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↻ Designates that this item is a change item



January 27, 2009

To the 2009 Legislature:

I respectfully submit for your consideration the Governor's FY 2010-11 budget proposals for the judicial branch agencies, including the Supreme Court, the Court of Appeals, the Trial Courts, the Legal Professions Boards, and the Board of Public Defense. The Governor respects the separation of powers and the desire of constitutional officers and officials in the judicial and legislative branches to independently present their budget requests directly to the legislature without specific recommendations for the Governor. However, since the Governor is required by law to submit a balanced budget to the legislature, it is necessary to identify funding for those offices as part of preparing a complete budget.

The Governor's general recommendations for the judicial and legislative branches and other constitutional officers reflect his concern with the magnitude of the projected budget shortfall and the desire to protect core government functions. As with the executive branch, the Governor suggests that these offices and institutions individually redesign their operations to increase efficiencies while minimizing the disruption of public services as much as possible.

For the Supreme Court, Court of Appeals, Trial Courts, and the Board of Public Defense, the Governor recommends a general 5% reduction in appropriations for the FY 2010-11 biennium. For the Trial Courts, the Governor also recommends \$5.586 million for increased costs for mandated services. The Legal Profession Boards are fully funded by fees collected under court rules, so no further actions are required on their budgets. The Governor makes no other recommendation regarding specific initiatives put forward by these agencies.

Sincerely,

A handwritten signature in cursive script that reads "Tom J. Hanson".

Tom J. Hanson
Commissioner

Agency Purpose

Minnesota’s Supreme Court is the state’s court of last resort, serving as the final guardian of the Minnesota Constitution and interpreting/applying the United States Constitution. The court is responsible for overseeing the machinery of justice in the state, for regulating the practice of law, and making recommendations for improvement of the judicial system.

- ◆ The mission of the judicial branch is to provide justice through a system that assures equal access for the fair, competent, and timely resolution of cases and controversies.
- ◆ The judicial branch vision is that the general public and those who use the court system will refer to it as accessible, fair, consistent, responsive, free of discrimination, independent, and well managed.

Core Functions

The Supreme Court has original jurisdiction in remedial cases as prescribed by law, appellate jurisdiction over all cases, and supervisory jurisdiction over all courts in the state. The Supreme Court’s supervisory jurisdiction includes the authority to prescribe, amend, and modify the rules of practice in all courts; the rules governing the examination and admission of attorneys to the state bar; and the rules governing judicial and attorney professional conduct.

The Chief Justice serves as chair for the Minnesota Judicial Council and is responsible for supervising the administrative operations of the state court system, including the financial affairs of the court system and the assignment of judges to serve in courts needing assistance.

The Supreme Court expedites its decisions in child protection cases, election contests and others as required by law.

Operations

The adjudicative and supervisory functions of the Supreme Court have an impact on all Minnesota citizens.

Adjudicative Operations

In reviewing more than 800 cases each year, justices are assisted in their work by law clerks, the Supreme Court Commissioner’s Office, and the Clerk of Appellate Courts Office.

Supervisory Operations

In the Chief Justice’s role as chair of The Minnesota Judicial Council and general supervisory role over the courts, he is assisted by the State Court Administrator’s Office, which provides the administrative infrastructure for the judicial branch.

Working at the direction of the Judicial Council, the state court administrator is responsible for providing judicial branch finance, human resources, technology, training, communications, research/evaluation, caseload management, and cross-district judicial assignment services.

At A Glance

- ◆ Supreme Court reviews more than 800 cases a year.
- ◆ The judicial branch operates in a constantly changing environment.
 - ⇒ Laws, case types, and legal sanctions change annually.
 - ⇒ Caseload volume is determined by other branches and levels of government, and by private citizens and business entities who bring disputes for resolution.
- ◆ The Minnesota Courts regularly review their effectiveness by monitoring
 - ⇒ case filing trends;
 - ⇒ case clearance rates; and
 - ⇒ elapsed case time from filing to disposition.

Key Goals

The Supreme Court Court conducts its administrative functions in support of the following three strategic priority areas:

- ◆ **Access to Justice** – A justice system that is open, affordable, understandable, and provides appropriate levels of service to all users.
- ◆ **Administering Justice for More Effective Results** – Adopting approaches and processes for the resolution of cases that enhance the outcomes for individual participants and the public.
- ◆ **Public Trust Accountability and Impartiality** – A justice system that engenders public trust and confidence through impartial decision-making and accountability for the use of public resources.

Key Measures

To further the three goals contained in the branch's strategic plan – Access to Justice; Administering Justice for More Effective Results; and Public Trust Accountability and Impartiality – the strategic plan outlines future priorities. Each of these specific priorities addresses challenges facing the court system by targeting judicial branch resources in a focused manner on achievable and measurable strategies. Implementation of these priorities will take place over the life of the strategic plan with specific performance measures to evaluate their success.

http://www.mncourts.gov/documents/0/Public/Court_Administration/Strategic_Plan_for_Minnesota_Courts.pdf

Budget

Of the funding for the Supreme Court, 87% is from general fund direct appropriations. Federal grants represent 10% of the funding for the court. The balance of the funding is from special revenue funds and other grants and gifts, representing 3% of the courts funding.

