

AGENDA
ASSEMBLY BUDGET SUBCOMMITTEE NO. 5
ON PUBLIC SAFETY

ASSEMBLYMEMBER SHIRLEY N. WEBER, PH.D., CHAIR

MONDAY, APRIL 9, 2018
2:30 P.M. –STATE CAPITOL, ROOM 437

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ITEMS TO BE HEARD

0250 JUDICIAL BRANCH

ISSUE 1: JUDICIAL BRANCH OVERVIEW: CHIEF JUSTICE'S PRIORITIES

PANELISTS

- Judicial Council
- Department of Finance
- Legislative Analyst's Office
- Public Comment

BACKGROUND

The Judicial Branch (Branch) is responsible for the interpretation of law, the protection of individuals' rights, the orderly settlement of all legal disputes, and the adjudication of accusations of legal violations. The branch consists of statewide courts (the Supreme Court and Courts of Appeal), trial courts in each of the 58 counties, and statewide entities of the branch (Judicial Council, Judicial Council Facility Program, and Habeas Corpus Resource Center). The Branch received revenues from several funding sources including the General Fund, civil filing fees, criminal penalties and fines, county maintenance-of-effort payments, and federal grants. The total funding for the Branch has steadily increased and is proposed to reach \$4 billion in 2018-19, an increase of \$188 million or 5.1% above the revised amount for 2017-18. The increase in funding will support various proposals, nearly all of which is ongoing, including:

- \$75 million discretionary funding for allocation to trial courts by the Judicial Council.
- \$47.9 million for allocation to certain trial courts that are comparatively underfunded relative to other trial courts.
- \$34.1 million to backfill a further decline in fine and fee revenue to the Trial Court Trust Fund, increasing the total backfill in \$89.1 million in 2018-19. This backfill has been provided since 2014-15.
- \$25.9 million for increased trial court health benefit and retirement costs.

The Judicial Council utilizes the Workload Allocation Funding Methodology (WAFM) to allocate funds for trial court operations. WAFM was intended to distribute funding based on workload instead of the historic "pro rata" approach because the pro rata approach generally maintained funding inequities among trial courts. WAFM uses the Resource Allocation Study, which estimates the number of personnel needed for each court primarily based on the number of filings for various case types and the amount of time it takes staff to process such a filing. Each court's estimated staffing need is then converted to a cost estimate using various assumptions and is combined with various other cost factors to determine the total estimated workload-driven costs for each trial court. The resulting total is the amount the judicial branch believes is needed to fully operate each trial. In addition, the Judicial Council may allocate any augmentations in the state budget for trial court operations and not designated for a specific purpose

through WAFM. In 2018, Judicial Council approved significant changes related to WAFM. First, in years where increased funding is provided by the state, the funding would be first allocated to the 15 smallest trial courts to ensure they received 100% of their WAFM-identified costs. Up to 50% of the remaining augmentation would be allocated to courts below the statewide average funding ratio. The remaining amount would be allocated to all trial courts according to WAFM. Second, in the first year in which there are no general purpose funding augmentations provided for trial court operations, allocations would remain the same. In the second year in which no increased funding is provided, up to 1% of funding allocated to trial courts that are more than 2% above the statewide average funding ratio could be reallocated to those courts that are more than 2% below the statewide average funding ratio.

STAFF COMMENTS

The Subcommittee is in receipt of letters from advocates that make the following recommendations:

- Require that the \$75 million is discretionary funding for trial courts and \$47.8 million for trial court operations be allocated to and expended by the local courts based on local priorities.
- Require state oversight of court information technology projects.

Additional information from the Judicial Council regarding their priorities for the \$75 million in discretionary funding will help the Subcommittee weigh in on whether those priorities are the most appropriate in light of concerns with court backlogs, reductions in staff hours, and other barriers to access to justice. Further, it is unclear as to whether this discretionary funding would be made available to every county. The Subcommittee may also wish to confirm whether this discretionary funding will be made available to every county and if so, how the allocations will be determined.

Staff Recommendation: Hold Open.

