

**Supreme Court of Texas
Summary of Recommendations - House**

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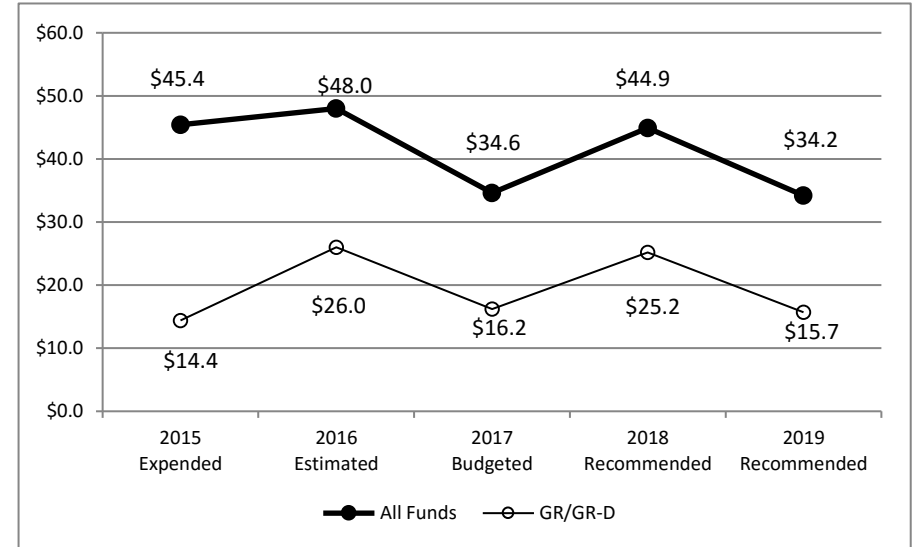
The Honorable Nathan Hecht, Chief Justice

George Dziuk, LBB Analyst

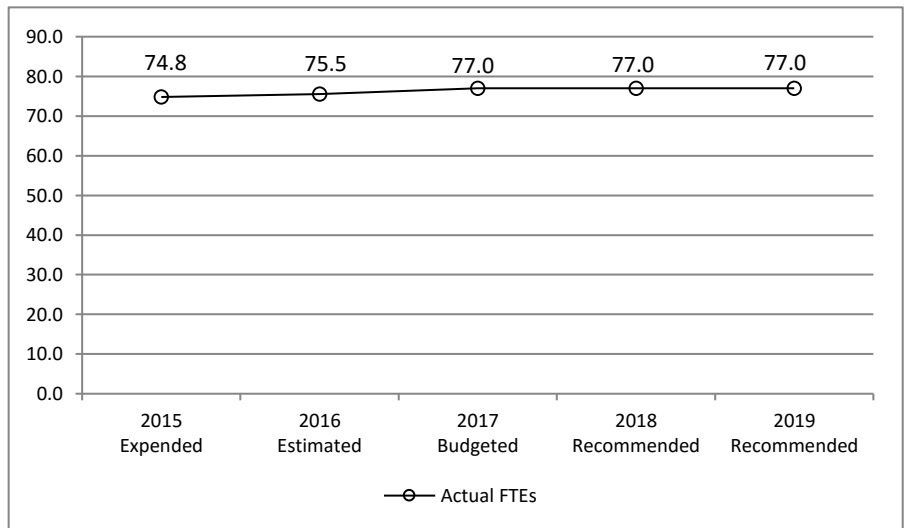
Method of Financing	2016-17 Base	2018-19 Recommended	Biennial Change (\$)	Biennial Change (%)
General Revenue Funds	\$32,157,717	\$31,223,254	(\$934,463)	(2.9%)
GR Dedicated Funds	\$10,000,000	\$9,600,000	(\$400,000)	(4.0%)
<i>Total GR-Related Funds</i>	<i>\$42,157,717</i>	<i>\$40,823,254</i>	<i>(\$1,334,463)</i>	<i>(3.2%)</i>
Federal Funds	\$3,231,890	\$3,193,938	(\$37,952)	(1.2%)
Other	\$37,203,943	\$35,125,904	(\$2,078,039)	(5.6%)
All Funds	\$82,593,550	\$79,143,096	(\$3,450,454)	(4.2%)

	FY 2017 Budgeted	FY 2019 Recommended	Biennial Change	Percent Change
FTEs	77.0	77.0	0.0	0.0%

Historical Funding Levels (Millions)



Historical Full-Time-Equivalent Employees (FTEs)



The bill pattern for this agency (2018-19 Recommended) represents an estimated 69.3% of the agency's estimated total available funds for the 2018-19 biennium.

