courts that are projecting a current-year negative fund balance to apply for emergency funding;
 - b. define emergency funding as funding “for unavoidable shortfalls, unforeseen emergencies, or unanticipated expenses for existing programs;”
 - c. require that a request be for either a loan or one-time funding, but not for ongoing funding;
 - d. require the submission, review, and approval process to be:
 - i. all requests will be submitted to the council for consideration;
 - ii. requests will be submitted to the Administrative Director, Judicial Council by either the court’s presiding judge or court executive officer;
 - iii. the Administrative Director, Judicial Council will forward the request to the Director of Budget Services, Judicial Council;
 - iv. Judicial Council Budget Services staff will review the application for completeness, submit the application to the ad hoc court executives’ work group for

- review and contact with the requesting court, and issue a report to the Judicial Branch Budget Committee;
- v. the Judicial Branch Budget Committee will review the request and make a recommendation for Judicial Council consideration;
- vi. the final report will be provided to the requesting court prior to the report being made publicly available on the California Courts website; and
- vii. the requesting court may send a representative to the council meeting to present its request and respond to questions from the council.
- e. authorize courts to submit requests for emergency funding only after a proposed baseline budget (Schedule 1) has been submitted by the court;
- f. allow requests submitted to the Administrative Director, Judicial Council to be considered at the next regularly scheduled council meeting following the time necessary to review the application;
- g. require replenishment of the reserve to occur on an annual basis as a pro rata reduction to each trial courts' beginning base allocations the following fiscal year;
- h. require requests for emergency funding approved by the council after April 1 of any given fiscal year to be distributed to the court as a cash advance loan until the following fiscal year when the court, if necessary, could apply for emergency funding in the new fiscal year in order to repay the cash advance loan;
- i. require the following information be submitted by courts when requesting emergency funding:
 - i. a description of what factors caused or are causing the need for funding;
 - ii. if emergency funding was received in the prior year, identify the amount and explain why funding is needed in the current year;
 - iii. if requesting a one-time distribution, an explanation of why a loan would not be appropriate;
 - iv. current status of court fund balance;
 - v. three-year history of year-end fund balances, revenues, and expenditures;
 - vi. current detailed budget projections for the current fiscal year (e.g., 2016-2017), budget year (e.g., 2017-2018), and budget year plus 1 (e.g., 2018-2019);
 - vii. measures the court has taken in the last three years regarding revenue enhancement and/or expenditure reduction, including layoffs, furloughs, reduced hours, and court closures;
 - viii. employee compensation practices (e.g., cost-of-living adjustments) and staffing levels for the past five years;
 - ix. description of the consequences to the court's operations if the court does not receive funding;
 - x. description of the consequences to the public and access to justice if the court does not receive funding;
 - xi. what measures the court will take to mitigate the consequences to court operations, the public, and access to justice if funding is not approved;
 - xii. five years of filing and disposition numbers;
 - xiii. most recent audit history and remediation measures; and
 - xiv. an expenditure/revenue enhancement plan that identifies how the court will resolve its ongoing funding issue if the request for emergency funding is not for a one-time concern.
- j. include the condition that the council will consider appropriate terms and conditions that courts must accept in order to receive emergency funding; and
- k. require courts that are allocated emergency funding to return the amount that is not needed, if a court determines during the fiscal year that some or all of the allocation is no longer needed due to changes in revenues and/or expenditures.

2. The amendment of the Application for Supplemental Funding form allowing trial courts to apply for cash advances, loans, and one-time emergency funding, and the corresponding Instructions for Applying for Supplemental Funding, to omit inapt information as a result of the new fund reserve, incorporate recommended changes as necessary, to include templates for each application requirement, and extend the application to include a requirement for courts to elaborate on why 57 courts should assist in funding the request through a pro rata base allocation deduction the following fiscal year.
3. The establishment of an ad hoc court executives working group, the membership of which will be the court executive officer member of the Judicial Branch Budget Committee, and two other court executive officers appointed by the Chief Justice. The working group will review completed applications and follow up with requesting courts as necessary prior to submitting a report to the Judicial Branch Budget Committee for review. In the event a court executive officer currently on the ad hoc working group is from a requesting court, then an alternate court executive officer will be appointed by the Chief Justice for the purposes of that review.
4. Judicial Council Budget Services staff to have the authority to make technical adjustments to the process and application for requesting emergency funding as needed, and draft and submit the required report to the Legislature following current processes in place by the October 1 deadline for all requests and allocations made in the preceding year.

Speakers

Hon. David M. Rubin, Chair, Judicial Branch Budget Committee

Hon. James M. Humes, Vice Chair, Judicial Branch Budget Committee

Ms. Kimberly Flener, Court Executive Officer, Superior Court of Butte County

Mr. Zlatko Theodorovic, Budget Services