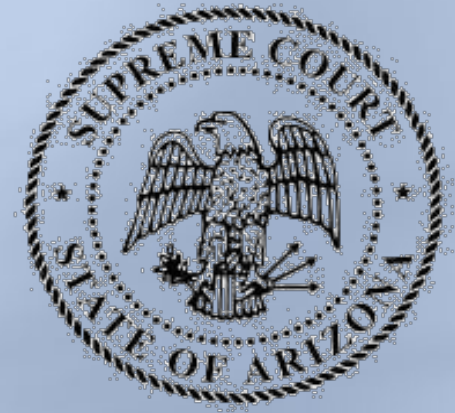


Arizona Trial Courts Funding Strategies

Briefing for the Michigan Trial Court Funding Commission

July 28, 2018



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Overview

- Guiding Principles
- Arizona Judicial Branch
- Arizona's Hybrid Funding System
- Strengths and Weaknesses of Arizona System
- FARE Court Order Enforcement/ Collections Program
- Municipal Court Governance: Roles and Responsibilities
- Resources

Guiding Principles for Court Funding

- Courts should be substantially funded from general government sources
 - Court fulfillment of constitutional mandates
 - Reasonable user fees for “private” benefits derived by litigants
- Fees and miscellaneous charges should not preclude access to courts and should be waived for indigent litigants
- Surcharges should only used to fund justice system purposes
- Fees and costs should be determined in consultation with judicial body and periodically reviewed for adjustments

Guiding Principles for Court Funding

- Fees and charges should be “simple and easy to understand,” based on fixed/flat rates
- Optional local fees should not be established
- Fee proceeds should not be earmarked for direct benefit of any judge, court official or justice system official
 - Fee proceeds should be deposited to the account of the government source providing the court’s funding.

“Courts are Not Revenue Centers,” Conference of State Court Administrators, 2012

Arizona State Judicial Branch – FY 2017

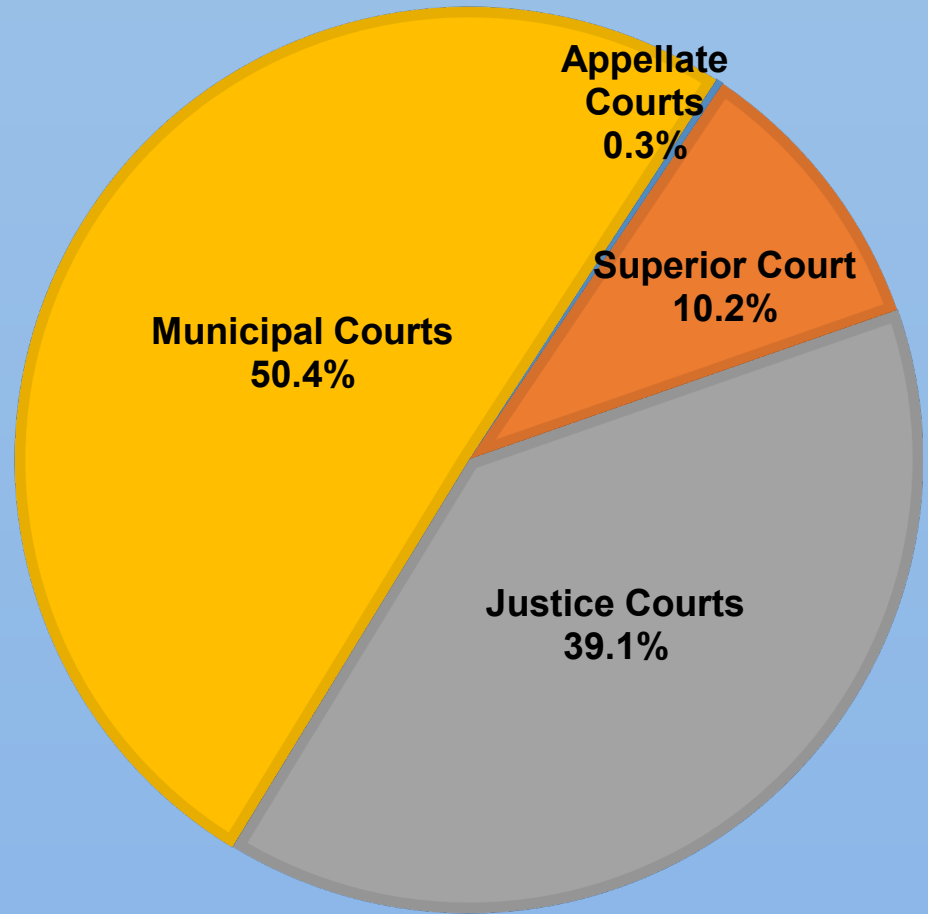
- Population: 7.016 Million (2017) U.S. Census Bureau
- 15 Counties, with large land areas
- Expends \$790.1 Million Annually
- Staffing
 - 9,400 Full-Time Court Employees
 - 1,000 Part-Time Court Employees
 - 3,382 Volunteers
- Decentralized courts, with strong state-wide policy setting by Supreme Court