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Dollars in Thousands

	Current		Governor Recomm.		Biennium 2010-11
	FY2008	FY2009	FY2010	FY2011	
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	44,592	44,972	44,972	44,972	89,944
Recommended	44,592	44,972	41,792	41,792	83,584
Change		0	(3,180)	(3,180)	(6,360)
% Biennial Change from 2008-09					-6.7%
<u>Expenditures by Fund</u>					
Carry Forward					
Miscellaneous Special Revenue	61	0	0	0	0
Direct Appropriations					
General	43,039	46,525	41,792	41,792	83,584
Statutory Appropriations					
General	141	50	50	50	100
Miscellaneous Special Revenue	1,426	1,581	1,451	1,659	3,110
Federal	4,835	5,521	5,543	5,308	10,851
Miscellaneous Agency	0	1	1	1	2
Gift	94	111	99	99	198
Total	49,596	53,789	48,936	48,909	97,845
<u>Expenditures by Category</u>					
Total Compensation	21,805	23,974	22,850	22,868	45,718
Other Operating Expenses	13,292	15,251	13,276	13,231	26,507
Local Assistance	14,499	14,564	12,810	12,810	25,620
Total	49,596	53,789	48,936	48,909	97,845
<u>Expenditures by Program</u>					
Supreme Court Operations	35,171	39,326	36,227	36,200	72,427
Civil Legal Services	14,425	14,463	12,709	12,709	25,418
Total	49,596	53,789	48,936	48,909	97,845
Full-Time Equivalents (FTE)	253.1	264.8	246.1	241.1	

<i>Dollars in Thousands</i>				
	FY2009	Governor's Recomm.		Biennium
		FY2010	FY2011	2010-11
Fund: GENERAL				
FY 2009 Appropriations	44,972	44,972	44,972	89,944
Technical Adjustments				
One-time Appropriations		(980)	(980)	(1,960)
Subtotal - Forecast Base	44,972	43,992	43,992	87,984
Change Items				
Operating and Grants Reduction	0	(2,200)	(2,200)	(4,400)
Total Governor's Recommendations	44,972	41,792	41,792	83,584
Fund: GENERAL				
Planned Statutory Spending	50	50	50	100
Total Governor's Recommendations	50	50	50	100
Fund: MISCELLANEOUS SPECIAL REVENUE				
Planned Statutory Spending	1,581	1,451	1,659	3,110
Total Governor's Recommendations	1,581	1,451	1,659	3,110
Fund: FEDERAL				
Planned Statutory Spending	5,521	5,543	5,308	10,851
Total Governor's Recommendations	5,521	5,543	5,308	10,851
Fund: MISCELLANEOUS AGENCY				
Planned Statutory Spending	1	1	1	2
Total Governor's Recommendations	1	1	1	2
Fund: GIFT				
Planned Statutory Spending	111	99	99	198
Total Governor's Recommendations	111	99	99	198

SUPREME COURT

Change Item: Operating and Grants Reduction

Fiscal Impact (\$000s)	FY 2010	FY 2011	FY 2012	FY 2013
General Fund				
Expenditures	\$(2,200)	\$(2,200)	\$(2,200)	\$(2,200)
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$(2,200)	\$(2,200)	\$(2,200)	\$(2,200)

Recommendation

The Governor recommends a 5% reduction in the agency's base budget, to be distributed proportionately between operating costs and grants. The Governor makes no specific recommendations on the agency's change requests.

Background

The Governor respects the separation of powers and the desire of officials in the judicial and legislative branches and other constitutional officers to independently present their budget requests directly to the legislature without specific recommendations from the Governor. However, since the Governor is required by law to submit a balanced budget to the legislature, it is necessary to identify funding for those offices as part of preparing a complete and balanced budget.

The Governor's general recommendations for the judicial and legislative branches and other constitutional officers reflect his concern with the magnitude of the projected budget shortfall and the desire to protect core government functions. As with the executive branch, the Governor suggests that these offices and institutions individually redesign their operations to increase efficiencies while minimizing the disruption to public services as much as possible.

Relationship to Base Budget

This reduction represents 5% of the base funding for the FY 2010-11 biennium.

Statutory Change: Not Applicable

Program Description

Minnesota's Supreme Court is the state's court of last resort, serving as the final guardian of the state constitution and interpreting/applying the United States Constitution. The court is also responsible for regulating the practice of law and promulgating the rules of procedure before all courts of the state.

Program at a Glance

- ◆ Supreme Court has seven justices
- ◆ Supreme Court reviews more than 800 cases each year.

Population Served

The adjudicative and supervisory functions of the Supreme Court have an impact on all Minnesota citizens.

Services Provided

The Minnesota Supreme Court considers appeals from judgments of the Court of Appeals, the Workers Compensation Court of Appeals, and the Tax Court. It hears special term matters, motions, and petitions for extraordinary relief. The Supreme Court also hears mandatory cases. This includes first-degree murder, tax court and workers' compensation court of appeals, as well as attorney discipline.

In addition to this appellate function, the Supreme Court supervises admission to the practice of law in the state and regulates legal practice. The court also promulgates rules governing practice and procedure in the courts throughout the state, a function that involves special advisory committees and requires numerous public hearings.

Key Goals

The Supreme Court Court conducts its administrative functions in support of the following three strategic priority areas:

- ◆ **Access to Justice** – A justice system that is open, affordable, understandable, and provides appropriate levels of service to all users.
- ◆ **Administering Justice for More Effective Results** – Adopting approaches and processes for the resolution of cases that enhance the outcomes for individual participants and the public.
- ◆ **Public Trust Accountability and Impartiality** – A justice system that engenders public trust and confidence through impartial decision-making and accountability for the use of public resources.

Key Program Measures

The Supreme Court seeks to maintain or improve the dispositional time while maintaining the high quality of legal analysis and clarity of its decisions.

The Supreme Court seeks to use its personnel:

- ◆ to manage its workload so that each case receives adequate attention as its importance demands;
- ◆ to decide petitions for review within 60 days;
- ◆ to maintain an orderly and uniform legal process and procedure throughout the state through the promulgation of uniform rules;
- ◆ to regulate the admission to and practice of law in Minnesota so that each citizen seeking legal counsel is assured of competent representation;
- ◆ to ensure the financial integrity of the court system in accordance with generally accepted accounting principles and to ensure correct payment of invoices within the statutorily required 30 days; and
- ◆ to ensure the effective operation of the state court system in a way that provides access to all citizens.

