

SUPREME COURT OF VERMONT
OFFICE OF THE COURT ADMINISTRATOR



www.vermontjudiciary.org

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January 12, 2015

Senator Jane Kitchel, Chair
Senate Appropriations Committee, Room 5
Representative Mitzi Johnson, Chair
House Appropriations Committee, Room 42
Statehouse, 115 State Street
Montpelier, VT 05633

Dear Chairs Kitchel and Johnson:

On behalf of the Vermont Supreme Court and Patricia Gabel, the State Court Administrator, please find this response to the Governor's recommended Budget Adjustment Act (BAA) and proposed \$224,138 reduction to the Judiciary's FY 2015 appropriation in Section B.204 of the original FY 2015 Appropriations Act.

The Judiciary's plan to meet this reduction is to extend and increase the existing vacancy savings policy, by which we hold positions vacant for an extended period before they can be recruited. We will identify and take action on other savings opportunities as they are identified. We believe these steps will allow the Branch to manage the fiscal year from a financial standpoint. However, given the timing of the BAA, and the nature of the Branch's operations, the Branch will have very little financial leeway to manage regular operations or ability to handle large unexpected expenses. In those circumstances, as a last resort, a furlough would likely be the only means to achieve the necessary savings.

The reduction and vacancy savings response will disrupt our operations and may well impact the timeliness with which the courts can meet the needs of Vermonters who rely on the court system -- but we believe we can keep the adverse impact within acceptable levels under the extraordinary circumstances facing the State. The ongoing vacancy savings efforts have taken—and will continue to take -- their toll on the Branch in terms of operational effectiveness and staff morale. Moreover, for FY 2016 and beyond, the Judiciary's cost pressures (annualization of Pay Act; health insurance increases; sheriffs' costs; etc.) – as well as the restoration of this reduction and the July rescission as one-time reductions -- will not go away. Some combination of necessary additional General Fund support and support for technology such as a new Case Management System to increase the Branch's efficiency is required to match the resources to the needs of an effective court system.

Regarding the language and proposed \$500,000 FY 2016 reduction in Section 70 of the Governor's proposed BAA, the Judiciary will provide its response shortly under separate cover.

Representative Mitzi Johnson, Chair
Senator Jane Kitchel, Chair
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If you have any questions about our response, please feel free to contact us.

Very truly yours,

A handwritten signature in black ink, appearing to read "Matt Riven", with a long horizontal flourish extending to the right.

Matt Riven
Chief of Finance and Administration

cc:

Representative Maxine Grad, Chair
House Judiciary Committee

Senator Richard Sears, Chair
Senate Judiciary Committee

Supreme Court Justices
Patricia Gabel, Esq., State Court Administrator

Steve Klein, Director, Joint Fiscal Office
Maria Belliveau, Joint Fiscal Office
Stephanie Barrett, Joint Fiscal Office

Jim Reardon, Commissioner of Finance
Sarah Clark, Deputy Commissioner of Finance
Emily Byrne, Budget Director
Heather Campbell, Budget Analyst

SUPREME COURT OF VERMONT
109 STATE STREET
MONTPELIER, VERMONT
05609-0801

CHAMBERS OF
PAUL L. REIBER
CHIEF JUSTICE

January 14, 2015

Senator Jane Kitchel, Chair
Senate Appropriations Committee, Room 5
Representative Mitzi Johnson, Chair
House Appropriations Committee, Room 42
Statehouse, 115 State Street
Montpelier, VT 05633

Dear Chairs Kitchel and Johnson:

The Supreme Court strongly opposes the proposed language (and associated \$500,000 reduction to the Judiciary's FY16 budget). We agree with the Administration that reductions of the magnitude of the proposal require policy changes that would be inconsistent with current statutes. We are managing the current reductions in FY15 by extraordinary vacancy savings including savings from delayed filling of judicial vacancies. This level of vacancy savings does impair our ability to meet our constitutional responsibility to adjudicate cases in a timely manner, especially in light of the large increase in juvenile child protection filings. Extraordinary vacancy savings targets have led to deficits in the past. This method is not sustainable; nor is furloughs, the only alternative to produce that level of reductions. Again, we believe that the Administration is in agreement on this point.

It is premature to state that structural changes in the Judiciary are desirable even in the face of the major revenue constraints facing the Legislature this year, or to place a budget amount on such savings. As recently as 2010, the Legislature closely examined the structure and operation of the Judiciary and decided upon the current legal structure, including the geographical location of courts. Those decisions drive the cost of the Judiciary as it currently exists. Further, any structural changes to the State's judicial operations and processes requires a collaboration of all State justice community partners including but not limited to the following groups (depending on the judicial processes affected): the Defender General; the State's Attorneys; the private bar; the Department of Corrections; the Department for Children and Families; and others. This collaboration is critical because any change in judicial process affects these groups as significantly as it affects the Judiciary. Similarly, it is possible – in fact likely – that some or all of any

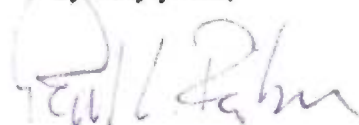
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January 14, 2015

savings that might result from a change in process will accrue elsewhere within the judicial process, not with the Judiciary.

