

# Judicial Branch Budget Update

Interim Joint Committee on Appropriations & Revenue  
November 6, 2024

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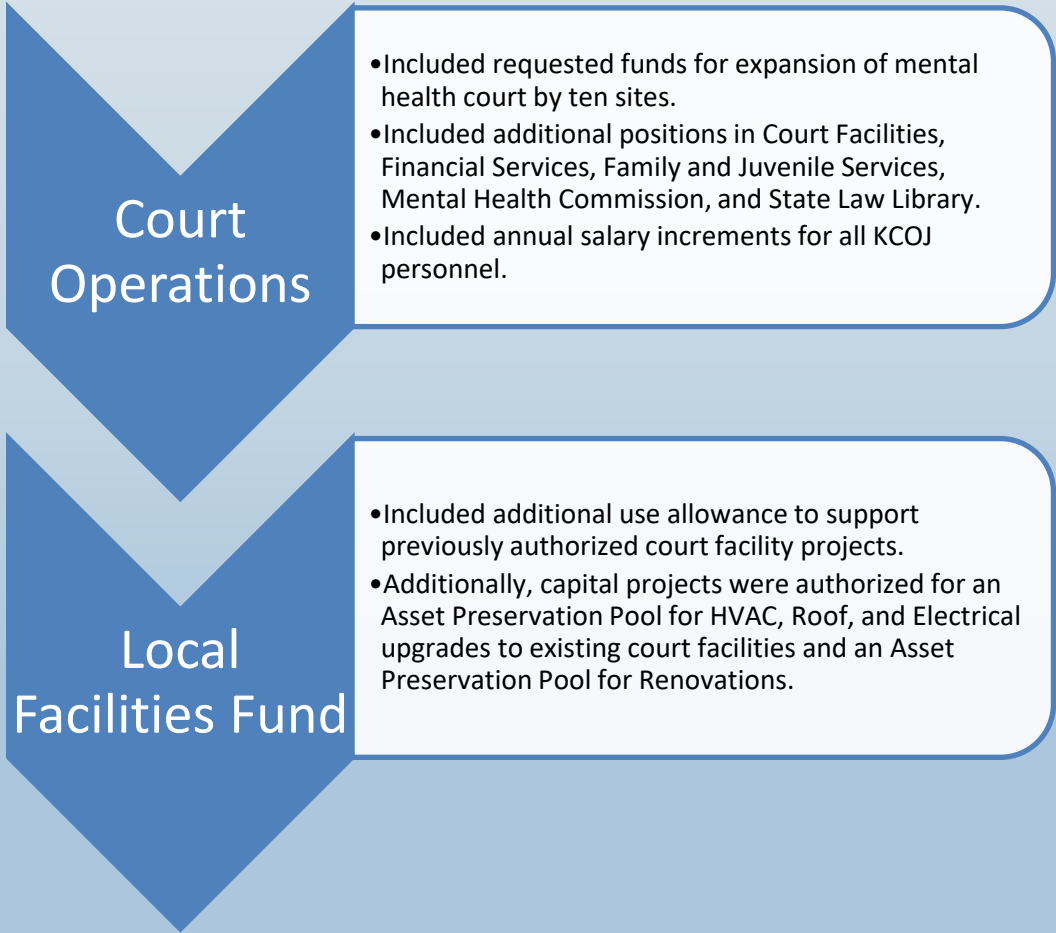




## HB 264 (2024)

| <b>a. Court Operations and Administration</b> |                  |                    |                    |
|---|------------------|--------------------|--------------------|
|   |                  | <b>2024-25</b>     | <b>2025-26</b>     |
| 22  |                  |                    |                    |
| 23  |                  |                    |                    |
| 24  | General Fund     | 317,432,400        | 327,717,500        |
| 25  | Restricted Funds | 51,368,700         | 52,118,600         |
| 26  | Federal Funds    | 3,486,600          | 1,817,800          |
| 27  | <b>TOTAL</b>     | <b>372,287,700</b> | <b>381,653,900</b> |

| <b>b. Local Facilities Fund</b> |              |                |                |
|---------------------------------|--------------|----------------|----------------|
|                                 |              | <b>2024-25</b> | <b>2025-26</b> |
| 21                              |              |                |                |
| 22                              |              |                |                |
| 23                              | General Fund | 132,775,500    | 138,318,600    |





