

# Judicial Branch Budget Update

House Budget Review Subcommittee on Justice, Public Safety, and Judiciary  
February 25, 2025

Presented by the Administrative Office of the Courts

*Zach Ramsey, Director*

*Carole Henderson, Budget Director*

*Danny Rhoades, Executive Officer*





## Judicial Branch Budget: 2024 HB 264

### Court Operations

- Included requested funds for expansion of mental health court by ten sites.
- Included additional positions in Court Facilities, Financial Services, Family and Juvenile Services, Mental Health Commission, and State Law Library.
- Included annual salary increments for all KCOJ personnel.

### Capital Projects

- \$47 million was authorized as a Capital Asset Preservation Pool for HVAC, Roof, and Electrical upgrades to existing court facilities.
- \$6.5 million was authorized for a Capital Renovation Pool.
- Judicial Center Projects authorized in Owsley, Greenup, Knox, Clark, and Caldwell
- Capital Project authorized for Court of Appeals building in Frankfort



# Judicial Branch Budget: 2024 HB 264

Judicial Branch Budget FB 2024-2026

Representative Petrie

Representative Dietz

*Thank you*



## Agenda

- FY 2025 Budget Overview
  - Court Operations Appropriation Unit
  - Local Facilities Fund Appropriation Unit
  - Other Appropriations Units
  - Judicial Branch Budget Forecast
- Asset Preservation Pools
- Court of Appeals Capital Construction Project
- Anticipated Budget Requests
  - Court Operations
    - ✓ Judicial Salaries
    - ✓ SaaS / Subscription Fees
  - Local Facilities Fund
    - ✓ Capital Projects

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## GENERAL ASSEMBLY COMMONWEALTH OF KENTUCKY

**2024 REGULAR SESSION**

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HOUSE BILL NO. 264

AS ENACTED

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Thursday, March 28, 2024

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# FY2025 Budget Overview

Court Operations Appropriation Unit, Local Facilities Fund Appropriation Unit,  
Other Appropriation Units, Judicial Branch Budget Forecast



## Court Operations Appropriation Unit

### ➤ Court Operations includes:

- Salaries and benefits for all elected officials within the Judicial Branch
- Salaries and benefits for all Judicial Branch staff
- Technical equipment and software for all Judicial Branch
- Furniture, furnishings, and office supplies for all Judicial Branch
- Fleet vehicles and travel costs for all Judicial Branch
- Court programs (Pretrial, Family and Juvenile Services, Specialty Courts)
- Services for all Judicial Branch (legal services, language access services, drug testing services, substance abuse and mental health treatment services, retired clerks, retired judges, contractors, etc.)

### ➤ Court Operations is funded with:

- General Fund appropriations
- Federal Funds
- Agency Funds (including restricted and non-restricted funds)



## Court Operations Appropriation Unit

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

**General Fund Appropriations:** The Judicial Branch is primarily funded by General Fund appropriations. *(Note: Funds collected by circuit court clerks are remitted to the General Fund and the Finance and Administration Cabinet tracks those receipts.)*

**Federal Funds:** Federal Fund receipts are derived from various federal grants received directly from the federal government or passed through executive branch agencies. The AOC is currently the recipient of 18 federal grants or pass-through funds including State Court Improvement Program funds, Title IV-E funds, Title IV-D funds, VAWA grants, BJA grants and SAMHSA grants.



## Court Operations Appropriation Unit

- **Carryforward:** The carryforward for Restricted Funds is the amount that the AOC is authorized to spend from Restricted Funds Accounts in FY 2025 and FY 2026.
- Restricted Fund Carryforward into FY 2025 - \$51.4 million
- Average revenue: \$46 million
- Average expenditures: \$45 million

Restricted Funds	
DCE	CourtNet
Civil Filing Fees	Carry Conceal Permit Records Checks
Expungements	Criminal History Records Checks
Judicial Sales Administrative Fees	Court Technology Fee
Master Commissioner Excess Fees	Clerks Change Fund
Senate Bill 90	Pretrial Division Supervision Fees
Specialty Court Non-Federal Grants	Interpreter Certification Fees
Eviction Diversion Non-Federal Grant	Other (Donations, misc.)
Office of Bar Admissions Receipts	* Restricted Funds are funds generated from agency revenue. Expenditures from some Restricted Funds are restricted by statute or court orders.
Office of Bar Admissions Bond Account	





