

**AGENDA**

**ASSEMBLY BUDGET SUBCOMMITTEE NO. 5 ON PUBLIC SAFETY**

**ASSEMBLYMEMBER GIL CEDILLO, CHAIR**

**Wednesday, April 18, 2012**

**4:00 P.M. - STATE CAPITOL ROOM 127**

<b>VOTE ONLY CALENDAR</b>	
<b>ITEM</b>	<b>DESCRIPTION</b>
<b>5227</b>	<b>BOARD OF STATE AND COMMUNITY CORRECTIONS</b>
ISSUE 1	ESTABLISHMENT OF THE BOARD OF STATE AND COMMUNITY CORRECTIONS
<b>0690</b>	<b>CALIFORNIA EMERGENCY MANAGEMENT AGENCY</b>
ISSUE 1	CALIFORNIA SPECIALIZED TRAINING INSTITUTE
<b>2720</b>	<b>CALIFORNIA HIGHWAY PATROL</b>
ISSUE 1	INSURANCE AUGMENTATION

<b>ITEMS TO BE HEARD</b>		
<b>ITEM</b>	<b>DESCRIPTION</b>	
<b>0250</b>	<b>JUDICIAL BRANCH</b>	<b>1</b>
ISSUE 1	UPDATE ON CALIFORNIA COURT CASE MANAGEMENT SYSTEM	<b>1</b>
ISSUE 2	JUDICIAL BRANCH BUDGET	<b>3</b>

**0250 JUDICIAL BRANCH****ISSUE 1: UPDATE ON THE CALIFORNIA COURT CASE MANAGEMENT SYSTEM**

The Subcommittees will review the Judicial Branch's new plan for the California Court Case Management System.

**BACKGROUND**

Proposition 220, approved in 1998 by California voters, began the process of unifying California's superior and municipal courts. The Trial Court Funding Act of 1997 established a funding mechanism under which these courts receive state, rather than local, funding. With administrative functions provided by the Administrative Office of the Courts (AOC), these superior courts receive funding through allocations from the Judicial Council of California (Judicial Council). As part of an effort to address technology problems facing the many case management systems used by the superior courts, the AOC, at the direction of the Judicial Council in 2003, continued the development of a single court case management system, referred to as the statewide case management project.

Two interim systems—the criminal/traffic system and the civil system—are presently in use at seven superior courts. The AOC is responsible for managing the deployment of the statewide case management project—the California Court Case Management System (CCMS). The CCMS covers all court case types. In the past, the AOC asserted that once deployed statewide, CCMS would improve access, quality, and timeliness of justice; promote public safety; and enable court accountability. The CCMS was also designed to include statewide reporting; court interpreter and court reporter scheduling; and the capacity to interact electronically with other justice partner systems, such as those of local sheriffs and district attorneys. Further, the CCMS was intended to replace the myriad of disparate commercial and custom-built case management systems that the 58 superior courts currently use.

As of February 2012, total CCMS expenditures were estimated to be \$521.5 million. The AOC further broke out total expenditures as follows:

- \$333.3 million for CCMS development and deployment
- \$2.5 million for CCMS system maintenance and support
- \$185.7 million for interim case management system support

**MARCH 14, 2012 JOINT SUBCOMMITTEE HEARING**

During a March 14, 2012, Budget hearing the AOC suggested that a forthcoming analysis on the plan and approach for deploying the CCMS would provide vital data needed to determine future system costs and deployment strategies.

In anticipation of the forthcoming analysis, Budget Subcommittee 5 directed the Judicial Branch to suspended CCMS expenditures, except those necessary to support the seven counties in which CCMS is currently operating, pending further details and legislative action.

**MARCH 27, 2012 JUDICIAL COUNCIL SPECIAL SESSION**

At a special session on March 27, 2012, the Judicial Council voted to stop deployment of the CCMS as a statewide solution for the case management needs of the trial courts. Instead, the council directed the council's CCMS Internal Committee, in partnership with the trial courts, to develop timelines and recommendations to the Judicial Council to find other ways to use the CCMS technology and the state's investment in the software system, as well as develop new strategies to assist courts with failing case management systems.

