

Supreme Court of Texas Summary of Budget Recommendations - Senate

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The Honorable Nathan Hecht, Chief Justice
Bryan Hadley, LBB Analyst

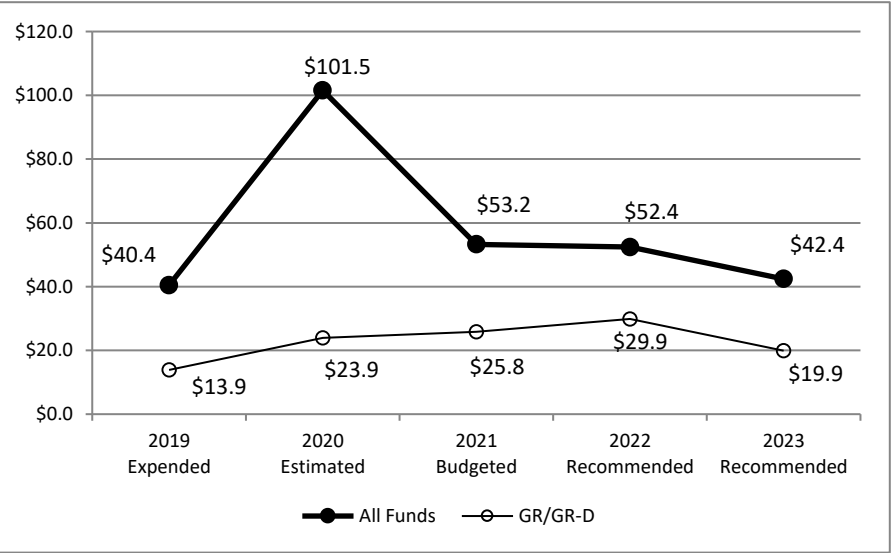
Method of Financing	2020-21 Base	2022-23 Recommended	Biennial Change (\$)	Biennial Change (%)
General Revenue Funds	\$39,725,028	\$39,725,028	\$0	0.0%
GR Dedicated Funds	\$10,000,000	\$10,000,000	\$0	0.0%
Total GR-Related Funds	\$49,725,028	\$49,725,028	\$0	0.0%
Federal Funds	\$4,357,439	\$4,510,324	\$152,885	3.5%
Other	\$100,700,723	\$40,550,011	(\$60,150,712)	(59.7%)
All Funds	\$154,783,190	\$94,785,363	(\$59,997,827)	(38.8%)

	FY 2021 Budgeted	FY 2023 Recommended	Biennial Change	Percent Change
FTEs	85.0	85.0	0.0	0.0%

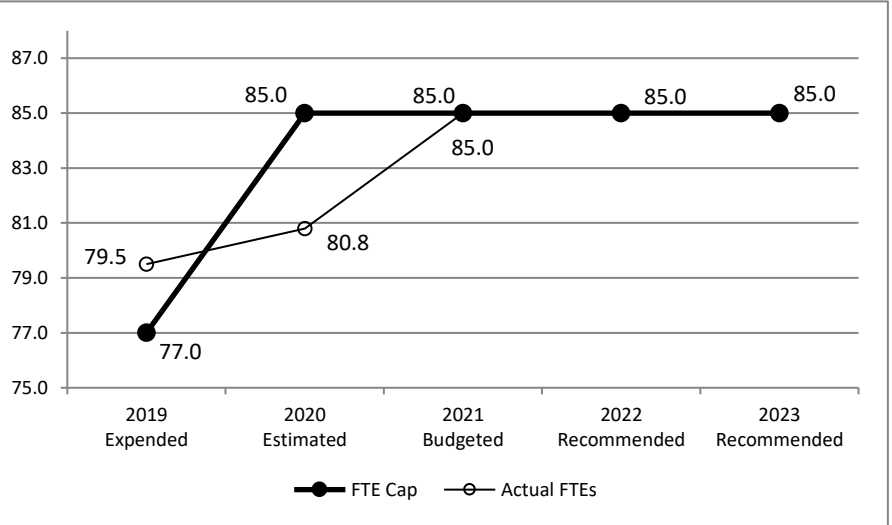
The Supreme Court was exempt from the 5 percent reduction for the 2020-21 biennium.

