

# NEBRASKA SUPREME COURT

MICHAEL G. HEAVICAN  
CHIEF JUSTICE



P.O. BOX 98910  
STATE CAPITOL BUILDING  
LINCOLN, NEBRASKA 68509  
(402) 471-3738

January 14, 2010

Senator Lavon Heidemann, Chair  
Appropriations Committee  
2004 State Capitol  
Lincoln, Nebraska 68508

Dear Senator Heidemann:

This report is submitted in accordance with Section 10 of LB1, 2009 First Special Session, and your memo dated December 4, 2009, regarding actions and plans to implement the appropriation and cash fund reductions as a result of the special session.

The Supreme Court's primary objective during this biennium is to avoid employee layoffs or furloughs in order to minimize the impact to public safety and citizen access to the courts. Because of a budget weighted more heavily toward personal services than many areas of State government, and with operating funds in most cases provided by counties, there are few budget reduction options that are not staff related. However, restrictions were placed on Supreme Court spending beginning before the special session. Those restrictions are described in a memo from me to all Officers and Employees of the Nebraska Supreme Court dated October 8, 2009, and modified by a memo dated November 25, 2009, both of which are enclosed.

The Supreme Court appreciates the flexibility the Legislature has given it this biennium to transfer spending authority between budget programs and to use cash from several funds. At this time the Supreme Court has no immediate plans to use this authority and intends to use it only if needed to avoid layoffs and furloughs or to avoid reduction in community corrections programs.

Specific comments regarding each area listed in your memo of December 4 are given below. Unless specifically mentioned, actions include all budget programs.

## STAFF IMPACT

- FY09-10
  1. July 1, 2009, salary increase. Most Supreme Court employees received a 2.5% salary increase compared to the 2.9% salary increase given to many State employees.
  2. When possible, hiring is being delayed in order to provide some vacancy savings. Estimated savings is dependent on the number of positions, the employee's salary, and whether a payout of vacation or sick leave was made. This also applies to judicial vacancies.

3. The November 25 memo requires Supreme Court approval before any vacancies can be filled and approval will be granted only for those positions deemed essential. No new positions are being created. For example, although the Legislature provided an increase in the personal services limit to fund a Program 52 Interpreter Coordinator position, this position will not be created. In addition, the contracting of services is being investigated in situations where it is possible that efficiencies can be reached. For example, Probation is reviewing contracts for drug-testing services rather than filling drug technician positions.
- FY10-11
    1. Serious consideration is being given to reduced employee salary increases or no employee salary increases, except for increases required by statute. However, the decision will not be made until late Spring and will be dependent on factors such as spending reductions that may be made as a result of Nebraska Economic Forecast Advisory Board decisions.
    2. Continuation of hiring delays and position review/approval.

#### SERVICE IMPACT

As stated, it is the intent of the Supreme Court to minimize the impact to the public; however, judicial branch functions will be affected as described below and in the enclosed memoranda.

- FY09-10
  1. Beginning in FY08-09, a personal mileage reimbursement rate of \$.485/mile for court employees was implemented. The current reimbursement rate for other State employees is \$.50/mile, recently lowered from the rate of \$.55/mile.
  2. Review of current operations. For example, a major restriction has been placed on Nebraska State Library purchases, saving an estimated \$88,000. Many other ideas are being reviewed as well, such as the cancelation of meetings. For example, Probation has canceled its 2010 Spring Management Meeting at an estimated savings of \$25,000.
- FY10-11
  1. Continuation of FY09-10 decisions and further review of operations for possible savings.
  2. If necessary, use of Probation Program Cash Fund balance for problem-solving courts and community corrections programs to offset cuts to pass-through funds from the Community Corrections Council.

January 14, 2010

FEDERAL FUND IMPACT

The Supreme Court foresees no impact on the receipt of federal funds as a result of spending reductions or cash fund transfers during this biennium.

FEE INCREASES

The Supreme Court does not anticipate increasing fees during this biennium to offset cash fund transfers.

Please direct any additional questions you may have to Janice Walker, State Court Administrator, or Ellen Brokofsky, State Probation Administrator. Thank you.

