

Iowa Judicial Branch Budget Forecast: FY09-FY10

Presentation by
Chief Justice Marsha Ternus
Iowa Academy of Trial Lawyers
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State General Fund Shortfall—FY09

- **\$87** million
- + **\$47** million* need for Medicaid supplemental appropriations

*This amount does not take into account any funds that may come from the Federal stimulus bill.

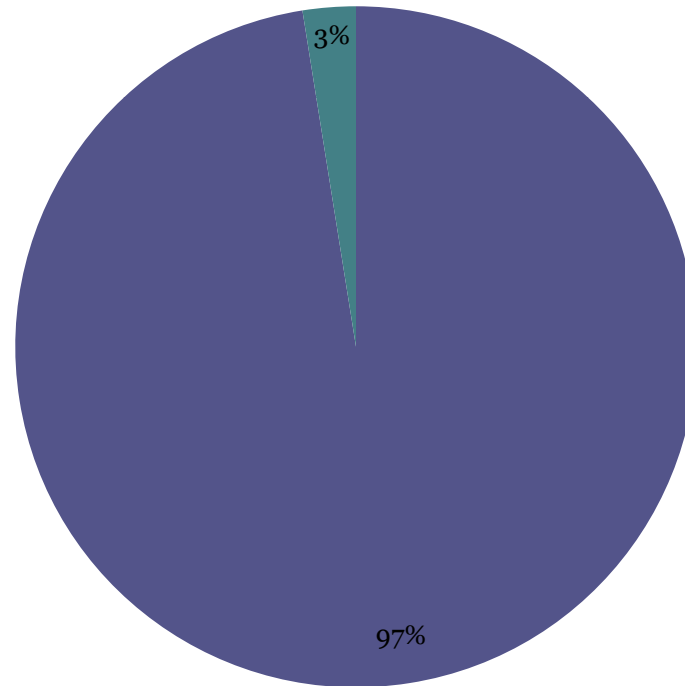


State Budget Outlook—FY10

- **\$779** million budget gap (estimated expenditures vs. anticipated revenue)*

*Source: Legislative Services Agency

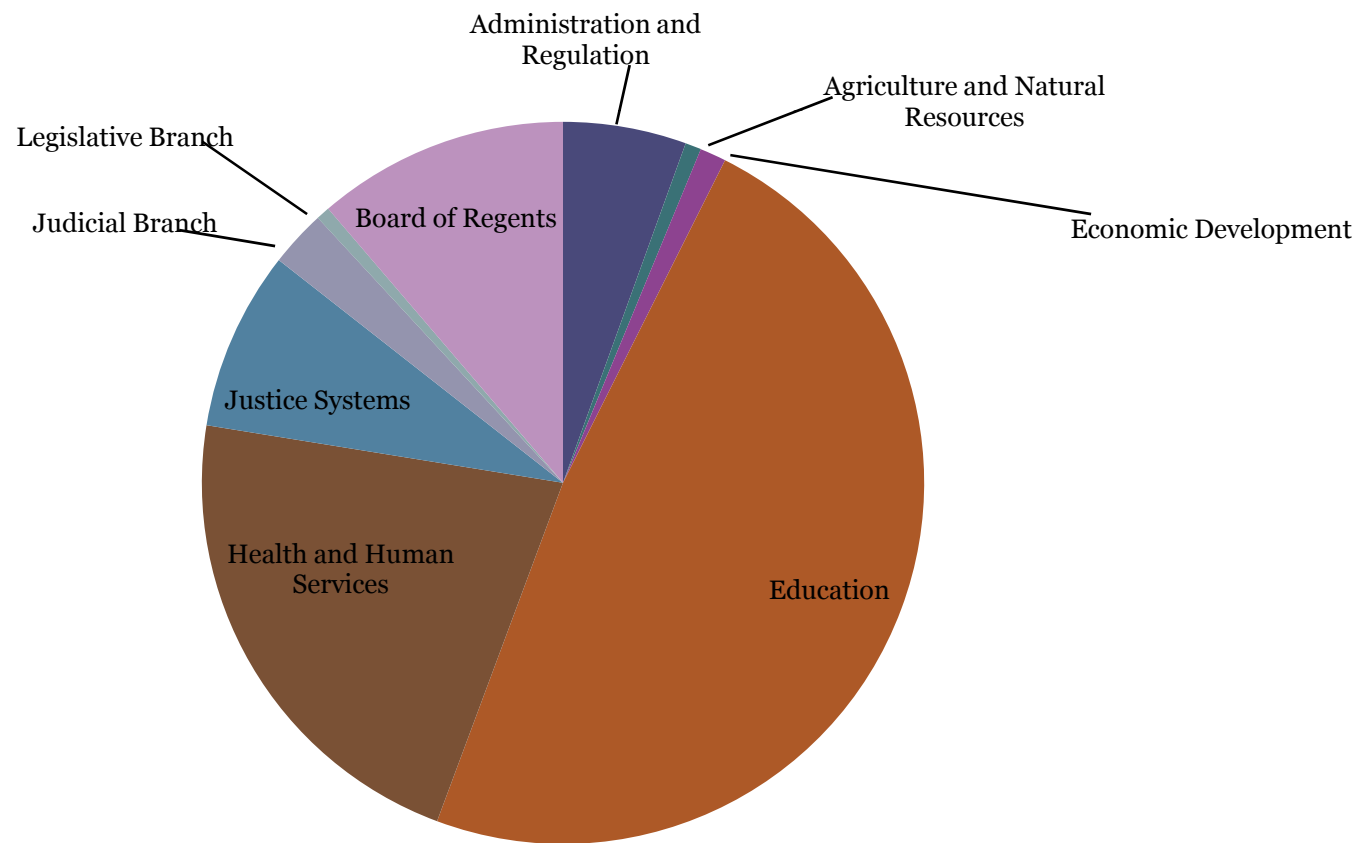
Judicial Branch Budget as part of total State General Fund Budget



