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INSTITUTE FOR COURT MANAGEMENT

OF THE

NATIONAL CENTER FOR STATE COURTS

PHASE III COURT EXECUTIVE DEVELOPMENT PROGRAM

September 1 1992 - May 4, 1993

TOPIC

Enhancement of Collections of Accounts Receivables

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for

SOUTH KERN MUNICIPAL COURT DISTRICT

/

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ABSTRACT:

The evaluated project is the accounts receivable management for South Kern Municipal Court. With more than 7,000 Accounts Receivable (AR's) established, with an assessed value exceeding four million dollars, how well the court enforces the court orders to pay is important. This court's budget is also negotiated based on a net-county-cost. It isn't right, but it is reality. The more money the court collects, the easier are budget negotiations. Particularly with the fiscal crisis facing California and Kern County, court survival and operations may well depend on collection rates.

The goal of this study was to evaluate procedural changes already in place in the court and to identify future improvements or modifications to court operating procedures with the goal to increase revenues. Focus of the study was on identifying common traits among clients who do comply with court orders. The items studied were, fine amounts, payment amounts, number of payments required, when the first payment was made (day of court or later) and finally if there were different results between the two branches of the court.

Because there were more than 7,000 individual accounts and time and money were not available to review every record, a 10% sample of cases from each branch of the court was used for the study. Once the data was collected on more than 700 accounts, a dBase IV program was used to facilitate analysis of the data. Using the reports generator in dBase the data was compiled for analysis.

Accounts receivable management has improved since 1991, but efforts are still needed.

Total dollar collections have increased each year, in spite of the difficult economy. Even while the study was being completed, some operational changes were made and the results have thus far been positive. A recommendation of the study was to centralize collections of delinquent accounts and that effort will be taking place within the next six months. Until the court can reach collection rates exceeding 50%, any evaluation must be that the program is not very effective.

Conclusions of the study were that day one collections do help. Nearly 30% of the AR's setup never have the first payment made. If the court could collect only one payment on every account the increase in revenue would be significant. The amount of the payment and the amount of the fine do matter. Keeping payments achievable and the total fine low enough that satisfying the obligation is possible, does make a difference on collection rates for the court. Issuing warrants for failure-to-pay does improve collections. The court's clients are more likely to be County residents than ever expected. This makes local law enforcement operations more important to the court for collecting delinquent AR's.

Recommendations included the need to increase efforts to collect money from the individual the day they are at court. The existing Accounts Receivable system is not conducive for this, but it can be done. The judges should contact local law enforcement seeking their help in serving failure-to-pay warrants. Serving them all isn't necessary, just a few will have a very positive impact on collections. Centralize delinquent collections is a must effort and is coming to Kern County.

INTRODUCTION

April 30, 1993

THE PROBLEM

The Kern County Auditor's Executive Summary to the Board of Supervisors, dated January 27, 1992, regarding South Kern Municipal Court's annual audit identified one finding: "Only 28 percent of the total \$4,396,178 of accounts receivable at June 30, 1991 are current. A significant decrease from 33 percent of accounts receivable current on June 30, 1988." From the County's perspective money is the only concern. However, the blatant lack of compliance with Judicial orders is the real issue for the court. Chief Justice Frank X. Gordon of the Arizona Supreme Court noted that, "A fine uncollected is a lesson in accountability untaught." (16, page 19) If the court can enforce a greater number of court orders, then both the county and the court will benefit.

This County's judges have been authorizing time payments for years. Only recently however, has so much emphasis been placed on the money "perceived to be available," but remaining uncollected by the courts. California's revenue crisis has so negatively affected every county's fiscal situation that every dime that can be squeezed from the court system is being demanded. Even before the results of the referenced audit, the court had been attempting to come to grips with the collection of accounts receivables. The goal of this study is to identify ways to improve compliance with court ordered payments. Ultimately if compliance improves, collection amounts should increase.

