

## Judicial Council Action Funding the Phoenix Program's Shared Services Center

The Judicial Council has sought to establish an administrative infrastructure at the state and local levels to provide appropriate accountability for the legally compliant, effective, and efficient use of resources; to provide the necessary information to support policymaking responsibilities, and consistently and reliably provide the administrative tools to support day-to-day operations.

The AOC's *Tactical Plan for Court Technology*, prepared by the Information Services Division and presented to the Judicial Council at its January 26, 2000 meeting, outlined an integrated approach to building a statewide technology infrastructure for all trial courts and provided a framework for obtaining funding for statewide technology initiatives. According to the plan, the Modernization Fund would provide the initial capital investment required to meet some of the minimum technology needs of the courts, however courts could be asked to contribute funding from their baseline budget to augment the Modernization Fund.

The Phoenix Program was established in response to the Judicial Council's directive for statewide fiscal accountability and human resources support as part of the council's strategic plan. Goal IV: Branchwide Infrastructure for Service Excellence states that:

The judicial branch will enhance the quality of justice by providing an administrative, technological, and physical infrastructure that supports and meets the needs of the public, the branch, and its justice system and community partners, and that ensures business continuity.

### Overview

For the judicial branch to fulfill its mission and purpose, it must have a sound infrastructure that supports and meets its needs and ensures business continuity. Specifically, the judicial branch must meet the challenge of providing the necessary technological, human resources, fiscal, and facilities infrastructure, as well as other relevant and critical internal functions, to provide the highest quality of justice and service to the people of California.

Infrastructure improvements needed to better serve the public include (1) acquisition, construction, renovation, and maintenance of adequate facilities; (2) greater technological access and integration; (3) coordinated and effective case management systems; (4) systems for measuring court performance and accounting for the use of resources; (5) systems for sharing appropriate information throughout the branch and with other partners; (6) human resource systems to facilitate recruiting and retaining high-quality staff; and (7) staffing to provide legal assistance to the courts.

The financial component of the Phoenix System was implemented in all 58 courts to allow for uniform process, accounting, and reporting. The human resources component of the Phoenix System has been implemented in 7 courts to date, providing human capital management and

payroll services. The Phoenix Shared Services Center is housed in the AOC's Trial Court Administrative Services Division and supports the day-to-day administrative operations of the trial courts. It is staffed by employees funded directly by the trial courts via Trial Court Trust Fund reimbursement authority.

The AOC entered into Service Level Agreements (SLAs) with each court deploying the Phoenix System for the purpose of establishing a working understanding and clear framework of each party's roles and responsibilities. These SLA's detailed the services that would be provided by the Phoenix Program during a court's transition from the county system and those that would be provided on an ongoing basis beyond the new system's deployment. Although extensive discussions regarding the cost of these services occurred with each court, it was decided that specific costs would not be itemized in the SLAs due to the anticipated fluctuations over time, necessitating new signatures with each revision. Instead, annual costs are presented to the trial courts as part of the *Trial Court Trust Fund Statewide Administrative Infrastructure Charges – Schedule of Court Charges (Schedule C)*. These costs include funding for the CCTC (California Courts Technology Center), CCMS (various versions of the California Case Management System), SAP application services, and the Phoenix Shared Services Center. Any trial court base budget adjustments are performed in accordance with Government Code Section 68085(a).

Government Code Section 68085(a) (see Attachment 1) authorizes the direct payment or reimbursement, or both, of actual costs from the Trial Court Trust Fund or the Trial Court Improvement Fund to fund administrative infrastructure and permits those funds to be used to pay for AOC-provided services and also contractor-provided services that courts purchase themselves or that the AOC purchases on the courts' behalf. As courts transitioned from historically provided county services, the proceeds from Government Code 68085(a) in conjunction with the recovery of costs, along with any offsets of existing charges for county-provided services from the trial courts supported the critically important administrative services. This combination of funding continues to date.

Most importantly, upon recognition that a lack of funding would hinder the ability to continue to develop and implement administrative infrastructure systems, the Judicial Council's *Trial Court Budget Working Group* (made up of AOC and trial court representatives) was charged with proposing recommendations for an equitable and consistent approach for charging the courts for services. Recommendations were made determining which costs would be paid at the statewide level and which would be paid by the court receiving the direct benefit of the service (see Attachments 2 and 3). These recommendations were formally approved by the Judicial Council at its April 14, 2006 meeting.

Citations:

January 26, 2000	The Judicial Council adopts the <i>Tactical Plan for Court Technology</i> , which describes general objectives for technology funding within the judicial branch.
August 24, 2000	First year under state trial court funding that money was appropriated to the Trial Court Trust Fund for technology (pp. 13).

