

JUDICIARY
FY2018 HOUSE FINANCE BUDGET SUBCOMMITTEE NARRATIVE REPORT
February 23, 2017

SUBCOMMITTEE MEMBERS:

Rep. Gara, Chair	Rep. Claman	Rep. Eastman
Rep. Fansler	Rep. Kopp	Rep. Kreiss-Tomkins
Rep. LeDoux	Rep. Pruitt	Rep. Reinbold

SUBCOMMITTEE MEETINGS:

The House Finance Budget Subcommittee for the Judiciary held five meetings, with the Alaska Court System in attendance, during the review of the FY18 budget request.

RECOMMENDATIONS:

The following budget amendments are submitted by the subcommittee chair to the House Finance Committee for consideration:

1. H JUD 1: Increase Filing Fee in Superior Court. It is the intent of the legislature that the court system raise the filing fee from \$200 to \$500 for Superior Court monetary damage claims of \$100,000 or more. In a time of budget challenges, this is roughly estimated by the court system to produce \$240,000 in revenue for the General Fund, minus what would not be received by filers who qualify for the court system's waiver of fees for those who are indigent.
2. H JUD 2: Delete Conditional Language. OMB attaches this conditional language every budget cycle to reflect that the Judiciary's operating budget request is unchanged from the original request. The legislature traditionally removes it during the subcommittee process.

The following statutory recommendation is also submitted to the House Finance Committee.

1. Amend AS 22.25.020 to replace the current Judicial Retirement System for retirement pension payments with a more modest pension. This recommendation is to create a new tier for the Judicial Retirement System. The current Judicial Retirement System allows for a judge or justice to receive 5% of his/her pay per year served, up to 15 years (or 75% of pay). At ten years of service, that represents, roughly, an \$80,000 (for a District Court judge) to \$100,000 (for a Supreme Court justice) pension. Geographic differential is not considered. Constitutionally, this statutory change would affect only judges and justices hired after the passage of such legislation. We cannot constitutionally alter retirement benefits or contribution rates for those already in the system.

OTHER INFORMATION:

The subcommittee voted on all amendments. The results are listed below.

Amendment #	Sponsor	Brief Description	Result of Vote
Amendment 1	Rep. Gara	Delete conditional language (recommended by Legislative Finance)	Passed without objection
Amendment 2	Rep. Gara	Intent language: raise court filing fee	Passed 7/2
Amendment 3	Rep. Gara	Intent language: replace current Judicial Retirement System with more modest system (Amendment 1 to Amendment 3 submitted by Rep. Kopp)	Passed as amended, without objection
Amendment 4	Rep. Reinbold	Delete \$139.7 UGF in services costs for specialty memberships	Did not pass, 4/5
Amendment 5	Rep. Reinbold	Delete \$50.0 UGF from Building Maintenance/Janitorial Services	Did not pass, 1/8
Amendment 6	Rep. Reinbold	Intent language: implement customer service survey	Did not pass, 3/6
Amendment 7	Rep. Reinbold	Intent language: advisory public safety/innocence language	Did not pass, 3/6
Amendment 8	Rep. Reinbold	Delete \$350.0 in Federal Receipt Authority	Did not pass, 4/5
Amendment 9	Rep. Reinbold	Fund change: delete \$1,889.4 from UGF in Therapeutic Courts and increase funding provided by Mental Health Trust	Did not pass, 3/6
Amendment 10	Rep. Reinbold	Intent language: court system work week should be 40 hours	Did not pass, 3/6
Amendment 11	Rep. Reinbold	Delete \$7,176.2 from personal services	Did not pass, 3/5

Amendment 3 was amended during the subcommittee process, by an amendment put forward by Representative Kopp. Subsequently, Amendment 3 passed without objection. An amendment to Amendment 2, regarding District Court filing fees, put forward by Representative LeDoux, did not pass.

GOVERNOR'S AMENDMENTS

The Governor submitted four amendments for the Judiciary. The subcommittee chair recommends that the House Finance Committee consider approval of all four of the Governor's amendments (attached). Approval of these amendments is supported by votes of the full subcommittee.

1. GA 39 2/15: Mat-Su Foundation Grants and Awards from Other Sponsors. Additional receipt authority will enable acceptance of grants from the Mat-Su Foundation and other

sponsors. This amendment provides FY2018 funding based on a FY2017 supplemental request of \$51.2.

