

Senate Finance Budget Subcommittee

Judiciary

Fiscal Year 2020



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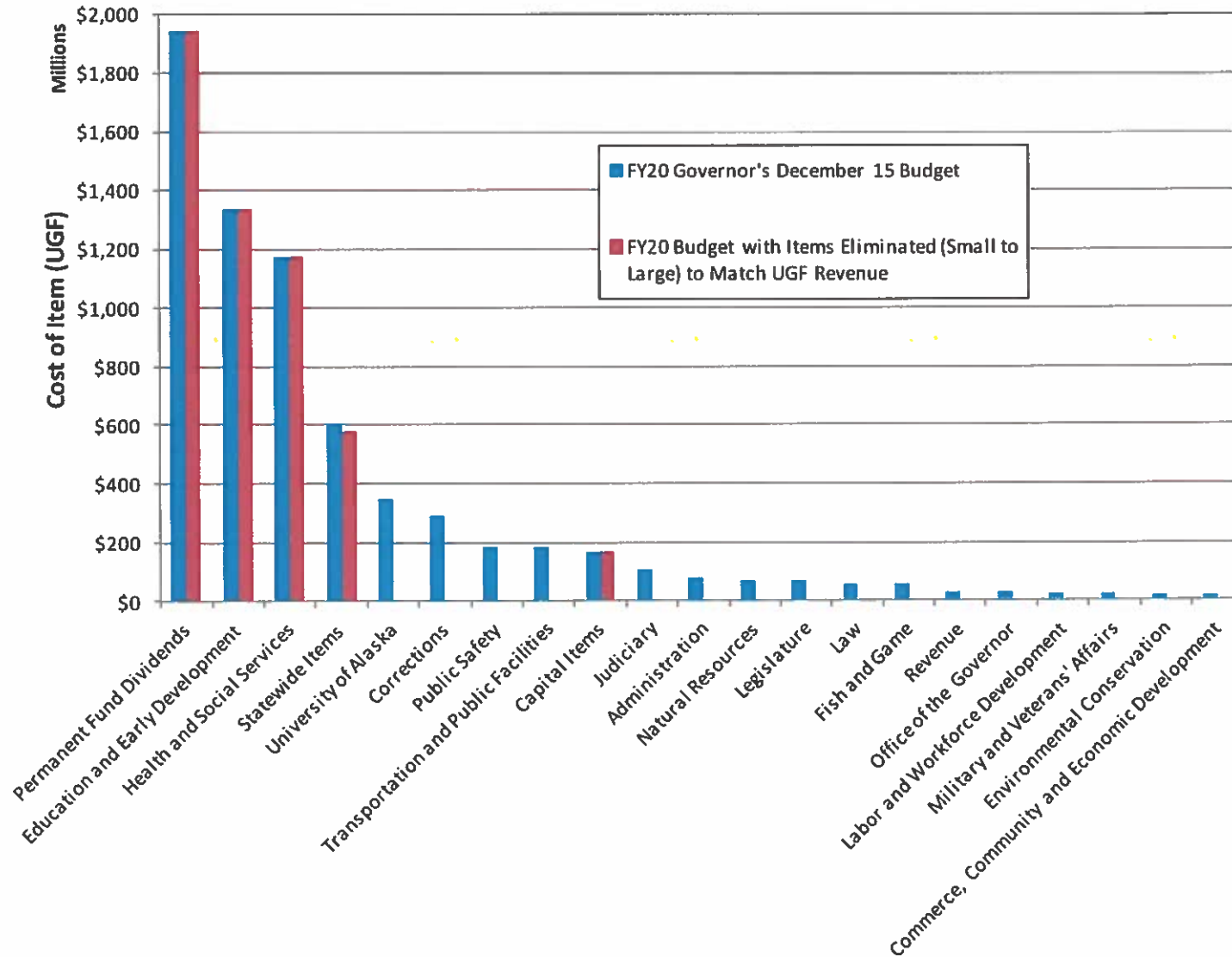
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Judiciary
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**Binder Contents
(Tab Order)**

Swoop Graph – Governor’s December 15 Budget by Expenditure Item
Approximate Balance of Reserve Accounts & Fiscal Sensitivity Chart
Real Per Capita UGF Revenue vs. Budget History
Legislative Finance Overview of the Fiscal Situation
10-Year Spending Histories (Charts & Graphs)
Appropriation/Allocation Programming Requirements
Summary: FY19 Major Budget Issues
FY19 Increment Status Update
FY15–FY19 UGF Multiyear Allocation Summary
OMB Prioritization of Agency Programs – Not Applicable to the Judiciary
Highlights: Major Budget Changes
Agency Narrative – Mission Statement
Key Performance Indicators – Service to Alaskans

Figure 1. Balancing the FY20 Budget by Reducing Expenditure Items (Small to Large)



Legislative Finance Division

State of Alaska Fiscal Summary-- FY19 and FY20 (Part 2)

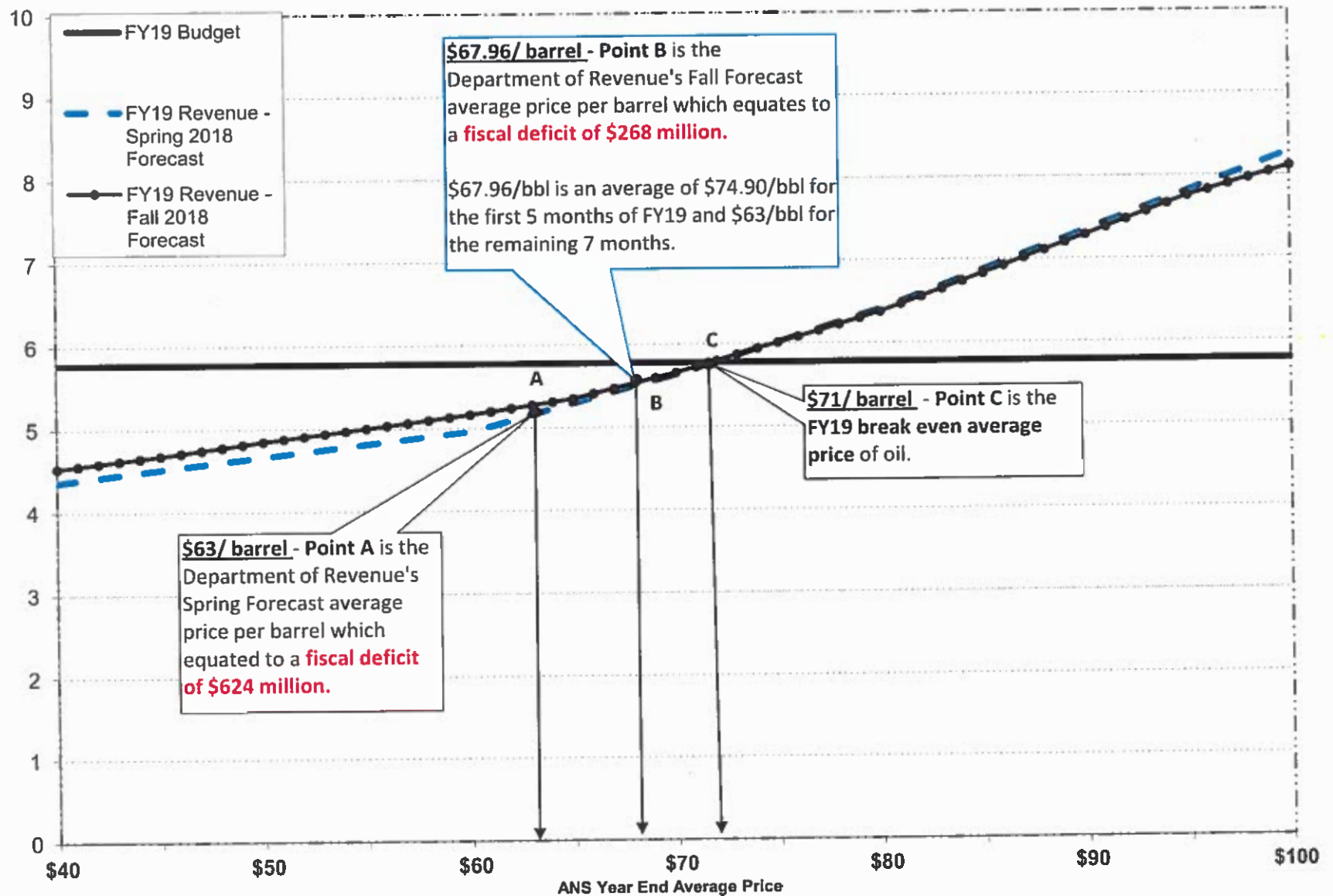
(\$ millions)

