



JUDICIAL COUNCIL OF CALIFORNIA

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Hon. Joan P. Weber

MR. MARTIN HOSHINO
Administrative Director,
Judicial Council

April 22, 2015

Ms. Diane F. Boyer-Vine
Legislative Counsel
State of California
State Capitol, Room 3021
Sacramento, California 95814

Mr. Daniel Alvarez
Secretary of the Senate
California State Senate
State Capitol, Room 400
Sacramento, California 95814

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

Mr. Michael Cohen
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 for FY 2014–2015 as required by Government Code section 68502.5(c)(2)(C)

Dear Ms. Boyer-Vine, Mr. Alvarez, Mr. Wilson, and Mr. Cohen:

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.

Government Code section 68502.5(c)(2)(B) requires that 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 75 percent of the total set-aside 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 in the TCTF for fiscal year (FY) 2014–2015 was \$37.9 million. Government Code section 68502.5(c)(2)(B) permits only up to 1.5 percent—or \$28.4 million—to be allocated by the Judicial Council by October 31 for unavoidable funding shortfall requests. No courts requested funding related to unavoidable funding shortfalls by that date.

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 for requests from any of the trial courts due to unforeseen emergencies or unanticipated expenses for existing programs. Both the Superior Courts of Kings and Napa Counties requested funding, related to unanticipated expenses and an unforeseen emergency, respectively. 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 Superior Courts of Kings and Napa Counties qualified 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 the Superior Court of Kings County was \$509,000. Information about this request follows:

- In 2012–2013, the Superior Court of Kings County was facing a current year estimated negative ending fund balance of \$1.97 million, which was comprised of a budget shortfall for an expenditure of \$2.11 million for a soon-to-be-unsupported, antiquated county case management system. The Judicial Council, at its February 26, 2013, business meeting, considered the court's request and approved an allocation of up to \$2.11 million over a five-year period, starting with \$733,000 in 2012–2013. The Judicial Council also stipulated that in order to receive a future distribution from the Trial Court Trust Fund's 2 percent state-level reserve for 2013–2014 through 2016–2017 for the project, the court must provide to the council a projection of all project costs and detailed financial information demonstrating why it is unable to address those costs within existing resources. In 2013–2014, the Judicial Council considered the court's second year request for deployment of a new case management system at its February 20, 2014, business meeting and approved an allocation of \$130,000. In FY 2014–2015, the Superior Court of Kings County submitted all the required financial information in October 2014, which projected a negative fund balance due to the \$509,000 in additional funding needed for

the expenses related to the third and final year deployment cost for the new case management system to replace a failing system. The Judicial Council considered the court's third year and final request at its October 28, 2014, business meeting and approved an allocation of \$509,000. The total amount that the Judicial Council has allocated to the Superior Court of Kings County over three fiscal years is \$1.37 million.

The total amount requested by the Superior Court of Napa County was \$187,000. Information about this request follows:

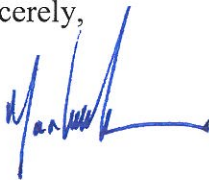
- The Superior Court of Napa County projected a negative fund balance from unanticipated relocation costs due to the American Canyon earthquake on August 24, 2014. The earthquake required the immediate closure of the court's historic courthouse, which was red tagged (severely damaged to the degree that the building is too dangerous to occupy). The total cost incurred of moving judges and staff to another facility was \$187,000. The Judicial Council considered the court's request at its February 19, 2015, business meeting and approved an allocation of \$187,000.

Distribution of the 2 Percent Funds

The total amount allocated by the Judicial Council for all FY 2014–2015 requests through March 15 was \$695,000. The balance of unallocated funds from the 2 percent set-aside in the TCTF was \$37.2 million. A proportionate share of the \$37.2 million was distributed to all 58 superior courts by March 15, 2015.

If you have any questions related to this report, please contact Zlatko Theodorovic, Director, Judicial Council Finance, at 916-263-1397.

Sincerely,



Martin Hoshino
Administrative Director
Judicial Council of California

MH/PB

cc: Margie Estrada, Policy Consultant, Office of Senate President pro Tempore Kevin de León
Fredericka McGee, Special Assistant to Assembly Speaker Toni G. Atkins
Anita Lee, Senior Fiscal and Policy Analyst, Legislative Analyst's Office
Tina McGee, Executive Secretary, Legislative Analyst's Office

Madelynn McClain, Program Budget Analyst, Department of Finance
Peggy Collins, Principal Consultant, Joint Legislative Budget Committee
Julie Salley-Gray, Consultant, Senate Budget and Fiscal Review Committee
Matt Osterli, Consultant, Senate Republican Fiscal Office
Marvin Deon, Consultant, Assembly Budget Committee
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Jolie Onodera, Consultant, Senate Appropriations Committee
Chuck Nicol, Principal Consultant, Assembly Appropriations Committee
Benjamin Palmer, Chief Counsel, Senate Judiciary Committee
Mike Petersen, Consultant, Senate Republican Policy Office
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Report Summary

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Report title: *Report on the Allocation of the 2 Percent Set-Aside in the Trial Court Trust Fund for FY 2014–2015*

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

Date of report: April 22, 2015

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 that 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 remaining unexpended funds shall be distributed to the trial courts on a prorated basis.

For the period of October 1, 2014, through March 15, 2015, two courts, the Superior Courts of Kings and Napa Counties, met the Judicial Council criterion of projecting a current year negative fund balance, and received an allocation totaling \$695,000 in funding from the 2 percent set-aside of

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the TCTF for unavoidable funding shortfalls and unanticipated expenditures.

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.