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Court of Appeals

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AT A GLANCE

The 19 judges serving on the Court of Appeals hear cases in three-judge panels in courthouses throughout the state. In 2019, 2,000 cases were filed with the Court of Appeals.

Court of Appeals decisions are the final ruling in about 95 percent of the appeals filed each year. Only about five percent of the Court's dispositions are accepted by the Minnesota Supreme Court for further review.

The Court of Appeals serves all Minnesota citizens.

PURPOSE

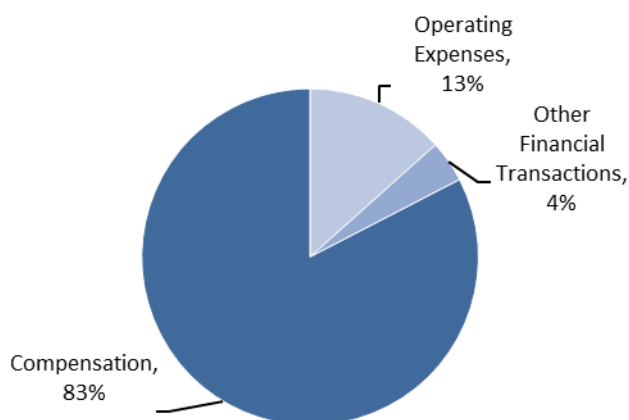
The mission of the Judicial Branch is to provide justice through a system that assures equal access for the fair and timely resolution of cases and controversies.

The Minnesota Court of Appeals provides the citizens of Minnesota with prompt and deliberate review of all final decisions of the trial courts, state agencies and local governments.

- The Court of Appeals has jurisdiction over all final decisions of the district courts, except first degree murder convictions, which are appealed directly to the Supreme Court. The Court of Appeals also has jurisdiction to review certain decisions of administrative agencies and local governments.

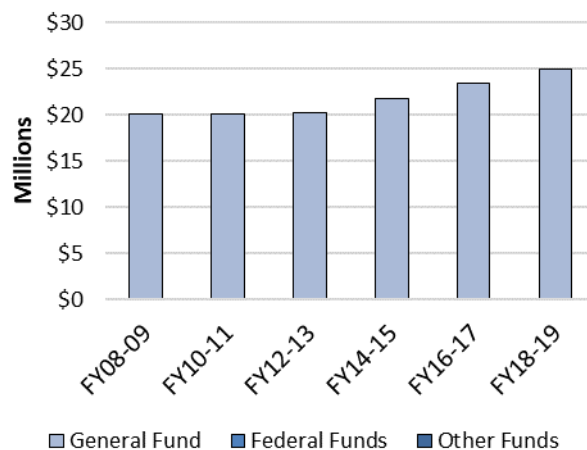
BUDGET

**Spending by Category
FY 2019 Actual**



Source: Budget Planning & Analysis System (BPAS)

Historical Spending



Source: Consolidated Fund Statement

The Court of Appeals FY19 expenditures were \$13,145,000. The budget is funded 100% through the state general fund.

STRATEGIES

The mission of the Judicial Branch is *“To provide justice through a system that assures equal access for the fair and timely resolution of cases and controversies.”* The Court of Appeals conducts its functions in support of three strategic goals to deliver its mission:

1. *Access to Justice – A justice system that is open, affordable, understandable, and provides appropriate levels of service to all users.*
Ensuring access to justice for all is an enduring commitment for Minnesota’s court system. It is also an increasingly challenging concern given changing court customer expectations, shifting demographics and increased competition for scarce resources. Ensuring access to justice also requires keeping our courthouses safe. Ensuring the justice system is open, affordable, effective and accountable to the people it serves.
2. *Effective Administration of Justice - A justice system that adopts approaches and processes for the fair and just resolution of all cases.*
Over the last two decades, Minnesota courts have worked diligently to become increasingly efficient and effective. The Judicial Branch is focused on being a well-managed court system that seeks innovative ways to promote justice for individual litigants in individual cases.
3. *Public Trust and Accountability - A justice system that engenders public trust and confidence through impartial decision-making and accountability for the use of public resources.*
The Judicial Branch is accountable to the public. An overwhelming majority of Minnesotans have confidence in the state’s judicial branch as an institution. It is critical that the Judicial Branch maintain and continuously improve public trust and accountability. The Judicial Branch must meet this challenge by collaborating with court customers to eliminate disparities in the court system.

