

**Testimony by Judge Philip S. Carchman
Acting Administrative Director of the Courts
Senate Budget and Appropriations Committee
Fiscal Year 2009
Wednesday, April 30, 2008**

Thank you Senator Buono, and members of the committee, for inviting me to testify today and address the proposed FY 2009 judiciary budget. Seated with me are members of the Judicial Council Budget Committee, including the chair of the committee, Judge Georgia M. Curio, assignment judge of Vicinage 15, which includes Cumberland, Gloucester and Salem Counties; Monmouth Vicinage Assignment Judge Lawrence M. Lawson; and Burlington Vicinage Assignment Judge John Sweeney. Also seated here is committee member Christina P. Higgins, who currently is not only the director of the Office of Management and Administrative Services, but also serves as acting deputy administrative director and acting clerk of the Superior Court. Also, I would like to acknowledge, for the record, the recent retirement of Theodore Fetter, deputy administrator of the courts who served New Jersey's judiciary so well for 26 years; and finally, the extraordinary service of Bergen County Assignment Judge Sybil R. Moses, who recently stepped down as chair of the budget committee. Judge Moses could not be with us for today's hearing.

The proposed budget requires the judiciary to absorb a reduction of \$27 million for FY 2009. We are here today to address the difficult budget issues generated by this reduction—where to cut spending, where to allocate diminishing resources most effectively and efficiently, but all with the overarching objective of maintaining the quality of justice that is the hallmark of the New Jersey Judiciary.

Let me begin with drug courts - a diversionary program that treats drug-addicted offenders at a cost far less than incarceration; a diversionary program that transforms drug-addicted offenders into productive citizens. The proposed budget reflects an apparent \$7 million increase but, as the footnote indicates, this in fact reflects an expansion of diversionary programs - the Drug Courts and Intensive Supervision Programs - recommended by the Governor's Efficiency and Reform Commission (GEAR). One-half of that \$7 million "increase" is a pass-through of funds earmarked for the Department of Human Services' Division of Addiction Services. Put simply, most of the increase is drug treatment money to be used by DAS for treatment of additional drug court clients. Ultimately, these additional funds will be more than offset through savings to the Department of Corrections as greater numbers of drug offenders are diverted into drug courts and away from prison.

The New Jersey judiciary supports the expansion of the drug court programs. Additional spending on drug courts results in saving money. In a time of budget crisis, the reasons for providing treatment rather than incarceration become even more compelling. The GEAR Commission estimates that by spending \$38.8 million on drug court in fiscal year 2009, the state will avoid spending \$58 million on incarceration, for a net savings of \$19.5 million. By that simple analysis, drug courts provide real cost savings to the state. The GEAR Commission, and, before that, the Sentencing Commission, recognized the enormous value of drug courts. The

Commissions recommended such expansion and on April 21, the governor signed the bill you passed expanding the drug courts.

And there are even more compelling human reasons for expanding the programs. Let me share some numbers with you:

- Our drug courts currently treat more than 3,000 defendants, all of whom were drug-dependent. With the expansion of the program, that number will rise to more than 4,000. Since the inception of the program, 1,054 adults have graduated from drug court, and an additional 592 currently are in the final phase of the program.
- Drug court participants have paid \$1.3 million in court assessed fees, fines and penalties.
- Ninety-five percent of the approximately 175,000 drug tests administered to drug court participants have been negative.
- Of drug offenders who were incarcerated and were not in the drug court program, 43 percent were reconvicted after their release from prison. In contrast, only 6 percent of drug court graduates have been convicted of another crime.
- Only 24 percent of drug court participants were employed when they entered the program. By graduation, 90 percent of all drug court graduates were employed.
- Only 16 percent of drug court participants had health insurance coverage when they entered the program. At graduation, 50 percent were covered by health insurance.
- 1,060 minor children are benefiting from their parent's sobriety and successful completion of the drug court program.
- The nationally estimated savings in medical costs for one baby born drug-free is \$250,000. To date, 127 babies were born drug free from previously addicted mothers who graduated from New Jersey's Drug Courts. That represents an estimated \$31.8 million cost avoidance in medical costs alone.

