BREAKOUT SESSION C

MAY 24, 2022

Measuring the Resolution of Cases:

Court-Ordered Adjustments and Discharge from Accountability

INTRODUCTION OF PRESENTERS

Judicial Council, Funds & Revenues Unit	Lake County, Collections	Orange County Probation Department	Orange County Superior Court	San Bernardino County Superior Court
• Maria Lira, Analyst • Don Lowrie, Analyst	• Richard Mathias, Supervisor	• Jon Humann, Accounting & Financial Unit Manager	• Shunna Austin, Collections Program Officer	• Camille Valverde, Management Analyst, Financial Services

SERVICE AREA OF PRESENTERS

Program	Collections Employees	County Population	Annual Delinquent Collections
OC Superior Court	51	3,153,764	$31,359,978
OC Probation			$4,611,779
Lake County	2	63,940	$903,074
SB Superior Court		2,175,909	$14,308,772

AGENDA

- Adjustments
  - General Overview and Statistics (JCC)
  - Orange County Superior Court Process (OCSC)
  - AB 1869 and AB 177 Challenges (SBSC) & (Lake)
  - Roundtable Discussion – Poll Questions
- Discharge of Accountability
  - Overview of Background and Statistics (JCC)
  - Orange County Probation Experience (OC Probation)
  - Lake County Experience (Lake)
  - San Bernardino County Experience (SBSC)
  - Roundtable Discussion – Poll Questions

WHAT ARE ADJUSTMENTS?

