

JUDICIARY

The May Revision includes total funding of \$3.6 billion (\$730 million General Fund) for the Judiciary.

The Judicial Branch consists of the Supreme Court, courts of appeal, trial courts, and the Judicial Council. The trial courts are funded with a combination of funding from the General Fund, county maintenance-of-effort requirements, fines, fees, and other charges. The state-level judiciary receives most of its funding from the General Fund.

During the mid-1990's there were significant reforms in the Judicial Branch—court unification and the state assumption of funding responsibility for trial courts. Prior to state funding, many small courts were in financial crisis and needed emergency state funding to keep their doors open. One of the goals of state funding was to promote equal access to justice so that a citizen's access to court services was not dependent on the financial health of an individual county. Trial courts have benefitted financially, as the state has been able to stabilize and increase funding.

Fifteen years after the implementation of the Trial Court Funding Act, a comprehensive evaluation of the state's progress in achieving the goals outlined in the reform legislation, including the ability of trial courts to provide equal access to justice, is appropriate. The Administration proposes to establish a working group to conduct the evaluation. The working group will conduct a statewide analysis of workload metrics, staffing standards, and other relevant data necessary to support a more uniform and efficient administrative system for the judiciary.

Since 2007-08, state General Fund support for the Judicial Branch has been reduced by \$653 million ongoing. However, the Administration, the Legislature and the Judicial Council have mitigated these reductions through a mix of permanent and one-time offsets, including transfers from special funds, fee increases, and use of trial court reserves. Overall expenditures for the trial courts have remained relatively flat as illustrated in Figure JUD-01. Beginning in 2013-14, because of reliance on one-time reductions and the loss of reserves and fund balances, trial courts will need to achieve reductions through operational changes and efficiencies.

Figure JUD-01
Judicial Branch Expenditures, State Funds
2007-08 Through 2012-13
(Dollars in Thousands)

Judicial Branch Expenditures by Program	2007-08	2008-09	2009-10	2010-11	2011-12 Estimated	2012-13 Projected ²	2007-08 vs. 2012-13
Supreme Court	\$44,397	\$44,808	\$43,933	\$43,953	\$43,406	\$42,882	-3.5%
Courts of Appeal	200,706	212,779	203,167	206,760	200,084	198,348	-1.2%
Judicial Council	130,396	134,378	136,697	137,456	126,372	124,962	-4.3%
Habeas Corpus Resource Center	12,553	13,857	13,659	13,570	13,629	13,409	6.4%
Facility Program Adjusted ¹	22,634	25,891	21,947	25,518	35,896	37,465	39.6%
Trial Courts Adjusted	3,316,204	3,321,013	3,362,324	3,559,532	3,552,011	3,367,302	1.5%
Total	\$3,726,890	\$3,752,726	\$3,781,727	\$3,986,789	\$3,971,398	\$3,784,368	1.5%
Adjustments to Trial Courts							
Governor's Budget Totals	\$3,288,873	\$3,237,891	\$3,060,624	\$3,218,101	\$2,666,980	\$1,959,385	
<i>Trial Court facility expenses</i>	\$27,331	\$83,122	\$150,000	\$175,431	\$172,631	\$195,517	
<i>Use of local trial court reserves</i>	0	0	0	0	0	402,000	
<i>Transfers from various special funds</i>	0	0	151,700	166,000	216,000	314,000	
<i>Redirections of trial court expenditures:</i>	0	0	(5,000)	0	(86,400)	(126,000)	
Sub-total, Trial Courts	\$3,316,204	\$3,321,013	\$3,362,324	\$3,559,532	\$3,055,611	\$2,870,902	
<i>Trial Court Security ³</i>	<i>(444,901)</i>	<i>(475,332)</i>	<i>(471,310)</i>	<i>(480,999)</i>	<i>496,400</i>	<i>496,400</i>	
Adjusted Total, Trial Courts	\$3,316,204	\$3,321,013	\$3,362,324	\$3,559,532	\$3,552,011	\$3,367,302	

¹ The Facility Program budget has been adjusted to remove all expenditures for trial court operations.

² The \$350 million unallocated reduction included in the 2011 Budget Act is scheduled to each program consistent with the 2011-12 allocation.

³ For comparison purposes, 2011-12 and 2012-13 include \$496.4 million in court security costs that were historically included in trial court expenditures. Security costs for 2007-08 through 2010-11 are shown for display purposes, but are included in the trial court's budget.

While the state has made difficult cuts and reduced its services, trial courts have largely been held harmless from budget reductions. The state's current fiscal situation requires further reductions. Therefore, the May Revision proposes \$544 million in General Fund

reductions in 2012-13. Of this amount, \$419 million is one-time and \$125 million is ongoing. In 2012-13, \$540 million affects the trial courts, but is fully offset by the use of trial court reserves and delays in court construction. The remaining \$4 million will be achieved by permanent changes in retirement contributions for the AOC, including staff within the Supreme Court, Courts of Appeal and the Habeas Corpus Resource Center. Additional permanent reductions include \$50 million in court construction project savings that will be redirected to support trial court operations.

Proposals to Balance the Budget:

- *Restructure Trial Court Funding*—Decrease of \$300 million General Fund on a one-time basis and offset each trial court's allocation by their available reserve. A statewide reserve equal to 3 percent of the statewide allocation to trial courts will be held at the state level. The Judicial Council will be authorized to allocate funds from the statewide reserve to individual courts as necessary to address emergencies and unavoidable budget shortfalls.

By the end of 2010-11, the trial courts had accumulated approximately \$562 million in reserves, a five-percent increase since 2008-09. Reserves vary among the individual trial courts. These reserves will make it possible for the state to achieve substantial savings while maintaining trial court operations.

- *Delay Court Construction*—Decrease \$240 million General Fund on a one-time basis by redirecting an equal amount from court construction funds to support trial court operations. This pause in construction will delay design activities for up to 38 court projects. It will coincide with a full review of the court construction program and court construction standards. Up to six projects that are near design completion are proposed to proceed to construction in 2012-13 once the Judicial Council is able to verify the cost and scope of these six projects. These projects will be funded with lease revenue bonds. Ongoing, \$50 million will be redirected from court construction funds to support trial court operations.
- *Increase Retirement Contributions for State Court Employees*—An ongoing reduction of \$4 million General Fund by increasing the retirement contribution for state court employees from five percent to eight percent, consistent with other state employees. The May Revision also assumes that the practice of paying the employee retirement contribution will be discontinued.

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