

**JUDICIAL COUNCIL MEETING  
November 22, 2021**

**ITEM 10 “Budget and Grants” MATERIALS**

**Note: The BFMC met on Friday, Nov. 12<sup>th</sup> for its regular meeting. Due to some issues raised in the meeting some adjustments to the requests were made which delayed the final package until Monday, Nov. 15<sup>th</sup>. We apologize for any inconvenience.**

Presenters

1. YE 2022 YTD Spending Requests (Background for Request)..... Karl Sweeney  
(Tab 1 – Action)

**Presented for Judicial Council Approval**

7. FY 2022 YE Spending Requests - My Case Account Enhancements Nathanael Player  
Jonathan Puente
2. Request to End Grant Moratorium (Revised) ..... Jordan Murray  
(Tab 2 – Action)
3. Request to Enable Charging Transaction Fee et. al. (Revised) ..... Karl Sweeney  
(Tab 3 – Action) Suzette Deans  
Paul Barron

Tab 1



## FY 2022 Year End Forecasted Available One-time Funds

One-time Spending Plan						
Forecasted Available One-time Funds				# One-time Spending Plan Requests (blue); previously approved (orange) Previously Approved One-time Budget Requests/Current Requests in Bold	Current Requests Amount	Judicial Council Prev. Approved Amount
Description	Funding Type	Amount				
<b>Sources of YE 2022 Funds</b>						
* Turnover Savings as of pay period ending 10/15/2021 (including anticipated ARPA reimbursement)	Turnover Savings	1,281,045		1 Judicial Council Room Upgrades		39,481
** Turnover savings Estimate for the rest of the year (\$2k x 1,472 pay hours)	Turnover Savings	2,944,000		2 Statewide Router Upgrades		160,000
*** From TCE / AOC Budgets	Internal Operating Savings	-		3 WiFi Access Points Upgrades		120,000
Reserve Balance (from August Judicial Council meeting and changes)	Judicial Council Reserve	466,829		4 FY 2022 Career Ladder Payments		243,000
Total Available Forecasted Funds for FY 2022		4,691,874		5 FY 2022 Incentive Bonus Payments		365,000
<b>Uses of YE 2022 Funds</b>				6 Software for Clean Slate Legislation		19,667
Maximum Carryforward into FY 2023	Desired Carryforward	(2,500,000)		7 My Case Account Creation Enhancements	130,000	
<b>Total Forecasted Available YE 2022 One-time Funds</b>			\$ 2,191,874	<b>Current Month One-time Spending Requests</b>		
<b>Less: Judicial Council Requests Previously Approved</b>			\$ (947,148)		130,000	947,148
<b>Subtotal Remaining Available for YE 2021 Requests</b>			\$ 1,244,726			

Updated 11/05/2021

- \* Actual turnover savings as calculated on a pay period basis through 10/15/2021. Data can be found in the Budget Summary Excel workbook on the Personnel tab.
- \*\* Actual per hour turnover savings for the last 4 pay periods (oldest to newest) are \$2,003.47, \$1,804.16, \$1,935.65 and \$1,852.81. The average per hour turnover savings YTD is \$2,079.62. We are estimating an amount of \$2,000 per hour. As we get additional data, we will refine our estimates. These numbers do include expected ARPA reimbursements.
- \*\*\* Based on updated forecasts from budget managers (TCEs, AOC Directors, etc) to be received in January 2022.

## 7. FY 2022 YE Spending Request – Self Help Center & OFA – My Case Account Creation Enhancements

The Judicial Branch receives budget funds through the Legislative appropriations process. Funds appropriated for FY 2022 are to be spent between July 1, 2021 and June 30, 2022; however current spending forecasts indicate the Courts will not fully expend our appropriations by June 30, 2022. This is a request to the Budget and Fiscal Management Committee/Judicial Council to allocate the use of some of these anticipated unspent funds for **one-time projects that could be delivered prior to June 30, 2022.**

**Date:** 11/5/2021

**Department or District:** AOC - Self Help Center and OFA

**Requested by:** Nathanael Player and Jon Puente

**Request title:** MyCase Account Creation Enhancements

**Amount requested:** \$130,000

**One-time funds**

**Purpose of funding request:**

Develop enhancements to MyCase so that when users create a new account they are prompted to:

- opt-in to survey requests for JPEC (Judicial Performance Evaluation Commission);
- provide race, ethnicity, gender, and sexual orientation demographic information.

Asking court users to provide this information will help JPEC improve judicial performance evaluation and will help the OFA (Office of Fairness and Accountability) to gather information that can be used to understand whether there are disparities in outcomes based on the above-listed demographics.

