

Budget Management

Resources:

- See 13-03.00 Forms and Instructions for forms such as the [Court's Approved Expense Budget List](#), and Budget Templates such as [Ongoing Turnover Savings](#)
- For a list of all budget forms Section 16-03.00 Budget Forms
- Section [07-00.00 Purchasing](#) and [08-00.00 Accounts Payable](#)
- [Data Warehouse](#)
- [Section 02-07.00 Transfers](#)
- [HR Link to Forms for Compensation Requests](#)

Budget Policy and Rule

1. INTRODUCTION

The goal of this policy is to improve the quality and understanding of the Court's budget process.

The executive and legislative branches of government have established the basic foundation and framework of the budget process. The Judicial Council, which is responsible for the administration of the judiciary and its budget, has built upon the executive and legislative budget framework.

The Judiciary's budget policies are detailed in the Code of Judicial Administration [Rule 3-406](#).

The intent and applicability of this rule is outlined below:

Intent:

To develop and maintain the policies and programs of the judiciary through sound fiscal management.

To provide for sound fiscal management through the coordinated and cooperative effort of central and local authorities within the judiciary.

To maintain accountability for appropriated funds, and to maintain a balanced budget.

To cooperate with the Governor and the Legislature in managing the fiscal resources of the state.

Applicability:

This rule shall apply to the management of all funds appropriated by the state to the judiciary.

2. BUDGET SUBMISSION

Presiding Judges, State Level Administrators, Court Executives and others should use the principles laid out in UCJA 3-406 to craft the annual budget for approval by the Judicial Council. These same professionals manage and are responsible for day-to-day operations of the budget. The efficiency of the Judicial System as a whole depends in large part upon their involvement. The merits of the decisions made by the Judicial Council, the Governor, and the Legislature depends upon the integrity and reliability of the information provided by those who work with Court budget issues on a daily basis.

Participation in the budget process carries with it substantial responsibility. The continued good health of the organization depends upon the sound management of local budgets. Sound budget management requires cooperation and self-reliance, precise information, and effective communication.

The Budget and Fiscal Management Committee was formed in 2019 by the Judicial Council to “review court budget proposals, recommend fiscal priorities and the allocation of funds, and make recommendations to the Council regarding budget management and budget development.” (CJA Rule 1-204)

a. Building Block Submissions

Building block requests are for new funding for the following fiscal year. The Building Block Submission process begins at the respective court level. The process generally starts in late spring and ends with the August Judicial Council meeting.

- I. Court Executives and managers review their operational and personnel needs and submit budget requests to administrators for their review.
- II. Administrators forward the requests to the appropriate board or committee for additional review and recommendation to the Budget and Fiscal Management Committee (BFMC) who compile a ranked list of recommendations for the Judicial Council.
- III. The Judicial Council approves and prioritizes budget requests for the next legislative session. They may choose to:
 - Submit the request to the legislature as a building block
 - Defer the request to a later date

- Offer alternative funding options for the request
- Deny the request

Refer to the following links for specifics: [Building Block Request Form and Salary calculators](#), [Building Block Helpful Hints](#) and [examples](#).

b. Carryforward Request Submissions

Carryforward funds are unused 1x funds from the prior fiscal year that will be carried into the next fiscal year by virtue of Legislative authorization to do so. The Courts have typically received \$2.5M in 1x carryforward authority in recent years. Also discussed during this process is the ongoing turnover savings that accumulate from salary differences versus budget when hiring for vacant positions (*see* 4. REQUESTING 1X OR ONGOING TURNOVER SAVINGS).

c. Year-End Spending Plan

During January/February of the fiscal year, AOC Finance will work with districts, administrators, and directors to create a forecast to determine if carryforward funds will exceed our allowed carryforward amounts. If the forecasted amount of available funds at the end of the year exceeds the allowed carryforward funds, AOC Finance will seek requests from districts, administrators, and directors to spend the “excess” one-time funds prior to the end of the fiscal year so that they do not lapse. Some budget owners use savings in one area to offset extra expenses in another area. AOC Finance asks budget owners to think of the “greater good” as they forecast what non-personnel savings they can generate for use by other areas of the Courts (*see* 4. REQUESTING 1X OR ONGOING TURNOVER SAVINGS).

d. Budget Adjustments

Carryforward funds will be entered into individual program budgets by AOC Finance after closeout of the prior fiscal year and uploading of the current year base budget (typically in **November or December**).

