

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 7251
BILL NUMBER: HB 1301

DATE PREPARED: Jan 9, 2002
BILL AMENDED:

SUBJECT: New Courts and Judges.

FISCAL ANALYST: Mark Goodpaster
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FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill has the following provisions:

- (A) It requires the state to pay the full salary of 17 full-time juvenile magistrates who are currently paid partly from state funds and partly from county funds.
- (B) It establishes superior courts in Howard, DeKalb, Dearborn, and Vigo counties.
- (C) It eliminates the small claims referee in the DeKalb superior court.
- (D) It provides additional magistrates in LaPorte, Pike, and Madison counties.
- (E) It changes the method of appointment for magistrates in LaPorte county.
- (F) It authorizes Henry superior court No. 2 to appoint a small claims referee.
- (G) It corrects a technical error to bring the law governing the Elkhart circuit court into conformity with provisions of the law governing the Elkhart superior court.
- (H) It provides for payment of senior judges who have served at least 30 days without interruption in a calendar year.
- (I) It repeals certain salary requirements for juvenile referees and juvenile magistrates.

Effective Date: July 1, 2002; January 1, 2003.

Explanation of State Expenditures: *Summary:* This bill results in total additional costs of \$1,325,312 in FY 2003 and \$1,595,666 in FY 2004 and in each year thereafter.

Provision	Description	FY 2003	FY 2004	FY 2005
A.	State Payment of Juvenile Court Magistrates	\$778,634	\$778,634	\$778,634
B.	Four Additional Courts	\$275,354	\$550,708	\$550,708
C.	Eliminate Small Claims Referee in DeKalb County	(\$5,000)	(\$10,000)	(\$10,000)
D.	Three Additional Magistrates	\$276,324	\$276,324	\$276,324
	Total Costs	\$1,325,312	\$1,595,666	\$1,595,666

Background Information:

Provision A: (Effective July 1, 2002) Under current law, the salaries of juvenile magistrates are paid by both the county and the state. Currently, the county pays \$41,393 of the \$72,000 salary. Under this bill, the state would pay the entire salary of these juvenile magistrates. The following shows the additional costs to the state to pick up the local share.

<u>Item</u>	<u>Cost</u>	<u>Totals</u>
County Share of Juvenile Court Magistrate Salary	\$41,393	
Employee Share of Public Employees Retirement Fund +	\$1,242	
County Share of Social Security Payments +	\$3,167	
Total Cost for Each Magistrate:		\$45,802
Number of Magistrates		x 17
Added Expenditures for the State		\$778,634

Provision B: (Effective January 1, 2003) Each new court would cost the state an estimated \$137,677 for a 12-month period. Consequently, these four new courts would cost the state a total of \$550,708 annually. The term of the initially selected judges would begin January 1, 2003. Consequently, the cost to the state for FY 2003 would be \$275,354 .

The added costs to the state for each court is shown below:

<u>Cost Item</u>	<u>How Cost Determined</u>	<u>Cost</u>
Salary	Specified in statute	\$90,000
Life Insurance	0.41% of Salary	\$369
Health, Dental, and Vision	Estimated by the State Budget Agency	\$6,033
Social Security	7.65% of salary	\$6,885
Disability Insurance	2.1% of salary estimated by State Budget Agency	\$1,890
Judges' Retirement Fund	35% of Salary	\$31,500
Judicial Center	Includes materials and postage, but not possible staffing	\$1,000
Total Cost per Court:		\$137,677
Number of New Courts		x 4
Cost per 12 Months:		\$550,708

Provision C: (Effective January 1, 2003) Under current law, the State General Fund pays \$10,000 of the annual salary of a small claims referee in DeKalb County. This portion of the statute will be repealed, reducing the cost to the state by \$10,000 for a full 12-month period..

Provision D: (Effective July 1, 2002) This provision would add a magistrate to courts in LaPorte, Madison, and Pike County. The added cost for each magistrate is **\$92,108** and include the following amounts.

