

**Trial Court Budget Commission
Meeting Minutes
June 26, 2009**



Attendance - Members Present

The Honorable Belvin Perry, Jr., Chair
The Honorable Catherine Brunson
The Honorable Joseph Farina
The Honorable John Laurent
The Honorable Mark Mahon
The Honorable Wayne Miller
The Honorable Robert Morris
The Honorable Judy Pittman
The Honorable Robert Roundtree

The Honorable Clayton Simmons
The Honorable Margaret Steinbeck
The Honorable Patricia Thomas
Mr. Mike Bridenback
Mr. Ruben Carrerou
Mr. Tom Genung
Mr. Walt Smith
Mr. Mark Weinberg
Ms. Robin Wright

Attendance - Members Absent

The Honorable Charles Francis, Vice Chair
The Honorable Paul Bryan
The Honorable Alice Blackwell

The Honorable Carroll Kelly
The Honorable Susan Schaeffer
Ms. Carol Ortman

Welcome and Approval of 02/10/09, 04/17/09 and 05/15/09 Minutes

Judge Perry called the Trial Court Budget Commission (TCBC) meeting to order at 8:30 a.m., welcomed the members, and the roll was called. He also recognized the guests in attendance. He also welcomed Chief Judge Simmons of the 18th Circuit as the newest member of the TCBC. Judge Perry gave special thanks to Judge Robert Morris who was attending his last TCBC meeting as a member, due to his appointment to the Second District Court of Appeal. Judge Farina introduced Joel Brown, the Chief Judge-Elect of the Eleventh Circuit. A motion was made by Judge Mahon to adopt the February 10, 2009, April 17, 2009, and May 15, 2009 meeting minutes. Judge Morris seconded and the motion was passed without objection.

Request for Operating Capital Outlay (OCO) Allocation

Judge Perry provided a review of a request from the 11th Circuit to access the OCO Reserve and reported that the circuit requests \$11,387 to replace judicial furnishings that are in disrepair. The request was reviewed and approved by the Executive Committee. Judge Roundtree made a motion, seconded by Judge Morris to approve the request. The motion passed without objection.

Retrospective of 2009 Legislative Session

Judge Perry stated that the Trial Courts have lost significant amount of budget and staff over the past two years. Staff has labored through those two years amid a hiring freeze and the courts have had to do more with fewer resources. The TCBC had to deal with a budget that has not been adequate since Revision 7. During the past legislative session, fees were increased but access to the judicial system was lacking. Caseloads/workloads increased and resources decreased. These changes were of great concern to Chief Justice Quince. The Seven Principles for Stabilizing Court Funding guided the state courts through the 2009 Legislative Session.

Overview of Progress on Seven Principles for Stabilizing Court Funding

Judge Perry briefly reviewed each of the Seven Principles for Stabilizing Court Funding. He recognized Lisa Goodner and the staff at OSCA who worked day and night to provide support. OSCA staff provided the backup that the TCBC needed to deliver the message. He also thanked the members who had to travel to Tallahassee during the legislative session and often back to the office when they returned home on weekends.

Judge Perry stated that the purpose of the Seven Principles is to obtain adequate funding for the courts. At some point, everyone will have to come together to ensure the courts and the clerks of court are adequately funded and work towards one system that speaks with one voice, not 67 individual systems. The victory of the 2009 Legislative Session was that there were no additional budget cuts. However, the State Courts Revenue Trust Fund revenues are totally untested.

Judge Perry reported that the Executive Committee discussed lifting the hiring freeze with the caveat that revenues may or may not be there. Circuits have been suffering throughout the state. The Executive Committee will meet again in August to review revenue receipts. In April, the revenues were short \$600,000. In May and June the revenues were short \$1.1 M. Judge Perry stated that many more difficult days lie ahead; however, the courts are blessed with chief judges who have stepped up to the plate and worked with the TCBC. He asked the members to thank their judges and staff for the work that they do. He also asked that the members work hand in hand with their clerks of court.