2. GA 40 2/15: Correct Alaska Care salary adjustment. The salary adjustment included in the FY2018 Governor's budget should have been \$5.0 for the Commission on Judicial Conduct and \$17.6 for the Judicial Council. This adjustment will correct that error. A corresponding \$12.6 increase is reflected in the Judicial Council component (see item #4 below).
3. GA 41 2/15: Personal Service Expenses. Adjustment to fully fund personal services. This is a new request for FY2018. It was not included in the FY2018 Governor request due to oversight. The Commission on Judicial Conduct is comprised of two staff members – an executive director and an administrative assistant. Personal services comprise the majority of the Commission's budget. This request is necessary to fully fund projected FY2018 personal services expenses. With a two person staff, the Commission has no capacity to absorb these costs while continuing to provide constitutionally mandated services.
4. GA 42 2/15: Correct Alaska Care salary adjustment. The salary adjustment included in the FY2018 Governor's budget should have been \$17.6 for the Judicial Council and \$5.0 for the Commission on Judicial Conduct. This adjustment will correct that error. A corresponding \$12.6 reduction is reflected in the Commission on Judicial Conduct component (see item # 2 above).

The Chair of the House Finance Budget Subcommittee for the Judiciary recommends that, with the recommendations outlined in this report, the House Finance Committee accept the FY18 Governor's Amended budget.

The Governor's FY18 Amended budget totals:

Fund Source: (dollars are in thousands)

Unrestricted General Funds (UGF)	\$104,838.6
Designated General Funds (DGF)	518.0
Other Funds	2,206.1
Federal Funds	1,225.6
Total	\$108,788.3

The Unrestricted General Fund difference from FY15 Management Plan to the FY18 Governor's Amended budget is a reduction of \$6,888.6, a decrease of 6.0 percent.

The Unrestricted General Fund difference from FY17 Management Plan to the FY18 Governor's Amended budget is a reduction of \$2,074.7, a decrease of 1.9 percent.

Positions:

Permanent Full-time	739
Permanent Part-time	37
Temporary	5
Total	781

ATTACHED REPORTS:

Judiciary Allocation Detail

Judiciary House Subcommittee Amendment Detail

Recommended Statute Change

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Les Gara', with a long horizontal flourish extending to the right.

Representative Les Gara, Chair

House Finance Budget Subcommittee for the Judiciary

2017 Legislature - Operating Budget
Transaction Detail - House Structure
HSub Amends Column

Numbers and Language

Agency: Judiciary

	Trans Type	Total Expenditure	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants	Misc	PFT	PPT	TMP
Alaska Court System												
Trial Courts												
H JUD 1 - Increase Filing Fee in Superior Court	Wordage	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
Offered by Representative Gara												
It is the intent of the legislature that the court system raise the filing fee from \$200 to \$500 for Superior Court monetary damage claims of \$100,000 or more.												
H JUD 2 - Delete Conditional Language	Wordage	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
Offered by Representative Gara												
Delete conditional language that states: "Budget requests from agencies of the Judicial Branch are transmitted as requested."												
* Allocation Total *		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
** Appropriation Total **		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
Therapeutic Courts												
Therapeutic Courts												
GA 39 2/15 Mat-Su Foundation Grants and Awards from Other Sponsors	Inc	400.0	0.0	0.0	400.0	0.0	0.0	0.0	0.0	0	0	0
Additional receipt authority will enable acceptance of anticipated grants from the Mat-Su Foundation and other sponsors. This amendment provides FY2018 funding based on a FY2017 supplemental request of \$51.2.												
1108 Stat Desig (Other)		400.0										
* Allocation Total *		400.0	0.0	0.0	400.0	0.0	0.0	0.0	0.0	0	0	0
** Appropriation Total **		400.0	0.0	0.0	400.0	0.0	0.0	0.0	0.0	0	0	0
Commission on Judicial Conduct												
Commission on Judicial Conduct												
GA 40 2/15 Correct FY2018 Alaska Care Increase	SalAdj	-12.6	-12.6	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
Correct Alaska Care salary adjustment.												
The salary adjustment included in the FY2018 Governor's budget should have been \$5.0 for the Commission on Judicial Conduct and \$17.6 for the Judicial												