Statewide Case Filings

- Total Statewide Filings for 2017: 1,860,431
- General Jurisdiction Courts count by case, while Limited Jurisdiction Courts count by charge.

FY 2017 Distribution of Filings by Jurisdiction



Arizona Trial Courts Funding: A Hybrid System

- Primarily local government city and county general funds
- State funding for half of Superior and Justice court judicial salaries and some probation staffing (excluding Maricopa County)
- Supplemented by:
 - Statutory state-wide fines, filing fees, and surcharges
 - Local court user fees adopted by local ordinance
- State and Federal Grants
- IV-D and other Federal Funding
- Substantial state funding for Juvenile and Adult Probation

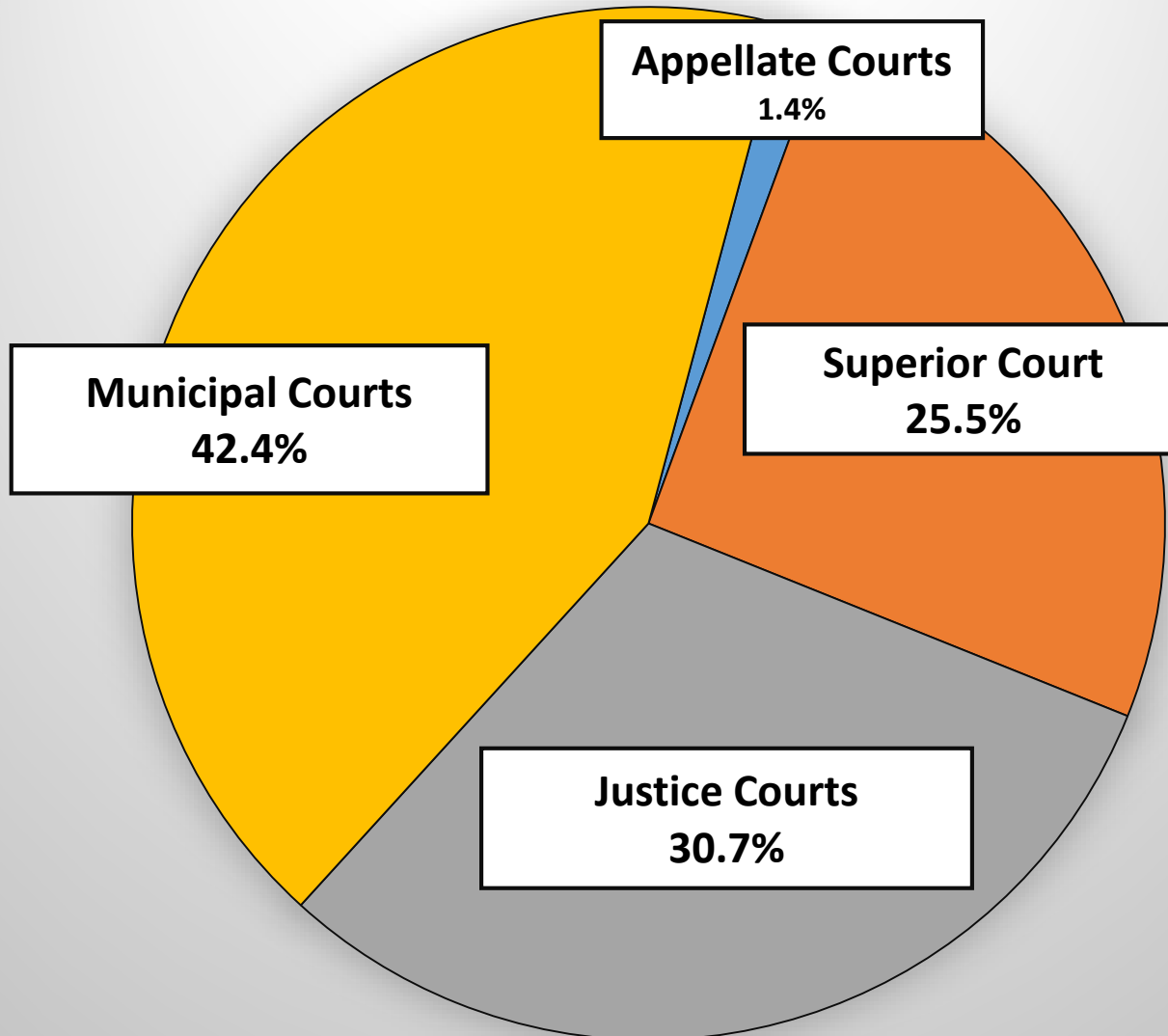
Court Funding

- Grant Funds Supported by Filing Fees and Surcharges
 - Judicial Collection Enhancement Fund (JCEF)
 - Court Security Improvements
 - Public Defender Training Fund
 - Traffic Case Processing Fund
 - Case Processing Assistance Fund (CPAF)
 - Fill the Gap (FTG) statutory set aside for criminal cases
 - Alternative Dispute Resolution (ADR)
- Local court fees
- Collection fees
- Probation supervision fees
- State and Federal Grants

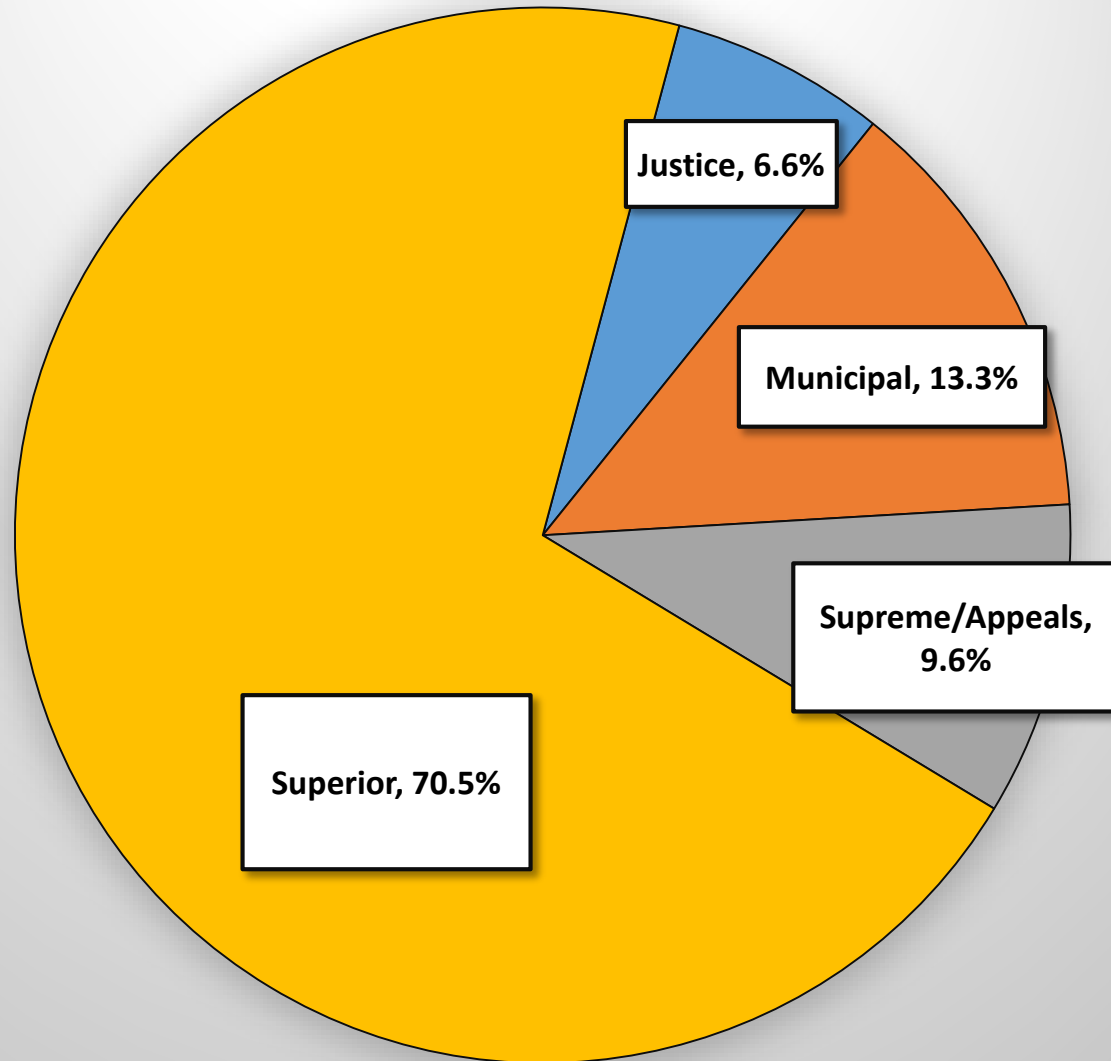
Governance of Statutory Fee and Surcharge Revenues