## Court Operations Budget Units

<b>Supreme Court</b>	<b>Court of Appeals</b>
<b>Circuit Court</b>	<b>Family Court</b>
<b>District Court</b>	<b>Circuit Court Clerks</b>
<b>Judicial Branch Boards and Commissions</b> <ul style="list-style-type: none"><li>✓ Judicial Conduct Commission</li><li>✓ Judicial Ethics Commission</li><li>✓ Judicial Commission on Mental Health</li><li>✓ Office of Bar Admissions (Restricted Funds only)</li></ul>	<b>Administrative Office of the Courts</b> <ul style="list-style-type: none"><li>✓ Directors Office</li><li>✓ Information and Technology Services</li><li>✓ Finance and Administration</li><li>✓ Programs and Personnel</li><li>✓ Statewide Programs</li></ul>

- ✓ The budget for each budget unit includes personnel costs, travel expenditures, office supplies and furniture for the personnel within each budget unit.
- ✓ The budget for the AOC includes:
  - Personnel responsible for centralized legal, communications, auditing, budgeting, procurement, accounting, property accountability, human resources, archive & destruction, and language access services for all court levels;
  - Personnel responsible for oversight of statewide facility construction, upkeep, maintenance, & security;
  - Personnel responsible for education, training, data and statistics, application development, and technical support for all court levels;
  - Personnel responsible for carrying out court programs including Pretrial, Specialty Courts, Family and Juvenile Services, Records Checks, and CourtNet;
  - Technical equipment, software, and fleet vehicles for the Judicial Branch; and
  - Drug testing and substance abuse / mental health treatment for specialty court participants.



## Local Facilities Fund Appropriation Unit

- Local Facilities Fund includes:
  - Use allowance payments for court facilities
  - Regular operating costs for court facilities
  - Nonrecurring projects for court facilities (\$3 million plus approximately \$2.2 million in 2% use allowance)
  - Design services for nonrecurring projects
  - Rentals for government and private sector leases
  - Furniture and equipment for court facilities and offices (for new buildings)
  - Security equipment for court facilities and offices
  
- The Local Facilities Fund is comprised of General Fund appropriations:
  - FY2025 Appropriation: \$132,775,500
  - FY2026 Appropriation: \$138,318,600



## Other Appropriation Units

- Use Allowance Contingency Fund:
  - This is an inactive appropriation unit with a \$0 balance.
  
- Judicial Retirement
  - Pass-through to cover administrative expenses and pension costs for the judicial branch's portion of the Judicial Form Retirement System. The Judicial Form Retirement System provides retirement for both judges and legislators.



## Judicial Branch Budget Forecast: Current Snapshot

### ➤ 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)
  - Increase in expenditures largely caused by salary increases to address employee retention, increased cost of goods and services, and filling necessary vacant positions not previously funded.
- Carryforward funds and additional funds generated from austerity measures implemented in August 2024 are being used to fund increased expenditures during FY 2025. Current projections indicate that current year estimated expenditures will be approximately \$322 million.
  - The Chief Justice is reviewing the effectiveness of the austerity measures and considering the best method of managing increased expenditures going forward.

### ➤ 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.
- Additional increases are anticipated for FY 2024, but FY 2024 audits will not be complete until March 2025.



## Judicial Branch Financial Statements

- In addition to the quarterly statements provided to LRC budget staff, the AOC prepares an annual financial statement for review by an external auditor. Audited financial statements for FY 2021 – FY 2024 are available on the Court of Justice website at <https://www.kycourts.gov/AOC/Finance-and-Administration/Pages/default.aspx>.
- Each annual audit has been clean with no findings. The opinion of the auditor is that the financial statements present fairly all fund balances of the Judicial Branch.
- The audited financial statements show actual receipts, disbursements, and changes in fund balances by budget unit.
- Supplementary documentation shows receipts and disbursement for agency revenue funds, a budget to actual variance by budget unit and fund, a budget to actual variance by court level, and disbursement categories for each agency fund.