Supreme Court of Texas
Summary of Funding Changes and Recommendations - House

Funding Changes and Recommendations for the 2018-19 Biennium compared to the 2016-17 Base Spending Level (in millions)	General Revenue	GR-Dedicated	Federal Funds	Other Funds	All Funds	Strategy in Appendix A
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SIGNIFICANT Funding Changes and Recommendations (each issue is explained in Section 3 and additional details are provided in Appendix A):

A)	Maintain \$0.5 million in General Revenue and 3.0 FTEs for Appellate Court Operations that were included in the court's 4 percent reduction to enable the court to continue to process cases and pending matters at 2016-17 rates.	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	A.1.1
B)	Decrease in General Revenue and General Revenue-Dedicated funding that the court included in its 4 percent reduction. A \$8.3 million decrease in Judicial Fund 573 (Other Funds) civil penalties funding due to one-time awards not being continued into the 2018-19 biennium offset with a \$1.2 million increase anticipated to be available from the Volkswagen lawsuit settlement. This funding is used for grants to legal aid organizations that provide basic civil legal services to low-income populations including basic civil legal services to veterans and their families and to victims of sexual assault.	(\$0.8)	(\$0.4)	\$0.0	(\$2.1)	(\$3.3)	B.1.1

OTHER Funding Changes and Recommendations (these issues are not addressed in Section 3 but details are provided in Appendix A):

C)	Maintain Multi-District Litigation Strategy at 2016-17 base levels through \$8,625 in General Revenue.	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	B.1.3
D)	Decrease in General Revenue for a one-time building security renovation expenditure.	(\$0.1)	\$0.0	\$0.0	\$0.0	(\$0.1)	A.1.1
E)	Decrease in Federal Funds for Court Improvement Projects due to one-time expenses for video conferencing equipment and software not anticipated to be available in 2018-19.	\$0.0	\$0.0	(\$0.1)	\$0.0	(\$0.1)	B.1.2

TOTAL SIGNIFICANT & OTHER Funding Changes and Recommendations (in millions)	(\$0.9)	(\$0.4)	(\$0.1)	(\$2.1)	(\$3.5)	As Listed
<i>SIGNIFICANT & OTHER Funding Increases</i>	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	As Listed
<i>SIGNIFICANT & OTHER Funding Decreases</i>	(\$0.9)	(\$0.4)	(\$0.1)	(\$2.1)	(\$3.5)	As Listed

NOTE: Totals may not sum due to rounding.

**Supreme Court of Texas
Selected Fiscal and Policy Issues - House**

1. **Appellate Court Operations:** Recommendations continue funding and FTE levels for Appellate Court Operations at 2016–17 levels to maintain the court’s disposition rate at 100 percent. The court included \$0.5 million in General Revenue and authority for 4.0 FTEs for the following in its 4 percent reduction:
 - three law clerk positions (3.0 FTEs) for \$338,250;
 - one deputy clerk position (1.0 FTE) for \$94,296;
 - an increase of \$20,000 for the Supreme Court Advisory Committee travel budget; and
 - an increase of \$2,674 for consumable supplies.

2. **Basic Civil Legal Services:** Recommendations include \$63.0 million in All Funds, which is a \$3.3 million decrease, to provide basic civil legal services to low-income populations through grants to legal aid organizations. This also includes basic civil legal services to veterans and their families and victims of sexual assault.