Because the Utah State Division of Finance solidifies these numbers later in the calendar year and the Legislature enters these numbers into their supplemental appropriations bill, the entries may change after the legislative session. Once the Judicial Council has made a determination as to the funding for any of the above-described items, the Council may determine to allocate funds back to the local districts. The determination as to the allocation of turnover savings generally occurs in late spring at either the meeting where year-end spending is discussed or at the meeting where carryover funding is discussed. When the Council acts, the decisions are incorporated into the budget and the various districts/boards/committees are notified of the Council’s action.

3. COURT EXECUTIVE DISCRETION

Once the work program is established for the fiscal year, changes may occur which will increase or decrease individual unit budgets. These changes amend the work program. The Court Executive may authorize a transfer between units within their Judicial District. These changes are accomplished by submitting a request to the Finance Department. The request must include:

- an explanation of the reason for the transfer of funds,
- which is the transferring unit and object to reduce, and
- which is the receiving unit and object to increase.

Adjustments to the work programs should be submitted to AOC Finance for processing or discussion.

(a) FTE/Funding shifts between Program Budgets:

The Deputy Court Administrator, in consultation with the State Court Administrator and the State Level Administrators, may authorize funding and FTE shifts among the various program budgets.

The State Court Administrator and Deputy Court Administrator shall determine circumstances in which prior approval shall be obtained from the Judicial Council or a Board of Judges prior to amending the program budgets (Rule 3-406-2(B)(ii)).

(b) Reconciliation:

The Finance Director or designee shall maintain a record of all funding and FTE shifts for each program and unit in order to provide a reconciliation to the level appropriated. The Finance Director or designee shall make recommendations as necessary to accommodate funding needs within the judicial branch.

4. REQUESTING 1X OR ONGOING TURNOVER SAVINGS

Savings to budget arise from two primary sources - personnel turnover and program spending less than budget. Personnel Turnover and Other Savings

There are two types of turnover savings that occur each fiscal year:

- I. One-time turnover savings (1xTOS) occurs when a position is vacant for a period of time. 1xTOS can be used for both yearend (the current fiscal year) and carryforward (the next fiscal year) purposes.
- II. Ongoing turnover savings (Ongoing TOS) occurs when a position that has been vacated is filled with a new hire at a lower rate than budgeted. Budgets typically represent the base pay of the person currently in the role inclusive of retirement and from general funds generate turnover savings; personnel paid out of specialty funds (ex., NJA) or grants do not generate turnover savings.

1xTOS are used for the “greater good” of the Courts and are combined with 1x non-personnel savings (caused by spending less than the budget on non-personnel items - see further description below) to determine the total 1x carryforward and year end funds available. Turnover savings originate in every budgetary unit in the Courts and are used to fund various requests that are reviewed by the BFMC and approved by the Judicial Council who act as the final budgetary authority for the Courts.

In an average year, between \$3.0M and \$3.5M of combined 1xTOS + 1x non-personnel savings and between \$500K and \$750K of ongoing TOS are generated by the Courts. 1xTOS + 1x non-personnel savings can be requested to fund operational or personnel requests. Ongoing TOS are almost always used to fund personnel requests including performance raises and promotions. AOC Finance serves as the central point for requests to use either 1xTOS or Ongoing TOS as YE, Carryforward or ongoing funds. Annually, AOC Finance invites executive management, Boards and committees to submit requests to utilize the turnover and other savings. These submission documents are standardized and can be requested by emailing the Court’s Director of Finance or Budget Finance Officer. Refer to the following: [Ongoing](#), [Carryforward](#) and [Reserve Spending](#) forms.

Requests for the use of year end 1x funds typically happen in February and March. The BFMC recommends and the Judicial Council approves a revised spending plan for these funds, typically, at the March or April Judicial Council meeting.

Requests for the use of carryforward and ongoing funding typically happen in late spring for the following fiscal year. The estimated amount available and the requests are typically presented at the April, May, or June BFMC and June Judicial Council meetings where the BFMC prioritizes and recommends and the Judicial Council approves a spending plan for those funds in the next fiscal year.

Requests to use 1xTOS and 1x Other Savings - for Non-personnel Items

1xTOS and 1x non-personnel savings have been used to fund various types of expenses including the following (bold = personnel items further discussed below):

- IT special projects
- **employee bonuses and employee incentives** (payments for outstanding performance against annual performance goals, incentive awards (typically gift cards)) (see 19-02.00 Employee Bonuses and 19-01.00 Employee Incentives).
- employee educational assistance reimbursements
- Court property refurbishments
- employee public transportation reimbursements
- IT replacement laptops, building furnishings replacements, etc.

