

Judicial Branch of California Background Materials to State Auditor's Report number 2014-107

"I believe every organization should constantly re-assess and continuously improve itself. Some of the recommendations deal with policy issues that can only be addressed by me or the Judicial Council, with input from its many advisory committees or, in some cases, from our sister branches of government. The hallmark of the judicial branch is its deliberative process—and it's a process we will adhere to as we evaluate the audit's policy recommendations."

–Chief Justice Tani G. Cantil-Sakauye

"The Chief Justice and the Judicial Council, through a modification of the Workload Allocation Funding Model, have taken significant steps to promote equal access to justice by allocating funding more equitably."

–Department of Finance 2015 – 16 Budget Summary

EARLY ACTIONS IN RESPONSE TO AUDIT RECOMMENDATIONS

- *Eliminated* employer payment of 11 executives share of retirement contributions
- *Eliminated* parking reimbursement for 8 directors
- *Eliminated* one-third (22) of 66 fleet vehicles, reviewing business need for remainder
- *Initiated* a more thorough cost-benefit analysis for temporary and contract workers
- *Suspended* leave buy-back program for fiscal years 2014–2015 and 2015–2016
- *Implemented* a policy for regular review of employee compensation and classification
- *Implemented* quarterly validation of regional salary differentials
- *Implemented* cost-benefit analysis for agency temporary and contract workers

Background: \$186 million

- **Used for services to all 58 Trial Courts**, including: Court appointed counsel, interpreter testing, information technology, workers' compensation, accounting and case management systems
- **91%** appropriated from FY 2008-09 to FY 2011-12
- **77.8%** reduction in contractors and temporary staff

Key Judicial Branch Budget Numbers

- **4.2%** - Judicial Council portion of branch budget
- **22.2%** - Reduction to Judicial Council
- **30%** - Staff reductions at the Judicial Council
- **13.2%** - Reduction to Judicial Branch
- **1%** - Judicial Branch portion of General Fund Budget
- **77.6%** Trial Court portion of Judicial Branch Budget
- **One Billion Dollars** – Reductions to Judicial Branch
- **\$1.7 Billion** – Court Construction Funds redirected to Court Operations and the State General Fund

BUDGET DECISION-MAKING

How Trial Court Funds are Allocated

Governor and Legislature

State Budget Act sets overall funding for trial court operations and programs.

Revenue and Expenditure Subcommittee

6 Trial Court Presiding Judges 7 Court Executive Officers

Reviews allocations from two funds that support trial court projects and programs: the State Trial Court Trust Fund and the State Trial Court Improvement & Modernization Fund.

Similar to the Legislature, the Judicial Council relies on subject matter experts in advisory committees to carry out its work. Trial courts provide input on all court budget allocations.

Open Public Meeting

Trial Court Budget Advisory Committee

15 Trial Court Presiding Judges 15 Court Executive Officers

Makes budget allocation and policy recommendations to the Judicial Council.

Open Public Meeting

Judicial Council

21 voting members, including representatives from the Judiciary, the Legislature, and the State Bar

Approves final allocations to support trial court operations and programs, makes budget policy, and approves emergency funding requests from statewide reserve.

Open Public Meetings

Trial Courts

Locally elected Presiding Judges make operational decisions based on local needs and priorities.

BUDGET CUTS TO THE JUDICIAL COUNCIL/AOC

The cuts to the Judiciary were experienced statewide, as reflected in the chart below:

Allocated Reduction to the Judicial Branch by Entity

Branch Entity	2007-2008 Expenditures ¹	2014-2015 Reduction	Reduction as a % of Expense
Supreme Court	44,397,000	(3,019,000)	-6.8%
Courts of Appeal	200,706,000	(12,503,000)	-6.2%
Judicial Council/AOC	130,396,000	(28,941,032)	-22.2%
Judicial Branch Facility Program	49,965,000	(6,252,538)	-12.5%
State Trial Court Funding*	2,792,473,000	(373,484,631)	-13.4%
Habeas Corpus Resource Center	12,553,000	(1,371,877)	-10.9%
Total, Judicial Branch	3,230,490,000	(425,572,078)	-13.2%

