

AGENDA

ASSEMBLY BUDGET SUBCOMMITTEE NO. 4 ON STATE ADMINISTRATION

ASSEMBLYMEMBER JOAN BUCHANAN, CHAIR
AND

ASSEMBLY BUDGET SUBCOMMITTEE NO. 5 ON PUBLIC SAFETY

ASSEMBLYMEMBER GIL CEDILLO, CHAIR

Wednesday, March 14, 2012
1:30 P.M. - STATE CAPITOL ROOM 437

ITEMS TO BE HEARD		
ITEM	DESCRIPTION	
ORG 0250	JUDICIAL BRANCH	
ISSUE 1	CALIFORNIA COURT CASE MANAGEMENT SYSTEM	1

**0250 JUDICIAL BRANCH
0502 CALIFORNIA TECHNOLOGY AGENCY
8855 BUREAU OF STATE AUDITS**

ISSUE 1: CALIFORNIA COURT CASE MANAGEMENT SYSTEM

The Subcommittees will consider the path forward for the California Court Case Management System, in the context of the project's past challenges.

BACKGROUND

Proposition 220, approved in 1998 by California voters, began the process of unifying California's superior and municipal courts. The Trial Court Funding Act of 1997 established a funding mechanism where these courts receive state, rather than local, funding. With administrative functions provided by the Administrative Office of the Courts (AOC), these superior courts receive funding through allocations from the Judicial Council of California (Judicial Council). As part of an effort to address technology problems facing the many case management systems used by the superior courts, the AOC, at the direction of the Judicial Council in 2003, continued the development of a single court case management system, referred to as the statewide case management project.

Two interim systems—the criminal and traffic system (referred to in this report as the criminal system) and the civil system—are presently in use at seven superior courts. Currently, the AOC is responsible for managing the deployment of the completed version of the statewide case management project—the California Court Case Management System (CCMS). The CCMS covers all court case types. The AOC asserts that once this system is deployed statewide, CCMS will improve access, quality, and timeliness of justice; promote public safety; and enable court accountability. The CCMS was also designed to include statewide reporting; court interpreter and court reporter scheduling; and the capacity to interact electronically with other justice partner systems, such as those of local sheriffs and district attorneys. Further, the AOC stated that the system will replace a myriad of disparate commercial and custom-built case management systems that the 58 superior courts currently use.

As of February 2012, total CCMS expenditures were estimated to be \$521.5 million. The AOC further broke out total expenditures as follows:

- \$333.3 million for CCMS development and deployment
- \$2.5 million for CCMS system maintenance and support
- \$185.7 million for interim Case management System support

The AOC's most recent projections show that as of fiscal year 2015 -16 — the year in which the AOC estimates that the CCMS will be deployed statewide—the full cost of the project is likely to reach nearly \$1.9 billion. However, this amount does not include costs that superior courts will incur to implement the CCMS.

2012-13 BUDGET PROPOSAL

The Governor's Budget includes \$3.1 billion (\$1.3 billion General Fund) and 2,042.1 positions for Judicial Branch operations in 2012-13. This reflects an overall decrease of \$104.1 million and four positions from the Budget Act of 2011 (including a \$41 million General Fund increase). The Governor's Budget also includes \$559 million (all special funds) for infrastructure needs. This reflects a decrease of \$140.1 million from the Budget Act of 2011.

Fund Source (000s)	2010-11 Actual	2011-12 Projected	2012-13 Proposed	BY to CY Change	% Change
General Fund	\$ 1,652,278	\$ 1,228,382	\$ 1,269,407	\$ 41,025	3%
Trial Court Trust Fund	1,508,344	1,649,386	1,467,416	(181,970)	(11)
Other Funds	310,167	337,682	374,508	36,826	11
Infrastructure Funding	128,134	698,654	558,552	(140,102)	(-20)
Total Expenditure	\$3,598,923	\$3,914,104	\$ 3,669,883	\$ (244,221)	(6)%
Positions	1,856.3	2,042.5	2,042.1	(0.4)	0

The Governor's Budget includes \$50 million in unspecified fee and fine increases and an additional \$2.8 million General Fund to partially restore Judicial Branch operational funding. The Governor's Budget also includes a trigger reduction of \$125 million contingent on passage of the Governor's ballot proposal on taxes. Failure of the Governor's tax proposal in November 2012 would trigger the \$125 million reduction.