New Jersey's drug court accomplishments continue to be acknowledged nationally. Next month, The National Association of Drug Court Professionals will recognize New Jersey's leadership in expanding and improving drug courts. At the NADCP conference, drug court professionals from across the country will honor us for our exemplary program, our leadership and our successes. We have evaluated our program from the first pilot more than 10 years ago and up through today's activities. We have carefully recorded the histories of each and every drug court participant. Because of that, we have been able to offer critical self-analysis of the program's strengths and weaknesses to continuously improve. But perhaps the most significant factor that places New Jersey as a leader on the national scene is that we have operated with your strong support, both through legislation and through funding. We are proud of our role in developing this program in New Jersey and grateful to you for supporting its expansion.

The proposed significant budget cuts present unique challenges for the judiciary. In tough fiscal times, when government necessarily looks to reduce spending, people need the courts more than ever. Court business grows rather than shrinks. The judiciary is a people-driven branch, created and functioning to resolve disputes. We cannot eliminate court sessions, particularly in difficult economic times, to absorb the substantial cuts allocated to us. To the contrary, we see record-setting increases ahead in court filings and workload.

Economic indicators tell us that by the end of this court year, case filings will reach historic highs. For example, foreclosure filings in New Jersey for the first quarter of 2008

exceeded 4,000 per month, a staggering 44 percent increase over the same period last year. This year we are on track to receive an anticipated 49,000 foreclosure filings. This is double the number we received in 2006, just two years ago. And our best estimate is that we may double this number yet again next year.

Increased foreclosure filings are a harbinger of increases elsewhere. Our special civil part filings are about to hit record highs. Families in financial trouble, when forced to decide between paying a credit card bill or the mortgage, pay the mortgage. Left unpaid, their credit card debts will reach our special civil part courts, where filings are for amounts under \$15,000. We are analyzing the numbers on a monthly basis and have grave concerns. We project receiving more than 621,000 Special Civil Part cases this year, 100,000 more than last year.

We know from experience that we must be watchful of similar growth in other case types as well. Another by-product of hard economic times is displacement in people's lives. Financial struggles tear families apart, possibly resulting in divorce, domestic violence, abuse or neglect of children or missed support payments. We may see the effects of increased financial strain in the criminal courts as well. Our court system's challenge is great: to adequately manage and resolve cases that we project will increase overall by almost 9 percent by the end of June while at the same time reducing staff by 300 to meet our budget reduction of \$27 million.

Backlog of cases is a measure we present every year as a gauge of our progress. As of June, 2007, 89 percent of our cases were within our time goals for resolution – a backlog of 11 percent. As of last month, our filings have increased by 8 percent, but through the hard work of our judges and staff, our backlog has held at a relatively steady rate of 12 percent. We continue to closely monitor all of our performance indicators in an effort to plan for the difficult budget and caseload times ahead, while at the same time maintaining the quality of justice that is nationally recognized.

I have noted that the proposed budget reflects cuts of \$27 million for the judiciary. You certainly want to know how we intend to address our share of the budget reductions.

- 1) We strongly support an early retirement incentive initiative and have committed to a reduction of 300 employees with a savings of approximately \$18 million. The loss of personnel will have a substantial impact on systems, operations and remaining workforce; however, we recognize the need to reduce our budget.
- 2) We will defer information technology initiatives, in effect suspending portions of our IT strategic plan that has proven so successful not only in judiciary operations, but in our extensive IT support of state police, local police, corrections facilities, the Motor Vehicle Commission and other executive branch agencies. We estimate a cost deferral of \$6 million. This, too, is a hardship for us, but we see no alternative.
- 3) As I have said during my past appearances before you, the judiciary is careful in our spending, and we will continue to be so as we identify additional cost savings of \$3 million. In that regard, I want to acknowledge the contributions of many of our nine thousand judiciary employees who, when asked to assist us with cost-saving initiatives,

made thoughtful suggestions that are being carefully reviewed, considered and developed.