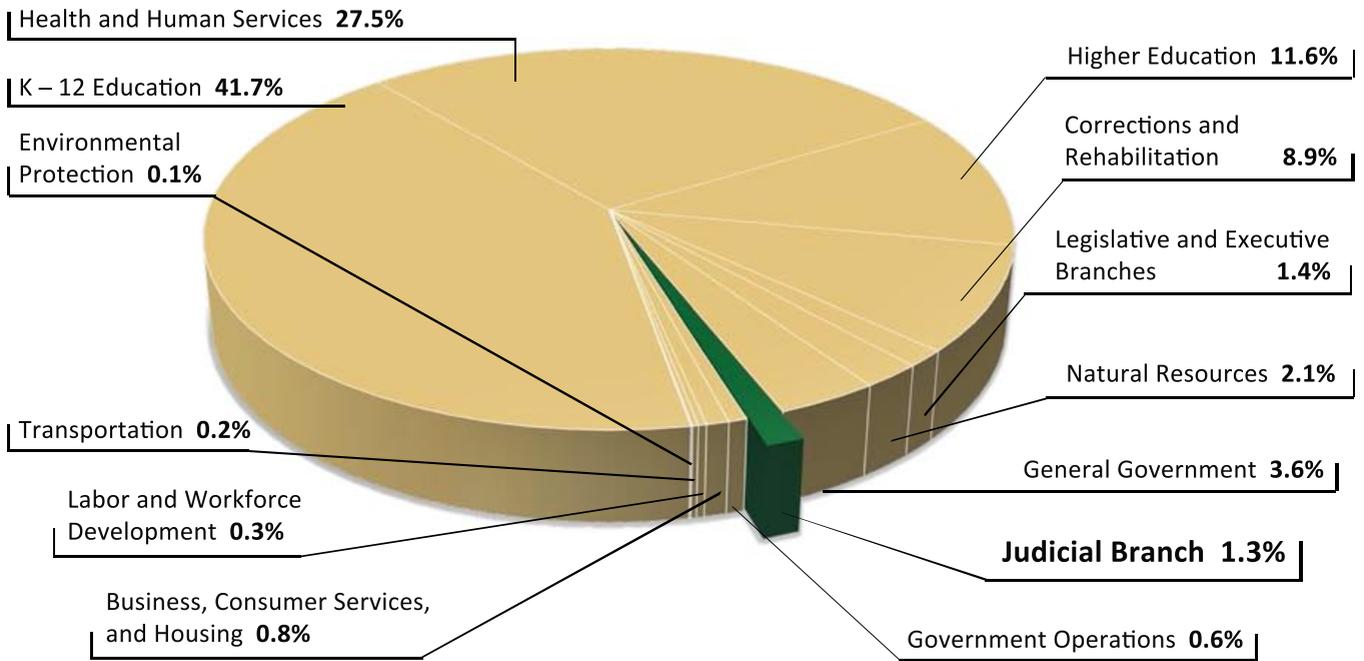
1. Data from Governor's Budget (FY 2009-10). Expenditures from all fund sources.

* Adjusted for removal of sheriff provided security (-\$496.4m)

- Staffing reductions—Since July 1, 2011 Judicial Council staffing has been reduced from 1121 (the high water mark) to 785 as of January 29, 2015—a net reduction of 30% (336 positions).
- The Judicial Council/AOC makes up 4.2 percent of the judicial branch budget.
- Detailed metrics of Judicial Council staff by office are posted monthly on the public website at: www.courts.ca.gov/documents/hr-staffing-metrics-1415-01.pdf.