Status of FY 2008-09 Budget

Salary Budgets

Dorothy Wilson provided a review of the trial court payroll projections as of May 31, 2009 and reported that for General Revenue, after applying salary lapse, leave payout and the coverage of April and May SCRTF payroll, the payroll liability was \$844,244 under the circuit court salary appropriation. The payroll liability was \$385,715 under the county court salary appropriation. The liability under the circuit and county courts salary appropriation will be used to cover the June SCRTF payroll and any supplemental payroll and leave payouts. As identified in the action

plan, unobligated General Revenue funds were identified and a budget amendment was processed to transfer the funds necessary to cover the SCRTF payroll through June.

Operating Budgets

Ms. Wilson provided a status of the trial court operating budgets as of May 31, 2009. Average spending rates by May should be about 91% of total budget while the actual spending rates are considerably lower. The actual spending rates will increase considerably in June as contracts come due and purchases are made for equipment needs.

Due Process Budgets

Dorothy Wilson provided a status of the due process budgets as of May 31, 2009.

Approximately \$4.4 million or 80% has been expended in the Expert Witness element. The appropriation is expected to be fully expended with two months remaining and certified forward charges being reflective of one month's worth of expenditures. A review of Court Reporting element expenditures prior to this meeting reflected that 90% of the appropriation has been expended, which confirms that circuits are executing their year-end spending plans. The appropriation for the Court Interpreting element was 79% expended. Judge Perry reminded members that due process expenditures are volatile costs and that the old Indigent Services Committee (ISC) orders are still in place and the courts have been working to set flat fees for uniformity around the state.

Trust Fund Cash Statements

Charlotte Jerrett reported on this agenda item stating that monitoring Mediation Arbitration Trust Fund (MATF) cash statements has become increasingly more important. The legislature authorized the courts to access \$7 million of MATF cash for use towards the State Courts Revenue Trust Fund (SCRTF) revenue shortfall. Ms. Jerrett noted that one more payroll remains to be covered for this fiscal year. The Operating Trust Fund's (OTF) \$2.6 million balance is sufficient to cover the obligation in that fund. The SCRTF has \$1 million to cover a \$3.3 million payroll. As of June 18, 2009, the cash balances were as follows:

Mediation Arbitration Trust Fund	10,438,296
Operating Trust Fund	2,599,271
State Courts Revenue Trust Fund	1,057,421

FY 2009-10 Budget Allotments

Judge Perry stated that during the FY 2009-10 Legislative Budget Request process, the trial courts did not request any new positions, enhancements, or salary increases.

Due Process Elements

Operating Categories

Dorothy Wilson provided a review of the operating category allotments and reported that the allotments are identical to the FY 2008-09 beginning allotments, which were adjusted with a 4% hold back in anticipation of the legislative reductions taken during FY 2008-09. She noted that allotments were not adjusted for transfers and budget amendments, which are temporary budget actions. Ms. Wilson also reviewed the allocation history from Revision 7 to legislative actions including the permanent transfer of funds from the Expenses category to the Contracted Services category for items such as copier maintenance, DHL/FED EX shipping, etc. The Executive Committee recommended approval of the allotments. Judge Steinbeck made a motion to approve the operating category allotments as presented. Ruben Carrerou seconded and the motion passed without objection.

Cost Recovery

Dorothy Wilson reported that for FY 2009-10, the \$600,000 formerly appropriated in the State-Funded Services Cost Recovery category (105425) was combined in the General Appropriations Act (SB 2600) to the Due Process category (105420) for a total of \$1,104,930 trust authority in the Due Process category. The circuits collect and keep the funds for due process needs. Two options were presented for FY 2009-10 allotments:

Option One: Allot the Due Process category appropriation based on each circuit's pro rata share of FY 2008-09 revenue collections as of April 30, 2009.

Option Two: Allot the Due Process category appropriation based on each circuit's pro rata share of FY 2008-09 cumulative revenue, that is, cash carried forward from FY 2007-08 plus FY 2008-09 revenue collections as of April 30, 2009.

