

SENATE JOURNAL SUPPLEMENT

April 30, 1986

WEDNESDAY

No. 73

FISCAL NOTE

CSSB 377 (FIN)

Revision Date : 4/24/86

REQUEST

FISCAL DETAIL

Bill/Resolution No. : CSSB 377 (Finance -4/23/86
 Title : An Act Relating to work draft)
Civil Actions

Agency Affected : Alaska Court System
 BRU : Trial Courts

Sponsor : Kelly, Abood, Bennett, et al
 Requestor : _____
 Date of Request : _____

Components : _____

EXPENDITURES/REVENUES : (Thousands of Dollars)

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES		80.7	80.7	80.7	80.7	80.7
TRAVEL		2.0	2.0	2.0	2.0	2.0
CONTRACTUAL		135.0	135.0	135.0	135.0	135.0
SUPPLIES		1.0	1.0	1.0	1.0	1.0
EQUIPMENT		6.7				
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		225.4	218.7	218.7	218.7	218.7

CAPITAL						
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REVENUE						
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FUNDING : (Thousands of Dollars)

GENERAL FUND		225.4	218.7	218.7	218.7	218.7
FEDERAL FUNDS						
OTHER						
TOTAL		225.4	218.7	218.7	218.7	218.7

POSITIONS :

FULL-TIME		2	2	2	2	2
PART-TIME						
TEMPORARY						

ANALYSIS : Attach a separate page if necessary

Prepared by : Karla Forsythe/Robert G. Fisher
 Division : Alaska Court System

Phone : 264-8215
 Date : 4/24/86

Approved by Commissioner : Arthur H. Snowden, II
 Agency : Alaska Court System

Date : 4/24/86

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CSSB 377 (Finance - 4/23/86 Work Draft) Fiscal Note Narrative

This legislation impacts the court system in two areas: expanded judicial workload and mandatory arbitration.

Expanded Judicial Workload

It is estimated that the cumulative effect of the provisions of this bill will increase the court's workload by 20% for each trial. This estimate includes judge time expended on additional litigation which will result from attempts to transfer proportional liability to persons who have signed releases before trial. Also, more cases will go to trial because of diminished incentives to settle resulting from restrictions on the award of Civil Rule 82 attorneys fees.

It is anticipated that the increased workload could be handled statewide by funding the equivalent of a pro tem judge. Pro tem funding is less costly than funding new judge positions because salary and benefits for retired pro tem judges are significantly lower. Additionally, since these judges are not permanently assigned to one court location, normal space and staffing requirements are avoided.

The provisions of this legislation which establish new procedures for the court come into play only when a case goes to trial. According to figures provided by the Anchorage trial court, approximately 5% of the cases filed go to trial, resulting in 105 personal injury trials statewide.

It is estimated that a personal injury trial averages two weeks. The total number of personal injury trials multiplied by two weeks of a judge's time total 210 judge weeks.

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The estimated 20% additional judicial workload attributable to these expanded proceedings totals 42 judge weeks. Since a standard judicial work year averages 40 work weeks (excluding holidays, vacation and training), it is estimated that one judge would be required to process the additional statewide workload.

Mandatory arbitration of claims under \$25,000

The court system assumes for purposes of this fiscal note that under AS 09.43 the court would be required to bear the cost of arbitrators for those parties who are unable to afford this expense. It is estimated that 1000 personal injury and property cases statewide would be subject to the mandatory arbitration provision because they fall under \$25,000. It is assumed that 15% of the parties will not be able to afford the expenses of arbitrators. Thus, the court system will be required to bear these expenses in 150 cases.

Assuming an arbitration lasting 6 hours and an estimated average hourly compensation rate for the arbitrator of \$150, the cost of an arbitration totals \$900. The estimated total cost of an arbitrator for all cases under \$25,000 is \$135,000. Additionally, the court system assumes that for parties in outlying rural areas who are unable to afford the costs of arbitrators, it will be less costly to fly these persons to central urban areas rather than to fly arbitrators to the outlying areas and pay for their room and board. The additional air fare and per diem costs total \$2,066. Based on these assumptions, the total costs of mandatory arbitration of civil damage claims under \$25,000 is \$137,166.

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ALASKA COURT SYSTEM

CSSB 377 (Finance - 4/23/86 Work Draft) - TORT REFORM.

FISCAL IMPACT

Personnel:

	Salary	Benefits	Total
Pro Tem, Superior Court Judge (PFT, using fully-vested retired judge) (See Schedule #2)	\$19,332	\$26,779	\$46,111
In-Court Clerk (PFT, 12B)	25,740	8,863	<u>34,603</u>
Total Personnel			80,714
Travel costs for indigent bush parties in mandatory arbitration cases. (See Schedule #3)			2,066
Contractual cost of arbitrators for indigent parties in mandatory arbitration cases. (See Schedule #3)			135,000
Supplies			1,000
Equipment: (one-time items)			
New employee equipment - office furniture and reference materials			<u>6,759</u>
Total FY 87 Cost			<u>\$225,400</u>

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Schedule #2 is the same as CSSB 377 (JUD) in Senate Supplement No. 69

