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Court of Appeals

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<https://www.mncourts.gov/>

AT A GLANCE

The 19 judges serving on the Court of Appeals hear cases in three-judge panels in courthouses throughout the state. In 2021, 1,558 cases were filed with the Court of Appeals.

Court of Appeals decisions are the final ruling in about 95 percent of the appeals filed each year. Only about five percent of the Court’s dispositions are accepted by the Minnesota Supreme Court for further review.

The Court of Appeals serves all Minnesota citizens.

PURPOSE

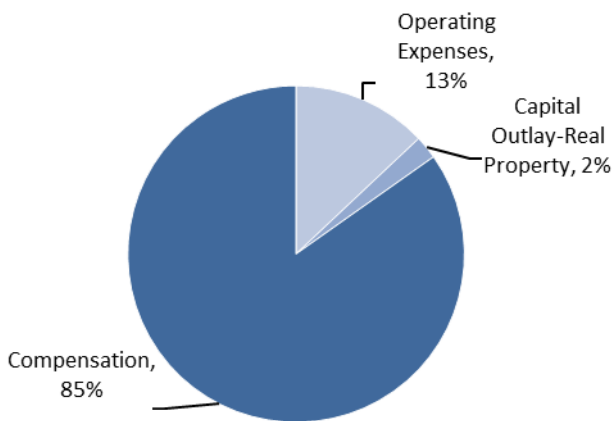
The mission of the Judicial Branch is to provide justice through a system that assures equal access for the fair and timely resolution of cases and controversies.

The Minnesota Court of Appeals provides the citizens of Minnesota with prompt and deliberate review of all final decisions of the trial courts, state agencies and local governments.

- The Court of Appeals has jurisdiction over all final decisions of the district courts, except first degree murder convictions, which are appealed directly to the Supreme Court. The Court of Appeals also has jurisdiction to review certain decisions of administrative agencies and local governments.

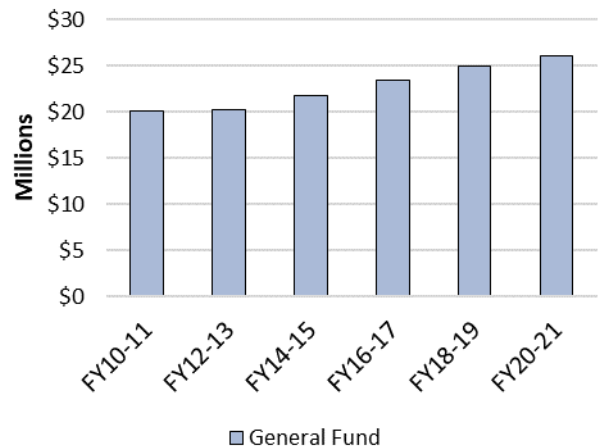
BUDGET

**Spending by Category
FY 2021 Actual**



Source: Budget Planning & Analysis System (BPAS)

Historical Spending



Source: Consolidated Fund Statement

The Court of Appeals’ fiscal year (FY) 2021 expenditures were \$13,383,000. The budget is funded 100% through the state general fund.

STRATEGIES

The mission of the Judicial Branch is *“To provide justice through a system that assures equal access for the fair and timely resolution of cases and controversies.”* The Court of Appeals conducts its functions in support of three strategic goals to deliver its mission:

1. Access to Justice - *A justice system that is open, affordable, understandable, and provides appropriate levels of service to all users.*

Ensuring access to justice for all is an enduring commitment for Minnesota's court system. It is also an increasingly challenging concern given changing court customer expectations, shifting demographics, and increased competition for scarce resources.

2. Effective Administration of Justice - *A justice system that adopts approaches and processes for the fair and just resolution of all cases.*

Over the last two decades, Minnesota courts have worked diligently to become increasingly efficient and effective. The Judicial Branch is focused on being a well-managed court system that seeks innovative ways to promote justice for individual litigants in individual cases.

3. Public Trust and Accountability - *A justice system that engenders public trust and confidence through impartial decision-making and accountability for the use of public resources.*

The Judicial Branch is accountable to the public. It is critical that the Branch maintain and continuously improve public trust and accountability, and it must meet this challenge by collaborating with court customers to eliminate disparities in the court system.

As part of the court's effort to expedite justice and to make access to the appellate system less burdensome and expensive, the court's 19 judges sit in three-judge panels and travel to locations throughout Minnesota to hear oral arguments.

By law, the Court must issue a decision within 90 days after oral arguments. This deadline is the shortest imposed on any appellate court in the nation. The Court expedites decisions on child protection cases, child custody cases, mental health commitments and other requested matters.

The Court of Appeals issues a published opinion, unpublished opinion, or order opinion on each case it considers on the merits.

