

Senate Bill 2002
House Appropriations – Government Operations Division
 Don Wolf, Director of Finance
 March 9, 2021

Mr. Chairman and members of the Committee, good morning. 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	2019-21 Biennium Appropriation	One-time Funding Adjustment	2019-21 Biennium Base
Supreme Court	\$15,305,024	(\$977,500)	\$14,327,524
District Court	94,059,354	(139,852)	\$93,919,502
JCC/DB	<u>1,250,962</u>	<u>0</u>	\$1,250,962
Total base budget	\$110,615,340	(\$1,117,352)	\$109,497,988

Funding	2019-21 Biennium Appropriation	One-time Funding Adjustment	2019-21 Biennium Base
General Fund	\$107,503,043	(\$147,352)	\$107,355,691
Special funds	1,452,701	(970,000)	\$482,701
Federal funds	<u>1,659,596</u>	<u>0</u>	\$1,659,596
Total	\$110,615,340	(\$1,117,352)	\$109,497,988

The total **2019-21 biennium appropriation** for the judicial branch is **\$110,615,340**. The appropriation includes funding for the Supreme Court, district courts and the Judicial Conduct Commission and Disciplinary Board (JCC/DB).

The 2019-21 biennium appropriation included **one-time funding** of \$970,000 from the Capitol building fund to remodel the Supreme Court Law Library, \$82,500 from the general fund for copy machines and \$64,852 from the general fund for district court audio and video equipment. The total 2019-21 biennium **base budget** (net of the one-time funding) is **\$109,497,988**.

The 2021-23 biennium budget request (Governor’s recommendation) is **\$118,161,669** or an increase of \$8,663,681 or 7.9% as compared to the 2019-21 biennium base budget. The budget request provides for a total of **363.0 full-time equivalent (FTE)** positions, which is the same as the current appropriation.

A comparison of budget versions:

Subdivision	2019-21 Biennium Base	2021-23 Biennium Request	Engrossed Senate Bill 2002
Supreme Court	\$14,327,524	\$16,709,587	\$15,905,355
District Court	93,919,502	100,126,239	\$100,771,191
JCC/DB	<u>1,250,962</u>	<u>1,325,843</u>	<u>\$1,320,197</u>
Total	\$109,497,988	\$118,161,669	\$117,996,743

Funding	2019-21 Biennium Base	2021-23 Biennium Request	Engrossed Senate Bill 2002
General Fund	\$107,355,691	\$115,967,211	\$115,802,333
Special funds	482,701	502,500	\$502,500
Federal funds	<u>1,659,596</u>	<u>1,691,958</u>	<u>\$1,691,910</u>
Total	\$109,497,988	\$118,161,669	\$117,996,743

FTEs	2019-21 Biennium Base	2021-23 Biennium Request	Engrossed Senate Bill 2002
Total	363.0	363.0	361.5

2021-23 biennium Judicial Branch budget request (Governor's Recommendation) – Overview:

- The base payroll change of **\$1,729,688** includes cost to continue 2019-21 biennium salary increases and a reduction of \$66,086 in the old judges' retirement plan.
- The executive budget recommendation includes **\$2,554,631** added by the Office of Management and Budget (OMB) for proposed salary (2%/2%), health insurance and retirement contribution increases. This total includes **\$648,549** for a **2% per year** salary increase for justices (\$61,588) and judges (\$586,961) as proposed by the judiciary. *The **Senate** removed funding for retirement contribution increases (\$322,502) and reduced the salary increase (\$5,580).*
- The executive budget recommendation added **\$755,930** to the Supreme Court budget for the proposed rent model change. *The **Senate** did not include the rent model funding.*

- The 2021-23 biennium budget request includes **\$4,517,600** of one-time funding items. This includes **\$2,000,000** for the juvenile case management system replacement, **\$2,000,000** for the Supreme Court docket management system replacement, **\$360,000** for 45 Zoom monitors and **\$157,600** for statewide courtroom installation of Wi-Fi access points.