In fiscal year 2017 (December 2016), the Court received one-time civil penalties totaling \$4.8 million deposited to Judicial Fund No. 573. Of this amount, \$2.9 million was awarded to the State of Texas through civil penalties collected from the State of Texas vs. Amgen, Inc. and \$1.0 million through civil penalties collected from the State of Texas vs Penguin, et al. Recommendations for 2018–19 do not continue these one-time civil penalties. This decrease is anticipated to be offset by a corresponding increase in other revenues deposited to Judicial Fund No. 573 for Basic Civil Legal Services in the 2018–19 biennium, such as Pro Hoc Vice and other filing fees and state bar membership dues, for a total decrease of \$3.3 million from 2016–17 levels.

In December 2016, the Court received \$42.5 million in one-time civil penalties deposited to Judicial Fund No. 573 from a settlement between the State of Texas and Volkswagen. Of this amount, \$1.2 million is appropriated to maintain Basic Civil Legal Services at 2016–17 levels which offsets decreases of \$0.8 million in General Revenue and \$0.4 million in General Revenue–Dedicated Sexual Assault Program No. 5010 for grant funding submitted by the Court as part of the 4 percent reduction. The Court is still determining how much of the remaining \$41.3 million will be spent in fiscal year 2017 and will be available in the 2018–19 biennium.

Recommendations include a new rider that makes \$1.2 million appropriated from Judicial Fund No. 573 contingent on balances from the Volkswagen lawsuit being available. In the event that civil penalties from this settlement are not available in an amount sufficient to cover the full \$1.2 million, the rider reduces the appropriation from Judicial Fund No. 573 by the amount that the balance is less than the \$1.2 million and increases the appropriation from General Revenue by a commensurate amount. (See also, Rider Highlights – House #11 and Items not Included in Recommendations - House #3)

3. **Judicial Compensation Commission:** The Judicial Compensation Commission is recommending a 10.2 percent increase in judicial salaries for the 2018–19 biennium. This would increase the state salary of a Supreme Court Justice from \$168,000 to \$185,136 and the Chief Justice of the Supreme Court from \$170,500 to \$187,636. The most recent judicial salary adjustment was a 12 percent increase in the 2014–15 biennium for judge and prosecutor positions linked to district judge pay totaling \$34.8 million across the 2014–15 biennium.
4. **Court Improvement Projects:** The Court anticipates that \$2.0 million in Federal Funds will not be available during the 2018–19 biennium that funds the Supreme Court of Texas Children’s Commission due to anticipated passage of Congressional legislation that would reduce Court Improvement Project federal funding by approximately two-thirds of the currently appropriated amount (\$3.2 million for the 2016–17 biennium). Recommendations do not include this reduction because the Court became aware of this issue in December 2016. This commission was established in 2007 to improve the child welfare system through increasing public awareness of challenges facing children and families involved in the child welfare system and bringing attention to this issue through judicial leadership, reforming judicial practice, and informing policy affecting child welfare (See also, Items Not Included in Recommendations - House #1).

**Supreme Court of Texas
All Funding Sources for Basic Civil Legal Services - House**

Funds Within the GAA - Basic Civil Legal Services (Fiscal Year)

	2015	2016	2017	2016-17 Base	2018 Recommended	2019 Recommended	2018-19 Recommended	Recommended Over/(Under) 2016-17 Base	Percent Difference
General Revenue	\$ 8,783,783	\$ 10,280,783	\$ 10,280,784	\$ 20,561,567	\$ 9,869,551	\$ 9,869,553	\$ 19,739,104	\$ (822,463)	-4.0%
General Revenue–Dedicated Sexual Assault Program No. 5010	\$ -	\$ 10,000,000	\$ -	\$ 10,000,000	\$ 9,600,000	\$ -	\$ 9,600,000	\$ (400,000)	-4.0%
Judicial Fund No. 573	\$ 26,775,108	\$17,044,289	\$ 13,672,839	\$ 30,717,128	\$ 14,930,776	\$ 13,708,312	\$ 28,639,088	\$ (2,078,040)	-6.8%
IAC with Attorney General (Crime Victims Compensation Fund No. 469)	\$ 2,496,765	\$ 2,500,000	\$ 2,500,000	\$ 5,000,000	\$ 2,500,000	\$ 2,500,000	\$ 5,000,000	\$ -	0.0%
Total State BCLS Contribution	\$ 38,055,656	\$ 39,825,072	\$ 26,453,623	\$ 66,278,695	\$ 36,900,327	\$ 26,077,865	\$ 62,978,192	\$ (3,300,503)	-5.0%