**Executive summary (include background/history, expected outcomes, relation to performance measures and court mission). Attach supporting data or documents.**

These funds would be used to pay for costs associated with changing the initial login process for MyCase. Two types of information would be gathered:

- whether a court user wants to opt in to survey requests from JPEC;
- demographic information, including details on a user's race, ethnicity, gender, and sexual orientation.

JPEC has asked the AOC to use MyCase to gather opt-in information from court users. JPEC plans to pilot a study that would use feedback from self-represented litigants to evaluate judges. The 2021 JPEC Report to the Community noted that there were only 21 public comments on judges. Opt-in data in MyCase could allow JPEC to more meaningfully engage self-represented litigants who have appeared before a judge. Gathering this data would help JPEC to collect valid information, to provide judges with useful feedback, and to promote public accountability of the judiciary. It would also further the courts' goal of developing an open, fair, efficient and independent legal system.

The demographic information is necessary to address any disparities in outcomes in legal proceedings based on race, ethnicity, gender, and/or sexual orientation. Historically, a lack of accurate demographic data has been one of the biggest roadblocks in addressing disparities in the court system. The National Open Court Data Standard (NODS, a project of the National Center for State Courts) User Guide states: "Self-identification is preferred for race, ethnicity, and gender." Having court patrons voluntarily self-identify would give the courts extremely accurate race and ethnicity demographic information. Having

## 7. FY 2022 YE Spending Request – Self Help Center & OFA – My Case Account Creation Enhancements

this demographic information will allow the OFA to not just establish baselines but also track, address, and eliminate any racial and ethnic disparities in the court system.

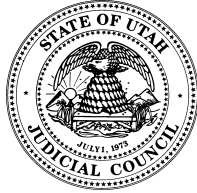
### **Alternative funding sources, if any:**

None

### **If this request is not funded at this time, what are the consequences or is there an alternative strategy?**

If this request is not funded, JPEC will not be able to use MyCase to gather opt-in information from self-represented litigants and the OFA will not have access to this demographic information through MyCase, hampering the office's ability to gather data.

Tab 2



# Administrative Office of the Courts

Chief Justice Matthew B. Durrant  
Utah Supreme Court  
Chair, Utah Judicial Council

November 1, 2021

Ronald B. Gordon, Jr.  
State Court Administrator  
Catherine J. Dupont  
Deputy Court Administrator

## MEMORANDUM

**TO:** The Judicial Council

**FROM:** Ron Gordon & Cathy Dupont

**CC:** Karl Sweeney & Jordan Murray

**RE:** Request to lift grant moratorium concurrent with final action on proposed amendments to CJA Rule 3-411

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The Judicial Council established a grant moratorium in September 2020 pending 1) the hiring and successful retention of a grant coordinator for the Utah Courts, and 2) the provision and acceptance of enhanced grant governance policies (“guardrails”) as ratified in the Code of Judicial Administration (CJA) Rule 3-411 (Grant management).

Mr. Murray has capably served as the Grant Coordinator for the Courts since his hire in November 2020. The Judicial Council on September 28, 2021 moved to advance the revised draft of Rule 3-411 for public comment scheduled to conclude forty-five days hence on November 12, 2021.

Assuming no action-worthy public comments, we respectfully request that the Judicial Council invoke a provision of Rule 2-206 Effective date of rules (see Exhibit A) and at the Judicial Council meeting scheduled for November 22, 2021 specify an alternative effective date for Rule 3-411 suggested for Tuesday, November 23, 2021, or any preferred date of the Council’s choosing. If no action is taken, amended Rule 3-411 will not go into effect until May 1, 2022 which we believe to be not in the best interests of the Courts.

Accordingly, it is also requested the Judicial Council move to lift the grant moratorium concurrent with final action and upon the effective date established by the Council for amended Rule 3-411.

**The mission of the Utah judiciary is to provide an open, fair,  
efficient, and independent system for the advancement of justice under the law.**

**Rule 2-206. Effective date of rules.**

## Intent:

To assure that persons affected by Council policies have sufficient time to conform their practice to the policy.

## Applicability:

This rule shall apply to all rules of the Council.

## Statement of the Rule:

Except as provided by this rule and by Rule 2-205, rules adopted by the Council shall be effective on May 1 or November 1 first following final action by the Council, unless the Council specifies a different date.