The judiciary is an independent branch of government yet we recognize our fundamental obligation to work with the other branches to address the difficult fiscal issues that now confront us all. We will continue to operate the New Jersey Court System with sound management principles and fiscal prudence for the benefit of litigants and our community at large.

Even with the budget crisis before us, we have continued to provide court users in New Jersey with innovative programs and with cost-effective and creative services. I would like to mention just a few.

Let me begin with some good news – very good news indeed. This year we will again top \$1 billion in child support collections for the year, and Essex County, in an extraordinary effort, collected \$12 million last month, the largest amount ever collected by a single county in a single month. These child support collection efforts benefit families and the state. For example, of the \$1 billion collected, nearly \$57 million was reimbursed to the state for welfare payments that had been made to parents because they were not receiving their child support and were forced to rely on welfare instead. Every dollar we collect in child support payments, whether owed to families or to the taxpayers of the state, helps to alleviate the economic pressures weighing upon us. We will continue to devote available resources to this critical task.

And then there is jury duty--a necessary civic responsibility, but one too often anticipated with dread. Years ago, jury duty probably topped our list of complaints, but just recently a neighbor told me she was –and I quote—“treated like royalty” when called to serve on jury duty here in Mercer County. Indeed, we have made a number of advances to improve the jury duty experience, from improved waiting room facilities to internet access. Our latest innovation is a project to make juror reporting information available online. As of April 23, fourteen counties were live and the remaining seven were just about ready. New Jersey’s juror reporting system, whether online or by phone recording, is another example of sound management—it is more convenient for citizens and less costly to taxpayers to bring the lowest possible number of jurors into the courthouse, based on day-to-day trial court needs.

You have provided funds through legislation for special fees to ensure that we maintain a highly effective statewide computer system for traffic tickets. Since this time last year, we have used those funds to provide new computers at no cost to the municipalities, as well as access for every municipal court to our statewide e-mail system as well as to our internal municipal court Web site, the definitive source of up-to-the-minute information for judges and staff about court operations, new laws, administrative directives and other critical resources. By linking municipal court judges and administrators directly to our communications systems, we have eliminated the outdated, costly and cumbersome processes we once used to coordinate services to 530 municipal courts around the state.

Unfortunately, municipal courts made headlines earlier this year when we uncovered and reported the inappropriate dismissing of parking tickets. Chief Justice Rabner moved swiftly to address the situation and to work cooperatively with law enforcement. He stated clearly that the

judiciary maintains a zero-tolerance policy for violations of the law and of our ethics rules and especially for the violation of the public's trust and confidence in our justice system. Municipal courts in New Jersey resolve more than 6 million cases every year, with nearly 3 million of those parking tickets. We must be confident that each one is resolved properly. To that end, we have been using our computer system to review every parking and moving violation ticket issued within the past three years to identify any other possible instances of the improper dismissal of tickets.

I have listed many of the challenges we face in the judiciary as well as some of our successes. I would like to report to you on our continuing efforts to ensure diversity in the management of the judiciary. We hold strong to principles of equal access to the courts, of diversity of our workforce and of addressing minority concerns.

When I appeared before you last April, we had one minority assignment judge and seven minority presiding judges. Today, we have two minority assignment judges and eight minority presiding judges. In addition, we have increased the number of minorities in court executive positions by five.

I am proud to report that the only two appointments I have made to the central office senior staff—the chief deputy clerk of the Superior Court and the assistant director for probation services are members of New Jersey's proud Hispanic community.

These difficult economic times also present us with opportunities. With an early retirement incentive program, we anticipate that some of our senior staff will be retiring, and Chief Justice Rabner and I will be using this opportunity to reinforce our commitment to diversity in the judiciary.

I would like to close on a personal note. I come here today representing the judiciary and my third chief justice in as many years. Chief Justice Stuart Rabner has inherited the finest court system in the United States. Under his direction and through the body of law addressed by his court, the New Jersey Judiciary will lead the nation for generations to come. It is a testament to his leadership and to the judges and staff around the state that the transitions we have undergone not only have remained invisible to those who use our courts, but have strengthened our resolve to face the challenges ahead. I am honored and proud to serve with him.

That concludes my prepared testimony. I would be pleased to respond to your questions.