Item	Cost		Totals
Salary	\$72,000		
Life Insurance	\$295		
Social Security	\$5,508		
PERF	\$5,760		
Disability Insurance	\$1,512		
Costs for Judicial Center	\$1,000		
Health, Dental, and Vision	<u>\$6,033</u>		
Total Cost Per Magistrate			\$92,108
Number of New Magistrates		x	3
Added Costs for State			<u>\$276,324</u>

Note: Rule 14 of the Indiana Rules for Small Claims allows a circuit court clerk with small claims jurisdiction to appoint a referee at state expense to assist the court in performing the county court functions. The current small claims referee receives a \$54,000 salary from the state. Because the Pike Circuit Court would still retain small claims court jurisdiction, the court would also retain this power to appoint a small claims referee at state expense.

Provision G: There will be no additional expenditures due to these provisions since no new magistrates would be added for Elkhart County.

Provision H: (Effective July 1, 2002) Under current law, senior judges are entitled to \$50 for each day they serve on the bench. They are limited in state law to serving 100 days. This provision would allow senior judges to receive a per diem of not more than \$200 if they serve more than 30 calendar days without interruption until they reach the maximum 100 days. The per diem would be set by the Supreme Court. Because the limit of 100 days per year would still be in effect, the maximum that a senior judge would be able to receive would be \$15,500. This maximum is calculated as follows:

	Amount Paid	Number of Days	Payment
First 30 Days	\$50	30	\$1,500
Last 70 Days	\$200	70	<u>\$14,000</u>
Total Maximum Payments:			<u>\$15,500</u>

The current maximum, based on 100 days per year at \$50 per day, is \$5,000. *The difference that would be allowed by this bill is \$10,500 per senior judge.*

Depending on the unspent balance in the Judges Payroll Account, additional expenditures may need an additional appropriation. The following shows the unspent portion of the Judges Payroll Account at the end of the fiscal years from 1999 to 2001 along with the appropriations for FY 2002 and FY 2003..

Fiscal Year	Appropriation	Unspent Portion At End of Year
1999	\$37,097,474	\$2,574,454
2000	\$36,345,045	\$0
2001	\$37,687,125	\$41
2002	\$40,285,594	NA
2003	\$41,936,628	NA

Explanation of State Revenues:

Explanation of Local Expenditures: *Summary:* This bill results in reduced expenditures of \$378,760 in CY 2002 and \$767,520 in CY 2003 and in years thereafter.

		CY 2002	CY 2003	CY 2004
A.	State Payment of Juvenile Court Magistrates	\$378,760	\$757,520	\$757,520
C.	Eliminate Small Claims Referee in DeKalb County	\$0	\$10,000	\$10,000
	Total Savings	\$378,760	\$767,520	\$767,520

Background Information:

Provision A: (Effective July 1, 2002) Eight counties in Indiana employ 17 juvenile court magistrates. Expenditures for these counties would be reduced by \$757,520 annually based on the following calculation:

Item	Cost	Total
County Share of Juvenile Court Magistrate Salary	\$41,393	
County Share of Social Security Payments	+ \$3,167	
Total Cost for Each Magistrate:		\$44,560
Number of Magistrates		x 17
Annual Savings to Counties		\$757,520

These counties (and the number of juvenile court magistrates that they have) include: Lake (4), Marion (4), Allen (3), Vigo (1), Porter (1), Elkhart (1), Vanderburgh (1), Johnson (1), and St. Joseph (1).

Provision B and C: (Effective January 1, 2003) DeKalb County would no longer need to pay \$10,000 annually for a small claims referee. Both DeKalb and Howard Counties may incur additional costs for new staff, particularly for a bailiff, clerical staff, and court reporter.

The added costs from *Provision F* will depend on the salary that Henry County would pay the small claims referee and any court space and staff that it needs.

Explanation of Local Revenues:

State Agencies Affected: Indiana Judicial Center.

Local Agencies Affected: Courts; County Clerks.

Information Sources: Division of State Court Administration, Indiana Supreme Court; *2000 Indiana Judicial Services Report*.