Program Funding

The general fund primarily funds the Supreme Court Operations budget. A small amount of support from the special revenue fund is received for the State Law Library, the Court Interpreter Program, and the Attorney Registration Program. Some federal funds are received and directed towards children's initiatives.

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SUPREME COURT

Program: SUPREME COURT OPERATIONS

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	31,292	31,792	31,792	31,792	63,584
Subtotal - Forecast Base	31,292	31,792	31,792	31,792	63,584
Governor's Recommendations					
Operating and Grants Reduction		0	(1,599)	(1,599)	(3,198)
Total	31,292	31,792	30,193	30,193	60,386
<u>Expenditures by Fund</u>					
Carry Forward					
Miscellaneous Special Revenue	61	0	0	0	0
Direct Appropriations					
General	29,783	33,301	30,193	30,193	60,386
Statutory Appropriations					
General	141	50	50	50	100
Miscellaneous Special Revenue	257	342	341	549	890
Federal	4,835	5,521	5,543	5,308	10,851
Miscellaneous Agency	0	1	1	1	2
Gift	94	111	99	99	198
Total	35,171	39,326	36,227	36,200	72,427
<u>Expenditures by Category</u>					
Total Compensation	21,776	23,974	22,850	22,868	45,718
Other Operating Expenses	13,288	15,248	13,273	13,228	26,501
Local Assistance	107	104	104	104	208
Total	35,171	39,326	36,227	36,200	72,427
<u>Expenditures by Activity</u>					
Supreme Court Operations	5,495	5,796	4,700	4,905	9,605
State Court Administration	27,577	31,315	29,376	29,144	58,520
Law Library Operations	2,099	2,215	2,151	2,151	4,302
Total	35,171	39,326	36,227	36,200	72,427
Full-Time Equivalent (FTE)	252.7	264.3	245.6	240.6	

Program Description

Appointed by the Supreme Court, the Legal Services Advisory Committee distributes funds to civil legal services programs to provide legal assistance to low-income persons meeting statutory income eligibility guidelines. By statute, 85% of the funding is granted to six regional legal services programs (Coalition Programs) with 38 offices or projects throughout the state, which had demonstrated an ability as of 7-01-1982 to provide legal services with funds provided by the federal Legal Services Corporation.

Program at a Glance

- ◆ Number of programs funded – 34
- ◆ Direct legal assistance – 52,909 closed cases reported statewide
- ◆ Preventive education – 70,000 (est.) attendees at legal education sessions

The remaining 15% of the funding is awarded annually on a competitive basis to nonprofit organizations providing legal or alternative dispute resolution services. In FY 2008-2009, 34 programs received grants to provide or support legal services to the poor.

Population Served

Over 522,000 people, or approximately 11% of Minnesota’s population, with incomes at or below 125% the federal poverty level qualify for civil legal services through the Coalition Programs. Another approximately 500,000 people are between 125% and 200% of federal poverty guidelines and could qualify under the statutory guidelines of this program. (M.S. 480.24-480.244). In the fall of 2005, the Legal Services Corporation issued a report entitled, *Documenting the Justice Gap in America*. This national study (which included Minnesota) established that for every client who received legal aid services, one applicant was turned away. The Minnesota Supreme Court’s Minnesota Legal Services Planning Commission, after considering a variety of studies, determined that “nevertheless, in Minnesota, as in the rest of America, a very large percentage, perhaps, more than three-quarters of the legal needs of the disadvantaged remains unaddressed.”

Because of the nature of poverty, nearly 70% of persons served by the Coalition Programs are women and their children. Nearly 15% are age 60 or over and more than 37% are persons of color. Nearly 20% of the Coalition Programs’ clients are persons with physical or mental disabilities and 14% are English language learners.

Services Provided

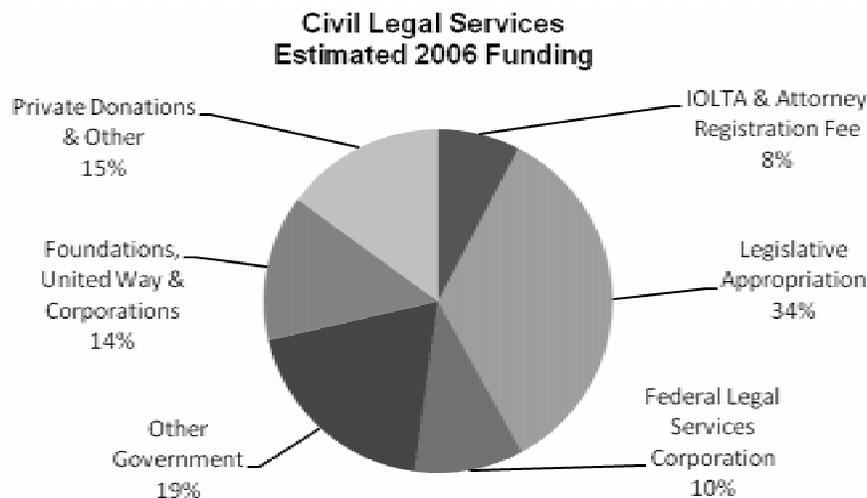
Through representation, negotiation, conciliation, community education, and preventive law work, lawyers in these programs constructively resolve the legal problems of low-income applicants for program services. Most of the legal problems handled by these programs directly and significantly affect the day-to-day lives of persons in need: their homes, family, health, support for their children, and personal safety.

Historical Perspective

Since the early 1980s Coalition Programs have experienced a 60% increase in requests for services while program income in real dollars has increased only to the extent that programs are able to serve 20% more Minnesotans. Funding for civil legal services in Minnesota is a combination of state, federal, foundation, and private funding. The Minnesota Legal Services Planning Commission has recommended “that the Minnesota legislature increase the funding for delivery of civil legal services to the disadvantaged.”