THE COURT

South Kern Municipal Court began its operations on January 1, 1990 replacing the former

Justice Court Districts of Arvin/Lamont and Maricopa/Taft. The court serves as a trial court for criminal and traffic misdemeanors, infractions, civil matters under \$25,000, and small claims matters under \$5,000. In addition to trial court functions, the Court also conducts felony preliminary hearings, processes parking violations, makes distribution of fines and forfeitures among county, State and municipal agencies and helps the public with court related matters. State law authorizes two Judicial positions for the court. Court sessions are conducted five days a week in Lamont and Taft, two cities 35 miles apart.

South Kern Municipal Court is a two-judge regional court. It is one of three regional courts with two judges and one of four Municipal Courts in the County. Bakersfield Municipal Court, at the County Seat, is the largest Municipal Court with 9 Judges and two commissioners authorized. The courts of the county are on a mainframe computer system. The system provides for the management of criminal cases (Criminal Justice Information System, CJIS), for traffic case management (Citation Processing System, CPS) and for cashiering/accounts receivables. Civil processing is not computerized.

THE STUDY

The cashiering/accounts receivable system and CJIS/CPS system are not interactive, so double entry work on many payments is required. The cashiering/accounts receivable system is archaic. It was adapted from an off-the-shelf department store inventory management and cashiering program and has been in place since 1984.

The subject of revenue production is certainly not a new one to the courts; however, with the current fiscal crisis it has taken on significantly increased importance. Courts are frequently

expected to not only support their operations, but others within the county and state governments. Currently the end of month distributions includes 68 possible distribution funds for the monies collected. How distributions are made is generally dependent on the type of offense and the citing agency with each special interest groups having their own piece of the distribution equation. Currently about 17% of the total money collected by the court (5.2 million dollars in 1991-92) is distributed to the County's General Fund. Approximately 22% of the money goes to County benefitted special funds. The remaining 61%, minus a small percentage for the cities in this district, feeds the State coffers.

The more a court can contribute to the county's general fund, the easier are budget negotiations. It may not be right, but it is reality. If the court can improve compliance levels with court ordered accounts receivables, the better will be our funding. The goal of this study therefore, is to learn if there are identifiable common traits among those court orders most likely to be followed. Primary focus is on: 1) fine amounts; 2) payment amounts; 3) number of payments; 4) when the first payment was made; and 5) if there are different results between branches of the court.

The two branches of the court have had different emphasis on gaining a first day payment. During the summer of 1991 the court also initiated delinquency notices to clients. Effectiveness of the collections efforts before the summer of 1991 was compared with those currently in place. Recommendations for improvement of the systems currently in place have been identified.

Intuitively, the amount of the fine, the amount of the payment, and the number of payments required, when linked with court administrative procedures, must dictate the amount of money collected. This report has generally substantiated this hypothesis. It also provided the ability

to draw conclusions regarding the amount of payment most likely to be remitted and the optimum number of payments to authorize. Comparisons of the two branch court operations have provided recommendations for the most effective administrative actions that need to be taken by the court. Information that is specific to this court is not available, other than within this court's records, and that is why this study was completed.

This report consists of a literature review that identifies supporting or conflicting experiences of others involved in court collections. The review further provides the basis for recommended changes to the court's existing processes. Data from the courts accounts receivables that were established before July 1991 and post July 1991 when gathered allowed evaluation and comparisons with current accounts receivables' statistics. Branch court information was maintained and analyzed separately. Statistical trends and collections information was evaluated to determine the effectiveness of current court programs, as well as, identify future directions for court efforts. Major outcomes of the study confirm what "everyone says needs to be done" and provides the basis for further, more meaningful, discussions with the judges. Generally, recommendations based on what has worked in another court or state is met with skepticism locally, because of "the uniqueness" of this court. Perhaps the myth can be destroyed once and for all.