**JUDICIAL BRANCH OF THE COMMONWEALTH OF KENTUCKY**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES – REGULATORY BASIS**

YEAR ENDED JUNE 30, 2024

	General Fund						Capital Projects Federal Funds	Capital Projects General Fund	Total Funds
	Court Operations	Local Facilities	Judicial Retirement System	Total	Agency Revenue Fund	Federal Fund			
<b>Receipts:</b>									
State appropriations	\$ 310,444,500	\$ 127,509,200	\$ 5,305,600	\$ 443,259,300	\$ -	\$ -	\$ -	\$ -	\$ 443,259,300
Program services	-	-	-	-	47,947,215	-	-	-	47,947,215
Grants and awards	-	-	-	-	-	3,469,850	-	-	3,469,850
<b>Total receipts</b>	<b>310,444,500</b>	<b>127,509,200</b>	<b>5,305,600</b>	<b>443,259,300</b>	<b>47,947,215</b>	<b>3,469,850</b>	<b>-</b>	<b>-</b>	<b>494,676,365</b>
<b>Disbursements:</b>									
<b>Personnel costs:</b>									
Salary and wages	171,986,962	-	-	171,986,962	28,278,373	1,047,357	-	-	201,312,692
Payroll taxes	14,467,876	-	-	14,467,876	943,891	85,489	-	-	15,497,256
Fringe benefits	82,141,490	-	-	82,141,490	4,427,310	341,966	-	-	86,910,766
Contracted services	10,162,939	937,278	-	11,100,217	6,409,991	341,089	-	-	17,851,297
<b>Total Disbursements</b>	<b>278,759,267</b>	<b>937,278</b>	<b>-</b>	<b>279,696,545</b>	<b>40,059,565</b>	<b>1,815,901</b>	<b>-</b>	<b>-</b>	<b>321,572,011</b>
<b>Operating costs:</b>									
Utilities and telecommunication	3,291,992	498,966	-	3,790,958	1,590	120	-	-	3,792,668
Real Property Leases	296,376	4,952,440	-	5,248,816	49,344	-	-	-	5,298,160
Use allowance paid to Trustee	-	72,094,257	-	72,094,257	-	-	-	-	72,094,257
Use allowance and operating paid to County	-	35,754,180	-	35,754,180	-	-	-	-	35,754,180
Non-recurring paid to County	-	3,542,043	-	3,542,043	-	-	-	-	3,542,043
Rental of equipment	1,861,289	45,556	-	1,906,845	9,977	-	-	-	1,916,822
Repairs and maintenance	48,795	141,709	-	190,504	765	-	-	-	191,269
Postage	922,152	204	-	922,356	731	-	-	-	923,087
Miscellaneous services	2,206,961	2,066,418	-	4,273,379	586,567	595,349	-	-	5,455,295
Supplies and equipment	7,996,997	465,964	-	8,462,961	202,912	8,573	-	-	8,674,446
Computer and IT costs	8,379,683	-	-	8,379,683	1,168,974	297,777	-	-	9,846,434
Travel	2,973,062	-	-	2,973,062	288,582	360,697	-	-	3,622,341
Substance abuse testing supplies / collections	4,693,940	-	-	4,693,940	7,208	-	-	-	4,701,148
Substance abuse treatment	464,585	-	-	464,585	149,196	310,617	-	-	924,398
Retirement disbursements	-	-	5,305,600	5,305,600	-	-	-	-	5,305,600
Other	780,913	(647,803)	-	133,110	30,397	27,199	-	-	190,707
<b>Total operating costs</b>	<b>33,916,745</b>	<b>118,913,934</b>	<b>5,305,600</b>	<b>158,136,279</b>	<b>2,496,243</b>	<b>1,600,332</b>	<b>-</b>	<b>-</b>	<b>162,232,854</b>
Capital outlays	7,650,408	132,818	-	7,783,226	6,731,253	-	-	-	14,514,479
Capital projects	-	-	-	-	-	-	-	510,439	510,439
Transfer to OFM for bond service	-	-	-	-	659,750	-	-	-	659,750
<b>Total disbursements</b>	<b>320,326,420</b>	<b>119,984,030</b>	<b>5,305,600</b>	<b>445,616,050</b>	<b>49,946,811</b>	<b>3,416,233</b>	<b>-</b>	<b>510,439</b>	<b>499,489,534</b>
Transfer (to) from	-	-	-	-	-	-	-	-	-
<b>Total disbursements and transfers</b>	<b>320,326,420</b>	<b>119,984,030</b>	<b>5,305,600</b>	<b>445,616,050</b>	<b>49,946,811</b>	<b>3,416,233</b>	<b>-</b>	<b>510,439</b>	<b>499,489,534</b>
<b>Net change in fund balances</b>	<b>(9,881,920)</b>	<b>7,525,170</b>	<b>-</b>	<b>(2,356,750)</b>	<b>(1,999,596)</b>	<b>53,617</b>	<b>-</b>	<b>(510,439)</b>	<b>(4,813,169)</b>
Fund balances, beginning of year	9,979,066	17,395,965	-	27,375,031	53,423,855	(624,092)	38,000,000	4,126,020	122,300,814
Lapse of funds required by Budget Bill	-	(15,616,500)	-	(15,616,500)	-	-	-	-	(15,616,500)
<b>Fund balances, end of year</b>	<b>\$ 97,146</b>	<b>\$ 9,304,635</b>	<b>\$ -</b>	<b>\$ 9,401,781</b>	<b>\$ 51,424,258</b>	<b>\$ (570,475)</b>	<b>\$ 38,000,000</b>	<b>\$ 3,615,581</b>	<b>\$ 101,871,145</b>