The Supreme Court has assessed attorneys an annual fee to support legal services which raises approximately \$1 million annually. Statewide, volunteer attorneys have contributed time valued in excess of \$5.6 million annually.

In 2006, the estimated funding for the all the legal services programs in the state was \$35,864,865 from the following sources:



Key Program Goals

Funding civil legal services supports the goals of both the **Minnesota Milestones** and the **Minnesota Judicial Branch Strategic Plan**.

◆ Minnesota Milestones Statewide Goals

- ⇒ “Families will provide a stable, supportive environment for children.” “Our communities will be safe.” “Our children will not live in poverty.” – Legal Aid breaks the cycle of domestic violence for many families, helping them restructure their lives to be safe and stable for children, thereby increasing their chances to also break the cycle of poverty.
- ⇒ “All Minnesotans will have decent, safe, and affordable housing.” – Legal Aid prevents homelessness for thousands of families each year; obtains needed repairs; helps eligible families access public or subsidized housing; and is helping families respond to the mortgage foreclosure crisis.
- ⇒ “Government in Minnesota will be cost-efficient, and services will be designed to meet the needs of the people who use them.” – Legal Aid helps the Judicial Branch be more efficient by keeping thousands of non-meritorious cases out of court and by settling thousands of meritorious cases before trial.
- ⇒ “People in need will receive support that helps them live as independently as they can.” – Legal Aid helps families get the training and education they need to make the transition from welfare to work, and assists seniors and persons with disabilities. It helps those unable to work to access benefits that enable them to meet their basic needs such as access to health care.

◆ Minnesota Judicial Branch Strategic Plan Goals

- ⇒ “Strategic Goal 1: Access to Justice – A justice system that is open, affordable, understandable and provides appropriate levels of service to all users.” – Legal Aid gives the poorest and most vulnerable Minnesotans, including non-English speakers, access to the courts. One of the strategic priorities under this goal is the expansion of resources for pro se litigants. Legal services providers have been an important partner with the courts and law libraries to provide self-help services around the state.
- ⇒ “Strategic Goal 3: Public Trust, Accountability and Impartiality – A justice system that engenders public trust and confidence through impartial decision making and accountability for the use of public resources.” – One of the strategic priorities under this goal is to assure equitable treatment of all people in the court system regardless of race or ethnicity. Legal Aid clients, like the poor in general, are disproportionately people of color. Access to an attorney is an important part of assuring equitable treatment regardless of race or ethnicity.

Key Program Measures

Due to reduced revenue in 2001-2004, the Coalition Programs served about 11% fewer clients. State funding increases in 2005 helped to restore 30 of the 43 attorney positions lost statewide from 2001-03. With these funding increases, legal services providers statewide were able to increase the number of cases handled by 5% from 2006 – 2007. However, \$1 million per year of the current state appropriation is not included in the base funding, and will terminate at the end of this biennium unless renewed.

Program Funding

The Judicial Branch coordinates funding for civil legal services from a general fund appropriation, a dedicated portion of the attorney registration fee and Interest on Lawyer Trust Account (IOLTA) revenue. The legal services organizations are also funded by other federal, state and local government sources as well as United Ways, foundations and other private sources. These funding sources are described in the above chart.

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SUPREME COURT
 Program: CIVIL LEGAL SERVICES

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	13,300	13,180	13,180	13,180	26,360
Technical Adjustments					
One-time Appropriations			(980)	(980)	(1,960)
Subtotal - Forecast Base	13,300	13,180	12,200	12,200	24,400
Governor's Recommendations					
Operating and Grants Reduction		0	(601)	(601)	(1,202)
Total	13,300	13,180	11,599	11,599	23,198
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	13,256	13,224	11,599	11,599	23,198
Statutory Appropriations					
Miscellaneous Special Revenue	1,169	1,239	1,110	1,110	2,220
Total	14,425	14,463	12,709	12,709	25,418
<u>Expenditures by Category</u>					
Total Compensation	29	0	0	0	0
Other Operating Expenses	4	3	3	3	6
Local Assistance	14,392	14,460	12,706	12,706	25,412
Total	14,425	14,463	12,709	12,709	25,418
<u>Expenditures by Activity</u>					
Legal Services	14,425	14,463	12,709	12,709	25,418
Total	14,425	14,463	12,709	12,709	25,418
Full-Time Equivalents (FTE)	0.4	0.5	0.5	0.5	

SUPREME COURT

Agency Revenue Summary

Dollars in Thousands

	Actual FY2008	Budgeted FY2009	Governor's Recomm. FY2010 FY2011		Biennium 2010-11
<u>Non Dedicated Revenue:</u>					
Departmental Earnings:					
General	557	550	550	550	1,100
Other Revenues:					
General	17	0	0	0	0
Total Non-Dedicated Receipts	574	550	550	550	1,100
<u>Dedicated Receipts:</u>					
Departmental Earnings:					
General	76	50	50	50	100
Miscellaneous Special Revenue	1,497	1,420	1,420	1,434	2,854
Grants:					
Miscellaneous Special Revenue	9	35	35	35	70
Federal	787	1,023	925	925	1,850
Other Revenues:					
Miscellaneous Special Revenue	0	7	7	7	14
Federal	4,256	4,360	4,360	4,360	8,720
Gift	116	93	92	92	184
Other Sources:					
Miscellaneous Agency	0	1	1	1	2
Total Dedicated Receipts	6,741	6,989	6,890	6,904	13,794
Agency Total Revenue	7,315	7,539	7,440	7,454	14,894



THE SUPREME COURT OF MINNESOTA
MINNESOTA JUDICIAL CENTER
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CHAMBERS OF
ERIC J. MAGNUSON
CHIEF JUSTICE

(651) 296-3380

January 20, 2009

To the Honorable Tim Pawlenty and
Members of the 2009 Legislature:

On behalf of the hundreds of thousands of citizens who come before the Minnesota courts and the 315 judges and 2900 employees of the Judicial Branch, I transmit the FY10-11 budget request for the Minnesota Judicial Branch. I am also providing information on the Judicial Branch mission, services, transformational initiatives now underway, and financial challenges that drive our funding needs.

