



Judicial Council of California · Administrative Office of the Courts

455 Golden Gate Avenue · San Francisco, California 94102-3688

www.courts.ca.gov

REPORT TO THE JUDICIAL COUNCIL

For business meeting on: April 26, 2013

Title	Agenda Item Type
Report to the Legislature and the Department of Finance: 2 Percent Set-Aside of the Trial Court Trust Fund	Action Required
Rules, Forms, Standards, or Statutes Affected	Effective Date
N/A	N/A
Recommended by	Date of Report
Administrative Office of the Courts	April 26, 2013
Zlatko Theodorovic, Director	Contact
Fiscal Services Office	Patrick Ballard, 818-558-3115
	patrick.ballard@jud.ca.gov

Executive Summary

The Administrative Office of the Courts recommends that the Judicial Council approve the Report on the Allocation of the 2 Percent Set-Aside of the Trial Court Trust Fund for fiscal year (FY) 2012–2013. Government Code section 68502.5(c)(2)(C) requires that the Judicial Council report to the Legislature and the Department of Finance each fiscal year regarding all requests and allocations made from the 2 percent set-aside of the Trial Court Trust Fund to the superior courts.

Recommendation

The Administrative Office of the Courts (AOC) recommends that the Judicial Council:

1. Approve the Report on the Allocation of 2 Percent Set-Aside of the Trial Court Trust Fund; and
2. Direct the AOC to submit the report to the Legislature and the Department of Finance.

Previous Council Action

Options on allocations of the 2 percent set-aside of the Trial Court Trust Fund (TCTF) in FY 2012–2013 were presented to the Judicial Council during the fiscal year. The attached report describes the actions taken during those meetings. This is the first annual report under Government Code section 68502.5(c)(2)(C) to be submitted to the Legislature and the Department of Finance (DOF) regarding requests for and allocations of these funds.

Rationale for Recommendation

The submission of this report to the Legislature and the DOF is required under Government Code section 68502.5(c)(2)(C). The statute requires that the Judicial Council provide information regarding all requests and allocations made from the set-aside of 2 percent of the total funds appropriated in the TCTF in the annual Budget Act to trial courts for:

1. Unavoidable funding shortfall requests submitted by the trial courts to the Judicial Council no later than October 1 of the current fiscal year;
2. Unforeseen emergencies or unanticipated expenses for existing program requests submitted after October 1 and before March 15 of the current fiscal year; and
3. Unexpended funds distributed to the trial courts on a prorated basis after March 15 of the current year.

Comments, Alternatives Considered, and Policy Implications

This report was not circulated for comment. The information contained in the report to the Legislature and the DOF was obtained from the trial courts. The attached report summarizes actions previously taken by the Judicial Council.

Implementation Requirements, Costs, and Operational Impacts

There are no costs or operational impacts to implementing the recommendations in this report.

Relevant Strategic Plan Goals and Operational Plan Objectives

The recommendations contained in this report pertain to statutory requirements.

Attachments

1. Report on the Allocation of 2 Percent Set-Aside of the Trial Court Trust Fund as required by Government Code section 68502.5(c)(2)(C)



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Chief Justice of California
Chair of the Judicial Council

STEVEN JAHR
Administrative Director of the Courts

Report title: Report on the Allocation of 2 Percent Set-Aside of the Trial Court Trust Fund

Statutory citation: Government Code section 68502.5(c)(2)(C)

Date of report: April 26, 2013

The Judicial Council has submitted a report to the Legislature in accordance with Government Code section 68502.5(c)(2)(C), which requires the Judicial Council to report to the Legislature and the Department of Finance, no later than April 15 of each year, all requests and allocations made from the 2 percent set-aside of the Trial Court Trust Fund (TCTF) to trial courts.

The following summary of the report is provided under the requirements of Government Code section 9795.