Approximate Balances of Reserve Accounts

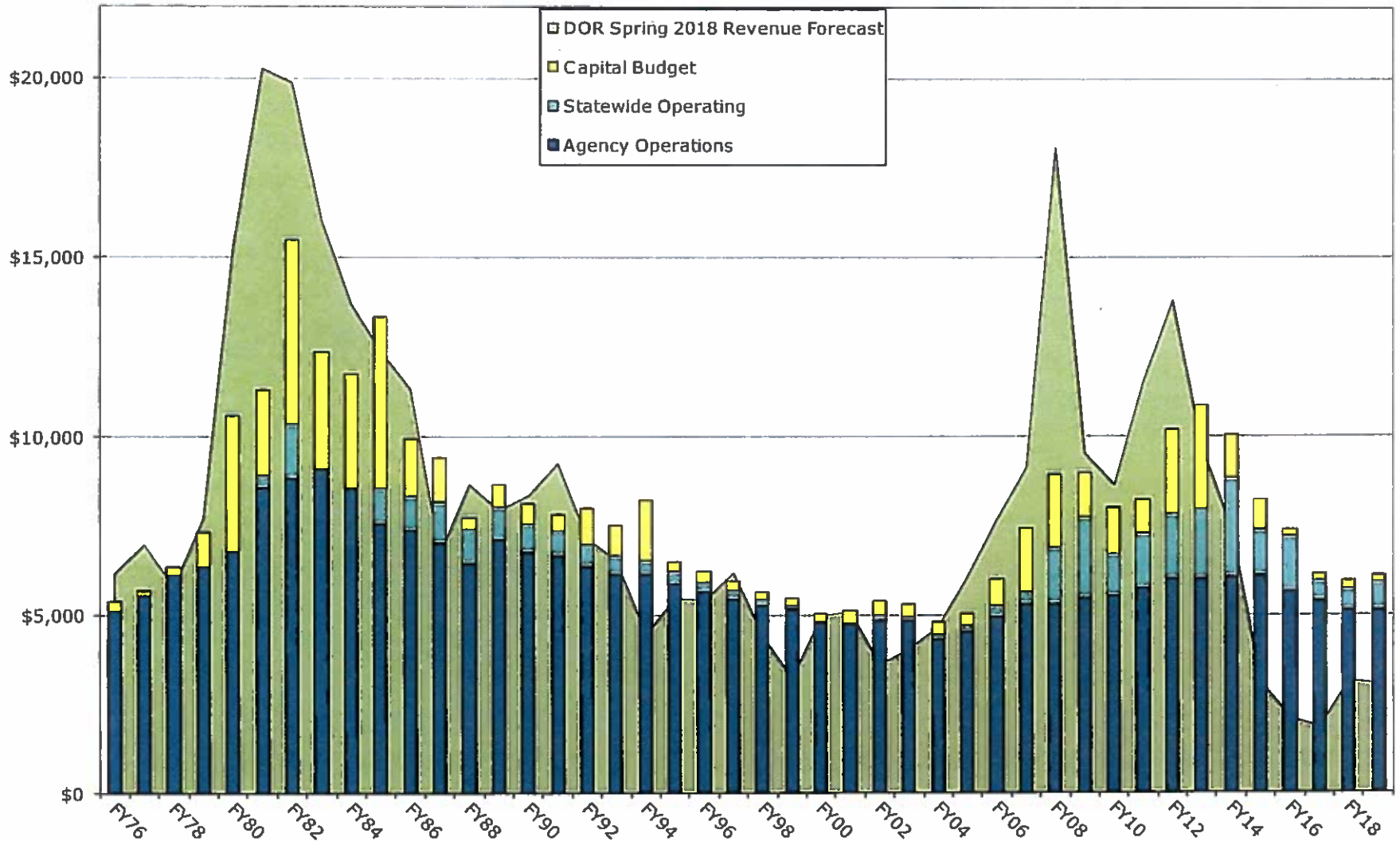
	FY19				FY20			
	BoY Balance	In	Out	EoY Balance	BoY Balance	In	Out	EoY Balance
Permanent Fund Principal -- Market Value (no appropriations allowed)	46,202.0	962.0	0.0	47,164.0	47,164.0	2,833.0	0.0	49,997.0
Undesignated Reserves	19,028.3	3,992.2	3,992.6	21,444.2	21,444.2	3,986.6	5,358.9	20,071.9
Total Excluding Permanent Fund	2,579.9	203.2	331.6	2,452.2	2,452.2	228.6	52.9	2,627.9
Constitutional Budget Reserve Fund (cash)	2,360.1	176.2	267.8	2,268.5	2,268.5	190.8	14.9	2,444.4
Statutory Budget Reserve Fund	172.4	-	-	172.4	172.4	-	-	172.4
Alaska Housing Capital Corporation Fund	22.0	-	21.8	0.2	0.2	-	-	0.2
Alaska Capital Income Fund	26.0	27.0	42.0	11.0	11.0	37.8	38.0	10.8
Permanent Fund Earnings Reserve Account	18,864.0	3,789.0	3,661.0	18,992.0	18,992.0	3,758.0	5,306.0	17,444.0
Designated Reserves	1,491.0	1,318.0	1,388.9	1,420.1	1,420.1	1,352.1	1,357.7	1,414.6
Alaska Higher Education Investment Fund	344.3	19.9	23.5	340.7	340.7	19.8	21.1	339.4
Community Assistance Fund	90.0	34.0	34.0	90.0	90.0	30.0	30.0	90.0
Power Cost Equalization Endowment	1,056.7	21.1	88.4	989.4	989.4	59.4	63.6	985.2
Reserves (Excluding Permanent Fund Principal)	20,519.2	5,310.2	5,381.5	22,864.3	22,864.3	5,338.7	6,716.5	21,486.5
Unrestricted General Fund Appropriations				5,778.1				5,286.0
Years of Reserves (Reserves/UGF Appropriations)				3.96				4.06

FY19 Unrestricted General Fund - Fiscal Sensitivity \$5.75 Billion UGF Budget

(\$ Billions)



Real Per Capita Unrestricted General Fund Revenue/ Budget History (2017 dollars Per Person)



Legislative Finance Division

4

Introduction

The Legislative Finance Division typically spends the weeks just before legislative sessions preparing material designed to help legislators make budget/policy decisions. Gubernatorial transition years often force an abbreviated analysis of the Governor's budget proposal. FY20 is no exception; Governor Dunleavy has clearly stated that the December 15 budget is a placeholder that will lose relevancy during the amendment process as his policies and priorities replace those of Governor Walker.

The Legislative Finance Division reviews items contained in appropriation bills; we avoid discussion of campaign promises and press releases, just as we avoid speculation regarding the reception budget proposals might receive in the legislature. That policy leaves few specific budget items to analyze at this time.

The December 15 budget submitted by Governor Dunleavy for FY20 is identical to the budget Governor Walker released in late November with two exceptions:

1. the December budget contains a \$1.6 billion unallocated reduction; and
2. the November budget proposed permanent fund dividends (PFDs) of \$1,800 per citizen while the December budget increased that amount to approximately \$3,000. The estimated cost of paying PFDs at Governor Dunleavy's proposed level is \$1.944 billion, just over \$920 million more than was paid out in FY19.

In addition to reviewing appropriation bills, the Legislative Finance Division analyzes revenue projections and both the short- and long-term fiscal outlook. We find the Fall 2018 revenue forecast to be reasonable. The November forecast released by the Walker administration was based on information gathered in early October, when prices had recently jumped from the mid \$70 range to the mid \$80 range. The price forecast— \$77 for FY19 and \$75 for FY20—appears unreasonably optimistic in retrospect, and the Dunleavy administration quickly revised prices downward to match those projected in the Spring: \$68 for FY19 and \$64 for FY20.

Barely a month later, some might claim the revised revenue forecast is also optimistic—if oil remains at the current level (in the mid \$50 range) for the remainder of FY19, the average price for the year would be near the \$63 level forecast last Spring. The implication of unexpectedly low current prices is that the FY20 revenue forecast may be optimistic. We have neither the data nor expertise to challenge the many assumptions—Alaska production, world supply and demand, capital expenditures, tax credits, etc.—that generate the Department of Revenue's forecast. As in the past, we will use the official revenue forecast in our two-year fiscal summary—see page 10—and in our long-term fiscal model.

The fiscal model uses revenue and expenditure forecasts to project budget surpluses/deficits through FY28. It also generates projections for dividends and balances of the permanent fund and various reserve accounts. The model is ready to produce scenarios to help analyze policy/spending/revenue options.

There is, however, one huge caveat regarding model output: the model's long-term expenditure plan was prepared by the Walker administration. The Governor is required by AS 37.07.020(b) to submit a ten-year expenditure plan to the legislature. If the Dunleavy administration intends to change the path of expenditures, the Governor must provide a new spending plan that reflects the fiscal future he envisions.

A lack of formal spending plans—both for FY20 and the long-term—limits our ability to provide comprehensive fiscal analysis of the Governor's intentions. It does not, however, preclude discussion of Alaska's fiscal situation. We can discuss a few issues that will help readers grasp linkages between budget/policy decisions and the State's fiscal future.

Alaska's fiscal situation

Casual observers of the fiscal landscape may conclude that everything appears much as it has for years: spending exceeds revenue and the legislature will argue inconclusively about whether new revenue is needed to fill the deficit and discuss how—and how much—spending should be cut. In the end, draws from reserves will fill the deficit and everyone will hope for higher oil prices in the future.

More astute observers see a landscape very unlike the past and wonder how casual observers can fail to conclude that we live in different fiscal world.

Spending in excess of revenue is not a small, temporary problem; we have faced multi-billion dollar deficits for six consecutive years and projections show continued large deficits. Legislators and citizens have lived with deficits for so long—with no ill effects—that they justifiably ask “Why are deficits a problem?”

The fiscal impact of deficits has been hidden by our ability to draw from reserves. When deficits can be filled by budget language that simply fills the deficit regardless of revenue or expenditure levels, no other action is required. When revenue sets no limit on expenditures, is it any wonder that some people believe expenditures spun out of control? Yet deficits persist and life goes on. The conclusion is that deficits are not a problem as long as savings balances are able to fill them for many years into the future.

We no longer live in that fiscal world. Using the constitutional budget reserve fund (CBR) to fill massive, persistent deficits has depleted reserves. Because the CBR has insufficient money to continue filling deficits, we can no longer ignore deficits. In the long-term, revenue and expenditures must balance.

How can we balance the budget?

The passage of SB26 (during the 2018 legislative session) was a huge step toward balancing the budget. Alaska has traditionally relied upon oil production—almost exclusively—as a source of revenue. Traditional revenue sources cover about one-third of expenditures (excluding unallocated reductions) in the December 15 budget. Under SB26, a percentage of the market value of the permanent fund contributes to revenue.

The contribution is massive; at \$2.9 billion, the FY20 payout from the permanent fund exceeds the \$2.3 billion expected from traditional sources. Yet, in the absence of additional revenue or reductions from FY19 spending, a \$1.6 billion deficit remains.

How to fill deficits is a policy decision

With the depletion of reserve balances, Alaska has only the standard tools other states use to bring the budget into balance. The tools are:

1. increasing revenue and
2. reducing expenditures.

Some would include borrowing as a tool on the revenue side, but borrowing does not offer a long-term solution. Some would add shifting costs to local governments or to citizens as a tool on the expenditure side. But there is a distinction between shifting a problem and solving a problem.

Alaska was fortunate to have a third budget-balancing tool: using reserves to fill deficits. We used the tool very effectively—meaning we saved a good portion of surpluses and then drew money from reserves when oil revenue could not balance the budget. Establishing a large reserve balance was not an accident, we knew that reserves are essential when revenue is volatile.

The constitutional budget reserve fund (CBR) is not empty, but years of drawing money means the fund can serve only as a shock absorber that allows us to avoid the painful process of mid-year budget reductions in response to unanticipated revenue shortfalls. It can no longer serve as a tool to address massive long-term deficits.

Increasing revenue is an effective way to address long-term deficits, but is generally not an effective tool if the time horizon is short. It often takes a year or more to implement tax changes. Further, if the Governor and/or the legislature insist that tax increases are off the table, then the only remaining budget-balancing tool is reducing expenditures.

Decision time—where can cuts occur?

The correct answer—anywhere the legislature and Governor agree upon—is not very helpful. It may be more practical to paraphrase Willie Sutton, who—when asked by a journalist why he robbed banks—replied “Because that’s where the money is.” In our case, the lesson may be that we have to cut where the money is.

The blue bars in Figure 1 show where Alaska spends its unrestricted general funds (UGF). The red bars show how much money would be available for various expenditure items if cuts were the only tool used to balance the budget. Takeaway points include:

1. Permanent fund dividends are the largest single expenditure item, consuming 37% of projected revenue.
2. Adding departments that oversee the two big formula programs—K-12 education and Medicaid—brings expenditures to 86% of revenue.
3. If items were eliminated (from smallest to largest, with the exception of capital projects and statewide items) to produce a balanced budget, there would be no money available for any agencies except those that oversee K-12 education and Medicaid.
4. Eliminating unrestricted general funds in agencies (as indicated by “missing” red bars) to balance the budget would reduce total UGF expenditures by about 25%.
5. The figure describes a hypothetical situation that is intended only to show the relative size of spending on various items. In the real world, cuts to criminal justice agencies—and many other items—could not legally occur as shown.