The council also directed the CCMS Internal Committee, in partnership with the trial courts, to develop timelines and recommendations to the Judicial Council for providing technology solutions to improve efficiencies in court operations by maximizing the value of document management systems, e-filing capabilities, and e-delivery services for the benefit of litigants, attorneys, justice branch partners, and the public. Further, the committee was also directed to establish a technology governance structure to best serve the implementation of technology solutions, and develop alternatives for the Superior Court of San Luis Obispo and other trial courts that have failing case management systems and critical case management needs.

The CCMS Internal Committee and the AOC also notified the Judicial Council that the cost reimbursement negotiated with Deloitte Consulting, the primary vendor used in the development of CCMS, following delays in the project, would be in the form of a \$16 million payment.

**PANEL**

- ❖ Administrative Office of the Courts – Please be prepared to address the following in your testimony:
  - Please clarify the status of the CCMS.
  - What is the AOC's expectation for CCMS related expenditures in 2012-13 and ongoing?
    - What level of funding is needed to support counties currently using earlier versions of the CCMS (V2 and V3)?
      - Is there an interim plan for reducing these costs?
      - What is the long-term case management system plan for these counties?
    - What is the Branch's plan for the completed CCMS (V4) and what are the associated costs?
- ❖ Legislative Analyst's Office
- ❖ Department of Finance
- ❖ Public Comment

**ISSUE 2: JUDICIAL BRANCH BUDGET**

The Subcommittees will review the Judicial Branch's budget for Fiscal Year 2012-13.

**BACKGROUND**

The Governor's Budget includes \$3.1 billion (\$1.3 billion General Fund) and 2,042.1 positions for Judicial Branch operations in 2012-13. This reflects an overall decrease of \$104.1 million and four positions from the Budget Act of 2011 (including a \$41 million General Fund increase). The Governor's Budget also includes \$559 million (all special funds) for infrastructure needs. This reflects a decrease of \$140.1 million from the Budget Act of 2011.

<b>Fund Source (000s)</b>	<b>2010-11 Actual</b>	<b>2011-12 Projected</b>	<b>2012-13 Proposed</b>	<b>BY to CY Change</b>	<b>% Change</b>
<b>General Fund</b>	\$ 1,652,278	\$ 1,228,382	\$ 1,269,407	\$ 41,025	3%
<b>Trial Court Trust Fund</b>	1,508,344	1,649,386	1,467,416	(181,970)	(11)
<b>Other Funds</b>	310,167	337,682	374,508	36,826	11
<b>Infrastructure Funding</b>	128,134	698,654	558,552	(140,102)	(-20)
<b>Total Expenditure</b>	\$3,598,923	\$3,914,104	\$ 3,669,883	\$ (244,221)	(6)%
<b>Positions</b>	1,856.3	2,042.5	2,042.1	(0.4)	0

The Governor's Budget includes \$50 million in revenue from unspecified fee and fine increases and an additional \$2.8 million General Fund to partially restore Judicial Branch operational funding. The Governor's Budget also includes a trigger reduction of \$125 million contingent on passage of the Governor's ballot proposal on taxes. Failure of the Governor's tax proposal in November 2012 would trigger the \$125 million reduction.

**RECENT BUDGET ADJUSTMENTS**

The 2011 Budget Act included a \$350 million reduction (the Governor's budget included a \$200 million reduction and the final adopted budget included another \$150 million reduction) to the Judicial Branch's General Fund expenditure authority. The 2011 Budget Act also included loans and sweeps to the General Fund including:

- \$90 million loan from the SB 1407 (Perata), Chapter 311, Statutes of 2008 courthouse construction funds—which is entirely derived from filing fee and fine increases;
- \$350 million loan from the State Court Facilities Construction Fund which is also derived from filing fees and fines;
- \$310 million sweep of the SB 1407 revenue generated from the fees and fines in the current budget year—this goes to the GF not to the courts.