ISSUE 2: PILOT PROJECT FOR ONLINE ADJUDICATION OF TRAFFIC VIOLATIONS

The Judicial Council will open this issue with an overview of the proposal to build out and expand their online traffic adjudication pilot (Pilot).

PANELISTS

- Judicial Council
- Department of Finance
- Legislative Analyst's Office
- Public Comment

BACKGROUND

Resolution of Traffic Cases. Individuals charged with traffic infractions can resolve their case in a number of ways, including submitting a payment, contesting the charge in court, or contesting the charge in writing, known as trial by written declaration. Under trial by written declaration, if the individual is dissatisfied with the decision, he or she can contest the charges in court, with the court deciding the case as if the trial by written declaration never took place.

Criminal Fine and Fees. Upon conviction of a criminal offense (including traffic cases), trial courts typically levy fines and fees upon the individual. Individuals may request the court to consider their ability to pay. Judges can reduce or waive certain fines and fees or provide an alternative sentence (such as community service in lieu of payment). Individuals who plead guilty or are convicted and required to pay fines and fees must either provide full payment immediately, or set up installment payment plans with the court or county collection program. If the individual does not pay on time, the amount owed becomes delinquent. State law then authorizes collection programs to use a variety of tools or sanctions (such as wage garnishments) to motivate individuals to pay the debt. Collected revenues support various state and local programs.

Commission on the Future of California's Court System. The Chief Justice's Commission on the Future of California's Court System identified strategies to effectively adjudicate cases, achieve greater fiscal stability for the branch, and use technology to enhance the public's access to the courts. The recommendations were presented in a report released in 2017. The proposed Pilot is in line with the following recommendations:

- 2.4(1): Begin to move toward the implementation of a civil model for adjudication for minor traffic infractions by simplifying some of the criminal procedures currently in traffic.
- 2.4(2): Provide online processing for all phases of traffic infractions.
- 5.1(4): Develop a pilot project using intelligent chat technology to provide information and self-help services.

In early 2016, the Judicial Council applied for and received a \$488,000 United States Department of Justice Grant to explore efforts to improve access and fairness by offering online traffic case options, including ability-to-pay determinations. The grant period spans October 2016 - October 2019 and supports the development of a software prototype to be piloted in five courts. With in-kind support from Criminal Justice Services and Information Technology staff within the Judicial Council, the project has established a working group, chosen five pilot court sites, and completed the procurement process to select a software developer. The scope of the grant-funded project covers building a simple, small-scale prototype for the five pilot courts to use during the pilot phase. The pilot courts are located in San Francisco, Santa Clara, Ventura, Shasta, and Tulare.

Governor's Proposal

The Governor's budget includes \$3.4 million General Fund and 7 positions in 2018-19 and \$1.4 million and 7 positions ongoing to design, deploy, and maintain software to adjudicate traffic violations online in designated pilot courts. The online adjudication system would build and expand on the Judicial Council's Price of Justice project.

LAO ASSESSMENT AND RECOMMENDATION
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The Legislative Analyst's Office (LAO) makes the following recommendations:

1. Approve the requested funding but on a limited term basis, specifically \$1.4 million on a four-year limited term basis through 2021-22. This would allow for the pilot to be in operation for a sufficient period of time for the state to assess the pilot.
2. Modify the proposed budget trailer bill language to require each activity to be tested at a minimum of three courts so that the Legislature has sufficient data to assess the impact of each activity that is proposed to be available online. The Legislature could also consider requiring all activities implemented at a minimum of two courts in order to measure the overall impact of all the activities, which would mean the entire traffic violation was resolved online. This would help determine whether there were any unexpected implementation challenges as well as the benefit of fully adjudicating traffic infractions online.
3. Modify the proposed budget trailer legislation to require the Judicial Council to evaluate the proposed pilot and submit a report to the Legislature by December 31, 2021. The evaluation should clearly compare and contrast the pilot program with the existing system, including the costs and benefits of the pilot, how the pilot impacts the total amount of criminal fines and fees assessed, the rate at which individuals complete or stop making payments, the overall impact on the revenue collected, and identify any unexpected obstacles or challenges and suggestions for improvement.