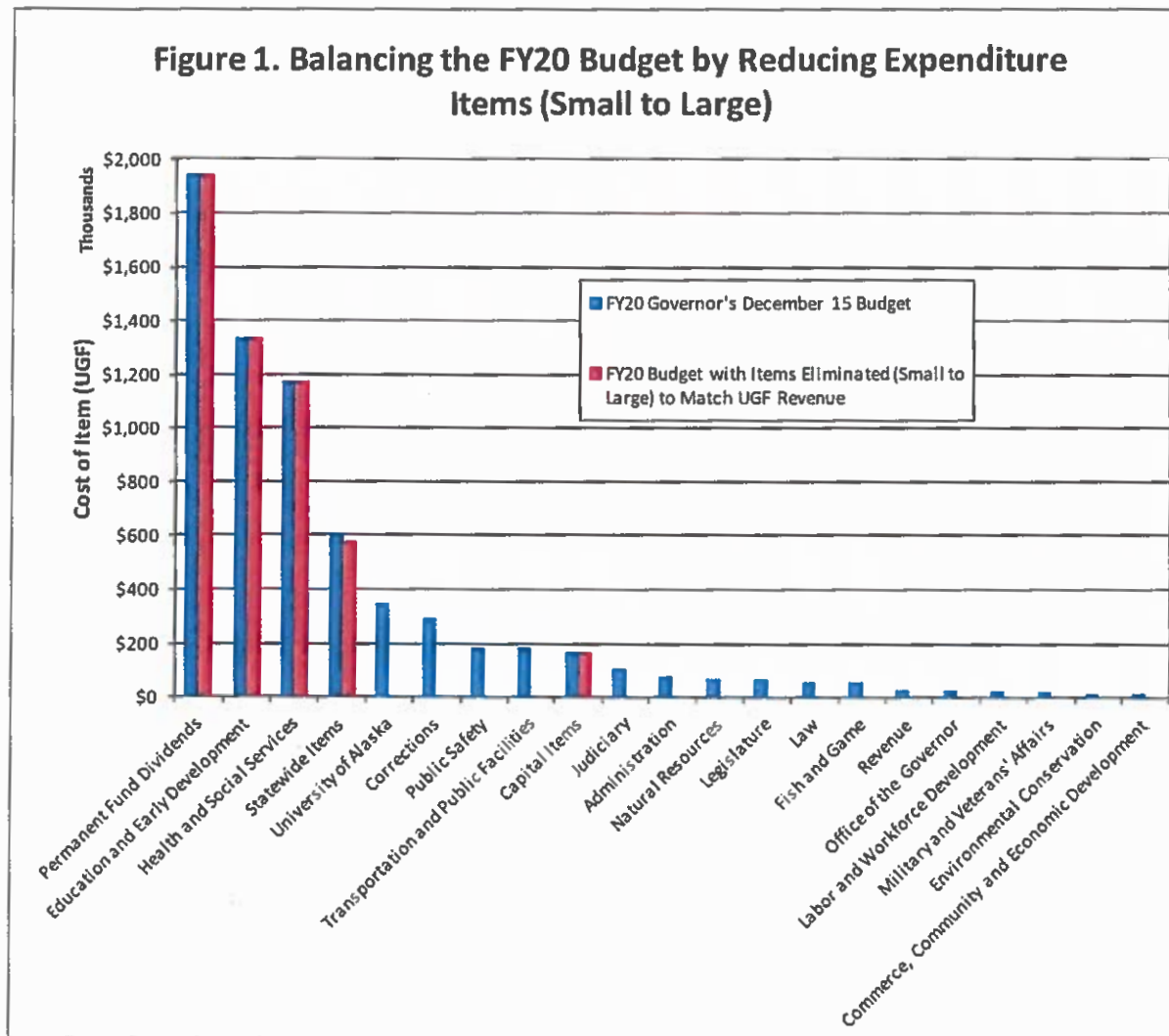
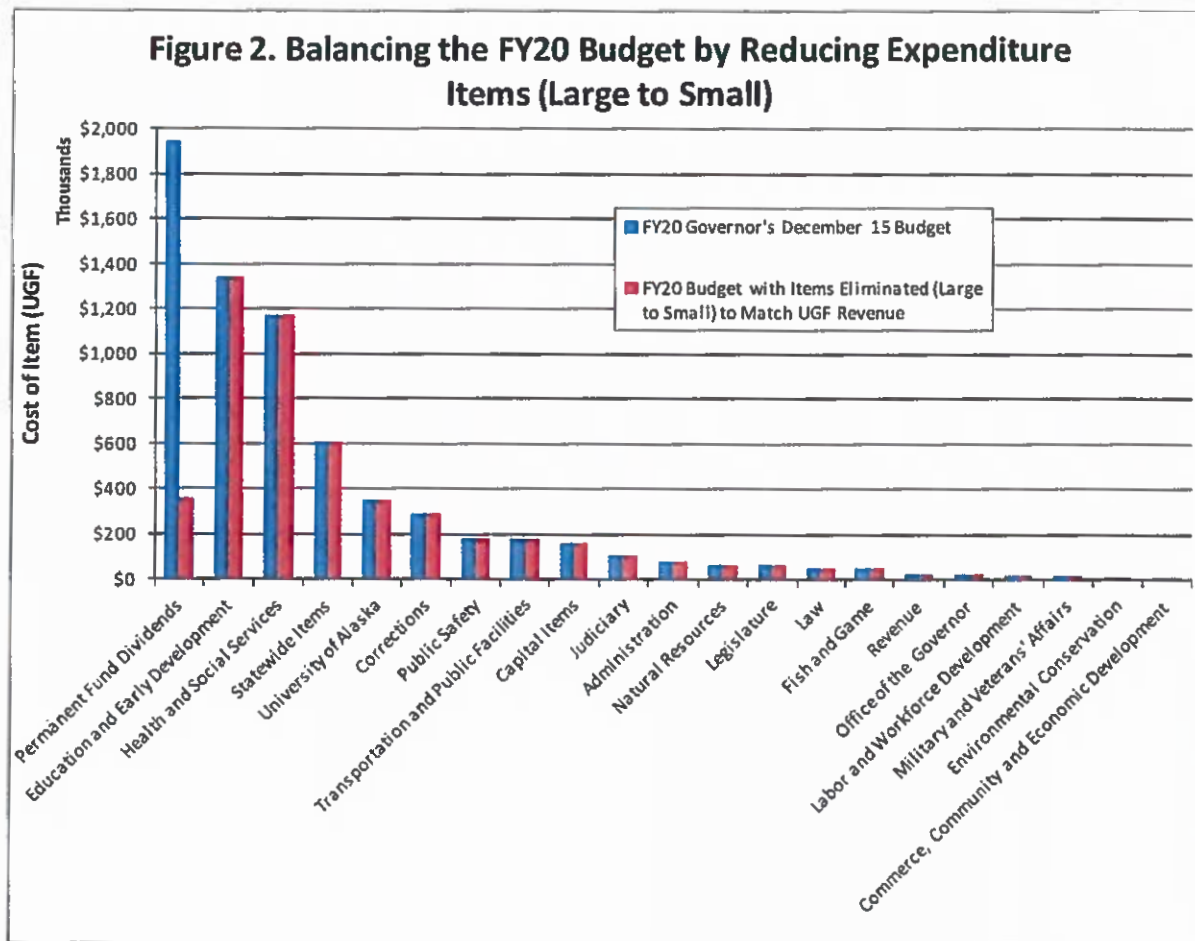


Figure 2 uses the same data, but balances the budget by cutting items from largest to smallest. The major points are:

1. If dividends were eliminated and all other items were funded as requested on December 15, there would be a budget surplus of about \$300 million; and
2. As the largest single expenditure, dividends are sure to be a fundamental topic during any discussion of cutting enough money to balance the budget.



Figures 1 and 2 are intended not only to show the range of outcomes associated with budget reductions, but also to highlight the difficulty of balancing the budget via reducing spending for agency operations. Other than Education and HSS, expenditure of unrestricted general funds in agencies comprises 23% of total expenditures and no individual agency accounts for more than 5% of total spending. As a basis of comparison, the budget deficit is equivalent to 24% of expenditures.

As a practical matter, balancing the budget with cuts alone requires cutting where the money is: dividends, K-12 and Medicaid. The choices are divisive, and decisions are certain to be difficult.

How much the legislature spends on dividends—or anything else—is a policy decision

When it comes to appropriations, the legislature must follow the constitution. However, the power of appropriation supersedes statute. For example, if a law were to increase the Base

Student Allocation (generally known as the BSA, which is a primary factor in determining K-12 spending) in each of the following three years, appropriations for K-12 spending might not increase. The changes to the BSA would occur, but the legislature is not required to fully fund the statutory formula. Similarly, the law provides a formula for permanent fund dividends (PFDs), but the legislature can appropriate any amount it chooses. That conclusion is not personal opinion; it is the ruling of the Alaska Supreme Court (*Wielechowski v State*, August 2017).

So why bother with statutory formulas? Accepting the guidance provided by law means sitting legislators don't have to argue every year about how much to spend on programs like education, Community Assistance, retirement contributions and power cost equalization. Statutory guidance makes it less likely that the Governor/legislature will shift costs from the State to local governments, businesses or to the people. In short, statutory guidance makes it easier to adopt a budget and plan for the future.

Arguments supporting statutory guidance prompt questions: We have statutory guidance on PFDs, so why argue about the amount paid as dividends? Why doesn't the legislature simply pay the amount determined by statute? Alternately, if the legislature is not going to follow statutes, why doesn't the legislature change the statutes?

Answering those questions can lead to discussion of complex issues like individual versus common rights to Alaska's resource wealth, distribution of income, and the extent to which the people of Alaska understand the fiscal situation. While we do not deny the importance of those issues, we tend to see the situation in terms of mathematical relationships.

There is a dollar-for-dollar trade-off between dividends and revenue, dividends and deficits, and dividends and government services

For those who doubt that dividends affect deficits, or that there is a dollar-for-dollar trade-off between dividends and government services, just look at the math. To simplify, let's assume the annual POMV (percent of market value, per SB26) payout from the permanent fund earnings reserve account (ERA) is \$3 billion. If \$1 billion goes to dividends, then \$2 billion is available for government services. Let's also assume that the budget is balanced in those circumstances. If dividends take \$2 billion of the payout from the ERA, then there is only \$1 billion left as revenue to the general fund and we face a \$1 billion deficit. In the absence of additional revenue, government services must be reduced by \$1 billion.

To say that increasing dividends takes money from education or other government services would reveal a biased perspective. It is just as accurate to say that spending money on government services takes money from dividends. It is fair to say that dividends compete with government services for available revenue. It is also fair to say that the competition during the

FY20 budget process is likely to be fierce, particularly if oil prices remain low and use of savings to balance the budget is minimal. In those circumstances, a FY20 deficit is possible/probable.

Reexamining the availability of budget-balancing tools

Legislators face numerous difficult choices. Perhaps the most difficult choice will be the selection of tools to balance the budget. Enhancing revenue is a difficult path, made more difficult because Alaskans are not accustomed to paying the cost of government.

Elementary math shows that cutting expenditures is also a difficult path, particularly when public expectations and legal requirements to provide essential state services and protect economic stability are considered.

The easy path is to balance the budget by drawing money from the permanent fund earnings reserve account (ERA), just as we used to draw money from the constitutional budget reserve fund (CBR). The dangers of this path may not be apparent until we have taken it for a few years.

Before choosing this path, Alaskans should consider the following scenario:

1. Drawing more from the ERA than envisioned under statutory guidelines reduces the real value of the permanent fund.
2. Lower permanent fund balances reduce future earnings and reduce both dividends and the payout to the general fund.
3. Reduced payout to the general fund increases deficits, which cause ever-increasing draws from the ERA.
4. The ERA goes the way of the CBR, shrinking to the point that a poor investment year leaves no money for either dividends or a payout to the general fund.