Schedule #3

ALASKA COURT SYSTEM

ESTIMATED FISCAL IMPACT OF MANDATORY ARBITRATION

CSSB 377 (Finance - 4/23/86 Work Draft) - TORT REFORM

	Anchorage	Rest of State	Total
Number of district court civil cases (a)	7,168	2,832	10,000
Estimated percentage of personal injury and property damage	10%	10%	10%
Estimated number of personal injury and property damage cases	716	283	1,000
Estimated percentage of indigent parties	15	15	15
Estimated number of cases involving indigent parties	107	42	150
Estimated average length of arbitration hearing in hours	6	6	6
Estimated average hourly rate of arbitrator	\$150	\$150	\$150
Estimated average cost of each case	\$900	\$900	\$900
Estimated total cost of arbitrators	\$96,300	\$37,800	\$135,000
Estimated travel cost for indigent parties living in bush areas. (See Schedule #4)	\$0	\$2,066	\$2,066
Estimated total cost of mandatory arbitration	\$96,300	\$39,866	\$137,066

Notes:

(a) Based on estimated FY 86 case filings. All district court civil case filings assumed to be under \$25,000.

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CSSB 377 (FIN)

REQUEST	FISCAL DETAIL
Bill/Resolution No.: <u>CSSB 377 (4/23/86)</u>	Agency Affected: _____
Title: <u>An Act Relating to Civil (FTR)</u>	BRU: _____
Actions: _____	_____
Sponsor: <u>Kelly, Abood, Bennet, et al.</u>	Components: _____
Requestor: <u>Faiks</u>	_____
Date of Request: <u>April 28, 1986</u>	_____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	-0-	(460.8)	(986.4)	(1,769.4)	(2,715.5)	(3,772.2)
MISCELLANEOUS						
TOTAL OPERATING	-0-	(460.8)	(986.4)	(1,769.4)	(2,715.5)	(3,772.2)
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER	-0-	(460.8)	(986.4)	(1,769.4)	(2,715.5)	(3,772.2)
TOTAL	-0-	(460.8)	(986.4)	(1,769.4)	(2,715.5)	(3,772.2)

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page if necessary. The final benefit is impossible to accurately project, given that it will only affect liability claims not yet incurred. Based on the State's past liability claims experience, we project a 30% reduction in estimated ultimate loss and loss expense per fiscal year. The attached projection details the calculations using the State of Alaska's actuarial analysis of past claims experience.

Prepared By: <u><i>Don Hitchcock</i></u>	Phone: <u>465-2180</u>
Division: <u>Risk Management</u>	Date: <u>April 28, 1986</u>
Approved by Commissioner: <u><i>Eleanor Andrews</i></u>	Date: <u>4/28/86</u>
Agency: <u>Department of Administration</u>	

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CASH FLOW SAVINGS ESTIMATED BY FISCAL YEAR

	YEAR OF OCCURRENCE					TOTAL	
	1986	1987	1988	1989	1990		
FY 86	-0-						
FY 87		460.8				460.8	
FY 88		410.4	576.0			986.4	
FY 89		536.4	513.0	720.0		1,769.4	
FY 90		504.0	670.5	641.3	899.7	2,715.5	
Y E A R O F S A V I N G F Y 9 1		378.0	630.0	838.1	801.3	1,124.7	3,772.2
FY 92		284.4	472.5	787.5	1,047.3	1,001.7	*
FY 93		262.8	355.5	590.6	984.1	1,309.3	*
FY 94		237.6	328.5	444.4	738.0	1,230.2	*
FY 95		216.0	297.0	410.6	555.3	922.6	*
FY 96		165.6	270.0	371.3	513.1	694.2	*
FY 97		97.2	207.0	337.5	463.9	641.5	*
FY 98		46.8	121.5	258.8	421.7	579.9	*
FY 99			58.5	151.9	323.3	527.2	*
FY 2000				73.1	189.8	404.2	*
FY 2001					91.4	237.2	*
FY 2002						114.2	*
YEARLY TOTALS		3,600.0	4,500.0	5,625.0	7,029.0	8,787.0	

* Additional occurrence years will reflect an increase in savings.

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4/30/86

CSSB 377 (FIN)

REQUEST

Bill/Resolution No.: CSSB377 (FIN)
 Title: "An Act relating to civil actions; amending Alaska Rules of Civil Procedure 49,52,58,60;..."
 Sponsor: Sen. Kelly
 Requestor: Senate FIN
 Date of Request: April 29, 1986

FISCAL DETAIL

Agency Affected: Department of Law
 BRU: Legal Services
 Components: Legal Services Component

EXPENDITURES/REVENUES : (Thousands of Dollars)

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL		250.0				
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		250.0				

CAPITAL						
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REVENUE						
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FUNDING : (Thousands of Dollars)

GENERAL FUND		250.0				
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS :

FULL-TIME		-0-				
PART-TIME						
TEMPORARY						

ANALYSIS : Attach a separate page if necessary

-Please see attached analysis.-

Richard I. Pegues

Prepared by: Richard I. Pegues, Director Phone: 465-3672
 Division: Administrative Services Division Date: 4/29/86
Richard I. Pegues / FUR
 Approved by Commissioner: Harold M. Brown, Attorney General Date: 4/29/86
 Agency: Department of Law