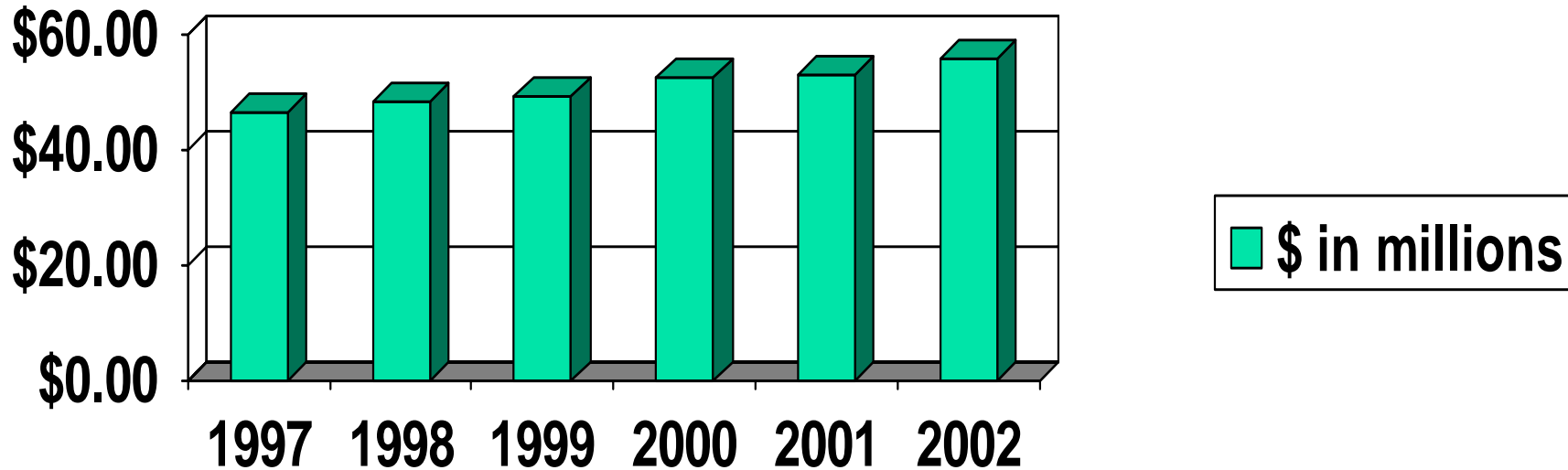




“Business Model” Implications of the 2003 Performance Audit

Activity and Operating Expenses
1997-2002

Judicial Branch Operating Expenses



- 2002 Operating Expenses: \$55.8 million
- 1997-2002 CAGR: 3.7%



Composition of Expenses

2002 Operating Expenses

(\$ in thousands)

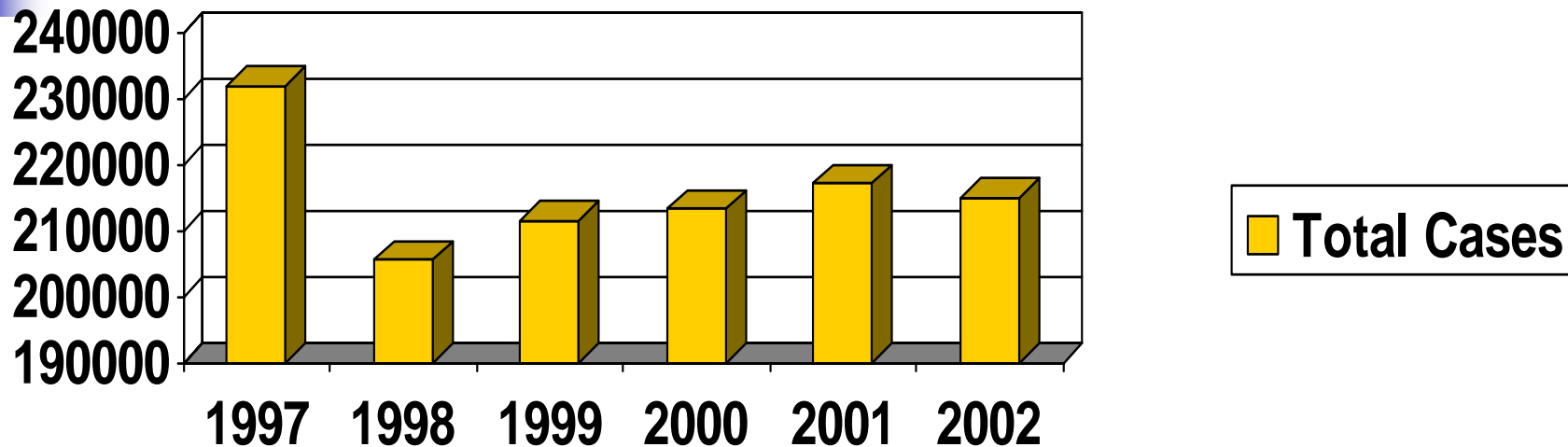
- By Court:

