



## JUDICIAL COUNCIL OF CALIFORNIA

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# REPORT TO THE JUDICIAL COUNCIL

For business meeting on: April 16, 2015

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Title	Agenda Item Type
Technology: V3 Interim Case Management System Funding	Action Required
Rules, Forms, Standards, or Statutes Affected	Effective Date
N/A	July 1, 2015
Recommended by	Date of Report
Judicial Council Technology Committee	April 6, 2015
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### Executive Summary

In April 2014, the Judicial Council directed the Judicial Council Technology Committee (JCTC) to make a recommendation on a plan to eliminate funding from the Improvement and Modernization Fund (IMF) and Trial Court Trust Fund (TCTF) for the V3 Case Management System (V3). In February 2015, the Council adopted the joint recommendation from the JCTC and the Trial Court Budget Advisory Committee (TCBAC) that the JCTC continue to work with the affected courts to align V3 and Sustain Justice Edition case management systems with JCTC strategy. The V3 courts consider taking on maintenance and operations costs for V3, as well as funding a replacement case management system for V3 to be a major challenge due to the judicial branch budget, the need to replace case management systems for other case types, the lack of control the V3 courts have over the cost of V3 operations and maintenance, and the

negative impact of Workload Allocation Funding Methodology (WAFM) on those courts' budgets. The V3 courts also committed significant resources to the development and deployment of V3 as well as subject matter expertise to the development of the terminated CCMS case management system. The JCTC has collaborated with the V3 courts on a path forward that will allow the courts time to transition to another case management system or assume the costs for V3, previously allocated from branch IMF or TCTF.

## **Recommendation**

The Judicial Council Technology Committee recommends that the Judicial Council approve the following changes to the V3 interim case management system programs.

1. After a period of four years starting on July 1, 2015 and ending June 30, 2019 branch funding for the V3 case management system will stop; and
2. V3 will be funded the first Fiscal Year (July 1, 2015 to June 30, 2016). A working group comprised of members of the Judicial Council Technology Committee (JCTC) and Trial Court Budget Advisory Committee (TCBAC) will work together on the source of funding for the remaining 3 years.

## **Previous Council Action**

In March 2012, the Judicial Council voted to terminate deployment of the California Court Case Management System (CCMS) as a statewide court technology solution. The council directed the CCMS Internal Committee to work in partnership with the trial courts to develop timelines and recommendations to the council for strategies to assist trial courts with existing critical case management system needs, to establish a judicial branch court technology governance structure that would best serve the implementation of technology solutions, and to provide technology solutions in the near term to improve efficiencies in court operations by maximizing the value of document management systems, e-filing capabilities, and e-delivery services for the benefit of litigants, attorneys, justice partners, and the public.

In June 2012, the Judicial Council updated the name and structure of the CCMS Internal Committee to the JCTC to be in alignment with the Judicial Council direction. The new committee charge was to oversee the council's policies concerning technology—with responsibility in partnership with the courts for coordinating with the Administrative Director and all internal committees, advisory committees, commissions, working groups, task forces, justice partners, and stakeholders—on technological issues relating to the branch and the courts.

In October 2012, the JCTC hosted a Judicial Branch Technology Summit where branch stakeholders assembled for a collaborative discussion on branch technology governance, vision, and planning. The discussions and feedback from the summit reinforced the need for a new governance and funding model and a long-term strategic plan for branch technology.

In February 2013, the Chief Justice authorized the creation of the Technology Planning Task Force (TPTF). The task force was charged with working collaboratively to define judicial branch technology governance in terms of statewide versus local decision-making, to develop a strategic plan for technology across all court levels that provides a vision and direction for technology within the branch, and to develop recommendations for a stable, long-term funding source for supporting branch technology, as well as a delineation of technology funding sources.

In January 2014, the Judicial Council approved the concept of the court technology governance and strategic plan, prepared by the Technology Planning Task Force, based on the information provided in the executive summary for the governance and funding model and plans.

At its April 24, 2014 business meeting, the council tasked the JCTC to develop a plan to eventually eliminate funding from the TCTF and State Trial Court IMF to courts for V3 (civil, small claims, probate, and mental health) case management system and Sustain Justice Edition costs.

In August 2014, the Judicial Council approved the Court Technology Governance and Strategic Plan. The chair of the JCTC stated that the plan would return to the council with updates related to language access.

In October 2014, the Judicial Council approved the Update to the Court Technology Governance and Strategic Plan.

In February 2015, the Judicial Council approved recommendations that included input from court executive officers and court information officers on changes to a number of statewide technology programs to achieve approximately \$1 million in savings in the State Trial Court IMF; forming a working group or tasking an existing council committee to focus on technology-related efficiencies and cost-saving measures for small courts; and directing its Information Technology office to consider replacing its external contractors with employees, as well as adopting the joint recommendation from the JCTC and the TCBAC that the JCTC continue to work with the affected courts to align V3 and Sustain Justice Edition case management systems with JCTC strategy.