LITERATURE REVIEW:

There is no shortage of information on court collections efforts. It is interesting and probably significant that most of the articles found were written within the last eight years. Many articles go as far as making the point that court administrators, as their court's fiscal distresses becomes more pronounced, are finally coming to grips with the fact that collection levels are their responsibility.

One reason identified in most articles for why courts don't do well on collections is that courts have historically let the executive branch enforce all their orders. Jails and probation are executive branch functions. Administrators and judges viewed collections as a record keeping function, instead of another mission that had to be accomplished. The efforts being made by courts to find ways to enforce court ordered payments is monumental. The trend to imposing more fines in lieu of or together with other sanctions is without question.

In their 1988 Judicature article, "The Use of Fines by Trial Court Judges," Cole, Mahoney, Thornton and Hanson address the trends to greater use of fines and highlights the lack of information available to the judges. They point out that fines are imposed in nearly 86% of cases heard in limited jurisdiction courts. (2, page 328) Although most of the cases heard in South Kern Municipal are vehicle code related cases and fines are generally the only sanctions available, there are sufficient misdemeanors cases heard in this court to make these numbers appear valid.

As in other articles reviewed, this one makes the point that "most state penal codes set maximum, but not minimum fine amounts for particular offenses or classes of offenses." (2, page 329) Unfortunately most of the fines being imposed in this court are mandated not only

as to the maximum, but also to the minimum. Judges certainly have some flexibility, but it is limited at best. Most of the articles reviewed make the point that the amount of the fine and its relationship to the ability to pay are critical to the collections levels.

Sally Hillsman in her Crime & Justice article, "Fines and Day Fines" confirms what this court always believed. "The major issue for courts is not whether to use installments but how to do so fairly and effectively. As Cole and Mahoney report, 'installment payment arrangements seem to be widely and indiscriminately used' (1987, p. 23). This is because many courts lack general rules or standards for setting the size and frequency of payments." (9, page 21) Hillsman in her section on the installment system seems to describe this court's problems in detail. She described courts with relaxed rules, forgiven or abandoned fines written off because nothing can be done about the failure to pay anyway. She goes on to explain that when active management takes place, collection will follow.

Enforcement options identified by Hillsman include imprisonment, work programs and civil procedures including property seizure. This county, like most, can't keep those sentenced for more serious crimes in jail. Therefore keeping someone in jail for failing to pay a fine has limited applicability. Hillsman's research confirmed limited benefit of imprisonment for these cases. Work programs cost money to operate and have limited applicability. Although seldom used in the United States, European courts use the threat of seizure using civil procedures to ensure compliance with court ordered payments. "European experience indicates that credible threats work; It is rare that goods are actually seized and sold in payment of the fine." (9, page 26) Although not an ingredient of current procedures, this approach to enforcement may have sufficient merit to warrant later exploration.

Between mandated fine amounts, high penalty assessments and the special interest groups that add additional fees, there are no difficulties in keeping fine amounts high. There are generally no considerations made for ability to pay. The day fine system described may be a workable approach, however not an option to this court without some legislative action. Hillsman's articles do offer insight into the direction that court's should be taking. However, until the legislature takes action this court must work within given mandates. Her articles do offer hope that if the payment amount is correct, payments may be made.

Paul Litschewski in his article on the Colorado collections investigator program, begins his discussion with a fictitious description of a courtroom scene. As the defendant stands before the judge he asks for six months to pay his fine. The courtroom falls deathly silent, the tension builds until the judge finally says, yes. Once the first gets time to pay, the remainder falls into line. Mr. Litschewski adds, that the story is not verifiable, but it occurs in this court every day. Their study indicated 95% of those who requested delays in the execution of a sentence were granted the extension before the investigator program. (10, page 14) Since the collections investigator program, the number paying in full on the day of sentencing has reached 50% with 75% being fully paid within 90 days. (10, page 15)

Taking the decision out of the courtroom seems to be one key to Colorado's success. Several other articles reviewed also suggest this as an integral part of a successful program. Having viewed first hand Ventura Superior/Municipal Court's collection system, which takes most of the decisions out of the courtroom, it seems to work. Reducing the number of accounts receivables being created may be the ultimate objective for this court.