Reductions or vacates in fines, fees, & penalty assessments

Community Service in Lieu of Fine

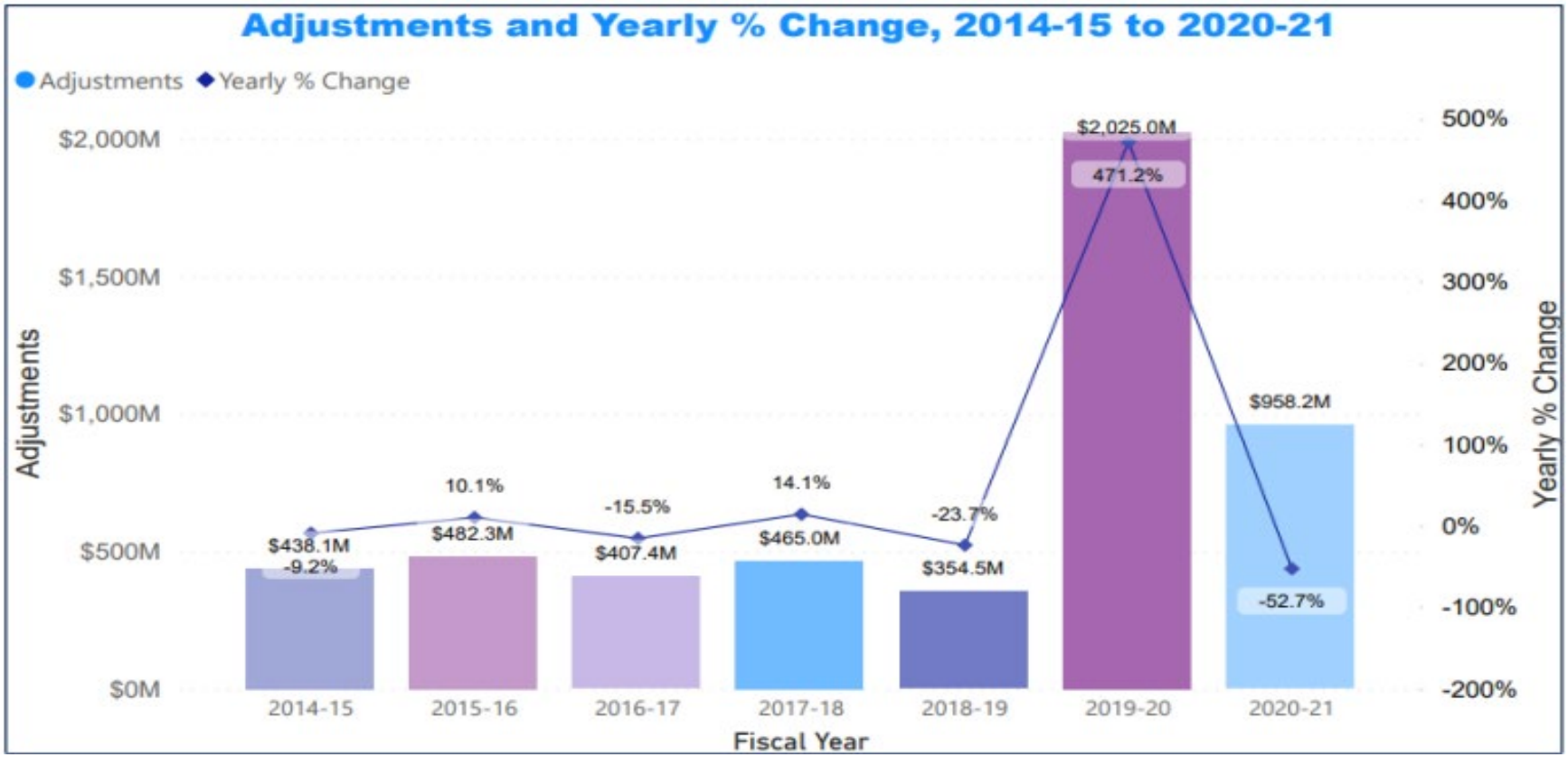
Suspensions

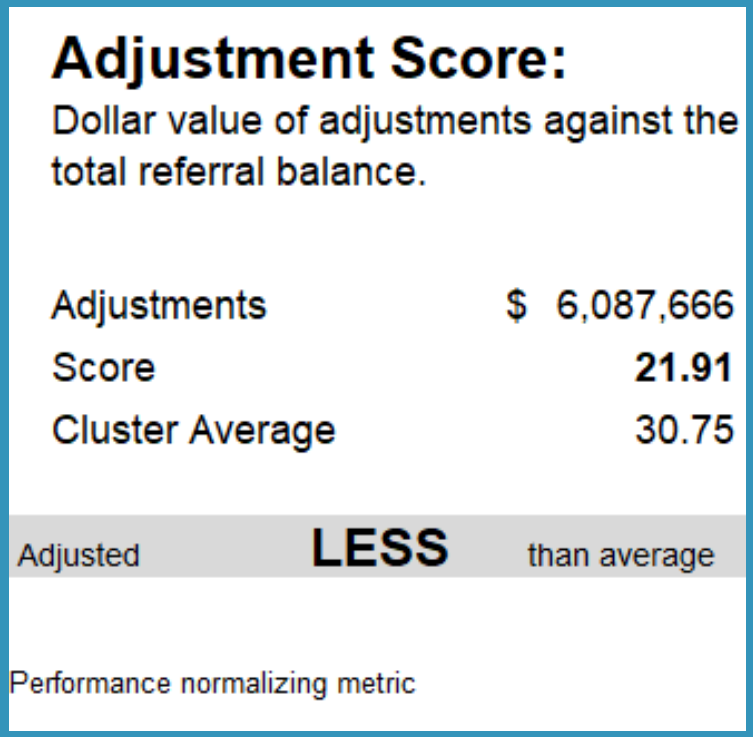
Time for Fine

Legislatively repealed fines & fees i.e., AB 1869; AB 177

Dismissals

ADJUSTMENTS TOTALS





ADJUSTMENT SCORE

- **Definition:** Adjustment Score is a representation of the dollar value of adjustments against the total referral balance.
- **What it Means:**
  - The relative amount of revenue that an entity adjusted through non-cash means.
- The adjustment score is a normalizing metric and is intended to help entities understand where they stand in terms of adjustments with the other entities in their cluster.

WHY TRACK ADJUSTMENTS?

- To accurately report balances related to each court case
- To accurately report changes in expected revenues
- To properly evaluate impacts of programs and effectiveness of adjustment actions
- To seek future reimbursement (Launch of ATP tool statewide)

CHALLENGES WITH REPORTING ADJUSTMENTS

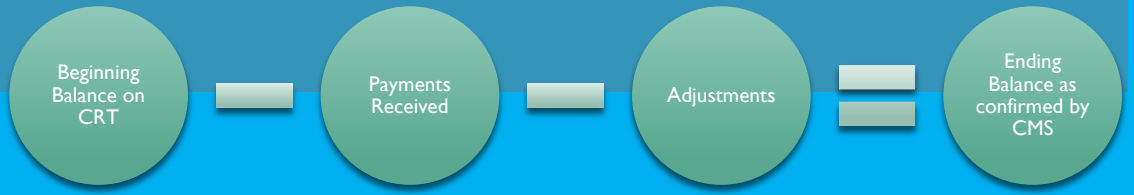
Case management system does not currently track and may be archaic

Breaking down a general adjustment figure into further details that are not tracked at a detail level

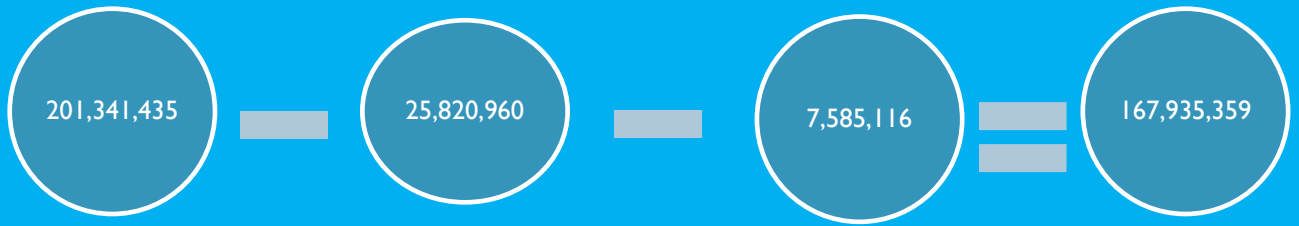
Technology support is not sufficient or prioritized