While legislators always face decisions that shape Alaska's future, the decisions they face this year are as tough and pivotal as any they are ever likely to make. The Legislative Finance Division offers our fiscal model and budget expertise to help legislators make informed decisions.

Published Analysis

The Legislative Finance Division typically publishes "subcommittee books" and narratives that are intended to help legislators understand the Governor's budget proposals. Reports presenting the December 15 budget submittal are posted on our website, but we do not intend to publish subcommittee materials until the Governor submits amendments.

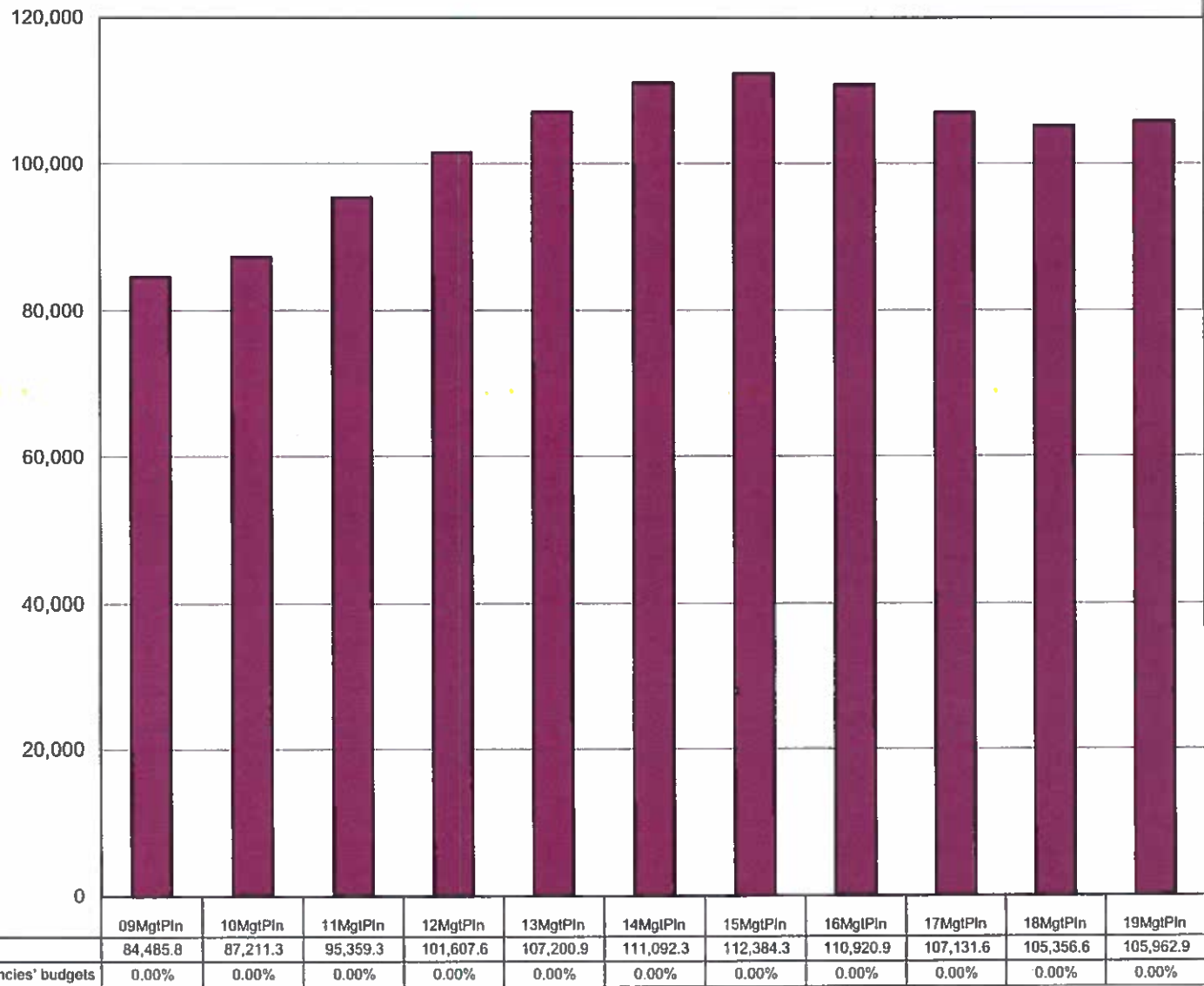
Judiciary's Share of Total Agency Operations (GF Only) (\$ Thousands)

The Judiciary's GF budget:

--Increased \$21.5 million (25%) between FY09 and FY19 -- an average annual growth rate of 2.3%.

--Decreased by \$6.4 million (-5.7%) between FY15 and FY19.

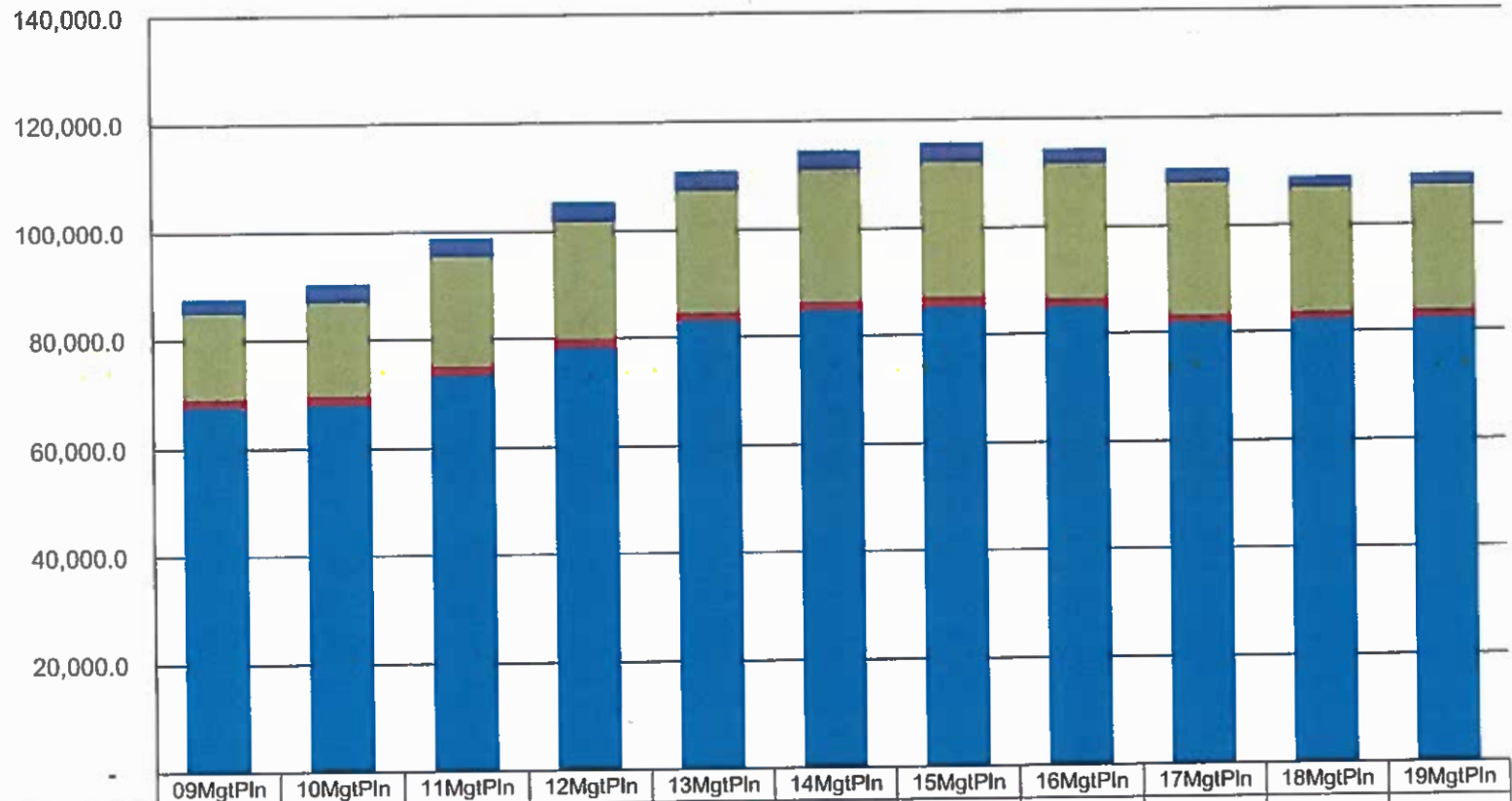
* The agency's total FY19 GF budget equals \$324 per resident worker.



* According to the Department of Labor, there were 327,048 resident workers in Alaska in 2016.

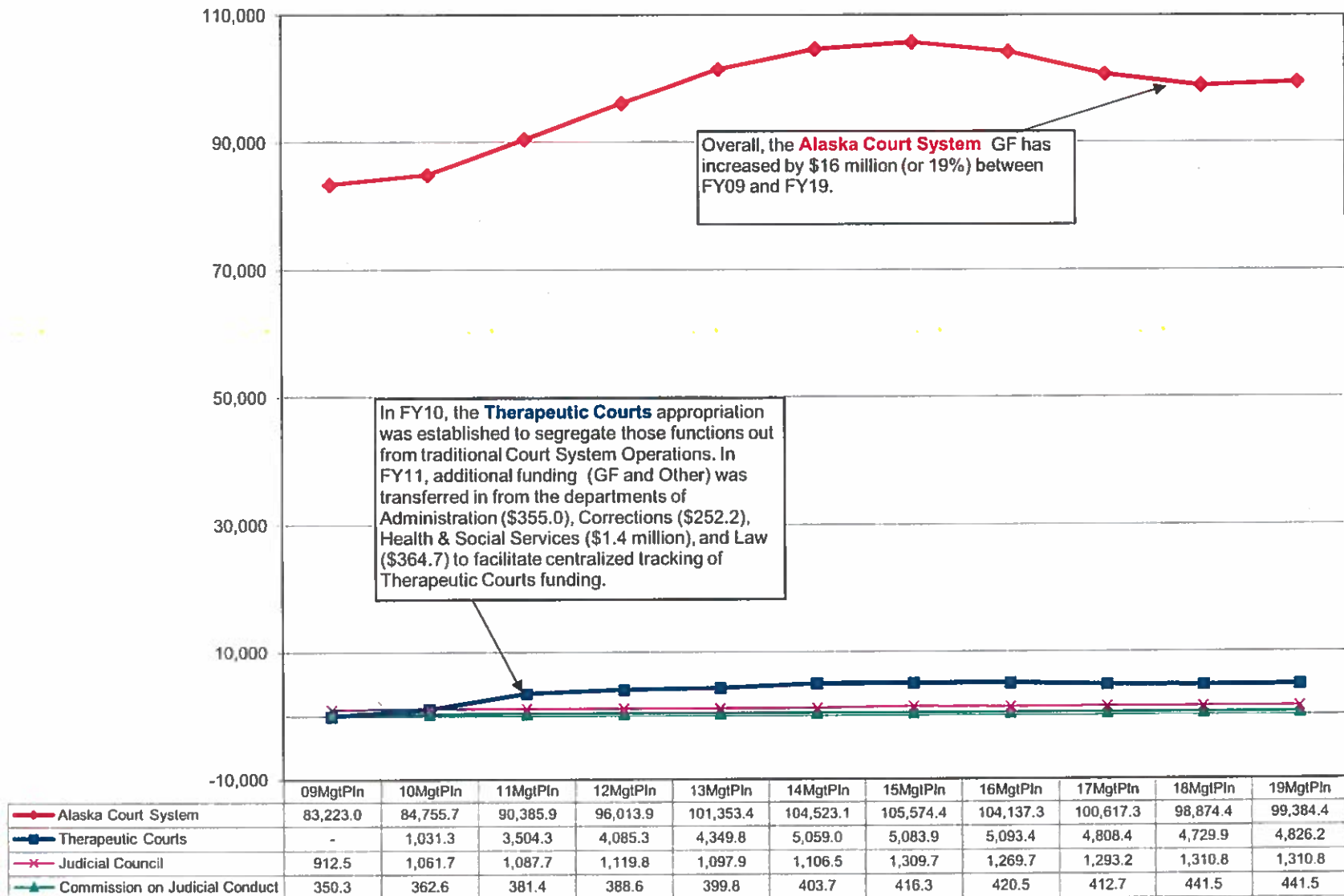
Judiciary

Line Items
(All Funds)
(\$ Thousands)