Ms. Wilson noted that only budget authority is allotted. More cash is available but the courts can only spend the amount the legislature has approved (budget authority). The Executive Committee recommended approval of Option 2. Judge Brunson made a motion, seconded by Judge Roundtree to approve Option 2. The motion was approved without objection.

Ms. Wilson presented a policy consideration for the members. Since category 105425 was eliminated in the General Appropriations Act for FY 2009-10, should circuits be allowed to use category 105420, only in the Cost Recovery cost center (267), for any type of due process expenditure, e.g., custody evaluations, court reporting equipment, etc.? That is, should the limitation of expenditures to contractual due process services and maintenance in the 105420 category be lifted for that category in the Cost Recovery cost center only? The Executive Committee made the recommendation to lift spending limitations on the Cost Recovery cost center only, with a reminder regarding the purchase of equipment with recurring maintenance costs. Judge Roundtree made a motion, seconded by Ruben Carrerou, to lift the limitations of

expenditures in the 105420 category for the Cost Recovery cost center (267) only. The motion passed without objection.

Expert Witness

Sharon Buckingham reported on this agenda item stating that for FY 2008-09, expert witnesses were funded through both general revenue (cost center 127) and trust (cost center 267 from due process cost recovery). Beginning on July 1, 2009, the expert witness element may still be funded using trust fund revenues from cost recovery, however, resources that were formerly funded by general revenue will now be funded through the State Courts Revenue Trust Fund (SCRTF). The Funding Methodology Committee made the following recommendations to:

- Use the same methodology as two years ago (prior to cuts), place 5% (\$323,888) of the total statewide FY 2009-10 allotment in reserve.
- Allocate the remaining contractual authority based on each circuit's percent of FY 2008-09 annualized expenditures.
- Update the existing custody evaluation policy to prohibit the use of SCRTF revenues to perform custody evaluations. However, circuits would still be permitted to use due process cost recovery funds to perform custody evaluations.

Judge Roundtree made a motion to approve the Funding Methodology Committee's recommendation. Judge Brunson seconded, and the motion was approved without objection.

Court Interpreting

Sharon Buckingham provided a review of the court interpreting element. Beginning July 1, 2009, the court interpreting element will still be funded using trust fund revenues from cost recovery and cost sharing, however, resources that were formerly general revenue funded will now be funded through the State Courts Revenue Trust Fund (SCRTF). The total statewide SCRTF contractual authority allotment for court interpreting is \$3,369,915. The Funding Methodology Committee made the recommendation to use the same methodology as two years ago (prior to cuts), allocate contractual authority per each circuit's FY 2008-09 annualized expenditures with one-year growth rate applied (based on projected growth in non-English speaking population), and to place the remaining \$118,531 balance in reserve. The Executive Committee approved the Funding Methodology Committee's recommendation. Judge Roundtree made a motion, seconded by Judge Pittman to approve the Funding Methodology Committee's recommendation. The motion passed without objection.

Ms. Buckingham noted that the Commission on Trial Court Performance and Accountability approved the establishment of a workgroup to develop best practices and standards of operation for court interpreting services and may have future policy considerations for the TCBC.

Court Reporting

Ms. Buckingham provided a review of the court reporting allocation stating that the funding methodology was adjusted during the development of the needs assessment for the Court Funding Stabilization Initiative. The new funding methodology established a funding ceiling applied to all recurring dollars budgeted for each circuit. The ceiling is calculated using \$50 per steno/real-time hour, \$25 per digital/analog hour, and \$7 per transcript page (using projected FY 2009-10 Uniform Data Reporting System figures). The goal of this formula was to tie funding allocations to actual workload data and the actual cost of providing services. The Funding Methodology Committee will look at the ceiling calculation more closely during the legislative budget request process.