Tab 3

# Administrative Office of the Courts

Chief Justice Matthew B. Durrant  
Utah Supreme Court  
Chair, Utah Judicial Council

November 15, 2021

Ronald B. Gordon, Jr.  
State Court Administrator  
Catherine J. Dupont  
Deputy Court Administrator

## MEMORANDUM - REVISED

**TO:** Judicial Council

**FROM:** Karl Sweeney, Paul Barron and Suzette Deans

**RE:** REVISED Request to Enable Charging “Transaction Fees” for Credit Card Use et al.

**UPDATE:** Since our request made in the September 28 Judicial Council meeting, we have gathered additional information requested by the Council and included it in the body of this request with brackets in yellow. The additional text addresses the issues of (1) adding ACH as a payment option for all types of court payments and (2) updating information on the prevalence of charging a transaction fee for State Courts.

### Summary

AOC Finance has responsibility for monitoring the difference between the interest the Courts earn (on trust accounts and earned surpluses retained inside the trust account<sup>1</sup>) and the credit card and other fees the Courts pay from the interest received. Historically, the Courts either generated a cash surplus, or in years where we had general funds that were going to lapse to the legislature, we moved general funds into the trust account to have on hand to cover future years expenses.

Except for cash, each type of payment the Court takes in has a cost associated with it (as shown on Exhibit 1). Payments by check and ACH have a nominal fee. Payments by credit card are the highest as there is both a per transaction (15 cents) and a fixed percentage charged on the payment amount (“Transaction Fee”). The total Transaction Fee is 2.95%. We had a total of 256,542 district, juvenile and appellate payment transactions in FY 2021. Of those transactions, 234,988 (92%) were made by credit card. The total funds collected through district, juvenile and appellate courts in FY 2021 was \$46,972,161. Of those total payments, credit card payments for FY 2021 were \$31,398,486 (66%). The average payment from all sources was \$183 per transaction; credit card payment as a subset were \$133 per transaction. Approximately 73% of credit card receipts were made for civil cases and 27% for criminal cases. As our society transitions more and more to “cashless” we expect credit card fees to increase due to both increases in (1) the rate charged by credit card companies and (2) volume as more Court patrons shun cash in favor of credit cards.

<sup>1</sup> “Earned Surpluses” represent the accumulated excess of interest received over expenses over time.

The mission of the Utah judiciary is to provide an open, fair, efficient, and independent system for the advancement of justice under the law.

For the past several years, Federal Reserve actions (see Exhibit 2) to keep interest rates low have reduced the Court's earnings by approximately 2/3rds, leaving the Courts in a situation where (in FY 2021) every month our trust expenses exceeded our trust revenues and our trust earned surplus shrank. If current trends continue, with our available cash of \$2.2M at the end of FY 2021 we have approximately 2.5 – 3 years worth of cash to pay for the credit card costs before we must either request ongoing funding from the legislature of +/- \$950K or start charging a transaction fee to offset the costs. The advantage of addressing this now is that we can use a portion of our earned surplus to cover the IT costs to convert to a transaction fee Court system.

### **Trends for Court Bank Fees, net of Court Trust Earnings**

To illustrate the types of transactions noted above, per Exhibit 1, in FY 2019 the last full year of "normal" Courts operations, the Courts had more fees than revenues as follows:

#### **FY 2019**

Total Court bank related fees	\$1.0M
Less: Total Court trust earnings	<u>\$.8M</u>
<b>Net Reduction in Available Cash</b>	<b>(\$.2M)</b>
Transfer of General Funds	<u>\$.4M</u>
Net Change in Available Cash	\$.2M

After the budget reductions in FY 2020, the ability of the Courts to supplement any shortfalls in bank fees over bank earnings was basically lost. Let's review the activity in the Court fees accounts for FY 2020 (shown in more detail in Exhibit 1):

#### **FY 2020**

Total Court bank related fees	\$ .9M
Less: Total Court trust earnings	<u>\$.8M</u>
<b>Net Reduction in Available Cash</b>	<b>(\$.1M)</b>
Transfer of General Funds	<u>\$.0M</u> This capability is now zero
Net Change in Available Cash	(\$.1M)

It is important to note that the reduction in interest rates by the Fed (see Exhibit 2) is passed through to the Court's earnings on a delayed basis as bonds on hand when the interest rates are reduced do not get impacted until they mature and roll over. Thus the reduction in earnings takes approximately a year to fully show. Here is the activity in the Court fees accounts for FY 2021 (shown in more detail in Exhibit 1):

#### **FY 2021**

Total Court bank related fees	\$ .9M (\$70K per month)
Less: Total Court trust earnings	<u>\$.3M</u>
<b>Net Reduction in Available Cash</b>	<b>(\$.6M)</b>
Transfer of General Funds	<u>\$.0M</u> This capability is now zero
<b>Net Change in Available Cash</b>	<b>(\$.6M)</b> (\$50K per month)

### **Trust Investment Manager – Zions Bank Update**

On September 2, 2021, Scott Burnett of Zions Bank, who manages our trust account investments in accordance with the State of Utah Money Management Rules (the "Rules"<sup>2</sup>), provided an update on our Trust fund investments. Here are their points:

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<sup>2</sup> The Rules provide direction on the type of investments Zions can choose to invest our Trust funds in. These are all low-risk, ultra-conservative bonds, commercial paper and Treasuries. See Exhibit 3.