STAFF COMMENTS

According to the Judicial Council, courts offer only limited options for handling traffic matters online. As traffic cases are the highest volume case type, providing more options online would benefit thousands of Californians each year. They further state that the largest potential for impact is with low-income individuals who may be unable to pay all of the fines and fees assessed with their infraction. While this may be a goal of the proposal, the trailer bill language is permissive on whether a pilot court must adopt ability to pay provisions.

Staff notes that California Rule of Court 4.335 currently allows court users to request an ability to pay determination. This Rule requires the defendant to affirmatively take steps in order to receive this consideration but is silent on how an ability to pay determination should be made, which results in varying practices county by county. Further, the existing rule does not adequately address either the critical need of low-income Californians that need reprieve, nor does it address the state's inability to collect approximately \$11 billion in uncollected fines. While the proposed Pilot may create a more convenient system for people to pay their tickets online, it will do little to address the issue of low-income Californians with unpaid tickets.

The Judicial Council states that the permissive nature of the pilot is to provide flexibility to counties so they are more likely to participate in the pilot. Staff notes that this approach will not yield sufficient data for the Legislature to determine the efficacy of the project or measure its impact since each court has the discretion regarding which option or options to pilot.

Staff is in receipt of letters from advocates that state the following concerns and recommendations:

- Online adjudication of traffic court matters is not objectionable, as long as court users have the option of appearing before a judge, should they desire it.
- This proposal may eliminate the ability for a person to request a de novo review of a trial by written declaration.
- A better approach is to have pilot courts test out all the options listed by the Judicial Council but with mandatory provisions for debt relief and monthly payments. A second group of courts could utilize online adjudication but continue to follow existing Rules of Court so that the two approaches can be compared.
- Reduce traffic ticket debt by 80% for all low-income people and limit monthly payments to no more than 5% of income after accounting for the necessities.
- Require courts to reinstate driver's licenses suspended for failure to appear once a person appears and complies with the court.

The Subcommittee may wish to consider amendments to the proposed trailer bill language to maximize the amount of data points for the Legislature to review upon the completion of the pilot and to require pilot courts to adopt a standardized ability to pay function.

Staff Recommendation: Hold Open

ISSUE 3: SELF-HELP CENTER

The Judicial Council will open this issue with a description of the proposal for an ongoing augmentation to support self-represented litigants through self-help centers.

PANELISTS

- Judicial Council
- Department of Finance
- Legislative Analyst's Office
- Public Comment

BACKGROUND

The 2001 Budget Act provided \$832,000 to support pilot projects in five courts to provide comprehensive self-help services. The 2005 Budget Act included \$5 million from the State Trial Court Improvement and Modernization Fund for self-help assistance as a result of the positive outcomes of the pilot projects. The 2007 Budget Act included \$11.2 million in funding to support self-help services, which was approximately 25% of the need identified in a 2005 survey of the courts to operate self-help centers. A 2017 survey indicates that courts would need an additional \$62 million in ongoing funding to provide self-help services based upon the increasing number of self-represented litigants and new statutory requirements that require additional services for self-represented litigants. Currently, the Judicial Council provides a statewide self-help website, the California Courts On-Line Self-Help Center, which has over 1,000 pages of content for self-represented litigants, is fully translated into Spanish, and is used by over 6 million people per year. This type of statewide approach provides savings to courts that can link to the site without having to develop their own resources. However, many legal issues that come to the courts are too complex to be addressed through remote services.

Services for Self-Represented Individuals. Self-represented individuals refers to those who choose to access certain court services without the assistance of legal counsel—typically related to civil matters. This is generally because the individuals cannot afford to hire legal representation. Given their lack of familiarity with statutory requirements and court procedures (such as what forms must be filled out or their legal obligations in the potential case), self-represented individuals can be at a legal disadvantage. In addition, trial court staff spend significantly more time processing a self-represented filing than one with legal representation. For example, incomplete or inaccurate paperwork can lead to having to file paperwork repeatedly, to continue or delay cases, or to generate additional hearings. To help self-represented individuals access the court system, the judicial branch offers or partners with other legal stakeholders (such as county law libraries or the State Bar) to provide various programs or services, including self-help centers.