Over the past four fiscal years, the judicial branch has experienced a cumulative ongoing reduction of \$653 million (\$606 million in reductions to trial courts and \$47 million in reductions to the Supreme Court, Courts of Appeal, and the Judicial Council/Administrative Office of the Courts (AOC)), as displayed in the following chart:

**Cumulative Judicial Branch Funding Reductions: FY 2008–2009 to FY 2011–2012\***

	<b>FY 2008–2009</b>	<b>FY 2009–2010</b>	<b>FY 2010–2011</b>	<b>FY 2011–2012</b>
<b>State Judiciary**</b>				
One-time reduction	(11,217,000)			
Baseline reduction		(17,098,000)	(17,098,000)	(17,098,000)
Share of \$350 million				(30,043,000)
<b>Total – State Judiciary</b>	<b>(11,217,000)</b>	<b>(17,098,000)</b>	<b>(17,098,000)</b>	<b>(47,141,000)</b>
<b>Trial Courts</b>				
One-time reduction	(92,240,000)	(100,000,000)	(30,000,000)	-
Baseline reduction		(260,809,000)	(285,809,000)	(285,809,000)
Share of \$350 million				(319,957,000)
<b>Total – Trial Courts</b>	<b>(92,240,000)</b>	<b>(360,809,000)</b>	<b>(315,809,000)</b>	<b>(605,766,000)</b>
<b>Total – Judicial Branch</b>	<b>\$(103,457,000)</b>	<b>\$(377,907,000)</b>	<b>\$(332,907,000)</b>	<b>\$(652,907,000)</b>

\* Rounded to the nearest 1,000.

\*\* Supreme Court, Courts of Appeal, Judicial Council/AOC, Habeas Corpus Resource Center, and Judicial Branch Facility Program.

**Additional Solutions as Proposed by the Administrative Office of the Courts**

The Administrative Office of the Courts has proposed a six-part budget solution to provide stability for the Judicial Branch. The AOC's solutions include the following:

1. Establish a New Baseline Budget That Reflects an Appropriate Level of Ongoing Funding and Operationalized Reductions.
2. General Fund Restoration.
3. Additional and/or Increases in Various Civil Fees.
4. Transfer and Redirections from other Court Funds.
5. Improved Efficiencies in Court Operations and Changes in Unnecessary Statutory and Reporting Requirements.
6. Trial Court Fund Balances.

<b>LAO RECOMMENDATION</b>
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- Reject Governor's Proposed Budget Bill Language - The LAO is recommending rejection of the Governor's proposal for provisional language providing the Judicial Council with the authority to determine how to allocate or offset the ongoing reduction among the various branch entities. Instead, the Legislature should establish its own funding priorities for the judicial branch rather than leaving such discretion entirely to the Judicial Council.
- Require Judicial Branch to Submit Report of Potential Operational Efficiencies – The LAO recommends that the Legislature submit a report on potential operational efficiencies, as well as their estimated savings, including those requiring statutory amendments, at budget hearings for legislative consideration and potential action.
- Adopt Specific Ongoing Solutions to Address Reduction - Given the ongoing nature of the reduction, the LAO's recommendations focus on operational changes that are intended to achieve savings in the budget year and beyond. These changes include:
  - Approve Governor's Proposed Increase in Civil Fees. - The Governor's budget assumes a \$50 million revenue increase tied to increasing various court fees.
  - Implement Electronic Court Reporting. - Under current law, trial courts use certified shorthand reporters to create and transcribe the official record of many court proceedings. However, many other state and federal courts currently use electronic methods of recording proceedings. The LAO cites A multiyear pilot study carried out in California between 1991 and 1994 found that electronic court reporting could achieve substantial savings. Accordingly, the LAO recommends the Legislature direct the trial courts to phase in electronic court reporting. The LAO estimates that the state could save about \$13 million in 2012-13 and in excess of \$100 million on an annual basis upon full implementation.
  - Ensure Courts Charge for Court Reporting Services in Civil Cases. - The parties in a civil case are currently required to pay for reporting services only for proceedings lasting more than an hour. The LAO is recommending Legislature amend existing law to require trial courts to charge court reporting fees to offset costs related to court reporting services, including proceedings lasting less than an hour (though still allowing fee waivers for indigent litigants). The LAO contends that this new source of revenue along with more efficient collection of the fee would generate ongoing savings of \$23 million in 2012-13.
  - Reduce Trial Court Funding Based on Workload Analysis. - Based on a prior workload analysis, the LAO recommends that the Legislature direct the Judicial Council to more closely align the level of funding for specified courts to their actual workload need. The Lao contends that if implemented over a four-year period, this recommendation would achieve General Fund savings of \$25 million in the first year of implementation and \$40 million upon full implementation.
  - Transfer Remaining California Case Management System (CCMS) Funds to Trial Courts. - Based on AOC estimated costs, the decision to terminate CCMS will reduce spending on this project by \$46 million in 2012-13. In addition, the Judicial Council will receive a one-time \$16 million cash payment from the CCMS product vendor as compensation for numerous product quality issues which resulted in a ten-month project delay. The LAO recommends that the Legislature direct AOC to transfer all of

