



## JUDICIAL COUNCIL OF CALIFORNIA

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# REPORT TO THE JUDICIAL COUNCIL

For business meeting on: June 26, 2015

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Title	Agenda Item Type
Trial Courts: State Trial Court Improvement and Modernization Fund Allocations in Fiscal Year 2015–2016 for the V3 Case Management System and Interim Case Management Systems Programs	Action Required
Rules, Forms, Standards, or Statutes Affected	Effective Date
N/A	June 26, 2015
Recommended by	Date of Report
Trial Court Budget Advisory Committee Hon. Laurie M. Earl, Chair	June 15, 2015
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### Executive Summary

The Trial Court Budget Advisory Committee recommends that the Judicial Council allocate a total of \$6.9 million in 2015–2016 from the State Trial Court Improvement and Modernization Fund for the V3 Case Management System and Interim Case Management Systems programs.

### Recommendation

On May 18, 2015, the Trial Court Budget Advisory Committee (TCBAC) adopted with two “no” votes the following recommendation:

1. The Judicial Council should allocate \$5,658,100 for the V3 Case Management System and \$1,246,800 for the Interim Case Management Systems (ICMS) programs in 2015–2016 from the State Trial Court Improvement and Modernization Fund (IMF).
2. If the 2015–2016 IMF ending fund balance is projected to be below \$300,000, the allocations for both programs are to be reduced by 10 percent, a total of \$690,500, and the costs

associated with the reduction are to be backfilled from the Judicial Council Information Technology office's budget or such other non-Trial Court Trust Fund funding source as the Judicial Council deems appropriate.

### **Previous Council Action**

On April 17, 2015, the Judicial Council adopted the following recommendation of the Judicial Council Technology Committee (JCTC) regarding funding for the V3 program:

1. Will cease branch funding for the V3 Case Management System after a period of four years starting on July 1, 2015, and ending June 30, 2019;
2. Will fund the V3 Case Management System for the first fiscal year (July 1, 2015, to June 30, 2016); and
3. Directed a working group comprised of members of the JCTC and TCBAC to work together on the source of funding for the remaining three fiscal years (July 1, 2016, to June 30, 2019).

On April 17, 2015, the Judicial Council approved \$59.372 million in 2015–2016 IMF allocations for various programs. The \$59.372 million did not include funding for the V3 and ICMS programs because the council was advised by the TCBAC that the advisory committee would provide its recommendation regarding those two programs at the subsequent council meeting in June 2015.

### **Rationale for Recommendation**

Including the \$6.9 million for the V3 and ICMS programs, the TCBAC recommends a total 2015–2016 allocation of \$66.277 million from the IMF, a net reduction of \$10.848 million from the 2014–2015 allocation level. Given the current Judicial Council staff estimate of the ending 2014–2015 fund balance and 2015–2016 revenue, the recommended total allocation of \$66.277 million is currently estimated to result in a fund balance of \$476,324 by the end of fiscal year 2015–2016.

As part of the initial \$59.372 million allocation, the TCBAC recommended increasing allocations for four programs by a total of \$625,300, eliminating or reducing allocations for 26 programs by a total of \$11.473 million, and maintaining the allocation for 14 programs at their 2014–2015 levels. The TCBAC recommends that the V3 and ICMS programs be funded at their 2014–2015 levels: \$5,685,100 for the V3 program and \$1,246,800 for the ICMS program.

In addition, to maintain an ending fund balance in 2015–2016 of at least \$300,000, if a change in the 2014–2015 ending fund balance—or the 2015–2016 revenue estimates, or both—causes the projected 2015–2016 ending fund balance to fall below \$300,000 from the current projection of \$476,324, the TCBAC recommends that the IMF allocations for both programs be reduced by 10 percent (\$690,500) and the costs associated with the reduction then backfilled from the Judicial

Council Information Technology office's budget or such other non-Trial Court Trust Fund funding source as the Judicial Council deems appropriate.