# Update on Asset Preservation Pools

\$53.5 million appropriated

\$2.8 million obligated since July 1  
(128 projects across 66 counties)

Contracts currently circulating for an  
additional \$8.3 million to be obligated

*Thank you!*



# Items Included in the Judicial Branch Budget Request and Recommendation FB 2024-2026 and Not Appropriated

Additional Judgeships \$4.7 million

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- Cost of 9 additional judgeships and staff authorized by the 2022 General Assembly but unfunded.

Health Insurance \$3.8 million

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- New, additional annual costs associated with the employer's portion of health insurance premiums.

Workers Compensation \$1 million

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- New, additional annual costs associated with rising workers compensation rates.

TOTAL: \$9.5 million annually



## Long-term Shortfalls in Court Operations

The Court Operations appropriation unit has been in a deficit since FY 2010.

- Some reasons include:
  - Filling vacant positions necessary for the operation of the branch.
  - Attempts to address pay compression issues.
  - Increasing costs of goods and services caused by inflation.
- The Judicial Branch has been able to use agency revenue and vacancy credits to balance its budget since FY 2010 after implementing significant layoffs. Austerity measures, such as furloughs, hiring freezes, and travel restrictions have also been periodically implemented.



## Long-term Shortfalls in Court Operations

Projections indicate that agency funds and vacancy credits are no longer sufficient to cover the shortfalls in Court Operations without depleting carryforward funds.

- Vacancy credits are dwindling as vacancies are filled more rapidly and new employees, who are often more experienced than their predecessors, are hired at higher rates on the salary scale.
- Lack of appropriation of additional funding items for costs imposed on the Judicial Branch in FB 2024-2026 resulted in an additional shortfall of \$9.5 million annually.
- If no cost saving measures are instituted, any carryforward funds would be depleted within two years and then more stringent measures would need to be taken unless the General Assembly appropriates additional funding in FB 2026-2028.



## Total Deficits in Judicial Branch Appropriation Units

### ➤ Court Operations

- FY 2025 general fund appropriation is \$317.4 million
  - FY 2025 estimated expenditures as of July 2024 was \$337.5 million (based on FY 2024 expenditures)
- Forecasted deficit of \$20.1 million

### ➤ Local Facilities Fund

- Includes operating costs paid by AOC to counties for utilities, janitorial, maintenance, and insurance.
- Actual costs increased by 9% from FY 2022 to FY 2023.
- FY 2025 estimates were prepared using FY 2023 costs, resulting in a projected deficit of \$4.5 million.
- FY 2024 audits will not be complete until February 2025..

Total Deficit - \$24.6 million



## Cost Savings Measures Implemented: Court Operations

The Court Operations appropriation unit is comprised of:

- Salaries and benefits for elected officials and KCOJ employees, comprising 90% of this appropriation unit.
- Operating costs including travel reimbursements, ITS equipment, office supplies, drug treatment, drug testing, etc., comprising the remaining 10% of this appropriation unit.

To ensure that the appropriation remains sufficient to fund all salaries and benefits for the remainder of the biennium, and that the Judicial Branch is acting as a good steward of state funds, the Chief Justice has implemented the following measures:

- Vacancy hold: Effective November 1, there is a 60-day hold period for any vacant positions.
- Out-of-State travel: General funds will only be authorized to fund travel for Supreme Court Justices and the AOC Director. Other officials and employees may seek approval to travel if funded by a grant.
- Limit In-State travel: Non-essential in-state travel should be limited and KCOJ personnel have been asked to consider using Teams or Zoom.
- Revert to FY 2024 operational budget levels: Adjusted FY 25 operating budgets to FY 2024 budget.





## Anticipated Budget Requests for FB 2026-2028

### ➤ Court Operations

- Funding to fill all positions necessary for the operation of the judicial branch.
- Pay compression solution to address employee retention (KCOJ Years of Services Increases).
- Increasing costs of goods and services caused by inflation.

### ➤ Local Facilities Fund

- Increase to accommodate inflation associated with operating costs.