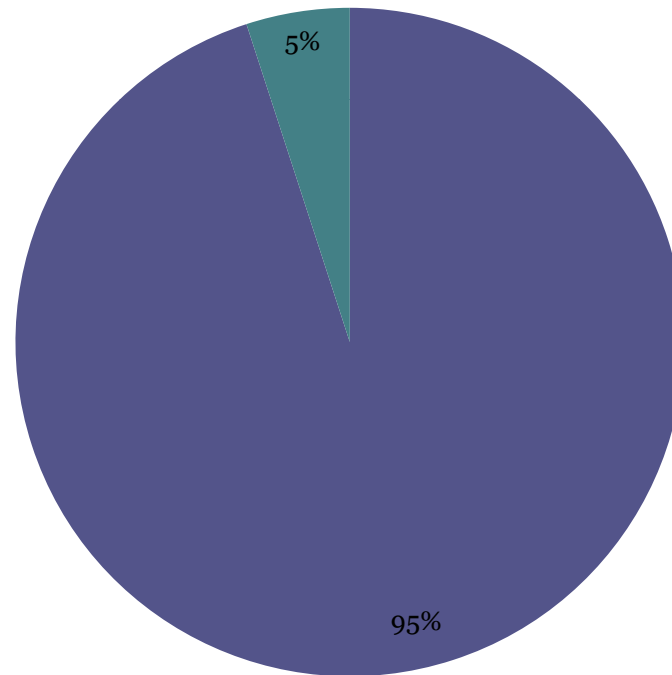
■ FY 09 Iowa General Fund Budget

■ FY 09 Judicial Branch Appropriation

Judicial Branch Budget compared to budgets of state agencies/programs



Judicial Branch: Personnel vs. Non Personnel Costs



■ Personnel Costs

■ Non-Personnel Costs

Number of Judges

✘ District Judges

+ Current = 117

+ Demand per 2008 workload study = 148

+ Need = 31

✘ District Associate and Associate Juvenile Judges

+ Current = 71

+ Demand per 2008 workload study = 72

+ Need = 1

Other judicial officers

- ✘ Senior Judges*

 - + Currently = 32

- ✘ Part-time Magistrates**

 - + Currently = 152

*Senior judges are retired judges who work part-time. Senior judges receive a small stipend and medical insurance coverage and they are eligible for a retirement benefit enhancement.