The bill pattern for this agency (2022-23 Recommended) represents an estimated 59.0% of the agency's estimated total available funds for the 2022-23 biennium.

Historical Funding Levels (Millions)



Historical Full-Time-Equivalent Employees (FTEs)



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

Section 2

Funding Changes and Recommendations for the 2022-23 Biennium compared to the 2020-21 Base Spending Level (in millions)		General Revenue	GR-Dedicated	Federal Funds	Other Funds	All Funds	Strategy in Appendix A
<i>SIGNIFICANT Funding Changes and Recommendations (each issue is explained in Section 3 and additional details are provided in Appendix A):</i>							
A)	Decrease in Judicial Fund 573 funding for Basic Civil Legal Services, including \$49.1 million provided from civil penalty revenues from the Wells Fargo settlement in fiscal year 2019 that are no longer available and a reduction of \$10.6 million in court cost, penalty, and fee revenue collections to Judicial Fund 573. (See also, Significant Fiscal and Policy Issues - Senate #3)	\$0.0	\$0.0	\$0.0	(\$59.7)	(\$59.7)	2.1.1
<i>OTHER Funding Changes and Recommendations (these issues are not addressed in Section 3 but details are provided in Appendix A):</i>							
B)	Reduction in Judicial Fund 573 funds from collected Supreme Court Support Fee revenues carried forward into fiscal year 2020 as a one-time expenditure.	\$0.0	\$0.0	\$0.0	(\$0.4)	(\$0.4)	1.1.1
C)	Increase in Federal Funds from the State Court Improvement Program for the Children's Commission	\$0.0	\$0.0	\$0.2	\$0.0	\$0.2	2.1.3
TOTAL SIGNIFICANT & OTHER Funding Changes and Recommendations (in millions)		\$0.0	\$0.0	\$0.2	(\$60.1)	(\$59.9)	As Listed
<i>SIGNIFICANT & OTHER Funding Increases</i>		\$0.0	\$0.0	\$0.2	\$0.0	\$0.2	As Listed
<i>SIGNIFICANT & OTHER Funding Decreases</i>		\$0.0	\$0.0	\$0.0	(\$60.1)	(\$60.1)	As Listed

NOTE: Totals may not sum due to rounding.

