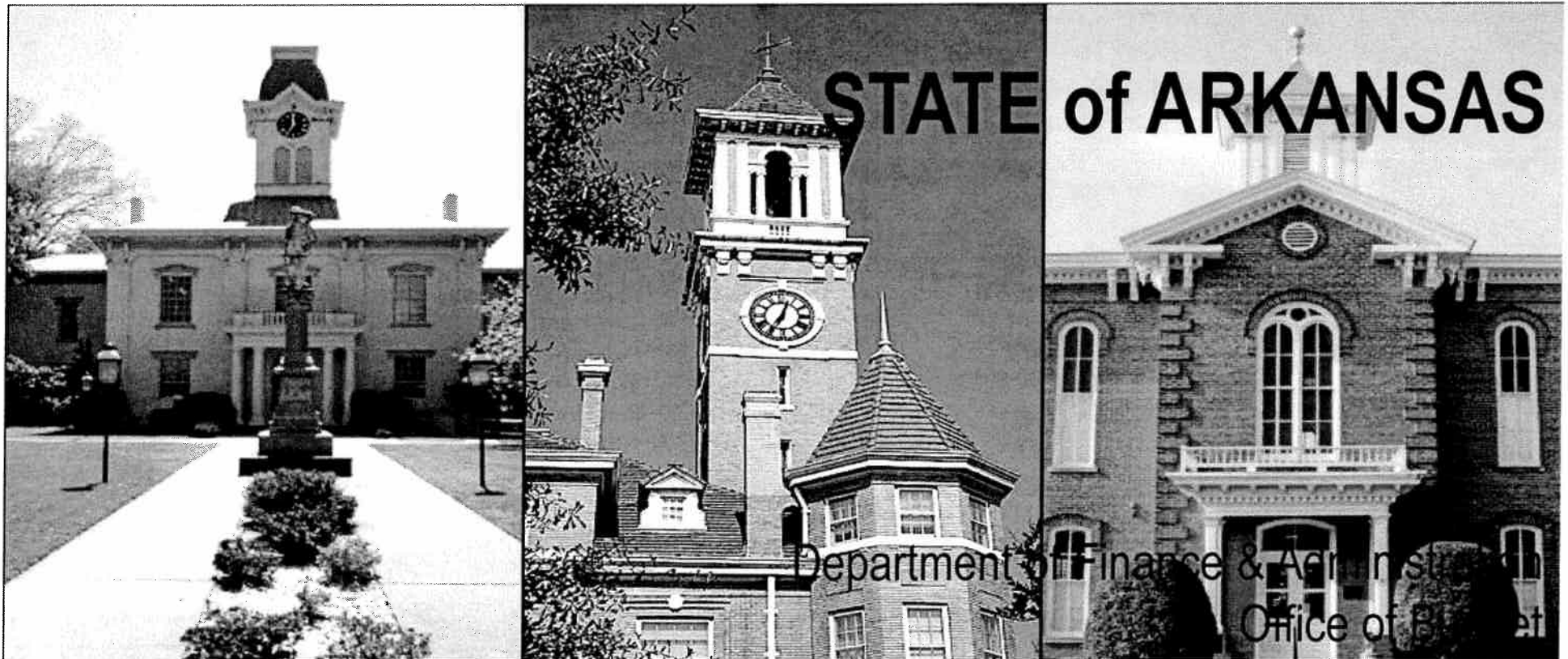
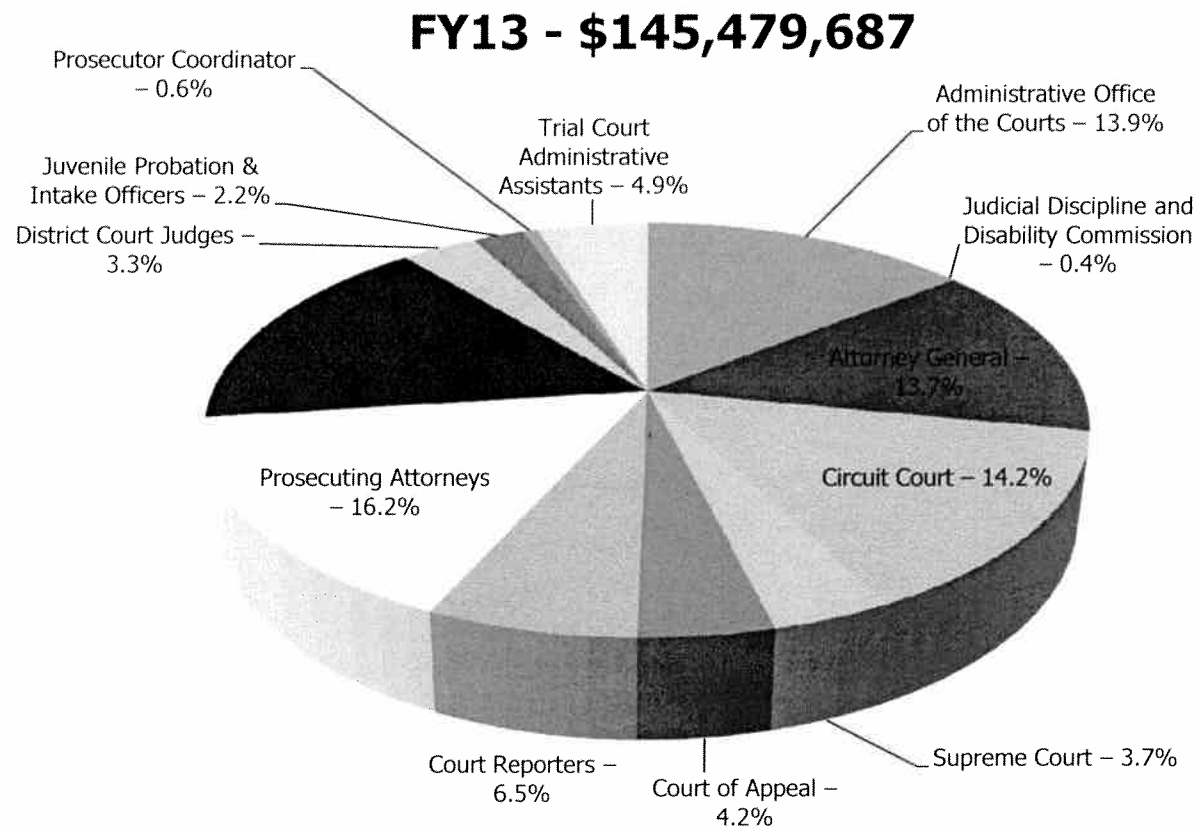