Court reporting has been historically funded through both general revenue (CC 128 & CC 129) and trust (CC 267 from cost recovery mainly from transcription and media copy services and CC 729 from cost sharing with the public defender, state attorney, and Justice Administrative Commission). This element will still be funded using trust fund revenues from cost recovery and cost sharing and beginning July 1, 2009, resources that were formerly general revenue funded will now be funded through the State Courts Revenue Trust Fund (SCRTF). The total statewide budget authority allotment for court reporting due process contractual services in CC 128 and CC 129 is \$10,114,587.

The Funding Methodology Committee made the recommendation to allocate due process contractual services authority in CC 128 and CC 129 based on annualized FY 2008-09 expenditures with a 7% cushion applied (based on the projected increase in UDR events from FY 2008-09 to FY 2009-10), and to place the \$686,930 balance in the statewide reserve. The Executive Committee approved the recommendation. Judge Brunson made the motion to approve the Funding Methodology Committee's recommendation. Judge Roundtree seconded and the motion was passed without objection.

Adjudication and Governance Elements – Operating Categories

Expenses and Contracted Services

Dorothy Wilson provided a review of the Expenses and Contractual Services allotments for the adjudication and governance elements which include: Court Administration, Circuit Judges and Judicial Assistants, County Judges and Judicial Assistants, Case Management, Magistrates, Drug Court, Post-Conviction Law Clerks, Trial Court Law Clerks, and Mediation. Ms. Wilson reported that the allotments are identical to the FY 2008-09 beginning allotments, which were adjusted with a 4% hold back in anticipation of the legislative reductions taken during FY 2008-09. She noted that allotments were not adjusted for transfers and budget amendments, which are temporary budget actions. Any FTE's that were lost to Reduction in Force (RIF) actions were noted on the allotment charts. The Executive Committee approved the allocations. Judge Brunson made the motion to approve the Expenses and Contractual Services allotments as presented. Judge Roundtree seconded and the motion passed without objection.

Operating Capital Outlay (OCO)

Dorothy Wilson stated that due to the limited OCO resources for FY 2008-09, the funds were pooled in a statewide account. Two options were presented for the allocation of the OCO appropriation of \$286,883 for FY 2009-10.

Option One: Allot funding based on a pro rata share of the FY 2009-10 OCO appropriation. Base each circuit's pro rata share on their total beginning FY 2008-09 OCO allotments, i.e., the sum of the OCO allotted in all cost centers, prior to any holdbacks and the pooling of those funds. The allotments would be placed in each circuit's Court Administration cost center.

Option Two: Maintain the FY 2009-10 OCO appropriations in a pooled account. As throughout FY 2008-09, distribute the funds based on need and justification; giving priority to new courthouse needs versus furniture replacement.

The Funding Methodology Committee made the recommendation to approve Option 1. The Executive Committee approved Option 1 with a change to bring the 3rd Circuit's OCO amount up to \$1,000. The 9th and 11th Circuits offered the difference from their circuit's allocations. Judge Roundtree, seconded by Judge Brunson, made the motion to approve Option 1 as amended by the Executive Committee. The motion passed without objection.

Reserve and Statewide Expense Allocations

Dorothy Wilson provided a review of the proposed allocation chart and comparison from FY 2008-09. The Executive Committee made the recommendation to approve the allocations. Judge Pittman made the motion to approve the reserve and statewide expense allocations as presented. Judge Roundtree seconded and the motion was passed without objection.

ADR/Mediation

Sharon Buckingham reported on this agenda item stating that in August 2008, the TCP&A approved a report for submission to the Supreme Court which included a comprehensive examination of the existing ADR/Mediation funding model and a recommendation for what the TCP&A believed to be a more meaningful calculation for establishing a ceiling cost for services. The new funding formula factors in actual workload and a standard cost for providing services while also encouraging growth in services across all applicable case types and counties in a circuit. The new methodology was approved by the TCBC in October 2008 when developing the needs assessment for the Court Funding Stabilization Initiative.

