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Judicial Branch Budget Request: Priorities for FB 2014-2016

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Chairman Crenshaw and Members of the Subcommittee,

Thank you for inviting me once again to discuss the Judicial Branch budget. As you know by now, I am always eager to speak about funding for the courts and I will gladly show up anytime you're willing to give me an audience.

Last fall, I appeared before this subcommittee to give you an update on how the Judicial Branch is faring under its current level of funding and to provide a preview of our upcoming budget request. Many of you were present for that testimony and I appreciated your attendance and your interest in my comments.

Since we last met, the Judicial Branch budget bill has been filed as House Bill 238. With our budget bill now in place, today I want to take a closer look at our budget priorities and discuss the areas that I consider to have the most pressing needs.

In brief, our funding request for Fiscal Years 2015 and 2016 focuses on four areas:

- Fund my top priority, which is the Judicial Branch Compensation Plan.
- Fund an adequate operating budget for the Judicial Branch.
- Fully fund the required employer cost of employee health insurance, retirement benefits and salary increments.
- Reinvest savings from House Bill 463 into the Judicial Branch.

Now let's take a closer look at each of these items.

Funding to Address Broken Compensation System

At every opportunity, I have made it known that my top priority for this session is to secure funding to address the Judicial Branch's broken compensation system. Years of neglect have left Judicial Branch salaries woefully behind those in the private sector and the Executive and Legislative branches of state government.

The situation has been exacerbated by years of frozen raises and the Judicial Branch furlough in 2012. The end result is a situation that demands relief. Today, 800 of the 3,300 non-elected court employees fall under the federal poverty guidelines for a family of four. That's one-quarter of our workforce. Equally disheartening is that an even greater number of court personnel qualify for food stamps. It is simply unacceptable that so many of our employees work full time and still live in poverty.

The other fallout from low wages is what I call the "Judicial Branch brain drain." We attract and train high-caliber employees whose dedication for the courts can't withstand the enticement of higher salaries being offered by the private sector and the other branches of government. The ongoing turnover places a very real strain on the courts as we struggle to maintain a workforce that can continue to provide a high level of service.

In an effort to address this matter, I formed a Compensation Commission in 2010 to evaluate the Judicial Branch's salary scale. Over the last few years, the group met on a regular basis and obtained a review of our compensation system by an outside expert.

The result is the Compensation Commission's recommendation to raise entry-level salaries to bring everyone in the court system above the minimum federal poverty guidelines. The plan also proposes a comprehensive salary restructure for the entire Judicial Branch to make salaries more equitable within the court system and more competitive with jobs in the public and private sectors.

The Compensation Plan includes the pay parity plan the circuit court clerks have been requesting for several years. It also seeks authorization to gradually increase judicial salaries over several years to bring the compensation of Kentucky judges in line with judges in surrounding states.

The plan would provide comprehensive corrections to our salary structure at a cost to the general fund of \$16.8 million in FY 15 and \$19.6 million in FY 16.

I am well aware of the budget constraints you're facing this session and I want to emphasize that this is not an all-or-none proposition. I'm encouraged that the Governor's set-aside includes some additional funding for the Judicial Branch Compensation Plan and I'm confident that we can begin addressing our most critical needs with whatever funding we receive.

Adequate Operating Budget

Another priority this fiscal biennium is to secure an adequate operating budget for the court system, including full funding for the required employer cost of employee health insurance, retirement benefits and salary increments.

Since the recession began in 2008, the Judicial Branch has sustained cumulative reductions of nearly 50 percent of our operating budget. Over the last five years, deep cuts to our base budget have forced us to cut positions, furlough employees, abolish programs and trim operating costs. The ability of the Judicial Branch to carry out its constitutional and statutory duties is seriously compromised without the appropriate level of funding. In simple terms, the stability of the court system depends on maintaining an adequate operating budget.

To that end, the Judicial Branch budget bill in front of you includes a total request of \$361.3 million for FY 2015 and \$375.1 for FY 2016.

The budget instructions required us to request full funding for our defined calculations, which is the employer cost of providing employee health insurance, retirement and a 5 percent across-the-board salary increment. The total cost of these contributions to the general fund will be \$20.1 million in FY 15 and \$30.6 million in FY 16.

It's important to note that the annual increments are completely separate from the proposed Judicial Branch Compensation Plan. Our Compensation Plan is not about pay raises. It is about making systemic revisions to our compensation structure so that the people who carry out the unique work of the courts are fairly and adequately compensated.

My hope is that the General Assembly will treat the Judicial Branch the same as the other two branches of government regarding annual increments and that the increments will be fully funded.

Reinvest HB 463 Savings Into Judicial Branch

Our request also asks for savings realized through House Bill 463 to be reinvested into the Judicial Branch as mandated by KRS 196.288.

The new laws benefiting Kentucky are also increasing demands on the courts. As intended, penal code reform through HB 463 is keeping defendants out of jail through monitored conditional release and deferred prosecution. But these programs involve serious legal matters that depend on well-trained employees and they have increased the responsibilities of our staff in Drug Court and Pretrial Services.

Since HB 463 took effect in June 2011, our monitored conditional release caseload has increased by 1,660 defendants. The combination of low salaries and demanding work is making it difficult to attract and retain the employees we need to maintain the Pretrial Services program.

This situation is particularly troubling in metro areas such as Jefferson County and Northern Kentucky, where our turnover rates are high. For example, pretrial staffing in Boone and Kenton counties is down to 50 percent, requiring us to send pretrial officers from other parts of the state to help in that area.

An appropriate level of staffing for Pretrial Services has wide-ranging benefits. State and county governments realize substantial savings when individuals stay out of jail through pretrial release, pretrial diversion, monitored conditional release and deferred prosecution.

In closing, I want to stress that the primary takeaway from our budget request is its limited scope.

In previous budgets, the Judicial Branch has requested funding for a much wider range of projects and programs. We believe that the wisest course for this budget – given the state’s ongoing fiscal challenges – is to focus only on the items that are critical to our operations and on the long overdue investment in our dedicated court personnel.

Thank you again for your time today. I will be happy to answer any questions you may have.

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