Manual tracking effort not feasible; continued staffing challenges

THE SIMPLE MATH OF IT



		COMBINED: BEGINNING AND ENDING BALANCES; FINES, FEES, FORFEITURES, PENALTIES AND ASSESSMENTS								
		Number of Cases Beginning Balance	Value of Cases Beginning Balance	Gross Revenue Collected	Cost of Collections (Penal Code 1463.007)	Adjustments	Discharge from Accountability	Net Change in Value	Number of Cases - Ending Balance	Value of Cases- Ending Balance
w	Program	Col. X	Col. Y	Col. Z	Col. AA	Col. AB	Col. AC	Col. AD	Col. AE	Col. AF
)	Non-Delinquent Collections			43,417,108						
)	Court Collection Program	340,441	201,341,435	25,820,960	(4,977,320)	7,585,116	-	33,406,076	263,237	167,935,359

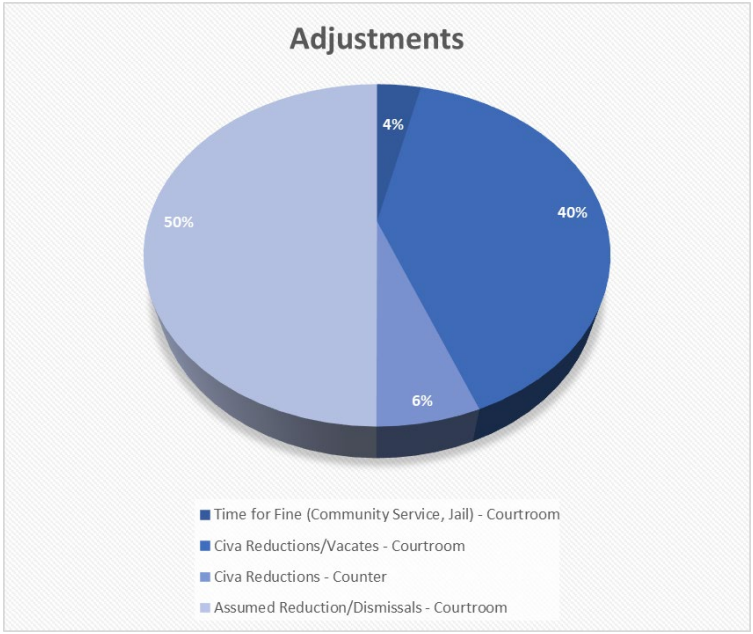


THE COMPLEXITIES

- Breaking down the Adjustments Figure
- Backing into the Adjustment Figure
- Future Tracking of Adjustments
- Making sure the Math works: Is it Science or Art?

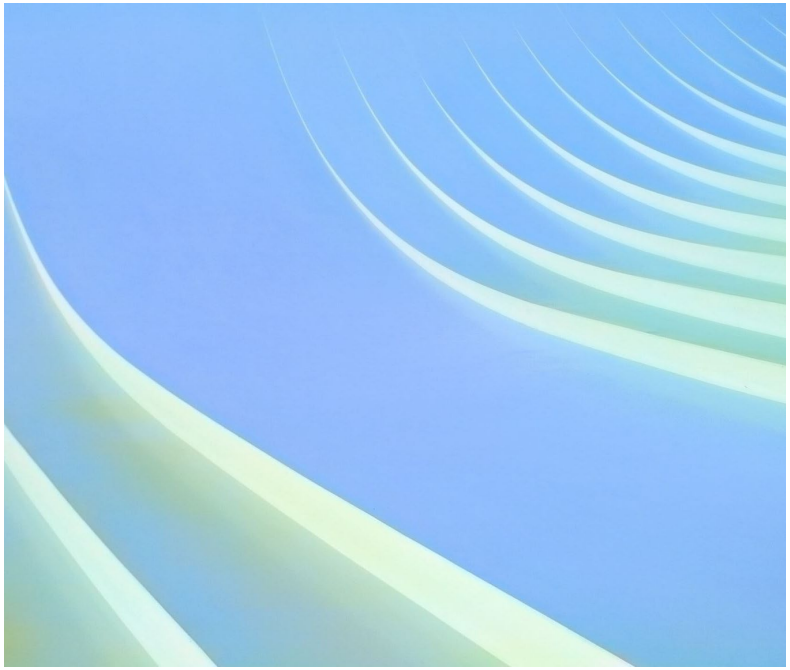
Math as Art

SCIENCE VS. ART



- "Scientifically" 50% of our adjustment total is pulled from data that is tracked in our case management system.
- "Artistically", the remaining 50% is deduced and presented as untracked judicial actions i.e., dismissals and reductions done in the courtroom.
- Goal is to capture needed elements of data in the "artistic" portion and move it over to the "scientifically" pulled data.

SUGGESTED STRATEGIES FOR REPORTING ADJUSTMENTS



Identify what data related to adjustments is currently captured and what method is used to capture it.

Work with your Technology team to pull the data according to required criteria.

