

Summary: Conference Report
JUDICIARY FY 2003-04
Senate Bill 281 (H-1) CR-1



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Budget Overview

Article VI of the State Constitution of 1963 is the basis for Michigan's judicial branch of government. The Judiciary budget includes operational funding for the Michigan Supreme Court, Court of Appeals, and related judicial agencies. Additionally, the budget funds the salaries of justices of the Supreme Court and judges at the appeals, circuit, probate, and district levels according to constitutional and statutory requirements. Grant funding for trial court operations is provided to counties through Court Equity Fund reimbursements based on a statutory formula. Various other grant programs provide funding to trial courts and related organizations. In FY 2002-03, justices' and judges' salaries constitute the largest portion of the Judiciary budget: approximately 37 percent of the Gross budget and 48 percent of the GF/GP budget.

Summary of Major Budget Issues

Filing Fee Increases – The **Executive Recommendation** incorporated \$8.1 million in restricted revenue from proposed filing fee increases. Of this total, \$5.7 million would offset GF/GP funding for Court Equity Fund reimbursements (\$3.0 million), the Judicial Technology Improvement Fund (JTIF; \$2.1 million), and the Community Dispute Resolution Program (\$559,200). The remaining \$2.4 million would provide a net increase in funding for the JTIF. The **Senate** concurred and also increased the appropriation of restricted revenue for the Court of Appeals by \$87,500 to accurately reflect projected fee revenue for the court under the proposal. The **House** concurred with the Senate, but included an additional \$100,500 in restricted revenue for the Court of Appeals to reflect additional fee increases that could be incorporated into the relevant bill. The **Conference Report** reduces the House-passed Court of Appeals fee revenue by \$13,000 to reflect the exclusion of a copying fee increase from that bill (House Bill 4748).

Justice System Fund – The **Executive Recommendation** incorporated \$6.9 million in restricted revenue from the proposed Justice System Fund, which would receive revenue from consolidated assessments on traffic citations, other civil infractions, misdemeanors, and felonies. Of this total, \$5.6 million would offset GF/GP funding for Court Equity Fund reimbursements, and \$1.3 million would be used to increase the amount of funding available for the Drug Court Grant Program. The **Senate** and **House** concurred. The **Conference Report** also includes \$600,000 to reflect revenue the State Court Administrative Office would receive from the fund for administrative costs.

FY 2003-04 Recommendations

	FY 2002-03 YTD (as of 3/6/03)	Executive	Senate	House	Conference	Difference: Conf. to 2002-03 YTD Amount %	
IDG/IDT	\$2,833,500	\$4,633,500	\$4,633,500	\$4,633,500	\$4,633,500	\$1,800,000	63.5
Federal	3,901,000	3,806,500	3,806,500	4,106,500	4,106,500	205,500	5.3
Local	2,941,800	2,898,700	2,898,700	2,898,700	2,898,700	(43,100)	(1.5)
Private	842,500	842,500	842,500	842,500	842,500	0	0.0
Restricted	57,477,700	78,995,300	79,082,900	79,183,100	79,770,300	22,292,600	38.8
GF/GP	174,721,000	161,316,400	161,316,400	161,314,400	161,316,400	(13,404,600)	(7.7)
Gross	\$242,717,500	\$252,492,900	\$252,580,500	\$252,978,700	\$253,567,900	\$10,850,400	4.5
FTEs	582.5	582.5	582.5	582.5	582.5	0.0	0.0