Funds Outside the GAA - Basic Civil Legal Services (Calendar Year)

	2015	2016	2017	2016-17	2018	2019	2018-19	Over/(Under) 2016-17 Levels	Percent Difference
Interest on Lawyers Trust Accounts (IOLTA)	\$ 4,936,975	\$ 4,936,975	\$ 5,090,000	\$ 10,026,975	\$ 5,280,000	\$ 5,470,000	\$ 10,750,000	\$ 723,025	7.2%
Legal Services Corporation and Other Federal Funding	\$ 55,125,679	\$ 55,125,679	\$ 55,125,679	\$ 110,251,358	\$ 55,125,679	\$ 55,125,679	\$ 110,251,358	\$ -	0.0%
Other (Donations and Grants from Foundations)	\$ 30,260,579	\$ 62,643,279	\$ 30,830,476	\$ 93,473,755	\$ 30,830,476	\$ 30,830,476	\$ 61,660,952	\$ (31,812,803)	-34.0%
Total BCLS Funding Outside GAA	\$ 90,323,233	\$ 122,705,933	\$ 91,046,155	\$ 213,752,088	\$ 91,236,155	\$ 91,426,155	\$ 182,662,309	\$ (31,089,778)	-14.5%

**Estimate of Total BCLS
Funding from All Revenue**

Sources **\$ 128,378,889** **\$ 162,531,005** **\$ 117,499,778** **\$ 280,030,783** **\$ 128,136,482** **\$ 117,504,020** **\$ 245,640,501** **\$ (34,390,281)** **-12.3%**

Source: Texas Access to Justice Foundation, Supreme Court

Notes:

(1) Judicial Fund No. 573: Fiscal Year 2017 amounts do not include \$42.5 million in civil penalties awarded to the Court through a settlement between the State of Texas and Volkswagen because the Court has yet to make a decision on how much of the settlement amount will be used in fiscal year 2017 and during the 2018-19 biennium. Fiscal year 2018 amounts include \$1.2 million of the settlement amount to offset amounts included by the Court in the 4 percent reduction for basic civil legal services to veterans and their families and victims of sexual assault.

(2) Legal Services Corporation and Other Federal Funding: Amounts include significant grants to non-BCLS funded legal aid organizations that provide civil legal services to unaccompanied minors.

(3) Interest on Lawyers Trust Accounts: Amounts for 2017, 2018, and 2019 assume an increase in interest rates by the Federal Reserve.

(4) Other (Donations and Grants from Foundations): Amount for 2016 includes a one-time \$32.4 million donation, which is restricted to foreclosure and community redevelopment cases. In addition, \$2.3 million will be used for disaster relief with the remainder will be awarded over 4 years (\$7.5 million per year).

(5) Totals may not sum due to rounding.

**Supreme Court of Texas
Rider Highlights - House**

Addition of New Riders

11. **Basic Civil Legal Services: Contingency Appropriation:** Recommendations add a new rider that makes the appropriation of \$1,222,463 in Judicial Fund No. 573 funding in fiscal year 2018 contingent upon the balance of civil penalties remaining from a settlement with Volkswagen deposited to Judicial Fund No. 573 in fiscal year 2017 being sufficient to cover the appropriation. In the event that civil penalties from this settlement are not available in an amount sufficient to cover the full \$1,222,463 appropriation from Judicial Fund No. 573, the rider reduces the appropriation from Judicial Fund No. 573 by the amount that the balance is less than \$1,222,463 and increases the appropriation from General Revenue by a commensurate amount. (See also, Selected Fiscal and Policy Issues – House #2 and Items not Included in Recommendations - House #3)

Modification of Existing Riders

8. **Appropriation: Supreme Court Support Fee, Unexpended Balance Authority Between Biennia:** Recommendations remove unexpended balance authority between biennia and retitle the rider. Recommendations continue estimated appropriation authority for these funds and unexpended balance authority within the biennium for Appellate Court Operations. (See also, Items Not Included in Recommendations – House #2)

Deleted Riders

9. **Interagency Contract with Texas Veterans Commission:** Recommendations delete this rider. Actions of the Eighty-fourth Legislature through Article IX, Section 18.05 (d) Texas Veterans Commission and Texas Supreme Court (2016–17 GAA) resulted in the rider having no effect by moving appropriations of \$750,000 in General Revenue each fiscal year from the Texas Supreme Court to the Texas Veterans Commission for Veterans Treatment Court Programs.