2011-12 Budget actions

The 2011 Budget Act included a \$350 million reduction to the Judicial Branch's General Fund expenditure authority as one of the many solutions for closing the \$26.6 billion budget gap projected for the 2011-12 fiscal year. The 2011 Budget also included a \$15 million reduction to the Vertical Prosecution Grants program, triggered by lower than projected General Fund revenues.

IT PROCESS

When the CCMS project began, the Judicial Branch was completely exempt from State IT project management rules that Executive Branch departments must follow. In order to mitigate the substantial risk involved in major IT projects, departments must ordinarily provide the California Technology Agency (CTA) in the Executive Branch, and the Legislature with information on:

- (1) Estimated costs and benefits before the project is approved,
- (2) A plan for project oversight and risk management,
- (3) Information on major changes in a project's cost or scope, and,
- (4) An evaluation of the proposed versus actual costs and benefits after the project has been completed.

The 2004-05 budget package included legislation requiring the Judicial Council to report annually to the Legislature on CCMS, including completed, current, and proposed activities, and a project implementation evaluation. Moreover, in 2009-10, legislation was enacted requiring the CTA to review and offer its recommendations in regard to any court IT projects that were estimated to cost more than \$5 million.

During a 2011 Budget Subcommittee hearing, the LAO noted the following:

- Although the annual reporting requirements on CCMS were an improvement, they are only required for CCMS and one other project specified in statute. This is because Judicial Council is not required to report on the dozens of other court IT projects that are currently under development, as well as on any project that may be pursued in the future. We also note that, under the statute, CTA can only offer recommendations to AOC. The AOC is not required to carry out CTA's directions.
- About nine years into the project, the AOC has not yet presented the Legislature with an analysis of the cost and benefits of the CCMS project—which, as we mentioned, is a step normally accomplished before state IT projects are approved. Nor has AOC provided a plan to the Legislature explaining how the future costs for the CCMS project will be financed. The absence of such information makes it difficult for the Legislature to make budgetary decisions regarding CCMS.

In view of the above, the LAO recommended that the Legislature require the judicial branch to follow the state's IT process.

RECENT LEGISLATION

SB 13 X4 (Senate Budget and Fiscal Review Committee), Chapter 22, Statutes of 2009 Fourth Extraordinary Session.)

Access to Court-Related Information. This bill contains provisions that increase access to information related to various court activities. Specifically, it requires that any person shall have a right to obtain information on courts' budgets, expenditures, staffing levels, and contracts, except for confidential information related to the adjudicative process. This bill further requires the Judicial Council to provide annual reports to the Legislature regarding its annual allocations to the trial courts, as well as annual expenditures and fund balances. This bill also requires the Judicial Branch to submit all information technology projects costing over \$5 million to the State Chief Information Officer for review and recommendations with a copy of the reviews and recommendations provided to the Legislature.

SB 78 (Senate Budget and Fiscal Review Committee), Chapter 10, Statutes of 2011.)

Court Case Management System Independent Review.

Requires the AOC to retain an independent consultant to review the CCMS and provide a copy of the written assessment to the Legislature. Additionally, the AOC was required to ensure that any flaws, defects, or risks identified by the independent assessment be remedied during the warranty period.

Judicial Branch Contracting.

Requires all Public Contract Code (PCC) provisions related to state agencies or departments apply to the state judiciary, beginning October 1, 2011. Further, the bill was clear in maintaining the Judicial Branch's independence from oversight by the Department of General Services or any other state entity.

