

**JUDICIAL COUNCIL OF CALIFORNIA
ADMINISTRATIVE OFFICE OF THE COURTS**

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Report

TO: Members of the Judicial Council

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SUBJECT: Approval of Statewide Administrative Infrastructure Services Funding
Process and Delegation of Authority to Allocate Funds From the Trial
Court Trust Fund and the Trial Court Improvement Fund (Action Required)

Issue Statement

So that the judicial branch may continue the development and deployment of statewide trial court administrative infrastructure initiatives currently underway, it has become necessary for the courts to pay the cost of certain services related to the implementation of these systems that are directly attributable to individual trial courts. In addition, in order to have adequate staffing to implement and operate these systems at the local level, some courts may need to add staffing and other resources. In some instances individual courts will not be able to absorb these additional costs within their existing budgets or within new funding provided through the State Appropriations Limit (SAL) process. As a result, a supplemental funding process for the trial courts is necessary to facilitate the courts' ability to pay for these services.

In an effort to implement a fair and consistent approach for charging the courts, the Trial Court Budget Working Group (TCBWG) has recommended which costs are appropriately paid at the statewide level and which are appropriately paid by the court receiving the direct benefit of the service. In addition, the TCBWG has recommended a process to enable those courts that cannot absorb the additional costs to request one-time and/or ongoing supplemental funding from any available fund balances in the Trial Court Trust Fund (TCTF) or the Trial Court Improvement Fund (Improvement Fund). Authority to allocate these funds, consistent with the supplemental funding process, needs to be delegated to the Administrative Director of the Courts.

In addition, it may become necessary to directly pay critical statewide costs associated with the trial court administrative services and technology initiatives from the TCTF to the extent that one-time funding is available. The authority to allocate these funds needs to be delegated to the Administrative Director of the Courts. The authority for this direct payment from the TCTF is consistent with the authority granted to the Administrative Director of the Courts by the Judicial Council for allocation of the Improvement Fund and the Judicial Administration Efficiency and Modernization Fund (Modernization Fund). Allocation of one-time funding from the TCTF to the courts for this purpose would not reduce approved current or future allocations to the trial courts.

Recommendation

The Trial Court Budget Working Group and staff of the Administrative Office of the Courts (AOC) recommend that the Judicial Council take the following action:

1. Approve the proposed statewide funded expenses and proposed court expenses for statewide administrative infrastructure services (attached at pages 7 and 8).
2. Approve the supplemental funding process for statewide administrative infrastructure services (attached at pages 9–12).

In addition, AOC staff recommends that the Judicial Council:

3. Delegate authority to the Administrative Director of the Courts to allocate one-time and ongoing unallocated funds from the TCTF and Improvement Fund to the courts in accordance with the supplemental funding request process, and, if it becomes necessary, to make direct payment for statewide administrative infrastructure costs from one-time funding in the TCTF, which would not reduce approved current or future allocations to the trial courts.
4. Require that AOC staff report annually to the Judicial Council in December as to the amount of funding from the TCTF and Improvement Fund allocated to the courts through the supplemental funding process, as well as any amounts paid directly out of the TCTF in the previous fiscal year for statewide administrative infrastructure costs.

Rationale for Recommendation

For the past several years, the AOC, in partnership with the trial courts and as directed by the Judicial Council, has initiated the development and implementation of various statewide administrative infrastructure initiatives. These include the Court Accounting and Reporting System (CARS), the Court Human Resources Information System (CHRIS), the California Case Management System (CCMS), and the California Courts Technology Center (CCTC), among others. These programs will enable the courts to plan for and manage their funding, personnel, resources, records, and cases as part of the

effort to increase the independence and accountability of the judicial branch (Goal II, Strategic Plan of the California judicial branch).

As with other necessary infrastructure improvements, these services have substantial one-time and ongoing costs. No General Fund monies have been received to address administrative infrastructure initiatives for the courts since fiscal year (FY) 2001–2002. In FY 2000–2001, \$22 million in one-time funding with a three-year availability period was approved in the Budget Act. This funding supported the beginning development of what has become known as the CCMS. In addition, funding was approved in the 2001 Budget Act to establish core positions within the AOC to support the initial development of the CARS project.