- Supreme Court: \$4220
- Superior: \$21880
- District: \$18528
- Probate: \$4896
- Family: \$2892
- AOC: \$3350

- By Natural Expense

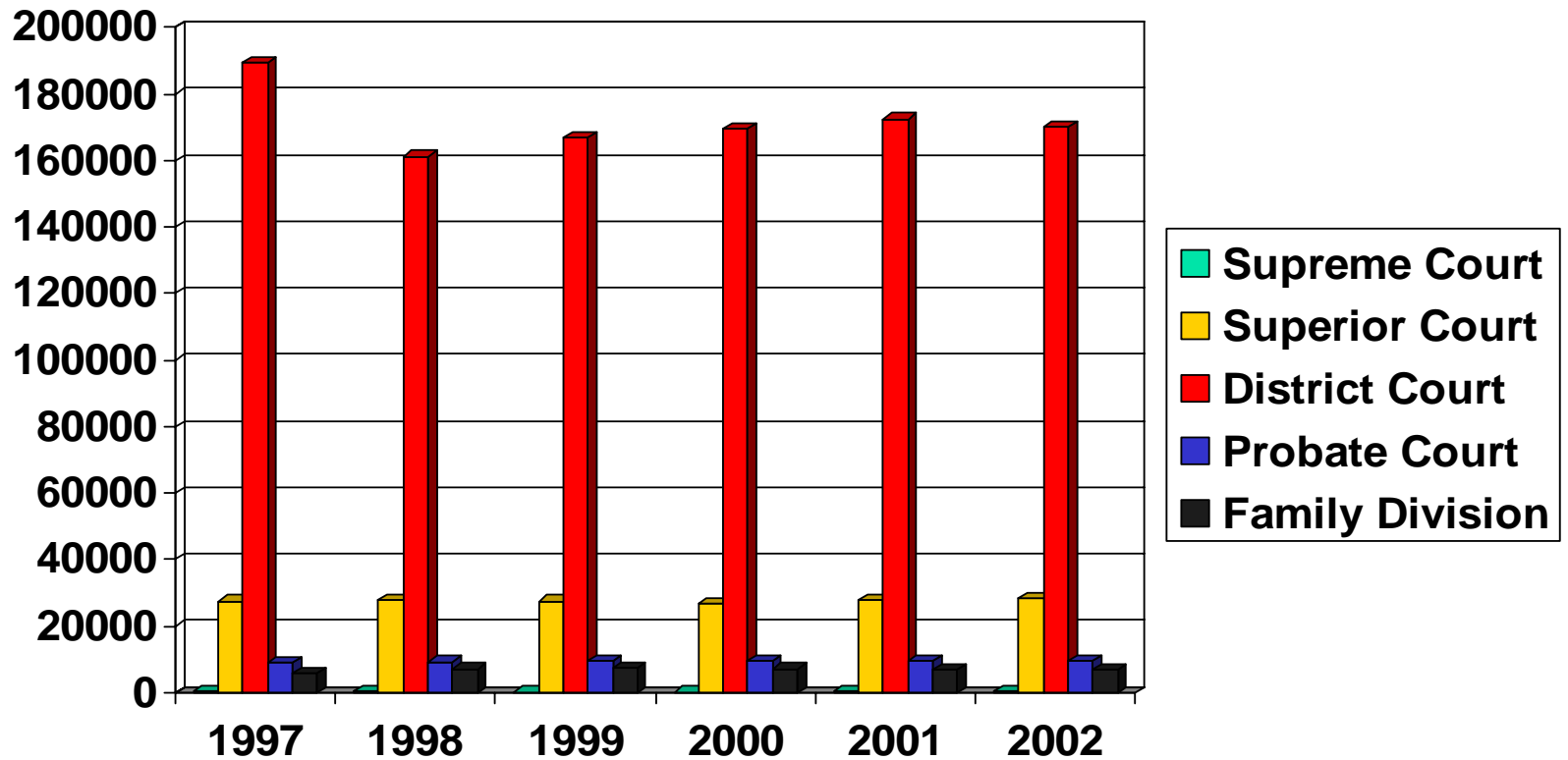
- Personnel: \$41143
 - Justices and Masters Salary: \$9028
 - Benefits and Retirees: \$11070
 - Other Personnel: \$21042
- Non-Personnel: \$14624