RESULTS

It is the policy of the Minnesota Judicial Branch to establish core performance goals and to monitor key results that measure progress toward meeting these goals in order to ensure accountability of the Branch, improve overall operations of the court and enhance the public's trust and confidence in the Judiciary. Throughout the year the Court of Appeals reviews performance measure results. This review is shared with the Judicial Council (the Branch's governing body) twice a year.

The Court of Appeals has adopted the American Bar Association (ABA) standards for intermediate appellate courts, which measure cases from beginning (filing) to end (disposition). The goals are to have 75% of the cases disposed within 290 days of filing and 90% of cases disposed within 365 days of filing.

The COVID-19 pandemic had a dramatic impact on the Minnesota Judicial Branch and statewide court operations. In early March 2020, most in-person court proceedings were suspended, public access to court facilities was limited, and courthouse service windows were restricted to only telephone and email support. Currently all courthouses are open, and efforts are underway to address the significant challenges to the Judicial Branch's timeliness goals as a result of the pandemic.

Court of Appeals Cases Disposed Within 290 Days of Filing, 2019 - 2021

Court of Appeals Percentage of Cases Disposed Within 290 Days of Filing						
Goal = 75% of Cases						
	FY2019		FY2020		FY2021	
	# of cases	% of cases meeting objective	# of cases	% of cases meeting objective	# of cases	% of cases meeting objective
Civil	984	84%	957	92%	858	86%
Criminal	828	48%	892	52%	702	44%
Juvenile Protection	95	99%	87	99%	61	100%
Juvenile Delinquency	18	100%	15	100%	18	94%
Total Cases	1,912	69%	1,951	74%	1,639	68%

Percent of Court of Appeals Cases Disposed Within 365 Days of Filing

Court of Appeals Percentage of Cases Disposed Within 365 Days of Filing						
Goal = 90% of Cases						
	FY2019		FY2020		FY2021	
	# of cases	% of cases meeting objective	# of cases	% of cases meeting objective	# of cases	% of cases meeting objective
Civil	971	97%	957	99%	858	97%
Criminal	828	88%	892	88%	702	78%
Juvenile Protection	95	100%	87	100%	61	100%
Juvenile Delinquency	18	100%	15	100%	18	100%
Total Cases	1,912	93%	1,951	94%	1,639	89%

Data are from the *Judicial Branch 2021 Performance Measures – Key Results and Measures Annual Report*. The report can be found at www.mncourts.gov.

The Minnesota Constitution, Article VI, provides the legal authority for the Court of Appeals; https://www.revisor.mn.gov/constitution/#article_6. Minn. Stat. Chapter 480A; <https://www.revisor.mn.gov/statutes/cite/480A> provides the authority for Court of Appeals operations.

Court of Appeals

Agency Expenditure Overview

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base FY24 FY25		Governor's Recommendation FY24 FY25	
<u>Expenditures by Fund</u>								
1000 - General	12,617	13,383	12,938	14,126	13,574	13,574	14,606	15,410
4925 - Paid Family Medical Leave								
Total	12,617	13,383	12,938	14,126	13,574	13,574	14,606	15,410
Biennial Change				1,064		84		2,952
Biennial % Change				4		0		11
Governor's Change from Base								2,868
Governor's % Change from Base								11
<u>Expenditures by Program</u>								
Court Of Appeals	12,617	13,383	12,938	14,126	13,574	13,574	14,606	15,410
Total	12,617	13,383	12,938	14,126	13,574	13,574	14,606	15,410
<u>Expenditures by Category</u>								
Compensation	11,163	11,393	11,481	12,138	12,138	12,138	13,170	13,974
Operating Expenses	1,451	1,649	1,453	1,982	1,430	1,430	1,430	1,430
Grants, Aids and Subsidies			2					
Capital Outlay-Real Property		300						
Other Financial Transaction	3	41	3	6	6	6	6	6
Total	12,617	13,383	12,938	14,126	13,574	13,574	14,606	15,410
<u>Full-Time Equivalents</u>								
	88.43	88.04	87.42	87.42	87.42	87.42	87.42	87.42

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base FY24 FY25		Governor's Recommendation FY24 FY25	
1000 - General								
Balance Forward In		220		552				
Direct Appropriation	12,831	13,163	13,490	13,574	13,574	13,574	14,606	15,410
Balance Forward Out	214		552					
Expenditures	12,617	13,383	12,938	14,126	13,574	13,574	14,606	15,410
Biennial Change in Expenditures				1,064		84		2,952
Biennial % Change in Expenditures				4		0		11
Governor's Change from Base								2,868
Governor's % Change from Base								11
Full-Time Equivalents	88.43	88.04	87.42	87.42	87.42	87.42	87.42	87.42

4925 - Paid Family Medical Leave

Direct Appropriation								
Expenditures								
Biennial Change in Expenditures				0		0		0
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