The circuit level FY 2009-10 Mediation/ Arbitration Trust Fund (MATF) authority allocations need to be determined for mediation/arbitration contractual services. The total statewide contractual authority appropriation is \$3,307,332. The Funding Methodology Committee made the recommendation to allocate the mediation/arbitration contractual services authority based on annualized FY 2008-09 expenditures with a 7% cushion applied (based on the projected

increase in UDR events from FY 2008-09 to FY 2009-10) as long as the allotment does not cause a circuit to exceed the ceiling calculation, and to place the \$554,504 balance in the statewide reserve.

The Executive Committee made the recommendation to hold circuits harmless for the first year of the transition and to use the FY 2008-09 estimated contractual expenditures for the allocation and asked the Funding Methodology Committee review the multi-county modifier. Ms. Buckingham stated that some circuits may be under-reporting and asked that circuits go back and do their own review of their UDR data, which was highly encourage by the Executive Committee. Kris Slayden noted that OSCA staff are available to provide training to circuit staff responsible for data reporting.

Judge Roundtree made a motion, seconded by Judge Morris, to approve the Executive Committee recommendation, and allocate the Mediation/Arbitration services contractual authority based on FY 2008-09 estimated contractual expenditures. The motion passed without objection.

Ms. Buckingham reported that due to changes in methodology and the addition of the new SCRTF, the TCP&A proposed a new policy and updated previously approved policies for the TCBC's consideration as follows:

- New – Funding Allocations shall take the total need for funding into consideration in order to bring uniformity and equity to the level of services provided across the trial courts and should not be based solely on the individual collections of each circuit.
- Update – Additional resources requested by the circuits during the Legislative Budget Request process shall be requested to optimize coverage for all counties in a circuit and coverage of all appropriate case types under the Mediation Model.
- Update – Additional resources requested by the circuits during the Legislative Budget Request process shall be prioritized for those ADR/mediation functions permitted under the Mediation Model.
- Update – Positions allotted to the ADR/Mediation element shall primarily perform Mediation Model functions; however, these positions shall not be prohibited from performing other ADR functions (except service delivery) in addition to their primary responsibilities.
- Update – Expenditures from the ADR/Mediation element shall be limited to expenses associated with the ADR/Mediation element.
- Eliminate – Requests for additional general revenue should be minimized by maximizing the use of cost recovery (within the amount allowed under the model).

Mike Bridenback made a motion, to approve the TCP&A policy recommendations. Judge Roundtree seconded, and the motion passed without objection.

Senior Judge Days

Greg Youchock reported that during FY 2007-08, the total senior judge compensation appropriation of \$2,664,927 was reduced by \$198,684. For FY 2008-09, the TCBC approved a 4% holdback and an additional \$236,759 holdback to be used towards offsetting the statewide 4% salary reduction. The appropriation was shifted to the SCRTF and the total statewide budget authority for senior judge compensation is \$2,130,834 (6,087 days).

The Funding Methodology Committee made the recommendation to use the same funding methodology from last fiscal year. Maintain the \$350 per day rate and 100 day reserve. Allot days using a proportional distribution based on judicial need calculated during the FY 2009-10 certification process applied to the total number of available senior judge days. The Executive Committee approved the Funding Methodology Committee's recommendation. Judge Brunson, seconded by Judge Morris, made the motion to approve the Funding Methodology Committee's recommendation. The motion passed without objection.

Civil Traffic Hearing Officers

Judge Perry reviewed the civil traffic infraction hearing officer allocation history and reported that the budget was \$2.3 million for the last several years and after budget reductions in FY 2007-08, the remaining appropriation was \$1,339,864, which was held back in FY 2008-09 for use toward the potential statewide 4% salary reduction. In February 2009, the held funds were not taken in the reduction and were allotted for 5 months based on each circuit's requested need amount. The appropriation will not be enough to get through year end and this hurts the courts, clerks, and municipalities. The courts will need to find alternative sources to cover the gap.