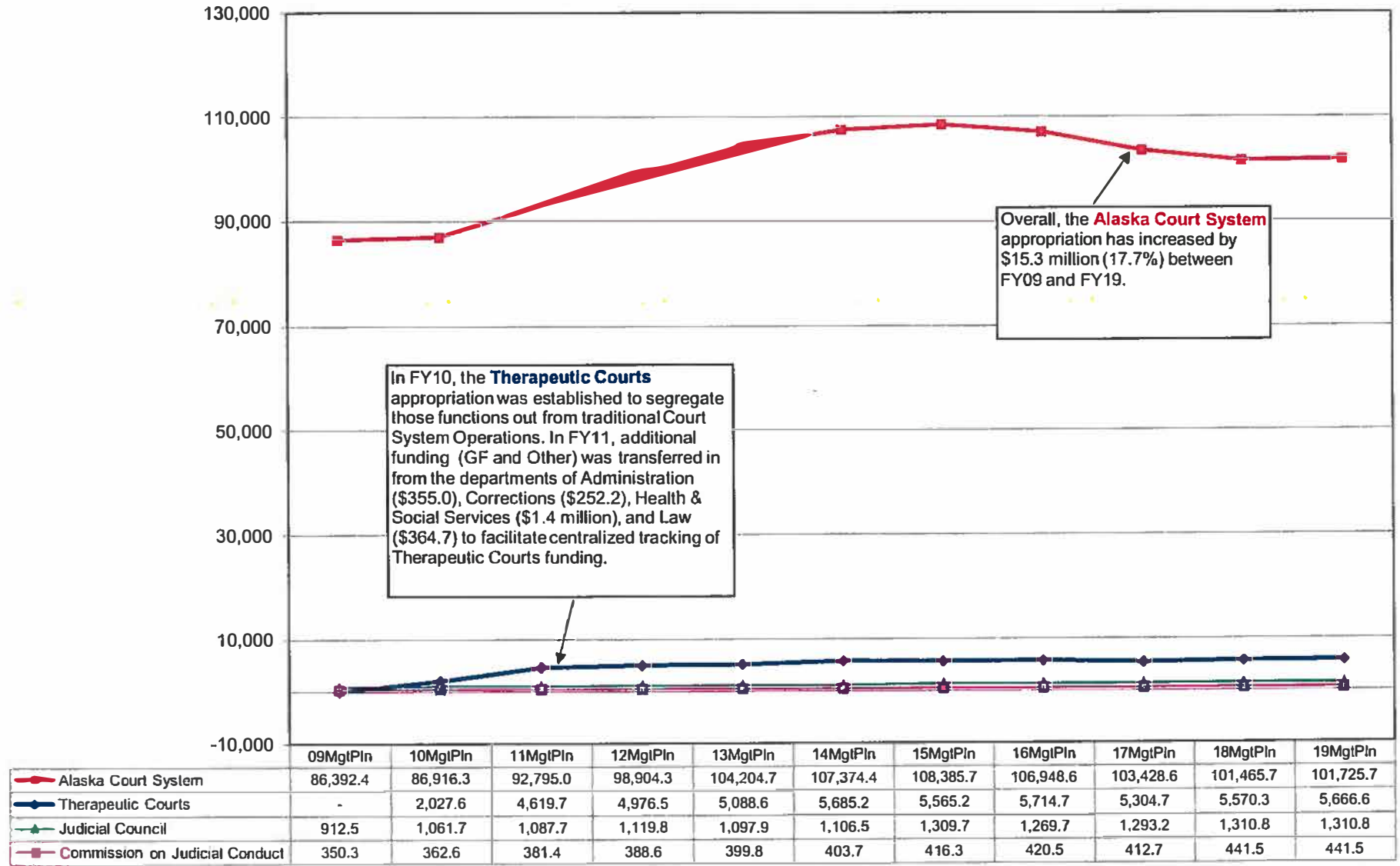


	09MgtPln	10MgtPln	11MgtPln	12MgtPln	13MgtPln	14MgtPln	15MgtPln	16MgtPln	17MgtPln	18MgtPln	19MgtPln
8 Miscellaneous	-	-	-	-	-	-	-	-	-	-	-
7 Grants, Benefits	100.0	144.0	144.0	144.0	144.0	144.0	44.0	-	-	-	-
5 Capital Outlay	267.4	292.4	312.4	337.4	337.4	337.4	337.4	137.4	137.4	62.6	62.6
4 Commodities	2,376.1	2,902.3	3,032.2	3,176.9	3,148.2	3,154.2	3,234.2	2,591.6	2,441.6	1,981.6	1,985.6
3 Services	15,838.5	17,421.5	20,486.1	21,992.4	22,740.6	24,641.2	25,217.1	25,195.4	24,752.2	23,230.1	23,341.1
2 Travel	1,293.0	1,486.0	1,466.1	1,500.1	1,491.9	1,516.1	1,543.6	1,393.6	1,323.6	1,323.6	1,473.6
1 Personal Services	67,780.2	68,122.0	73,443.0	78,238.4	82,928.9	84,776.9	85,300.6	85,035.5	81,784.4	82,190.4	82,281.7

Judiciary Appropriations (GF Only) (\$ Thousands)



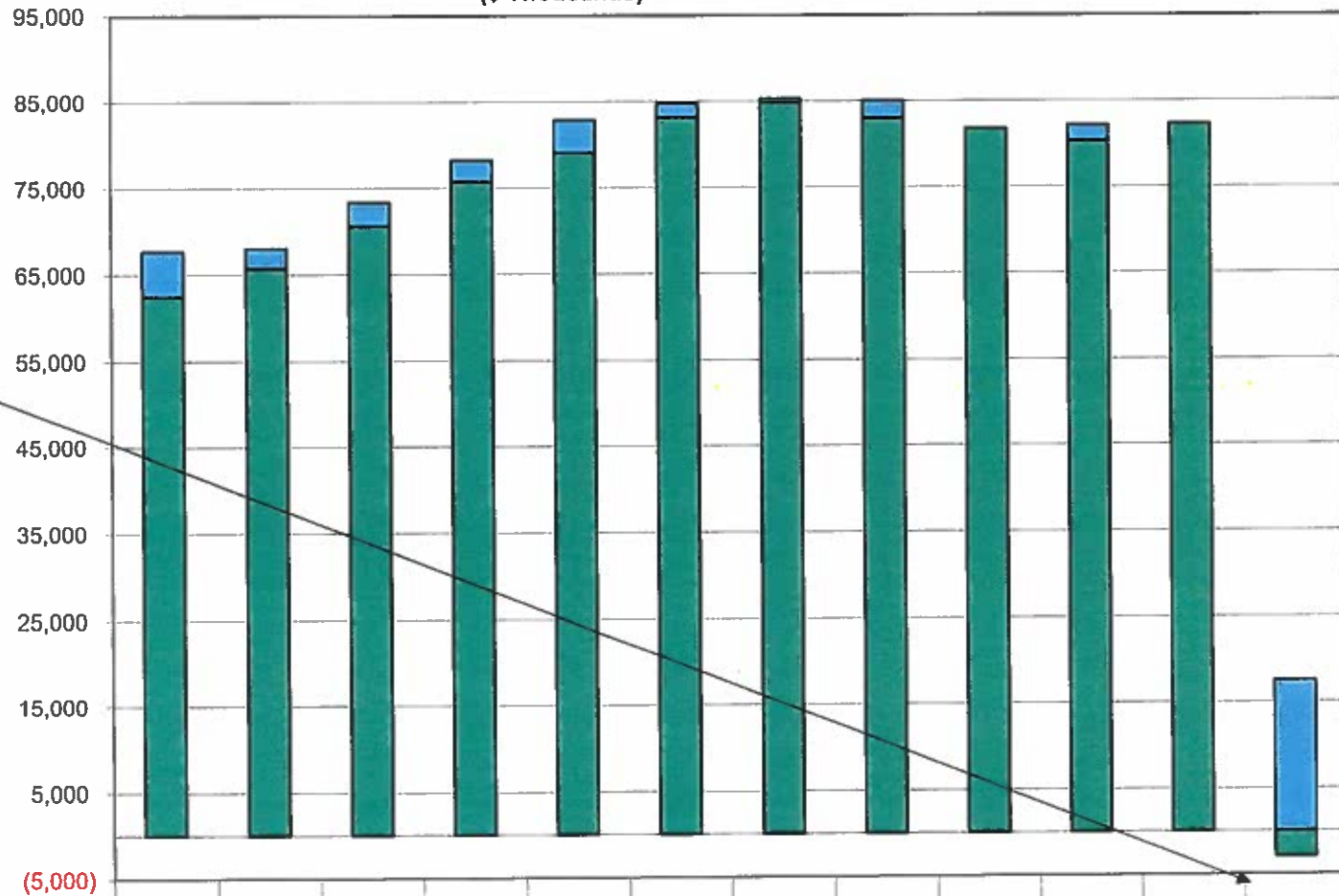
Judiciary Appropriations (All Funds) (\$ Thousands)



Judiciary
Salary Adjustment Increases and Personal Services Costs
 (All Funds)
 (\$ Thousands)

Personal Services increased by \$14.5 million from FY09 to FY19, an increase of 21.4%.