<u>Major Budget Changes from FY 2002-03 YTD Appropriations:</u>		YTD FY 2002-03	Conference Change
1. Court Equity Fund Reimbursements			
Executive Recommendation reflected increased restricted revenue for Court Equity Fund reimbursements from proposed filing fee increases (\$3.0 million) and the proposed Justice System Fund (\$5.6 million). A GF/GP reduction offsets this revenue increase, resulting in a net reduction of \$750,100. Senate and House concurred. Conference Report also concurs.	Gross	\$70,656,100	(\$750,100)
	Restricted	36,044,000	8,625,900
	GF/GP	\$34,612,100	(\$9,376,000)
Executive: (\$750,100)			
Senate: (\$750,100)			
House: (\$750,100)			
2. Judicial Technology Improvement Fund			
Executive Recommendation included new restricted revenue for the Judicial Technology Improvement Fund from proposed filing fee increases. Elimination of the existing GF/GP funds appropriated for judicial technology improvement and court boundary realignment costs leaves a \$2.4 million net increase. Senate and House concurred. Conference Report also concurs.	Gross	\$2,072,800	\$2,392,200
	Restricted	0	4,465,000
	GF/GP	\$2,072,800	(\$2,072,800)
Executive: \$2,392,200			
Senate: \$2,392,200			
House: \$2,392,200			
3. Drug Court Grant Program			
Executive Recommendation included new restricted revenue for the Drug Court Grant Program from the proposed Justice System Fund, as well as an IDG of federal Byrne grant funding from the Community Health budget to fund drug court initiatives; see new boilerplate section 306(5). Senate concurred. House also included federal authorization for possible drug court training and evaluation grant. Conference Report concurs with House.	Gross	\$1,280,800	\$3,354,200
	IDG	0	1,800,000
	Federal	0	300,000
	Restricted	0	1,267,500
	GF/GP	\$1,280,800	(\$13,300)
Executive: \$3,054,200			
Senate: \$3,054,200			
House: \$3,34,200			
4. Community Dispute Resolution Program			
Executive Recommendation reflected increased restricted revenue for the Community Dispute Resolution Program from proposed filing fee increases. This increase roughly offsets the elimination of the current GF/GP appropriation for the program. Senate and House concurred. Conference Report also concurs.	Gross	\$2,505,600	(\$5,800)
	Federal	275,000	0
	Restricted	1,665,600	559,200
	GF/GP	\$565,000	(\$565,000)
Executive: (\$5,800)			
Senate: (\$5,800)			
House: (\$5,800)			
5. Operational Reductions			
Executive Recommendation contained \$1.3 million GF/GP in reductions across all operational line items in the budget. Senate and House concurred. Conference Report also concurs.	Gross	NA	(\$1,328,600)
	GF/GP	NA	(\$1,328,600)
Executive: (\$1,328,600)			
Senate: (\$1,328,600)			
House: (\$1,328,600)			

<u>Major Budget Changes from FY 2002-03 YTD Appropriations:</u>		YTD FY 2002-03	Conference Change
6. Justices' and Judges' Compensation			
Executive Recommendation included three types of positive adjustments: (1) restored funding for one-time savings in FY 2002-03 due to timing of pay periods (\$953,500), (2) new/annualized funding for additional/converted judgeships (\$500,100), and (3) social security and retirement cost increases (\$131,500). Senate and House concurred. Conference Report also concurs.	Gross	\$90,679,600	\$1,585,100
	Restricted	7,090,200	0
	GF/GP	\$83,589,400	\$1,585,100
Executive: \$1,585,100			
Senate: \$1,585,100			
House: \$1,585,100			
7. Rent and Building Occupancy Charges			
Executive Recommendation included reductions in private rent (\$295,100) and building occupancy charges (\$772,900) for facilities in which judicial agencies are housed. Senate and House concurred. Conference Report also concurs.	Gross	NA	(\$1,068,000)
	GF/GP	NA	(\$1,068,000)
Executive: (\$1,068,000)			
Senate: (\$1,068,000)			
House: (\$1,068,000)			
8. Early Retirement Adjustments			
Executive Recommendation reflected two types of adjustments related to 2002 early retirement package: (1) removal of funds for one-time leave payouts and (2) annualization of savings for October 2002 retirees. Senate and House concurred. Conference Report also concurs.	Gross	NA	(\$566,000)
	GF/GP	NA	(\$566,000)
Executive: (\$566,000)			
Senate: (\$566,000)			
House: (\$566,000)			
9. Juror Compensation Reimbursement			
Executive Recommendation included new statutory restricted funding source for juror compensation reimbursement payments to trial courts. Senate and House concurred. Conference Report also concurs.	Gross	\$0	\$6,600,000
	Restricted	0	6,600,000
Executive: \$6,600,000			
Senate: \$6,600,000			
House: \$6,600,000			
10. Court of Appeals Fee Revenue			
Senate increased appropriation for Court of Appeals fee revenue to reflect proposed filing fee increase. House included further increase to reflect additional fee increases that could be incorporated into the revenue proposal (motion fees/copying fee). Conference Report reduced House-passed figure by \$13,000 to reflect exclusion of copying fee increase from relevant bill	Gross	\$1,571,000	\$175,000
	Restricted	1,571,000	175,000
Executive: \$0			
Senate: \$87,500			
House: \$188,000			