- State level Supreme Court (AOC) governance of statutory revenue expenditures through grant approval process
- Non-supplanting provisions for expenditure of fee revenues
- State level use of some fee and surcharge funds for enterprise-wide services, e.g., case management system automation, collections, treatment services
- AOC Operational Reviews: Audits of local courts to ensure compliance with Minimum Accounting Standards
- Triennial External Audits
- Ad hoc audits by State Auditor General

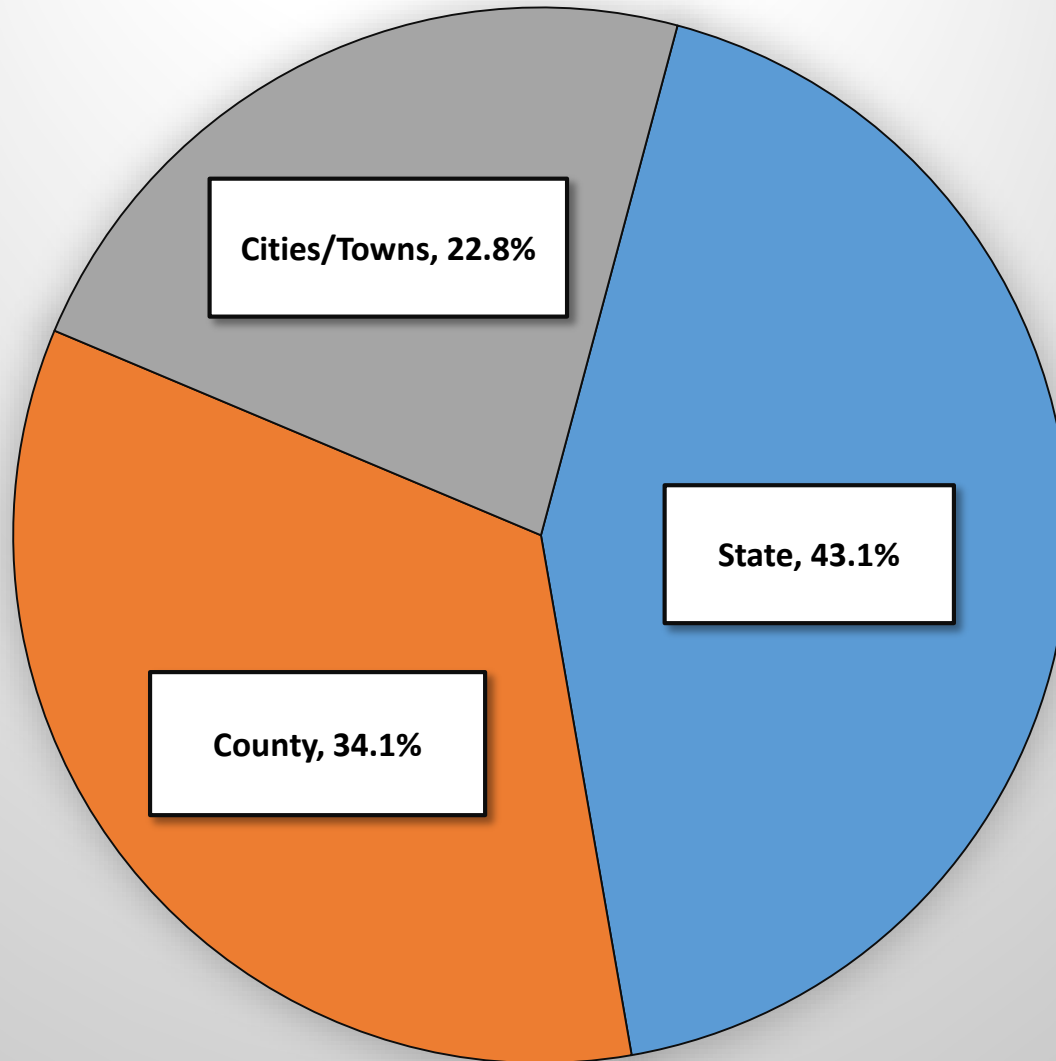
Revenue Generated by Court Level – FY2017