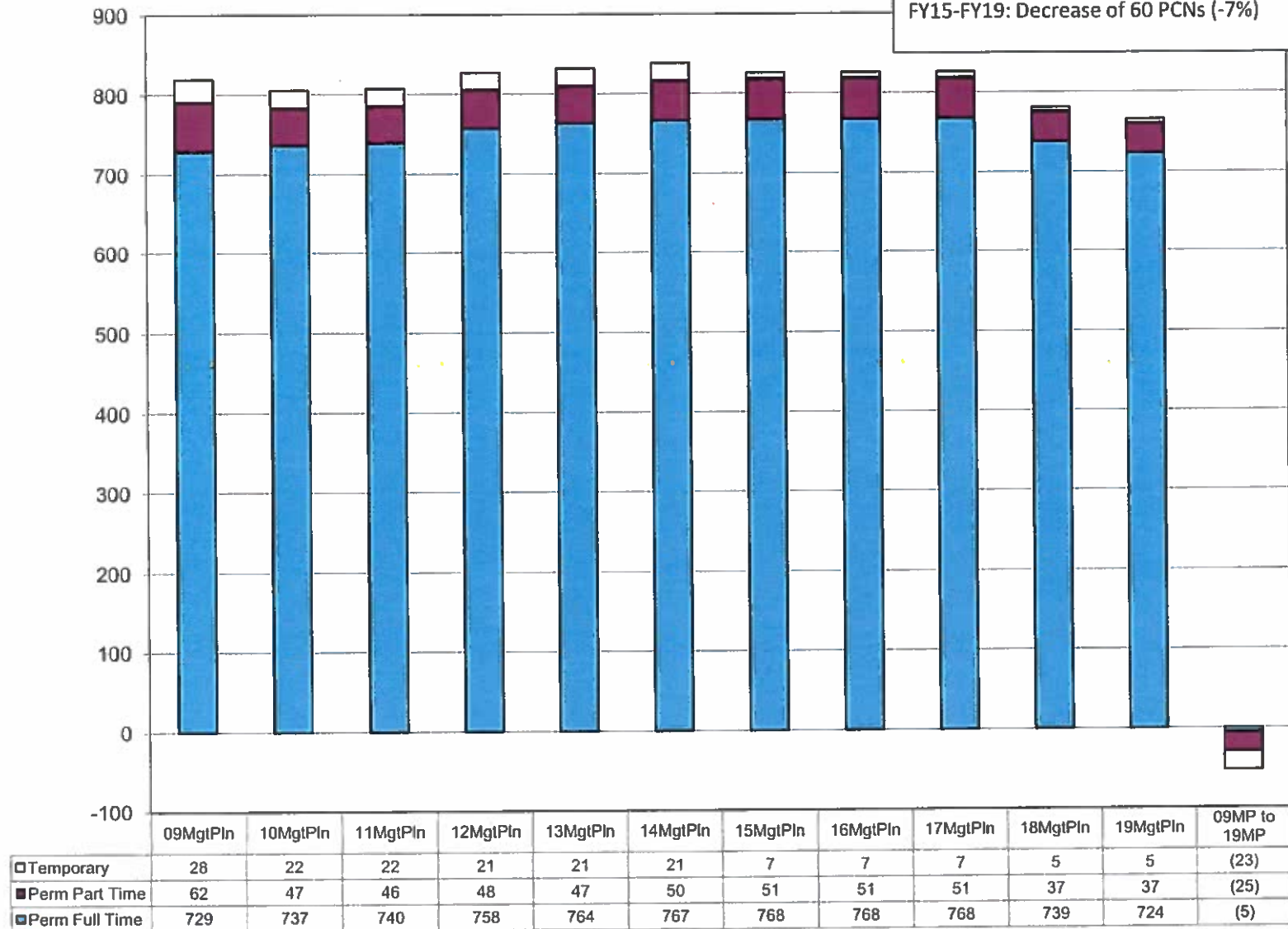
Summary *
 The change consists of a \$17.5 million increase for contractual salary adjustments and a \$3 million decrease in non-contractual personal services costs.



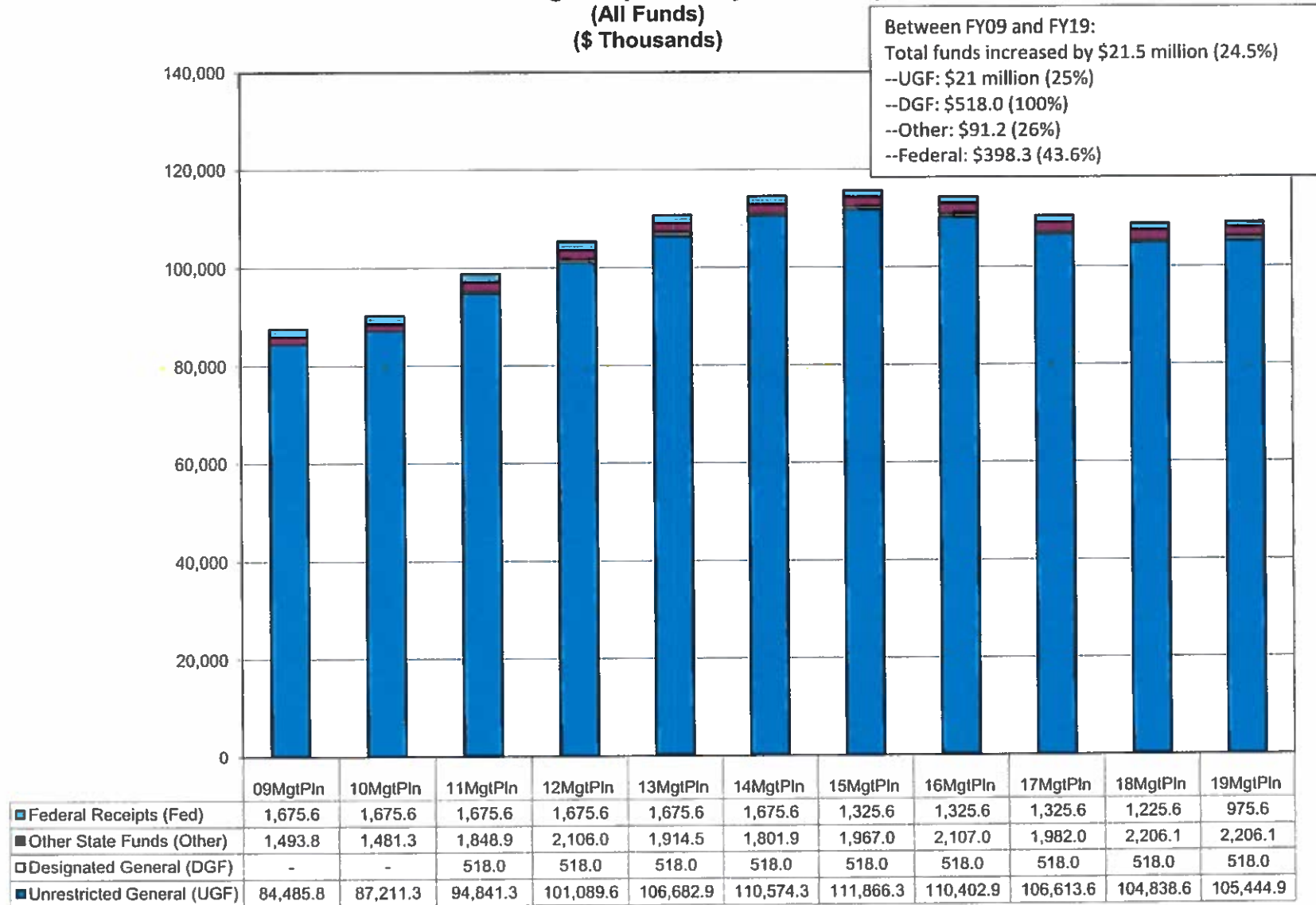
* Changes in the personal services line from FY09 to FY19 are segregated into two parts: (1) base increases (primarily due to contractual negotiations, retirement increases, and health insurance increases), and (2) other personal services increases/decreases such as transfers between line items or new/deleted positions. The final column sums the two types of changes during the period.

Judiciary Budgeted Positions

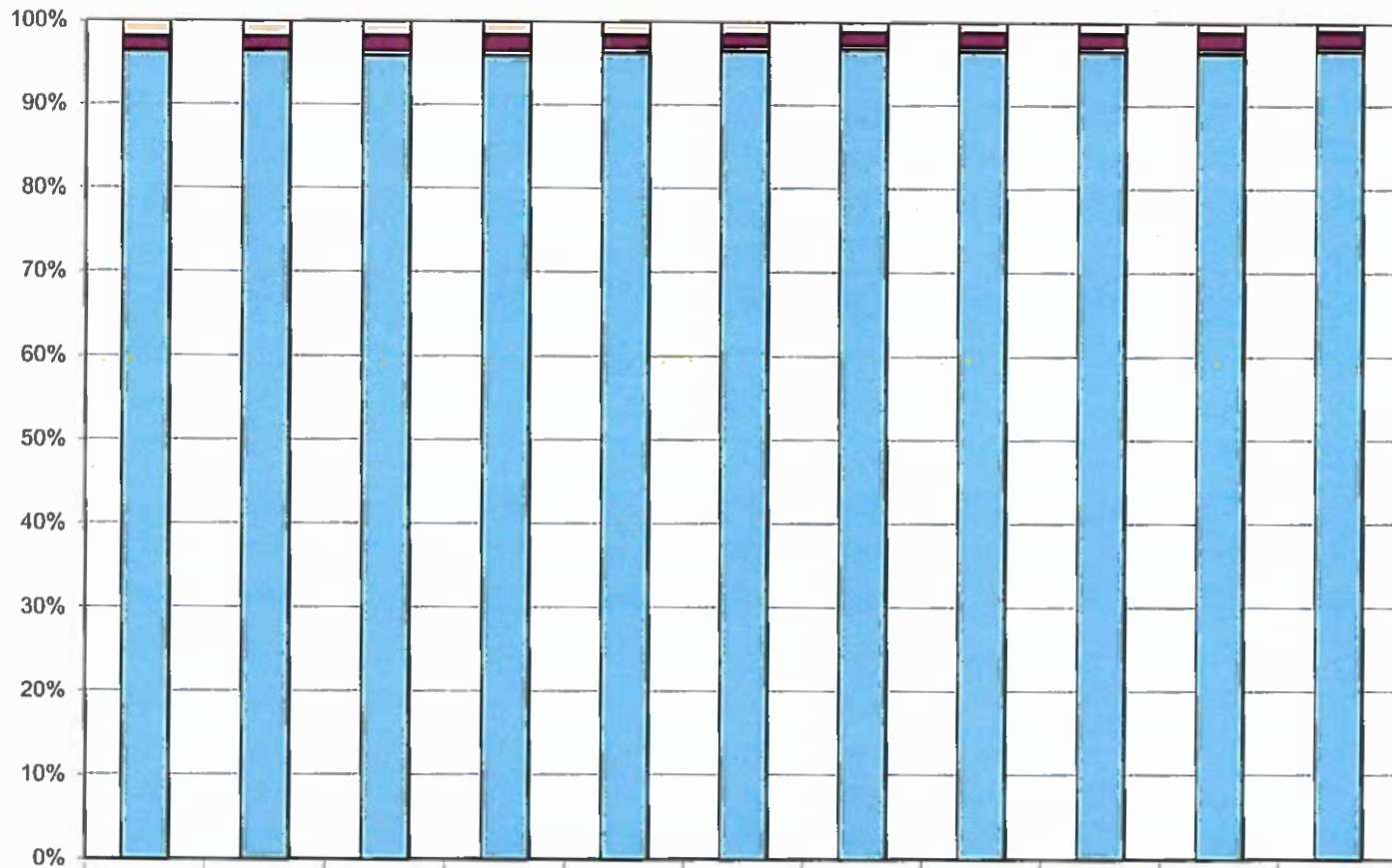
Total Positions:
 FY09-FY19: Decrease of 53 PCNs (-6%)
 FY15-FY19: Decrease of 60 PCNs (-7%)



Judiciary
Total Funding Comparison by Fund Group
(All Funds)
(\$ Thousands)



Judiciary
Percent of the Total Agency's Budget by Fund Group
(All Funds)
(\$ Thousands)