1. Federal Reserve has cut the Fed fund rate to 1/10 of 1% (10 basis points; 100 basis points = 1.0%). On \$1M of bonds, this earns us only \$1,000 per year. Our investments all earn rates above this amount but since this is the “floor” upon which our investment returns are based, it gives insights into what happens if current trends continue.
2. Our invested trust funds for the month of August 2021 total \$37M and yielded \$14K in GAAP income for a blended yield rate of 45 basis points. About ½ of our investments were in Treasuries with a 35 basis point yield. The balance was invested in short term and long term (1 year – 3 year) corporate bonds. Our August 2021 credit card fees totaled \$76,114. We would need our blended yield rate to rise to 2.47% in order to break even with our credit card fees. By comparison, the blended yield rate for July 2021 was 48 basis points.
3. Inflation has kicked up to well over the Fed’s target rate of 2% annually. CPI-U for the last 12 months has been at 5.5%. This increase is expected to be temporary and as long as that expectation holds, the Fed will not need to raise interest rates to put the brakes on inflation. The Fed would more likely raise rates in response to robust economic growth.
4. Our investment portfolio is “laddered” meaning it has a variety of durations. Because Zions expects yields to rise over the near term, they are continuing to invest in short-term instruments so that these funds can be relatively quickly invested in higher yielding bonds as rates rise.

Conclusion: Should the economy soften (jobs growth in August 2021 was only 235,000 versus an expected 720,000 and much smaller than July 2021’s upwardly revised growth of 1.1M) and inflation remain elevated, the possibility exists that “stagflation” could result in the Fed having less desire to raise interest rates. That is still an outlier position, per Zions, who expect rates to rise and inflation to return closer to the Fed’s target rate of 2%.

### **Transaction Fees as a Practice for State Courts**

Through the National Center for State Courts (NCSC) combined with additional outreach made by AOC Finance, we have surveyed State Courts throughout the country to see if they charge a Transaction Fee for the use of credit cards and if they did what was the methodology. As noted earlier, our credit card servicer, Heartland, charges us 2.95% as a Transaction Fee for the use of credit cards.

We received input from 40 courts and, of those, 29 (~73%) charge a transaction fee for the majority or all of their credit card payments; only 11 courts do not. Even if the entire remaining 10 courts do not charge a transaction fee, those courts who do charge a transaction fee would constitute nearly a 60% majority.

### **Judicial Council Latitude and Process to Establish Transaction Fees**

Effective July 1, 2021, the Judicial Council has the authority to add Transaction Fees to criminal cases that we are servicing per HB 260 – incorporated into 77-32b-103 (2)(c) Establishment of a criminal accounts receivable -- Responsibility -- Payment schedule -- Delinquency or default:

*For a criminal accounts receivable that a court retains responsibility for receiving, processing, and distributing payments under Subsection (2)(b)(i), the Judicial Council may establish rules to require a defendant to pay the cost, or a portion of the cost, that is charged by a financial institution for the use of a credit or debit card by the defendant to make payments towards the criminal accounts receivable.*

There is no current statute that authorizes the charging of Transaction Fees to civil cases. This is an important gap to address as civil cases credit card charges make up approximately 70% of total credit card Transaction Fees.

### **IT Steps to Charge Transaction Fees for Civil and Criminal Filings**

At present, we offer the following types of payment options (shown with amounts received in FY 2021):

Present Payment Options & Fee Revenue in FY 2021									
	At Counter						Epay/Online		Subtotal (by filing)
	Cash	Fees	Check	Fees	Credit Card	Fees	Credit Card	Fees	
<b>District Courts</b>									
Civil	✓	\$320,081	✓	\$11,513,250	✓	\$2,164,592	✓	\$20,756,708	\$34,754,631
Criminal	✓	\$618,714	✓	\$2,890,176	✓	\$1,540,330	✓	\$5,927,207	\$10,976,427
Subtotal (by tender)		\$938,795		\$14,403,426		\$3,704,922		\$26,683,915	\$45,731,058
<b>Juvenile Courts</b>									
Civil	✓	***	✓	***	✓	***	✓	***	***
Criminal	✓	***	✓	***	✓	***	✓	***	***
Subtotal (by tender)		\$79,397		\$113,884		\$27,517		\$931,931	\$1,152,728
<b>Appellate Court</b>									
	✓	\$0	✓	\$28,184	✓	\$50,201	✓	\$0	\$78,385
Subtotal (by tender)		\$0		\$28,184		\$50,201		\$0	\$78,385
<b>Grand Total</b>									<b>\$46,962,171</b>