Supreme Court Budget

Supreme Court	2019-21 Biennium Base	2021-23 Biennium Request	Engrossed Senate Bill 2002
Salaries and wages	\$11,338,720	\$11,283,059	\$11,236,107
Operating	2,705,762	3,106,024	\$2,350,094
Capital assets	0	2,032,000	\$2,032,000
Guardianship monitoring	<u>283,042</u>	<u>\$288,504</u>	<u>\$287,154</u>
Total	\$14,327,524	\$16,709,587	\$15,905,355

Funding	2019-21 Biennium Base	2021-23 Biennium Request	Engrossed Senate Bill 2002
General Fund	\$14,327,524	\$16,709,587	\$15,905,355
Special funds	0	0	\$0
Federal funds	<u>0</u>	<u>0</u>	<u>\$0</u>
Total	\$14,327,524	\$16,709,587	\$15,905,355

- **Staffing totals** - The Supreme Court budget proposal provides for a total of **43.5** FTEs, the same as the current biennium.
- **Lease of disk drives and blades** -The disk drives and blades necessary for the operations of the court system will become obsolete during the 2021-23 biennium. The court system is requesting **\$1,201,890** (\$600,945 per year or \$3,004,725 over the lease term) to enter into a 5 year lease agreement to replace the disk drives and blades for both the Bismarck and the disaster recover sites. The cost to purchase the equipment with a comparable 5 year service agreement would be \$2,931,682. The useful life of this equipment is typically 4-5 years. The lease option includes the cost of any necessary technology upgrades, which will ensure

that we will not have to replace equipment mid-biennium due to compatibility issues. Software costs associated with the blades and disk drives will be an additional \$191,352, resulting in a total budget request of \$1,393,242 or an increase of **\$1,115,008** as compared to the current biennium. The budget increase is allocated **\$134,611** to the Supreme Court and **\$980,397** under the district courts.

- **Supreme Court docket management system project (one-time)** – The budget request includes **\$2,000,000** under capital assets to replace the current Supreme Court docket management system. The existing system was originally written for the North Dakota Supreme Court in 1993.
- **Zoom monitors (one-time)** – The court system is requesting **\$32,000** for 4 Zoom monitors. These monitors are specifically designed to work with Zoom and include a built-in computer, camera and audio equipment. These units will replace outdated polycom units which are 3 to 4 times the cost of the Zoom monitors.
- **Guardianship Monitoring Program** – The 2015 Legislative Assembly approved funding for a program to provide oversight of the financial and personal well-being of guardianship wards. The program includes one FTE guardianship monitoring program manager. The guardianship monitoring program budget request is **\$288,504** or an increase of \$5,462. The request includes \$7,721 added for the executive budget salary increase. *The Senate adjusted the appropriation by \$1,350 relating to the program manager’s salary and retirement for an adjusted budget of \$287,154.*

District Court Budget

District Court	2019-21 Biennium Base	2021-23 Biennium Request	Engrossed Senate Bill 2002
Salaries and wages	\$73,242,268	\$77,652,837	\$77,153,703
Operating	\$20,396,902	\$19,931,156	\$21,152,242
Capital assets	\$0	\$2,328,000	\$2,328,000
Judges’ retirement	\$280,332	\$214,246	\$137,246
Total	\$93,919,502	\$100,126,239	\$100,771,191

Funding	2019-21 Biennium Base	2021-23 Biennium Request	Engrossed Senate Bill 2002
General Fund	\$92,259,906	\$98,434,281	\$99,079,281
Special funds	0	0	\$0
Federal funds	<u>1,659,596</u>	<u>1,691,958</u>	<u>\$1,691,910</u>
Total	\$93,919,502	\$100,126,239	\$100,771,191

- **Staffing totals** - The district court budget request includes **315** FTEs, the same as the current biennium. *The **Senate** removed 1.5 FTE positions and related funding of \$225,000 for salaries and wages as a result of certain child support duties being transferred from the district courts to the Department of Human Services. The necessary changes to the North Dakota Century Code relating to the transfers of these responsibilities was included in Senate Bill 2082. This bill was defeated in the Senate and the amendments were added to Senate Bill 2002.*
- **Funding** – The budget request includes **\$1,100,000** in federal child support funding, which is a *decrease* of \$155,281 from the base budget. These funds are received as reimbursement for the time referees, clerks and court recorders spend on child support cases. *(If the clerk’s child support responsibilities are transferred to the Department of Human Services as proposed, this funding can be reduced by \$935,000).* The request for federal court improvement program funding is **\$591,958** or an increase of \$187,643 as compared to the current biennium. This grant is aimed at monitoring and improving court processes in child deprivation cases.
- **Veteran’s treatment court** –Funding is requested for the establishment of a veteran’s treatment court in Grand Forks. The request includes \$100,739 of temporary salaries and wages for the coordinator position and \$44,508 for testing supplies and other operating costs. The total budget request is **\$145,247**
- **Lease of disk drives and blades** – As previously mentioned, the district court budget increase for the cost of the disk drives and blades lease is **\$980,397**.
- **Wi-Fi access points (one-time)** –The request includes one-time funding of **\$157,600** under IT contractual services to install Wi-Fi access points in 80 courtrooms statewide.