Report to the Uniform Personnel Class and Comp Plan Subcommittee for Interim Study Proposal 2013-162 for Court Reporters and Trial Court Assistants



How Much Do We Spend Now?

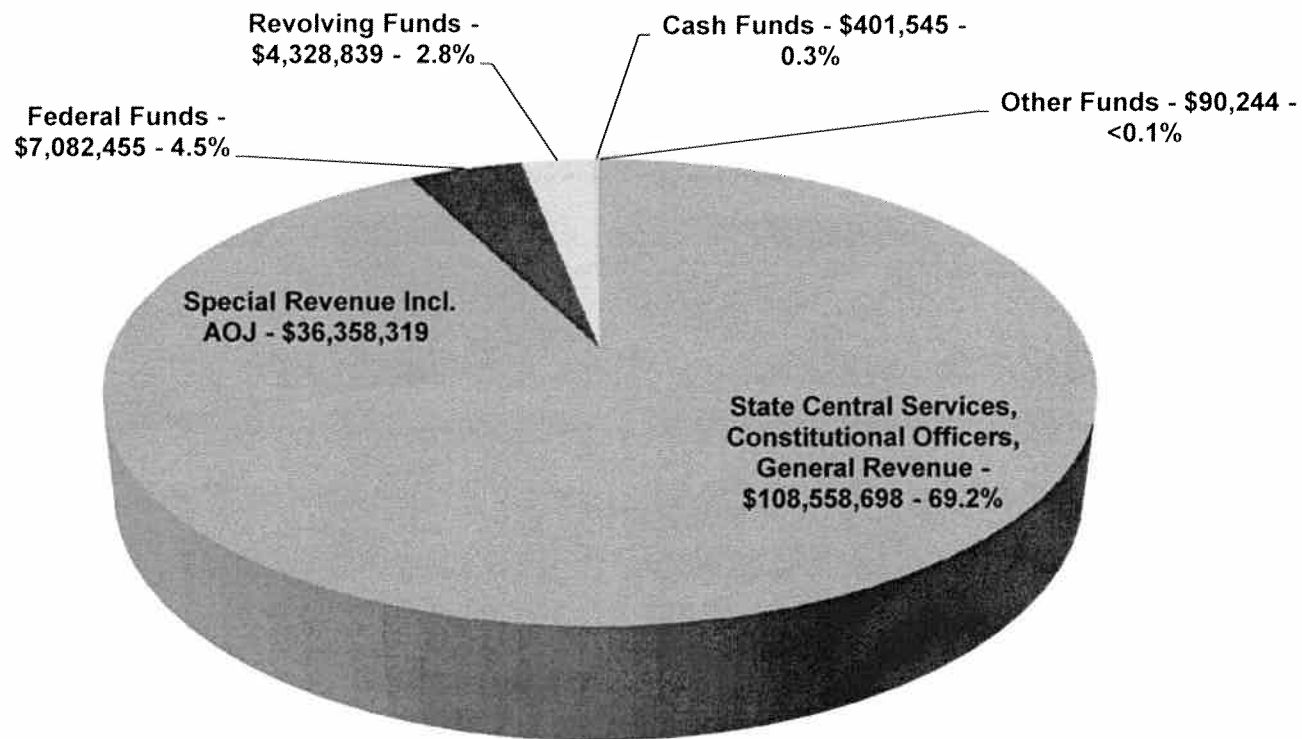
Last year, Arkansas spent \$16.5 million on Court Reporters and Trial Court Assistants, representing 11.4% of total state expenditures for Judicial Programs.



