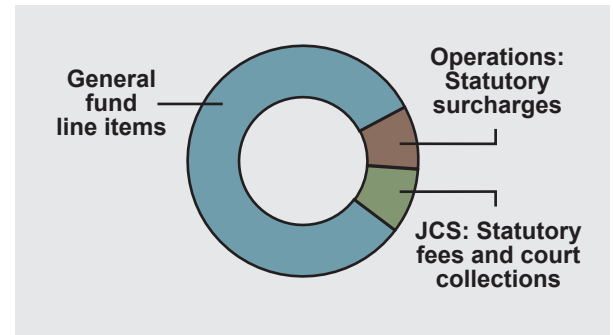


Budget Statement of the Unified Judicial System 2024-25

Adequate funding for Pennsylvania's Unified Judicial System (UJS) is essential to our constitutional democracy. Thanks to a bipartisan effort, this year's General Appropriations Act included an increase for the UJS, and Act 22 of 2023 expanded the fee-based funding that now constitutes a significant portion of the UJS budget. Unfortunately, the delay in the passage of act 22, along with significant declines in fee-based revenue over multiple years, pose short-term and long-term threats to the judicial branch's ability to provide a fair, efficient, and effective system of justice to the citizens of Pennsylvania and all those who seek resolution of their legal disputes.

The UJS Budget Explained

The UJS budget has three components: General Fund line items; augmenting revenue generated from statutory surcharges; and Judicial Computer System (JCS) funding derived from statutory fees and court collections.



General Fund

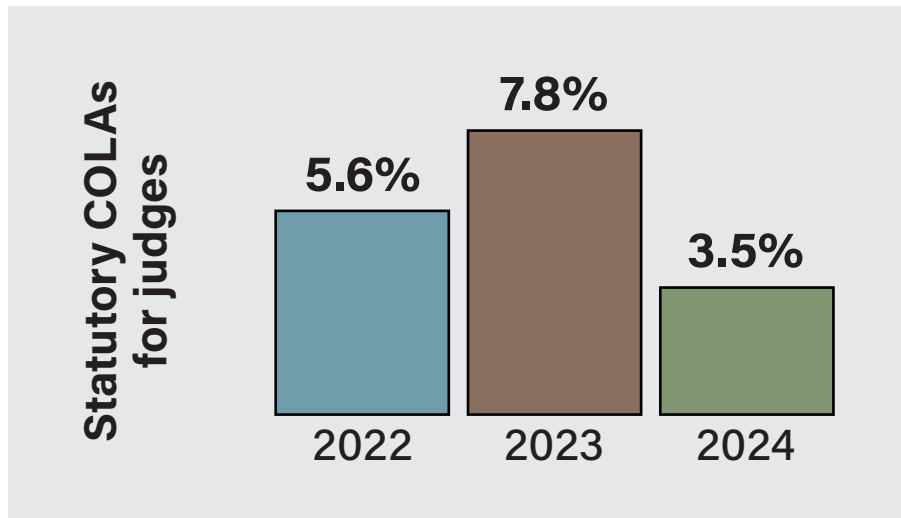
The General Fund provides funding: to all state courts (from magisterial district courts to the Supreme Court); to state-level and district-court administration and operations; and to AOPC programs, including court management and judicial education, problem-solving courts, and the Office of Elder Justice in the Courts. Additionally, the line items include funding for the Judicial Conduct Board and Court of Judicial Discipline and support several statutory grants which include reimbursement for county court expenses, juror costs and senior judge costs.

General Fund provides funding for:

- Appellate courts
 - Office of Elder Justice in the Courts
 - Problem-solving courts
 - AOPC programs
 - Judicial education
 - Magisterial District Court, Common Pleas Court and district court salary and benefits
 - State level court administration and operations
 - Statutory grants including reimbursement to county courts for: Juror costs, Senior judge costs
- Prior to a 2% increase in 2022-23, General Fund line items were flat funded for six consecutive fiscal years
 - In 2016-17, the General Fund total was \$356 million. Even with the nine percent increase received in the current year, the buying power of the \$395.1 million is now less than \$300 million when adjusted for inflation.

During this period of flat funding and declining real dollars, like all state entities, the UJS has experienced increased costs, the majority of which are constitutionally or statutorily mandated.