The Judicial Branch Is Approximately 1% of the State General Fund Budget

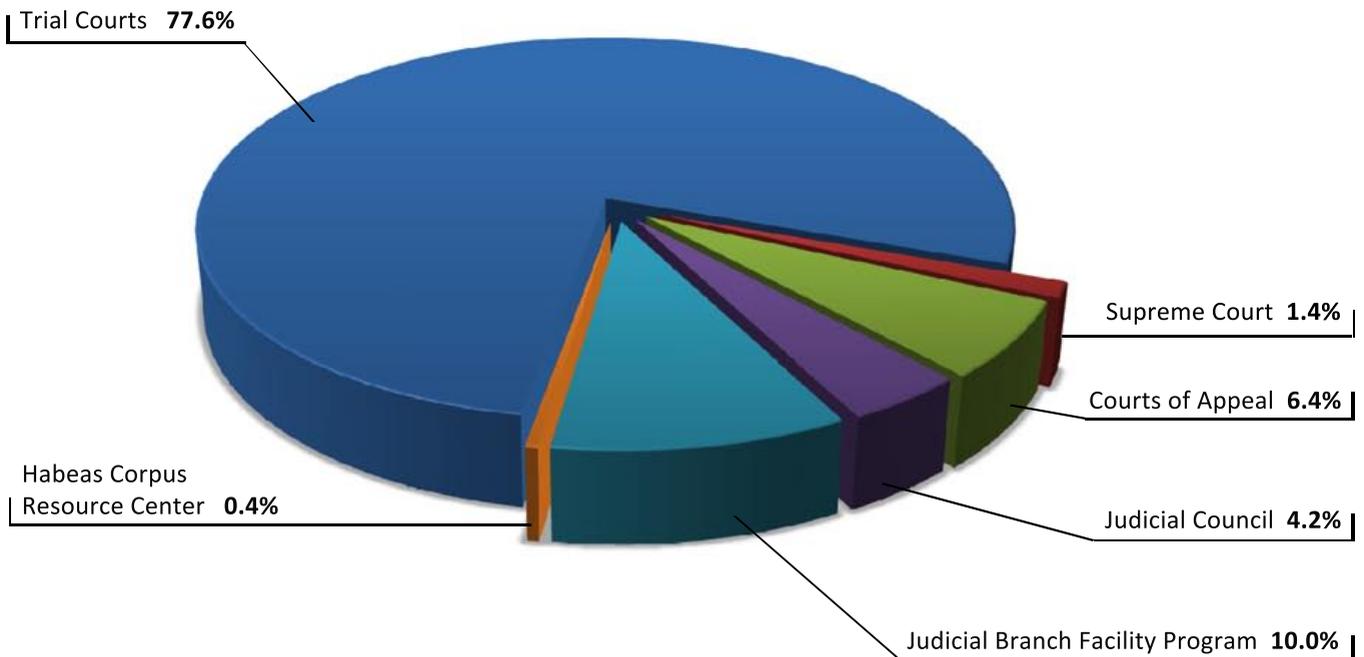
(when comparing General Fund support to State General Fund Expenditures)



Data Source: Figure SUM-03 "General Fund Expenditures by Agency", California State Budget 2014-15.