As part of the court’s effort to expedite justice and to make access to the appellate system less burdensome and expensive, the court’s 19 judges sit in three-judge panels and travel to locations throughout Minnesota to hear oral arguments.

By law, the Court must issue a decision within 90 days after oral arguments. This deadline is the shortest imposed on any appellate court in the nation. The Court expedites decisions on child protection cases, child custody cases, mental health commitments and other requested matters.

The Court of Appeals issues a published opinion, unpublished opinion, or order opinion on each case it considers on the merits.

RESULTS

It is the policy of the Minnesota Judicial Branch to establish core performance goals and to monitor key results that measure progress toward meeting these goals in order to ensure accountability of the Branch, improve overall operations of the court and enhance the public’s trust and confidence in the Judiciary. Throughout the year the Court of Appeals reviews performance measure results. This review is shared with the Judicial Council (the Branch’s governing body) twice a year.

The Court of Appeals has adopted the American Bar Association (ABA) standards for intermediate appellate courts, which measure cases from beginning (filing) to end (disposition). The goals are to have 75% of the cases disposed within 290 days of filing and 90% of cases disposed within 365 days of filing.

Court of Appeals Cases Disposed Within 290 Days of Filing, 2017 - 2019

Court of Appeals Percentage of Cases Disposed Within 290 Days of Filing Goal = 75% of Cases						
	FY2019		FY2018		FY2017	
	# of cases	% of cases meeting objective	# of cases	% of cases meeting objective	# of cases	% of cases meeting objective
Civil	984	84%	999	93%	985	91%
Criminal	828	48%	812	54%	798	54%
Juvenile Protection	95	99%	81	100%	76	100%
Juvenile Delinquency	18	100%	19	95%	14	86%
Total Cases	1,912	69%	1,911	77%	1,873	75%

Percent of Court of Appeals Cases Disposed Within 365 Days of Filing

Court of Appeals Percentage of Cases Disposed Within 365 Days of Filing Goal = 90% of Cases						
	FY2019		FY2018		FY2017	
	# of cases	% of cases meeting objective	# of cases	% of cases meeting objective	# of cases	% of cases meeting objective
Civil	971	97%	999	99%	985	99%
Criminal	828	88%	812	91%	798	89%
Juvenile Protection	95	100%	81	100%	76	100%
Juvenile Delinquency	18	100%	19	100%	14	100%
Total Cases	1,912	93%	1,911	96%	1,873	95%

Data are from the *Judicial Branch 2019 Performance Measures – Key Results and Measures Annual Report*. The report can be found at www.mncourts.gov.

The Minnesota Constitution, Article VI, provides the legal authority for the Court of Appeals; https://www.revisor.mn.gov/constitution/#article_6. Minn. Stat. Chapter 480A; <https://www.revisor.mn.gov/statutes/cite/480A> provides the authority for Court of Appeals operations.

Court of Appeals

Agency Expenditure Overview

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base FY22 FY23		Governor's Recommendation FY22 FY23	
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Expenditures by Fund

1000 - General	11,825	13,145	12,617	13,377	13,163	13,163	13,234	13,634
4925 - Paid Family Medical Leave								
Total	11,825	13,145	12,617	13,377	13,163	13,163	13,234	13,634
Biennial Change				1,023		332		874
Biennial % Change				4		1		3
Governor's Change from Base								542
Governor's % Change from Base								2

Expenditures by Program

Court Of Appeals	11,825	13,145	12,617	13,377	13,163	13,163	13,234	13,634
Total	11,825	13,145	12,617	13,377	13,163	13,163	13,234	13,634