If the data is not currently captured, do the simple math by deducting the gross revenue and ending balance from the beginning balance. That will give you the estimated total adjustment value. Break down what you can.

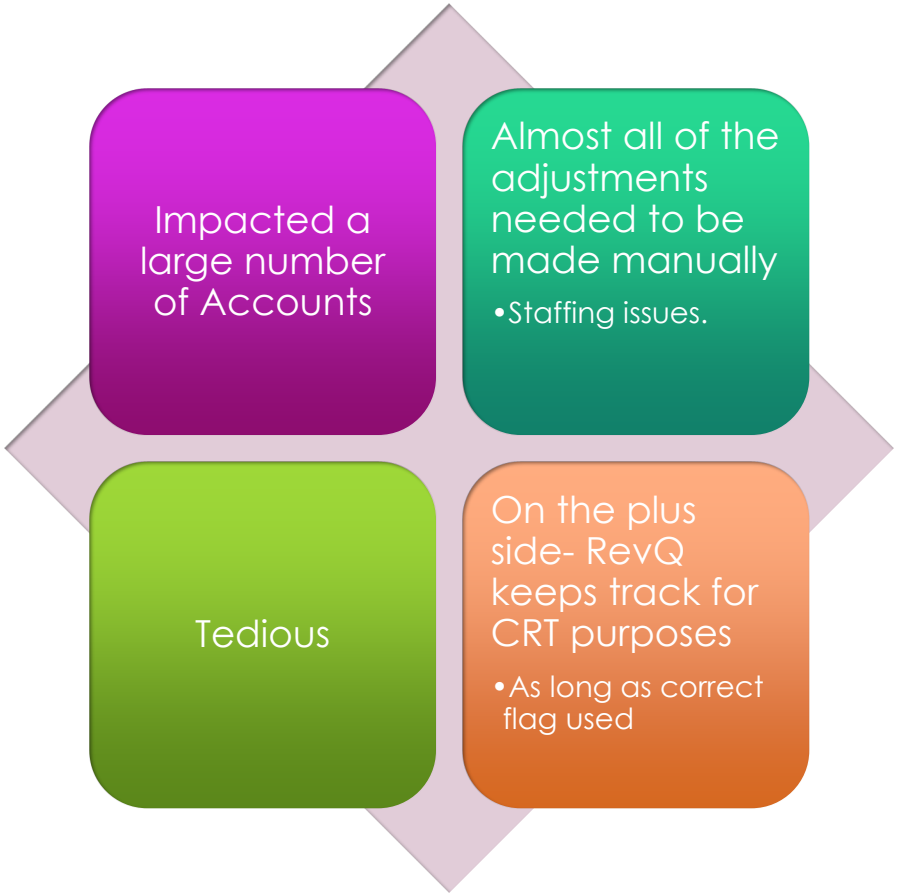
Going forward, determine what changes in system, procedures or method is needed to capture the adjustment data at a more detailed level

Each year increase the identification of more data elements that can be marked and pulled for more detailed reporting of adjustment categories.

LEGISLATED OR MANDATED ADJUSTMENTS

- Legislation such as AB 1869 or AB 177 adjustments would be required to be reported
- These are much easier as they are already tracked for purposes of current distribution and reporting
- System queries can therefore easily be done to secure that data for the annual report
- Capturing the data at initiation of any new legislated fine or fee or any new process such as ATP tool will be the key to reporting adjustments that are a result of fines and fees that may be repealed or for requesting reimbursements for specific adjustments.

CHALLENGES OF AB1869 AND AB177



DISCHARGE

- Discharge is authorized and can be approved by responsible collecting entity (Government Code § 25257 and 25259.7)
- Discharge relieves entity of obligation to actively pursue the debt, but individual remains liable for payment.
- Discharge any balance too small to justify collections cost or likelihood of collection does not warrant the expense.
- Discharge provides realistic accounting of outstanding debt.

Discharge Facts

$2,022,814,011 Amount discharged since 2012

2010 Authorized a collections program operated by a court to approve discharge

16 Number of collection programs that have discharged $0

$7.8B Total statewide uncollected delinquent debt (as of June 30, 2021)

24% Unpaid balance held by 16 programs with no discharge process implemented

1 Program obtained approval by addressing process as "suspension of active collection efforts…"

DISCHARGE SCORE

- **Definition:** Discharge Score is a representation of the dollar value of discharges against the total referral balance.
- **What it Means:**
  - The relative amount of revenue that an entity discharged.
- The discharge score is a normalizing metric and is intended to help entities understand where they stand in terms of discharges with the other entities in their cluster.

