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TO: Rep. Seth Chase, Chair, Joint Information Technology Oversight Committee

FROM: Marcia Schels

RE: Request for Support of Permanent General Fund Allocation for the Judiciary's Tech Fund

DATE: June 26, 2024

The Judiciary respectfully requests that the Joint Information Technology Oversight Committee consider recommending that the Legislature allocate General Funds to the Court Technology Special Fund ("Tech Fund") to supplement the revenue that currently supports the Judiciary's Information Technology (IT) footprint.

Following is an overview of the Tech Fund, its declining revenues, and the Judiciary's need for General Funds to offset the decline in revenues.

The enabling legislation that created the Tech Fund in 2007 provides as follows:

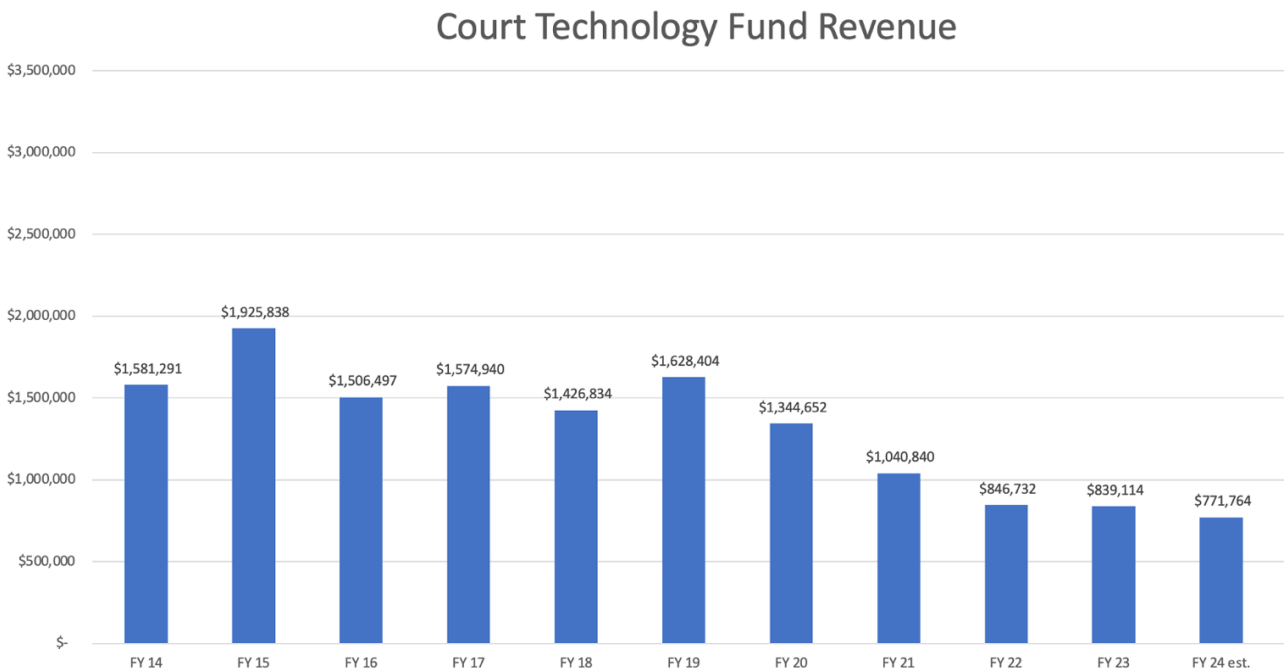
There is established the court technology special fund which shall be managed in accordance with subchapter 5 of chapter 7 of Title 32. Administrative fees collected pursuant to 13 V.S.A. § 7252 and revenue collected pursuant to fees established pursuant to sections 1105 and 1109 of this title shall be deposited and credited to this fund. The fund shall be available to the judicial branch to pay for contractual and operating expenses and project-related staffing not covered by the general fund related to the following:

- (1) The acquisition and maintenance of software and hardware needed for case management, electronic filing, an electronic document management system, and the expense of implementation, including training.*
 - (2) The acquisition and maintenance of electronic audio and video court recording and conferencing equipment.*
 - (3) The acquisition, maintenance, and support of the judiciary's information technology network, including training.*
- 24 V.S.A. §27