Five Year Comparison of Actual Expenditures for Judicial Programs

Agency	FY09	FY10	FY11	FY12	FY13	Average API
Administrative Office of the Courts	\$ 14,474,387	\$ 16,612,198	\$ 17,461,308	\$ 19,800,301	\$ 20,258,741	8.90%
Judicial Discipline and Disability Commission	\$ 596,124	\$ 565,614	\$ 584,849	\$ 604,567	\$ 601,212	0.27%
Attorney General	\$ 17,422,908	\$ 18,843,526	\$ 18,919,666	\$ 20,047,992	\$ 20,029,395	3.61%
Circuit Court	\$ 19,075,048	\$ 20,489,811	\$ 20,572,855	\$ 20,793,771	\$ 20,714,302	2.13%
Supreme Court	\$ 4,692,381	\$ 4,975,764	\$ 5,187,855	\$ 5,439,160	\$ 5,439,244	3.79%
Court of Appeal	\$ 5,484,583	\$ 5,876,774	\$ 5,923,315	\$ 6,161,404	\$ 6,062,280	2.59%
Court Reporters	\$ 8,332,635	\$ 8,653,358	\$ 8,866,705	\$ 8,968,667	\$ 9,506,977	3.37%
Prosecuting Attorneys	\$ 20,346,798	\$ 21,759,492	\$ 22,522,800	\$ 23,357,711	\$ 23,544,098	3.74%
Public Defender	\$ 19,841,274	\$ 20,934,028	\$ 21,495,996	\$ 23,372,198	\$ 23,229,018	4.08%
District Court Judges	\$ 3,018,840	\$ 2,869,985	\$ 3,800,251	\$ 3,821,568	\$ 4,811,993	13.49%
Juvenile Probation & Intake Officers	\$ 2,837,058	\$ 2,948,567	\$ 3,086,870	\$ 3,085,644	\$ 3,272,898	3.66%
Prosecutor Coordinator	\$ 971,516	\$ 1,010,848	\$ 986,466	\$ 1,054,777	\$ 954,540	-0.24%
Trial Court Administrative Assistants	\$ 6,040,140	\$ 6,390,090	\$ 6,578,268	\$ 6,721,071	\$ 7,054,989	3.97%
Total - Judicial Program Expenditures*	\$123,133,691	\$ 131,930,054	\$ 135,987,203	\$ 143,228,831	\$ 145,479,687	4.28%