Services Provided by Self-Help Centers. Each of California's trial courts operates a self-help center which serves as a central location for self-represented individuals to

educate themselves and seek assistance with navigating court procedures. Attorneys and other trained personnel who staff the centers provide services in a variety of ways (such as through one-on-one discussions, courtroom assistance, workshops, and referrals to other legal resources) for a wide range of issue areas. As shown in Figure 9, the Judicial Council reports that self-help centers most commonly offer assistance with family law issues. For example, nearly all self-help centers provide marital dissolution, child custody, and spousal support services. In providing services, an individual self-help center may utilize certain resources and services provided by the Judicial Council on a statewide basis, such as electronic document assembly programs that populate court forms based on self-represented individuals' answers to certain questions. We note self-help centers could also utilize self-help services provided by other governmental, nonprofit, or private organizations as well.

Governor's Proposal

The Governor's budget includes \$19.1 million General Fund in 2018-19 to implement recommendations of the Chief Justice's Commission on the Future of the California Courts regarding self-represented litigants. The funds would be used to expand attorneys and paralegal staff at self-help centers in trial courts. An estimated 1.15 million people could be served with this funding.

LAO ASSESSMENT AND RECOMMENDATION
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The Legislative Analyst's Office provides the following recommendations:

1. Adopt budget trailer bill language that directs the Judicial Council to conduct an independent comprehensive cost-benefit analysis of self-help services by November 2020, which would then allow the Legislature to determine what level of funding for these services is merited, where the funding should be targeted to maximize state benefits, and whether funding allocations need to be adjusted elsewhere to account for savings created by self-help services. The Legislature could also authorize the Judicial Council to deduct the costs of such an analysis from the total amount provided for self-help centers. Such costs should not exceed a few hundred thousand dollars annually.
2. Provide some additional funding on a limited basis until this analysis is completed based on the Legislature's priorities.
3. Approve the proposed budget bill language specifying how much is to be spent on self-help services annually and that unexpended funds will revert to the General Fund.

Staff Recommendation: Hold Open.

ISSUE 4 SPRING FINANCE LETTER: SELF REPRESENTED LITIGANTS E-SERVICES WEB PORTAL

The Judicial Council will open this issue with a description of the proposal for an e-Services Web Portal to support self-represented litigants.

PANELISTS

- Judicial Council
- Department of Finance
- Legislative Analyst's Office
- Public Comment

Governor's Proposal

The Governor's budget includes \$3.2 million and 4 positions for Self-Represented Litigants' e-Services Portal, for litigants without legal representation to allow them to research, e-file, and track non-criminal cases online.

Staff Recommendation: Hold Open.

ISSUE 5: ACCESS TO JUSTICE PROPOSAL

The Subcommittee is in receipt of a proposal to increase access to justice in the courts from Assemblymember Mark Stone.

Assemblymember Mark Stone requests the Subcommittee to consider a proposal to require court reporters in all family court matters and increase the Equal Access Fund and make the previous year's allocation permanent.

Court reporters serve a critical function in court proceedings. Without a transcript of the proceedings, litigants are: (1) unable to appeal decisions; (2) unable to draft orders effectively; and (3) unable to accurately recount what actually happened during proceedings. While there is a strong need for court reporters in all court proceedings, the need for court reporters in family law proceedings is especially critical. Mr. Stone requests that court reports in all family law matters be fully funded.

The Equal Access Fund allows legal aid organizations to provide services and support to the state's poorest residents. To continue to provide this critical legal aid, the Legislature last year provided a two-year, \$10 million augmentation to the Equal Access Fund. In order to provide certainty to legal aid organizations and better support their clients, Mr. Stone requests that last year's two-year \$10 million augmentation be made permanent and that the fund be increased by \$10 million.

