



STATE COURT ADMINISTRATOR

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MEMORANDUM

To: All Judicial Branch Personnel
From: David K. Boyd
Date: June 28, 2017
Re: FY 18 Judicial Branch Operating Budget

The supreme court has approved the judicial branch operating budget for the 2018 fiscal year, which begins July 1st. Once again, the judicial branch must deal with a significant budget shortfall. I write to share with you the significant details behind this budget for the new fiscal year.

Background

For FY 18 the legislature appropriated \$175.7 million for judicial branch operations. This was the same amount we finally received in our revised FY 17 appropriation after a mid-year deappropriation, but \$3 million less than our appropriation in FY 16.

To fully fund the judicial branch at our FY 16 staffing level (1,864 FTE), cover the salary annualization costs from both FY 16 and FY 17, provide normal salary increases in FY 18, restore travel to FY 16 expenditure levels, and hold all other non-personnel cost line items status quo, would require approximately \$191 million, nearly \$15 million more than the available funding in FY 18. One option considered that would make up for the \$15 million deficit was a permanent 10% reduction in judicial branch personnel. This is not the path the court has chosen for FY 18 at this time.

While multiple plans and options that would accomplish the task of balancing the FY 18 budget were considered, the court has approved a budget

for FY 18 that can best be described as a continuation of the “hard hiring freeze with very limited exceptions” plan first adopted in FY 17. Rather than looking at what it would take to return to a fully funded judicial branch at the same level as FY 16, the FY 18 budget adopted by the court works from where the judicial branch is today and attempts fund essential services within that present level.

FY 18: Hard Freeze with Very Limited Exceptions--Again

The proposed budget for FY 18 would do the following:

- Fund all positions on the payroll in April 2017, adjusted to include judicial vacancies currently in the process of being filled.
- Provide a 1% across-the-board salary increase plus steps for contract covered and noncontract covered employees.
- Provide a 2.5% salary increase for all judges and magistrates.
- Maintain all non-personnel cost line items status quo, except travel which would be restored to FY 16 actual expenditure levels.
- Fill the remaining vacant judgeships currently on hold from FY 17.
- Fill 18 FTE positions identified as most critical.

While this sounds good, this budget would cost \$6,565,485 more than available funds. So, the challenge became how to make it balance.

As was the case in FY 17, the key to balancing this budget is the use of vacant positions. We currently carry approximately 140 FTE vacancies throughout the entire judicial branch, double the number we had at the beginning of FY 17. In FY 18 the judicial branch will continue to get smaller and leaner as more positions become vacant through attrition.

However, not every position that becomes vacant can be left unfilled. While every position in the judicial branch is critical to our mission, for a variety of reasons there are some positions that will need to be filled throughout the year. In other situations, when one position becomes vacant another position previously held vacant may be filled.

Additionally, many judgeships that become vacant during the fiscal year will be held open for an extended period of time. There are fourteen (14) full-time judicial officers that have indicated they intend to retire sometime during FY 18. Any district court judgeship that becomes vacant will be held open for the balance of the fiscal year following that judge’s retirement, except that there will be no more than one district court judgeship vacant at any one time in any one judicial election district. District associate judgeships that become vacant during the fiscal year will be filled with minimum or no delay.

The following reductions to non-personnel line items instituted in FY 17 will remain in effect for FY 18: office supplies and postage, 20%; telephone service, 10%; furniture and non-IT equipment, 50%; education and training programs, 10%. These non-personnel reductions apply to all components of the judicial branch in FY 18. Additionally, some non-personnel IT expenses will be off-loaded to our technology funds.

A significant piece to our FY 18 budget puzzle, and for which we do not yet have a definitive answer, involves the changes in the state's health insurance plans that will take effect in January, 2018. What we do know is that there will be changes both in the health insurance plan designs as well as the split between the employer and employee in the monthly premium cost, effective for the insurance contract year commencing January 1, 2018. The purpose of the changes to the health insurance plan designs is to drive down the total cost of the monthly premium, which in turn drives down the total cost of the employer's share of the premium. However, at this time we do not have definitive information on what these changes will look like, so the projected savings is nothing more than an educated guess at this time.