**The State Court Administrator's Office is presently updating the magistrate formula.

Judicial Branch District Court Staff

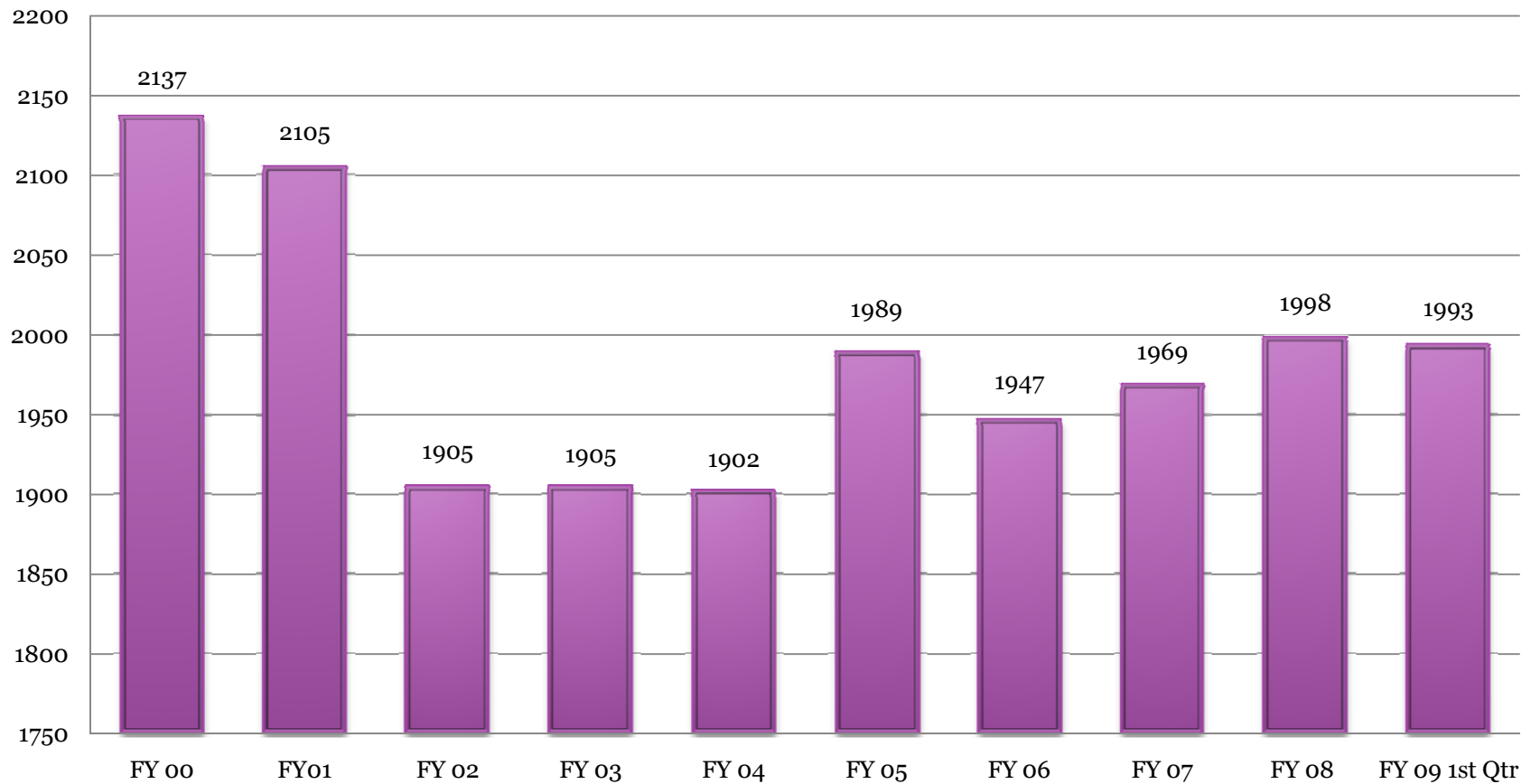
	Current	Demand	Need
✘ Case Coordinators	32	39(s.r.)	7
✘ Clerks of Court	739	750(s.f)	11
✘ Court Attendants	155	175(s.r.)	20
✘ Court Reporters	185	188*	3
✘ Dist. Court Admin.	37	38(s.r.)	1
✘ District Law Clerks	27	29 (s.r.)	2
✘ Juvenile Ct. Servs.	277	283(s.r.)	6

s.r. = staffing ratio; s.f. = staffing formula

Source: State Court Administrator's Office

* Iowa Code section 602.6603 provides for one court reporter per district court judge

Judicial Branch staffing levels: FY2000-FY2009





Economic Downturn Increases Demand for Court Services

- People need access to justice now more than ever
 - The number of mortgage foreclosure cases in Iowa rose 14% in the past year.
 - Debt collection cases increased 20% in the same time.
 - Some experts fear that a recession may give rise to more crime, child abuse, substance abuse, and domestic violence.