Supreme Court of Texas
Selected Fiscal and Policy Issues - Senate

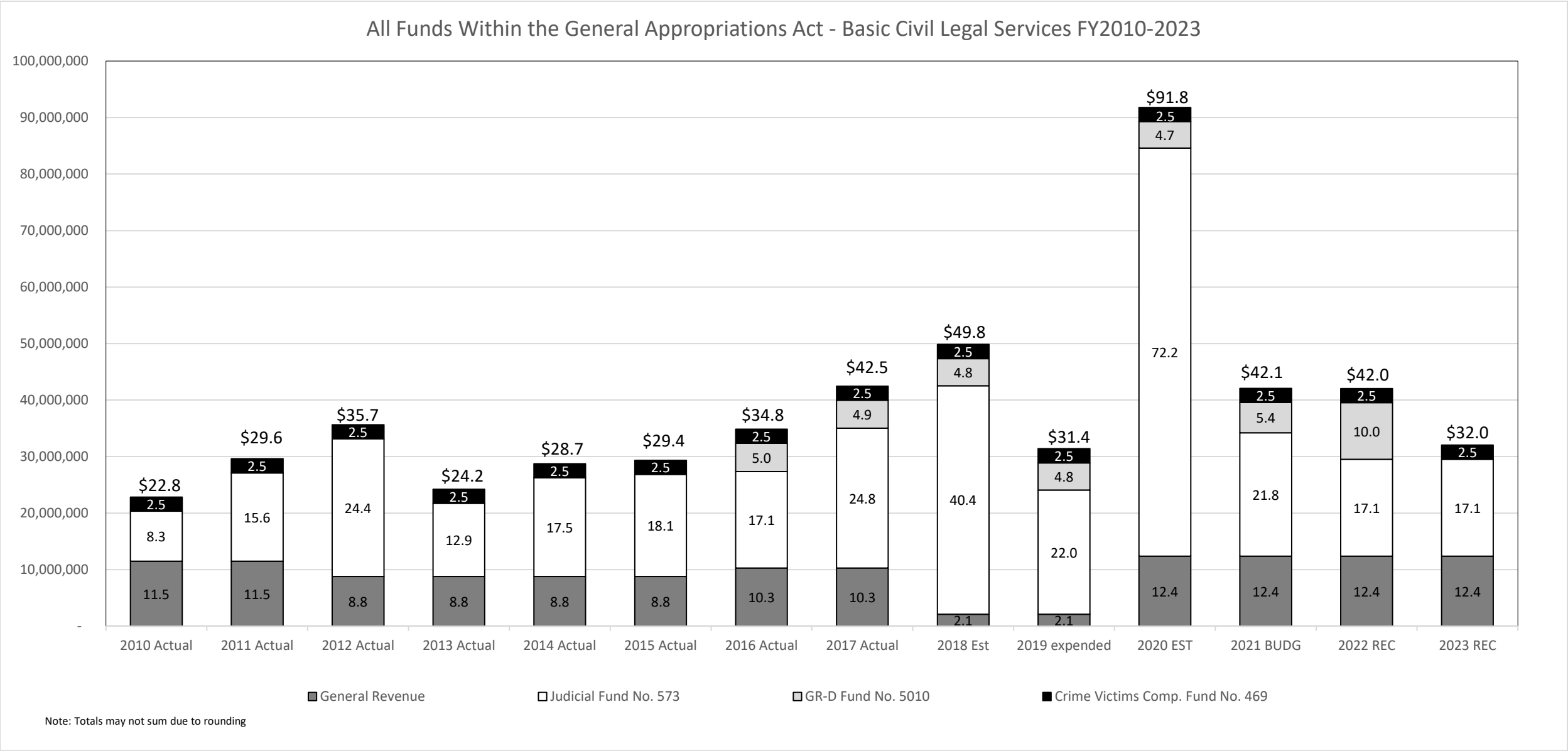
1. **New Judicial Salary Strategy.** Recommendations include \$3.6 million in estimated General Revenue funding for judicial compensation. Enactment of House Bill 2384, Eighty-sixth Legislature, 2019, adjusted the compensation structure for certain judges and prosecutors by creating tiers of compensation based on years of service. State salary and salary supplements for these positions remain linked to a district judge's base salary of \$140,000 as set in the General Appropriations Act. Judges and prosecutors with four to eight years of service receive compensation at 110% of a district judge's base salary, or \$154,000, and 120% of a district judge's base salary, or \$168,000, for eight or more years of service.

The Eighty-sixth Legislature, 2019, modified the General Appropriations Act for the 2020–21 biennium due to the enactment of this legislation by creating individual, estimated and non-transferrable strategies within the bill patterns of the 16 appellate courts and the Office of State Prosecuting Attorney to isolate required compensation-related appropriations. The estimated appropriation authority provides the flexibility to adjust funding levels to meet unanticipated changes in compensation obligations resulting from tenure changes and elections or appointment of persons with years of service credits differing from the previous position holder.