An example is common pleas complement legislation. The UJS takes no position on increases to the complement, requesting only that they are funded. Act 49 of 2017 added eight new common pleas seats, but the common pleas line item from 2017-2022 was flat funded. Act 58 of 2023 added 11 new common pleas seats – three immediate, six effective in 2026, and two effective in 2028. The common pleas line item should be adjusted accordingly to fully fund the new judgeships as they become effective.



Finally, the last three years saw statutory COLAs for members of the General Assembly, certain executive branch officials and judges, of 5.6%, 7.8%, and 3.5%, costing the UJS roughly \$38 million annually.

Act 49 Revenue

Beginning in FY 2009-10, in the wake of the Great Recession, the General Assembly annually augmented General Fund appropriations to the UJS with fee-based funding. Known collectively as “Act 49 fees,” this funding provides for a significant portion of the UJS budget. In FY 2016-17, \$28 million in Act 49 revenues were used to supplement state funds, representing 7% of the UJS budget. The judiciary projected in July 2023, prior to the lapse in Act 49 collections, that \$80.287 million would be necessary to augment general fund appropriations, constituting nearly 17% of the budget. Because Act 49 was not statutorily reauthorized until November 2023, the judiciary does not have sufficient Act 49 funds to meet its needs in FY 2023-24. See *discussion below*.

Act 49 revenue is generated from two surcharges levied on court filings enumerated in statute. See Chart A.

While Act 49 revenues averaged roughly \$56 million annually from FY 2016-17 through FY 2021-22, they dropped to \$48.6 million for FY 2022-23. The recently adopted Administrative Code expansion of one fee to traffic offenses will increase revenues slightly. Nonetheless, given the three-month hiatus of Act 49 and the delayed implementation of the fee expansion, the projection for the current fiscal year has dropped to \$36.5 million.

Judicial Computer System Funding

The final component of the UJS budget is the Judicial Computer System (JCS), which is funded entirely through the imposition of fines, fees, and costs. The JCS receives no taxpayer dollars.

UJS Budget Request FY 2024-25

The 2024-25 UJS budget request highlights three critical components:

1 Supplemental funding
in the current fiscal year

2 The need for a substantial
increase in the General
Fund appropriation

3 Changes in JCS funding
to account for steadily
declining revenue

This budget request, and the reality it reflects, is an unfortunate and inevitable consequence of funding a substantial portion of the Judiciary's budget through fees. Given that almost 90% of the UJS budget is personnel costs, and the vast majority of that goes to judicial salaries and benefits, there is little more the UJS can do to cut costs, and nothing it can do to reverse the decline in Act 49 collections. As a result, appropriate funding for the judicial branch will require either further increases in statutory court-related fees, which raises serious access-to-justice issues, or the significant increase in the General Fund appropriation contained in this request.

Supplemental Appropriation

The FY 2023-24 budget anticipated the need for \$80.287 million in Act 49 funds to meet the total UJS funding need. The three-month hiatus in Act 49 collections, and the four-month delay in implementing the expansion of the \$11.25 fee to traffic offenses, resulted in lost revenue of roughly \$14 million. The Judiciary now projects that only \$66.962 million in Act 49 funds will be available this fiscal year. Accordingly, the UJS FY 2024-25 budget submission includes a request for supplemental funding of \$13.325 million.

Increase in General Fund Appropriation

Until FY 2021-22, Act 49 funds were generally sufficient or greater than necessary to bridge the gap between the General Fund appropriation and the overall funding needs of the Judiciary, even to the point of creating Act 49 reserves. Since then, however, Act 49 collections have declined significantly from \$61 million in FY 2021-22 to \$49 million in FY 2022-23 to a projected \$37 million in the current fiscal year. As a result, the Judiciary has been using more Act 49 funds than have been collected, relying on reserves that are now exhausted.

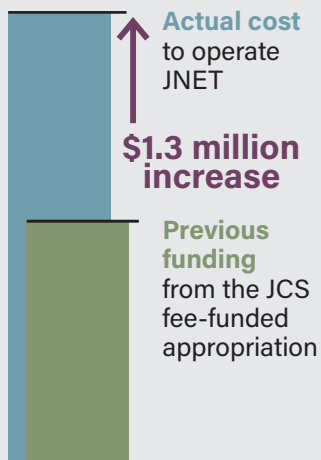
For FY 2024-25, the Judiciary projects using \$50 million in Act 49 funds, requiring a requested increase in the General Fund appropriation of \$62.7 million – a total of \$457.8 million in state funding. This represents a 15.9% increase due directly to the decrease in available Act 49 funds.

