

MOE Funding Mechanisms

Issue:

In 1997 with the passage of the Trial Court Funding Act, the idea was to shift the counties financial responsibility for trial courts to the state. The goal was to ensure that adequate funding would be available for each county allowing all citizens equal access to our courts statewide. The twenty smallest counties plus another eighteen mid-sized counties were provided 100% relief while the other twenty counties were given the ability to raise various fees to ensure that they could off-set what is known as the Maintenance of Effort (MOE). Originally, the smallest twenty counties were exempted from the MOE were chosen as part of a budget deal in order to obtain sufficient votes to pass the legislation.

Twenty counties continue to have to comply with the MOE from 1997. The intention had been to gradually, over time, relieve the other counties from the MOE. Unfortunately, with the state's general fund deficits, they have been unsuccessful at achieving that intended goal. That leaves twenty counties still paying the MOE equal to \$498 million. County of Santa Barbara pays \$6.7 million annually.

If and when the State decides to continue to buy out the remaining counties, the state's General Fund would have to cover the costs because the agreement in 1997 was to hold the courts harmless. Additionally, there is a general belief that counties have been held harmless financially for the growth in courts expenditures since 1997 given the stable MOE payment over time.

In 2011 the legislature passed The Public Safety Realignment Act (AB 109) which shifted some of the state's responsibilities to supervise low level offenders. This has created tremendous strain on local resources. Through AB 109, the state paid \$456 million for court security in FY 2011-12. With the required MOE, we pay \$6.7 million for court operations and get back about \$6.0 million for Court security. Under this scenario, the large and medium size counties' court operations MOE pays for Court security in the small counties. In addition to AB 109, the County of Santa Barbara is in a unique position as we begin to use AB 900 dollars, leveraged with local funds, to build a new jail facility. Once this facility is on-line, we must then assume the costs associated with the day to day operations and maintenance of that jail. This could be a significant drain on our already very tight resources.

The Courts are not a state general fund priority given the January budget proposal to significantly cut the AOC again.

Solution:

There are a couple of solutions that we can look at but all will take time and education given the state's current fiscal outlook. While we are starting to stabilize thanks to Proposition 30 last November, this is just the beginning of a very big hole we are trying to dig ourselves out of.

One possible solution may be to work with the other four counties that are currently building new jails with the funds from AB 900 in an effort to position ourselves with lawmakers in an attempt to relieve

those counties from the MOE responsibility. While this will be a long-term goal, the benefit of running a piece of legislation like this is to educate the legislature on the issue and the history of the intent of trial court funding issues.

Another solution is to work with all twenty counties to try to get the additional relief; we will have a stronger position in the legislature in terms of numbers, but still run the risk of veto. This effort would also allow us to educate the legislature on the issues related to trial court funding and what counties are facing financially as they attempt to comply with the 2011 Realignment.