2. **Court Funding.** Recommendations continue General Revenue appropriations at 2020-21 levels to carry out its responsibilities of civil procedure and evidence; administrative oversight of the State Bar of Texas; the licensing and supervision of attorneys in Texas; the appointment of members of the Board of Law Examiners; the supervision of the Office of Court Administration; and the equalization of the 14 Courts of Appeals dockets, which includes addressing a backlog of cases resulting from the COVID-19 pandemic.
3. **Basic Civil Legal Services.** Recommendations reflect an All Funds total of \$74.1 million, which is a decrease of \$59.7 from 2020-21 spending levels. This includes a decrease of \$49.1 million in civil penalty revenues from the Wells Fargo settlement revenues that are no longer anticipated to be available in 2022-23 and a decrease of \$10.6 million in court cost, penalty, and fee revenue collections to Judicial Fund 573 as a result of the COVID pandemic.

Recommendations continue \$61.1 million in All Funds to provide basic legal services for the indigent, \$10.0 million in General Revenue-Dedicated Sexual Assault Program Account No 5010 to provide basic civil legal services to victims of sexual assault, and \$3.0 million in General Revenue to provide basic civil legal services to veterans and their families. Recommendations do not include an additional \$8.0 million in General Revenue funding for Basic Civil Legal Services and Veteran Legal Services. The agency estimates that the COVID-19 pandemic will increase the need for civil legal services for low-income Texans in areas related to eviction and foreclosure, health and public benefits, utility shut-offs, repossessions, other consumer-related issues, and family violence. The agency also reports that the pandemic has caused some in-person veterans' legal clinics to close, and that increased funding would improve the ability of legal aid providers to assist veterans with legal needs through remote options. (See also, Items Not Included in Recommendations - Senate #1.)

The revenue levels of Judicial Fund No. 573 have varied between biennia due to a lack of consistency in the revenue directed into the fund. Revenue includes Judicial Support costs, 50.0 percent of civil filing fees collected by the 14 Courts of Appeals, and the net amount of civil penalties recovered by the Attorney General up to \$50.0 million each year. Since the revenue streams are dependent on the type, frequency, and settlement amount of certain court cases, the Court has seen a fluctuation in spending for BCLS over the years. The chart below provides a breakdown of the All Funds total for BCLS within the General Appropriations Act from fiscal year 2010-2023.



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

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

	2019 Expended	2020 Estimated	2021 Budgeted	2020-21 Base	2022 Requested	2023 Requested	2022-23 Requested	Change from 2020-21 to 2022-23 (\$)	Change from 2020-21 to 2022-23 (%)
General Revenue	\$ 2,093,120	\$ 12,390,392	\$ 12,390,392	\$ 24,780,784	\$ 12,390,392	\$ 12,390,392	\$ 24,780,784	\$ -	0.0%
General Revenue–Dedicated Sexual Assault Program No. 5010	\$ 4,799,999	\$ 4,649,964	\$ 5,350,036	\$ 10,000,000	\$ 10,000,000	\$ -	\$ 10,000,000	\$ -	0.0%
Judicial Fund No. 573¹	\$ 21,993,911	\$72,198,129	\$ 21,833,494	\$94,031,623	\$ 17,144,000	\$ 17,144,000	\$ 34,288,000	\$ (59,743,623)	(63.5%)
IAC with Attorney General (Crime Victims Compensation Fund No. 469)	\$ 2,500,000	\$ 2,500,000	\$ 2,500,000	\$ 5,000,000	\$ 2,500,000	\$ 2,500,000	\$ 5,000,000	\$ -	0.0%
						\$ -			
Total State BCLS Contribution	\$ 31,387,030	\$ 91,738,485	\$ 42,073,922	\$ 133,812,407	\$ 42,034,392	\$ 32,034,392	\$ 74,068,784	\$ (59,743,623)	(44.6%)