Prior to FY 2008-09, the methodology used to allocate civil traffic funds was based on a threshold of \$7,299 per county judge. In light of recent budget reductions, the TCBC Executive Committee requested the OSCA staff review historical expenditures as a possible alternative for allocations. Judge Morris expressed concern that circuits who receive resources from counties will show less state expenditure experience. Mike Bridenback added that three more months of county funds are available for some circuits and inquired how that may impact the data. Judge Perry stated that additional time is needed to figure out the best solution and recommended formulating a permanent plan in August.

The resources were formerly general revenue funded and are now funded through the State Courts Revenue Trust Fund. The total statewide SCRTF contractual authority is \$1,339,864. Judge Roundtree made a motion to allocate six months only based on half of FY 2006-07 expenditures and revisit the issue in August. Judge Brunson seconded and the motion passed without objection.

Additional Compensation for County Judges

Judge Perry reported that during FY 2008-09, the appropriation and the statutory authority to provide additional compensation to county judges was completely eliminated by the legislature. For FY 2009-10, the legislature appropriated \$75,000 in spending authority from the State Courts Revenue Trust Fund (SCRTF) for additional compensation for county judges. The hourly pay differential is \$3.79. The legislature amended section 26.57 to provide statutory authority to provide additional compensation to county judges if funds are specifically appropriated by law for such purpose. The following options were reviewed for the members' consideration:

Option One: Pool the \$75,000 in authority at the state level and allow circuits to access this authority on a first come, first served basis.

Option Two: Allocate authority based on each circuit's percent of FY 2007-08 expenditures applied to the total \$75,000 appropriations.

The Funding Methodology Committee made the recommendation to pool the \$75,000 in authority at the state level and allow circuits to access this authority on a first come, first served basis. The Executive Committee approved the Funding Methodology Committee recommendation. However, if a decision has to be made to pay regular salaries and paying extras, the regular salaries will be paid first. The Executive Committee recommends avoiding the expenditure or use for judge efficiency in rural counties where no circuit judge is available.

Judge Steinbeck expressed concern over the first come, first served method and suggested the commission establish an expectation and priorities for the use of the funds. Judge Farina stated that the county judges lobbied for these funds and the dollars should be available to them now. Judge Steinbeck made the motion to approve Option 1, amended to make \$25,000 available as first come, first served and the remainder placed in reserve until other options are developed and proposed at the August meeting. Judge Roundtree seconded and the motion passed without objection. Judge Perry asked the Conference of County Court Judges to recommend allocation methodologies for the August meeting. Judge Laurent reminded the members that the \$75,000 appropriation is authority in the trust fund. If the payroll is short, the TCBC may use this authority first for a payroll shortfall. Judge Perry also reminded the members of their duty to share information from the TCBC meetings with the judges in their respective circuit. Also, if revenues are not collected, no funds are available to spend. If the payroll is even \$1 short, the entire payroll will not run.

American Recovery & Reinvestment Act: Drug Court Expansion – Status Update

Charlotte Jerrett briefed the members on the status of the drug court expansion and reported that the goal of the drug court expansion plan is to divert drug offenders to programs instead of prison, resulting in a 5-to-1 return on an investment of \$20.8 M. Funds were appropriated over

two fiscal years and are non-recurring. OSCA staff have been working with other stakeholders to formulate a plan for the drug court expansion and is almost complete. Targeted offenders and targeted counties were reviewed. Specific appropriations were also included to fund administration and data collection and will be utilized to develop an automated data collection and reporting system. The reporting system design and development will require a phase-in approach and the goal is to have a fully web-based data collection and reporting application available statewide within six months of program implementation.

Recommendations for FY 2009-10 Budget and Pay Policies

Impact of the Governor's Veto of the 2% Pay Reduction for Employees Making Over \$45,000

Judge Perry stated that the Governor vetoed the 2% salary reduction for staff that was approved by the legislature; however, the salary dollars were not restored. The Governor was not able to veto the 2% salary reduction for judges as their salaries are set as a line item and if vetoed, the entire salary appropriation would be gone and there would be no authority to pay judges.