# Asset Preservation Pools



## Maintenance of Court Facilities

- Two capital project pools were authorized by the 2024 General Assembly:
  - An asset preservation pool for statewide repairs and replacements of roofing systems, HVAC systems, or electrical systems.
  - A renovation project pool for planned renovations in Jefferson, Kenton, and Warren counties.
- Local governmental entities receive quarterly regular operating costs payments to cover insurance, janitorial services, maintenance services, utilities, and minor repair projects for court facilities.
- Local units of government submit Work Order Request Forms to the AOC Department of Court Facilities seeking approval for all repair and replacement costs costing more than \$2,500.
  - ✓ The asset preservation pool funds any request for repair or replacement of roofing systems, HVAC systems, or electrical systems.
  - ✓ All other projects are funded by the nonrecurring project budget and are authorized by the AOC based on availability of funds.
  - ✓ Any project that is necessary for continuity of court operations will be submitted to the General Assembly as an additional renovation pool project if it is not eligible for asset preservation pool funds and sufficient funding is not available in the nonrecurring project budget.





## Update on Capital Asset Preservation Pools

\$47,080,000 appropriated

\$6.1 million obligated since July 1  
70 counties have been served with 192 projects

Contracts currently circulating for an additional \$12 million to be obligated





## Update on Capital Renovation Pool

\$6.42 million appropriated

\$2.1 million obligated since July 1

To be used for projects authorized in Jefferson, Kenton, and Warren counties.



# Court of Appeals Capital Construction Project



## Update on Court of Appeals Building



\$14.1 million in bond funds authorized in 2024

Phase A design is complete and Phase B is underway (Design Development)

The City of Frankfort and the KY Transportation Cabinet are currently engaged in a Right of Way project that will require a fee simple transfer of a portion of the site and have possible implications on construction timing and site development.



## Update on Court of Appeals Building



- Bidding Anticipated Spring of 2026
- Construction Anticipated to Begin Summer 2026
- Completion Anticipated Spring 2028

# Anticipated Requests for FB 2026-2028

Court Operations Appropriation Unit, Local Facilities Appropriation Unit



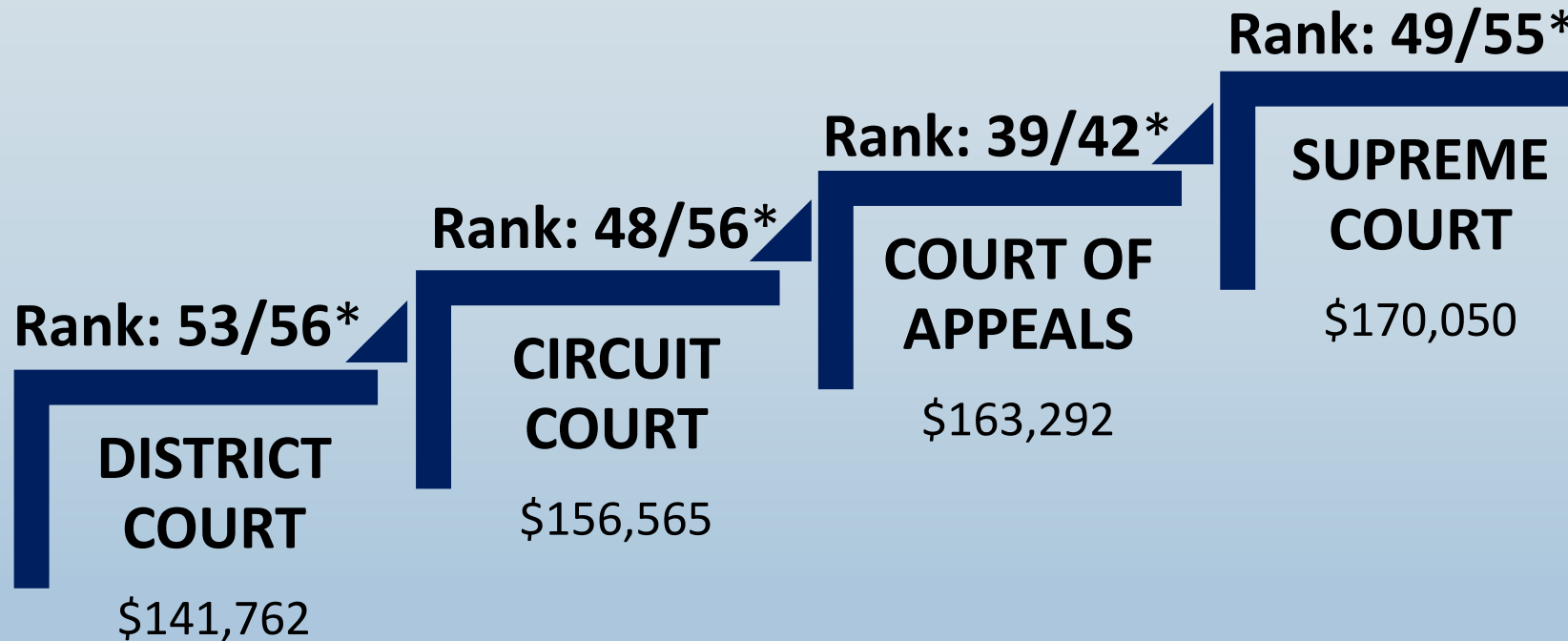
# Anticipated Budget Requests Court Operations Appropriation Unit