2014 Judicial Budgets by Fund Source



2014 Detail Budgets by Fund Source

<u>AGENCY</u>	<u>STATE CENTRAL SERV, CONST OFFICERS FUND, GENERAL REV</u>	<u>SPECIAL REVENUE (Including AOJ)</u>	<u>FEDERAL REVENUE</u>	<u>REVOLVING FUNDS</u>	<u>CASH FUNDS</u>	<u>OTHER FUNDS</u>	<u>TOTAL OPERATING BUDGET</u>
Administrative Office of the Courts	\$8,581,587	\$11,369,182	\$3,327,642		\$390,000		\$23,668,411
Attorney General	15,986,361	3,493,981	3,754,813				\$23,235,155
Court of Appeal	6,317,351						\$6,317,351
Judicial Discipline and Disability Commission	680,927						\$680,927
Prosecutor Coordinator	1,086,689						\$1,086,689
Supreme Court	5,822,299				11,545		\$5,833,844
Public Defender Commission	14,347,139	8,903,958				\$90,244	\$23,341,341
Circuit Court	21,690,547						\$21,690,547
District Court	6,018,680						\$6,018,680
Prosecuting Attorneys	24,444,308						\$24,444,308
Trial Court Administrative Assistants		7,035,365					\$7,035,365
Court Reporters		5,555,833		\$4,328,839			\$9,884,672
Juvenile Probation & Intake Officers	3,582,810						\$3,582,810
TOTAL JUDICIAL PROGRAMS	\$108,558,698	\$36,358,319	\$7,082,455	\$4,328,839	\$401,545	\$90,244	\$156,820,100

Funding Issues

- Over the last two decades, state participation in local judicial programs has gradually expanded.
- County & district court staff have been added as state employees with some offsetting revenue from fines & fees.
- Revenue from these sources remains static while salaries increase over time as a result of Cost of Living Adjustments.
- Unlike tax revenues that can increase over time with inflation, fines must be increased through legislation.
- Increasing fines increases the risk of non-payment and incarceration or improved deterrence, both of which can impact available funding for these programs.
- Several programs in our judicial system receive support from the State Administration of Justice Fund.

Uniform Filing Fees & Court Costs

Several judicial programs rely heavily on the Administration of Justice Fund. Uniform Filing Fees & Court Costs are the primary revenue sources for the fund. This is problematic for programs with personnel requirements because:

- Personnel costs are the largest components of the budgets.
- Fines & Fees are typically added only for new programs, not to support continuing programs.
- Collections tend to be static over time with limited increase.
- Cost of Living Adjustments significantly increase cost over time.

Administration of Justice Fund

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Court Costs & Uniform Filing Fees Income*</u>	<u>Transfers In, Outlawed & Interest Income**</u>	<u>Disbursement To State Agencies</u>	<u>Court Refunds & Co Juror Reimbursement#</u>	<u>Real Estate Transfer Tax A.C.A. § 26-60-112</u>	<u>RETT Special Revenue Fees</u>	<u>RETT County Aid Supplement ##</u>	<u>RETT Court Reporter Supplement</u>	<u>Ending Balance</u>
2009	9,988,062	38,250,093	63,230	(35,089,272)	(570,174)	4,908,010	(147,240)	(4,189,541)	(571,229)	12,641,940
2010	12,641,940	37,422,908	73,356	(39,788,981)	(61,122)	5,274,704	(158,241)	(2,023,759)	(3,092,704)	10,288,101
2011	10,288,101	33,981,797	30,738	(38,433,965)	(62,528)	4,346,191	(130,386)	(992,778)	(3,223,028)	5,804,143
2012	5,804,143	31,680,041	2,536	(34,704,272)	(56,447)	5,117,810	(168,888)	0	(4,948,922)	2,726,001
2013	2,726,001	30,871,681	125	(32,323,363)	(54,087)	6,449,262	(212,826)	(1,020,263)	(5,216,174)	1,220,348
2014(est)	1,220,348	35,663,144	0	(34,866,645)	(62,528)	6,949,295	(229,330)	(1,574,213)	(4,848,780)	2,251,291

* Revenue for FY14 Projected using FY13 Collections plus additional projected revenues from new fees.

** Transfer In is from \$1,000,000 Budget Stabilization Loan that is to be paid back in after 1Q.

Court Refunds estimate for FY14 assumes 1Q expenditures will be constant throughout rest of year.

The State Administration of Justice Fund receives pass-through transfers from the Real Estate Transfer Tax (A.C.A. § 26-60-112) to provide supplemental funding to Court Reporters and the County Aid Fund. County Aid was due a transfer of \$1,020,263 in FY12 that was delayed until FY13 for liquidity concerns for Court Reporter salaries. FY13 payment of \$1,574,213 was deferred to FY14 for the same reason.