December 15, 2000	The Judicial Council voted to sponsor legislation amending portions of the Civil Code, Code of Civil Procedure, Government Code, Penal Code, and Welfare and Institutions Code to make changes to the organizational and financial arrangements between the Judicial Council, trial courts, counties, and other state agencies in light of state trial court funding and trial court unification (pp. 20)
February 23, 2001	The Judicial Council establishes FY 2002-2003 budget priorities for trial court requests for funding that include an offset of charges already being paid by the courts for county-provided services for requests specific to the “establishment/expansion of administrative services to support existing service levels in the areas of human resources, budgeting, procurement, contracting, business services, and accounting such as...costs of transition from county-provided administrative services to court management.” (pp. 10)
February 24, 2001	The Judicial Council approves the creation of a central office that provides the courts with a full spectrum of fiscal services, funded originally by General Fund monies and later by Trial Court Trust Fund reimbursements (the result of subsequent BCPs). This office evolved into what is known today as the Phoenix Shared Services Center. (pp. 17)
August 30, 2002	The Judicial Council reaffirms its direction to proceed with a Budget Change Proposal that would fund and staff the administrative infrastructure project. Specifically, the “BCP addresses trial court accountability and would fund an accounting processing center to provide financial services to the trial courts. The request, for about \$2.125 million, includes an offset of approximately \$1 million. After the center and its core staff are established, any funding previously paid to the counties for services will be transferred through the budget process to the AOC to help fund the accounting processing center.” (pp. 13)
February 28, 2003	The Judicial Council reaffirms its support for a variety of statewide administrative infrastructure projects, including CARS (now known as the Phoenix Financial System). (pp. 19)
January 27, 2005	The Judicial Council once again reaffirms its direction after reviewing a “Status Update on Statewide Administrative Infrastructure Initiatives” Report ( <a href="http://www.courtinfo.ca.gov/jc/documents/reports/0205item11.pdf">http://www.courtinfo.ca.gov/jc/documents/reports/0205item11.pdf</a> ).
April 14, 2006	The Judicial Council approved funding of Statewide Administrative Infrastructure services, including recommendations from the TCBWG that outlined which services would be paid by the AOC and which services would be paid by the courts. <a href="http://www.courtinfo.ca.gov/jc/documents/reports/0406ItemF-2.pdf">http://www.courtinfo.ca.gov/jc/documents/reports/0406ItemF-2.pdf</a>

**Government Code Section 68085**

**68085.** (a) (1) There is hereby established the Trial Court Trust Fund, the proceeds of which shall be apportioned for the purposes authorized in this section, including apportionment to the trial courts to fund trial court operations, as defined in Section 77003.

(2) The apportionment payments shall be made by the Controller. The final payment from the Trial Court Trust Fund for each fiscal year shall be made on or before August 31 of the subsequent fiscal year.

(A) Notwithstanding any other provision of law, in order to promote statewide efficiency, the Judicial Council may authorize the direct payment or reimbursement or both of actual costs from the Trial Court Trust Fund or the Trial Court Improvement Fund to fund the costs of operating one or more trial courts upon the consent of participating courts. These paid or reimbursed costs may be for services provided to the court or courts by the Administrative Office of the Courts or payment for services or property of any kind contracted for by the court or courts or on behalf of the courts by the Administrative Office of the Courts. The amount of appropriations from the Trial Court Improvement Fund under this subdivision may not exceed 20 percent of the amount deposited in the Trial Court Improvement Fund pursuant to subdivision (a) of Section 77205. The direct payment or reimbursement of costs from the Trial Court Trust Fund may be supported by the reduction of a participating court's allocation from the Trial Court Trust Fund to the extent that the court's expenditures for the program are reduced and the court is supported by the expenditure. The Judicial Council shall provide the affected trial courts with quarterly reports on expenditures from the Trial Court Trust Fund incurred as authorized by this subdivision. The Judicial Council shall establish procedures to provide for the administration of this paragraph in a way that promotes the effective, efficient, reliable, and accountable operation of the trial courts.

(B) As used in subparagraph (A), the term "costs of operating one or more trial courts" includes any expenses related to operation of the court or performance of its functions, including, but not limited to, statewide administrative and information technology infrastructure supporting the courts. The term "costs of operating one or more trial courts" is not restricted to items considered "court operations" pursuant to Section 77003, but is subject to policies, procedures, and criteria established by the Judicial Council, and may not include an item that is a cost that must otherwise be paid by the county or city and county in which the court is located.

(b) Notwithstanding any other provision of law, the fees listed in subdivision (c) shall all be deposited upon collection in a special account in the county treasury, and transmitted monthly to the State Treasury for deposit in the Trial Court Trust Fund.

(c) (1) Except as specified in subdivision (d), this section applies to all fees collected on or before December 31, 2005, pursuant to Sections 631.3, 116.230, and 403.060 of the **Code** of Civil Procedure and Sections 26820.4, 26823, 26826, 26826.01, 26827, 26827.4, 26830, 26832.1, 26833.1, 26835.1, 26836.1, 26837.1, 26838,

26850.1, 26851.1, 26852.1, 26853.1, 26855.4, 26862, 68086, 72055, 72056, 72056.01, and 72060.