Expenditures by Category

Compensation	10,624	10,859	11,163	11,772	11,772	11,772	11,843	12,243
Operating Expenses	1,199	1,758	1,451	1,599	1,385	1,385	1,385	1,385
Other Financial Transaction	2	527	3	6	6	6	6	6
Total	11,825	13,145	12,617	13,377	13,163	13,163	13,234	13,634

Full-Time Equivalents

	88.92	88.86	88.43	88.43	87.23	85.86	88.43	88.43
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Court of Appeals

Agency Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY18	FY19	FY20	FY21	FY22	FY23	FY22	FY23
1000 - General								
Balance Forward In		499		214				
Direct Appropriation	12,311	12,646	12,831	13,163	13,163	13,163	13,234	13,634
Balance Forward Out	486		214					
Expenditures	11,825	13,145	12,617	13,377	13,163	13,163	13,234	13,634
Biennial Change in Expenditures			1,023		332		874	
Biennial % Change in Expenditures			4		1		3	
Governor's Change from Base							542	
Governor's % Change from Base							2	
Full-Time Equivalents	88.92	88.86	88.43	88.43	87.23	85.86	88.43	88.43

4925 - Paid Family Medical Leave

Direct Appropriation				
Expenditures				
Biennial Change in Expenditures		0	0	0
Biennial % Change in Expenditures				
Governor's Change from Base				0
Governor's % Change from Base				

(Dollars in Thousands)

	FY21	FY22	FY23	Biennium 2022-23
Direct				
Fund: 1000 - General				
FY2021 Appropriations	13,163	13,163	13,163	26,326
Forecast Base	13,163	13,163	13,163	26,326
Change Items				
Maintain Core Justice Operations		71	471	542
Total Governor's Recommendations	13,163	13,234	13,634	26,868

Court of Appeals

FY 2022-23 Biennial Budget Change Item

Change Item Title: Maintain Core Justice Operations

Fiscal Impact (\$000s)	FY 2022	FY 2023	FY 2024	FY 2025
General Fund				
Expenditures	71	471	471	471
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	71	471	471	471
FTEs	1.2	2.6	2.6	2.6

Recommendation:

The Governor recommends funding this request from the Court of Appeals.

The Judicial Branch seeks \$542,000 in the FY2022-23 biennium to increase the compensation of Court of Appeals judges by 0% in FY2022 and 3% in FY2023, provide a 0% compensation pool for employees in FY2022 and 3% compensation pool in FY2023, and to fund unavoidable health insurance premium increases in each year. The request represents a 2.06% increase in the Court of Appeals biennial base budget. The request maintains the current complement of employees.

Rationale/Background:

The budget request is focused on:

- Ensuring access, fairness and equity in the judicial system;
- Recognizing the vital role judges and employees have in ensuring access to justice; and
- Helping to maintain the quality and capacity of employees and judges necessary to effectively and efficiently address a growing caseload and long-term impacts from the pandemic.

In order for the Judicial Branch to continue driving innovation in our court system and improve services to Minnesotans, the Judicial Branch needs to retain and attract skilled and knowledgeable employees and judges who can maintain and operate a modern, efficient, and technology-based court system.

In recognition of the severe fiscal challenges facing our state, the request provides for a two-part budget increase that reflects this difficult challenge yet makes investments in core judicial operations that will help ensure the fair and timely resolution of cases and controversies.

The Court of Appeals also requests funding for unavoidable health insurance increases. Health insurance premiums are estimated to increase by 5.32% in 2022 and 5.35% in 2023. The Judicial Branch does not negotiate its own insurance agreements – it participates in the general plan negotiated by Minnesota Management and Budget. The Judicial Branch cannot absorb the increased employer insurance contribution costs and would need to divert funding from court functions to pay for the increases without additional funding.

