

House Bill 1002
Senate Appropriations
 Don Wolf, Director of Finance
 March 7, 2023

Mr. Chairman and members of the Committee, good afternoon. For the record my name is Don Wolf and I am the Director of Finance for the court system. I will be providing you with a summary of the Judicial Branch budget request.

JUDICIAL BRANCH	2021-23 Biennium Appropriation	One-time Funding Adjustment	2021-23 Biennium Base
Supreme Court	\$13,839,097	0	\$13,839,097
District Court	98,573,275	(2,157,600)	\$96,415,675
JCC/DB	<u>1,317,481</u>	<u>0</u>	\$1,317,481
Total base budget	\$113,729,853	(\$2,157,600)	\$111,572,253

Funding	2021-23 Biennium Appropriation	One-time Funding Adjustment	2021-23 Biennium Base
General Fund	\$112,312,790	(\$2,000,000)	\$110,312,790
Federal funds	914,563	(157,600)	\$756,963
Special funds	<u>502,500</u>	<u>0</u>	\$502,500
Total	\$113,729,853	(\$2,157,600)	\$111,572,253

The total **2021-23 biennium appropriation** for the Judicial Branch is **\$113,729,853**. The appropriation includes funding for the Supreme Court, district courts and the Judicial Conduct Commission and Disciplinary Board (JCC/DB).

The 2021-23 biennium appropriation included **one-time funding** of **\$2,000,000** from the general fund to replace the Juvenile Case Management System and **\$157,600** from the state fiscal recovery fund for installation of Wi-Fi access points in courtrooms. Total expenditures to date for the JCMS project is \$368,148 and it is projected to be completed within budget by May 2023. The Wi-Fi access points installation project has been completed for a cost of \$70,749. The total 2021-23 biennium **base budget** (net of the one-time funding) is **\$111,572,253**.

During the 2021 special session (SB 2345) the Legislative Assembly appropriated **\$2,020,000** of one-time funding from the state fiscal recovery fund to replace the

Supreme Court docket management system. Although Thomson Reuters has only billed us for \$50,000 as of January 31, 2023, it is anticipated that the project will be completed within budget by June 2024.

The 2023-25 biennium budget request (Governor’s recommendation) is **\$139,037,936** and includes 24 new full-time equivalent (FTE) positions for a total of 386.0 authorized FTEs. Engrossed House Bill No. 1002 includes a total appropriation of **\$132,443,832** and authorizes 21.0 new FTEs.

A comparison of budget versions:

Subdivision	2021-23 Biennium Base	2023-25 Biennium Request	Engrossed House Bill 1002
Supreme Court	\$13,839,097	\$16,932,782	\$16,497,236
District Court	96,415,675	120,630,111	\$114,489,519
JCC/DB	1,317,481	1,475,043	\$1,457,077
Total	\$111,572,253	\$139,037,936	\$132,443,832

Funding	2021-23 Biennium Base	2023-25 Biennium Request	Engrossed House Bill 1002
General Fund	\$110,312,790	\$137,217,343	\$130,609,385
Federal funds	756,963	1,280,129	\$1,300,831
Special funds	502,500	540,464	\$533,616
Total	\$111,572,253	\$139,037,936	\$132,443,832

FTEs	2021-23 Biennium Base	2023-25 Biennium Request	Engrossed House Bill 1002
Total	362.0	386.0	383.0

2023-25 biennium Judicial Branch budget request (Governor’s Recommendation) – Overview:

- The executive budget recommendation added **\$6,546,711** for proposed employee salary (6%/4%) and health insurance increases and included **\$377,088** for retiree leave payouts.
- The budget proposal included **\$6,447,844** for a 20% and 15% annual salary increase for justices and judges and **\$452,400** to increase judicial referee salaries to 80% of the proposed judge salary pursuant to State Court Policy 160.

- Information technology operating costs increased by **\$2,392,995** primarily for the following:
 - ❖ **\$290,000** for the new juvenile case management system annual software licensing and maintenance agreement.
 - ❖ **\$670,000** for the new Supreme Court docket system annual software licensing, maintenance agreement and technical managed services.
 - ❖ **\$150,000** for Supreme Court docket system customizations.
 - ❖ **\$100,000** to purchase application testing software (automated testing of Odyssey and other applications).
 - ❖ **\$60,000** to purchase Email archive and search software.
 - ❖ **\$158,400** for courtroom assisted hearing device upgrades.
 - ❖ **\$244,230** in additional costs for computer replacements due to price increases, replacement of some desktops with laptops to allow for remote work and replacement models with higher processing ability needed for digital audio recording.
 - ❖ **\$158,867** cost increase for audio and visual equipment annual maintenance agreements.
- There is an increase in the travel and professional development budget of **\$653,287** primarily to allow for increases in in-state mileage and lodging rates and to restore the out-of-state training and education budget to pre-pandemic levels.