Staff Recommendation: Hold Open.

ISSUE 6: JUDICIAL BRANCH CAPITAL OUTLAY PROPOSALS

The Judicial Council will open this issue with a description of the various proposals to replace courthouses throughout the state.

PANELISTS

- Judicial Council
- Department of Finance
- Legislative Analyst's Office
- Public Comment

BACKGROUND

The Trial Court Facilities Act of 2002 shifted ownership and responsibility for maintenance of nearly all trial court facilities from the counties to the state. The Act also gave the Judicial Council the authority to construct future trial court facilities, including the authority to establish priorities to assess proposed projects, select projects to recommend for funding, and select from a range of construction delivery methods. The state has supported trial court construction through the following two accounts:

State Court Facilities Construction Fund (SCFCF). Revenues from certain criminal and civil fines are deposited in SCFCF to finance trial court construction projects and other facility-related expenses. The Judicial Council is required to annually recommend trial court projects to be funded from SCFCF but they are prohibited from committing to any additional expenditures above the amount appropriated in the 2007-08 Budget Act to ensure that sufficient funding would be available to finance already approved projects. Additional expenditures would only be permitted if SCFCF received additional funds capable of supporting new expenditures.

Immediate and Critical Needs Account (ICNA). Chapter 311 of 2008 (SB 1407, Perata) subsequently increased certain criminal and civil fines and fees for deposit into a new court construction account—ICNA. SB 1407 authorized the use of ICNA to finance up to \$5 billion in trial court construction projects and other facility-related expenses, such as the modification of courthouses. It also gave the Judicial Council the responsibility for selecting the specific courthouses that it determined were of “immediate” or “critical” priority need for replacement, generally due to the structural, safety, or capacity shortcomings of the facilities. However, SB 1407 prohibited the Judicial Council from approving projects that could not be fully financed with the fine and fee revenue deposited into ICNA. In total, the Judicial Council initially approved 41 ICNA projects.

The table on the next page shows that a total of nearly \$1.4 billion has been transferred from SCFCF (\$222 million) and ICNA (\$1.2 billion) to other funds since 2009-10. Of the amount, \$550 million was transferred to the General Fund with the remaining \$848 million transferred to the Trial Court Trust Fund (TCTF), which supports trial court operations. Currently, a total of \$55.5 million is redirected annually from these accounts

to the TCTF. These redirections were generally made during the fiscal downturn and were intended to reduce pressures on the General Fund or to offset reductions made to trial court operations. Additionally, both SCFCF and ICNA loaned a total of \$440 million to the General Fund. Of this amount, only a \$90 million loan from ICNA remains and is currently expected to be repaid in 2021-22.

	SCFCF ^a	ICNA ^b	Total
2009-10	\$40.0	—	\$40.0
2010-11	25.0	\$73.4	98.4
2011-12	70.0	453.3	523.3
2012-13	59.5	240.0	299.5
2013-14	5.5	250.0	255.5
2014-15	5.5	10.0	15.5
2015-16	5.5	50.0	55.5
2016-17	5.5	50.0	55.5
2017-18 (estimated)	5.5	50.0	55.5
Totals	\$221.9	\$1,176.7	\$1,398.6

^aAll transfers to the Trial Court Trust Fund (TCTF) except \$40 million in 2009-10 which was transferred to the General Fund.

^bAll transfers to TCTF except \$310.3 million in 2011-12 and \$200 million in 2013-14 which were transferred to the General Fund.

SCFCF = State Court Facilities Construction Fund and ICNA = Immediate and Critical Needs Account.

Source: Legislative Analyst's Office

Governor's Proposal

The Governor's budget includes lease revenue bonds backed from the General Fund to finance the construction of ten trial court projects totaling about \$1.3 billion by 2019-20. These ten projects were originally planned to have been funded from ICNA—nine were placed on hold and one was indefinitely delayed (but received one-time resources for pre-construction activities) due to the decline in ICNA revenues.