these funds (totaling \$62 million in 2012-13) directly to trial court operations to offset the unallocated reduction.

In recognition of the fact that the aforementioned solutions may not completely address the courts entire funding issue, the LAO has identified the following additional options for consideration:

- Implement a Furlough for Court Employees for One Year. - The Legislature could mandate a statewide furlough for court employees for one year. This would be in addition to the furlough days already implemented in many courts. 47 of the 58 trial courts have implemented furlough days at some point in the last few years, with the number of actual furlough days varying across courts. The LAO also notes, however, that a mandatory furlough could significantly impact public access to court services. The LAO suggests that a one-day-per-month furlough could generate roughly \$65 million in savings in the budget year.
- Delay Or Cancel Certain Court Construction Projects. - Two judicial branch special funds receive roughly \$450 million in criminal fine and civil filing fee revenues annually for court facility construction and maintenance. The LAO argues that the Legislature could delay all projects not currently under construction for one year and transfer a couple hundred million dollars of the \$320 million in annual revenues to offset reductions to the trial courts. The LAO also argues that the Legislature could consider canceling certain courthouse construction projects and achieve significant savings on an ongoing basis.
- Require Individual Courts to Make Additional Reductions. - \$214 million of the cumulative General Fund reduction to the judicial branch was passed on to the individual trial courts in the current year. In most cases, courts made various operational changes to accommodate the reductions (such as by implementing staff furlough days and reducing service hours). The LAO contends that the Legislature could require that the individual trial courts be required to absorb additional reductions by expanding upon these actions. However, the LAO notes that these actions taken in prior years have frequently resulted in a backlog of cases, delays in processing court paperwork, and longer wait times for those seeking court services. In addition, many trial courts also drew upon their local reserves to help offset budget cuts and avoid taking the operational actions described above.

PANEL
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- ❖ Administrative Office of the Courts – Please be prepared to address the following in your testimony:
  - Impact of recent reductions on Court operations.
  - The AOC's Six-part budget solution.
- ❖ Legislative Analyst's Office
- ❖ Department of Finance
- ❖ Public Comment