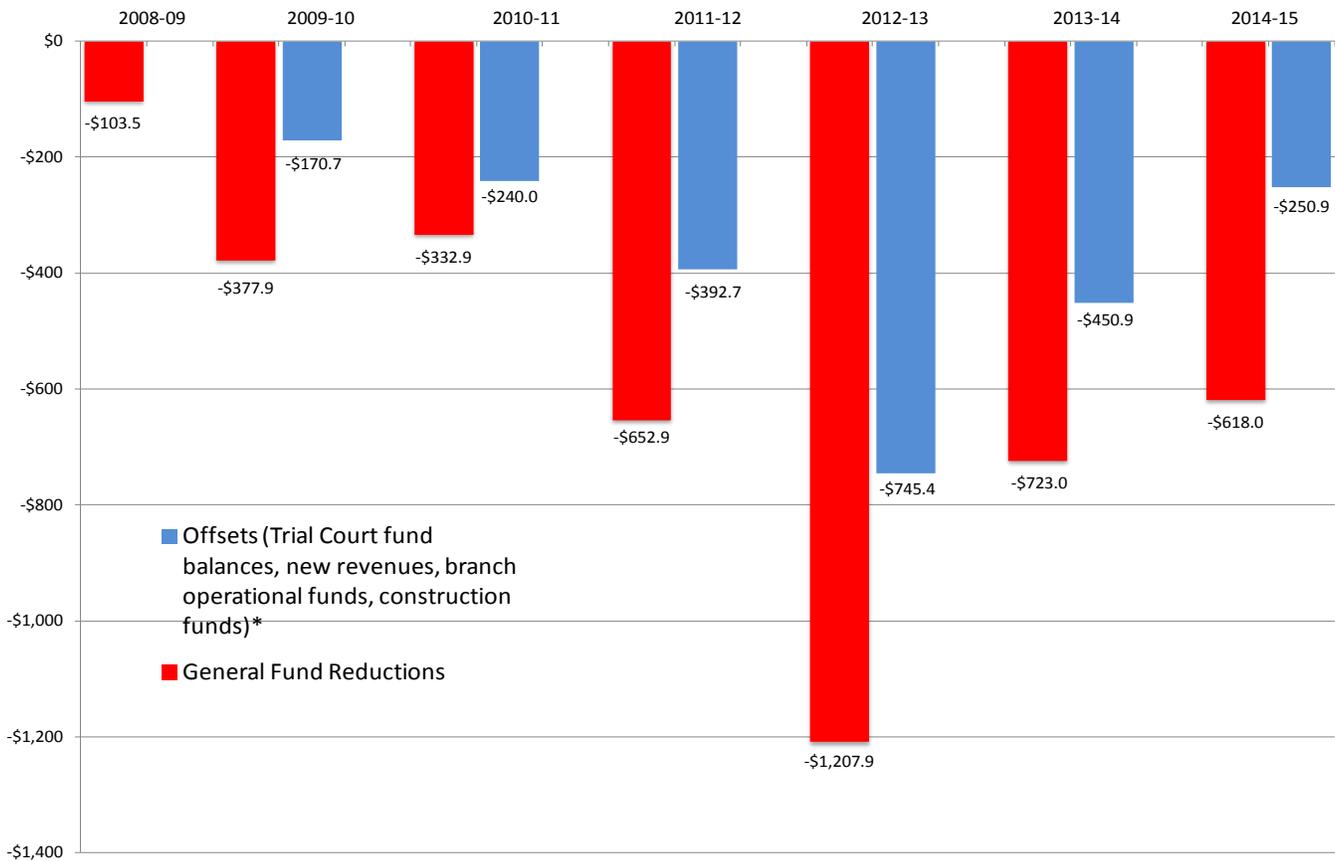
Note: Totals may not equal 100% due to rounding.

Funding for the Trial Courts Represents 77.6% of the Judicial Branch Budget



Data Source: Department of Finance, California State Budget 2014-15.

GENERAL FUND REDUCTIONS TO THE JUDICIAL BRANCH SINCE 2008 (\$ in millions)



- Since FY 2008-09, the judicial branch has experienced reductions of well over a billion dollars.
- One-time funds (shown in blue above) that softened or offset cuts have been exhausted, that’s why courts have been closed, services curtailed, and staffing levels reduced.
- A major audit objective was to determine whether any reserves, contingency funds, or any other set-asides are available for trial court operations. The audit reviewed all funds to “determine if the AOC could make funds available to trial courts for their operations.” According to the audit report: “**Based on our review, we did not identify any**” (p. 17, Table 4, CSA Audit, Objective 5).
- General Fund support for the Judicial Branch budget has fallen from 56 percent in 2008-09 to 36 percent in 2014-2015. *[Only 1.3 percent of the State General Fund goes to the courts.]*