Bruce Stuart indicates the prime reasons for nonpayment are; 1) awaiting notice, 2)

misunderstood terms, 3) dispute the amount, 4) amount so small it is ignored, 5) does not have the money, and 6) must be coerced. (13, page 3) If Mr. Stuart is correct, court efforts focused on correcting these should have a positive affect on collections. Actions taken by this court in the summer of 1991 addressed many of these reasons.

The literature only confirms what is known within the local court environment. Sitting back and recording the accounts is not sufficient. Proactive and positive efforts are required to keep the debt owed to the court, foremost in the individual's mind. The consequences of not paying must be sufficient to insure compliance. The amount of fines, although a recognized part of the equation, has little flexibility for the court. The articles say that on fines that are too large, payments must be made. However, the number of payments must be kept to a minimum. This is the major concern for this court.

This study did answer the specific questions of the optimum amount of a payment and the number of payments that should be allowed. Although implied in the literature, getting money on day-one of the process seems to this court as critical. This study answers that question. The Taft Branch has not emphasized first day payments while the Lamont Branch has, and data was available for analysis.

The most significant benefit of this study will be that it is court specific. Data analysis of court specific information will have significantly more credibility within this court and within this County than anything done within any other jurisdiction.

METHODOLOGY

Data exists in overwhelming quantities: more than 7,000 separate accounts! Lack of data is not, nor has it ever been, the issue. The total lack of any meaningful analysis is the basis for the crisis. The accounts receivable system as described earlier is an archaic, non-interactive database that further contributes to the difficulties. Currently our knowledge and management tools are limited to the number of accounts established, total value of the accounts and some very limited aging information. The system will generate a single follow up notice. Answers, beyond the limited reports information now available, are critical to further decision making.

PURPOSE

The purpose of this study's data collection and analysis was to provide answers to these and other questions:

1. Are there differences in collection rates between court branches?
2. Are there differences in collection rates when compared with the amount of a payment?
3. Are there relationships between the amount of the original fine and the amount ultimately collected?
4. Does the receipt of a first day payment effect the ultimate amount collected?
5. Do the number of payments authorized contribute to collection rates?
6. How many of the accounts are local (within the county)? and does that effect the percentage ultimately collected?
7. How many of the cases have warrants issued? Does it influence collections or the

percentage collected?

To answer these, and other management questions, a study of the accounts was initiated. When ordered, authorized, by the judge, clerks create an accounts receivable. The account is established to provide for the receipt of monies and the correct distributions to appropriate accounts. At Appendix 1 is a copy of the work sheet used to create an account. The code and amount area at the center of the form is designed so the clerks can manually determine distributions of the fine, i.e., what percent of each payment will go to any of the 68 possible receiving accounts.

SAMPLE COLLECTION

Analysis of the entire 7,000+ population was not considered feasible. Although the required information from all 7,000+ records could have been generated in an estimated 8-10 hours, input into an interactive database (dBase IV) would have required hundreds of unavailable hours. Using a sample is appropriate when the size of the population is too big for the time and the resources (\$/people) available. Therefore, a sample of the available population was considered the best alternative.

Ten percent of the total available population was selected as the number of cases to sample. Partially because 10 percent is easily related to the original population, but it was also achievable given the time and resources available. Ten percent did identify over 700 files for analysis. Data elements and possible outcomes are not that dissimilar. Fine amounts, payment amounts, number of months are common to all sample options. Residence information is only relevant to the local area, i.e., what percent of the sample lives in the local area. Trying to draw conclusions on what percent of the total population would live in "New York" would be

impossible and not important, but having the ability to estimate the number of cases from the local area and the dollar amounts associated with those cases, is important. The percent of local cases and the associated dollar amount provide the basis for meaningful collections discussions with the court's funding body. The benefit justifies the expenditure.