Unfortunately, these personnel and non-personnel reductions will have a negative impact not only on those of us in the judicial branch but also the citizens we serve on a daily basis. Holding staff positions and judgeships vacant doesn't stop the work from coming in the courthouse doors. Rather, it merely adds to the workload of other judges and staff. More importantly, Iowans will experience reduced services in many areas of the state.

FY 18 Salary Increases

All contract covered employees will receive a 1% across-the-board increase in their salary effective with the pay period commencing this Friday. All contract covered employees not already at the top step of their pay grade will receive an automatic within range step increase on their salary review date. Step increases for AFSCME contract covered and noncontract covered employees will be 2%. Steps for PPME contract covered employees are 1.75%. No step increase will exceed the maximum of the pay grade.

The supreme court also has approved similar salary adjustments for noncontract covered employees. Specifically, noncontract covered employees will receive a 1% across-the-board pay increase effective with the pay period commencing this Friday. All eligible noncontract employees also may receive a merit step increase of 2% on their salary review date. No step or across the board increase may exceed the maximum of the new pay grade.

Judges and magistrates will receive a small salary increase, only their second pay increase since July 1, 2008.

Closing

The FY 18 budget approved by the supreme court was based on its overarching goal of providing court services in a way that ensures the continued delivery of accessible, timely, and affordable high-quality justice to all Iowans. Additionally, the court reaffirmed its commitment to the six priorities previously established:

- Protect Iowa's children
- Provide full-time access to justice
- Operate an efficient full-service court system
- Provide faster and less costly resolution of legal disputes
- Operate in an open and transparent way
- Provide fair and impartial justice for all

Furthermore, the court was guided by the following considerations:

- Treating contract covered and noncontract covered employees the same regarding salary and benefit adjustments.
- Maintaining consistency in resources, services, service delivery and access among judicial districts.
- Maintaining our current specialty courts, freezing the expansion of specialty courts, and requiring approval from the supreme court to suspend operations of any existing specialty court.
- Employing budget reduction solutions that are sustainable over the long run.
- Continuing to consolidate, standardize and streamline administrative activities and policies to improve efficiency and contain costs.
- Using workload measures and other objective criteria as benchmarks to reallocate and/or rebalance resources as necessary.
- Continuing to deploy technology as much as possible to provide public access to courts, court proceedings and court services; and to streamline court procedures and administrative operations.

This approach will however provide the necessary time to complete a review of all aspects of judicial branch operations. This process began this past fiscal year when the National Center for State Courts assisted us in updating our weighted workload analysis for judges and magistrates as well as support staff (clerk's offices). A similar study of our juvenile court services operation is about to begin.

These are difficult times that require difficult decisions. Unfortunately, the grim reality is that I cannot guarantee you that we will not need to make a midcourse correction as we move through the year. This budget is a bit of a

gamble. There may need to be more cuts necessary in FY 19, if not yet again in FY 18. But I'm confident that pulling together we will—once again—get through this crisis.

I want to thank all of you who took the time and effort to submit constructive suggestions on how we might balance the budget. All of your comments and suggestions were reviewed. Many suggestions would require legislative action that could not happen until next session. These suggestions will be reviewed again later this year when we consider proposals for the 2018 legislative session.

I close as I have on many other occasions, but it bears repeating, with a heartfelt “thank you” for your continuing efforts to deliver high quality court services in spite of the challenges we face. Your perseverance and unwavering dedication to public service continue to be a real inspiration to me and to the members of the supreme court. If you have any questions about the FY 18 judicial branch budget, please feel free to drop me a note. My email in-box will remain open until my retirement at the close of business September 7th!