OVERHAUL OF FUNDING ALLOCATIONS TO TRIAL COURTS (April 2013)

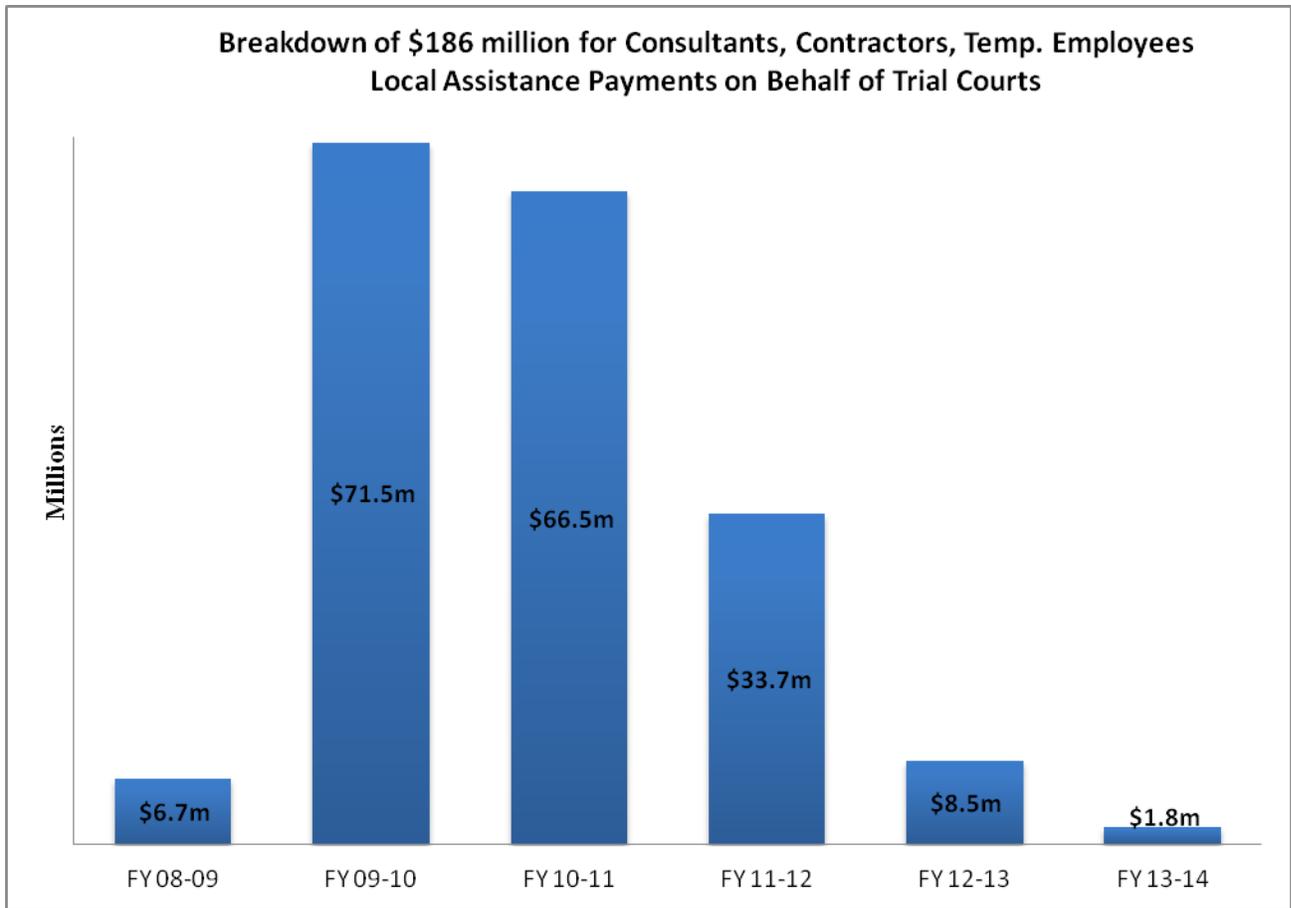
2015-16 Budget

During the recession, like every area of state government, General Fund support for the Judicial Branch was reduced; however, for the Judicial Branch, the state mitigated the impact of the reductions through increased user fees, the redirection of various special funds, and through the expenditure of trial court reserves. During the fiscal crisis, some trial courts were forced to reduce service hours, furlough and lay off employees, and close courtrooms, while other courts were able to provide salary increases and did not have to close courtrooms. The disparity in how trial courts handled the reductions highlighted the need for a comprehensive evaluation of the state's progress in achieving the goals outlined in the Act. A working group composed of Administration and Judicial Branch appointees made recommendations to better allocate existing resources.

The Chief Justice and the Judicial Council, through a modification of the Workload Allocation Funding Model, have taken significant steps to promote equal access to justice by allocating funding more equitably.

Source: Governor's Budget Summary – 2015-16, pg 112

- The Workload Allocation Funding Methodology (WAFM) represents a **historic overhaul** of how funds are allocated to California's trial courts.
- Transparent and equitable basis for allocating funding to support trial court functions and significantly helps the state's most under-resourced courts.
- WAFM is based on a three-year rolling average of filings and weighted by case type. The model takes into consideration variations in case types, court resources needed for those various case types, and other factors such as salaries, benefits, operating expenses and equipment, the local cost of labor, or special considerations for the smallest courts.



Source: California State Auditor’s Report 2014-107, Figure 4, pg 40

- The \$186 million spent on consultants, contractors, and temporary employees for local assistance to the trial courts is a cumulative multi-year total, including some appropriations dating back to FY 2008-09.
