

**SUPREME COURT OF VERMONT
OFFICE OF THE COURT ADMINISTRATOR**



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TO: Patricia Gabel
State Court Administrator

FROM: Gregg Mousley
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DATE: August 26, 2020

RE: Court Technology Fund Update

Kelly and I have reviewed the revenue in the Court Technology Fund (Tech Fund) for FY20. As previously reported, the revenues continue to decline year over year and the Judiciary will need to either reduce expenses or shift some expenses out of the Tech Fund. In addition, our revenue expectations and budget should be revised to reflect a more realistic revenue projection.

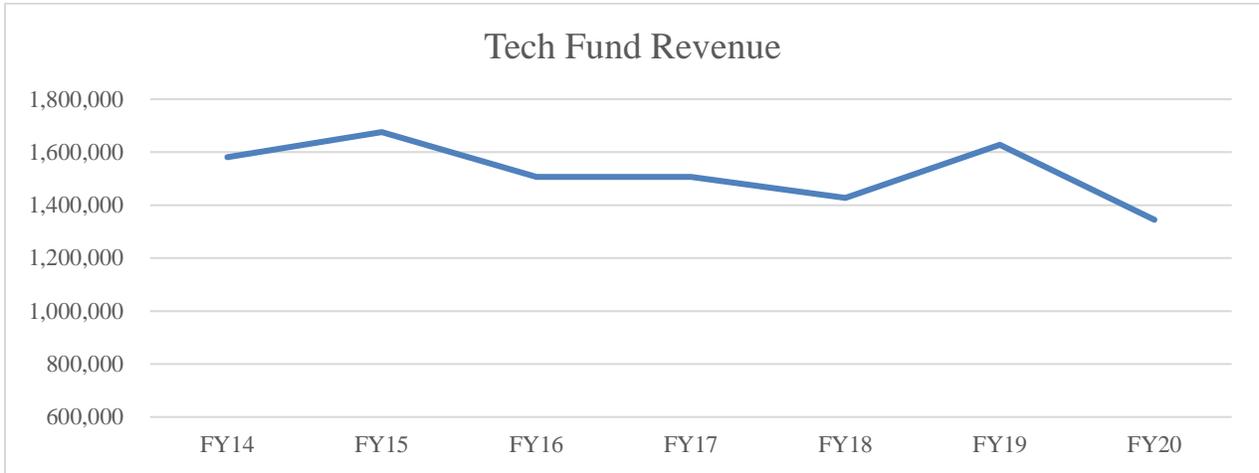
In FY20, the Tech Fund received \$1,344,652 in revenue, mainly from the Court Fee of \$12.50 on each ticket, and also from the Failure to Answer and Failure to Pay fees. This amount is \$296,462 below budget, and \$220,982 below our 7-year average revenue. It was the lowest revenue year in the past seven years. (See Chart #1 below)

The current amount budgeted no longer reflects a realistic revenue projection and should be adjusted. The 4 Year Average is an important number as it reflects the four years since the payment of the underlying tickets and fees are no longer required to restore a suspended license. This change in FY16 removed one of the best motivators for payment.

Current Budget	\$1,641,114
7 Year Average	\$1,524,298
4 Year Average	\$1,476,614
FY20 Revenue	\$1,344,652

Given the recent discussions about ticket holidays, further reducing license suspensions, and the continuing pandemic, we should expect revenue to continue to decline in the future.

