

Review of Court Debt Practices and Procedures and Statutory Requirements

October 1, 2024

Introduction of Staff

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Agenda

- Goal
- Past Court Debt Distributions
- Background on How Court Debt Works
- Summary of What Occurred
- Issues

Goal

- Explain distribution issues within context of court debt collections in entirety
- Provide overview of programming changes being implemented to prospectively remedy issues
- Communicate issue so that DOM may consider how, if at all, DOM desires to address court debt distributions from prior fiscal years, if court debt recipients seek a remedy

Past Court Debt Distributions

- Court Debt Collected in Previous Years
 - FY 21 = \$145,004,282
 - FY 22 = \$146,357,781
 - FY 23 = \$147,306,812
 - FY 24 = \$148,998,430
 - Total in 4 Years = \$587,667,305

*Note: The judicial branch does not retain court debt; rather, Clerks of Court and State Court Administration distribute court debt in accordance with a complex statutory distribution scheme. **Court debt does not fund judicial branch operations.** The legislature provides an annual appropriation for judicial branch operations.*

Past Court Debt Distributions – Programming Issue

- Starting in FY 21, changes to the fines and fees distributions required programming changes.
- SCA uncovered potential issues with court debt distribution, undertook a major review going back to effective date of SF 457, developed new guidance and plan for implementation, and is now working on implementing programming.
- The impact of these programming issues in past fiscal years means collected court debt was assigned to incorrect accounting locations
- Some of the differences are between state funds, while others are between other state funds and non-state funds

Past Court Debt Distributions – Programming Issue

- Since these collected court debts were placed in various accounts in previous fiscal years, there is not an opportunity to correct the past distributions.
- The collected funds do not go to the Judicial Branch but are passed through to each recipient through the Case Management System and the Clerk's office.

Past Court Debt Distribution – Programming Issue

- The financial handout includes a summary of the cumulative fiscal impact of the programming issues From FY 2021 through June 30, 2024
- A quick summary is included in the next table

Past Court Debt Distribution – Programming Issue

FY 2021 – FY 2024

State General Fund	\$ (26,564,398)
Other State Funds	\$ 22,707,455
Non-State Funds	\$ 3,856,942

- Total amount is approximately 4.5% of funds collected from FY 21 – FY24.
- Non-State funds account for about .6% of money collected from FY 21 – FY 24.

Past Court Debt Distributions – Programming Issue

- We're bringing this issue to DOM first.
- When we explain the issues to stakeholders (DOT, Counties, County Attorney's, Sheriff's), we believe they are going to ask the question, **how do we get our money since SF 457?**
- We do not have the ability to make corrections on funds collected in previous years.
- We have not shared findings with court debt recipients yet; we plan to start reaching out after this meeting.

Background

- Court debt distributions occur through the JBIT case management system
- Both County Attorneys and the Iowa Department of Revenue (IDR) can collect delinquent court debt
- Clerks of court receive all voluntary payments for court debt and process involuntary court debt payments.

Background

- For court debt, there are 4 collection types:
 - Case not at collections
 - Case at Iowa Department of Revenue for Collections
 - Case at County Attorney for Collections (Threshold not met)
 - Case at County Attorney for Collections (Threshold met)