Administration of Justice Fund Issues

Increased state cost for:

- Court Reporters & County Aid
- Trial Court Administrative Assistants
 - Cost of Living Adjustments
 - Substitutes and Mileage
 - 10% Certificate Pay
- Restoring all other allocations to 100%

Administration of Justice Fund Allocations

FY14

University of Arkansas – Fayetteville	\$1,343,810
UALR	1,343,810
Drug Abuse Prevention/Treatment (DHS-Behavioral Health)	342,000
Highway Safety Special (DHS-Behavioral Health)	1,324,795
State Police Retirement	1,499,256
Dept AR State Police Operations	400,000
Crime Victims Revolving Fund	2,089,723
Law/Prosecutor Drug Enforcement (Off Prosecutor Coordinator)	70,660
Crime Information System	98,064
ABA Justice Building Bond Payment	990,000
AOC District Court Education	100,000
Judges Retirement	902,797
Public Defender Commission Trial Officers	6,908,027
Court Reporters	5,555,833
ABA Justice Building	83,528
Counties – Drug & Crime Prevention (AR Sheriffs Association)	375,000
Trial Court Assistants	7,035,365
Drug Abuse Prevention/Treatment (DHS-Behavioral Health)	312,000
AOC Dependency Neglect Reporting	4,284,838
Arkansas Crime Lab GR Operations	576,988
District Court Coordinator	62,528
Public Legal Aid	855,432
AOC County Reimbursement for Jurors	850,000
AOC Drug Court Coordinator HSC Reimbursement	66,320
District Judges Program	1,881,861
AOC Court Security	362,791
TOTAL	\$39,715,425

Court Reporters & County Aid

A.C.A. § 26-60-112 provides that any salary shortfall for the court reporters is to be covered by the 90% allocation of the \$1.10 tax per \$1,000 on real estate. The balance of those revenues (less \$2.6 million for general revenue) is then remitted to the counties.

Due to recent cash flow concerns in the AOJ Fund for payroll obligations for Court Reporters, combined with the lack of AOJ allocation increases for these employees over 15 years, revenue being sent to counties from this source has been delayed by 1 year since FY2012, and will continue to be delayed in FY2014.

Trial Court Administrative Assistants

The allocation continues to fall short due to:

- Increased Salary and Match requirements, due to both COLA and higher than average starting salaries.
- Merit bonuses for state agencies are paid out of salary savings; savings that do not accrue in this program due to rapid filling of vacant positions. Additionally, all employees routinely receive the maximum rating.

District Judges Program

- This program was established by Act 663 of 2007 in response to Amendment 80 passed by the voters to create a consolidated court system. The chart below provides a program analysis based on revenues and expenditures through June 30, 2018.

Source of District Judges Funding	2014 <i>Position Count</i>	2014 Salaries & Matching	2015 Salaries & Matching	2016 Salaries & Matching	2017 <i>Position Count</i>	2017 Salaries & Matching	2018 Salaries & Matching
1/2 Salary from cities & counties	38	\$2,228,700	\$2,228,700	\$2,228,700	54	\$2,697,900	\$3,167,100
Administration of Justice Fund		\$1,881,861	\$1,881,861	\$1,881,861		\$1,881,861	\$1,881,861
Constitutional Officers Fund		\$1,701,350	\$1,807,605	\$1,915,984		\$2,886,791	\$3,832,406
Total Funding		\$5,811,911	\$5,918,166	\$6,026,545		\$7,466,552	\$8,881,367

- The civil action filing fee was increased \$15 by Act 345 of 2009 to support the addition of 6 judges; however, even this increase will need to be supplemented in time to continue the same level of support due to COLA's. Current law provides for 54 judges at full implementation.

Conclusions

- While the AOJ Fund is currently experiencing increased revenues due to new fees, allocations are still being distributed at reduced rates due to cash flow concerns for payroll and the lack of a fund balance. All allocations must be funded at 100% before increasing allocations for specific recipients.
- County Aid will again be delayed 1 year in order to bolster the AOJ Fund Balance, which should stay above \$1 million for payrolls.
- Additional needs for TCAs include COLA, mileage and substitutes, as well as 10% Certification Pay increases. AOC has been encouraged to seek legislative support in increasing the TCA allocation within AOJ, but have also been made aware that merit funding will not be available for such purposes.