SB 92 (Senate Budget and Fiscal Review Committee), Chapter 36, Statutes of 2011.

Bureau of State Audits, Court Public Contract Code Compliance Clean-up.

Made technical/clarifying changes to amendments added in SB 78 by removing, from Government Code Section 77206, the Bureau of State Audit's requirement to assess the Judicial Branch's compliance with Public Contract Code Section 19210 and creating a new section that mirrors Government Code Section 77206 in respect to this Public Contract Code compliance responsibility. This change delineated the assessment of Public Contract Code compliance from the financial audit established in Government Code Section 77206, and establishes a timeframe (ten days) in which the judicial branch must notify the State Auditor when it has entered into a contract greater than \$1 million.

FUTURE COSTS

The AOC has determined that releasing cost estimates for a 58-court deployment, at this point, would be too speculative, considering that the AOC recently retained Grant Thornton to assist in developing a deployment plan. The deployment plan is expected to provide baseline deployment cost estimates for the early adopter courts, provide a phase two-deployment plan for up to ten additional courts, cost estimates for their deployment, and an analysis of the potential benefits and opportunities of the deployments. The plan is expected to be available in April of 2012.

Grant Thornton's recommended deployment plan and approach is expected to include a cost beneficial deployment scope, sequence and timeline for the early adopter courts and a subsequent portion of additional courts. The Grant Thornton recommendation could then be used as a model for the deployment of subsequent courts along with expected quantitative and qualitative benefits to be delivered by the CCMS V4 system once fully deployed. As a result, the AOC has stated that releasing even the estimates for deployment to the early adopter courts would provide inaccurate information, and thus the AOC is not prepared to put out those estimates at this time.

CURRENT STATUS OF CCMS PROJECT

Deployment

The CCMS system developmental phase has been completed. There are seven counties utilizing some version of the CCMS system for day-to-day operations. The currently implemented versions of the system include "V2" (criminal and traffic) and "V3" (civil, small claims, probate, and mental health). Fresno is the only county currently using "V2"; while, San Diego, Orange, Ventura, Sacramento, San Joaquin, and Los Angeles counties are all currently using varied versions of "V3". No counties are currently using the full CCMS system functionality.

Warranty

Subsequent to the release of an independent assessment and determination that the CCMS would operate as designed, the AOC "accepted" the CCMS product from the vendor on November 28, 2011. The AOC's November 28, 2011 acceptance of the CCMS system triggered an implementation phase that is set to expire no later than July of 2012. Upon expiration of the implementation phase, a twelve-month warranty period begins regardless to whether any counties have implemented the final version of the system.

The twelve-month warranty will cover CCMS system documentation ensure that the V4 product conforms to and performs in accordance with the specifications outlined in the deliverables (e.g. the Final Functional Design outlines how the product should operate from a business perspective, any deviation is considered a defect and will be fixed under warranty).

PANEL

- ❖ Bureau of State Audits – Please be prepared to address the following in your testimony:
 - BSA's Report: *Administrative Office of the Courts: The Statewide Case Management Project Faces Significant Challenges Due to Poor Project Management*

- ❖ Legislative Analyst's Office – Please be prepared to address the following in your testimony:
 - History of CCMS
 - The state's IT processes
 - CCMS deployment

- ❖ California Technology Agency – Please be prepared to address the following in your testimony:
 - History of CCMS
 - The state's IT processes
 - CCMS deployment

- ❖ Administrative Office of the Courts – Please be prepared to address the following in your testimony:
 - History and future of CCMS

STAFF COMMENT

Given the April 2012 due date for the Grant Thornton analysis on CCMS deployment costs, it would be unreasonable for the AOC to move forward on any plans to further deploy the CCMS system prior to providing stakeholders the opportunity to review future cost projections. Further, staff recommends the Joint Subcommittees consider whether statutory changes are necessary to establish a more formal process for ensuring the Judicial Branch adheres to best practices when embarking on projects requiring the outlay of significant levels of state resources.