- Local assistance funds spent on services for the trial courts such as court appointed counsel, interpreter testing development and implementation, information technology contracts, administration of the workers’ compensation program for trial courts, and the Phoenix statewide accounting system that is used by all 58 trial courts.
- Ninety-one percent of the \$186 million was appropriated in FY 2008-09 to FY 2011-12.
- Almost half (\$85.5 million or 46 percent) was spent on development of the Court Case Management System (CCMS)—this spending was already the subject of a CSA audit in February 2011 and was discontinued in 2012.

SUBSTANTIAL DECREASE IN CONTRACTORS AND TEMPORARY EMPLOYEES (2007-08 to 2013-14)

FISCAL YEAR	FILLED POSITIONS	AUTHORIZED POSITIONS	CONTRACTORS	AGENCY TEMPORARY EMPLOYEES	909 TEMPORARY EMPLOYEES*
2007-08	771.8	914.9	5	86	64
2008-09	830.1	924.3	55	46	60
2009-10	875.4	1,000.1	56	90	45
2010-11	853.86	1,010.2	75	141	36
2011-12	732.38	1,012.4	124	136	26
2012-13	731.88	844.3	63	31.5	6
2013-14	745.39	835.1	55	15	3

329 → 73 = 77.8%

Source: California State Auditor's Report 2014-107, Table 2, pg 13

- The audit report shows a **77.8% reduction** in the use of contractors and temporary employees from peaks of 329 such positions to only 73 in 2013-14.
- Effective July 1, 2013, the Judicial Council established guidelines limiting the use of temporary employees that are hired through an outside personnel agency and the council only has 3 temporary employees (as of December 31, 2014).
- At the February 19, 2015 Judicial Council meeting the Administrative Director announced changes to policies and procedures to limit the time for use of contractors, similar to our practice for agency temporary workers.
- Also, as indicated in the audit report, “most of these contractors work in information technology and construction” (p. 31, CSA Audit). These projects, by their nature, call for temporary services spanning over two to three years or more.
- Detailed staffing reports, including the number of contractors and temporary workers, are provided at each and every Judicial Council meeting and are all available online.