**Supreme Court of Texas
Items Not Included in Recommendations - House**

		2018-19 Biennial Total			Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2020-21
		GR & GR-D	All Funds	FTEs			
Court Exceptional Items - In Court Priority Order							
1)	General Revenue funding for the Children's Commission to offset an anticipated decrease of \$2,000,000 in Federal Funds during the 2018-19 biennium. (See Also, Selected Fiscal and Policy Issues - House #4)	\$2,000,000	\$0	0	No	No	\$2,000,000
2)	Request for unexpended balance authority in Strategy A.1.1 Appellate Court Operations for revenue credited to Judicial Fund 573 (Other Fund) in fiscal year 2017 from the Supreme Court Support Fee administered by the Court and used for operational purposes through an updated Rider 8. Surpeme Court Support Fee. (See also, Rider Highlights - House #8)	\$0	\$100,000	0	No	No	\$100,000
3)	Grant funding included in required reductions for Basic Civil Legal Services to an estimated 1,325 households in the following amounts: 1) \$702,463 in General Revenue funding for general Basic Civil Legal Services. 2) \$120,000 in General Revenue funding for Basic Civil Legal Services for veterans and their families. 3) \$400,000 in General Revenue-Dedicated Sexual Assault Program Account No. 5010 funding for Basic Civil Legal Services for victims of sexual assault. (See also, Selected Fiscal and Policy Issues - House #2)	\$1,222,463	\$1,222,463	0	No	No	\$1,222,463
4)	General Revenue funding and Capital Budget authority to establish a Judicial Civics and Education Center to provide visitors with information on Texas legal history and the third branch of government.	\$2,500,000	\$2,500,000	0	No	No	\$0
TOTAL Items Not Included in Recommendations		\$5,722,463	\$3,822,463	0			\$3,322,463

**Supreme Court of Texas
Appendices - House**

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* Appendix is not included - no significant information to report

** Information is included in the presentation section of the packet

Supreme Court of Texas
Funding Changes and Recommendations - House by Strategy -- ALL FUNDS

Strategy/Goal	2016-17 Base	2018-19 Recommended	Biennial Change	% Change	Comments
APPELLATE COURT OPERATIONS A.1.1	\$12,867,344	\$12,755,345	(\$111,999)	(0.9%)	<p>Recommendations continue appropriations at 2016-17 levels with two changes:</p> <ol style="list-style-type: none"> 1. a decrease of \$112,000 in General Revenue funding due to funding provided for a one-time expense of building security upgrades for the 2016-17 biennium that is not continued into the 2018-19 biennium. 2. a \$1 increase in Appropriated Receipts. <p>(See also, Selected Fiscal and Policy Issues - House #1)</p>
Total, Goal A, APPELLATE COURT OPERATIONS	\$12,867,344	\$12,755,345	(\$111,999)	(0.9%)	

Supreme Court of Texas
Funding Changes and Recommendations - House by Strategy -- ALL FUNDS