2017 Legislature - Operating Budget
Transaction Detail - House Structure
HSub Amends Column

Numbers and Language

Agency: Judiciary

	Trans Type	Total Expenditure	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants	Misc	PFT	PPT	TMP
Commission on Judicial Conduct (continued)												
Commission on Judicial Conduct (continued)												
GA 40 2/15 Correct FY2018 Alaska Care												
Increase (continued)												
Council. This adjustment will correct that error. A corresponding \$12.6 increase is reflected in the Judicial Council component.												
1004 Gen Fund (UGF)		-12.6										
GA 41 2/15 Personal Service Expenses	Inc	23.8	23.8	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
Adjustment to fully fund personal services. This is a new request for FY2018. It was not included in the FY2018 Governor request due to oversight.												
The Commission on Judicial Conduct is comprised of two staff members - an executive director and an administrative assistant. Personal services comprise the majority of the Commission's budget. This request is necessary to fully fund projected FY2018 personal services expenses. With a two person staff, the Commission has no capacity to absorb these costs while continuing to provide constitutionally mandated services.												
1004 Gen Fund (UGF)		23.8										
* Allocation Total *		11.2	11.2	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
** Appropriation Total **		11.2	11.2	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
Judicial Council												
Judicial Council												
GA 42 2/15 Correct FY2018 Alaska Care	SalAdj	12.6	12.6	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
Increase												
Correct Alaska Care salary adjustment.												
The salary adjustment included in the FY2018 Governor's budget should have been \$17.6 for the Judicial Council and \$5.0 for the Commission on Judicial Conduct. This adjustment will correct that error. A corresponding \$12.6 reduction is reflected in the Commission on Judicial Conduct component.												
1004 Gen Fund (UGF)		12.6										
* Allocation Total *		12.6	12.6	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
** Appropriation Total **		12.6	12.6	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0

**2017 Legislature - Operating Budget
Transaction Detail - House Structure
HSub Amends Column**

Numbers and Language

Agency: Judiciary

*** * * Agency Total * * ***

*** * * * All Agencies Total * * * ***

<u>Trans Type</u>	<u>Total Expenditure</u>	<u>Personal Services</u>	<u>Travel</u>	<u>Services</u>	<u>Commodities</u>	<u>Capital Outlay</u>	<u>Grants</u>	<u>Misc</u>	<u>PFT</u>	<u>PPT</u>	<u>TMP</u>
	423.8	23.8	0.0	400.0	0.0	0.0	0.0	0.0	0	0	0
	423.8	23.8	0.0	400.0	0.0	0.0	0.0	0.0	0	0	0

Column Definitions

HSub Amends (House Subcom Amendments) - House Finance Subcommittee Amendment Proposals submitted to the House Finance Committee.

2017 Legislature - Operating Budget Allocation Summary - House Structure

Numbers and Language

Agency: Judiciary

Allocation	[1] 18Gov	[2] HSub Rec	[2] - [1] 18Gov to HSub Rec	
Alaska Court System				
Appellate Courts	7,106.4	7,106.4	0.0	
Trial Courts	83,886.6	83,886.6	0.0	
Administration and Support	10,472.7	10,472.7	0.0	
Appropriation Total	101,465.7	101,465.7	0.0	
Therapeutic Courts				
Therapeutic Courts	5,170.3	5,570.3	400.0	7.7 %
Appropriation Total	5,170.3	5,570.3	400.0	7.7 %
Commission on Judicial Conduct				
Commission on Judicial Conduct	430.3	441.5	11.2	2.6 %
Appropriation Total	430.3	441.5	11.2	2.6 %
Judicial Council				
Judicial Council	1,298.2	1,310.8	12.6	1.0 %
Appropriation Total	1,298.2	1,310.8	12.6	1.0 %
Agency Total	108,364.5	108,788.3	423.8	0.4 %
Funding Summary				
Unrestricted General (UGF)	104,814.8	104,838.6	23.8	
Designated General (DGF)	518.0	518.0	0.0	
Other State Funds (Other)	1,806.1	2,206.1	400.0	22.1 %
Federal Receipts (Fed)	1,225.6	1,225.6	0.0	

Column Definitions

18Gov (FY18 Governor Request) - Includes FY18 Adjusted Base plus the Governor's operating budget bill requests for increases (increments), decreases (decrements), fund source changes, and language transactions submitted by the Governor on December 15, 2016.

HSub Rec (Subcommittee Recommendations) - House Finance Subcommittee Recommendations to the House Finance Committee.