To insure a random selection of accounts for analysis, the numbers 1 to 10 were placed in a hat and one number was drawn. The number six was selected. Using the on-line alphabetic listing of all accounts starting with the sixth record every tenth record was collected. A screen print, Appendix 2, was printed directly from the on-line AR system for all the sample cases.

DATA COLLECTION, TEST AND PRELIMINARY ANALYSIS

Unlike some courts where people are available to do the repetitive aspects of this type of data collection effort, this author was required to collect and input all the data for this study. At Appendix 3 is a copy of the form originally designed to collect the needed data. Rather than transfer the information from the on-line system to the collections document, the screen print (Appendix 2) was used as the source document to directly enter data into dBase.

The items selected for collection and the reason they were collected are:

Case number: Although not a part of the final analysis, it was the only source to refer to the original data base. For quality control purposes, some entry work into dBase IV was checked back to the original data base.

Fine amount: When compared to the amount paid to date this gives indications of the percent of collection and when totaled in association to the zip code it suggests where collection efforts should be made.

Court date: Using the query functions of dBase IV, populations could be isolated to

eliminate all the "extremely old" cases. Procedural changes implemented by the bench during the last year could be evaluated and compared with earlier data.

Months to Pay the AR: Collection information compared to the months to pay could be relevant. Do cases with fewer months get paid at a better rate than others?

Paid to Date Amount: Provides one of the elements necessary to compute the percent of collection. This percent or total amount will be important for analysis and comparisons within the study. It answers the question, "how well are we doing?".

Last Payment: One of the items of interest relates to the percent of collections for cases with last payment dates within the last 60 or 90 or 120 days.

Warrant Issued: Whether a warrant has been issued or not and the associated percentages of those with and those without warrants will allow management decisions to be made on the allocation of resources. Collection rates for cases with warrants and without may allow some conclusions to be made.

Days Past Due: Used to differentiate cases.

Ethnic: Although a desire of the study, no where is specific ethnic information recorded but surname information will allow approximate percentages to be computed. Some data was collected but not used in the final study.

Zipcode: Provides the basis to learn where our clients are concentrated. Should provide an ability to recommend enforcement efforts, i.e., warrant sweeps or advertising efforts. Collection rates for each Zipcode is important to the court's evaluation of existing accounts.

A screen print of the dBase format screen is at Appendix 4.

Once the 10 percent sample was collected, the information was entered into dBase IV creating the interactive database so lacking within the court's current system. With the database of information finally created, the reports generator features were used for the computations so critical to later analysis.

To avoid completing the entire data collection and input effort, only to identify a missing critical element, I completed a limited analysis of the information from the first 50 records entered. The system allowed the totals on the amount of fines imposed, the amount money collected to date, days overdue etc. to be computed. The system worked well until the branch of the court and the clients residence was needed. The database was modified to include zip code and a separate database was created for each branch. Otherwise, those were the only modifications made to the collection effort because of the testing.

OBSTACLES TO THE STUDY

Time (and money) are major factors with any collections effort and that certainly can be said for the conduct of this study. It is too easy to find other "more critical" court needs. Collection and input of the data into dBase was a laborious process completed normally from 7:00 a.m. to 8:30 a.m. and after work or on weekends over a month or more. More than 50 hours of work in data collection and entry work has been completed. The entire collections effort has been completed on a shoestring with efforts made before work and after, but the results are good. Hopefully, the fact that this study has been helpful to the court, will help to change that attitude if resources are required for a study in the future.

For the person completing the data collection, the rapid review of each account as it crossed the screen was in its own right, an extremely enlightening event. The inability of the system

to "make" people pay is so readily apparent. Accounts established for individuals with no address or an address of "1234 Transient Lane" is ludicrous. It is understood that these entries are reflecting the best information currently provided to the court, but there must be a better way to conduct business.