	09MgtPIn	10MgtPIn	11MgtPIn	12MgtPIn	13MgtPIn	14MgtPIn	15MgtPIn	16MgtPIn	17MgtPIn	18MgtPIn	19MgtPIn
■ Federal Receipts (Fed)	1,675.6	1,675.6	1,675.6	1,675.6	1,675.6	1,675.6	1,325.6	1,325.6	1,325.6	1,225.6	975.6
■ Other State Funds (Other)	1,493.8	1,481.3	1,848.9	2,106.0	1,914.5	1,801.9	1,967.0	2,107.0	1,982.0	2,206.1	2,206.1
□ Designated General (DGF)	-	-	518.0	518.0	518.0	518.0	518.0	518.0	518.0	518.0	518.0
■ Unrestricted General (UGF)	84,485.8	87,211.3	94,841.3	101,089.6	106,682.9	110,574.3	111,866.3	110,402.9	106,613.6	104,838.6	105,444.9

Judiciary

Appropriation/Allocation	FY20	Constitutional Requirement?	Required by Statute?
	Permanent Employees		
Alaska Court System:			
Appellate Courts	56	Yes	
Trial Courts	600	Yes	
Administration	78		Yes
Therapeutic Courts	13		Yes
Alaska Judicial Council	9	Yes	
Commission on Judicial Conduct	2	Yes	
Judiciary Total	758		

JUDICIARY
FY19 - Summary of Significant Budget Issues

Governor's Budget Items Approved as Requested

Item #	Approp/Allocation	Description	Amount/Fund Source	Comment
1	Alaska Court System/ Trial Courts	Increases in the Cost of Jury Pay and Jury Travel	\$510.0 UGF	<p>Given the increase in prosecutors and other factors, the number of cases going to trial has increased and is expected to continue to increase. The \$510.0 request by Trial Courts is 0.6 percent above the FY18 budget (and 2.5% below FY17 actual expenditures). The funding is expected to be expended in the following categories:</p> <ul style="list-style-type: none"> • Jury Pay: \$360.0 UGF. • Jury Travel: \$150.0 UGF. To increase the jury pool, jurors may be drawn from a 50-mile radius of a hub court. When jurors are required to travel to the hub court, the Court System is required to provide meals and lodging for the duration of their jury services. On average, 81% of all juror travel costs are attributable to trials held in Dillingham and Bethel.
2	Therapeutic Courts/ Therapeutic Courts	Add a position in the Anchorage Veterans' Court to Align with National Standards and Address Increased Utilization	\$96.3 UGF 1 PFT Position	<p>The Anchorage Veterans' Court, which started in 2004, is a specialized court designed to facilitate the rehabilitation of eligible veterans charged with criminal offenses. In addition to connecting veterans with U.S. Department of Military and Veterans Affairs housing, employment, rehabilitation, and treatment services, the Veterans' Court collaborates with prosecutors, defense attorneys, and the State of Alaska Department of Veterans' Affairs to monitor conditions of alternative sentencing plea agreements. According to Therapeutic Courts, these agreements are designed to help eligible veterans succeed in returning to a productive and law-abiding lifestyle.</p> <p>Prior to FY19, non-veterans' and veterans' court cases were distributed among existing Therapeutic Courts staff. This increment adds funding for a project coordinator position focused on providing services to veterans and to align Veterans' Court practices with recently established national standards.</p>

JUDICIARY
FY19 - Summary of Significant Budget Issues

Governor's Budget Items Approved as Requested (continued)

Item #	Approp/Allocation	Description	Amount/Fund Source	Comment
3	Therapeutic Courts / Therapeutic Courts	Programs in Therapeutic Courts	\$219.4 MHTAAR (Other)	The legislature fully funded the Mental Health Trust Authority's recommendation of \$219.4 MHTAAR to sustain the following programs: <ul style="list-style-type: none"> • \$204.4 to continue Juneau Mental Health Court funding (IncOTI) • \$15.0 training for Therapeutic Court Staff (IncOTI)

Legislative Deletions

Item #	Approp/Allocation	Description	Amount/Fund Source	Comment
4	Alaska Court System/ Trial Courts and Administration and Support	Delete Excess Federal Receipts	(\$250.0) Federal Receipts	To align federal expenditure authority with anticipated expenditures, the legislature removed \$175.0 of federal receipts from the Trial Courts allocation and \$75.0 from the Administration and Support allocation.
5	Alaska Court System/ Trial Courts	Delete 16 of 32 Unfunded Positions	(16) PFT Positions	The legislature deleted 16 (of 32) long-term vacant positions for which there is no funding. Although 16 unfunded positions remain in the budget, the Alaska Court System would like to retain them in order to speed response if the legislature adds funding for services.

JUDICIARY
FY19 - Increment Status Report

Governor's Budget Items Approved as Requested

Item #	Approp/Allocation	Description	Amount/Fund Source	FY19 CC Book Comment	GF Dec?	LFD Question	Agency Comments
1	Alaska Court System/ Trial Courts	Increases in the Cost of Jury Pay and Jury Travel	\$510.0 UGF	<p>Given the increase in prosecutors and other factors, the number of cases going to trial has increased and is expected to continue to increase. The \$510.0 request by Trial Courts is 0.6 percent above the FY18 budget (and 2.5% below FY17 actual expenditures). The funding is expected to be expended in the following categories:</p> <ul style="list-style-type: none"> • Jury Pay: \$360.0 UGF. • Jury Travel: \$150.0 UGF. To increase the jury pool, jurors may be drawn from a 50-mile radius of a hub court. When jurors are required to travel to the hub court, the Court System is required to provide meals and lodging for the duration of their jury services. On average, 81% of all juror travel costs are attributable to trials held in Dillingham and Bethel. 	No	Have the estimated number of cases going to trial (requiring additional funding) been on target?	Based on the preliminary 2nd quarter FY19 criminal trial rates compared to the 2nd quarter FY17 criminal trial rates, the FY19 trial rate is 26% higher. This rate exceeds the trial rates realized for FY18 during which the total criminal trial rate was 20.6% higher than rates experienced in FY17. In summary, the increased funding is required to meet the increased jury expenses.
2	Therapeutic Courts/ Therapeutic Courts	Add a position in the Anchorage Veterans' Court to Align with National Standards and Address Increased Utilization	\$96.3 UGF 1 PFT Position	<p>The Anchorage Veterans' Court, which started in 2004, is a specialized court designed to facilitate the rehabilitation of eligible veterans charged with criminal offenses. In addition to connecting veterans with U.S. Department of Military and Veterans Affairs housing, employment, rehabilitation, and treatment services, the Veterans' Court collaborates with prosecutors, defense attorneys, and the State of Alaska Department of Veterans' Affairs to monitor conditions of alternative sentencing plea agreements. According to Therapeutic Courts, these agreements are designed to help eligible veterans succeed in returning to a productive and law-abiding lifestyle.</p> <p>Prior to FY19, non-veterans' and veterans' court cases were distributed among existing Therapeutic Courts staff. This increment adds funding for a project coordinator position focused on providing services to veterans and to align Veterans' Court practices with recently established national standards.</p>	Potential \$24.0 reduction in FY19 for three months vacancy.	Has the new position been filled? If so, when?	This position was filled on November 1, 2018.

Multi-year Allocation Summary - Operating Budget - FY 2020 Governor Structure

Numbers and Language
Agencies: Judiciary
Fund Groups: Unrestricted General

	ID=> Session=> Column=>	[1] 2015 15MgtPln	[2] 2019 19MgtPln	[2] - [1] 2015 15MgtPln to 19MgtPln	2019
Allocation					
Judiciary					
Alaska Court System					
Appellate Courts		7,283.7	7,106.4	-177.3	-2.4 %
Trial Courts		87,598.6	82,014.9	-5,583.7	-6.4 %
Administration and Support		10,692.1	10,263.1	-429.0	-4.0 %
Appropriation Total		105,574.4	99,384.4	-6,190.0	-5.9 %
Therapeutic Courts					
Therapeutic Courts		4,565.9	4,308.2	-257.7	-5.6 %
Appropriation Total		4,565.9	4,308.2	-257.7	-5.6 %
Commission on Judicial Conduct					
Commission on Judicial Conduct		416.3	441.5	25.2	6.1 %
Appropriation Total		416.3	441.5	25.2	6.1 %
Judicial Council					
Judicial Council		1,309.7	1,310.8	1.1	0.1 %
Appropriation Total		1,309.7	1,310.8	1.1	0.1 %
Agency Total		111,866.3	105,444.9	-6,421.4	-5.7 %
Statewide Total		111,866.3	105,444.9	-6,421.4	-5.7 %
Funding Summary					
Unrestricted General (UGF)		111,866.3	105,444.9	-6,421.4	-5.7 %

**“OMB Prioritization of Agency Programs”
Not Applicable to the Judiciary**

Highlights of Significant Budget Changes (FY06 to FY19)

JUDICIARY										
Item #	FY	Approp	Alloc	Category	Description	GF	Other	Fed	Total Funds	Notes
1	FY06	Agency Wide	Various	Salary Adjustments	PERS, Health Insurance & Benefits - Covered Employees	2,198.9			2,198.9	\$2.2 million UGF - FY06 cost increases for bargaining units (PERS, health insurance and other fringe benefits)
2	FY06	Agency Wide	Various	Salary Adjustments	HB98 - Nonunion Public Employee Salary & Benefit	1,597.6			1,597.6	\$1.6 million UGF - Fiscal Note - HB98 FY06 cost increases for non-covered employees (PERS, health insurance, and other fringe benefits)
3	FY06-FY15	Alaska Court System	Various	Information Technology	Update Operating Systems and Replace Outdated Equipment	500.0			500.0	FY06 - \$125.0 UGF FY10 - \$125.0 UGF FY11 - \$100.0 UGF FY12 - \$75.0 UGF FY15 - \$75.0 UGF
4	FY06	Alaska Court System	Appellate Courts	Miscellaneous	SB130 - Changes in Handling of Workers' Compensation Cases	219.0			219.0	\$219.0 UGF - Fiscal Note - SB130 Workers' Compensation Insurance added 3 PFTs in anticipation of increased appeals presented to the court system
5	FY07	Agency Wide	Various	Salary Adjustments	Wage and Health Insurance - Covered and Non-covered Employees	2,609.8			2,609.8	\$2.6 million UGF - FY07 cost increases (wages and health insurance) for bargaining unit and non-covered employees
6	FY07	Alaska Court System	Trial Courts	Judicial Salary Changes	SB237 - Additional Judges/Judges Salary	3,184.1			3,184.1	\$3.2 million UGF - Portion of SB237 funding judicial salary increases
7	FY07	Alaska Court System	Trial Courts	Fiscal Notes	SB237 - Additional Judges/Judges Salary	2,537.9			2,537.9	\$2.5 million UGF - Portion of SB237 funding new judges and staff (24 PFT)
8	FY07-FY09	Alaska Court System	Trial Courts	Juror Costs	Juror Parking & Juror Pay to \$25/Day	357.0			357.0	FY09 - \$357.0 UGF - Base increase for juror parking and juror pay to \$25/day <i>* one-time funding of \$261.0 UGF for this purpose was also appropriated in both FY07 and FY08.</i>
9	FY19	Alaska Court System	Trial Courts	Juror Costs	Jury Pay and Travel Increase	510.0			510.0	FY19: \$510.0 UGF for jury pay (\$360.0) and jury travel (150.0)
10	FY08	Agency Wide	Various	Salary Adjustments	Benefit Increases	1,891.3			1,891.3	\$1.9 million UGF
11	FY08	Alaska Court System	Various	Salary Adjustments	Expand Court's Salary Schedule to Include "G" Step for Range 14 and Below	356.8			356.8	\$356.8 UGF