### **Comments, Alternatives Considered, and Policy Implications**

At the meeting, Judicial Council staff stated that V3 has successfully reduced its 2015–2016 budget estimates compared to estimates projected last year, without any impact to the V3 courts. However, keeping the allocation for the V3 program at the 2014–2015 level could require a delay in already overdue hardware replacements at the California Courts Technology Center (CCTC). This would increase the risk of hardware failure, which would primarily affect the Superior Courts of Sacramento and Ventura Counties, as V3 is hosted at the CCTC for these courts. He also indicated that keeping the allocation for the Sustain Justice Edition (SJE) also known as the ICMS program at the 2014–2015 level would result in significant impact to the SJE courts hosted at the CCTC. This would eliminate the disaster recovery environment and reduced funding for SJE application support. In addition, projects planned and underway would be cancelled or suspended due to a lack of resources. Courts which have already begun SJE initiatives would potentially jeopardize their funding and lose the opportunity to improve court operations and efficiencies.

No public comments were received when the recommendations of the TCBAC's Revenue and Expenditure Subcommittee were considered by the TCBAC at its May 18, 2015 meeting.

### **Attachments**

1. Attachment A: IMF–Fund Condition Statement (as of May 8, 2015)

## Attachment A: IMF -- Fund Condition Statement

(revised May 8, 2015)

#	Description	Estimated 2015-16				
		2012-2013 (Year-end Financial Statement)	2013-2014 (Year-end Financial Statement)	Estimated 2014-15 (May Revision Revenue Estimates)	Based on JC Action on 4/17/15 and May Revision Revenue Estimates*	JC Action and TCBCAC Recommendation and May Revision Revenue Estimates
		A	B	C	D	E
1	Beginning Balance	48,128,575	44,827,741	26,207,006	6,548,505	6,548,505
2	Prior-Year Adjustments	11,547,967	4,410,172	3,632,666		-
3	<b>Adjusted Beginning Balance</b>	<b>59,676,542</b>	<b>49,237,913</b>	<b>29,839,672</b>	<b>6,548,505</b>	<b>6,548,505</b>
4	<i>Revenues</i>					
5	50/50 Excess Fines Split Revenue	31,920,133	26,873,351	23,202,658	21,526,146	21,526,146
6	2% Automation Fund Revenue	15,753,200	15,242,700	14,730,023	14,143,701	14,143,701
7	Jury Instructions Royalties	518,617	445,365	484,063	484,063	484,063
8	Interest from SMIF	201,201	124,878	115,000	100,000	100,000
9	Other Revenues/SCO Adjustments	2,875	24,476	24,221	-	-
10	<i>Transfers</i>					
11	From State General Fund	38,709,000	38,709,000	38,709,000	38,709,000	38,709,000
12	To Trial Court Trust Fund (Budget Act)	(23,594,000)	(20,594,000)	(20,594,000)	(594,000)	(594,000)
13	To TCTF (GC 77209(k))	(13,397,000)	(13,397,000)	(13,397,000)	(13,397,000)	(13,397,000)
14	<b>Net Revenues and Transfers</b>	<b>50,114,026</b>	<b>47,428,770</b>	<b>43,273,965</b>	<b>60,971,910</b>	<b>60,971,910</b>
15	<b>Total Resources</b>	<b>109,790,568</b>	<b>96,666,683</b>	<b>73,113,637</b>	<b>67,520,415</b>	<b>67,520,415</b>
16	<i>Expenditures</i>					
17	Allocation	71,923,000	73,961,680	71,466,600	59,372,100	59,372,100
18	R/E Subcommittee Recommended Allocation for V3 and ICMS Programs					6,904,900
19	Less: Unused Allocation	(7,123,067)	(4,082,985)	(5,199,049)	-	
20	Pro Rata and Other Adjustments	162,894	580,982	297,581	297,581	767,091
21	<b>Total Expenditures</b>	<b>64,962,827</b>	<b>70,459,677</b>	<b>66,565,132</b>	<b>59,669,681</b>	<b>67,044,091</b>
22	<b>Fund Balance</b>	<b>44,827,741</b>	<b>26,207,006</b>	<b>6,548,505</b>	<b>7,850,734</b>	<b>476,324</b>
23	Revenue/Transfers Over/(Under) Exp	(14,848,801)	(23,030,907)	(23,291,167)	1,302,229	(6,072,181)

\*Council did not take any action on 2015-16 allocations for V3 CMS and Interim Case Management Systems programs, so assumes a zero allocation for both programs.