Expenditures by Court Level – FY2017



Revenue Distribution by Level of Government – FY2017



Judicial Collections Enforcement Fund: Authorities

- A.R.S. § § 12-113 et seq.
- ACJA § 5-102
- “State” and “Local” JCEF

JCEF Purpose

- To improve the administration of justice by enhancing the **enforcement of court orders**
- Local funds to train personnel, improve, maintain and enhance the ability to **collect and manage monies** assessed or received by the courts, and **court automation** projects to **improve case processing** or the **administration of justice**
- State funds for enterprise-wide services, e.g., automation, remote video interpreters, virtual self service center, collections, strategic agenda

Local JCEF Funding

**Time
Payment
Fee**
§12-116

**Diversion
Surcharge**
§12-114

**Superior
Court Filing
Fees**
§12-284.03

**Justice
Court Filing
Fees**
§22-281

**Municipal
Court Filing
Fees**
§22-404

**Notary
Bond Fees**
§41-178

Local JCEF

State JCEF Funding

Time
Payment
Fee

§12-116

Diversion
Surcharge

§12-114

Supreme
Court & COA
Filing Fees

§12-119, 12-
120

Superior
Court Filing
Fees

§12-284.03

Justice Court
Filing Fees

§22-281

Municipal
Court Filing
Fees

§22-404

Notary Bond
Fees

§41-178

State JCEF

Lengthy Trial Fund

- In Arizona, employers are not required to pay an employee who serves on a jury
- The goal of the LTF is to lesson a juror's concern over lost earnings while serving on jury duty
 - Reduces the number of jurors excused for financial hardship
 - Allows a greater cross-section of the community to serve
- Revenue for the fund is generated by a \$15 filing fee attached to civil filings

How does the program work?