Adjustments to JCS Funding

Act 70 of 2021 established the Judicial Computer System Financial Audit Committee (JCSFAC) within the Pennsylvania Commission on Crime and Delinquency (PCCD). The voting members of the JCSFAC were six legislative leadership appointees and a commissioned judge. In January 2022, the JCSFAC issued a report finding the JCS provides a critical service to the Commonwealth, counties, attorneys, participants in the legal system, and citizens. The report found that the long-term viability of the JCS's revenue streams was unclear, given the decline in the fee revenues that provide the sole funding for the continued support and maintenance of the JCS.

The following items are included in the FY 2024-25 budget request to address JCS funding shortfalls:

Integrated Criminal Justice System (JNET) appropriation



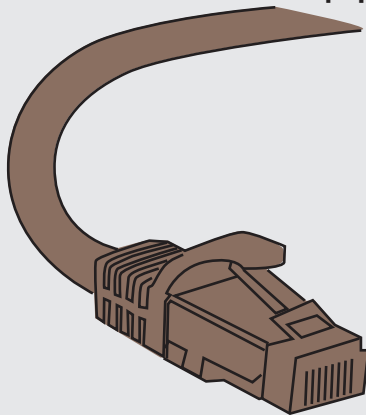
\$1.3 million increase in the Integrated Criminal Justice System (JNET) appropriation to provide 100% of the secure network's cost, which facilitates exchange of data to and from magisterial district courts, previously 50% funded from the JCS fee-funded appropriation

Cyber Security and Disaster Recovery



\$3.49 million request for a new state appropriation to support Cyber Security and Disaster Recovery to provide enhanced vigilance and capabilities to ensure that the JCS satisfies the needs and functions identified in the JCSFAC report

End-of-life Network Equipment



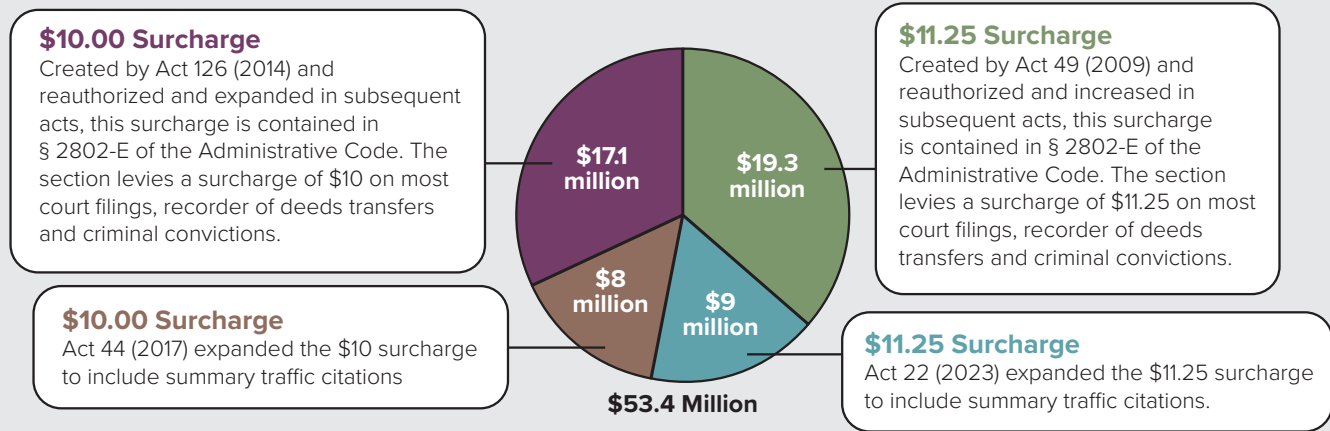
\$1.55 million increase in the Judicial Center Operations appropriation to fund the replacement of end-of-life network equipment at the PJC, previously funded from the JCS fee-funded appropriation

The Judicial Branch is committed to working with the General Assembly to ensure that the JCS - the technological backbone of the Judicial Branch - has adequate funding for its continued operation in support of the court system and all those who seek access to justice.