Sincerely,

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

Michael G. Heavican

jmh

c Senator John N. Harms  
Senator Tony Fulton  
Senator Tom Hansen  
Senator Heath Mello  
Senator Danielle Conrad  
Senator John E. Nelson  
Senator Jeremy J. Nordquist  
Senator John Wightman  
Joe Wilcox, DAS Budget Division

Enclosures

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MEMORANDUM

TO: All Officers and Employees of the Nebraska Supreme Court  
FROM: Chief Justice Michael G. Heavican.  
DATE: October 8, 2009  
RE: Budget

As you know, a special session of the Legislature will be convened beginning sometime in early November in order to address revenue shortfalls. In an effort to prepare for the special session, please govern yourselves by the following restrictions, effective immediately:

1. Existing and newly vacant positions are not to be filled until further notice;
2. Only travel clearly necessary for the day-to-day operation of the courts and probation will be reimbursed;
  - a. In-state travel is allowed for all non case-related meetings and training currently scheduled to be conducted through October 31. In-state travel related to meetings and training scheduled to take place after October 31 will be subject to further restrictions to be determined later this month;
  - b. Until further notice, out-of-state travel is not allowed unless the cost is reimbursed by an entity other than the Supreme Court;
3. Equipment may not be leased or purchased unless an emergency exists, and then only with approval of the State Court Administrator or State Probation Administrator;
4. Any new or renewal contracts, for either services or commodities, are subject to review and approval by the State Court Administrator or State Probation Administrator;
5. Applications for grants are not to be submitted until reviewed and approved by the State Court Administrator or State Probation Administrator;
6. No new real property leases may be entered into without the approval of the Supreme Court.

These actions will remain in effect at least until the end of the special session. At that time the Supreme Court will evaluate the decisions made by the Legislature and determine what further actions should be taken for the remainder of the current fiscal year and the next fiscal year.

Your cooperation with these budgetary matters is greatly appreciated.

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## MEMORANDUM

TO: All Officers and Employees of the Nebraska Supreme Court  
FROM: Chief Justice Heavican  
DATE: November 25, 2009  
RE: Budget

On October 8, 2009, I sent a memo to all court employees regarding restricted spending in several areas. The memo noted that the restrictions were to remain in effect until the end of the special session, at which time the Supreme Court would determine whether additional actions were needed.

During the special session the Legislature recognized the unique nature of the judicial branch by not only passing a spending reduction lower than the initial proposal, but also by granting flexibility to use cash funds and other funding sources to cover budget shortfalls. In addition, our efforts to date to reduce spending have been helpful; however, the end of the special session does not mean that we go back to "business as usual." Continuing caution is warranted because our budget and fund balances were cut for the current and next fiscal year, and the overall future of state revenue is still far from certain. It is very possible that the Legislature will have to address the issue of spending again during the next regular session and beyond. Therefore, the following updates are being made to the October 8<sup>th</sup> memorandum:

- Existing and newly vacant positions may not be filled without approval of the Supreme Court, and consideration will only be given to positions determined by the Court to be essential. At this time the Court will not impose furloughs or employee layoffs. Should these actions become necessary due to inability to stay within current appropriations or the implementation of further reductions by the Legislature, attempts will be made to give employees as much notice as possible. The salary policy for the fiscal year beginning July 1, 2010, will not be determined until late Spring of 2010.
- All reasonable efforts should be made to use technology, such as Skype and conference calling, to reduce travel for daily operations of the courts and probation. Although there are no additional restrictions on day-to-day travel at this time, further restrictions may be imposed if travel expenditures are not reduced. Prior approval to conduct in-state non-case-related meetings and training must be given by the State Court Administrator or State Probation Administrator. If approval is granted, travel to such meetings and training will be reimbursed. The number of approved events may be reduced in the future and an emphasis will be placed on distance learning. The restriction regarding out-of-state travel remains in effect.
- The requirement of prior approval by the State Court Administrator or State Probation Administrator regarding equipment purchases, contracts, grant applications, and real property leases remains in effect.

Thank you again for your efforts to carry on the important work of the judicial branch of the State of Nebraska.