The Minnesota judiciary is an open door for justice. Our workload is dictated by the needs of citizens and businesses for redress, the needs of children and vulnerable adults for protection, and the policies and practices of law enforcement and prosecutors enforcing state and local laws. The Judicial Branch is unable turn away those who enter the courthouse to seek our services. Unlike state agencies, the Judicial Branch has no discretionary services. The court system adjudicates approximately two million cases brought to it by the citizens of the state on an annual basis.

Article 8, section 1 of the Minnesota Constitution provides that the object of government is to ensure the security, benefit and protection of the people. Government fulfills that obligation by passing and enforcing laws. Without adequate funding, the courts cannot perform their vital role in that process.

The Judicial Council and I want to join with the Governor and Legislature in finding collaborative solutions to stabilize our Judicial Branch budget and provide the citizens of this state with the level of services guaranteed by the Minnesota Constitution and state laws. However, I also need to clearly communicate our current dilemma. We now find ourselves at a tipping point where action is needed to avoid major service disruptions in the next biennium that will seriously jeopardize the justice function.

Current Cost Reductions and Efficiencies

Funding for all trial court operations became the sole responsibility of the state in 2005 when the transition from county to state funding was complete. During this transition, the Judicial Branch has experienced little financial flexibility because of base budget cuts and underfunding in FY04-05 (\$23 million), insufficient funding in FY06-07, and additional base budget reductions and underfunding in the current biennium (\$19 million).

There are no easy reductions left for us to make. Inadequate funding has already forced painful reductions in staff levels and service delivery. We already:

- Operate 9% short-staffed.
- Have instituted layoffs, voluntary separation programs, leaves without pay, and a hiring freeze.
- Hold open judge vacancies.
- Closed public counters a half day per week in the 3rd, 4th, and 10th judicial districts and permanently closed a satellite court in Washington County.
- Terminated the 4th Judicial District arbitration services, court supervised visitation services, and reduced staffing at the domestic abuse service center.
- Reduced juror per diem pay from \$20 to \$10.
- Cut funding for drug courts, retired judge services, and mandated services.
- Reduced operating costs to the lowest levels since the trial courts were brought into state funding.

As a result, delays in case processing and service delivery are occurring across the state.

Our Access and Service Delivery Workgroup is aggressively re-engineering our business practices so we can become as efficient and effective as possible. Unfortunately, progress on many of these initiatives, including our efforts to centralize and automate the 1.2 million payable citations, may be in jeopardy if further budget reductions are enacted.

Negative Impact of No Increased Funding or Base Budget Reductions

The negative impact of no new funding – or worse yet, funding reductions – will be immediate, unavoidable, and dramatic and will significantly affect the basic operation of Minnesota's courts with economic and other consequences for county and state government and public safety. Public trust and confidence in the courts and government will be significantly impacted.

Failure to provide adequate funding to cover unavoidable employee cost increases (mandatory employer health insurance and pension contributions) and budget cuts would require additional staff reductions of hundreds of positions depending on the results of our voluntary separation program, turnover rate over the next six months, and applicable severance costs. This reduction,

on top of our current 9% shortage, means that we will be unable to handle all of our current caseload.

In the interest of providing options to the Governor and the Legislature, at its December 2008 meeting, the Judicial Council reviewed 51 different case categories that are processed by the courts and assigned a priority level to each case type (see enclosed list). In general, lack of funding will force us to stop handling some or all of the following cases in the next biennium:

- Conciliation Court
- Consumer Credit
- Some Estate and Trust cases
- Property Damage
- Harassment
- Default Judgments
- Out of Custody Adult and Juvenile Non-targeted Misdemeanors (public defenders will not be able to assign attorneys for out-of-custody cases)
- Juvenile Status, Truancy, Runaway offenses
- Implied Consents
- Traffic, Ordinance, and Parking Violations, impacting the \$200 million annual revenue flow to cities, counties, and the state general fund.

In addition to not handling these types of matters, increased delays in criminal and juvenile case processing will produce collateral consequences to other public jurisdictions. Defendants will be incarcerated longer while awaiting trial, increasing costs at county jails that are already operating at 105% of capacity. Others will be out of custody longer awaiting disposition, increasing risks to public safety.

These proposed case processing priorities will appropriately generate a vigorous public debate about the stark implications associated with potential lack of funding or budget reductions. We welcome those discussions and are open to any specific suggestions for changes to our proposed priorities. However, any reprioritization must match the workload reduction needed to balance any budget cut imposed. Fewer reductions to our budget would allow us to limit the impact on some case types.

In addition, lack of funding or budget reductions could require us to close or significantly reduce hours/days of operation in some low volume rural courts and several of our high volume suburban courts because of the reduced workforce. Many of our drug courts, which save taxpayer money and improve public safety, could close as well.

At the appellate level, both the Supreme Court and Court of Appeals will be forced to further reduce personnel. Loss of crucial legal staff will result in an expanded backlog of cases at the Court of Appeals and significant delays at the Supreme Court. In the State Court

FY10-11 Biennial Budget Request

Our FY10-11 budget request seeks only to preserve core services and fund increased costs that are unavoidable. It is not a request for service expansion – rather, it is a request to maintain basic judicial operations that are constitutionally and statutorily required.

