

April 3, 2013

Overview of the Judicial Branch Budget

LEGISLATIVE ANALYST'S OFFICE

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Assembly Budget Subcommittee No. 5 on Public Safety

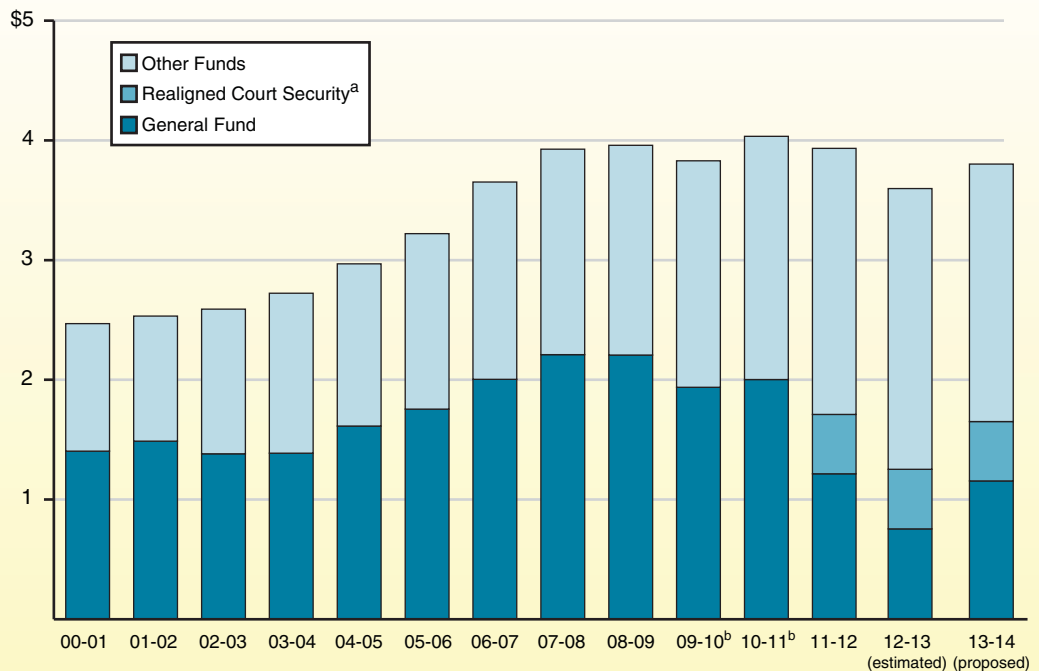
Hon. Reginald B. Jones-Sawyer, Sr., Chair





Total Judicial Branch Funding Since 2000-01

(In Billions)



^a 2011 realignment shifted responsibility for funding most court security costs from the state General Fund to counties. Figure displays estimated county spending on court security for comparison purposes.

^b General Fund amounts include use of redevelopment funds for trial courts on a one-time basis—\$1.3 billion in 2009-10 and \$350 million in 2010-11.

- Total funding for the judicial branch peaked in 2010-11 at roughly \$4 billion but has declined somewhat in more recent years.
- Due to the state’s fiscal situation, the judicial branch received a series of General Fund reductions from 2008-09 through 2012-13. Much of these General Fund reductions have been offset by increased funding from alternative sources, such as special fund transfers and fee increases.



Total Judicial Branch Funding Since 2000-01 (Continued)

- The Governor's proposed budget does not include any new General Fund reductions for the branch in 2013-14. Under the Governor's budget, General Fund support of the judicial branch will be about 30 percent in 2013-14.

- The Governor's budget also reflects the continued implementation of a new reserves policy enacted in 2012-13, which would limit the ability of trial courts to carry over unspent funds from prior years. Specifically, the Legislature approved legislation to (1) create a statewide reserve consisting of 2 percent of funds appropriated for trial court operations beginning in 2012-13 and (2) limit individual trial court reserves to 1 percent of their prior-year operating budgets beginning in 2014-15.



Courts Must Absorb Additional \$234 Million In Ongoing Reductions by 2014-15

Trial Courts Budget Through 2014-15							
<i>(In Millions)</i>							
	2008-09	2009-10	2010-11	2011-12	2012-13 (Estimated)	2013-14 (Budgeted)	2014-15 (Estimated)
General Fund Reductions							
One-time reduction	-\$92	-\$100	-\$30	—	-\$418	—	—
Ongoing reductions (cumulative)	—	-261	-286	-\$606	-724	-\$724	-\$724
Total Reductions	-\$92	-\$361	-\$316	-\$606	-\$1,142	-\$724	-\$724
Solutions to Address Reduction							
Construction fund transfers	—	\$25	\$98	\$213	\$299	\$55	\$55
Other special fund transfers	—	110	62	89	102	52	52
Trial court reserves	—	—	—	—	385	200	—
Increased fines and fees	—	18	66	71	121	121	121
Statewide programmatic changes	—	18	14	19	21	48	48
Total Solutions	—	\$171	\$240	\$392	\$928	\$476	\$276
Reductions Allocated to the Trial Courts^a	\$92	\$190	\$76	\$214	\$214	\$248	\$448

^a Addressed using various actions taken by individual trial courts, such as the implementation of furlough days and reduced clerk hours, as well as use of reserves (separate from those required by budget language or Judicial Council).

- The Governor’s proposed 2013-14 budget maintains ongoing General Fund reductions to the trial courts from prior years totaling \$724 million.
- The Governor’s proposed budget identifies \$476 million in solutions to offset the ongoing reductions. This leaves \$248 million in reductions that trial courts will have to absorb, an increase of \$34 million compared to 2012-13.
- By 2014-15, the total ongoing reductions allocated to the trial courts increases to an estimated \$448 million—an increase of an additional \$200 million compared to the amount for the budget year. This growth reflects reduced availability of trial court reserves to offset ongoing reductions.



Issues for Legislative Consideration



Implementation of Prior-Year Budget Reductions to Trial Courts

- Absent legislative action, trial courts will likely expand upon operational actions taken in the past to meet past budget reductions. Some of these actions have resulted in reduced public access to court services.
- Given the magnitude of additional reductions which must be addressed by 2014-15, the Legislature will want to (1) establish its own priorities for how the budget reductions will be implemented by the judicial branch and (2) determine whether to minimize further impacts to court users by providing additional offsetting resources on a one-time or ongoing basis (such as by enacting statutory changes to reduce court operating costs).
- We recommend that the Legislature request that judges, court executives, court employees, and other judicial branch stakeholders identify at budget hearings additional efficiencies that could further offset ongoing General Fund reductions to the trial courts.



Issues for Legislative Consideration

(Continued)



Trial Court Reserves Policy

- The reserves policy presents unintended challenges which require new judicial branch policies and procedures.
 - **Cash Shortfalls.** Courts use reserves to cover gaps between their monthly budget allocations and operating expenses.
 - **Payroll Requirements.** Some courts utilize a third-party, such as the county personnel agency, to process employee payroll. These courts are often required to maintain the equivalent of one or more months of salaries in reserve, an amount exceeding 1 percent.
 - **Restricted Funds.** Trial court reserves include funds which are constrained by statute, contract, or use for a specific purpose. In some courts, these obligations may exceed the 1 percent cap, leaving little to no funds available for discretionary uses.
 - **Projects Traditionally Funded Using Reserves.** Trial courts have historically used their reserves to fund certain projects and programs. The reserves policy limits the ability for courts to save and plan for these types of projects or programs.
- The administration is currently developing trailer bill language intended to address some of these challenges.