Dorothy Wilson added that staff reviewed the trust funds to identify the impact of the reduction to budget authority. The State Courts Revenue Trust Fund cannot withstand the cut and the funds would need to be restored. OSCA staff prepared a budget amendment for submittal to the Legislative Budget Commission (LBC) for restoration of funds. During a pre-meeting with LBC staff, OSCA staff explained the impact of furloughs or layoffs to 1,013 non-judge employees if the funds are not restored. Legislative staff asked court system to withdrawal the budget amendment to address the insufficient budget authority issue in some other way than through an LBC budget amendment. The State Courts System subsequently withdrew the budget amendment but indicated the court system's intention to get the funding authority restored through some mechanism before the end of the 2009-10 fiscal year to avoid further reductions in court operations.

Issues in Managing the State Courts Revenue Trust Fund (SCRTF)

Revenue Projections and Reporting

Kris Slayden reported on this item stating that during 2009 Special Session A and 2009 Regular Session, the legislature created the SCRTF and identified dedicated funding sources from fines and filing fees to fund the judicial branch. For FY 2009-10, the State Courts System is 70% funded through revenue collected by the clerks of court from fines and filing fees. The remainder is funded from the state General Revenue (GR) fund. All staff, contractual and expense categories and some judges are now funded from the revenue collected in the SCRTF.

The courts need to make sure that all revenue earmarked for the judicial branch is captured and forwarded to the SCRTF. Implementing language in Senate Bill 2802 states that if revenues

come in lower than projected by the legislature, it should be documented how much and why so that a loan can be requested. An issue is that the majority of these revenue sources are new and have no historical data. In addition, there may be errors in what is being directed to the SCRTF due to the complexities of setting up the remittances for the new revenue streams. The courts must work with the clerks to make sure revenue collections are reported accurately.

Ms. Slayden reviewed the FY 2008-09 detail of revenue collections, which showed that the revenues were lower than projected by the legislature. Also reviewed were revenue remittance data and inconsistencies in reporting. For FY 2009-10, the need for tracking revenue collections becomes more important as the amount of trust funded revenue projected to fund the court system increased from \$38 million to almost \$280 million. The projected revenue for FY 2009-10 was revised downward for issues that affected FY 2008-09 revenues and for a reduction of \$1.8 million created by a provision in Senate Bill 2108 which directs 10% of all fine revenue to the clerks of courts' Records Modernization Trust Fund, which was not included in the original estimate. Ms. Slayden reviewed projected revenue for FY 2009-10, which is only 95% of the projected amount determined by the legislature during 2009 Special Session A and 2009 Regular Session. This three percent shortfall is due solely to the anticipated reduction in fine revenue. The following recommendations were reported to the members:

- The TCBC should officially communicate to the chief judges about the need to work with their clerks to ensure accurate collection and remittance of revenue to the State courts Revenue Trust Fund.
- The OSCA will continue to monitor the revenue, provide information to the chief judges and trial court administrators and work with the Revenue Estimating Conference to ensure that the judicial branch has adequate revenue in its trust fund to cover its obligations.
- The OSCA will continue to provide updates on the comparison of revenue projections to actual collections and will notify the Commission if problems arise. In addition, it will be brought to the Commission's attention if/when additional revenue sources are needed to generate adequate revenue to fund the judicial branch.

Charlotte Jerrett reported on the operational issues with trust fund cash management. A difference in operations of general revenue (GR) funded to trust funded is that 25% of GR appropriations are released each quarter. For trust funds, the Chief Financial Officer (CFO) may authorize payment only upon determining that there is sufficient cash and releases available. SCRTF revenues came in at approximately 34.9% less than projected for FY 2008-09. This trust fund will have little to no cash balance on July 1, 2009 when over 70% of the budget is transferred. Ms. Jerrett reviewed two issues that will impact the SCRTF for FY 2009-10.

- Statutes provide that the clerk of court remit revenues collected during the prior month due to the state on or before the 20th day of each month. Expenditures necessary for court operations begin on the first day of the month and continue throughout the

month. July will be the most problematic. It will take several months to allow for the building up of cash balances from the new fee collections. The legislature has provided authority for a one-time transfer of \$7 million cash from the Mediation Arbitration Trust Fund, to help alleviate immediate problems with cash flows.