Iowa Judicial Branch

FY09 Budget Cuts and Expense Reduction Measures



Judicial Branch Budget FY09

- Judicial Branch FY09 base budget
 - \$152.4 million
- HF 414 and Governor's proposed FY09 cut for Judicial Branch
 - 2.5% or **\$3.8 million**
- FY09 adjusted = **\$148.6 million**



FY09 Budget Reduction Measures

- Mid-year cuts limit options for significant savings
- Cut all non-personnel costs as much as possible
 - Includes reducing judicial travel
- Close courts up to 8 days
 - Unpaid leave for all employees
 - \$335,000/day cost reduction

Iowa Judicial Branch

FY10 Budget Cuts and Expense Reduction Scenarios



Governor's Budget— FY10

- **6.5% reduction** for most state departments and programs with only a few exceptions
- **Some *exceptions* to governor's budget cuts:**
 - Department of Corrections
 - Department of Public Safety
 - Workforce Development
 - Victim's Compensation Fund
 - DHS-Child and Family Services

Judicial Branch Budget Cuts FY10

- Estimated expense reduction required for FY10
 - \$9.76 million (Governor's 6.5% recommended cut)
 - \$3.8 million (cuts carried forward from FY09)
 - \$1.8 million (absorb built-in salary annualization carried forward from FY09)

= \$15.4 million



FY10 Budget Reduction Measures: Scenarios*

- Non-personnel expense cuts
- Temporary employee layoffs and court closures
- Permanent employee layoffs
- Hold open vacant judgeships
- Reduce number of judicial magistrates

*This list is not inclusive of all possible measures, just those measures that have the potential for achieving substantial amounts of expense reductions. The supreme court has made no decisions about cost-cutting measures for FY10. The scenarios mentioned in this presentation are to illustrate the range of possible actions available to the court to attain the budget cuts proposed by the Governor and under consideration by the legislature.



FY10 Budget Reduction Scenarios: Non-personnel costs

- Reduce expenditures for books, supplies, travel, communications, postage, equipment maintenance and rental, contractual services, furniture and equipment
- From \$7.9 million to \$6.6 million
- Reduction = \$1.3 million

FY10 Budget Reduction Scenarios:

Non-personnel costs

- **Drawbacks**

- Travel cuts impede ability to provide on-going judicial support to 99 counties; have a disproportionate impact on counties without a resident judge; and shift costs to litigants and local governments
- Travel cuts reduce juvenile court officer contact with juveniles
- Postage and communication costs are essential. These costs cannot be substantially reduced without impairing court operations and violating statutory notice requirements.



FY10 Budget Reduction Scenarios: *Temporary Layoffs*

- Apply temporary layoffs to 1604 employees
- Expense reduction = \$335,000/day
- Limited to 20 days
- Courts closed
- Potential cost reduction up to \$6.7 million



FY10 Budget Reduction Scenarios: *Temporary Layoffs*

- Drawbacks
 - Results in closing courts for one day at a time
 - Court closures impair public service and impede case processing
 - Temporary expense reduction
 - Disproportionate impact on court employees

FY10 Budget Reduction Scenarios: *Permanent Employee Layoffs*

- 1604 employees*
- 5% of staff or 80 FTEs = \$6 million
- 10% of staff or 160 FTEs = \$12 million
- 15% of staff or 240 FTEs = \$18 million

*Does not include judges and magistrates because their salaries are set by the legislature.

FY10 Budget Reduction Scenarios:

Permanent Employee Layoffs

- Drawbacks
 - Workforce is nearly 7% smaller* now than it was in 2000.
 - Most staffing components are currently below formula or standard staffing ratio
 - Significant staff reductions will slow down hearings, trials and case disposition
 - Significant staff reductions, particularly in clerk of court offices, will likely compel the operation of a part-time court system

* 120 FTEs laid-off in FY2002-2003

FY10 Budget Reduction Scenarios: Holding Judicial Vacancies Open*

- District Judge and support staff = \$285,286
 - District Judge (salary and benefits) = \$161,989
 - Court Reporter (salary and benefits) = \$88,690
 - .75 Court Attendant (salary and benefits) = \$34,607
- DAJ** or AJJ*** and support staff = \$269,693
 - DAJ or AJJ (salary and benefits) = \$146,396
 - Court Reporter (salary and benefits) = \$88,690
 - .75 Court Attendant (salary and benefits) = \$34,607

*Requires statutory authorization

**district associate judge

***associate juvenile judges



FY10 Budget Reduction Scenarios: Holding Judicial Vacancies Open

- **Drawbacks**
 - Iowa already has a shortage of judges
 - Increase backlogs and add delays
 - Impact some judicial districts more than others depending on the retirement plans of individual judges



FY10 Budget Reduction Scenarios: Reducing # of Magistrates*

- 152 magistrates
- 10% reduction = 15 magistrates
- \$47,042 (salary + benefits) per magistrate
- Expense reduction = \$705,635

* Requires statutory authorization



FY10 Budget Reduction Scenarios: Reducing # of Magistrates*

- Drawbacks
 - Increase backlogs and delays
 - May increase costs for counties and cities

FY10 Expense Reduction Scenarios: Potential Expense Reductions*

- Judicial vacancies = **\$269,000+**
- Cut 15 Magistrates = **\$705,635**
- Non-personnel = **\$1.3 million**
- Temporary layoffs = up to **\$6.7 million**
- 5% to 10% staff layoffs = **\$6.2-\$12.5 million**

Need \$15.4 million

How to Avoid a Part-time Court System

Fiction, Facts and Fixes



Collect more fines?