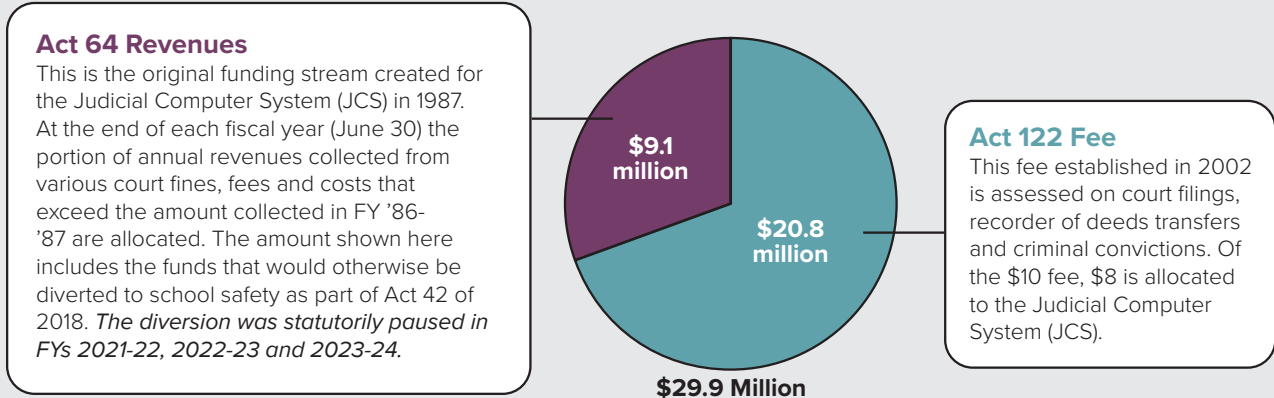
**Chart A:
Judiciary Funding - RESTRICTED REVENUES**

**Act 49 Fees
UJS General Operations
\$53.4 Million Annually (estimated)**

Presently, the combined surcharge of \$21.25 is estimated to provide \$53.4 million in annual revenue to the Unified Judicial System to be used for general fund operations. We colloquially refer to this combined surcharge as the "Act 49" fees. *All Act 49 surcharges sunset on July 31, 2025.*

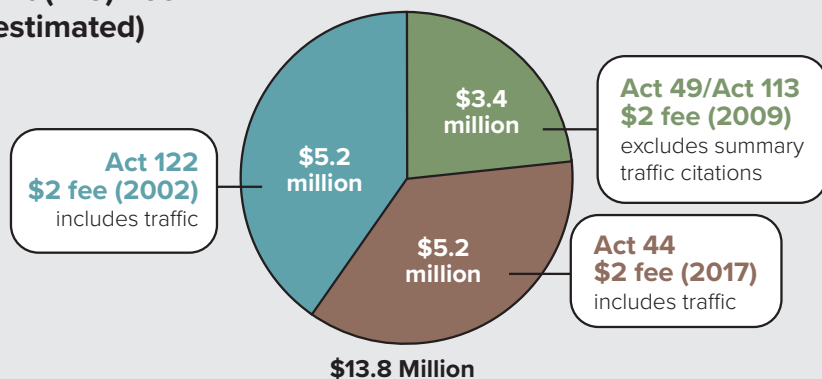


**Judicial Computer System (JCS) Funding \$29.9 Million Annually (estimated)
assuming the statutory pause in diversion continues.**



**Access to Justice Account (ATJ) Fee
\$13.8 Million Annually (estimated)**

The UJS collects and distributes these fees to the Access to Justice (ATJ) account for civil legal aid. *These surcharges are permanent.*



Revenue is deposited into the Judicial Computer System Augmentation Account (JCSAA) and used for the ongoing operations of the statewide judicial computer system, which funds staff salaries and benefits, the case management systems at the magisterial district, common pleas, and appellate levels, and the Guardianship Tracking System (GTS). No tax dollars go to the JCS.

JCS funding has been a source of budget difficulty for some time due to revenue diversions and declining collections. Act 42 of 2018 diverted \$15 million annually for three successive fiscal years and an additional \$30 million was diverted by Act 114 of 2020. A total of \$75 million in JCS funds was redirected outside of the Judiciary over three fiscal years.

The loss of \$75 million exacerbated an already ongoing issue of declining revenues to the JCSAA. From a peak of \$65 million in revenue in FY 2007-08, JCSAA collections have declined steadily, reaching a low of \$31 million in FY 2022-23. **See Chart B.**