No payments have ever been received on most of these accounts, and in my mind I question whether any money was ever expected. Perhaps a recommendation of the study can be to not even bother on these types, but instead to write them off or find an alternative. Without analysis this provides credibility for many of the contentions of the Day Fine projects.

FINDINGS

WHO IS OUR CLIENT AND WHAT DOES HE OWE?

Although the Court Branches are only 35 miles apart, the differences are often greater than the similarities. In Lamont there is a greater than 80% chance the client is Hispanic and the remaining 20% primarily Caucasian, but in Taft less than 25% will be Hispanic and the remaining 75% will likely be Caucasian. In Lamont three of every four will be from this County, while in Taft it is only about a 50/50 possibility that the client will be from within Kern County. If the client has failed to pay the fine in Taft, highest probabilities are that a warrant has been issued, while in Lamont most failures to pay have had little or no follow-up actions.

There are similarities however. The average account will be set for around \$900.00 and the courts will have collected around \$200.00. Actual averages, by Branch, show that the amount assessed is higher in Taft and lower in Lamont while the amount collected is lower in Lamont and higher in Taft. Higher assessments were expected for Taft, given the concentration of truck related citations from the truck scales located in the district on Interstate 5.

ZIPCODE

A primary focus of this study was to determine if collection rates were different based on where a client resides. The "excuse" has always been given that all of our clients live out of the area and can't be influenced. Table 1 on the next page and the graphs on page 17 clearly show that the majority live within the county with a significant portion near the courthouse.

The Branch specific data is interesting and is worth analysis and comparison. The Lamont Branch is located in Zipcode 93241 and serves one incorporated city, Arvin, located five miles

away in Zipcode 93203. The communities are not dissimilar. Both are farm communities of about 10,000, with a heavily transient population base and low income base. Although a 3.5% difference in collection rates doesn't seem that significant, by taking 20% (Arvin's share of the AR's) times \$3.5 million dollars (total AR's in the Lamont Branch) that would be \$700,000. A 3.5% increase in collections on that amount would be \$24,500; or 1.5% of my budget!

PAYMENT COLLECTION RATES BY ZIPCODE FOR EACH COURT BRANCH

LAMONT BRANCH: Overall collection rate 22.74%

<u>Zipcodes</u>	<u># of ARs</u>	<u>% of Tot</u>	<u>Assessed/Collected</u>	<u>Collection Rate</u>
00000*	19	4.61 %	\$18,958/\$ 3,302	17.42 %
93203	84	20.39 %	\$61,006/\$12,943	21.22 %
93241	95	23.06 %	\$81,400/\$20,280	24.91 %
93268	1	.24 %	\$ 216/ \$ 66	30.56 %
Other County Zip's	68	16.50 %	\$72,032/\$13,122	18.22 %
All other Zip's	145	35.19 %	\$101,487/\$26,486	26.10 %

* No Zipcode provided

TAFT BRANCH: Overall collection rate 27.83%

<u>Zipcodes</u>	<u># of ARs</u>	<u>% of Tot</u>	<u>Assessed/Collected</u>	<u>Collection Rate</u>
00000*	19	6.11 %	\$24,297/\$ 2,105	14.95 %
93203	0	0.00 %	\$ 000/ 000	0.00 %
93241	4	1.29 %	\$ 482/ \$350	72.61 %
93268	80	25.72 %	\$ 83,753/\$29,607	35.35 %
Other County Zip's	56	18.01 %	\$ 49,451/\$15,497	29.52 %
All other Zip's	152	48.87 %	\$142,179/\$35,984	25.31 %