Supreme Court Budget

Supreme Court	2021-23 Biennium Base	2023-25 Biennium Request	Engrossed House Bill 1002
Salaries and wages	\$11,452,261	\$13,707,523	\$13,271,977
Operating	2,386,836	3,196,759	\$3,196,759
Capital assets	0	28,500	\$28,500
Total	\$13,839,097	\$16,932,782	\$16,497,236

Funding	2021-23 Biennium Base	2023-25 Biennium Request	Engrossed House Bill 1002
General Fund	\$13,839,097	\$16,544,782	\$16,109,236
Federal funds	0	388,000	\$388,000
Special funds	0	0	\$0
Total	\$13,839,097	\$16,932,782	\$16,497,236

The total Supreme Court budget request is **\$16,932,782** and includes 1 new FTE position, an assistant state trial court administrator, for a total of **44.5 FTEs**. Highlights of the Supreme Court budget changes include the following:

- **Department of Justice grant (one-time)** – In 2022 the Court System was awarded a \$998,302 grant from the federal Department of Justice for a 3-year study and implementation project to reduce delay in criminal case processing. The 2023-25 biennium budget request for the final year of the grant is **\$388,000**. The budget includes \$93,000 for a temporary grant coordinator position and \$295,000 for research and consultation fees.
- **Supreme Court Law Library costs** – The Law Library budget request includes **\$125,500** for anticipated increases in subscription rates, an increase in the number of users for Westlaw patron access contracts and to purchase Thomson Reuters North Dakota and Federal Rules sets and Bloomberg e-research.
- **Rural attorney recruitment program (NDCC Section 27-02.2-05)** – The 2021 Legislative Assembly approved the rural attorney recruitment program. An attorney agreeing to practice in rural counties or municipalities is eligible to receive an incentive payment of \$45,000 to be paid in five equal annual installments. The county or municipality served by the attorney is to provide 35% of the incentive, the ND State Bar Foundation is to pay 15% and the Supreme Court is responsible for the balance. No more than four attorneys may participate in the program at any one time. The Supreme Court share of incentive payments is **\$36,000**.
- **Equipment over \$5,000 (one-time)** – The Supreme Court capital asset request of **\$28,500** includes funding to replace a copy machine (\$15,000), color printer/copier (\$7,500) and a microfiche machine (\$6,000) for the law library.

House changes to Supreme Court budget request

- *Approved **\$868,446** for a 4% and 4% annual employee salary and health insurance increase.*
- *Approved **\$86,143** to provide the Supreme Court justices with an additional salary increase of 4% on July 1, 2023 (total increase of 8% and 4%).*
- *Added **\$125,760** for employee salary equity adjustments.*

District Court Budget

District Court	2021-23 Biennium Base	2023-25 Biennium Request	Engrossed House Bill 1002
Salaries and wages	\$76,196,548	\$94,802,932	\$88,662,340
Operating	\$20,081,881	\$24,524,619	\$24,524,619
Capital assets	\$0	\$1,125,220	\$1,125,220
Judges' retirement	\$137,246	\$177,340	\$177,340
Total	\$96,415,675	\$120,630,111	\$114,489,519

Funding	2021-23 Biennium Base	2023-25 Biennium Request	Engrossed House Bill 1002
General Fund	\$95,658,712	\$119,737,982	\$113,576,688
Federal funds	756,963	892,129	\$912,831
Special funds	0	0	\$0
Total	\$96,415,675	\$120,630,111	\$114,489,519

The district court budget request includes funding for a total of **337 FTEs**, including 23 new FTE positions:

- ❖ 1 FTE judge and 1 FTE staff attorney in the NECJD;
- ❖ 2 FTE judges and 2 FTE staff attorneys in the ECJD;
- ❖ 1 FTE judge and 1 FTE staff attorney in the SCJD**
- ❖ 1 FTE deputy clerk in Grand Forks County;
- ❖ 7 FTE deputy clerks in Cass County;
- ❖ 3 FTE deputy clerks in Burleigh/Morton County;
- ❖ 1 FTE staff attorney in the NCJD;

- ❖ 1 FTE staff attorney in the NWJD**;
- ❖ 2 FTE Court Improvement Program positions (this request is to convert 2 long-time federally funded temporary positions to FTEs).