In addition to the FY10-11 base budget for the Supreme Court, the Court of Appeals, and the District Courts, I present five change requests addressing basic, non-discretionary needs of the Minnesota Judicial Branch for the next biennium. This includes an increase of \$43,035,000 to court operations, which represents a 7.31% increase to our biennial base, with an additional \$6,170,000 requested on behalf of our criminal justice partners and \$4,000,000 for civil legal services:

- \$29,879,000 in projected salary and insurance increases to maintain core justice operations by funding current staffing levels to handle the ever increasing caseloads in our courts. This money will go only to pay for current staff which is 9% short of our need. We are not asking for the restoration of positions lost or any new positions, and are not seeking compensation increases for judges or new judgeships. These estimates are based on potential negotiated settlements;
- \$5,586,000 for growth in mandated services: interpreters, psychological services, guardians ad litem, jury, and in forma pauperis costs which we are required by law to fund. We have no option of not paying these costs;
- \$5,651,000 to pursue strategic technology initiatives needed to transform operations and services provided by the branch. Without this investment in the future, we cannot realize our goals of increased efficiency and productivity;
- \$8,089,000 to continue funding for 37 existing problem-solving courts in the state, with investments included for related public partners costs (\$6,170,000 listed above). These courts represent the kind of creative and forward thinking solutions that, in the long run, result in a more highly functioning and effective justice system; and
- \$4,000,000 for Civil Legal Services for the poor. This is money that does not go to the Judicial Branch but which is still included in our request on a pass-through basis.

Transforming the Judicial Branch

The mission of the Judicial Branch is to provide equal access for the fair and timely resolution of cases and controversies. The Minnesota Judicial Branch is not a state agency – the Minnesota Constitution requires justice to be provided in all cases promptly and without delay.

The Minnesota judiciary recently completed its transformation from a confederation of 87 county-funded trial courts to a unified, state-funded branch of state government. The Judicial Council, a single statewide policy-making entity, has replaced the various policy groups associated with the prior court structure. These changes present a tremendous opportunity for the judicial branch to more equitably, efficiently, and effectively serve the citizens of Minnesota.

To address the historic disparity in county funding of trial courts, we've embarked on a long-term effort to equalize resources within our ten judicial districts. It is imperative that citizens of this state have access to similar levels of judicial services regardless of where they live to give meaning to our belief in equal justice under law. Although we have recently achieved an equitable distribution of resources among the ten districts, unfortunately these districts are now equally underfunded due to current budget constraints.

In recognition of the bleak economic outlook and increased demand for scarce state resources, this year we established an Access and Service Delivery Committee (ASD), charged with the responsibility to develop options for restructuring judicial delivery systems, redesigning business processes, expanding the use of technology, and prioritizing functions to provide appropriate levels of access and services at the lowest cost. These transformational goals include:

- Workflow re-engineering through technology enhancements aimed at improving services while cutting labor costs. This includes optimizing our case management system (MNCIS), implemented statewide in April, with web and voice payment options, the ability to process e-citations from local law enforcement agencies, automatic assessment of court fines, and electronically sending delinquent debt to a private collection agency.
- Legislative and court policy reforms, including implementing recommendations from the Non-Felony Enforcement Advisory Commission re-ranking some offenses to reduce workloads, expanding the number of payable offenses, and transferring enforcement of administrative regulations to other government entities to reduce the number of violations that require court appearances.
- Addressing structural and governance issues by administratively consolidating judicial districts or reducing their number through redistricting, expanding the use of less expensive subordinate judicial officers where possible, and centralizing service delivery through ITV to achieve greater efficiencies and effectiveness.

Challenges Facing Judicial Performance

Our courts have made enormous strides in recent times to improve the delivery of prompt, affordable, fair and effective results to a society that relies heavily on its legal system. Minnesota judges carry average caseloads that are 49% higher than in comparable states. Minnesota courts are trusted by the business community and the public – the National Chamber of Commerce survey ranks Minnesota in the top ten states for competence and fairness and a 2007 Minnesota Public Trust and Confidence Survey reflects that 80% of the public has confidence in the Minnesota courts.

We have done all of these things despite severe budget constraints through the innovation and industry of our judges and staff.

The Honorable Tim Pawlenty
Members of the 2009 Legislature
January 20, 2009
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Administrator's Office, funding shortages will directly impact efforts currently underway to re-engineer business practices across the court system. Without sufficient funding, progress on technology initiatives such as e-citations, e-filing, e-payments, and automated collections--all of which save long term staff costs and increase state revenue collection--will be significantly impeded if not curtailed. And, cuts to civil legal services will mean that additional families will go without legal assistance in critical areas like mortgage foreclosure and housing, increasing public costs associated with homelessness and domestic violence.

Inadequate funding will jeopardize the justice system as we have known it in this state. Without adjudication of cases, civil and criminal consequences for illegal behavior will go unimposed. It is no exaggeration to say that the rule of law will be at stake.

In tough economic times, we must return to the basics. One of those is mandated by our Constitution: an adequately funded, functioning justice system that resolves disputes promptly in order to ensure the rule of law, protect public safety and individual rights, and promote a civil society. The Minnesota Judicial Branch is not a state agency. Funding should first be provided to institutions such as the Judicial Branch that deliver services directly required by the state Constitution. Justice is not an option. It is a constitutional obligation.

I look forward to the opportunity to discuss these matters with you in further detail.

Very truly yours,



Eric J. Magnuson
Chief Justice

SUPREME COURT

Change Item: Civil Legal Services

Fiscal Impact (\$000s)	FY 2010	FY 2011	FY 2012	FY 2013
General Fund				
Expenditures	\$2,000	\$2,000	\$2,000	\$2,000
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$2,000	\$2,000	\$2,000	\$2,000

Request

The Supreme Court requests \$4.0 million in FY 2010-11 on behalf of civil legal services programs.