**Judicial  
Salaries**





# Judicial Salaries: National Comparison



*\*District and Circuit courts are included in General Jurisdiction.*





## Judicial Salaries: Trial Courts

### *Kentucky Trial Courts*

#### *Compared to Border States*

- Kentucky trial court salaries are second lowest.
- The cost-of-living adjustment (COLA) factor for Kentucky is third lowest.
- Tennessee and Missouri have lower COLA factors, but higher salaries.
- To be competitive, Kentucky trial court salaries would need to increase by:
  - 5% to compete with OH
  - 16% to compete with MO
  - 36% to compete with TN

	<i>Salary</i>	<i>COLA Factor</i>	<i>Adj. Salary with COLA</i>
Illinois	\$ 246,099	99.8	\$ 246,592
Tennessee	212,940	92.3	230,704
Virginia	213,839	102.5	208,623
Missouri	177,609	90.5	196,253
Indiana	183,513	95.6	191,959
Ohio	163,792	92.5	177,072
<b>*Kentucky (Circuit)</b>	<b>156,565</b>	<b>92.5</b>	<b>169,259</b>
<b>*Kentucky (District)</b>	<b>141,762</b>	<b>92.5</b>	<b>153,253</b>
West Virginia	138,600	95.3	145,435

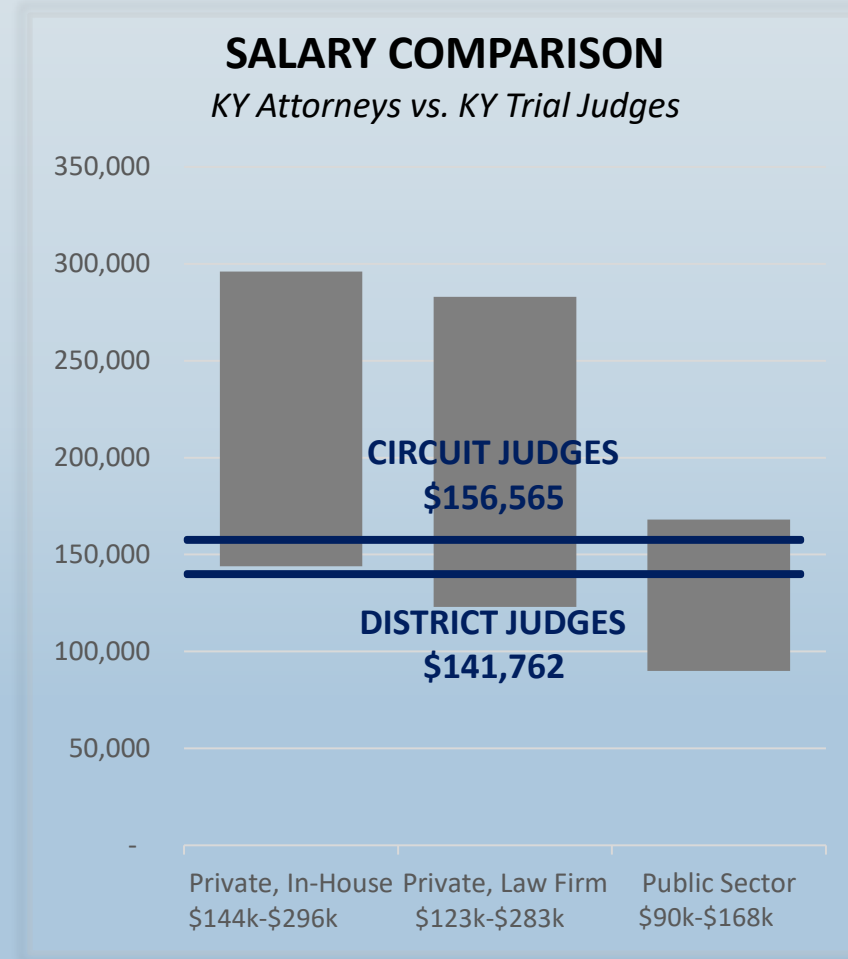
*\*District and Circuit courts are included in General Jurisdiction.*