As shown in the table on the next page, the Governor's budget proposes selling \$343 million in lease-revenue bonds to finance the construction of 5 projects in 2018-19 and \$972 million to finance the construction of another 5 projects in 2019-20. The annual debt service on these bonds is estimated to total about \$102 million annually for nearly 25 years. Additionally, the Governor's budget proposes \$32.2 million from ICNA for three projects to complete pre-construction design activities so that they can move into construction in 2019-20. According to the administration, the proposal

(1) recognizes that revenue deposits into SCFCF and ICNA are lower than originally expected and are insufficient to support further projects in the near future and (2) seeks to fund those projects that are closest to construction.

Trial Court Construction Projects Funded by Administration's Proposal

(In Millions)

Courthouse Project	Construction		Estimated Debt Service	
	2018-19	2019-20	Annual	Total
Glenn—Renovation and Addition to Willows Courthouse		\$38.3	\$3.2	\$75.9
Imperial—New El Centro Courthouse	\$41.9		3.4	80.9
Riverside—New Indio Juvenile and Family Courthouse	45.3		3.5	83.7
Riverside—New Mid-County Civil Courthouse		75.8	6.1	146.2
Sacramento—New Sacramento County Courthouse		459.8	32.5	780.7
Shasta—New Redding Courthouse	138.8		11.2	267.7
Siskiyou—New Yreka Courthouse	59.2		4.6	109.3
Sonoma—New Santa Rosa Criminal Courthouse		160.7	12.9	310.1
Stanislaus—New Modesto Courthouse		237.2	20.0	479.5
Tuolumne—New Sonora Courthouse	57.7		4.6	111.4
Totals	\$343.0	\$971.9	\$101.9	\$2,445.4

Source: Legislative Analyst's Office

LAO ASSESSMENT AND RECOMMENDATION

The Legislative Analyst's Office (LAO) states that while the Governor's proposal would allow the projects to proceed to construction, it does not address key underlying problems with the state's current trial court construction system. The LAO cites the following significant concerns:

- While the proposed 10 projects are closest to construction, it is unclear whether they are the highest priority.
- Does not provide a long-term solution for the trial court construction program because the proposal is silent on how to address (1) the continued decline in fine and fee revenue deposited into ICNA and SCFCF, (2) insufficient revenue to pay existing debt service for completed projects, and (3) no long term plan for funding future construction projects, including those currently on hold.

In light of these concerns, the LAO makes the following recommendation to address trial court construction:

Overhaul the Existing System. This approach would include eliminating the state's two construction accounts, shifting responsibility for funding trial construction projects to the General Fund, and increasing legislative oversight of funded projects. This would help ensure that those projects that are legislative priorities and have the greatest needs are funded, rather than being constrained by existing declining revenue sources. The key features of our proposed approach include:

1. ***Shift Funding Responsibility for Trial Court Construction to the General Fund.*** Given the instability of the civil and criminal fine and fee revenue deposited into SCFCF and ICNA, we recommend that all current and any future trial court construction projects be funded from the General Fund. This would help ensure that the number of projects approved and completed is determined by the Legislature rather than the amount of revenue available in SCFCF and ICNA. It also would help ensure that the Legislature is fully informed of the potential impact on the General Fund before approving any projects. Additionally, this shift would help ensure that existing debt obligations are addressed. However, this would now require trial court projects to compete with other General Fund priorities—which could mean that no projects move forward in certain years.
2. ***Shift SCFCF and ICNA Revenues to General Fund.*** To partially offset the costs of the debt service shifted to the General Fund, we recommend the Legislature change state law to deposit criminal and civil fines and fees, as well as any other revenue, that would otherwise have been deposited into the SCFCF and ICNA, into the General Fund. We note that, due to legal limitations on the way the revenues can be used, the civil fee revenue may need to be deposited into the TCTF for the support of trial court operations with a corresponding reduction in the total amount of General Fund support transferred to the TCTF.
3. ***Shift Non-construction Related ICNA and SCFCF Expenditures to General Fund.*** In view of our recommendation to shift all SCFCF and ICNA revenues into the General Fund, we also recommend the Legislature appropriate \$159 million annually from the General Fund to maintain funding levels for the non-construction related purposes which currently receive support from SCFCF and/or ICNA. Specifically, we recommend appropriating: (1) \$65 million for facility modification projects, (2) \$55.5 million for the support of trial court operations, and (3) \$38.6 million to support judicial branch facility-related personnel costs and operating expenses. (We note that the amount appropriated for facility modification projects would decrease to \$50 million beginning in 2024-25 due to the expiration of an SCFCF budget augmentation request that was approved as part of the 2014-15 budget.)
4. ***Appropriate Funding for Construction Projects Based on Legislative Priorities.*** Under our alternative approach, the Legislature would determine which specific projects to fund based on its priorities, which may or may not include any of the projects proposed by the Governor. To help the Legislature in its deliberations, we recommend that the Judicial Council be required to reassess trial court facility needs, as project needs may have changed since its last assessment more than a decade ago. This could potentially result in a different