Judicial Activity: Disposed Cases



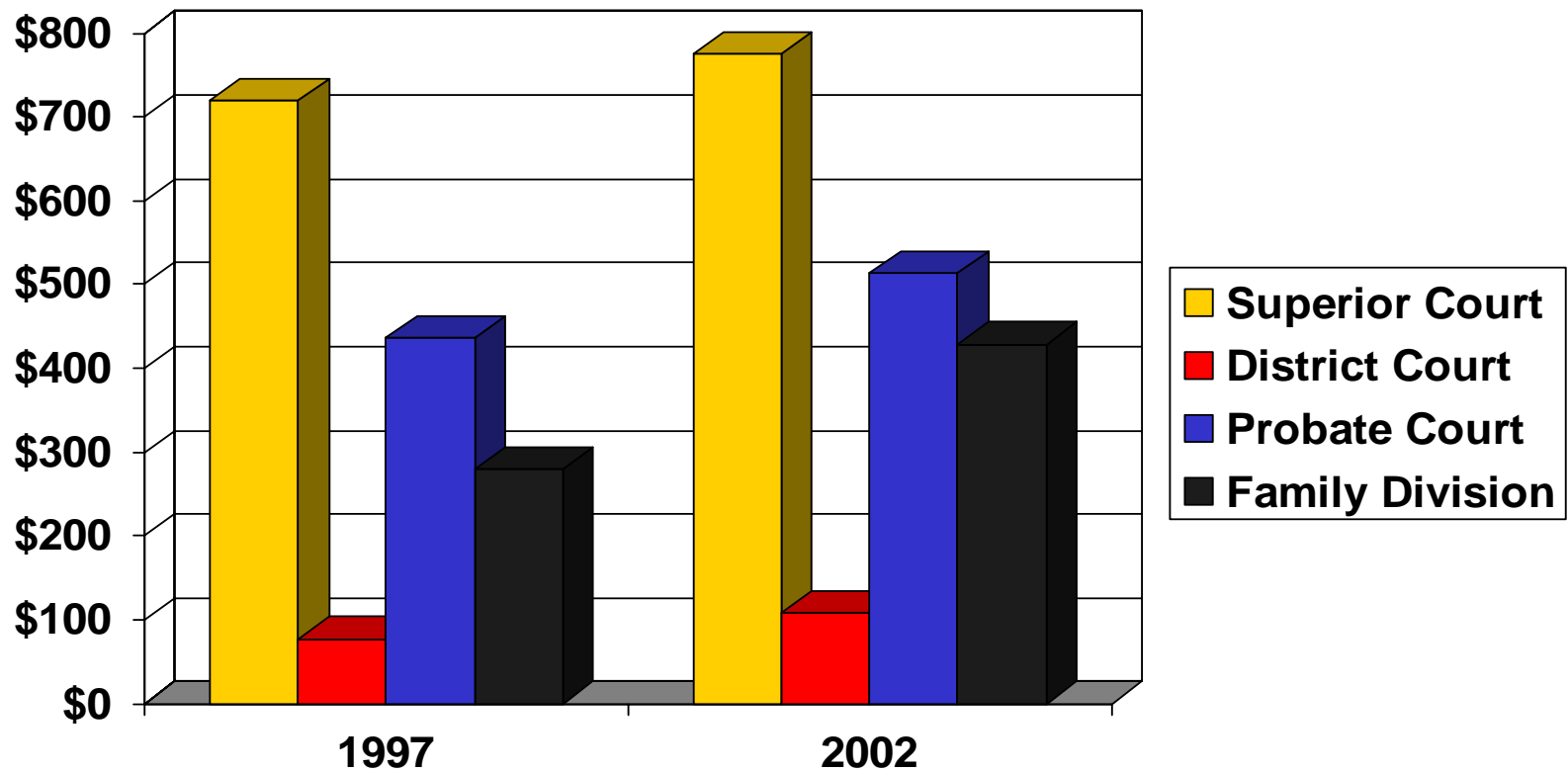
- Stable Volume after '97 peak
- District Court accounts for 80% of case volume