## VOTE-ONLY AGENDA

### 0690 CALIFORNIA EMERGENCY MANAGEMENT AGENCY

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#### ISSUE 1: CALIFORNIA SPECIALIZED TRAINING INSTITUTE

##### BACKGROUND

Pursuant to Government Code Section 8588.3, the Cal EMA is responsible for overseeing the functions of the California Specialized Training Institute (CSTI). The CSTI is responsible for coordinating a significant portion of the state's emergency management training programs. More specifically, the CSTI provides training to state, local, federal, private sector, and foreign partners. The curriculum at the current facility includes the state's standardized emergency management system, hazardous material response, and contingency planning amongst a variety of other disaster mitigation related activities. Approximately 30 percent of training is provided by state instructors on-site at the CSTI training center in San Luis Obispo, often utilizing the center's specialty facilities and equipment (including prop tanker railcars, big-rig trucks, a firing range, and a mock courtroom). Most of the courses (about 70 percent) are taught by instructors who travel to trainees' local areas. According to the administration, funding for CSTI comes from a combination of federal grant funds (\$2.1 million), reimbursements from local authorities (\$3.8 million), and the state General Fund (\$1 million) and supports 26 authorized positions. Local authorities are currently responsible for the costs associated with their employees traveling to the San Luis Obispo center to receive training, including overtime, subsistence, and backfilling necessary positions while trainees are away.

##### PROPOSAL

The Administration is proposing to close the CSTI training center by January 1, 2013. The CSTI would retain responsibility for development of a curriculum, certifying local agencies, and providing some emergency management training on-location, but many responsibilities for training would shift to locally governed training centers operated by Joint Powers Authorities (JPA). The CSTI staff would be reduced by 20 positions over two years, and federal funds would be diverted to the JPAs. In total, the proposal would reduce the Cal EMA budget by \$2 million in 2012-13 and \$4.2 million in 2013-14. Of these amounts, \$187,000 in 2012-13 and \$377,000 in 2013-14 are from the General Fund.

## VOTE-ONLY AGENDA

### **5227 BOARD OF STATE AND COMMUNITY CORRECTIONS**

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#### **ISSUE 1: ESTABLISHMENT OF THE BOARD OF STATE AND COMMUNITY CORRECTIONS**

##### **BACKGROUND**

Legislation associated with the 2011 Budget Act abolished the Corrections Standards Authority (CSA) and established the new Board of State and Community Corrections (BSCC) as an independent entity, effective July 1, 2012. The BSCC will absorb the previous functions of the CSA as well as other public safety programs previously administered by Cal EMA.

The BSCC will be an entity independent from Cal EMA and California Department of Corrections and Rehabilitation (CDCR). The BSCC will be chaired by the Secretary of CDCR, and its vice-chair will be a local law enforcement representative. The BSCC will have 12 members including state, local, judicial, and public stakeholders.

##### **PROPOSAL**

The Governor's Budget proposes \$109.2 million (\$16.9 million General Fund and \$92.2 million other funds) for the state operations and local assistance programs included under the BSCC. The funding is comprised of resources transferred from the CSA and Cal EMA. The Governor's Budget also includes trailer bill language to clarify the BSCC's authority for administration of certain federal funds.

## VOTE-ONLY AGENDA

### 2720 CALIFORNIA HIGHWAY PATROL

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#### ISSUE 1: INSURANCE AUGMENTATION

##### BACKGROUND

Government Code Section (GC) 11290 grants the Department of General Services (DGS) the authority to calculate the costs of insuring motor vehicles belonging to a state agency. The DGS may fix the cost or pro rata share, or in its discretion an amount it considers equivalent to the cost or pro rata share. The DGS can collect this cost from each state agency in advance or any other basis that is determined.

In FY 2010-11, the California Highway Patrol (CHP) paid DGS \$7.75 million for vehicle insurance. In FY 2011-12, the Department's insurance premium is \$7.7 million. For FY 2012-13, the insurance premium will be increased to \$13.3 million. The CHP contends that this increase stems from 395 claims against the Department, which resulted in \$12.089 million of incurred auto liability costs for the period of July 1, 2010, through June 29, 2011.

##### PROPOSAL

The CHP is requesting a permanent augmentation of \$5.6 million (from the Motor Vehicle Account, State Transportation Fund) in FY 2012-13 to support an insurance premium increase paid to the DGS' Office of Risk and Insurance Management.