✓ = Tender accepted

\*\*\* Cannot be stratified by filing type

Before a Transaction Fee would be implemented, IT would be able to add an ACH payment option to Epay/Online (see green below). Adding ACH to Epay/Online would provide a “no Transaction Fee” option to users of Epay/Online who previously could only pay with a credit card. “At the Counter” patrons who desired to make an ACH payment (in addition to cash and check options they have today) would also be directed to the online payment app to make an ACH payment.

Payment Options After Potential Transaction Fee Implementation					
	At Counter			Epay/Online	
	Cash	Check	Credit Card	Credit Card	ACH
Civil	✓	✓	✓	✓	✓
Criminal	✓	✓	✓	✓	✓

■ = New payment option

### Costs to Add ACH and Benefits from Recouped CC Costs

Adding ACH as a payment type for Epay will give filers who pay at the counter or on-line an option to pay without incurring a Transaction Fee. Because this is a new 'tender type' that will require changes to multiple CORIS and CARE reports, the estimated costs to implement this change will track each of the applications impacted as follows:

#### Estimated Costs and Benefits to Implement ACH Payment Option (FY 2021 as baseline):

<u>Payment Type</u>	<u>(a) ACH 1x Costs</u>	<u>(b) Ongoing CC Charges</u>	<u>Ongoing Annual Recouped CC Costs<sup>3</sup></u>	<u>(a)/(b) Payback Yrs</u>
1. CORIS/eFiling/online	\$ 254,000	\$812,000	Civil - \$609,000 Criminal - \$203,000	.3
2. CARE	\$ 177,000	\$26,000	Combo - \$26,000	6.8
3. Xchange <sup>4</sup>	\$ 45,000	\$35,000	\$35,000	1.3
4. AIS (appellate)	\$ 82,500	<u>\$1,500</u>	<u>\$1,500</u>	55.0
Total		<u>\$874,000</u>	<u>\$874,000</u>	
Contingency	<u>\$ 30,000</u>			
Total 1x costs	<u>\$ 588,500</u>			

Note: Ongoing Revenues from interest on Trust accounts = +/- \$275,000 in FY 2021 which partially offset CC fees and left a deficit of \$600,000 for FY 2021

#### Observations from the above cost-benefit analysis:

- CORIS/eFiling/online should be implemented as the payback of 1x costs is 1/3<sup>rd</sup> of a year and the ongoing benefits are large
- We need legislative approval to charge Transaction Fees on District civil cases as CC fees for criminal cases alone only total +/- \$200,000/yr and would still leave a \$400,000 annual deficit.
- Based on the long payback period for Appellate court 1x Costs (55 years) and the minimal CC charges, we should not provide an ACH alternative for AIS
- Similarly, we should not provide an ACH alternative for Juvenile courts as the payback period for 1x costs is almost 7 years and the annual CC charges of \$26,000 can be covered by interest from the trust account
- Xchange fees to users were increased in Q1 of FY 2021 as part of the Court's budget reduction response. Credit card fees should be recovered through pricing increases to Xchange users (which has already been done with the FY 2021 increases). No need to offer ACH as an alternative.

ACH implementation costs are higher than the costs to implement credit card processing (see below) because of the need to modify existing code in each of the applications. This is more time consuming than the computation and recording of transaction fees issue that is estimated

<sup>3</sup> "Recouped means recovered through either transaction fee or payer selecting a non CC means of payment.

<sup>4</sup> Xchange revenues paid by credit card were \$1.186M in FY 2021

below. Implementation of ACH can be completed a la carte and independently for each of the above apps.

In the estimate above, it is assumed that CORIS/eFiling/online would be done first and components built for those apps would be reused for other applications. Also, it is assumed that the CORIS cashiering screen would not need to be modified to allow ACH, as patrons could be directed to the online payment app.

Court's IT estimates the above coding for all 4 areas could be completed by the end of Calendar Year 2023. If only implemented for CORIS/eFiling/online, IT estimates delivery could be accelerated several months. Each month earlier than 12.31.2023 would save the Courts approximately \$70,000.