Highlights of Significant Budget Changes (FY09 to FY19)

JUDICIARY										
Item #	FY	Approp	Alloc	Category	Description	GF	Other	Fed	Total Funds	Notes
12	FY09	Alaska Court System	Various	Salary Adjustments	Salary & Benefit Increases	5,144.9			5,144.9	\$5.1 million UGF for increased benefits, general salary increases, and retroactive salary increases for judges and magistrate positions
13	FY09-FY13	Alaska Court System	Trial Courts	No Dark Courtrooms	Improve courtroom efficiencies and streamline proceedings	2,380.8			2,380.8	Funding for the "No Dark Courtrooms" initiative is as follows: FY09 - \$600.0 UGF FY10 - \$425.0 UGF FY11 - \$400.0 UGF FY12 - \$467.4 UGF FY13 - \$488.4 UGF
14	FY10	Agency Wide	Various	Salary Adjustments	Salary & Benefit Increases	2,390.6			2,390.6	\$2.4 million UGF - salary & benefit increases for non-covered staff
15	FY10	Agency Wide	Various	Judicial Salary Changes	Judicial Retirement System Decreases	(3,529.9)			(3,529.9)	(\$3.5 million) UGF - JRS decrease from 57.7% to 26.2%
16	FY11	Alaska Court System	Various	Salary Adjustments	Salary & Benefit Increases	2,736.5			2,736.5	\$2.7 million UGF, \$8.6 GF/MH - salary & benefit increases for non-covered staff and JRS increase from 26.2% to 36.2%
17	FY11	Agency Wide	Various	Salary Adjustments	HB421 - Public Employees Salaries	1,326.8			1,326.8	\$1.3 million UGF, \$22.2 GF/MH - Fiscal Note - HB421 Non-Covered Public Employees Salary Increases
18	FY11-FY13	Agency Wide	Various	Salary Adjustments	Geographical Differential for salaries	1,260.2			1,260.2	FY11 - \$400.0 UGF FY12 - \$424.0 UGF FY13 - \$428.9 UGF, \$7.3 GF/MH
19	FY12	Agency Wide	Various	Salary Adjustments	Salary & Benefit Increases	2,405.1			2,405.1	\$2.4 million UGF - salary & benefit increases for non-covered staff. Increase offset by JRS reduction from 36.2% to 29.79%
20	FY12	Alaska Court System	Trial Courts	Judge Additions/Deletions	SB58 - 2 Additional Superior Court Judges and Support Staff	1,015.6			1,015.6	\$1 million UGF - Fiscal Note - SB58 funding 2 new superior court judges and staff (8 PFT)
21	FY12	Alaska Court System	Trial Courts	Information Technology	Software Support Costs	545.2			545.2	\$545.2 UGF - Ongoing software license purchases and maintenance agreements
22	FY13	Agency Wide	Various	Salary Adjustments	Salary & Benefit Increases	3,757.2			3,757.2	\$3.8 million UGF - salary & benefit increases for non-covered staff
23	FY14	Agency Wide	Various	Salary Adjustments	Salary & Benefit Increases (including funding associated with SB95)	1,622.9			1,622.9	FY14 - \$1.6 million UGF - salary & benefit increases for non-covered staff

Highlights of Significant Budget Changes (FY00 to FY19)

JUDICIARY										
Item #	FY	Approp	Alloc	Category	Description	GF	Other	Fed	Total Funds	Notes
24	FY14	Alaska Court System	Trial Courts	Miscellaneous	ADA Accommodations in Bethel	300.0			300.0	\$300.0 UGF - Accommodations to assist deaf Superior Court Judge in Bethel <i>*Additionally, \$156.8 one-time funding was appropriated for this purpose</i>
25	FY14-FY15	Alaska Court System	Trial Courts	Information Technology	Wide Area Network (WAN) Bandwidth Expansion	818.1			818.1	FY14 - \$350.0 UGF - partially fund the Court System's request to improve data transmission FY15 - \$468.1 UGF - partially fund the Court System's request to improve data transmission
26	FY15	Agency Wide	Various	Salary Adjustments	Salary & Benefit Increases (including funding associated with SB95)	1,537.5			1,537.5	FY15 - \$448.8 UGF - salary & benefit increases for non covered staff (not including SB95 increases) FY15 - \$1,088.7 UGF - SB95 increases
27	FY16	Agency Wide	Various	Salary Adjustments	Salary & Benefit Increases (including COLA and health insurance reductions)	2,024.1			2,024.1	FY16 - \$2,024.1 UGF one-time funding (per legislative intent)
28	FY16	Agency Wide	Various	Budget Reductions	Personal Services Reductions	(2,203.9)			(2,203.9)	FY16 - (\$2,203.9) UGF The Court System has imposed two days of mandatory LWOP as well as requested voluntary LWOP to offset funding reductions for FY16.
29	FY16	Agency Wide	Various	Budget Reductions	Non-Personal Services Reductions	(1,257.0)			(1,257.0)	FY16 - (\$1,257.0) UGF
30	FY17	Agency Wide	Various	Budget Reductions	FY17 Treatment of FY16 One-Time Salary Increases	(2,279.5)			(2,279.5)	FY17 - (\$2,279.5) UGF Legislative intent stated that individual employees would continue to be paid COLA in FY17 (approved in FY16), while amounts equal to the UGF portion of the COLA were removed from FY17 agency budgets. The Judiciary's UGF portion of the COLA was \$2,279.5.
31	FY17	Agency Wide	Various	Budget Reductions	Agency Wide Reductions	(1,577.7)			(1,577.7)	FY17 - (\$1,577.7) UGF
32	FY06	Alaska Court System	Trial Courts	Therapeutic Courts	Add balance of funding required for Therapeutic Courts positions established in FY01 via HB172 (SLA 2001)	130.7			130.7	\$130.7 UGF - HB172 (Ch. 64, SLA 2001)

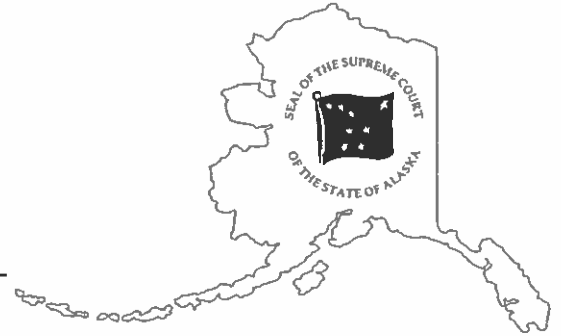
Highlights of Significant Budget Changes (FY10 to FY19)

JUDICIARY										
Item #	FY	Approp	Alloc	Category	Description	GF	Other	Fed	Total Funds	Notes
33	FY11	Alaska Court System	Therapeutic Courts	Therapeutic Courts	Agency transfers to facilitate centralized tracking of Therapeutic Courts funding	2,228.5	138.0		2,366.5	<p>\$2,366.5 million UGF and 138.0 MHTAAR - HB172 (Ch. 64, SLA 2001) formally established funding for the Alaska's Therapeutic Courts programs and was spread among several departments. Due to the expansion of the program, the legislature opted to merge all statewide Therapeutic Courts funding into one, new appropriation within the Court System. Agency transfers into the Court System occurred as follows:</p> <ul style="list-style-type: none"> - \$355.0 from the Department of Administration; - \$252.2 from the Department of Corrections; - \$1,394.6 from the Department of Health & Social Services; and - \$364.7 from the Department of Law.
34	FY14	Therapeutic Courts	Therapeutic Courts	Replace Unrealizable Federal Funding	Retain Wellness Court (DUI) Court Capacities	689.0			689.0	\$689.0 GF/MH UGF
35	FY19	Therapeutic Courts	Therapeutic Courts	Budget Increases	Add a Position in the Anchorage Veterans' Court	96.3			96.3	FY19 - \$96.3 UGF and 1 PFT Position to align the Anchorage Veterans' Court with national standards and address increased utilization
36	FY15	Judicial Council	Judicial Council	Recidivism Reduction/ Criminal Justice Efforts	Reduce Recidivism / Staff New Criminal Justice Commission FY15-17	197.2			197.2	\$197.2 UGF, 1 PFT, 1 PPT
37	FY18	Agency Wide	Various	Salary Adjustments	Alaska Care insurance rate increased by 15.5% (from \$1346 to \$1555/mo)	1,896.8			1,896.8	\$1,896.8 UGF.
38	FY18	Alaska Court System	Trial Courts	Budget Reductions	Reductions in Personal Services, Bandwidth, Facility Expenses and Other Administrative Costs	(3,381.8)			(3,381.8)	UGF decreased in Personal Services (\$1,400.0), Contractual Services (\$1,522.0), Commodities (\$385.0) and Capital Outlay (\$150.0).
39	FY18	Alaska Court System	Appellate Courts	Budget Reductions	FY18 Budget Reductions	(35.0)			(35.0)	(\$35.0) UGF

Highlights of Significant Budget Changes (FY18 to FY19)

JUDICIARY										
Item #	FY	Approp	Alloc	Category	Description	GF	Other	Fed	Total Funds	Notes
40	FY18	Alaska Court System	Administration and Support	Budget Reductions	FY18 Budget Reductions	(105.0)			(105.0)	(\$105.0) UGF
41	FY18	Alaska Court System	Therapeutic Courts	Budget Reductions	Reduction in Professional Services	(150.0)			(150.0)	(\$150.0) UGF
42	FY18	Alaska Court System	Therapeutic Courts	Budget Increases	Mat-Su Foundation Grants and Awards from Other Sponsors		400.0		400.0	\$400.0 SDPR authority will enable acceptance of anticipated grants from the Mat-Su Foundation and other sponsors.

Alaska Court System



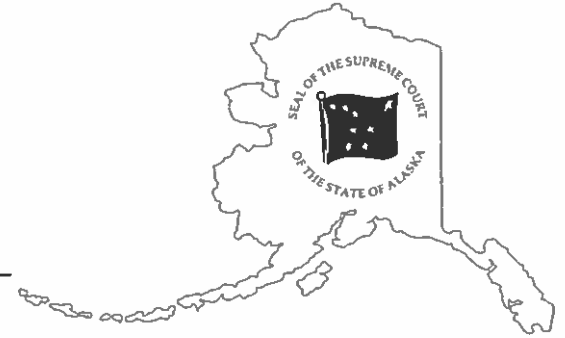
Mission Statement

The mission of the Alaska Court System is to provide an accessible and impartial forum for the just resolution of all cases that come before it, and to decide such cases in accordance with the law, expeditiously and with integrity.

<http://ltgov.alaska.gov/services/alaska-constitution/>



Alaska Court System



Alaskans Served in 2018

- 123,247 new cases filed (trial and appellate)
- 7,022 contacts through the Family Law Self Help Center
- 22,629 jurors reported for service
- 8,964 law library patrons
- 672,882 citizens passed through security screening
- 5,230,089 visits to the court's website
- 1,441,445 CourtView searches
- 19,256 online payments made
- 439 therapeutic court participants
- Thousands of on-line court forms accessed or downloaded