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

	2019 Expended	2020 Estimated	2021 Budgeted	2020-21 Base	2022	2023	2022-23	Change from 2020-21 to 2022-23 (\$)	Change from 2020-21 to 2022-23 (%)
Interest on Lawyers Trust Accounts (IOLTA)²	\$ 16,224,508	\$ 10,900,000	\$ 9,000,000	\$ 19,900,000	\$ 9,000,000	\$ 9,000,000	\$ 18,000,000	\$ (1,900,000)	(9.5%)
Legal Services Corporation and Other Federal Funding³	\$ 99,407,818	\$ 92,611,000	\$ 92,611,000	\$ 185,222,000	\$ 92,611,000	\$ 92,611,000	\$ 185,222,000	\$ -	0.0%
Other (Donations and Grants from Foundations)	\$ 71,723,457	\$ 33,584,000	\$ 33,584,000	\$ 67,168,000	\$ 33,584,000	\$ 33,584,000	\$ 67,168,000	\$ -	0.0%
Total BCLS Funding Outside GAA	\$ 187,355,783	\$ 137,095,000	\$ 135,195,000	\$ 272,290,000	\$ 135,195,000	\$ 135,195,000	\$ 270,390,000	\$ (1,900,000)	(9.5%)

Estimate of Total BCLS Funding
from All Revenue Sources \$ 218,742,813 \$ 228,833,485 \$ 177,268,922 \$ 406,102,407 \$ 177,229,392 \$ 167,229,392 \$ 344,458,784 \$ (61,643,623) (54.2%)

Source: Texas Access to Justice Foundation, Supreme Court

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

4. **Interest On Lawyer Trust Account (IOLTA Funds) Funds Update.** Lawyers who handle money for their clients participate in the IOLTA program by depositing the funds in a participating financial institution. The interest on these funds helps finance SCOT's Basic Civil Legal Services program. The Texas Access to Justice Foundation (TAJF), which administers the funds, expended \$16.2 million in IOLTA revenue in 2019. According to TAJF, as result of a rate reduction by Federal Reserve in March 2020, revenue to the fund has declined but may have stabilized around \$750,000 monthly. TAJF currently projects \$11.0 million in revenue in 2020 and approximately \$9 million in 2021, which is a decline of 9.5 percent from 2020-21 spending levels.
5. **Mental and Behavioral Health Funding.** Recommendations continue \$2.5 million in General Revenue which includes \$0.5 million to train, educate, and inform judges and their staff of mental about mental health care resources available in Texas and \$2.0 million for the Judicial Commission on Mental Health to coordinate policy initiatives to improve the court's interaction with children, adults, and families with mental health needs.
6. **Budget Structure Changes.** The court's strategy B.1.2, Court Improvement Projects, in the 2020-21 General Appropriations Act has been separated into new strategies B.1.3, Children's Commission and B.1.4, Judicial Commission on Mental Health. This creates a separate strategy for each related program because the programs have different methods of finance and function independently from each other. The Children's Commission is funded exclusively with Federal funds each fiscal year from the State Court Improvement Program (CFDA 93.586) and is focused on improving the courts' interaction with the state's child welfare system. The Judicial Commission on Mental Health was co-created by the SCOT and the Court of Criminal Appeals in 2018 to coordinate mental health policy initiatives. The court's Mutli-District Litigation strategy is renumbered B.1.2. New strategies B.1.3, Children's Commission and B.1.4, Judicial Commission on Mental Health have unexpended balance authority within the biennium.

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

Modification of Existing Riders

2. **Appropriation: Basic Civil Legal Services.** Recommendations revise this rider to include the provisions of rider 6, Basic Civil Legal Services for Victims of Sexual Assault and rider 7, Basic Civil Legal Services for Veterans.
6. **Basic Civil Legal Services for Victims of Sexual Assault.** Recommendations revise this rider to make it subsection (b) of rider 2, Appropriation: Basic Civil Legal Services.
7. **Basic Civil Legal Services for Veterans.** Recommendations revise this rider to make it subsection (c) of rider 2, Appropriation: Basic Civil Legal Services.