- Current projections indicate that revenues will not come in as projected. SB 2602 allows the Chief Justice to request a loan from the General Revenue fund if at any time during the year it is estimated by the Revenue Estimating Conference that the revenue will come in lower than 98% of the projected revenue amount.

Ms. Jerrett presented the members with policy considerations for budget and expenditure restrictions. The Executive Committee did not recommend further restrictions at this time.

Implementing SB 2602, Section 6 and SB 2600, Section 16

Ms. Jerrett reviewed SB 2602, Section 6 regarding the implementation requirements of a loan from the General Revenue Fund. She also reviewed SB 2600, Section 16 regarding the authorization to transfer up to \$7 million from unobligated cash in the Mediation and Arbitration Trust Fund (MATF) to satisfy outstanding obligations through June 30, 2009, in the State Courts Revenue Trust Fund. The Executive Committee made the recommendation to transfer \$3.5 million from the MATF to the SCRTF, be pro-rated to all budget entities to provide starting cash as of July 1, 2009. Judge Roundtree made a motion to approve the Executive Committee recommendation. Ruben Carrerou seconded and the motion passed without objection. OSCA staff will work very closely with the Budget Management Committee.

Hiring and Travel Freezes

Charlotte Jerrett briefed the members on Section 58 of the FY 2009-10 General Appropriations Act which imposes travel restrictions for state agencies. The judicial branch has self-imposed similar travel restrictions that have been in place for some time. The OSCA General Counsel has advised that the judicial branch is not subject to these restrictions. The Executive Committee made the recommendation to leave current travel restrictions in place to be consistent with the state agencies. Judge Roundtree made a motion, seconded by Judge Steinbeck, to recommend to the Chief Justice to keep current travel restrictions in place.

The review of hiring restrictions was deferred until the August 2009 meeting.

Budget and Pay Administration

The Budget and Pay Administration Memorandum recommendation to the Chief Justice was tabled due to issues regarding the salary budget and will be taken up at the August meeting.

FY 2010-11 Legislative Budget Request

Last year, the TCBC set priorities for funding requests. The Executive Committee made the recommendation that for FY 2010-11, the TCBC request input from the circuits before funding priorities are established. Judge Perry asked that circuits review their needs assessment and identify any changes.

Legislative Budget Request Timeline

Dorothy Wilson reviewed the timeline for the legislative budget request noting that the joint meeting of budget leadership is scheduled for September 14, 2009. This meeting provides an opportunity for leadership of all budget entities within the judicial branch to gain understanding of the budget request issues for the branch as a whole.

Funding Stabilization Initiative Needs Assessment

Judge Laurent stated that court system requires stable funding for the long term. He reviewed the needs assessment and overall issues to consider for the development of the FY 2010-11 legislative budget request.

Other Funding Priorities

Judge Perry asked the members to identify any other funding priorities.

Adjournment

Judge Perry thanked Chief Justice Quince (who came into the meeting as it was proceeding) for her steady leadership, guidance, and support during this very difficult time. He added that the Chief Justice cares deeply about the rule of law and the people who work in the court system.

Chief Justice Quince expressed her appreciation for the members' thoughtful consideration in making their decisions. It is a very difficult time for the branch and she offered her support, along with the other justices. The difficulties belong to the entire judicial system, not just one budget entity. She is thankful to the legislature for creating the new trust fund during the special session and stated that as time goes by, we'll find the trust fund is a much better system. Chief Justice Quince would like to see revenues from fines eliminated from the trust fund, and pay issues funded to address people not wanting to work for the branch because of low pay. She thanked the members for their task to allocate limited resources, which is not an easy task. She also thanked Judge Perry and asked that members relay meeting information to judges in their circuit to keep them informed.

The next meeting is scheduled for August 18, 2009. With no other business before the commission, Judge Perry adjourned the meeting at 1:15 P.M.