Proposal:

The FY 2022-23 biennial budget request maintains the current level of services provided by the Judicial Branch. Without new funding to the employer-share of unavoidable health care cost increases, the Judicial Branch would need to divert funding from other court functions to pay for these cost increases. The salary increases in the second

year of the biennium are meant to continue efforts to protect the rights of our citizens, ensure prompt services, and efficient dispute resolution, through the Branch's ability to retain and recruit qualified, skilled staff and judges.

Impact on Children and Families:

- The change level request does not directly impact children and families.
- There are no potential positive or negative impacts on children and families.
- The change level request will enable the Judicial Branch to continue efforts to attract and retain skilled and knowledgeable employees and judges who can maintain and operate a modern, efficient, and technology-based court system. In FY 2017, the Branch implemented a formal pay-for-performance structure for unrepresented staff and prioritized pay-for-performance in collective bargaining, ensuring that all employee increases are based on performance. These pay-for-performance structures recognize exemplary performance and serve as performance accountability mechanisms.

Equity and Inclusion:

- The change level request does not directly impact any Racial and Ethnic groups.
- The change level request is not aimed at reducing or eliminating any disparities for Racial and Ethnic groups.
- There are no potential positive or negative impacts on the identified groups.
- The change level request will enable the Judicial Branch to continue efforts to attract and retain skilled and knowledgeable employees and judges who can maintain and operate a modern, efficient, and technology-based court system. In FY 2017, the Branch implemented a formal pay-for-performance structure for unrepresented staff and prioritized pay-for-performance in collective bargaining, ensuring that all employee increases are based on performance. These pay-for-performance structures recognize exemplary performance and serve as performance accountability mechanisms.

Results:

This proposal is intended to allow the Court of Appeals to continue to provide current levels of service and information to the public.

Court of Appeals

FY 2022-23 Biennial Budget Change Item

Change Item Title: Paid Family and Medical Leave Insurance

Fiscal Impact (\$000s)	FY 2022	FY 2023	FY 2024	FY 2025
General Fund				
Expenditures				
DEED	10,828	0	0	0
MMB	28	0	0	0
MMB Non-Operating	0	1,930	3,727	3,727
DLI	528	0	0	0
Supreme Court	20	0	0	0
DHS	0	0	0	468
Legislature-LCC	11	0	0	0
Transfer In	0	11,416	0	0
Paid Family Medical Leave Fund				
Expenditures				
DEED	0	23,880	51,671	50,755
MMB	0	23	13	13
DLI	0	518	468	618
DHS	0	574	0	115
Court of Appeals	0	0	0	5,600
Benefits	0		780,569	780,569
Revenues	0	446,199	862,769	880,024
Transfer Out	0	11,416	0	0
Net Fiscal Impact = (Expenditures – Revenues)	11,416	(419,848)	(26,321)	(38,159)
FTEs	14	75	301	326

Recommendation:

The Governor recommends \$11.416 million from the general fund in FY 2022 only and applying a 0.6% employer premium rate to employee wages beginning in calendar year 2023 to establish a Paid Family and Medical Leave Insurance program. The Governor recommends allowing employees to pay for one-half of the premium rate. In FY 2023 only, the Governor recommends a transfer of \$11.416 million from the Paid Family and Medical Leave fund to the general fund to reimburse agencies' startup costs. State appropriations will support the development of an IT system for collecting premiums and paying benefits, as well as initial staffing and administrative resources required to implement and operate this program at the Department of Employment and Economic Development, Minnesota Management and Budget, Department of Labor and Industry, the Supreme Court, Court of Appeals and the Legislative Coordinating Commission.

Rationale/Background:

Paid Family and Medical Leave is a program that most employees will need at one point but approximately 26 percent of all family and medical leaves do not include any wage replacement. According to the "Paid Family & Medical Leave Insurance: Options for Designing and Implementing a Minnesota Program" released in February 2016, around 10% of Minnesota workers take a family or medical leave in any given year. Fifty-nine percent (59%)

of current leaves in Minnesota are for own-health reasons (other than pregnancy), 17 percent are for bonding/parental leave (including pregnancy disability), and 24 percent of leaves are for caretaking a seriously ill family member.