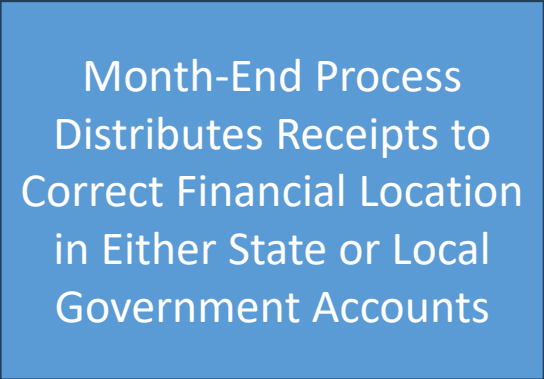
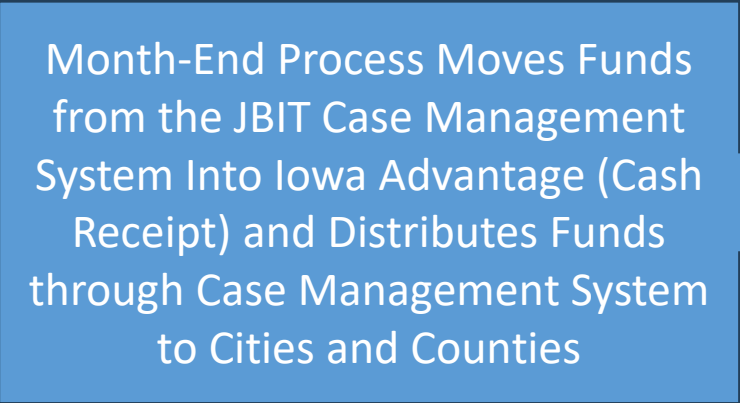
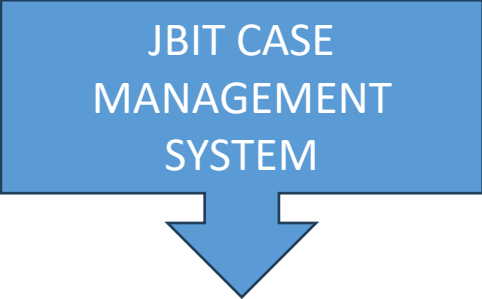
Background

- Court Debt Assessed and Criminal Cases Disposed

Fiscal Year	Criminal Cases Disposed	Court Debts Assessed
2021	497,103	\$244,386,584
2022	505,918	\$235,275,678
2023	512,104	\$250,077,934
2024	522,127	\$243,880,854

Background

Information regarding transactions is entered into this system in 100 Clerk of Court Offices across the state.



Summary of What Occurred

- The Iowa Judicial Branch recognized potential issues with how its system was distributing court debt.
- State Court Administration (SCA) contracted with the National Center for State Courts (NCSC) to review and recommend changes.
- NCSC reviewed Iowa's court debt distribution system with assistance from SCA and provided a report discussing the issues.

**Focused on court debt distribution requirements since SF 457 went into effect in 2020 and included changes made in SF 367 in 2021.*

Summary of What Occurred

SCA staff:

- Reviewed the NCSC analysis and worked to resolve the issues addressed by NCSC.
- Conducted comprehensive legal analysis and worked together interdepartmentally, from legal, IT, and finance, to create a roadmap for programming changes consistent with our legal interpretation of court debt statutes.
- Documented legal analysis, legal conclusions, and programming roadmap in a 65-page report.

Summary of What Occurred

- Since the beginning of 2024, Judicial Branch Information Technology has been working to implement changes to prospective court debt distribution detailed in report
- Completion is anticipated in Fall 2024

Summary of What Occurred

Explanatory Documents

- 1) The 65-page SCA report includes the detailed legal analysis and programming roadmap to implement the legal conclusions.
- 2) September 2024 legal summary and update document includes the issues requiring a programming change.
- 3) A financial summary includes data on amounts distributed inconsistent with the legal conclusions in the SCA report since SF 457 through June 30, 2024.

Issues

Issues Analyzed in SCA Report that Distribute Incorrectly

*in some or all circumstances

- Repealed Surcharges Subject to IDR & County Attorney Collection Fee

- Court Debt Not Eligible for IDR & County Attorney Collection Fee:

1) Victim Compensation Fund, 2) Domestic and Sexual Abuse Crime Surcharge, and 3) Sex Offender Civil Penalty

- Criminal Fines: County Attorney Collection Fee and Distribution

- Proof of Financial Responsibility (Insurance) Citations

- Littering Citations

- Commercial Vehicle Enforcement Citations

- Department of Transportation Civil Penalties: Collection Fee

- Criminal Penalty Surcharge: Collection Fee and Distribution

** See September 2024
Legal Summary and
Update Handout for
summary of issues that
require programming
changes*

Issues

- Example 1: Collection Fee on Repealed Surcharges
- Example 2: Commercial Vehicle Enforcement Citations
- Example 3: County Attorney Collections

Issues

Example 1: Collection Fee on Repealed Surcharges

- Section [602.8107\(3\)& \(4\)](#) includes lists of court debt from which the collector does not receive a collection fee.
- [SF 457](#) struck certain court debt from the list in [602.8107\(4\)](#), including:
 - Criminal penalty surcharge, DARE surcharge, law enforcement initiative surcharge, county enforcement surcharge, and [sheriff room and board] fees charged pursuant to section 356.7
- [SF 367](#) excluded that same court debt in the list established in [602.8107\(3\)](#).
- **Legal effect:** Repealed surcharges and old room and board fees are now subject to a collection fee.
- This is the best interpretation, but it may come as a surprise.