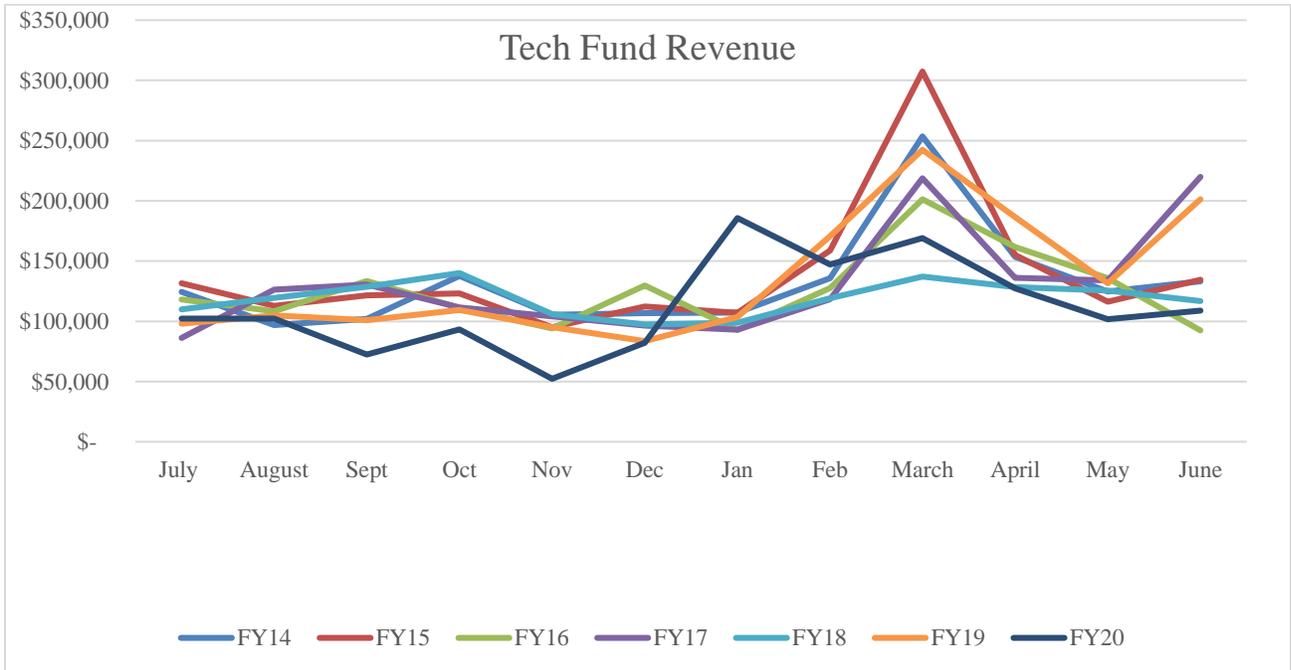
Chart #1



Odyssey Impact

The Judicial Bureau was converted to Odyssey in June 2019, the last month of FY19. This transition caused a few changes to the normal processing that resulted in less processing in the first few months of FY20. In August, the JB suspended the Failure to Pay and Failure to Answer fees while technical bugs were fixed. Processing returned to normal by December, causing a correction in January that can be shown in the Chart #2 below.

Chart #2



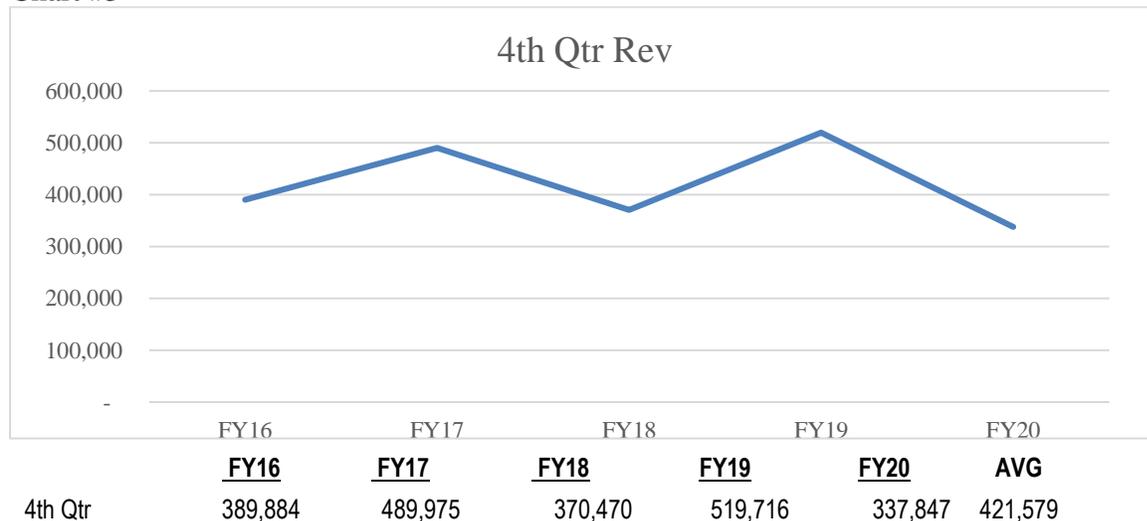
- Sept-Nov impacted by Odyssey processing – fewer fees being assessed
- Jan impacted by Odyssey correction
- March impacted by changed tax season filing deadlines – fewer tax offsets
- April-June impacted by pandemic – fewer tickets being written

Pandemic Impact

The Pandemic impacted revenue in the last quarter of FY20 (April, May, June). Chart #3 below shows the 4th quarter revenue for the past 5 years, with a 5 Year average of \$421,579. FY20 4th quarter was just \$337,847 (\$83,732 below average). I believe that decrease is due to the impact of the pandemic on writing tickets, processing tickets, and payment of tickets. Ski season is when the greatest number of tickets are normally written. This year, there were fewer skiers (at least late in the season), and fewer tickets written. There were 9,000 fewer tickets processed in the first 5 months of 2020 compared to the same time period in 2019. The JB reports that the number of tickets written is gradually returning to normal. We should expect that revenue could be down about \$25,000 per month during the pandemic (\$300,000 annually).

Another impact of the pandemic is the normal March “bump” caused by the tax offset season when payments increase. But this year, the tax deadlines were delayed, impacting when people submitted their tax returns, and thereby impacting the refund and offset timing.

Chart #3



Recommendations

1. Shift RIS Salaries out of Tech Fund and into General Fund

An effort has been made in recent years to shift some RIS salaries out of the Tech Fund and into the General Fund. These efforts have failed to date, and the Judiciary continues to highlight this problem each budget cycle. There is currently \$259,000 in salaries that are inappropriately in the Tech Fund. Moving these salaries would, by itself, solve this problem for FY21 and FY22.

2. Decrease the budgeted revenue forecast for the Tech Fund

The longer-term problem of the decline of civil violation revenue will continue to impact the Judiciary along with other parts of state government. The average revenue over the past 4 years

is \$1,476,614. Given the trend of decreased collection activity, decreased license suspensions, and more ticket holidays, it is reasonable to budget a number less than our past recent experience. I would recommend budgeting \$1,450,000 for FY22, and shifting some costs over to the General Fund in the FY23 budget (one year from now). This would be a budget impact of \$164,500.