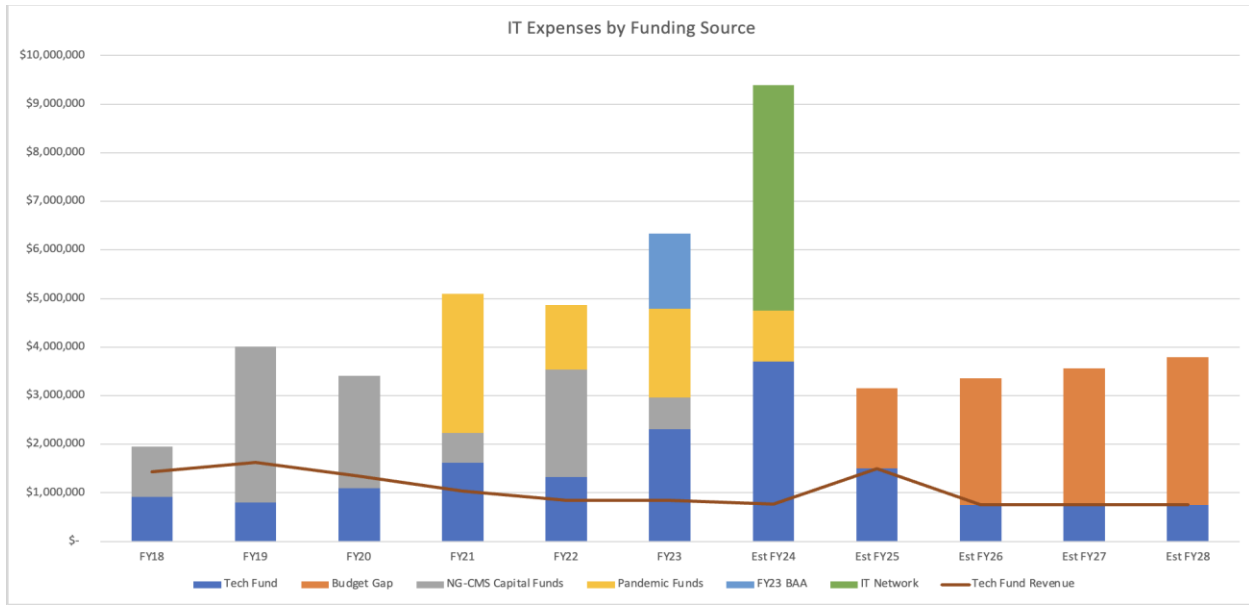
The three sources of revenue supporting this fund include:

- Administrative surcharge for civil violations (\$12.50) under 13 V.S.A. §7252
- Failure to Answer fee (\$20) under 4 V.S.A. §1105
- Failure to Pay fee (\$30) under 4 V.S.A. §1109

The chart below illustrates the revenue collected by these three sources in FY14 through FY24. The number of civil violations (primarily traffic tickets) has declined significantly over time, and policy initiatives to restore driver's license privileges have weakened the leverage used to enforce collections. Much of this context is described in a JFO Issue Brief published in February 2022. As a result, collections of ongoing revenues have declined from a high of \$1.9M to approximately \$770,000, with all indications that this decline is permanent and will likely get worse.



In parallel, IT expenses for the Judiciary have increased since the Tech Fund was established in 2007, especially during the pandemic. Although pandemic funding (and other one-time funding sources) covered many of the increased expenses, the new IT footprint for a post pandemic Judiciary is above what can be sustained by the existing revenue stream, as shown with a red line in this graph:



During the last legislative session, the Tech Fund was allocated \$750,000 in one-time funds (from the state’s anticipated FY24 surplus), however even with this allocation (\$750,000 + expected revenue of \$750,000 = \$1,500,000 in FY25) the Tech Fund faces a significant budget gap as shown in this chart:

	Tech Fund	Budget Gap
FY18	\$ 920,194	
FY19	\$ 800,862	
FY20	\$ 1,098,855	
FY21	\$ 1,616,554	
FY22	\$ 1,323,074	
FY23	\$ 2,303,171	
Est FY24	\$ 3,705,325	
Est FY25	\$ 1,500,000	\$ 1,649,531
Est FY26	\$ 750,000	\$ 2,612,246
Est FY27	\$ 750,000	\$ 2,817,691
Est FY28	\$ 750,000	\$ 3,042,895

Note that this situation would have been even more dire if the Judiciary had not implemented the independent network and separated from ADS' IT support. By operating independently vs operating in the Internal Service Provider (ISP) arrangement with ADS, the projected costs to the Tech Fund were reduced by \$3.5 million over five years (the saving is approximately \$700,000 per year). Thus the projected budget gap would have been significantly worse had the separation not occurred.

In summary, technology is vital to the efficient operation of today's courts. In addition, the ability for the Judiciary to have the necessary funding to stay current with IT systems is critical since using up-to-date versions helps to mitigate most known cybersecurity vulnerabilities, enhancing the state's overall security posture and reducing the potential impact of emerging cyber threats.

Please let me know if you have any questions or if you would like any additional detail. We very much appreciate your consideration of this matter.

Cc. Sen. Randy Brock, Vice Chair
Rep. Laura Sibia
Rep. Monique Priestley
Sen. Irene Wrenner
Sen. David Weeks
Mike Ferrant, Committee Assistant