Ongoing TOS have been used to fund the following items:

- **employee raises** [\(see 19-03.00 Employee Raises\)](#)
- **special adjustments (e.g. when an employee is hired above entry level)**

- **new positions**

For all non-bolded requests, a standard YE or Carryforward template can be used to request funds.

Requests to use 1xTOS and 1x Other Savings - for personnel Items

For personnel items bolded above, two options are available: (1) use the standard YE, Carryforward or Ongoing templates to request amounts from the BFMC/Judicial Council or (2) for localized “hot spot” salary increases, reorganizations or incentive payments, request to use smaller dedicated funds for which spending authority has been delegated to the State Court Administrator/Deputy State Court Administrator (the “Administrators”).

The maximum amounts available under the limited delegation of authority is \$200,000 annually for ongoing and \$250,000 annually for one-time personnel spending. These requests require one of [these documents](#) to be attached to the request sent to the Administrators.

5. MANAGEMENT INFORMATION REPORTS

Reports are available to State Level Administrators, Trial Court Executives, and designees. These reports are described below:

- a. Expenditure Summary by Unit (AM02)** - The AM02 report provides information at the Group and Unit levels. Expenditure totals by category (personnel services, travel, current expense, etc.) and objects are provided. This report shows the current work program or authorized budget, current month expenditures, and year to date expenditures. Also included is the remaining budget in terms of dollars, and percent of budget remaining. It is a summary reference to the status of the budget year to date.
- b. Monthly Expenditure Transaction Detail within Unit (AM01)**- This FINET report provides a quick reference of every warrant, or other transaction, for each Unit. This enables the Court Executive to track any possible errors in billing from inter-account transfers, possible double payments, or charges to the wrong unit.
- c. DPR/FTE Report**- This report is provided by HR upon request. Each Court Executive or designee should review this report to ensure that all DPRs are accurate and that the FTE count is correct.
- d. Special Funds Report.** The Juvenile Court has several special fund accounts. Non-Judicial, Graffiti, Community Service, and TAG are but a few. Each month, the AOC Finance Department prepares a report noting the revenue and expenditures for these accounts and provides them to the Court Executive. Other reports on Restricted Accounts are also prepared and provided to the appropriate manager.
- e. Special Request Reports**- AOC Finance is available to create reports and respond to requests for information as needed.

6. FINANCIAL CONTROL OVER SPENDING

The operating budget consists of planned expenses and expected outputs. The presumption is that management wants the organization to operate in a way that is consistent with this spending plan and the greater good of the Court, *unless* there is a good reason to depart from it. This qualification is important, for it means that the control process is necessarily more complicated than simply insisting that personnel do what the budget prescribes. The purpose of the management control process is to assure that objectives are accomplished effectively and efficiently.

Court Executive, State Level Administrators, Court Clerks, and others that authorize expenditures should periodically reconcile the Management Information reports noted above with their records. To assist in this process, the Court's Accounting Manual includes sections on reconciliation, purchasing, travel, accounts payables and other financial management information and policy. The Utah State Court's Accounting Manual should be the first reference when determining whether expenditures **should** be authorized. If questions arise concerning policy or procedure, either the AOC Finance Department or Purchasing Department should be contacted.

7. WORK LOCATION FEES

A new Administrative Rule went into effect as of July 1, 2021 that addresses the proper procedures to follow for any Court employees who live and work outside of the State of Utah and it authorizes the fees below be paid to State Finance.

For each out-of-state employee, State payroll must determine the proper amount of state and local taxes to withhold from the employee's pay. These rates then must be remitted and reported to the appropriate governmental entities. In addition, the rates need to be monitored and maintained, as they can and do change.

The Courts should ensure the following steps are taken when they hire a person who resides and works outside the state of Utah:

Notify::

- (a) DHRM that the employee will be working outside of the state; and
- (b) DHRM of the employee's out-of-state address;
- (c) the Division of Finance to set up tax withholdings to be paid to the state in which the employee is working;
- (d) the Division of Risk Management to ensure the employee will be protected by workers' compensation insurance and other appropriate and available travel and liability coverage or insurance.

The courts are responsible for financial costs of hiring a person who resides and works outside the state of Utah and include the following costs:.

1. Out-of-State Employee initial Set Up Fee - \$2,200.00 (per employee)
2. Out-of-State Employee Maintenance Fee - \$1,200.00 (per employee, annually)

3. Tax Review Fee for Out-of-State Payroll - Actual Cost (only applicable if the services of a specialist are required)
4. Any costs at the established rate the Division of Risk Management, or other state entity for costs incurred to research and establish tax withholdings, workers' compensation, travel, and liability policies, or any other requirements to cover the employee while working outside the state.