<u>Major Budget Changes from FY 2002-03 YTD Appropriations:</u>		<u>YTD</u> <u>FY 2002-03</u>	<u>Conference</u> <u>Change</u>
11. Transcript Fee Reimbursement	Gross	\$0	\$0
Senate added \$100 placeholder for transcript fee reimbursement to Restricted counties. Placeholder not included by House. Conference Report concurs with House.		0	0
Executive: \$0			
Senate: \$100			
House: \$0			
12. Justice System Fund Administration	Gross	\$0	\$600,000
Conference Report includes funds State Court Administrative Office would receive under revenue package to administer Justice System Fund (0.5% of fund collections). Restricted		0	600,000
Executive: \$0			
Senate: \$0			
House: \$0			

Note: House created \$100 points of difference from Senate in all GF/GP line items, as well as line items in which GF/GP is being completely offset by new restricted funds; \$100 changes are not reflected in figures above.

Major Boilerplate Changes from FY 2002-03:

Sec. 206. Contingency Funds – DELETED

Executive Recommendation retained section appropriating federal, restricted, local, and private contingency funds that can be expended upon legislative transfer to a specific line item. **Senate** deleted section, with concurrence by **House** and **Conference Report**.

Sec. 212. Retention of Reports – RETAINED

Executive Recommendation deleted section requiring Judiciary to create and retain reports according to federal and state guidelines. **Senate** concurred. **House** retained section. **Conference Report** concurs with House.

Sec. 307. Court of Appeals Backlog Reduction – NEW

Senate added new section stating legislative intent that \$225,000 of additional revenue from the proposed Court of Appeals filing fee increase (from \$250 to \$375) be used for the purpose of delay reduction. **House** concurred. **Conference Report** also includes \$87,500 from motion fee increases under the intent language.

Sec. 310. (Current Year) Community Dispute Resolution Program – DELETED

Executive Recommendation deleted section providing for distribution of GF/GP funding for the program (1) to achieve a base level of \$30,000 and (2) for the remainder, based on performance measures (similar language proposed for incorporation into governing statute). Section also encourages distribution of informational brochures regarding program. **Senate** and **House** concurred. **Conference Report** also concurs.

Sec. 310. (Conf. Report) Drug Court Evaluation – NEW

Senate added new section requiring an independent evaluation of drug court programs funded by the Judiciary budget, with the evaluation to include measures of the impact of drug court programs in changing recidivism and substance abuse and reducing prison admissions. **House** concurred. **Conference Report** also concurs.

Sec. 311(5). Byrne Grant Funding – NEW

Executive Recommendation added new language providing for Judiciary to receive \$1.8 million in Byrne formula grant funding for expansion of drug treatment courts, to assist in avoiding prison bed space growth for nonviolent offenders. **Senate** and **House** concurred. **Conference Report** also concurs.

Major Boilerplate Changes from FY 2002-03:

Sec. 313. Child Support Enforcement System (CSES) Penalties – DELETED

Executive Recommendation deleted section providing that counties not be penalized for discompliance with federal CSES requirements if the Family Independence Agency determines that certain conditions have been met. **Senate** and **House** concurred. **Conference Report** also concurs.

Sec. 316(3). CSES Refund/Cyber Court – RETAINED/MODIFIED

Executive Recommendation deleted language appropriating \$6.0 million into Judiciary Technology Improvement Fund (JTIF) contingent on receipt of a CSES penalty refund from the federal government. **Senate** retained language. **House** modified language to require that *not less than* \$1.0 million, but not more than \$2.0 million, of the \$6.0 million appropriated into the JTIF be used for development of a cyber court (current-year language provides that *up to* \$1.0 million could be used for that purpose). **Conference Report** concurs with House, but cites specific chapter of Revised Judicature Act that creates the cyber court.

Sec. 318. Child Care Studies – DELETED

Executive Recommendation deleted section directing Supreme Court to assist local trial courts with feasibility studies on the provision of child care for parents who must appear in court. **Senate** and **House** concurred. **Conference Report** also concurs.

Sec. 320. Juvenile Justice System – DELETED

Executive Recommendation deleted section calling for judicial branch to work with other state agencies to improve delivery of mental health/substance abuse treatment and education/training services for individuals leaving the juvenile justice system. **Senate** and **House** concurred. **Conference Report** also concurs.

Sec. 322. Court Boundary Realignment – DELETED

Executive Recommendation deleted section providing for allocation of funds appropriated for court boundary realignment (one-time appropriation). **Senate** and **House** concurred. **Conference Report** also concurs.