Since that time, these infrastructure initiatives have been funded through a variety of sources, including the Improvement Fund, the Modernization Fund, and, beginning in FY 2004–2005, direct billing of the trial courts for the provision of these services. Requests for new state funding have been submitted over the past few years but have been unsuccessful. With the advent of the SAL budget process for the trial courts in FY 2005–2006, the ability to submit budget change proposals for specific initiatives, except those resulting from new legislation or extraordinary circumstances, was discontinued. The State Department of Finance did agree, however, to one additional request for a baseline adjustment for technology, primarily because of the Governor’s vetoes in the 2005 Budget Act. Consequently, as part of the FY 2006–2007 budget process, a budget change proposal (BCP) was submitted for a General Fund augmentation in the amount of \$12.341 million to support the development and implementation of administrative services to the trial courts. This BCP is still pending in the legislative budget process.

As courts have transitioned to the newly developed statewide systems, the AOC has worked with the courts to determine how much they would pay locally toward the support of these systems. In addition, courts implementing the CCMS agreed that they should fund court-specific deployment costs to the extent funding is available. Initially, charges were based on each court’s ability to pay. After further review of the process and based on input received from the trial courts, AOC staff recommend that in order to accurately reflect all court specific expenditures in each court’s budget, all courts should pay the actual costs attributable to their own court. Additionally, it was recommended that a consistent methodology be developed across all projects for which expenses should be paid at the statewide level versus the local level. While some courts will be able to deal with the full costs, other courts may determine that the amount they are charged for one or more of these services is more than they can afford. It is also possible that adopting these new systems will require some courts to add staff to operate them and to incur one-time costs to deploy the systems. To address these concerns, a process needed to be developed that enables these courts to seek supplemental funding to provide the difference between what they will be charged and the amount they are able to pay for themselves. The proposed process is attached (attached at pages 9–12).

The process provides for creation of a Statewide Administrative Infrastructure Funding Committee that will review AOC staff recommendations on individual court requests. The committee consists of two representatives from each region (presiding judges or court executive officers may serve), the three AOC regional administrative directors, the AOC chief financial officer, and the AOC chief deputy director. The types of circumstances the committee will consider in reviewing a request are included in the process description. The committee's recommendations are then presented to the Administrative Director of the Courts for a final decision, based on the availability of unallocated funds in the TCTF or Improvement Fund. However, if statewide administrative infrastructure has been approved as a Judicial Council budget priority in a particular year and sufficient funds are not available in the TCTF or Improvement Fund to address the needs, the review committee's recommendations will be forwarded to the TCBWG for review. In reviewing the recommendations, the TCBWG will consider all other operational funding needs of the courts, other Judicial Council budget priorities for that year, and the amount of funding, if any, available for allocation through SAL. The TCBWG will then make recommendations for council action on the requests.

Currently, the Executive and Planning Committee approves the annual budget for the Improvement Fund and the Modernization Fund, which includes significant funding supporting the development and implementation of statewide administrative infrastructure initiatives. Once the committee approves the budget, pursuant to internal guidelines for the Improvement Fund and Modernization Fund approved by the Judicial Council, the Administrative Director of the Courts has the delegated authority to allocate additional funds to the approved projects. If adequate resources are not available in the Improvement Fund or Modernization Fund for the approved projects, and consistent with the delegation authority for those funds, authority needs to be delegated to the Administrative Director of the Courts to cover costs from the TCTF to the extent that one-time funding is available. These allocations of one-time funding from the TCTF would not reduce approved allocations to the trial courts.

A provision for staff to report back to the Judicial Council annually on the funding provided to the courts in support of the supplemental funding request process and any amounts paid directly out of the TCTF for statewide administrative infrastructure costs is included in the process in order to keep council members apprised of the purposes to which these public resources were utilized either by or on behalf of the courts.

Alternative Actions Considered

One alternative considered was not to charge the courts for the cost of any of these administrative infrastructure systems. However, if the courts were not charged, there would be no ability to continue to develop and implement them. The courts would either have to continue to use old, inadequate systems, or, if a county currently provides the services to a court and then decides to discontinue them, the court would be forced to

develop its own ad hoc systems or manage its business without these types of systems. Given the fiscal responsibility and accountability requirements of the Lockyer-Isenberg Trial Court Funding Act of 1997 (AB 233; Stats. 1997, ch. 850), these requirements would be extremely difficult, if not impossible to fulfill. For these reasons, this alternative is not recommended.