Issues

Example 2: Commercial Vehicle Enforcement Citations

- Iowa Code section [602.8108\(8\)](#) (2024 Iowa Code)
 - SCA shall allocate all of the fines and fees attributable to commercial vehicle violation citations issued by personnel of the department of public safety to the treasurer of state for deposit in the **road use tax fund**.
- Legal Effect of [SF 457](#)
 - None. [§602.8106\(4\)\(b\)](#) is a general provision. [§602.8108\(8\)](#) is the more specific provision and shall apply.

Issues

Example 2: Commercial Vehicle Enforcement Citations

- Practical Issues
 - Programming broke with SF 457
 - Complications with government reorganization
- Report of "significant financial irregularity" under [§11.2\(2\)](#)

Issues

Example 3: County Attorney Collections

- History: County attorney collections programming has been in place since 1993 with the start of county attorney collections
- Over the past 30 years, adjustments were made to county attorney collections programming to reflect increasing complexity in statute but not to disturb the underlying framework
- Questions raised about county attorney collections framework when implementing IDR framework for SF 367

Issues

Example 3: County Attorney Collections

1. Court Attorney Receives Collection Fee

If court debt is set to distribute 100% to state recipients, for criminal fines (602.8106(4)(b)), or proof of financial responsibility tickets,

1. The county attorney receives a collection fee; and then
2. The remaining amount goes entirely to the state general fund, ignoring specific statutory distribution requirements. *Result: Potential misdistribution*

2. County Attorney Does Not Receive Collection Fee

If court debt does not meet criteria above, then:

1. The county attorney wrongly doesn't get their collection fee, and
2. the remaining amount distributes as though the case is not in collections.

Result: Counties and county attorneys are missing collection fee and court debt recipients are being overpaid.

Example 3: County Attorney Collections

Distribution of Criminal Fines Pursuant to Section 602.8106(4)(b)			
Type of Collector	Collection Fee	County General Fund (9% of fine payment)	State Court Administrator (SCA) (91% of fine payment)
			SCA Distribute = 1.3% to Emergency Medical Services and remainder to State General Fund
Not at Collections	\$0.00	\$9.00	SCA: \$91.00 = EMS: \$1.18 + SGF: \$89.82
IDR	\$15 to IDR	\$7.65	SCA: \$77.35 = EMS: \$1.01 + SGF: \$76.34
County Attorney <u>before</u> threshold	\$28 to County	\$6.48 <i>Current: \$0; need to increase from funds currently going to SGF.</i>	SCA: \$65.52 = EMS: \$.85 + SGF: \$64.67 <i>Current: \$0 to EMS and \$72 to SGF; need to increase EMS and decrease SGF.</i>
County Attorney <u>after</u> threshold	\$28 to County; \$5 to County Atty	\$6.03 <i>Current: \$0; need to increase from funds currently going to SGF.</i>	SCA: \$60.97= EMS: \$0.79 + SGF: \$60.18 <i>Current: \$0 to EMS and \$67 to SGF; need to increase EMS from SGF and decrease SGF.</i>

Black font shows the correct distribution and red font shows how programming currently operates and needs to change

Issues

Example 3: County Attorney Collections

Additional Programming Updates on Court Debt that is Not Programmed to Receive a County Attorney Collection Fee

- Forthcoming legal analysis and financial impact relating to a dozen fin codes that primarily affect non-state funds that are not currently subject county attorney collection fee programming
- JBIT will also begin providing a county attorney collection fee on fin codes if the following criteria are met:
 - IDR receives a collection fee on that court debt
 - The debt is not on the list of court debt ineligible for a collection,
 - The payment is paid to or collected by the clerk of court while the case is in collections.

Questions and Discussion