### **Rationale for Recommendation**

This recommendation recognizes the investments the V3 courts made in a statewide CMS, as well as their lack of funds to deploy a new civil CMS. It takes into consideration that three of the courts (Orange, Sacramento, and San Diego) are donor courts under the WAFM and recognizes that overall, it is counterproductive to expect the courts pick up operational and maintenance costs for V3, at the same time as expending funds to transition to a new CMS. The same three courts also have major projects underway to replace other failing case management systems, projects that have consumed their resources and funds. This recommendation assists the V3 courts in bridging the gap to transition from V3 and the statewide CMS strategy to the new Judicial Branch technology strategy.

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

### **Comments**

The JCTC has thoroughly examined, with the participation and collaboration of the V3 courts, the Judicial Council directive to develop a plan to eventually eliminate the funding from TCTF and IMF to the V3 courts. Following the Judicial Council decision to stop CCMS as a statewide CMS in 2012, the Judicial Branch Information Technology Working Group reporting to the JCTC formed the V2 and V3 Workstream so the courts could make recommendations on their CMS. The courts were unable to reach a consensus on a path forward.

In July 2014, the JCTC sent a letter to the V3 courts requesting they advise of their plans for V3. Representatives from the JCTC met with the V3 courts in August 2014 to get their input and ideas. The JCTC has reviewed possible costing models for the V3 courts. JCTC representatives met with each of the V3 courts in March 2015 to invite further feedback and to best understand their plans. In March, the JCTC also met with the V3 courts in a closed meeting, to allow for sharing of confidential information, and an open meeting to allow public discussion and to vote on a recommendation.

On March 11, 2015, the TCBAC's Revenue and Expenditure Subcommittee voted to recommend to the TCBAC that the IMF support for V3 and Sustain Justice Edition (also known as the Intermediate Case Management System or ICMS) be reduced by 20% starting in FY 2015-2016 and the costs be passed on to the trial courts. The subcommittee reconvened on April 2, 2015 to reconsider this recommendation. The subcommittee revised the recommendation to freeze the 2015-2016 IMF allocations for V3 and ICMS to the FY 2014-2015 funding levels. In addition, they voted to reduce the IMF allocations for V3 and ICMS by 10% starting in FY 2015-2016 if the IMF FY 2015-2016 ending fund balance is projected to be below \$300,000. The costs would not be passed on to the V3 courts as previously recommended. Judicial Council staff was asked to identify ways the costs could be absorbed within the Judicial Council Information Technology budget or eliminated through reduction in services.

Judicial Council Information Technology staff is working on the potential impact of these recommendations. As of the time of this report, the analysis has not been completed. Suggested next steps for assisting the V3 courts include exploring potential sources of funding to deploy replacement CMSs and developing a business case for funding replacement CMSs.

### **Impacts and Equity Issues**

#### ***WAFM "donor" courts***

The funding issues are exacerbated in the case of WAFM "donor" courts (the Superior Courts of Orange, Sacramento, and San Diego Counties in FY14/15), by their reduction in allocations. Reductions are at 15% in FY14/15 and go to 30% in FY 15/16.

#### ***Limited Staff Resources***

From the meetings with the V3 courts, the JCTC learned that each of the courts has had significant reductions in staff. Existing staff is committed to supporting judicial officers and also assisting with the current projects to replace failing case management systems. There are no available staff resources to also support the transition to a new civil CMS.

### ***1% cap on Reserves***

With the 1% cap on reserves, the trial courts no longer have the ability to save for a new case management system.

### ***Pending GAP Analysis***

Tyler has agreed to perform a Gap Analysis for the Superior Court of Orange County comparing Tyler Odyssey to V3. This will identify areas that Tyler needs to modify in its case management system, so that the efficiencies and cost savings the Superior Court of Orange County depends on in V3 will not be lost. Examples of these efficiencies are streamlined e-filing processing and the Electronic Legal File (which enables a paperless courtroom). These improvements in Tyler's Odyssey will be available to and will benefit all courts moving to Odyssey and could be used even by courts working with other vendors to potentially identify areas for improvement and efficiency.

### ***Feedback from Courts***

The courts have offered feedback regarding the directive of the Judicial Council in their April 2014 meeting:

Beginning in 2005, seven courts volunteered to assist the branch in developing a new case management system. The new system was intended to serve the entire branch, not just the seven courts, and the costs of developing and maintaining the CMS was assumed to be funded from trial court funding sources before allocation to the trial courts. During the development and testing of the branch-wide CMS these seven courts provided substantial additional resources, both operations and IT resources, to help develop and test the V2, V3, and V4 prototypes. Moreover, the people assisting were highly skilled "subject matter experts" whose efforts were dedicated to developing the best system for all courts, and not available to the volunteer courts to do their daily work. These resources were from each court's base allocations, not from the trial court funding sources.