#### Costs to Add a Transaction Fee – Option A

Per Paul Barron's research on our internal costs and Heartland's cost to implement full credit card processing in existing court applications, this transition could be used with no changes to the Heartland Merchant Accounts, but would require significant programming changes to CORIS, CARE, eFiling, and online payment systems to:

- compute a transaction fee/service charge,
- display that amount to users where needed,
- communicate the entire amount including fee to Heartland for charging a patron's card, and to
- record the transaction fee within our case management system(s).

This implementation would incur a one-time cost of about \$200,000 and the courts would continue to manage payment of interchange and account fees to Heartland monthly. In this version, because we will not add separate merchant IDs ("MID") for collecting the transaction fee (see Option B), we will charge the transaction fee, collect the transaction fee funds, post the transaction fee to all CORIS and CARE cases and use the cash collected to pay Heartland for the cc costs.

#### Costs to Add a Transaction Fee – Option B

A less-expensive alternative approach would be to implement Heartland's "Standard Convenience Fee Model" in which we would modify the Merchant Account settings and create a separate MID just for collecting the transaction fee. This requires less programming, as Heartland would do the computations of the fee outside of CORIS and CARE. Patrons would see two charges on their credit card charge statements with the second smaller charge being for the transaction fee. Court applications where the transaction fee is to be collected would only need to be modified to display a static text message about the percentage added fee. We would also have minor modifications to facilitate allowing Justice Courts to switch to this model. Because of the separate MID for cc transaction collections, the court would not run these transaction fees through our case management system as the fees would go directly to Heartland who, in turn, pays the credit card companies directly. There would be no ongoing costs for the new MID and the monthly charges for existing MIDs would no longer be paid by the court. The transaction fee would be slightly higher than 2.95% to pay for the swipe card machines which we currently use.

The one-time costs for these modifications to court applications and the district court eFiling system are estimated at \$70,000.

Although higher in cost, we prefer Option A since it provides customers who use credit cards for Court transactions that receive a Transaction Fee a single charge that appears on their credit card statement all going to the Court (Option A) instead of 2 separate charges – one going to the Courts for the fine/fee payment and the other going to Heartland (Option B). We feel Option A offers greater granularity and is less subject to confusion by Court patrons.

#### Total Costs to Implement and Funds Availability

The total costs to implement the ACH and Transaction Fee range as follows:

ACH (CORIS/eFiling/online + cont.)	\$284,000	\$284,000
Transaction Fee – Option A	\$200,000	
Transaction Fee – Option B		<u>\$70,000</u>
Total	<u>\$484,000</u>	<u>\$354,000</u>
Trust funds Available 10.1.2021		\$2,000,000
Costs to Implement (assume higher option)		(\$484,000)
Estimated Use to Cover CC Fees 10.1.2021		
12.31.2023 (27 months) @ \$60K/mo		<u>(\$1,620,000)</u>
Estimated 1x funding needed in CY 2023		(\$104,000)

As shown above, if not implemented until 12.31.2023, we will need to supplement our Trust funds by an estimated \$104,000 of 1x funds. If parts of the ACH implementation can be accelerated before 12.31.2023, sufficient trust funds may be available to avoid using 1x funding.

#### Request

AOC Finance recommends the Judicial Council adopt the following recommendations:

1. Approve 1x FY 2022 funding of up to \$484,000 from accumulated trust reserves for IT work to enable collection of CC Transaction Fees and ACH acceptance for CORIS/eFiling/online accounts (civil and criminal). These expenditures do not require the use of 1x turnover savings as they would be funded from existing cash balances.
2. Direct AOC personnel to begin discussions with the legislature on the Court's interest in obtaining legislative approval in the 2022 session to collect transaction fees for payments in civil cases as authorized by the Judicial Council to match the existing authorization to do so in criminal cases.
3. If the Courts are successful in obtaining legislative approval on recommendation #2, AOC Finance, PIO and IT would return to the Judicial Council once the programming was completed to seek authorization to commence charging Transaction Fees concurrent with a communication plan to announce and explain the new ACH payment alternatives and CC Transaction Fees before implementation.