Another alternative considered was not to provide an opportunity for courts to seek supplemental funding if they determined that they could not absorb the increased costs of the systems. This alternative is not recommended because, realistically, some courts will not be able to afford the total cost of the services either because they were previously paying the county less for these types of services, or they were not receiving these services at all. In either of these instances, a court may not have enough funding available to offset the charge for the new systems. If assistance is not provided to these courts to meet the costs, the existing diverse and aging administrative infrastructure services systems spread throughout the state in many cases will continue providing inadequate service, until they ultimately collapse. For the courts to meet accountability requirements and provide adequate management of their funding, personnel, resources, and records, they need to be able to employ infrastructure systems that are designed specifically to address these purposes.

Comments From Interested Parties

The Administrative Cost Structure Subcommittee of the TCBWG was formed last summer. In addition to TCBWG members, the subcommittee includes members recommended by the Trial Court Presiding Judges Advisory Committee and the Court Executives Advisory Committee. Among other activities, the subcommittee developed recommendations regarding those services that should be paid for on a statewide basis and those that individual courts should be charged for. The group recognized the need for a supplemental funding process. The process they developed was subsequently presented to the TCBWG at its March 8, 2006, meeting.

Some revisions were made to the process based on the TCBWG's discussion. One change was to increase the court representation on the Statewide Administrative Infrastructure Funding Committee from one court executive officer from each region to two representatives from each region, presiding judges or court executive officers. An earlier version of the process provided that only costs directly related to statewide administrative infrastructure services could be requested. The proposed process now includes clarifying language stating that courts may also request funds to address other costs that are the result of system implementation. The TCBWG expressed their approval of the proposed process with these revisions.

Implementation Requirements and Costs

As described in the proposed process, the costs to address this recommendation will be met through one-time or ongoing unallocated funding from either the TCTF or the

Improvement Fund. This may include SAL funding specifically reserved for this purpose, if administrative infrastructure services is determined to be a Judicial Council budget priority in a particular year and specific funding is approved by the council. Supplemental funding will be provided to a court once a request has been approved by the Administrative Director of the Courts, or the Judicial Council, if statewide administrative infrastructure is a budget priority.

Attachments

Statewide Administrative Infrastructure Services Proposed Statewide Funded Expenses

- AOC staffing for indirect services
- Licensing, except Citrix licenses for Interim CMS (Sustain)
- Hardware and software maintenance (except for court-specific telecommunication equipment)
- California Courts Technology Center (CTCC) overhead
- CTCC disaster recovery costs
- Development and deployment costs (except CCMS deployment costs; courts to directly pay vendor)
- Hardware and software costs (related to statewide initiatives hosted at the CTCC)
- Upgrades (related to statewide initiatives hosted at the CTCC)
- Outside legal assistance
- End user training (for AOC-sponsored statewide initiatives)

Statewide Administrative Infrastructure Services Proposed Court Expenses

- AOC staffing to provide court specific services—Court Accounting and Reporting System (CARS), Court Human Resources Information System (CHRIS), and California Case Management System (CCMS)
- Court-specific CTCC costs, including network, operations, and equipment support; help desk operations; and CARS, CHRIS, CCMS, and Integration Services Backbone (ISB) application support. Optional services, including CTCC exchange services and equipment, e-mail, directory services, authentication services, and local desk-side support
- Deployment for CCMS (court to directly pay vendor)
- AOC provision of court specific jury check services (optional service)—CARS
- Direct court-specific collection services (optional service)—CARS
- Application support, on-site infrastructure services, staging and production, and Citrix license—Interim CMS
- Court-specific professional services associated with using the ISB for conversion services

Statewide Administrative Infrastructure Services Supplemental Funding Process

Application Process

Upon notification¹ by the AOC or realization by the court that it will incur new costs, the court must submit a Statewide Administrative Infrastructure Services Supplemental Funding Request Form if it determines that it cannot absorb the proposed new costs.

