

Testimony of Chief Judge Michael Gadola of the Michigan Court of Appeals
before the Judiciary Subcommittee of the House Committee on Appropriations

February 14, 2024

Chair Wilson, Majority VC Weiss, Minority VC Lightner, and members of the subcommittee, thank you for allowing me the opportunity to address you concerning the fiscal year 2025 budget of the Michigan Court of Appeals. Our current year budget of roughly \$26.4m represents just 0.1747% of all GF expenditures in fy 2024. Our recommended budget of roughly \$27.3m for fy 2025 represents 0.1909% of recommended GF expenditures for next year.

This relatively small appropriation does not, however, begin to represent the important role our court plays in our state's One Court of Justice. The MCOA is the last stop for the vast majority of all appellate litigation in our state. While the SC has the "final final" word, the reality is that for most litigants our court represents their last chance to secure justice.

In 2023 our court's 25 judges disposed of 4,660 cases, with 90% of our cases being disposed of in 18 months or less. 5,067 cases were filed in the COA in 2023. This marked a return to our pre-pandemic numbers, when for the 5 years before 2020 our filings were always in excess of 5,000 cases per year. So we can now safely say that we have survived the Covid era and come out the other side just as strong as ever.

While we have fully returned to in-person oral argument, as a result of our Covid experience and technology upgrades, we can now allow lawyers to appear remotely when needed, preserving their ability to argue their clients' causes when it might otherwise not be possible or practical to do so.

We continue to manage the Court of Claims docket as efficiently and effectively as possible, under the direction of new CJ Brock Swartzle. There were 188 new filings in the COC in 2023 (typically above 200 and as many as 272 in 2020). The COC disposed of 217 cases last year. We are very grateful for the 2 Senior Research attorneys you funded in the current budget to assist the judges of the COC in their work (BAS, JRR, CPY, SGP).

I had hoped to be able to tell you that we support the Governor's recommendation for fy 2025 and then open myself to questions. But unfortunately there's one item that arose just within the last week or two that I must bring to your attention and ask you to help us with.

Our Court has been working with the Executive Branch to move our operations from private lease space to State-owned facilities. Over the last 20 years, the Court has moved 4 offices to State-owned buildings, leaving just our offices in Troy in private lease space. That lease expires in November, 2026.

The Court found an opportunity to renovate existing space in Cadillac Place in Detroit to accommodate the judges and staff in the Troy office. The initial cost of the renovations was estimated at \$910,000. A Work Project was established, and was funded at a level of \$1 million.

The project has begun, architectural drawings are complete, and 2 acceptable bids for the project were received last month. Both bids unfortunately exceed \$1.52 million.

\$138,000 has been committed from the Work Project for architect fees, DTMB fees, and other costs. It is expected that it would take an additional \$765,000 to complete the project, which includes a \$100,000 contingency for any additional change orders.

The Court is at a crossroads with this project. If the renovations cannot be funded, the Court would have to renegotiate a lease extension with the current space in Troy. The final year of the current lease will cost the State over \$450,000. Signing a lease extension would cost the State over \$2.25 million over 5 years. If the project is completed, however, the State would no longer bear this expense, as all Court of Appeals operations would then be housed in State-owned buildings. This means that the requested \$765,000 appropriation would be made up within less than 2 years.

The Court has brought this issue to the attention of the State Budget Office. They recommended that due to the timing, the Court should ask the Legislature directly for this additional funding. The SBO sees the merit of the proposal and it's my understanding that we have their full support in this request.

Our Finance Director, Russ Rudd, is in the audience today and would be happy to follow up with the members and staff to work through the details of this request as the budget process moves forward.

Thank you very much for your time and consideration. I would be happy to answer any questions you might have.