Background

To address the serious and well documented unmet need for civil legal services, described in the base budget narrative, a bipartisan, statewide Supreme Court Committee on Funding for Legal Services and the Minnesota State Bar Association (MSBA) have recommended that the legislature and lawyers make a joint commitment to substantially increase funding for civil legal services. The Supreme Court's Planning Commission and the federal Legal Services Corporation (LSC) have both found that across the U.S., including Minnesota, "A very large percentage, perhaps more than three-quarters, of the legal needs of the disadvantaged remain unaddressed." In the face of the large unmet need for civil legal services and the continued decline in leveraged federal and local funds for legal services, an increase in funding for civil legal services of \$4,000,000 during this biennium is requested. Pursuant to M.S. 480.24-480.244, 85% of the funding would be distributed to cover every county in the state through a poverty population formula and 15% would be distributed through a competitive grant process.

The requested increase would preserve funding appropriated in the 2007 legislative session, which was not added to the base at the time, and restores the cut to the base from the 2008 legislative session. Without an increase to the base budget, the civil legal services budget will be below FY 2006 levels and services will be reduced. Already more than 20,000 of Minnesota's most vulnerable and least powerful citizens – the poor, elderly, disabled, and children – who have critical legal needs and are eligible for legal services are denied access to Minnesota's justice system each year due to lack of resources. If legal services are not provided, the state could lose as much as \$10 million each year in child support orders, new federal disability benefits and other savings. Also, more persons will attempt to represent themselves, further clogging the court system and causing the inefficient use of judicial resources. Without the recommended increase, over 5,000 additional families facing crisis situations will go without needed legal assistance.

Civil legal services starting salaries in 2008 average just \$40,000, much less than starting public defender salaries. This disparity grows worse with seniority, so that, according to former MSBA President Kent Gernander, "Legal Aid lawyers are typically paid as little as 60% of the salaries paid to other public sector lawyers." Like other parts of the justice system, civil legal services providers have had to absorb increased costs in health insurance and in other operations. The Legal Aid lawyer's pension program is also quite modest as compared to other public sector employees. New attorney student loan debt loads reach or exceed \$100,000, which makes it difficult for legal aid to recruit and retain a diverse staff. While volunteer attorneys provide more than \$5 million of free services each year, the Supreme Court Committee also recognized the need to increase volunteer programs by providing additional funds for recruitment, training and administration.

With the additional funding, civil legal services lawyers will provide legal representation, advice, negotiation, and conciliation services to persons unable to afford private counsel in court and administrative law hearings, and will engage in preventive law and community education activities. This work focuses on the critical civil legal problems confronting low-income Minnesotans. Specifically, civil legal services address family instability, abuse, deprivation, and school instability, which are risk factors in producing violent crime. This work will thus help to save the state prison and correction costs. As noted by the Minnesota Supreme Court Committee, these legal services "stabilize families, maintain communities and make society safer; save taxpayer money; help to prevent legal problems which would further clog the court system; and help people to become self-sufficient and participate effectively in society."

The broader community will also be impacted in a beneficial way with these additional resources. Civil legal services funded by the state will : (1) protect the safety of children and help families break the cycle of abuse, which domestic violence generates; (2) help seniors and families by preventing mortgage foreclosures and homelessness and the social and government costs which attend foreclosures/homelessness (for example, Legal Aid's homelessness prevention work saves the state almost \$4,000,000 in tax-supported shelter costs annually); (3) provide access to health care by helping persons with disabilities and others secure at least \$5 million in annual federal disability benefits (saving the state money) as well as other medical services and promoting safety by securing legal protections for over 6,000 families facing domestic abuse; (4) make justice accessible and efficient by relieving the burden on state courts in assisting on at least 37,000 cases annually and keeping at least 3,000 cases from going to court (saving over \$5 million dollars in court time and costs each year; (5) improve education opportunities by keeping kids in school and addressing family instability issues; (6) repair substandard housing in collaboration with local government and communities; (7) assist adults to move from welfare to work by overcoming legal obstacles and addressing re-entry issues by expunging old and needless criminal records and evictions , working with landlords to find housing and insuring persons are not arbitrarily denied state and local licenses for employment.

Relationship to Base Budget

This request represents approximately a 16% increase over the biennial base budget; half of this request preserves funding appropriated in 2007 but not added to the base at that time.

Key Goals and Measures

At an average cost of \$800 per case, 5,000 additional Minnesota families would receive assistance with critical legal needs from the use of a \$4,000,000 appropriation for direct services. The quantifiable measures will include:

- ◆ 2,400 single parent families and their children will be protected from domestic abuse;
- ◆ 500 families will be prevented from becoming homeless or have re-entry obstacles overcome;
- ◆ 600 disabled persons, including veterans, will obtain stable income and access to medical care;
- ◆ 700 potential workers will overcome barriers and move from welfare to productive employment; and
- ◆ 800 seniors, children, and farm and other families will be protected from foreclosures/substandard housing.

Alternatives Considered

The civil legal services programs aggressively seek funding from corporations and foundations, as well as private individuals. Based on historical and estimated data, state funding for civil legal services in 2009 will be leveraged by over \$20 million in federal, local, private, foundation, United Way, law firm and corporate funding.

Statutory Change: Not Applicable.

SUPREME COURT

Change Item: Maintain Core Justice Operations

Fiscal Impact (\$000s)	FY 2010	FY 2011	FY 2012	FY 2013
General Fund				
Expenditures	\$967	\$2,020	\$2,020	\$2,020
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$967	\$2,020	\$2,020	\$2,020

Request

The Supreme Court requests \$2.987 million in FY2010-11 to maintain core justice operations.