Courts may apply for supplemental funding to address one-time, limited-term, and/or ongoing costs that will occur during the current year and/or budget year and beyond. The source of funding for these requests will be from any existing balances in the Trial Court Trust Fund (TCTF) or the Trial Court Improvement Fund (TCIF). To the extent the Judicial Council approves Statewide Administrative Infrastructure Services as a trial court funding priority in any given year, these requests will be incorporated into that review and approval process.

Note:

- No invoicing of costs will occur until courts are notified of costs and provided the opportunity to apply for and receive supplemental funding.
- Courts already incurring costs at the time of adoption and implementation of this process are also eligible to apply for supplemental funding.

The court's supplemental funding request must be related to statewide administrative infrastructure services, which may include the following:

1. Court Accounting and Reporting System (CARS);
2. Court Human Resource Information System (CHRIS);
3. California Case Management System (CCMS);
4. Interim Case Management System or Sustain;
5. California Courts Technology Center (CTCC);
6. Data integration; and

¹ This process also applies to Statewide Administrative Infrastructure Services costs paid directly by the court to vendors. AOC notification may not occur in all of these instances.

7. Telecommunications.

Supplemental funding requests unrelated to statewide administrative infrastructure services or discretionary services, such as jury check services or CTCC help desk services, will not be considered as part of this process.

In addition to the program costs directly related to the systems described above, the court may request funds to address costs resulting from system implementation.

Deadline for Submitting Requests

The court must submit the request for supplemental funding within 30 days of notification of the charges for an administrative service if the court determines it cannot absorb either the charges or the cost of any additional resource needs resulting from the services. If it is later determined that the system has created the need for additional resources that were unknown or unrealized prior to implementation, the court will have up to one year from date of implementation to submit a request.

Request Considerations

The following circumstances will be considered in the analysis of requests for additional resources:

- Implementation of the new system resulting in increased costs as compared to historical costs for like services;
- Implementation of the new system resulting in increased costs as compared to current costs for like services;
- Additional resource needs resulting from implementation of the new system;
- If additional costs were a result of a court decision and the method is not the most cost effective approach;
- The level of reserves not encumbered or reserved for critical planned projects and expenditures;
- Budgeted and actual expenditures of all court revenue, including civil assessment and undesignated fees;
- The court's consideration of alternatives to mitigate costs;

- If the court requests funding for ongoing staffing for the budget year and beyond, the court's ability to address the costs for the budget year and beyond with the funding provided through the SAL adjustment process;
- Status of the court's operational issues such as backlogs; and
- Other areas of review as appropriate.

Approval Process

AOC budget staff will review and analyze all requests. Recommendations by AOC budget staff will be forwarded to the court for response. The recommendations and responses will then be reviewed by the Statewide Administrative Infrastructure Services Funding Committee. This review committee will consist of two representatives from each of the regions (presiding judges or court executive officers may serve), the three AOC regional administrative directors, the AOC chief financial officer, and the AOC chief deputy director. This committee will review all applications and AOC staff recommendations and then make recommendations to the Administrative Director of the Courts for final decision.

If the recommendation is to include the request as a Judicial Council-approved funding priority, the review committee's recommendations will be forwarded to the Trial Court Budget Working Group for recommendation to the Judicial Council.

Timing of Approval Process

AOC staff will review and analyze the funding requests and forward their recommendations for funding to the requesting court, within 30 days of receiving the request.

The court will have two weeks to respond to the AOC staff recommendations. The recommendations and court responses will then be forwarded for review by the Statewide Administrative Infrastructure Services Funding Committee at its next scheduled monthly meeting.

Process for Distributing Supplemental Funding and Charging Costs

Once the funding decisions have been approved and the court has been notified, any supplemental funding will be distributed as part of the monthly allocation process. The final charges will appear as monthly reductions to the base budget.

If at mid-year revised projected expenditures are less than initial projections, charges will be adjusted. At year-end, if actual expenditures are less than charges, funds will be either rebated or offset against next year's costs. If costs are more, the costs will be paid at the statewide level by the TCTF, TCIF, or Modernization Fund.

Adjustments to Future Costs and Allocations

In the event that costs increase in future years, courts will have an opportunity to apply for supplemental funding (or an increase if supplemental funding has been previously provided). Likewise, if future year costs are less than projected, to the extent that supplemental funding was received to pay these costs the supplemental funding allocation will be reduced.