Discharge Score:

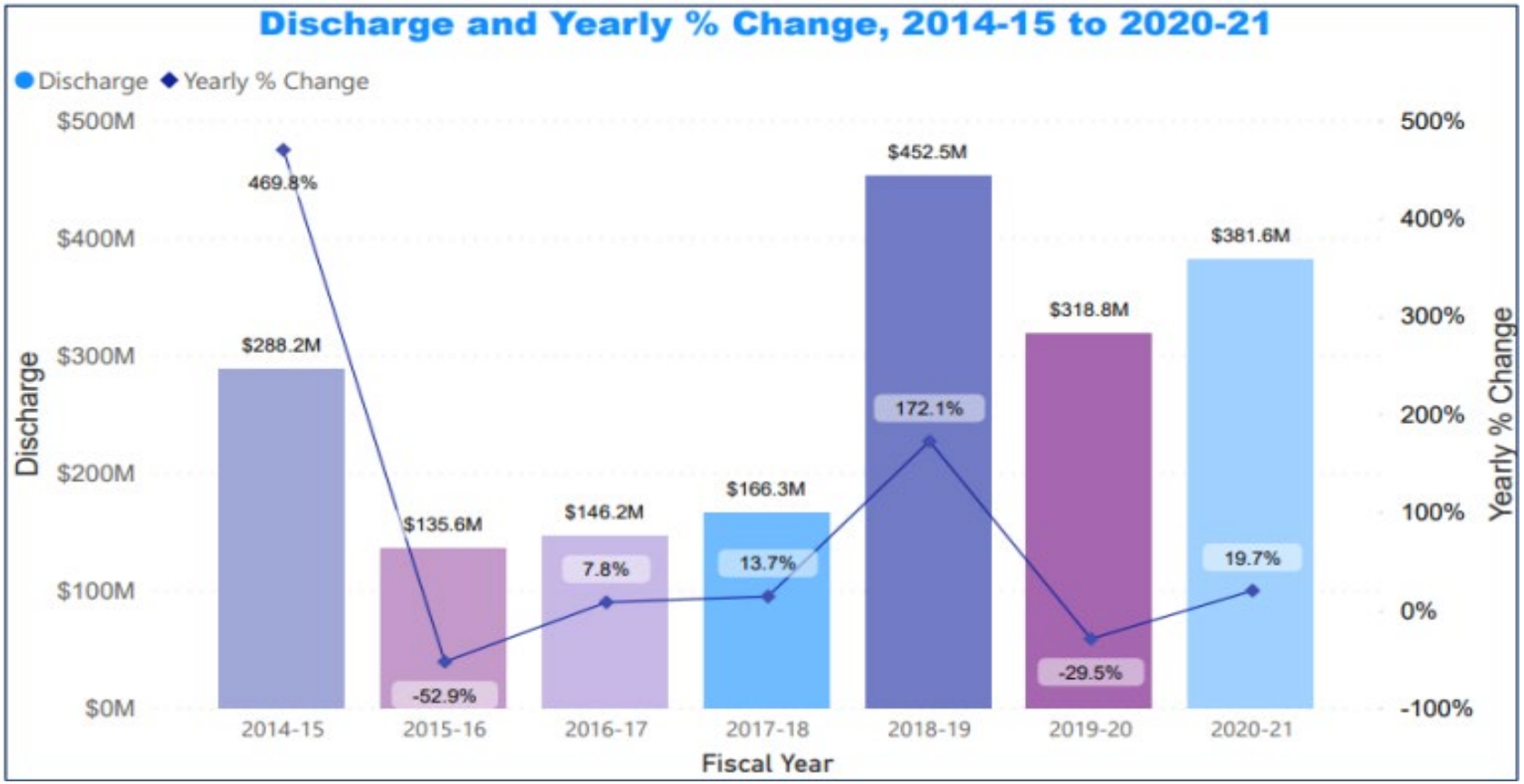
Dollar value of discharges against the total referral balance.