Background

Currently, the Supreme Court has 258 employee FTE's and seven Supreme Court justices. The judicial branch is heavily reliant on state general fund appropriations. Less than 11% of the employee FTE's are funded from sources other than the state general fund. The Supreme Court, State Court Administration and Law Library employees are paid within the Supreme Court appropriation. All employees within these units are compensated under the judicial branch compensation and pay plan administered by the State Court Administrator's Office (SCAO) under the direction of the Judicial Council.

The judicial branch non-judicial pay plan consists of the same four basic components as the executive branch: across the board adjustments to the salary range, merit or step increases, employer retirement contributions, and insurance programs negotiated by Minnesota Management and Budget for all state employees.

Under the new governing structure of the judicial branch, the State Court Administrator serves as the chief executive officer of the unified state court system and implements policies of the judicial branch as well as other statewide procedures. With the transition to state funding completed July 1, 2005, the SCAO has taken on significant responsibilities for supporting the work of court staff in the eighty seven counties around the state. Support functions in the areas of human resources, finance, education and organizational development, legal advice and auditing, previously performed by county government, are now conducted or directed centrally by staff within the SCAO. These additional responsibilities have been assumed at the same time the Supreme Court and SCAO have endured cuts to its budget during the FY 2004-05 biennium, inadequate funding in FY 2006-07 and again in FY 2008-09, and budget cuts in FY 2009.

Under the direction of the Judicial Council, the SCAO has helped to implement statewide measures to increase efficiency under the new state funding system such as consolidating court administrator positions so that over one third of all court administrators now serve more than one county; consolidating district administrator positions in the seventh and eighth judicial districts; sharing staff and other resources across both county and district lines; developing an on-line self help center in the Fourth Judicial District which is available across the state through the judicial branch website; contracting out collection efforts to obtain greater return on collection of court imposed fines and fees; and on schedule completion of the implementation of MNCIS – a new statewide case management system which will provide better information to court staff and criminal justice partners statewide.

During the FY 2010-11 biennium the judicial branch has estimated that additional salary funding will be necessary to implement a pay plan commensurate with other negotiated state and local agreements. The request does not include a comparable salary increase for judges in FY 2010 and FY 2011. Additional funding is also required to fully fund recently mandated increases in employer paid retirement plan contributions. Health insurance costs are estimated to increase at 6% based on historical cost increases.

Relationship to Base Budget

This request represents a 3.3% increase to the Supreme Court biennial base budget.

Key Goals and Measures

Failure to fund negotiated pay plans and mandated employee health insurance costs will result in layoffs. These will significantly impact the ability of the courts to accomplish their constitutional role of adjudicating disputes.

Alternatives Considered

Because human resources costs are greater than 85% of the judicial branch budget, the effective alternatives available to fund salary increases are few. A hiring freeze has already been implemented. A reduction in the workforce is the most likely and least desirable.

Statutory Change: Not Applicable.

SUPREME COURT

Change Item: Targeted Technology Investments

Fiscal Impact (\$000s)	FY 2010	FY 2011	FY 2012	FY 2013
General Fund				
Expenditures	\$4,149	\$1,502	\$1,502	\$1,502
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$4,149	\$1,502	\$1,502	\$1,502

Request

The Supreme Court requests \$5.651 million in FY 2010-11 for targeted technology investments.

Background

In January 2008, the Minnesota Judicial Council created the Access and Service Delivery Committee to develop technology and service delivery restructuring options which would bring down labor costs while allowing the branch to continue providing appropriate levels of service to the public.

The committee work focused on three transformational objectives: (1) Workflow reengineering through technology enhancements aimed at improving service while cutting labor costs. This includes optimizing the judicial branch case management system (MNCIS), implemented statewide in April, with web and voice payment options, the ability to process e-citations from local law enforcement agencies, automated assessment of court fines, and electronic transfer of delinquent debt to a private collection agency; (2) Legislative and court policy reforms, including implementing recommendations from the Non-Felony Enforcement Advisory Committee re-ranking some offenses to reduce workloads, expanding the number of payable offenses, and transferring enforcement of administrative regulations to other government entities to reduce the number of violations that require court appearances; and (3) Addressing structural and governance issues by administratively consolidating judicial districts or reducing their number through redistricting, expanding the use of less expensive subordinate judicial officers where possible, and centralizing service delivery through ITV to achieve greater efficiencies and effectiveness.

In order to achieve these objectives, targeted technology investment is necessary to fund infrastructure costs which will allow the courts to access information and perform functions electronically without the need for staff intervention. This can help significantly reduce branch-wide labor costs.

Relationship to Base Budget

This request represents a 6.3% increase to the Supreme Court biennial base budget.

Key Goals and Measures

Funding these targeted investments will allow the judicial branch to implement recommendations of the Access and Service Delivery Committee related to workflow engineering through technology enhancements. These changes will not only reduce branch labor costs but will also enhance data quality, improve system efficiencies and allow appropriate access and service delivery to the public.

Alternatives Considered

Without these targeted technology investments, the judicial branch will not be able to implement improved efficiencies through technology and realize the resulting labor savings. With increasing caseloads and greater demands on the system, inadequate funding of the judiciary along with the inability to implement technological changes will result in delays and service reductions to the public which could reach unconstitutional proportions.

Statutory Change: Not Applicable.

SUPREME COURT

Change Item: Targeted Technology Investments

Technology Funding Detail

(dollars in thousands)

Funding Distribution	FY 2010-11 Biennium		FY 2012-13 Biennium		FY 2014-15 Biennium	
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Personnel	\$1,599	\$1,502	\$1,502	\$1,502	\$1,502	\$1,502
Supplies						
Hardware	\$1,200					
Software						
Facilities						
Services	\$350					
Training						
Grants	\$1,000					
TOTAL	\$4,149	\$1,502	\$1,502	\$1,502	\$1,502	\$1,502