(Dollars in Thousands)

	FY23	FY24	FY25	Biennium 2024-25
Direct				
Fund: 1000 - General				
FY2023 Appropriations	13,574	13,574	13,574	27,148
Forecast Base	13,574	13,574	13,574	27,148
Change Items				
Maintain Core Justice Operations		1,032	1,836	2,868
Total Governor's Recommendations	13,574	14,606	15,410	30,016

Court of Appeals

FY 2024-25 Biennial Budget Change Item

Change Item Title: Maintain Core Justice Operations

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund				
Expenditures	1,032	1,836	1,836	1,836
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	1,032	1,836	1,836	1,836
FTEs	0	0	0	0

Recommendation:

The Governor recommends \$2,868,000 in the FY2024-25 biennium, and \$1,836,000 per fiscal year ongoing, to increase the compensation of Court of Appeals judges by 9% in FY2024 and 6% in FY2025, provide a 9% compensation pool for employees in FY2024 and 6% in FY2025, and to fund unavoidable health insurance premium increases in each year. The request represents a 10.56% increase in the Court of Appeals biennial base budget. The request maintains the current complement of employees.

Rationale/Background:

The budget request is focused on:

- Ensuring access, fairness and equity in the judicial system;
- Recognizing the vital role judges and employees have in ensuring access to justice; and
- Helping to maintain the quality and capacity of employees and judges necessary to effectively and efficiently address a growing caseload the long-term impacts from the pandemic.

In order to continue driving innovation in the state’s justice system, the Judicial Branch needs to retain and attract skilled employees and judges that can maintain and operate a modern, efficient, and technology-based court system.

Like many employers, the Judicial Branch faces significant issues with employee recruitment and retention. The share of employees who left employment with the Judicial Branch has increased by 42% since 2018, and the number of applicants for each open position with the Judicial Branch has fallen by 51% during that same time.

Minnesota also needs to ensure that judge salaries remain competitive with other public sector legal positions. Today, judges in some counties make less than the county attorneys who appear before them, and, in some cases, even less than the assistant county attorneys.

The Judicial Branch strives to ensure adequate compensation for its judges and staff. However, in recent years, the Judicial Branch compensation structure has fallen behind its public sector peers in both state and local governments.

Addressing this disparity within the public sector will ensure the Judicial Branch can continue to recruit and retain the skilled and experienced workforce it needs to continue driving innovation in the justice system and providing high-quality service to the people of Minnesota. This request will also recognize the incredible work judges and court staff have done throughout the pandemic to ensure access to justice in Minnesota.

Proposal:

The FY2024-25 biennial budget request maintains the current level of services provided by the Judicial Branch. The salary increases are meant to continue efforts to protect the rights of our citizens, ensure prompt services, and deliver efficient dispute resolution, through the Branch’s ability to retain and recruit qualified, skilled staff and judges.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

Yes

No

IT Costs

This is not an information technology proposal.

Results:

This proposal is intended to allow the Court of Appeals to continue to provide current levels of service and information to the public.

Statutory Change(s):

The proposal does not require statutory changes.

Court of Appeals

FY 2024-25 Biennial Budget Change Item

Change Item Title: Paid Family and Medical Leave Insurance

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund				
Expenditures				
<i>MMB Non-Operating</i>	0	0	75	5,824
Transfer Out	668,321	0	0	0
GF Net Fiscal Impact =	668,321	0	75	5,824
Paid Family Medical Leave Fund				
Expenditures				
<i>DEED</i>	41,659	36,492	64,657	92,640
<i>MMB</i>	0	0	43	44
<i>Commerce</i>	367	316	128	128
<i>DLI</i>	601	480	646	646
<i>DHS</i>	0	0	3,635	0
<i>Supreme Court</i>	0	0	20	0
<i>Legislature</i>	0	0	11	0
<i>Court of Appeals</i>	0	0	0	5,600
<i>Benefits</i>	0	0	0	1,038,531
Transfer In	668,321	0	0	0
Revenues	0	0	0	1,219,808
All Funds Net Fiscal Impact = (Expenditures – Revenues)	42,627	37,288	69,140	(76,395)
FTEs	39.5	65.5	241.75	410.5

Recommendation:

The Governor recommends \$668.321 million from the general fund in FY 2024-25 and \$5.899 million in FY 2026-27. The Governor also recommends applying a 0.6% premium rate to employee wages beginning on July 1, 2026, to establish a Paid Family and Medical Leave Insurance program and that employee contributions comprise one-half of the premium rate.

The transfer of \$668.321 million from the general fund provides funds necessary to cash flow the program to enable benefit payments to commence simultaneously with tax collections. It will also support the development of an IT system for collecting premiums and paying benefits, initial staffing and administrative resources required to implement and operate this program at the Department of Employment and Economic Development and other state agencies and branches of government.