Discharges	$ 72,572,423
Score	**261.25**
Cluster Average	61.37

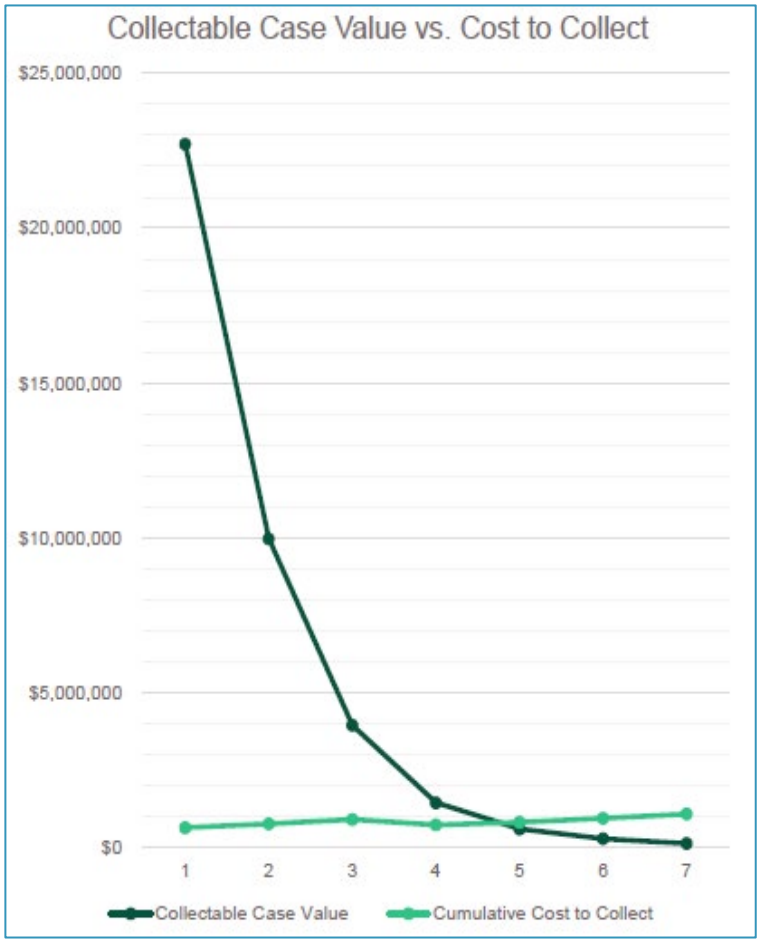
Adjusted **MORE** than average

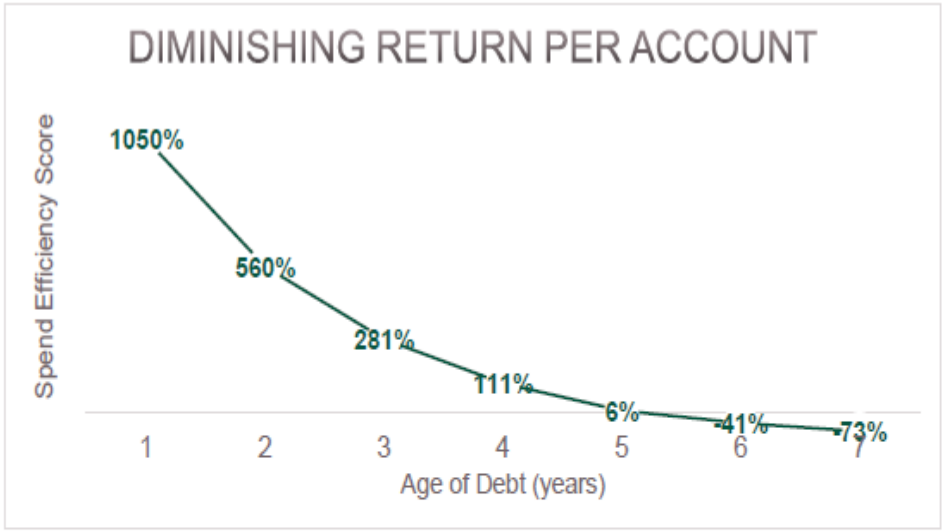
Performance normalizing metric

DISCHARGE TOTALS



DISCHARGE PRACTICE CALCULATION





Year 1 – Most important year to collect

Year 4 – Diminishing returns become more apparent

Year 5 – Return reaches near zero

Year 6 – negative return, consider discharging referrals

POLL #1

When should debt be considered for discharge?

a. All collections tools have been exhausted

b. Debt meets age criteria in guidelines (5 years and 10 years)

c. Death certificate has been submitted to collecting entity

d. All of the above are correct

Discharge from Accountability

ORANGE COUNTY PROBATION DEPARTMENT

FIRST TIME FOR EVERYTHING

- OC Courts First Request for Discharge from Accountability in July 2021
  - $110 Million Request
  - 146K Court Cases Submitted
  - Criteria was for cases at least 10 years old and where payment has not been received in the last 10 years
- OC Probation First Request for Discharge from Accountability is planned for June of 2022
  - Estimated to be for approximately $17M Request
  - Estimated to be 42K Court Cases
  - Criteria #1 - was for cases at least 5 years old where payment has not been received in the last 5 years.
  - Criteria #2 – Accounts (may represent multiple cases) valued at less than $100 where payment has not been received in the last 2 years.

CHALLENGES

- Data and Technical Challenges
- IT Resource Allocation Challenges
- Political Challenges
  - i.e. Large Numbers, Mis-understood

BENEFITS

Realistic Metrics and Program Measurement Statistics	Cost of Collections is more accurate as resources are not being spent on largely uncollectible accounts.
Able to Better Focus Limited Resources	Small caseload assignments to staff members
Team Moral Improvements	Better results, resulting in improved team moral