- The Iowa Judicial Branch, with the help of many allied agencies, already collects a substantial amount of fines and fees:
 - **\$128 million** to state (FY08)
 - **\$12 million** for cities and counties (FY08)

Collect more fines?

- Most of the people who owe these obligations are poor
 - **22%** of all unpaid court debt is for the cost of providing state-paid legal representation to indigent defendants
 - Therefore, even the most extraordinary measures to collect unpaid fines will *never produce a windfall* for the state.

Collect more fines?

- To benefit taxpayers, collection activities should be cost effective.
 - There comes a point of diminishing returns when the state expends more money collecting a debt than it is possible to recover.
 - When the court system is already underfunded, debt collection efforts divert court resources from litigants and cases.



Collect more fines?

- Court closures and staff layoffs will reduce fine collections that average \$500,000/day

Raise court fees?

- Legislature decides the amount of most court fees.
- Most fees deposited directly into the state general fund.
 - No guarantee that revenue raised through higher court fees will go to the courts.
 - Sometimes the legislature raises court fees and uses all or part of the revenue for other purposes.
- Court fees can impede access to justice.



Close clerks offices in small counties?

- Shaving off clerk of court staff in our 36 smallest counties will at most save \$1 million
 - Only \$14 million left to cut!
- A change of this magnitude should involve a comprehensive study and an opportunity for public input.
- Not a decision for the courts to make alone.
- Even if action warranted, it could not be implemented in FY10.

Impact of Budget Cuts

Harm to Litigants, the Public and
Our Communities



Impact of Court Budget Cuts

- Courts will concentrate resources on cases in following priority:
 - Criminal
 - Juvenile
 - Civil domestic relations/family law
- Civil cases, including torts and contracts, and probate cases are lowest priority



Impact of Court Budget Cuts

- Cuts impact business transactions
 - Delays entering judgment lien information needed by abstractors
 - Delays processing garnishments
 - Delays filing liens
- Civil case delays impact housing problems
 - 16,185 landlord/tenant cases
 - 10,851 foreclosures



Impact of Court Budget Cuts

- Cuts impact children and families
 - Slows down processing of child support payments
 - Delays notice to law enforcement of protective orders
 - Delays cases, including contempt actions to enforce orders
 - Delays setting temporary and permanent support and custody/visitation orders



Impact of court budget cuts

- Cuts may impact juveniles and children
 - Delays in processing juvenile restitution
 - Delays responding to inquiries from school officials, law enforcement and families
 - Less personnel and time to visit with juveniles



Impact of Court Budget Cuts

- Cuts slow down data transfers to criminal justice agencies:
 - Criminal case history to DPS
 - Traffic conviction information to DOT
 - Criminal and juvenile case data to CJJP
 - Domestic abuse protection orders to DPS



Impact of Court Budget Cuts

- Cuts impact cities and counties
 - Delays in criminal matters may mean prisoners sit in jail longer and these delays increases jail costs
 - Decreases in fine collection activities will decrease county and city revenue
 - Delays in judicial review of condemnation cases and civil infractions
 - Delays processing mental health and substance abuse commitments so respondents stay longer in hospitals



Overall Impact of Budget Cuts

- A part-time court system
- Limited access to justice
- Long delays and large backlogs
- Gaps in information processing
- Shifts costs to litigants and local governments
- Undermines public safety and child protection
- Weakens the rule of law

Fund the Fundamentals

Maintain Full-Time Courts
Provide a Status Quo Budget




Fund the Fundamentals

- Services people *want* vs. services people *need*
 - Ensuring civil justice, public safety and social order are indispensable to the function of governing, i.e., the reason government exists
 - Ensuring the rule of law is essential to our democratic form of government
 - Enforcement of laws is essential to effective government



Ensure the Fundamentals of Governing

“There are some things that only government can do—and these things it must do well. . . . The determination of guilt and innocence, property rights and parental rights, and legal privileges and power are judgments only government can make. . . . We must ensure the fundamentals of governing our state, including the administration of justice, are strong, especially in tough times such as these.”



Maintain full-time
courts. Provide status
quo funding for
judicial branch.