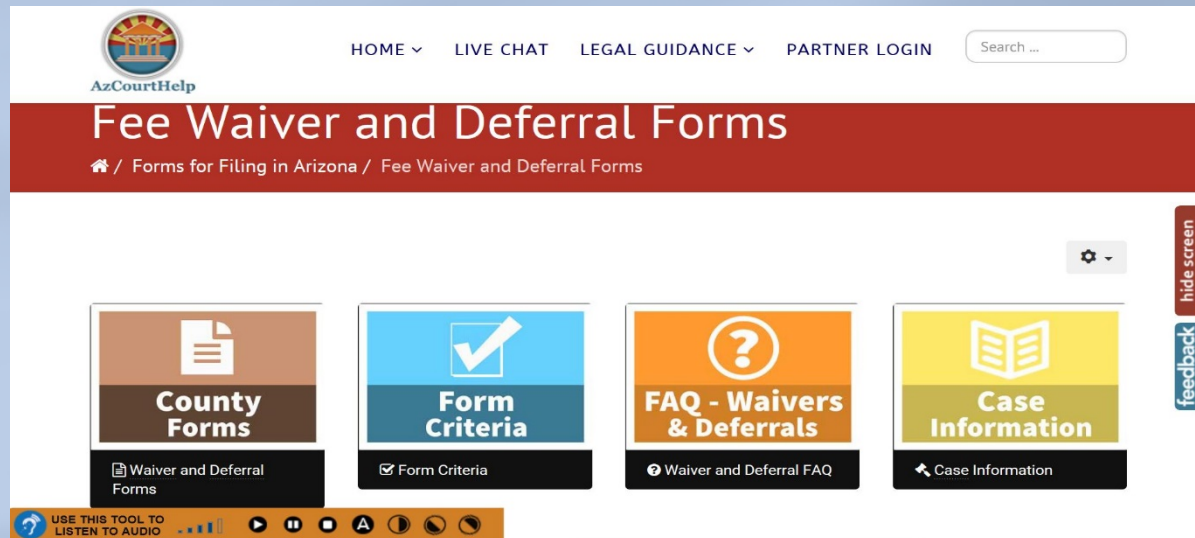
- Amount of payment
 - Juror who is receiving less than full compensation from employer
 - Minimum payment is \$40/day (less \$12)
 - Actual earning lost, up to a maximum of \$300/day (less \$12)
 - Unemployed jurors
 - \$40/day (less \$12)
- No mileage coverage from the LTF

Court Fee Deferral and Waiver: Authorities

- A.R.S. § 12-302
- ACJA § 5-206
- Administrative Order No. 2009-01
- Administrative Directive No. 2017-01

Court Fees Deferral and Waiver

- Purpose: To eliminate financial barriers to access to the courts.
- Fees are deferred or waived by meeting indigency thresholds.
- Supreme Court adopts forms and procedures for all Arizona courts to follow.



Strengths of Arizona Funding System

- Collectively, diverse funding sources are more stable than a single source, thus reducing impact of fluctuations in income, property and sales taxes revenues
- State level governance and non-supplanting clauses ensure appropriate use of fee revenues
- Independence of the judicial branch and judges, as courts are not solely self-supported by court-imposed financial sanctions
- Revenues can fund statewide Supreme Court strategic initiatives, e.g., case management automation, e-filing, e-bench, collection and treatment services

Strengths of Arizona Funding System – con't

- Fee waiver/deferral process ensures access to court
- Strong fiscal controls through Minimum Accounting Standards and audits
- Transparency through monthly revenues survey

Weakness of Arizona Funding System

- Over dependency on filing fee revenues, amidst declining volume of case filings
- Vast discrepancies in funding levels and services amongst courts, including those at the same level and in the same county
- Over complexity of fees schedules, in terms of transparency, public understanding and administration
- Difficulties in design and maintenance of CMS and financial automation systems



Upholding the Integrity
of Our Courts

Prior to FARE Court The Majority of Orders
Were Routinely Not Enforced

FARE was created and designed with local courts input

**A.O. requires courts to be in FARE fairness and responsible
in management of cases**



Justice for All

Report and Recommendations of the Task Force on Fair Justice for All:
Court-Ordered Fines, Penalties, Fees, and Pretrial Release Policies

- ▶ FARE is a series of enforcement alternatives other than jail for those who fail to appear or fail to pay court ordered financial obligations
 - ▶ Endorsed by the Fair Justice Task Force
 - ▶ Enforcement of court orders