Judicial "Activity" Cases Disposed



Significant Variation in Cost/Case Across Courts

EBH1

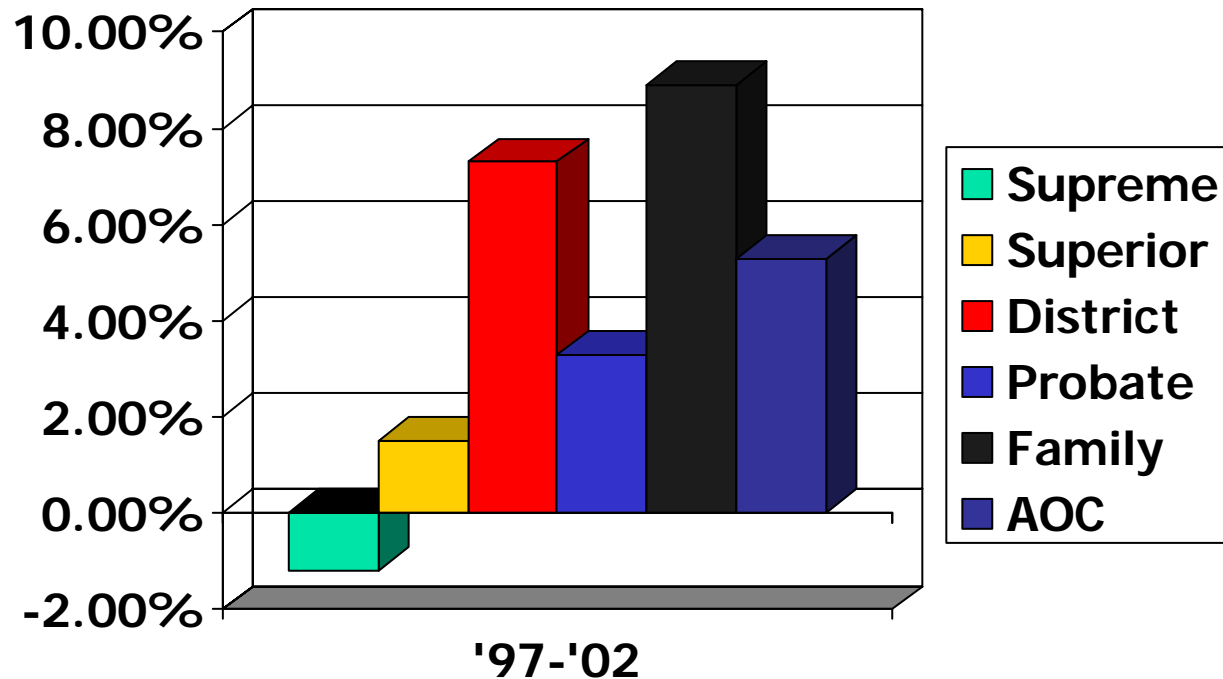


EBH1

Note: Supreme Court at \$9391 in '02.