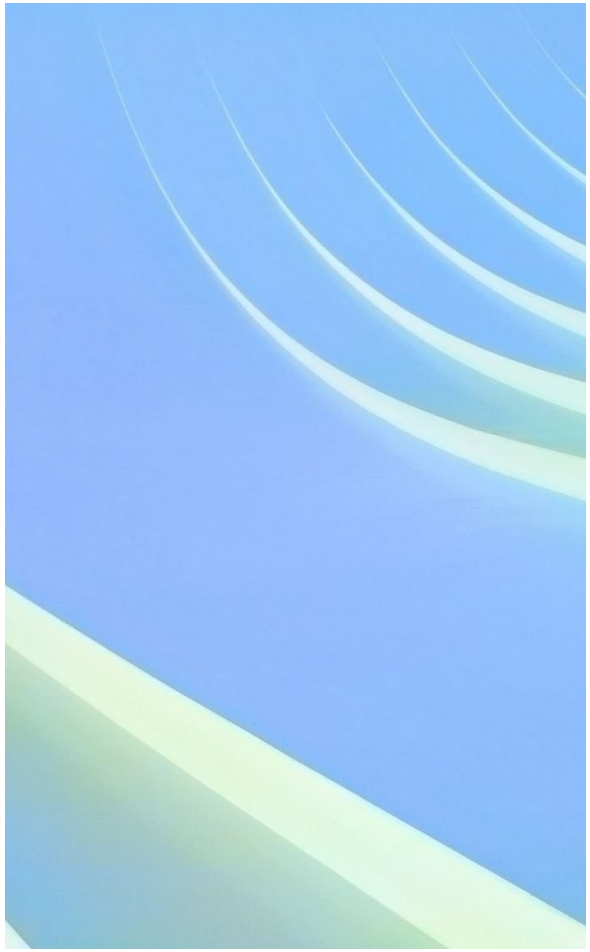
LESSONS LEARNED

Start	Start Planning Early
Gain	Gain Political and Management Support Early
Focus on	Focus on the Benefits
Emphasize	Emphasize that this action does not relieve the debt from the debtor • This action only relieves your responsibility to collect on the debt
Build	Build a Repeatable Process
Commit	Commit to an Annual Discharge

IMPLEMENTATION

- Determine your Selection Criteria
  - Age, Payment Status, Threshold Amount, By Case, By Account etc.
- Timing for Discharge from Accountability
  - Determine when you will make your request
    - Beginning of Fiscal Year, End of Fiscal Year etc.
- Frequency
  - How often Will you Request Discharge from Accountability
    - Annually, Bi-Annually etc.
- Reporting
  - What reports will you be required to produce and maintain
- Plan for Payments Received
  - Develop a process for payments you may still receive on accounts from which you have been granted Discharge from Accountability.

SAN BERNARDINO SUPERIOR COURT



Discharge from Accountability

DISCHARGE FROM ACCOUNTABILITY:
SAN BERNARDINO HAS HISTORY

- San Bernardino Courts First Request for Discharge from Accountability in April 2021
  - Existing Policy and procedure manual
  - Unable to replicate the data parameters (Debt parameters: $81 for Infractions and $221 for Misdemeanors)
  - Outdated Methodologies
- Researched the topic
  - Discharge online
  - Multiple calls and meetings with those who could offer guidance
    - Kendra King- Los Angeles
    - Caroline Idos- San Diego
    - Maria Lira- JCC

POLL #2

In your opinion, why has your program not implemented a regular discharge process?

a. We lack available staff -- it is too time-consuming

b. Pushback from Presiding Judge/Executive Office or Board of Supervisors

c. View that $1 is better than $0

d. Eventually all court-ordered debt will go away

e. We discharge debt on a regular basis

IMPLEMENTATION AND OUTCOMES

Local Criteria	a) Infraction or Misdemeanor case b) The balance is too small to justify the cost of collection; or c) The likelihood of collection does not warrant the expense involved.
Timeline	Initiated January 2021 with completion by April 2021
Frequency	How often Will you Request Discharge from Accountability?
Vendor Reporting	Dataset validated by Court, updated in Odyssey, and returned to Revenue Recovery.
Outcomes	April 2021, an inventory of 133,523 cases were Discharged from Accountability

INELIGIBLE DISCHARGE CASES

- 2021 dataset provided by ATC-Revenue Recovery contained 142,918 proposed discharge cases
- Data Concerns
  - Hidden Cases
  - Test Cases
  - Balance Discrepancies
  - Multi-Defendant Misdemeanor Cases
  - Case Payment within last 10-years

INELIGIBLE CASES AND DATA CONCERNS

Table 1: Infraction Data Concerns			
Case Type	**Discharge Cases**	**Odyssey Balance**	**ATC/CUBS Balance**
ATC Proposed Cases	92,486	$ 59,971,925.56	$ 60,459,074.53
Balance Discrepancy	(1,113)	$ (258,246.99)	$ (710,792.86)
Hidden OTS	(47)	-	$ (33,379.10)
Test Cases	(12)	$ (6,729.00)	$ (7,953.00)
Recommended 2021 Infraction Discharge	***91,314***	***$ 59,706,949.57***	***$ 59,706,949.57***

Table 2: Misdemeanor Data Concerns			
Case Type	**Discharge Cases**	**Odyssey Balance**	**ATC/CUBS Balance**
ATC Proposed Cases	50,432	$ 29,343,236.31	$ 29,550,008.03
Balance Discrepancy	(1,225)	$ (360,184.53)	$ (523,433.92)
Multi-Defendant	(107)	$ -	$ (19,126.95)
Priority 1- Victim Restitution	(59)	$ (152,773.46)	$ (154,086.44)
Test Cases	(2)	$ (535.00)	$ (585.00)
No Odyssey Financial Data	(102)	-	$ (23,032.40)
Case Payment within last 10-years	(6,728)	$ (3,754,418.00)	$ (3,754,418.00)
Recommended 2021 Misdemeanor Discharge	***42,209***	***$ 25,075,325.32***	***$ 25,075,325.32***