Supreme Court of Texas
Items Not Included in Recommendations - Senate

	2022-23 Biennial Total			Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2024-25
	GR & GR-D	All Funds	FTEs			

Agency Exceptional Items Not Included (in agency priority order)

1)	General revenue to provide additional Basic Civil Legal Services which includes \$6.0 million to provide legal services for the indigent and \$2.0 million to provide basic civil legal services to veterans and their families. (See also, Selected Fiscal and Policy Issues - Senate #3)	\$8,000,000	\$8,000,000	0.0	No	Yes	\$8,000,000
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TOTAL Items Not Included in Recommendations		\$8,000,000	\$8,000,000	\$0			\$8,000,000
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**Supreme Court of Texas
Appendices - Senate**

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

Strategy/Goal	2020-21 Base	2022-23 Recommended	Biennial Change	% Change	Comments
APPELLATE COURT OPERATIONS A.1.1	\$10,750,340	\$10,345,945	(\$404,395)	(3.8%)	Recommendations reflect a reduction in Judicial Fund 573 for Supreme Court Fees carried forward into fiscal year 2020 from fiscal year 2019 as a one-time expense.
APPELLATE JUSTICE SALARIES A.1.2	\$3,633,004	\$3,630,310	(\$2,694)	(0.1%)	
Total, Goal A, APPELLATE COURT OPERATIONS	\$14,383,344	\$13,976,255	(\$407,089)	(2.8%)	
BASIC CIVIL LEGAL SERVICES B.1.1	\$133,812,407	\$74,068,784	(\$59,743,623)	(44.6%)	Recommendations reflect a decrease in Judicial Fund 573 funding for Basic Civil Legal Services, including \$49.1 million provided from civil penalty revenues from the Wells Fargo settlement in fiscal year 2019 that are no longer available and a reduction of \$10.6 million in court cost and fee revenue collections to Judicial Fund 573. (See also, Significant Fiscal and Policy Issues - Senate #3)
MULTI-DISTRICT LITIGATION B.1.2	\$230,000	\$230,000	\$0	0.0%	
CHILDREN'S COMMISSION B.1.3	\$4,357,439	\$4,510,324	\$152,885	3.5%	Recommendations include an anticipated increase in Federal Funds from the State Court Improvement Program to the Children's Commission.
JUDICIAL COMMISSION ON MENTAL HLTH B.1.4	\$2,000,000	\$2,000,000	\$0	0.0%	
Total, Goal B, COURT PROGRAMS	\$140,399,846	\$80,809,108	(\$59,590,738)	(42.4%)	
Grand Total, All Strategies	\$154,783,190	\$94,785,363	(\$59,997,827)	(38.8%)	

Supreme Court of Texas
Summary of Federal Funds - Senate
(Dollar amounts in Millions)

Appendix B

Program	Est 2020	Bud 2021	Rec 2022	Rec 2023	2020-21 Base	2022-23 Rec	2022-23 Rec % Total	Recommended Over/(Under) Base	% Change from Base
State Court Improvement Program	\$2.1	\$2.3	\$2.3	\$2.3	\$4.4	\$4.5	100.0%	\$0.2	3.5%
TOTAL:	\$2.1	\$2.3	\$2.3	\$2.3	\$4.4	\$4.5	100.0%	\$0.2	3.5%

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

Full-Time-Equivalent Positions	Expended 2019	Estimated 2020	Budgeted 2021	Recommended 2022	Recommended 2023
Cap	77.0	85.0	85.0	85.0	85.0
Actual/Budgeted	79.5	80.8	85.0	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.
- b) House Bill 2384, Eighty-sixth Legislature, Regular Session, 2019, created compensation tiers based on years of service for the Chief Justice and Justices of the Supreme Court and continued to link the salaries to a district judge's base salary of \$140,000 as set in the General Appropriations Act. Justices with four to eight years of service receive compensation at 110% of a district judge's base salary, or \$154,000, and 120% of a district judge's base salary, or \$168,000, for eight or more years of service.
- c) State Auditor's Office is the source for the fiscal year 2019 and fiscal year 2020 annual average (actual) FTE levels.