Eric B. Herr, 7/6/2005

Increases in Cost/Case by Court '97-'02: CAGR %





Expense Increase by Natural Expense Category '97-'02

- Total Operating Expenses
 - +\$9.4 million.... +3.7% cagr
- Attributable to
 - Justices & Masters Salaries: \$1.5 3.6%
 - Benefits & Retirees: \$3.4 7.4%
 - Other Personnel: \$4.0 4.3%
 - Non-Personnel Expense: \$0.5 0.7%



Expense/Justice and Master Salaries

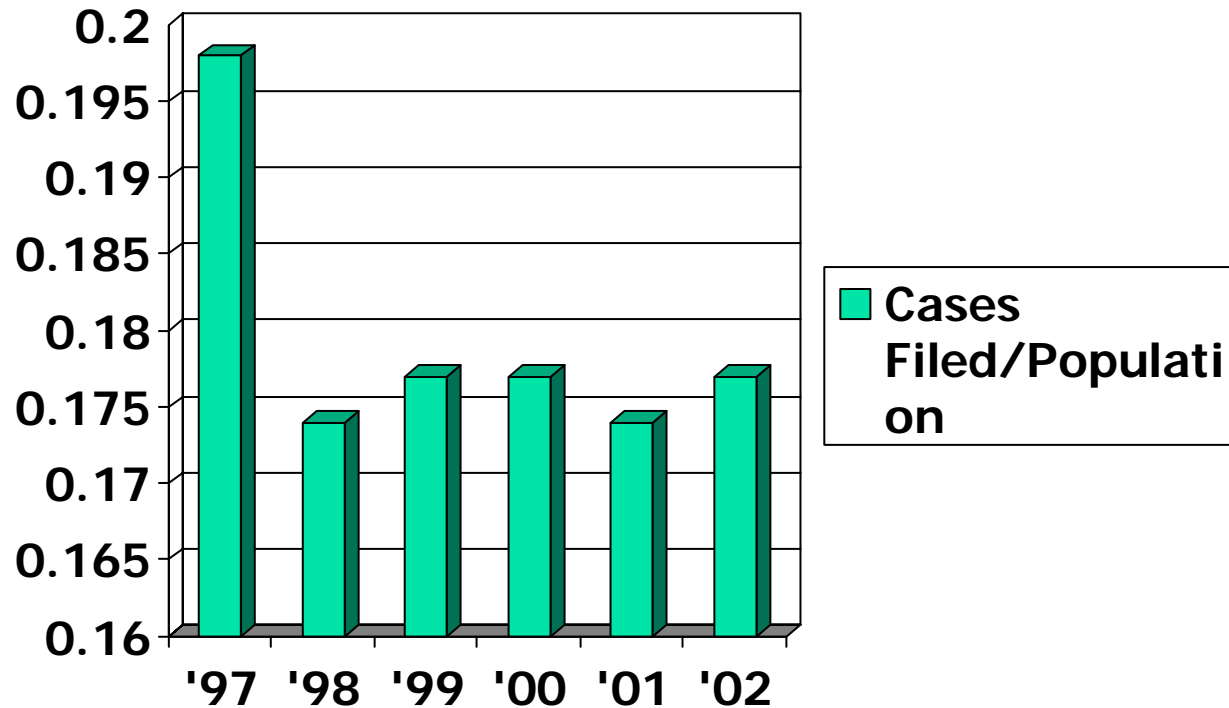
- Benefits and Retiree Expense/Justice & Master Salaries
 - 1997: \$1.01
 - 2002: \$1.23



Variance Analysis of Judicial Branch Operating Expense '97-'02

- Change in Op Expense: \$9.4 m
 - Attributable to
 - Change in Case Volume: -\$3.5 m
 - Changes in Avg. Cost Per Case
 - Changes in Mix of Case: \$.6m
 - Cost and Productivity Changes \$12.3 m

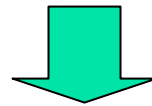
Demand for Judicial Services





Future Business Model...

- Demand=f(Population Growth)
- Expense Inflation
 - Price Inflation Effects on Wages
 - Benefits and Retiree Costs
 - Non-Personnel Costs



**Implies Productivity and Demand Shifting
Requirements**