Having stated our opposition to the proposed language, the Judiciary recognizes that through structural changes that will require changes in existing law there may be opportunities for base budget reduction in some amount. The Judiciary is seeking to identify those opportunities, analyze them, and discuss them with justice system partners if indicated. To the extent that the Judiciary can identify structural changes that can be implemented consistent with the Judiciary's constitutional responsibility and core mission and will produce general fund savings, it will inform the appropriations and judiciary committees of what can be saved and what legislation will be needed to make those savings. In addition, we are willing to participate in any process that will identify possible policy and statutory changes that will produce significant reductions in funding.

Thank you for giving us the opportunity to state our position. We look forward to working with the appropriations committees to produce a budget that recognizes the difficult times in which we are working and allows us to meet our responsibilities to the citizens of the State of Vermont.

Very truly yours,



Paul L. Reiber, Chief Justice

cc:

Representative Maxine Grad, Chair
House Judiciary Committee

Senator Richard Sears, Chair
Senate Judiciary Committee

Supreme Court Justices
Patricia Gabel, Esq., State Court Administrator
Matt Riven, Chief of Finance and Administration

Steve Klein, Director, Joint Fiscal Office
Maria Belliveau, Joint Fiscal Office
Stephanie Barrett, Joint Fiscal Office

Jim Reardon, Commissioner of Finance
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Emily Byrne, Budget Director
Heather Campbell, Budget Analyst

FY 2015 JUDICIARY – FINANCIAL STATUS AND BUDGET ADJUSTMENT ACT (BAA)

- Unlike past several years, the Judiciary:
 - Closed prior fiscal year (FY 2014) without carry-forward of significant unpaid bills;
 - Did not propose a current year BAA increase for FY 2015.
- However, State-wide developments and actions have had significant effect on Judiciary’s FY 2015 budget and operations:

Action	Amount	Explanation
July 2014 Rescission	\$181,335	State-wide \$30M reduction. Judiciary identifies likely upcoming Judicial officer vacancies and proposes reduction equivalent to one Superior Judge full-time equivalent, including benefits; spreads burden off JUD staff. See August 11, 2014 letter to Joint Fiscal Committee for fuller discussion.
Health insurance premium increase	\$325,000 est.	Employer share of health insurance premiums increases by 18%, effective 1/1/15, but no additional funding provided. Estimate reflects half-year impact.
Governor’s recommended FY 2015 Budget Adjustment Act	\$224,138	Originally proposed as rescission in November 2014; later moved to Budget Adjustment Act Governor’s proposal. Amount allocated to Judiciary. Impact described in January 12 letter to committees.
	\$730,473	TOTAL IMPACT TO JUDICIARY OF STATE-WIDE ACTIONS

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STATE OF VERMONT
GENERAL ASSEMBLY
HOUSE COMMITTEE ON
APPROPRIATIONS

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REP. PETER J. FAGAN, VICE CHAIR
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REP. KITTY BEATTIE TOLL
REP. MATTHEW TRIEBER

MEMORANDUM

To: Honorable Paul Reiber, Chief Justice, Vermont Supreme Court

From: Mitzi Johnson, Chair, House Committee on Appropriations

Date: January 23, 2015

Subject: Judiciary Budget

The members of the House Committee on Appropriations have enormous respect for the essential work of the Judiciary. We recognize that the budget for the Judiciary has presented challenges over the years and that significant efforts have been made to address funding pressures.

As you are well aware, the projected funding gap for the State budget in fiscal year 2016, taking into account the General Fund revenue downgrade on January 20th of \$18 million, is \$112 million. This is a very large gap by any measure and will require that all departments in State government participate in finding a solution. To this end, we request that the Judiciary work with the relevant members of the justice system to identify systemic changes to service delivery to assure timely access to justice and facilitate savings within the Judicial Branch of State government. This may include a plan for savings in the short term, fiscal year 2016, as well as longer term strategic changes that will result in efficiencies throughout the system. The Governor's fiscal year 2016 budget includes a savings target of \$500,000 for the Judiciary. We will be interested to hear how your plan will address savings in the Judiciary and throughout the system.

Please present the results of your deliberations to the House Committee on Appropriations during your fiscal year 2016 budget testimony.

Sincerely,

A handwritten signature in blue ink, appearing to read "Mitzi Johnson", with a long horizontal flourish extending to the right.

Rep. Mitzi Johnson, Chair, House Committee on
Appropriations

C.c. House Committee on Judiciary

Senate Committee on Appropriations

Jim Reardon, Commissioner, Department of Finance and Management

Stephen Klein, Legislative Fiscal Officer, Joint Fiscal Office

Andrew Pallito, Commissioner, Department of Corrections

Matthew Valerio, Defender General

David Cahill, Executive Director, Office of State's Attorneys and Sheriffs

Robert Paolini, Executive Director, Vermont Bar Association