- **Building rent** – The judicial branch information technology department has relocated from a downtown Bismarck rental space to the remodeled Supreme Court Law Library space resulting in a budget savings of **\$256,500** as compared to the current biennium.
- **Juvenile Services** – The total budget request for juvenile service programs is \$499,972 or a reduction of **\$1,221,086** as compared to the current biennium. The request removes funding for family based intensive in-home services (\$500,000) and youth cultural achievement (\$455,000) programs. Funding was also reduced for various other programs including restorative justice (\$95,156), diversion (\$103,130) and day report (\$45,000). *The Senate restored the proposed funding reduction of \$1,221,086 for juvenile service programs.*
- **Zoom monitors (one-time)** – The budget request includes **\$328,000** for an additional 41 Zoom monitors for the district courts.
- **Juvenile case management system replacement (one-time)** – The budget request includes **\$2,000,000** to replace the current juvenile case management system, which was purchased in 1998.
- **Judges’ Retirement (NDCC Chapter 27-17 Old Retirement System)** – The budget request accounts for three remaining participants (one less participant than the current biennium) within the old judges’ retirement system. The average age of the three recipients is 91. The funding request is **\$214,246** or \$66,086 less than the base budget. As a result of an additional participant passing away in December 2020, *the Senate further reduced the funding for the old judges’ retirement plan by \$77,000 or a total of \$143,086.*

Judicial Conduct Commission and Disciplinary Board Budget

JCC/DB	2019-21 Biennium Base	2021-23 Biennium Request	Engrossed Senate Bill 2002
Salaries and wages	\$1,004,835	\$1,082,542	\$1,076,896
Operating	\$246,127	\$243,301	\$243,301
Total	\$1,250,962	\$1,325,843	\$1,320,197

Funding	2019-21 Biennium Base	2021-23 Biennium Request	Engrossed Senate Bill 2002
General Fund	\$768,261	\$823,343	\$817,697
Special funds	482,701	502,500	\$502,500
Federal funds	<u>0</u>	<u>0</u>	<u>\$0</u>
Total	\$1,250,962	\$1,325,853	\$1,320,197

- **Judicial Conduct Commission and Disciplinary Board (JCC/DB)** - The Judicial Conduct Commission and Disciplinary Board is responsible for investigating complaints against North Dakota judges and attorneys. The total request of **4.5 FTEs** is the same as the current appropriation. No capital assets are being requested.

- Total salaries and wages include **\$32,384** for the executive budget compensation package. *The Senate version provided for a salary and fringe increase of \$26,738.*
- 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. The State Bar Association committed **\$502,500** of funding for the Disciplinary Board based on the total number of licensed attorneys.

Coronavirus Relief Funding

- The court system received **\$72,212** of Federal CARES funding for personal protective equipment and improving telework capabilities of its employees.
- An additional **\$240,000** of CARES funding was received to purchase, install and begin the conversion to Zoom monitors within selected court rooms.
- The Information Technology Department reimbursed the court system **\$425,000** from CARES funding for 60 Mixer upgrades. These upgrades were needed to allow for remote recording of court hearings.

Additional Sections within Engrossed Senate Bill No. 2002

- **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 carry on properly the functions of the court system.
- **Sections 5, 6, 7, 8, 9 & 12** - Transfers certain responsibilities relating to child support enforcement from the court system to the Department of Human Services.
- **Section 10** – Provides for a 2 percent per year salary increase for the Supreme Court Justices.
- **Section 11** – Provides for a 2 percent per year salary increase for district court judges.
- **Section 13** – The Senate added legislative intent that the court system pursue federal funds from the Coronavirus Relief Fund for Zoom remote video equipment (\$360,000) and the Wi-Fi access point project (\$157,600). It is the belief of the court system that the Zoom equipment would qualify for CARES funding, however it is unlikely the Wi-Fi access point project would qualify as it does not relate to tele-work. A request was submitted to the Legislative Council for this funding to be added to **House Bill 1395** before crossover. We were informed the House Appropriations Committee decided at this time to not change the funding allocations that were approved by the Emergency Commission and Budget Section in 2020.

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