Government Code section 68502.5(c)(2)(B) requires requests for unavoidable funding shortfalls be submitted by the trial courts to the Judicial Council no later than October 1 of each year. The Judicial Council, by October 31 of each year, will review and evaluate all such requests, select trial courts to receive funds, and notify those selected trial courts. No more than 1.5 percent of the 2 percent shall be distributed during this period. By March 15, the Judicial Council shall allocate from the remaining funds if there have been requests from trial courts, to cover unforeseen emergencies or unanticipated expenses. After such distributions, any unexpended funds shall be distributed to the trial courts on a prorated basis.

For the period of October 1, 2012 through March 15, 2013, five courts requested funding from the 2 percent set-aside of the TCTF for unavoidable funding shortfalls and unanticipated expenditures. Only one court, the Superior Court of Kings County, met the Judicial Council criterion of projecting a current year negative fund balance and received an allocation totaling \$827,000. Information about the related transactions is discussed in the report.

The full report can be accessed here: www.courts.ca.gov/7466.htm.

A printed copy of the report may be obtained by calling 818-558-3115.



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HON. STEVEN JAHR
Administrative Director of the Courts

April 26, 2013

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Legislative Counsel
State of California
State Capitol, Room 3021
Sacramento, California 95814

Mr. Gregory P. Schmidt
Secretary of the Senate
State Capitol, Room 400
Sacramento, California 95814

Mr. E. Dotson Wilson
Chief Clerk of the Assembly
State Capitol, Room 3196
Sacramento, California 95814

Ms. Ana J. Matosantos
Director of Finance
California Department of Finance
State Capitol, Room 1145
Sacramento, California 95814

Re: Report on the Allocation of the 2 Percent Set-Aside in the Trial Court Trust Fund as Required by Government Code Section 68502.5(c)(2)(C)

Dear Ms. Boyer-Vine, Mr. Schmidt, Mr. Wilson, and Ms. Matosantos:

The Judicial Council respectfully submits this report, as required by Government Code section 68502.5(c)(2)(C), detailing all requests and allocations made by the Judicial Council from the set-aside of 2 percent of the total funds appropriated in Program 45.10 of Item 0250-101-0932 of the annual Budget Act. As required in Government Code section 68502.5(c)(2)(B), these funds are set aside in the Trial Court Trust Fund (TCTF) for trial courts to be allocated by the Judicial Council, and to be used by the trial courts for unforeseen emergencies, unanticipated expenses for existing programs, or unavoidable funding shortfalls.

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Government Code section 68502.5(c)(2)(B) requires requests for unavoidable funding shortfalls be submitted by the trial courts to the Judicial Council no later than October 1 of each year. In response, the Judicial Council, by October 31 of each year, will review and evaluate the requests, select trial courts to receive funds, and notify those selected trial courts. No more than 1.5 percent of the 2 percent shall be distributed during this period. By March 15, the Judicial Council will distribute from the remaining funds if there has been a request from a qualifying trial court for unforeseen emergencies or unanticipated expenses. If there are unexpended funds after March 15, they shall be distributed to the trial courts on a prorated basis.

Requests Related to Unavoidable Funding Shortfall

The 2 percent set-aside of the TCTF for fiscal year (FY) 2012–2013 was \$27.8 million. Government Code section 68502.5(c)(2)(B) permits only up to 1.5 percent—or \$20.9 million—to be allocated by the Judicial Council by October 31 for unavoidable funding shortfall requests. Five courts requested funding related to unavoidable funding shortfalls—the Superior Courts of Fresno, Kings, Nevada, San Joaquin, and Ventura Counties—for consideration at the Judicial Council’s October 26, 2012 business meeting.

The Judicial Council did not consider the requests for funding related from three of these courts—the Superior Courts of Fresno, Nevada, and Ventura Counties—because they did not qualify under the council-approved criterion of projecting a negative fund balance for the current fiscal year. The courts were notified that if their fiscal situations were to change prior to March 15, 2013, they would be able to reapply, as stated in the Judicial Council policy for allocating the 2 percent set-aside of the TCTF.