FARE Program Goals

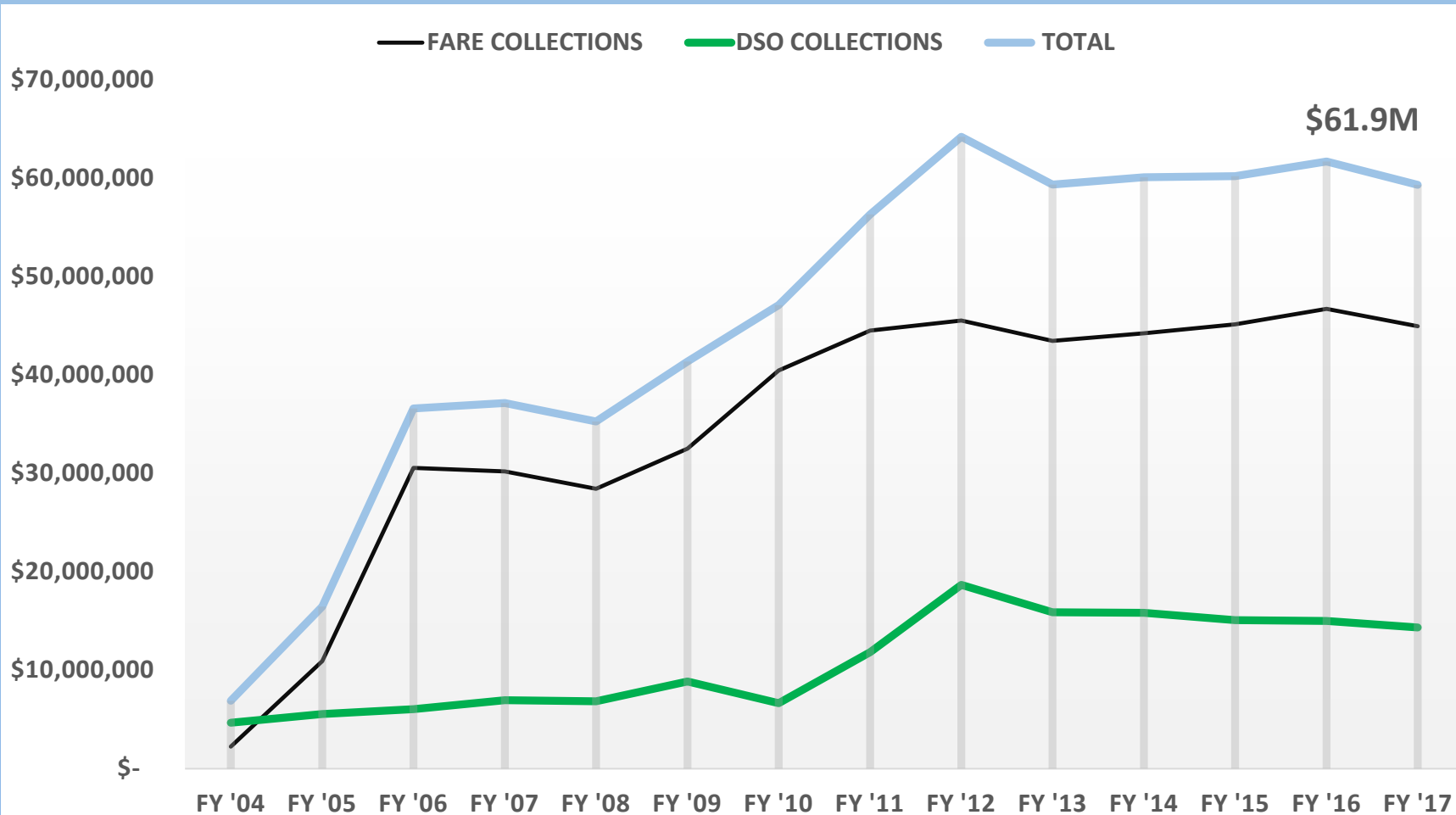
- 🔨 Initiative of the Arizona Judiciary
- 🔨 Public/Private Partnership - Conduent



Collection FARE Services

- ▶ Notices sent to litigants
- ▶ Facilitate payments (Website/IVR)
- ▶ Online Citation Payment (OLCP) - Pre and Post Disposition
- ▶ Hold is placed on vehicle registration (TTEAP)
- ▶ Tax and lottery intercept
- ▶ Collection calls
- ▶ Address/Phone skip-tracing
- ▶ Person matching
- ▶ TransUnion (records search)