FINAL QUALIFYING CASES

Case Type	Number of Discharge Cases	Estimated Discharge Amount
Infraction	***91,314***	***$59,706,949.57***
Misdemeanor	***42,209***	***$25,075,325.32***
Discharge Totals	**133,523**	**$84,782,274.89**

NECESSARY COMPONENTS OF A SUCCESSFUL DISCHARGE

Efforts

- Collaborations- Court Tech Services (Developer), Operations, Financial Services Staff, Judicial Officers, Clerks
- Information Dissemination
  - Judicial Officer FYI
  - FAQ/Quick Reference Guide for Staff
  - Public Notice

Challenges

- Data and Technical Challenges
- IT Challenges- updating historic scripts to accommodate an update to 130,000+ cases

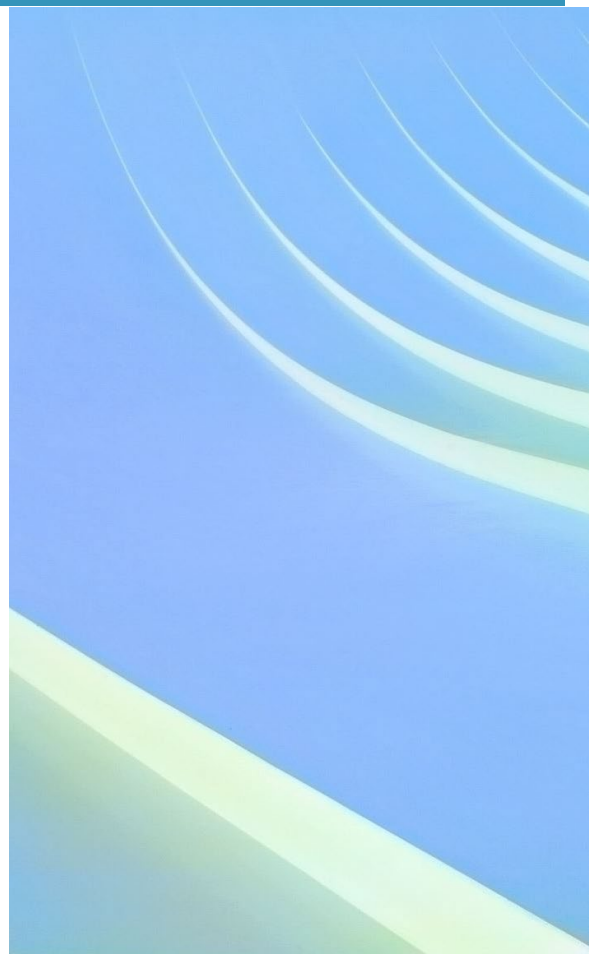
LESSONS LEARNED

- Importance of a detailed Timeline
- Department Support
- Emphasize that this action does not relieve the debt from the debtor
  - This action only relieves your responsibility to collect on the debt
- Build a Repeatable Process
- Commit to an Annual Discharge

2022 Proposed Discharge Cases		
Case Type	Proposed Cases	Proposed Amount
Infraction	***8,816***	***$ 5,553,497.13***
Misdemeanor	***1,668***	***$ 734,153.23***
2022 Proposed Discharge	**10,484**	**$6,287,650.36**

LAKE COUNTY COLLECTIONS
OFFICE OF THE TREASURER- TAX COLLECTOR

Discharge from Accountability



- Deceased
  - Used DMV and other databases
  - Started with oldest debtors
  - So far over 3000 Accounts worth 3 million dollars
    - 7 % of our portfolio
  - Great place to start for the 16 programs that have not discharged

WHERE WE BEGAN

NEXT STEPS

- Discharge
  - Hope to go to the board end of fiscal year or start of next.
  - Looking to do 10 million dollars
  - Starting in oldest amount of debt

CRITERIA FOR DISCHARGE

- Current
  - 15 years or older with no contact for 10 years
    - Exceptions:
      - Less than $ 100 with no contact for 5
      - Likely deceased
      - Any case over 10 years old with no contact and incomplete data

CHALLENGES

- Staffing
- Political Realities
- Lack of Will/ Not wanting to appear to fail

WHERE ARE WE GOING?

- Two Large Discharges
  - 10 Million Currently working on
  - Another 10 Million using similar criteria
  - Yearly using Judicial Council Recommendation
    - 5 years Infractions
    - 10 years Misdemeanor and Felony
    - Try to establish a set time frame around Department needs

POLL #3

In your opinion, what is your programs' primary challenge in determining Adjustments to be reported on CRT?

a. Separating out the different type of adjustments
b. Case management system programming /IT resource availability
c. Communication regarding reasons for adjustments
d. Data validation and replicability
e. Something else entirely

How are you addressing the challenges you have?

COLLECTIONS@JUD.CA.GOV