Strategy/Goal	2016-17 Base	2018-19 Recommended	Biennial Change	% Change	Comments
BASIC CIVIL LEGAL SERVICES B.1.1	\$66,278,695	\$62,978,192	(\$3,300,503)	(5.0%)	<p>Recommendations reflect:</p> <ol style="list-style-type: none"> 1. a \$3,300,503 decrease in Judicial Fund 573 due to one-time windfalls of Civil Penalties in the 2016-17 biennium not continued in the 2018-19 biennium offset by an increase of \$1,222,463 due to civil penalties awarded to the Court from the Volkswagen settlement (See also, Selected Fiscal and Policy Issues - House #2 and Rider Highlights - House #11). 2. a \$702,463 decrease in General Revenue funding for Basic Civil Legal Services due to the 4 percent baseline reduction. 3. a \$120,000 decrease in General Revenue funding for Basic Civil Legal Services for veterans and their families due to the 4 percent baseline reduction. 4. a \$400,000 decrease in General Revenue-Dedicated Sexual Assault Program Account No. 5010 funding for Basic Civil Legal Services for victims of sexual assault due to the 4 percent baseline reduction. (See also, Selected Fiscal and Policy Issues - House #2, Rider Highlights - House #11, and Items Not Included in Recommendations - House #3)
COURT IMPROVEMENT PROJECTS B.1.2	\$3,231,890	\$3,193,938	(\$37,952)	(1.2%)	Recommendations reflect a decrease in Federal Funds due to one-time expenses in the 2016-17 biennium for video conferencing equipment and software. (See also, Selected Fiscal and Policy Issues #4)
MULTI-DISTRICT LITIGATION B.1.3	\$215,621	\$215,621	\$0	0.0%	Recommendations continue Multi-District Litigation at 2016-17 levels.
Total, Goal B, COURT PROGRAMS	\$69,726,206	\$66,387,751	(\$3,338,455)	(4.8%)	
Grand Total, All Strategies	\$82,593,550	\$79,143,096	(\$3,450,454)	(4.2%)	

**Supreme Court of Texas
FTE Highlights - House**

Full-Time-Equivalent Positions	Expended 2015	Estimated 2016	Budgeted 2017	Recommended 2018	Recommended 2019
Cap	77.0	77.0	77.0	77.0	77.0
Actual/Budgeted	74.8	75.5	77.0	NA	NA

Schedule of Exempt Positions (Cap)

Chief Justice (1)	\$170,500	\$170,500	\$170,500	\$170,500	\$170,500
Justice (8)	\$168,000	\$168,000	\$168,000	\$168,000	\$168,000

Notes:

a) The Supreme Court of Texas is exempted from Article IX, Section 6.10, which limits the number of FTEs paid from appropriated funds to the amounts specified in the General Appropriations Act.

**Supreme Court of Texas
Summary of Ten Percent Biennial Base Reduction Options - House**

Priority	Item	Description/Impact	Biennial Reduction Amounts			Potential Revenue Loss	Reduction as % of Program GR/GR-D Total	Included in Introduced Bill?
			GR & GR-D	All Funds	FTEs			
1)	Reduce Law Clerk Program	The reduction would eliminate 6 law clerks. Reduction would impact the Court's case processing and would reduce a program through which newly licensed attorneys can be mentored and trained to practice in Texas.	\$676,500	\$676,500	6.0	\$0	2%	No
2)	Reduce Additional Staff	The reduction would eliminate two deputy clerks and two administrative support positions. Reduction would impact case processing and the administrative staff that provide support for this court responsibility.	\$416,031	\$416,031	10.0	\$0	1%	No
3)	Reduce Legal Services to the Indigent	The reduction would impact grant funding to legal aid organizations providing basic civil legal services and would reduce the number of clients served by 3,182 fewer individuals.	\$1,685,910	\$1,685,910		\$0	4%	No
4)	Reduce Legal Services to Victims of Sexual Assault	The reduction would impact grant funding to legal aid organizations providing basic civil legal services for survivors of sexual assault and would reduce the number of clients served by 738 fewer individuals.	\$960,000	\$960,000		\$0	2%	No
5)	Reduce Legal Services to Veterans	The reduction would impact grant funding to legal aid organizations providing basic civil legal services for veterans and their families and would reduce the number of clients served by 312 fewer individuals.	\$288,000	\$288,000		\$0	1%	No
6)	Eliminate Multi-District Litigation Program	The reduction would eliminate the Multi-District Litigation Program that provides grants to counties to pay court personnel costs associated with large-party cases that cross multiple jurisdictions.	\$20,700	\$20,700		\$0	0%	No

TOTAL, 10% Reduction Options	\$4,047,141	\$4,047,141	16.0	\$0
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