Revenue



Financial Summary

Cases Currently in FARE	
Case Count	1,256,332
Amount	\$926,252,419

Case Submissions FY 2017		
	Case Count	Amount Assigned
Cases Assigned	314,743	\$202,277,367
Cases Paid*	136,323	\$107,237,065

Life of Program Activity		
	Case Count	Amount
Cases Assigned	2,433,115	\$1,360,207,485
Cases Paid*	1,176,783	\$433,955,066

Financial information excludes Phoenix Municipal Court

*Amounts include partial payments

FARE Funding Supports

- ▶ Infrastructure costs
- ▶ Case and Financial management systems (AZTEC/AJACS)
- ▶ Online Citation Payment (OLCP)
- ▶ Public Access web site
- ▶ One time projects
 - ▶ E-notifications
 - ▶ Data Warehouse Upgrade
 - ▶ E-services
- ▶ Education & Training for staff
- ▶ Allocation of year-end monies to local courts

FARE Fee Structure

- ▶ Special Collections Fee (19.5%) assessed after the 2nd notice is mailed
 - ▶ 37% of litigants will not have 19% fee assessed at all
- ▶ \$48 FARE Delinquency Fee
 - ▶ AOC = \$37.50
 - ▶ Conduent = \$10.50

Compliance Assistance Program (CAP)

- ▶ Allows for the reinstatement of a litigant's driver's license based on down payment and reasonable payment plan
- ▶ Allows litigants more time to resolve financial obligations without assessment of collection fees
- ▶ Reduces financial burden on litigants

New Projects and Expanded Services

Establishing
payment plans
online

Online CAP
Application

Email and text
message
reminders

Recurring
payments

Correctable
violations online

Offsite cash
payment
locations
(CVS, QT)

“Municipal Court Governance Roles and Responsibilities”

Cites authorities for:

● Supervision and Management

- City or town responsibility to maintain a municipal court
- Coordination in consolidating a municipal court
- Relationship between the municipal court and city or town
- Authority to administer the municipal court
- Municipal court operational review and audits
- Authority to require the judge to attend court every business day and use attendance as a criterion for evaluating the judge's performance

“Municipal Court Governance Roles and Responsibilities”

● Budget and Finance

- Responsibility for providing staff and other resources to ensure effective court operations
- Preparation of the municipal court budget and requirement to follow city or town budget and finance procedures
- Authority of the municipal judge to move funds between budget line items and to make fiscal-neutral staff reassignments
- Authority to direct the expenditure of funds appropriated to the court through state statutes or municipal ordinances
- Responsibility for collection of court fine, sanction, restitution, and bond payments.

“Municipal Court Governance Roles and Responsibilities”

● Personnel

- Appointment and reappointment of municipal judges
- Obligation to pay judicial salaries
- Authority of the city or town to conduct performance reviews of the presiding municipal judge
- Authority to hire, supervise, discipline, and terminate municipal court employees
- Liability for court operations and employees

“Municipal Court Governance Roles and Responsibilities”

● Facilities

- Responsibility for providing facilities, staff, and other resource to ensure the safe and effective operation of the court
- Use of the courtroom by the city or town for non-judicial purposes

● Records

- Responsibility for maintaining municipal and court records

Resources

2011-2012 Policy Paper

Courts Are Not Revenue Centers

Conference of State Court Administrators

2013-2014 Policy Paper

Four Essential Elements Required to Deliver Justice in Limited Jurisdiction Courts in the 21st Century

Conference of State Court Administrators

2015-2016 Policy Paper

The End of Debtors' Prisons: Effective Court Policies for Successful Compliance with Legal Financial Obligations

Conference of State Court Administrators

Justice for All

Report and Recommendation of the Task Force on Fair Justice for All:

Court-Ordered Fines, Penalties, Fees, and Pretrial Release Policies

August, 2016

Municipal Court Governance Roles and Responsibilities

Administrative Office of the Courts, 3/30/2017

For Further Information:

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