# Exhibit 1

## Expenses (analysis account banking fees, dividends, interest earned and budget allocations)

### FY 2019

	Carry Forward	July	August	September	October	November	December	January	February	March	April	May	June	Grand Total
<i>Analysis Fees FY19 (Banking/Credit Card Fees)</i>		(75,314)	(76,600)	(101,504)	(83,267)	(83,687)	(81,824)	(91,278)	(87,019)	(80,397)	(88,900)	(83,863)	(85,851)	(1,019,503)
Non Cash Funding Court Trust Support Fund (fund 1451)														0
Dividends Earned (Gross Earnings)		63,575	62,909	66,741	65,872	61,170	67,716	56,425	61,784	77,287	62,615	70,417	69,207	785,718
Interest Earned (Acct 006)		3,416	5,733	2,306	2,248	3,042	2,056	3,340	3,029	2,968	5,052	5,695	4,664	43,550
Cash Deposits by Courts Using General Funds (Budget Surplus)										150,000			300,000	450,000
Non Cash Book Entry														0
Carry Over From FY18	2,633,202													2,633,202
<b>Grand Total</b>	<b>2,633,202</b>	<b>(8,323)</b>	<b>(7,958)</b>	<b>(32,456)</b>	<b>(15,147)</b>	<b>(19,474)</b>	<b>(12,052)</b>	<b>(31,512)</b>	<b>(22,205)</b>	<b>149,857</b>	<b>(21,233)</b>	<b>(7,751)</b>	<b>288,020</b>	<b>2,892,967</b>
<b>Uses of Cash and General Fund for the FY</b>														<b>709,765</b>

### FY 2020

	Carry Forward	July	August	September	October	November	December	January	February	March	April	May	June	Grand Total
<i>Analysis Fees FY20 (Banking/Credit Card Fees)</i>		(81,543.35)	(94,250.36)	(79,599.46)	(78,948.04)	(87,069.60)	(79,966.54)	(75,629.39)	(79,889.49)	(72,150.27)	(84,786.63)	(54,693.27)	(63,357.34)	(931,883.74)
Non Cash Funding Court Trust Support Fund (fund 1451)								(250,000.00)						(250,000.00)
Dividends Earned (Gross Earnings)		73,645.12	74,765.86	72,883.12	67,683.59	63,722.10	66,042.46	65,907.26	60,167.94	65,749.61	52,655.06	48,183.11	40,358.73	751,763.96
Interest Earned (Acct 006)		7,223.70	6,516.27	3,523.56	5,366.53	5,623.21	4,139.95	4,916.69	4,916.69	2,812.42	705.03	347.90	217.11	46,309.06
Cash Deposits by Courts Using General Funds (Budget Surplus)														0.00
Non Cash Book Entry								250,000.00						250,000.00
Carry Over From FY19	2,892,967.15													2,892,967.15
<b>Grand Total</b>	<b>2,892,967.15</b>	<b>(674.53)</b>	<b>(12,968.23)</b>	<b>(3,192.78)</b>	<b>(5,897.92)</b>	<b>(17,724.29)</b>	<b>(9,784.13)</b>	<b>(4,805.44)</b>	<b>(14,804.86)</b>	<b>(3,588.24)</b>	<b>(31,426.54)</b>	<b>(6,162.26)</b>	<b>(22,781.50)</b>	<b>2,759,156.43</b>
<b>Uses of Cash and General Fund for the FY</b>														<b>133,810.72</b>

### FY 2021

	Carry Forward	July	August	September	October	November	December	January	February	March	April	May	June	Grand Total
<i>Analysis Fees FY21 (Banking/Credit Card Fees)</i>		(63,425.07)	(67,618.92)	(71,018.17)	(69,330.46)	(77,386.90)	(64,935.77)	(76,053.96)	(74,172.87)	(71,216.73)	(82,918.84)	(79,761.62)	(76,370.08)	(874,209.39)
Non Cash Funding Court Trust Support Fund (fund 1451)													(256,000.00)	(256,000.00)
Dividends Earned (Gross Earnings)		33,351.80	25,675.24	26,719.25	24,480.78	22,906.50	22,126.07	33,169.00	19,655.30	20,089.94	19,237.74	19,265.52	18,780.11	285,457.25
Interest Earned (Acct 006)		115.30	33.74	19.03	18.89	22.33	20.59	33.97	22.28	23.06	22.41	28.28	24.16	384.04
Cash Deposits by Courts Using General Funds (Budget Surplus)														0.00
Non Cash Book Entry													256,000.00	256,000.00
Carry Over From FY20	2,759,156.43													2,759,156.43
<b>Grand Total</b>	<b>2,759,156.43</b>	<b>(29,957.97)</b>	<b>(41,909.94)</b>	<b>(44,279.89)</b>	<b>(44,830.79)</b>	<b>(54,458.07)</b>	<b>(42,789.11)</b>	<b>(42,850.99)</b>	<b>(54,495.29)</b>	<b>(51,103.73)</b>	<b>(63,658.69)</b>	<b>(60,467.82)</b>	<b>(57,565.81)</b>	<b>2,170,788.33</b>
<b>Uses of Cash and General Fund for the FY</b>														<b>588,368.10</b>

\*\*\*Heartland: Merchant process cost for transactions is \$0.15 per transaction plus a 2.95% of the transaction amount. FY2021 there were 244,676 credit transactions. Other credit card fees include, \$9.95 account fee per MID (115) and chargebacks/returns. Current transaction fees will remain the same until 12/23/2023 when the Heartland contract expires.