Rationale/Background:

Most Minnesotans will need Paid Family and Medical Leave at some point in their lives – whether due to illness, a new child, or family caretaking. But today, approximately 26 percent of all family and medical leaves do not include any wage replacement. According to the “Paid Family & Medical Leave Insurance: Options for Designing and Implementing a Minnesota Program” released in February 2016, around 10% of Minnesota workers take a family or medical leave in any given year. Fifty-nine percent (59%) of current leaves in Minnesota are for own-

health reasons (other than pregnancy), 17 percent are for bonding/parental leave (including pregnancy disability), and 24 percent of leaves are for caretaking a seriously ill family member.

Low-wage employees, certain minority groups, younger workers, and less educated populations are much more likely to lack access to paid leave. For many low-income Minnesotans, taking leave with little or no pay can create significant economic instability for their families, often during some of the most challenging times. Additionally, Minnesota workers are generally less likely to receive compensation during leave for their own serious health condition or family care than for pregnancy or parental (bonding/maternity/paternity) leave.

Without a comprehensive state paid family and medical leave program, Minnesotans are missing out on the economic stability and economy-boosting effects of keeping people employed while welcoming a new family member, caring for a sick loved one, or recovering from an illness or injury. Paid Family and Medical Leave is a critical tool towards enhancing Minnesota's economic competitiveness and building a more stable and resilient workforce.

Proposal:

The Governor recommends creating a new Minnesota Family and Medical Leave Program administered by DEED. This program will provide wage replacement for family and medical leaves and will provide job protections for recipients, so they are assured of continued employment with their employer upon their return. Premiums collected will fund program benefits and ongoing administrative costs.

Appropriations from the general fund will allocate:

- \$519.266 million from the general fund in FY 2024-25 will fund a reserve balance in the Paid Family and Medical Leave (PFML) Fund. This will provide adequate cash flow to permit initiation of benefits simultaneously with the start of premium collections on July 1, 2026.
- An additional transfer of \$149.055 million from the general fund in FY 2024-25 will fund startup costs for administration of the program to be appropriated from the PFML Fund.
- \$5.899 million in FY 2026-27 will be provided to Minnesota Management and Budget Non-Operating to offset employer-paid premium costs in the general fund for state executive and judicial branch agencies and offset the costs to agencies for obtaining notice acknowledgments from employees.

Proposed appropriations from the new PFML Fund include:

- \$78.151 million in FY 2024-25 and \$157.297 million in FY 2026-27 for the Department of Employment and Economic Development will support the creation of business process design, a premium collection system, benefits payment system, user interface development, and program administration.
- \$87 thousand in FY 2026-27 for Minnesota Management and Budget will fund state executive branch employee workplace notice costs as well as upgrades to the state's payroll system necessary for the collection of premiums.
- \$683 thousand in FY 2024-25 and \$256 thousand in FY 2026-27 for the Department of Commerce will fund development of private plan rules and approvals.
- \$1.081 million in FY 2024-25 and \$1.292 million in FY 2026-27 for the Department of Labor and Industry will fund oversight and compliance costs related to the program as well as IT systems upgrades.
- Starting in FY 2027, \$5.6 million per year would fund costs related to appeals filed with the Court of Appeals for denied benefit claims.
- \$11 thousand in FY 2026-27 for the Legislature-LCC will support onetime payroll system updates.
- \$20 thousand in FY 2026-27 for the Supreme Court will support onetime system updates.
- \$3.635 million in FY 2026 for the Department of Human Services to make systems modifications necessary for the implementation of the program.

Impact on Children and Families:

Similar programs in other states have shown improvements in economic stability for families and positive impacts for children. Societal benefits include retaining more women in the labor force, reductions in the need and associated costs for nursing home and other institutional care, reductions in the need for public assistance when a new baby arrives, and less infant care shortages.

Equity and Inclusion:

According to the 2016 report, while almost three-quarters of Minnesota workers received at least some pay when they were out of work for family or medical reasons, low-wage (46%); black (42%); or Hispanic (39%); younger (39%); part-time (38%) or less educated (38%) workers are much more likely to manage leaves without any pay. This proposal is intended to help address that inequality and the economic impacts that that inequality has on these workers.

IT Related Proposals:

This recommendation includes funding for IT costs to create a system for collecting premiums from employers and paying program benefits to recipients. The development of the Paid Family and Medical Leave system will be a multi-year project. The total cost to build the system between FY 2024 and FY 2028 is anticipated to be approximately \$80.4 million, plus approximately \$6.0 million in staff costs.

Results:

Department of Employment and Economic Development will track the following:

- Amount of leave taken
- Amount of benefit payments made to recipients
- Employer opt-outs
- Employee opt-ins
- Program tax collections and balance
- Customer satisfaction