



# Judicial Council of California

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## M E M O R A N D U M

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**Date**

May 14, 2024

**Action Requested**

For Your Information

**To**

Judicial Officers, Court Administrators, and  
Employees of the Judicial Branch

**Deadline**

N/A

**From**

Shelley Curran  
Administrative Director  
Judicial Council

**Contact**

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**Subject**

2024–25 Judicial Branch Budget:  
May Revision Update

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Additional information regarding the Governor’s May Revision to the fiscal year (FY) 2024–25 State Budget proposal was released today. This memorandum provides a high-level summary of the updated budget for the judicial branch and includes information released on both May 10 and May 14.

Since the release of the Governor’s Budget in January, which identified a \$37.9 billion funding shortfall, state General Fund revenues have not met projections. In April, the Governor and the Legislature approved \$17.3 billion in budget solutions. The Governor now projects a statewide budget shortfall of \$27.6 billion, reflecting an additional shortfall of \$7 billion. To address the increased shortfall, the Governor is proposing further baseline funding reductions throughout state government, including baseline reductions to judicial branch funding.

Under the broad budget framework, state government operations budgets will be reduced by 7.95 percent, ongoing. This represents a \$97 million reduction to the trial courts and a commensurate reduction to the state-level judiciary.

## **Early Action Budget Solutions**

The branch worked diligently this past fall to avoid baseline budget reductions, identifying significant one-time savings to address the budget shortfall. In January, the Governor's Budget included a one-time \$100 million solution package from the branch. This spring, we again engaged the Department of Finance to offer additional one-time solutions.

The \$100 million branch solutions proposed in the January budget were largely enacted by the Legislature and Governor in [Assembly Bill 106](#), the early action budget agreement from April. The efforts of the judicial branch and other state entities to identify savings enabled the Legislature and Governor to significantly reduce the current shortfall.

## **Additional Budget Solutions**

In addition to the reduction in state government operations budgets, there are various other solutions, both one-time and ongoing, from judicial branch funds and programs. The following budget solutions to address the remaining budget gap were released on Friday, May 10 with additional information noted as a May 14 update.

**Unrestricted Trial Court Trust Fund Reserves:** An additional \$25 million of Trial Court Trust Fund reserves will be transferred to the General Fund in the current year. These one-time reserves have accumulated primarily due to judicial officer vacancies.

**Community Assistance, Recovery, and Empowerment (CARE) Act:** The administration proposes to revert \$17.5 million of unspent CARE Act funds in the current year.

*May 14 Update:* Additionally, the administration has lowered the projected number of CARE Act cases based on actual petitions received. As such, the May Revision proposes \$26.5 million General Fund in FY 2024–25 and \$32.9 million ongoing for CARE Act implementation and program support for the trial courts, exclusive of legal representation. This represents a reduction of \$26.2 million in 2024–25 and \$33.1 million ongoing as compared to the Governor's Budget.

**Court Reporter Funding:** The May Revision proposes the reversion of \$16 million of current-year savings.

*May 14 Update:* Additionally, the administration proposes an ongoing \$10 million reduction to the \$30 million currently budgeted.

**Court Interpreter Employment Grant and Workforce Pilot Programs:** A current-year reversion of \$20.4 million from unspent one-time grant funds.

**Judicial Council Operational Funding:** A current-year reversion of \$5 million from the Judicial Council's operational budget.

### **Context of Reductions**

Clearly, these reductions will impact the branch's ability to provide critical programs and services. However, this level of reduction to the courts is less than reductions in the past:

- In FY 2013–14, the judicial branch had a net reduction of \$201 million when the total budget for state trial court funding was approximately \$2.4 billion.
- The 2020 Budget Act reflected a net General Fund reduction for the branch of \$117.8 million, and state trial court funding was \$3.1 billion.

The proposed reduction of \$97 million for the trial courts comes at a time when state trial court funding is nearly \$4 billion.

The May Revision maintains the following budget items for the judicial branch:

- (1) Increase the trial court fund balance cap from 3 percent to 5 percent to ensure trial courts have adequate reserve funding to support operational needs and address emergency expenditures;
- (2) Maintain backfill funding for declining fines, fees, and penalty revenues that support trial court operations;
- (3) Provide resources for self-represented litigants; and
- (4) Support courthouse construction and facility operations and maintenance, including backfill for the State Court Facilities Construction Fund to support essential trial court facilities projects and ensure solvency of the fund.

### **Other Funding Modifications Released on May 14**

**Trial Court Trust Fund Revenue Backfill:** \$37.3 million General Fund backfill for the Trial Court Trust Fund to address the continued decline in civil fee and criminal fine and penalty revenues expected in 2024–25. This is lower than the Governor's January budget proposal by \$45.8 million due to increased civil filing revenue.

**State Court Facilities Construction Fund Backfill:** \$40 million General Fund backfill to address the structural deficit in the State Court Facilities Construction Fund, maintain existing service levels for trial court facilities projects, and ensure an adequate fund balance. This is lower than the Governor's January budget proposal by \$40 million based on updated revenue projections.

**Trial Court Employee Costs:** \$36.6 million ongoing General Fund for increased trial court employee health benefits and retirement costs. This is higher than the Governor's January budget proposal by \$20.8 million based on updated benefit and retirement costs reported by the trial courts. The administration is also budgeting \$23.4 million in the current year to address cost changes in 2023–24.

**Compensation for Judicial Officers:** \$14.8 million General Fund to address judicial officer compensation costs that were not included in the Governor's Budget.

**New Santa Rosa Courthouse Augmentation:** \$11.5 million Public Buildings Construction Fund for increased costs for the construction phase of the new Santa Rosa Courthouse in Sonoma County.

**Keeping Children Safe from Family Violence Act:** \$1.1 million ongoing General Fund and four positions to implement Senate Bill 331 (Stats. 2023, ch. 865), which requires the establishment of new ongoing judicial training programs for individuals, including judicial officers and court staff, who perform duties in domestic violence and child custody matters.

**Firearms Relinquishment Reversion:** The administration has updated its proposed reversion of these unspent funds from \$20 million to \$18.6 million to reflect the amount of available funds for reversion.

**Reappropriation of AB 716 Funds:** The May Revision proposes to reappropriate \$5.1 million of unspent funds related to the implementation of AB 716 (Stats. 2021, ch. 526), which requires the upgrade of courtroom audio technology to allow for remote access to all courtroom proceedings.

**Extend Liquidation Period for Deferred Maintenance Funds:** The May Revision proposes to extend the liquidation period for \$8.2 million of deferred maintenance funds from prior years to ensure the projects can be completed.

All other Governor's Budget proposals for the judicial branch remain unchanged in the May Revision.

### **Next Steps on Judicial Branch Budget**

The May Revision initiates the final phase of the state's budget development cycle for FY 2024–25 that begins on July 1, 2024. The next few weeks will include further discussions with the administration, legislative hearings, and an intensive period of legislative activity to pass a balanced budget by the June 15 constitutional deadline. The Governor's proposed 2024–25 budget may be reviewed at: <https://ebudget.ca.gov/>.