## Judicial Salaries: Attracting Qualified Judges

Kentucky is facing significant challenges in recruiting qualified candidates to run for vacant judicial seats, placing unprecedented strain on the judicial system.

- Judicial salaries lag significantly behind the rising salaries of attorneys in the private sector.
- Experienced lawyers receive considerably higher compensation in the private sector.





## Judicial Salaries: Significant Need to Compensate Judges Fairly

### The Challenges Judges Face:

- **Job security:** Judges face election to keep their seat, often requiring a substantial personal investment.
- **On call after hours:** Many judges are on call 24/7 to handle urgent matters.
- **Additional duties:** Many judges assume additional duties by developing and presiding over specialty courts.
- **Public scrutiny and security:** Judges and their families face public scrutiny and security risks that compound the stress associated with their work.
- **Reduced benefits:** Since 2014, Judges receive far less attractive retirement benefits.

### Why Salary Increases Are Essential:

- **Fair compensation** for judges is crucial to attracting and retaining qualified, experienced candidates, given their workload and the unique challenges they face.
- **High-quality judges** are essential for an effective and efficient judiciary that delivers fair, reliable, and timely results for the people of the Commonwealth.



# Anticipated Budget Requests

## Court Operations Appropriation Unit

**SaaS/Subscription  
Fees**





# Anticipated Budget Requests: SaaS/Subscription Fees

## What is SaaS/Subscription?

- Software as a Service
- Cloud-based subscription
- Applications and resources are hosted and managed by a contractor
- Reduces capital costs (i.e., moves to operation costs)

## Benefits of SaaS

- Sustainability
- Scalability
- Accessibility
- Uniformity
- Security
- Relevancy (i.e., Technical Currency)





# Judicial Branch SaaS/Subscriptions: Anticipated Requests

## FB 2026-2028:

- \$4.8 million for 35 existing SaaS/Subscriptions.
- \$2.05 million for two new SaaS/Subscriptions (CaseWorX and DocuSign)

## Future:

- \$7.5 million for annual SaaS fees for the Trial Court CMS beginning in FB 2030-2032
- Annual SaaS fee increases (*typically 5%*)





# Anticipated Budget Requests

## Court Operations Appropriation Unit

- Compensation
  - ✓ Pay parity for officials and employees
  - ✓ Annual increment consistent with other branches
  - ✓ Employee retention salary increases
- Funding to fill all positions necessary for the operation of the judicial branch
  - ✓ Existing positions not included in the General Fund appropriation
  - ✓ Positions associated with judgeships authorized in 2022
  - ✓ Additional positions needed
- Defined Calculations
  - ✓ Health Insurance increases
  - ✓ Workers Compensation increases
- Inflationary factor to address increasing costs of goods, services, and travel

*Note: This list is preliminary **ONLY** and is subject to change.*





## Anticipated Budget Requests Local Facilities Fund

- Use Allowance, operating costs, and furniture/equipment for court facilities authorized by the 2024 General Assembly
  - Increase operating costs to accommodate inflation
  - Indirect costs for counties
  - Additional security equipment
  - Additional nonrecurring court facility maintenance appropriation
- Capital Projects
- Renovation Pool
  - Boyle County
  - Lincoln County

*Note: This list is preliminary **ONLY** and is subject to change.*