list of projects than currently proposed by the judicial branch. The Legislature could also direct the judicial branch to include certain factors it believes should be considered, such as how much longer the building could potentially last without violating health standards.

Modifying the Governor's Proposal. If the Legislature would like to maintain the existing court construction system, the LAO recommends modifying the Governor's proposal to address some of the concerns they have raised. While the proposed modifications would not provide a long-term solution for all of the issues facing the construction program, they would provide some ongoing improvements. Specifically, the LAO recommends:

1. **Consolidate SCFCF and ICNA.** With both accounts currently projected to become insolvent in the next few years, monitoring a single account is easier to track how much total revenue is available to meet existing obligations and how much General Fund would likely be needed to backfill the decline in revenue. This would also ensure that no new projects move forward unless there is sufficient overall revenue to support them—potentially reducing any General Fund backfill needed in the future. However, this action would not address the overall instability of the fine and fee revenue source.
2. **Appropriate Funding for Trial Court Operations From General Fund Rather Than Construction Accounts.** Terminate the current court construction transfers to support trial court operations—\$5.5 million from SCFCF and \$50 million from ICNA—and instead appropriate \$55.5 million from the General Fund for trial court operations. Revenues deposited into the construction accounts were originally intended for facility-related purposes and were then diverted away due to the recession. Given that the recession is over, it makes sense that construction revenues are no longer used for non-facility related purposes. This action would increase the amount of revenue available for existing facility-related expenditures and would likely delay when General Fund resources are necessary to cover these funds' existing obligations. While this action would maintain trial court operation funding levels, it would increase the overall amount of General Fund support to trial courts.
3. **Provide New Construction Account With \$102 Million General Fund Annually for 25 Years.** As noted above, the Governor's proposal effectively backfills funds that were transferred from the construction accounts that could have been used to construct new projects. As such, the LAO recommends transferring from the General Fund to a consolidated construction account an amount equal to the amount included in the Governor's proposal—\$102 million annually for 25 years—but require the Judicial Council to ensure that all existing debt service obligations (and other non-construction facility-related obligations) are addressed before using the revenue to finance any new projects.
4. **Direct Judicial Branch to Submit Long-Term Fund Condition Statement With Each Construction Funding Request.** In order to ensure that the Legislature has sufficient information to determine whether a proposed project should begin or continue to move forward, the LAO recommends the Legislature

to direct the judicial branch to submit a long-term fund condition statement for the construction account with each construction funding request. This action would require the judicial branch to demonstrate that the fund has sufficient revenues to meet all existing obligations in addition to the new requested project.

5. ***Direct Judicial Council to Reassess Trial Court Facility Needs.*** A reassessment of trial court facility needs would help the Judicial Council determine whether the proposed projects have the greatest needs under the judicial branch's existing system for assessing needs. This updated assessment could also be considered by the Legislature when determining whether to approve subsequent construction budget requests.

STAFF COMMENTS

The Subcommittee may wish to require legislative oversight over court construction projects that are funded under this proposal to determine whether the selected court construction projects and any future court construction projects funded in this manner are the most critical.

Staff Recommendation: Hold Open.