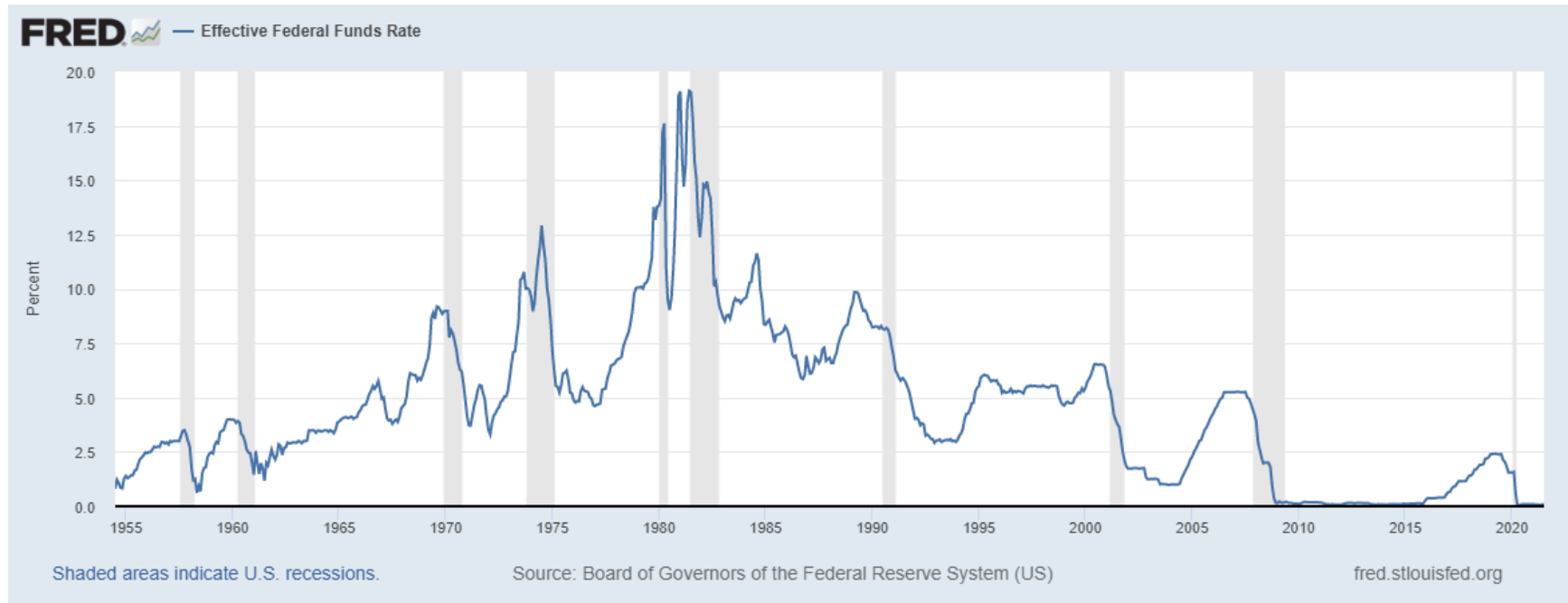
\*\*\*Currently, the court accounts are not set up take ACH payments from court patrons. Cost per check is less than 1%

\*\*\*Court Investments - Courts portfolio is made up of bonds with variable rate that changes monthly. Dividends are calculated on book yield and is at currently 5.2%. Dividends on the courts sweep bank account is calculated daily, current rate is 0.010%.

2,170,788 is not allocated to District or Juvenile courts. This amount represents funds that can be used to cover banking fees.

2.5-3.0 If no changes, estimated years left before general funds are needed to cover banking expenses.

## Exhibit 2 Federal Funds Rate 1955-2020



### Exhibit 3

#### State of Utah Money Management Rules – Acceptable Investments of State Funds

- U.S. Government securities / Agencies / Certificates of Deposit
  - 5 year maximum maturity
- Commercial Paper (CP)
  - A1/P1 minimum rating
- Corporate Notes
  - Minimum rating A- by at least 2 NRSRO's (Nationally Recognized Statistical Rating Organization)
  - 15 month maximum maturity for fixed rate securities
  - 3 yr. maximum maturity for floating rate securities
- Municipal bonds – Issued by a municipality located in Utah
  - 5 year maximum maturity