The courts also point out that in the audit of the CCMS development, the California State Auditor found:

"the seven superior courts that have implemented the criminal [V2] and civil [V3] systems reported to us [CSA] that they spent nearly \$44 million in staffing, equipment, and consulting costs to test, deploy and support the interim systems beyond the roughly \$49 million that they [the V3 courts] paid directly to the development vendor [to assist in the deployment of prototypes]. Even this \$44

million is likely understated because one superior court—the Superior Court of San Diego County (San Diego)— also reported that in fiscal years 2005–06 and 2006–07 between 120 and 130 of its staff worked part-time to full-time on implementation of the civil system but it was unable to quantify the cost related to their efforts.” (Administrative Office of the Courts, The Statewide Case Management Project Faces Significant Challenges Due to Poor Project Management, February 2011 Report 2010-102, pages 45-46.)

According to the V3 courts, although the Judicial Council provided administrative grants to assist the V3 Courts with their costs to support CCMS development, it was quite nominal compared to the costs spent by the Courts to support CCMS development as noted above. The V3 courts made significant investments in a CMS that was intended to benefit all courts.

### **Alternatives Considered**

Two funding strategy alternatives were evaluated. These were:

1. Sunset of V3 in 3 – 5 years, which was refined to 4 years
2. Incremental transitioning of costs using a cost sharing formula

Additionally, regardless of the alternative chosen, the V3 courts may seek funding for replacement CMSs with the idea that JCC staff would assist if desired by the V3 courts.

#### ***Alternative 1: Sunset of V3 in 4 years***

This alternative included:

- No change to the current source of V3 funding. Funding would continue to come from the TCTF or IMF for a set period, proposed between three and five years and refined to 4 years.
- At the end of that period, V3 courts will either have deployed a replacement civil CMS, taken on support for V3, or will assume the full costs for V3.

The rationale for this alternative was that it recognizes that the combination of the WAFM changes and an immediate start to a glide path will increase the difficulty for the V3 courts to fund a replacement CMS. This gives the V3 courts time to deploy a replacement civil CMS or take on support for V3.

#### ***Alternative 2: Incremental transitioning of costs using a cost sharing formula***

This alternative included:

- The V3 courts will incrementally take on more of the V3 costs, with the funds from IMF or TCTF decreasing as court contributions increase, until 100% of the costs are allocated to the V3 courts.
- The progression, percentages, and length of time, need to be determined. A five year glide path is consistent with the WAFM and with current models for economic planning.

Four cost sharing models were evaluated. These include:

- Allocation proportional to court budget does not take usage into account, but does take court fiscal realities into account. As the WAFM is implemented, the courts' budgets should become more representative of usage.
- Allocation by Filings is an accepted cost model for service providers, but costs fall disproportionately on the smaller courts.
- Allocation by Users is an accepted cost model for software vendors, but less so for service providers, and costs fall disproportionately on the smaller courts.
- Equal Allocation distributes costs disproportionately to the smaller courts.

The rationale for this alternative was that it spreads out the impact on the V3 courts of absorbing the costs for V3; however, this alternative has an additional impact for three V3 courts (the Superior Courts of Orange, Sacramento, and San Diego Counties), which is the challenge of starting a project to deploy a replacement civil CMS as they have resources committed to completing projects already underway to replace other failing CMSs. This results in courts transitioning from V3 and no longer participating in cost sharing for V3 at significantly different times. Related to this alternative, the issue of how to minimize the fiscal impact to the remaining courts as one or more courts convert to another civil CMS and how will those costs be absorbed by the IMF or TCTF.

***Option: Seek funding for replacement case management systems***

This option could be used for either alternative. The V3 courts may develop a business case for V3 CMS replacement using the Superior Court of Fresno County's V2 CMS replacement as a model, or develop another model. The courts may request funds from the Judicial Council (Emergency Funds or a loan) or from the State via a Budget Change Proposal (BCP) in implementing replacement civil CMSs. When the V3 courts are fully transitioned, in four years or less, funding will no longer be needed from TCTF or IMF.

**Implementation Requirements, Costs, and Operational Impacts**

The implementation requirements, costs, and operational impacts are detailed in the recommendation section above.

**Relevant Strategic Plan Goals and Operational Plan Objectives**

This recommendation will address the strategic plan goals of Access, Fairness, and Diversity (Goal I), Modernization of Management and Administration (Goal III), and Quality of Justice and Service to the Public (Goal IV). The Judicial Council approved the Court Technology Governance and Strategic Plan, which includes the strategic and tactical plans for technology.