Low-wage employees, certain minority groups, younger workers, and less educated populations are much more likely to manage leaves without any pay. Minnesota workers are less likely to receive compensation during leave for their own serious health condition or family care than for pregnancy or parental (bonding/maternity/paternity) leave. For many low-income Minnesotans, taking leave with little or no pay can create significant economic instability for their families, often during some of the most challenging times.

Without a comprehensive state paid family and medical leave program, Minnesotans are missing out on the economic stability and economy-boosting effects of keeping people employed while welcoming a new family member, caring for a sick loved one, or recovering from an illness or injury.

Proposal:

The Governor recommends creating a new Minnesota Family and Medical Leave Program administered by DEED. This program will provide wage replacement for family and medical leaves and will provide job protections for recipients, so they are assured of continued employment with their employer upon their return. Premiums collected will fund program benefits and ongoing administrative costs. Appropriations from the general fund and the new Paid Family and Medical Leave Fund will allocate:

- \$34.708 million in FY 2022-23 and \$102.426 million in FY 2024-25 for the Department of Employment and Economic Development will support the creation of a premium collection system, benefits payment system, user interface development, and program administration.
- \$1.930 million in FY 2022-23 and \$7.454 million in FY 2024-25 will be provided to Minnesota Management and Budget Non-Operating to offset employer-paid premium costs in the general fund for state executive and judicial branch agencies and offset the costs to agencies for obtaining notice acknowledgments from employees.
- \$51 thousand in FY 2022-23 and \$26 thousand in FY 2024-25 for Minnesota Management and Budget will fund state executive branch employee workplace notice costs as well as upgrades to the state's payroll system necessary for the collection of premiums.
- \$1.046 million in FY 2022-23 and \$1.086 million in FY 2023-25 for the Department of Labor and Industry will fund oversight and compliance costs related to the program as well as IT systems upgrades.
- \$20 thousand in FY 2022-23 for the Supreme Court will fund a onetime update to the existing case management system that would calculate interest on judgments against employers.
- Starting in FY 2025, \$5.6 million per year would fund costs related to appeals filed with the Court of Appeals for denied benefit claims.
- \$11 thousand in FY 2022-23 for the Legislature-LCC will support onetime payroll system updates.
- \$574 thousand in FY 2023 and \$115 thousand ongoing starting in FY 2025 for the Department of Human Services to make systems modifications necessary for the implementation of the program. Income generated by individuals through participation in the family and medical leave program will be considered in eligibility determinations for MFIP, DWP, SNAP, Housing Support, MSA, GA, RCA, MA, MinnesotaCare, and CCAP. Implementation of the Minnesota Family and Medical Leave Program will also increase medical assistance nursing home rates starting in calendar year 2025. Nursing homes are reimbursed through a cost based method. The general fund cost of this is \$468 thousand in fiscal year 2025.

Impact on Children and Families:

Similar programs in other states have shown improvements in economic stability for families and positive impacts for children. Societal benefits include retaining more women in the labor force, reductions in the need and associated costs for nursing home and other institutional care, reductions in the need for public assistance when a new baby arrives, and less infant care shortages.

Equity and Inclusion:

According to the 2016 report, while almost three-quarters of Minnesota workers received at least some pay when they were out of work for family or medical reasons, low-wage (46%); black (42%); or Hispanic (39%); younger (39%); part-time (38%) or less educated (38%) workers are much more likely to manage leaves without any pay. This proposal is intended to help address that inequality and the economic impacts that that inequality has on these workers.

IT Related Proposals:

This recommendation includes funding for IT costs to create a system for collecting premiums from employers and paying program benefits to recipients. The development of the Paid Family and Medical Leave system will be a multi-year project. The total cost to build the system between FY 2022-2026 is \$67.841 million, including \$5.973 million for staff costs.

Results:

Department of Employment and Economic Development will track the following:

- Amount of leave taken
- Amount of benefit payments made to recipients
- Employer opt-outs
- Employee opt-ins
- Program tax collections and balance
- Customer satisfaction