Other proposed changes to the district court budget include the following:

- **Drug court coordinators and case aides** –The treatment court budget request adds **\$189,582** for temporary salaries in order to increase the hourly rate paid for juvenile drug and treatment court program coordinators from \$17 to \$20 and case aides from \$15 to \$17.
- **Family mediation program** – The family mediation program budget request includes an additional **\$282,800** to increase the rate paid to mediators from \$170 to \$220 per hour. Mediators are allowed to bill for up to six hours for each case or up to two and one-half hours for expedited mediation cases.
- **Juvenile court services** – The juvenile court services budget includes **\$495,000** to add temporary youth coordinators to provide youth cultural achievement activities with minority youth, assist with monitoring the intensive supervised probation caseload and mentor youth activities. The increase in temporary salaries is partially offset with a \$252,000 savings by not contracting with providers for youth cultural achievement programs. The budget request adds \$151,774 for restorative justice and other juvenile court program costs. The total juvenile court services budget request is \$1,550,832 or an increase of **\$394,774** as compared to the current budget.
- **Jury costs** – Due to increases in costs associated with jury trials over the last several years the budget includes an increase of **\$245,900** for bailiffs, postage, jury fees and amenities.
- **Jury compensation rate** – Pursuant to North Dakota Century code Section 27-09.1-14 a juror is compensated at the rate of \$25 for the first day if the juror is in attendance for four hours or less, and \$50 if the juror is in attendance for more than four hours; and \$50 for each subsequent day of required attendance. The proposed budget includes **\$960,000** in order to double the daily compensation rate

to \$100 and the rate for the first day when in attendance for less than four hours to \$50.

- **IT equipment over \$5,000 (one-time)** – The budget request for IT equipment over \$5,000 is **\$976,420** which includes funding for blade and disk drive lease payments (\$675,420), replacement of 16 QSC interactive courtroom camera and video systems (\$256,000) and to upgrade 3 courtroom sound and video display systems (\$45,000).
- **Equipment over \$5,000 - (one-time)** – The office equipment and furniture over \$5,000 budget request of **\$148,800** includes funding for replacement copy machines (\$65,500), a folding machine (\$10,000), judge chamber/staff office furniture (\$30,000), desk and workstation systems (\$34,800) and a composite wall divider (\$8,500).
- **Judges' Retirement (NDCC Chapter 27-17 Old Retirement System)** – There are two remaining participants within the old judges' retirement system. The budget request is \$177,340 or an increase of **\$40,094** as compared to the current appropriation. The average age of the remaining recipients is 90.

House changes to District Court budget request

- *Approved **\$5,941,976** for a 4% and 4% annual employee salary and health insurance increase.*
- *Approved **\$927,732** to provide the district court judges and referees with an additional salary increase of 4% on July 1, 2023 (total increase of 8% and 4%).*
- *Added **\$213,330** for employee salary equity adjustments.*
- *Approved **20 new FTEs** of the 23 requested for the district court. The House version does not include the judge and staff attorney for the South Central Judicial District and the staff attorney for the Northwest Judicial District. ***

Judicial Conduct Commission and Disciplinary Board Budget

JCC/DB	2021-23 Biennium Base	2023-25 Biennium Request	Engrossed House Bill 1002
Salaries and wages	\$1,074,180	\$1,202,150	\$1,184,184
Operating	<u>\$243,301</u>	<u>\$272,893</u>	<u>\$272,893</u>
Total	\$1,317,481	\$1,475,043	\$1,457,077

Funding	2021-23 Biennium Base	2023-25 Biennium Request	Engrossed House Bill 1002
General Fund	\$814,981	\$934,579	\$923,461
Federal funds	0	0	\$0
Special funds	<u>502,500</u>	<u>540,464</u>	<u>\$533,616</u>
Total	\$1,317,481	\$1,475,043	\$1,457,077

The Judicial Conduct Commission and Disciplinary Board (JCC/DB) is responsible for investigating complaints against North Dakota judges and attorneys. The budget request of **\$1,475,043** includes funding for **4.5 FTEs**, the same as the current appropriation. No capital assets are being requested.

Funding for the JCC/DB is from two sources, the State Bar Association and the general fund. State Bar Association funds are from \$75 of each attorney license issued.

House changes to JCC/DB budget request

- *Approved **\$81,680** for a 4% and 4% annual employee salary and health insurance increase.*

Additional Sections within Engrossed House Bill No. 1002

- **Section 2** – One-time funding items.
- **Section 3** – Appropriates additional funding that may be received through federal acts and private gifts, grants and donations.
- **Section 4** – Allows for the transfer of appropriation authority between line items as requested by the Supreme Court upon a finding by the court that the nature of

the duties of the court and its staff requires the transfers to properly carry on the functions of the court system.

- **Section 5** - Amendment to provide for the salaries of the Supreme Court justices.
- **Section 6** – Amendment to provide for the salaries of the District Court judges.
- **Section 7** – Amendment to increase the jury compensation rate.

Related Legislation

- **SB 2267** – Increases the number of attorneys that may participate in the rural attorney recruitment program from 4 to 8.
- **SB 2345** – Establishes a task force on guardianship monitoring to address accountability and protection of those under guardianship and appropriates \$290,000 and 1 FTE to the Supreme Court to staff the task force.

In conclusion, I would be happy to answer any questions.