Two courts—the Superior Courts of Kings and San Joaquin Counties—did qualify for funding under the council-approved criterion. Thus their requests were considered by the Judicial Council. The total amount requested by these two courts was \$4.5 million. Information about these requests follows:

- The Superior Court of Kings County submitted a funding request of \$2.3 million. Under council policy, courts submitting requests on or before October 1 for unavoidable funding shortfalls can receive only up to the amount the court contributed to the 2 percent set-aside of the TCTF. Therefore, the council could approve no more than \$94,000. The amount approved by the Judicial Council for the Superior Court of Kings County was \$94,000.
- The Superior Court of San Joaquin County submitted a funding request of \$2.2 million. The Judicial Council voted to defer the decision on allocating any funding from the 2 percent set-aside until the court reported to the council on the use of the \$916,000 from the Trial Court Improvement Fund that the council approved as a five-year interest-free

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loan to the court on December 16, 2011, in response to the court's emergency funding request at that time. The Judicial Council approved no funds in response to the 2012 request.

Requests Related to Unforeseen Emergencies or Unanticipated Expenditures for Existing Programs

Government Code section 68502.5(c)(2)(B) requires that the Judicial Council, after October 31 and before March 15 of each fiscal year, distribute from the remaining funds if there has been a request from any of the trial courts for unforeseen emergencies or unanticipated expenses for existing programs. The Superior Courts of Inyo, Kings, and San Joaquin Counties requested funding related to unanticipated expenses and unforeseen emergencies. Under the council's policy, the courts' requests may be for amounts exceeding their respective contributions to the 2 percent set-aside of the TCTF.

The Judicial Council did not consider the request for funding related to an unforeseen emergency from one of these courts—the Superior Court of Inyo County—because it did not qualify under the council-approved criterion of projecting a negative fund balance for the current fiscal year.

Two courts—the Superior Courts of Kings and San Joaquin Counties—did qualify for funding under the council-approved criterion of projecting a negative fund balance for the current fiscal year for unanticipated expenses. The total amount requested by these two courts was \$2.7 million. Information about these requests follows:

- The Superior Court of Kings County requested \$2.11 million to replace a soon-to-be unworkable and failing case management system. The Judicial Council considered the court's request at its February 26, 2013, business meeting and approved an allocation of up to \$2.11 million over a five-year period, starting with \$733,000 in FY 2012–2013.
- The Superior Court of San Joaquin County requested \$628,000. The court, however, withdrew its request after being allocated funding for employee benefit cost increases for FY 2011–2012 and FY 2012–2013, negating the need for funding from the 2 percent set-aside.

Distribution of the 2 Percent Funds

The total amount allocated by the Judicial Council for all FY 2012–2013 requests through March 15 was \$827,000. The balance of unallocated funds from the 2 percent set-aside of the TCTF was \$27 million. A proportionate share of the \$27 million was distributed to all 58 superior courts by April 15, 2013.

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Please direct any questions related to this report to Zlatko Theodorovic, Director, Fiscal Services Office, Administrative Office of the Courts (AOC), at 916-263-1397.

Very truly yours,

Steven Jahr
Administrative Director of the Courts

SJ/PB/pb
Attachment

cc: Members of the Judicial Council

Margie Estrada, Policy Consultant, Office of Senate President pro Tempore Darrell Steinberg
Fredericka McGee, General Counsel, Office of Assembly Speaker John A. Pérez
Joe Stephenshaw, Consultant, Senate Committee on Budget and Fiscal Review
Matt Osterli, Consultant, Senate Republican Fiscal Office
Marvin Deon II, Consultant, Assembly Budget Committee
Allan Cooper, Consultant, Assembly Republican Fiscal Office
Jay Sturges, Principal Program Budget Analyst, Department of Finance
Jody Patel, AOC Chief of Staff
Curt Soderlund, AOC Chief Administrative Officer
Zlatko Theodorovic, Director, AOC Fiscal Services Office
Cory Jaspersen, Director, AOC Office of Governmental Affairs
Andi Liebenbaum, Senior Governmental Affairs Analyst, AOC Office of Governmental Affairs
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