(2) Notwithstanding any other provision of law, except as specified in subdivision (d) of this section and subdivision (a) of Section **68085.7**, this section applies to all fees and fines collected on or before December 31, 2005, pursuant to Sections 116.390, 116.570, 116.760, 116.860, 177.5, 491.150, 704.750, 708.160, 724.100, 1134, 1161.2, and 1218 of the **Code** of Civil Procedure, Sections 26824, 26828, 26829, 26834, and 72059 of the **Government Code**, and subdivisions (b) and (c) of Section 166 and Section 1214.1 of the Penal **Code**.

(3) If any of the fees provided for in this subdivision are partially waived by court order, and the fee is to be divided between the Trial Court Trust Fund and any other fund, the amount of the partial waiver shall be deducted from the amount to be distributed to each fund in the same proportion as the amount of each distribution bears to the total amount of the fee.

(d) This section does not apply to that portion of a filing fee collected pursuant to Section 26820.4, 26826, 26827, 72055, or 72056 that is allocated for dispute resolution pursuant to Section 470.3 of the Business and Professions **Code**, the county law library pursuant to Section 6320 of the Business and Professions **Code**, the Judges' Retirement Fund pursuant to Section 26822.3, automated recordkeeping or conversion to micrographics pursuant to Sections 26863 and 68090.7, and courthouse financing pursuant to Section 76238. This section also does not apply to fees collected pursuant to subdivisions (a) and (c) of Section 27361.

(e) This section applies to all payments required to be made to the State Treasury by any county or city and county pursuant to Section 77201, 77201.1, or 77205.

(f) Notwithstanding any other provision of law, no agency may take action to change the amounts allocated to any of the funds described in subdivision (a), (b), (c), or (d).

(g) The Judicial Council shall reimburse the Controller for the actual administrative costs that will be incurred under this section. Costs reimbursed under this section shall be determined on an annual basis in consultation with the Judicial Council.

(h) Any amounts required to be transmitted by a county or city and county to the state pursuant to this section shall be remitted to the State Treasury no later than 45 days after the end of the month in which the fees were collected. This remittance shall be accompanied by a remittance advice identifying the collection month and the appropriate account in the Trial Court Trust Fund to which it is to be deposited. Any remittance that is not made by the county or city and county in accordance with this section shall be considered delinquent, and subject to the interest and penalties specified in this section.

(i) Upon receipt of any delinquent payment required pursuant to this section, the Controller shall do the following:

(1) Calculate interest on the delinquent payment by multiplying the amount of the delinquent payment at a daily rate equivalent to the rate of return of money deposited in the Local Agency Investment Fund pursuant to Section 16429.1 from the date the payment was originally due to either 30 days after the date of the issuance by the Controller of the final audit report concerning the failure to pay or the date of payment by the entity responsible for the delinquent payment, whichever comes first.

(2) Calculate a penalty at a daily rate equivalent to 1 1/2 percent per month from the date 30 days after the date of the issuance by the Controller of the final audit report concerning the failure to pay.

(j) (1) Interest or penalty amounts calculated pursuant to subdivision (i) shall be paid by the county, city and county, or court to the Trial Court Trust Fund no later than 45 days after the end of the month in which the interest or penalty was calculated. Payment shall be made by the entity responsible for the error or other action that caused the failure to pay, as determined by the Controller in notice given to that party by the Controller.

(2) Notwithstanding Section 77009, any interest or penalty on a delinquent payment that a court is required to make pursuant to this section and Section 24353 shall be paid from the Trial Court Operations Fund for that court.

(3) The Controller may permit a county, city and county, or court to pay the interest or penalty amounts according to a payment schedule in the event of a large interest or penalty amount that causes a hardship to the paying entity.

(4) The party responsible for the error or other action that caused the failure to pay may include, but is not limited to, the party that collected the funds who is not the party responsible for remitting the funds to the Trial Court Trust Fund, if the collecting party failed or delayed in providing the remitting party with sufficient information needed by the remitting party to distribute the funds.

(k) The Trial Court Trust Fund shall be invested in the Surplus Money Investment Fund and all interest earned shall be allocated to the Trial Court Trust Fund quarterly and shall be allocated among the courts in accordance with the requirements of subdivision (a). The specific allocations shall be specified by the Judicial Council.

(l) It is the intent of the Legislature that the revenues required to be deposited into the Trial Court Trust Fund be remitted as soon after collection by the courts as possible.

(m) Except for subdivisions (a) and (k), this section does not apply to fees and fines that are listed in subdivision (a) of Section **68085.1** that are collected on or after January 1, 2006.

(n) The changes made to subdivisions (i) and (j) of this section by the act adding this subdivision shall apply to all delinquent payments for which no final audit has been issued by the Controller prior to January 1, 2008.

**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 CTCC support; help desk operations; and CARS, CHRIS, CCMS, and Integration Services Backbone (ISB) application support. Optional services, including 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