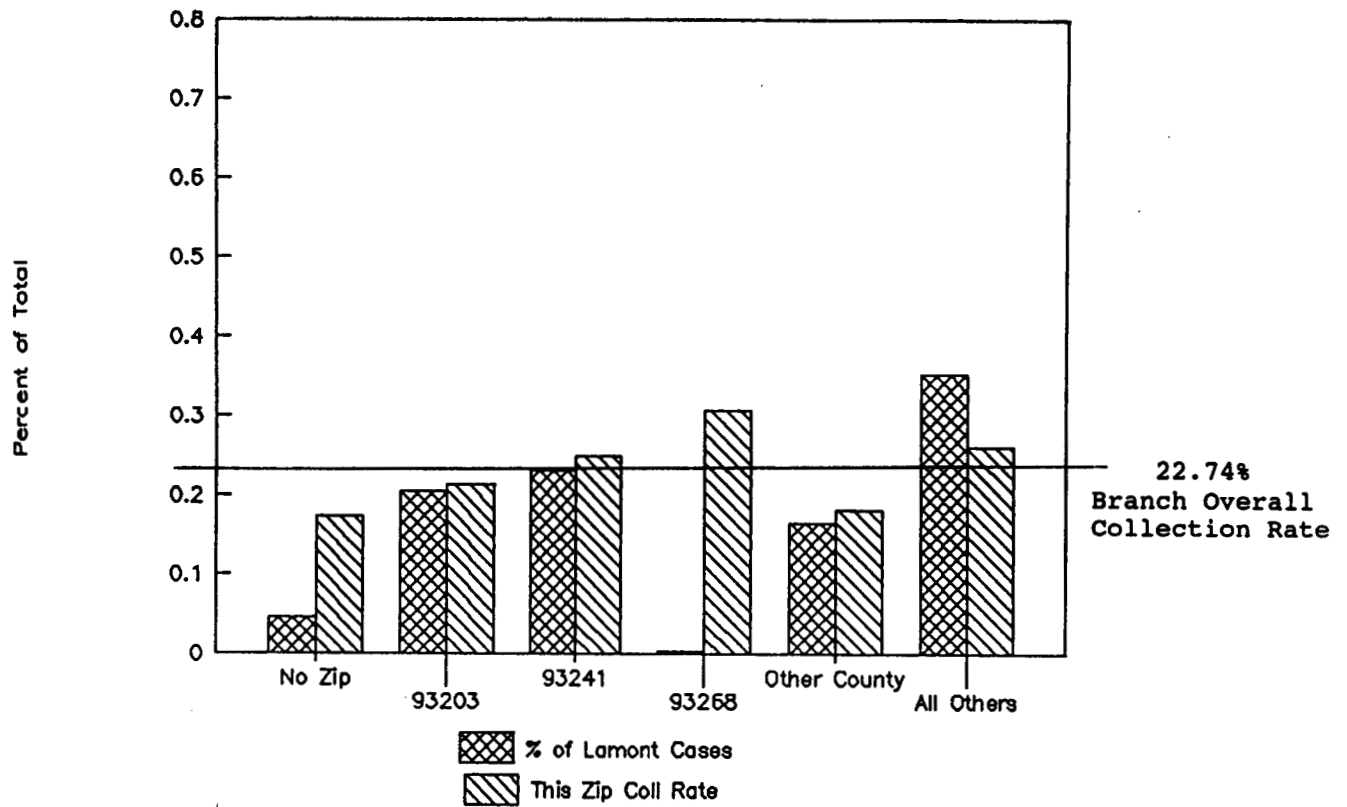
* No Zipcode provided

Table 1. Zipcode Data by Court Branch

The Taft Branch collects at an average rate of approximately 27%. The courthouse is located in zipcode 93268 (Taft) which is an incorporated city with its own police force. Taft is an oil town, has high unemployment and a relatively low level of income. The court's collection rates in Zipcode 93268 are the highest of anywhere within the court. Taft Police Department is active and serves warrants issued by the court. Collection rates in Zipcode 93268 are fully eight percentage points higher than the overall collection rate for the Branch. If the collection rate experienced in Zipcode 93268 could be achieved in other codes, the impact would

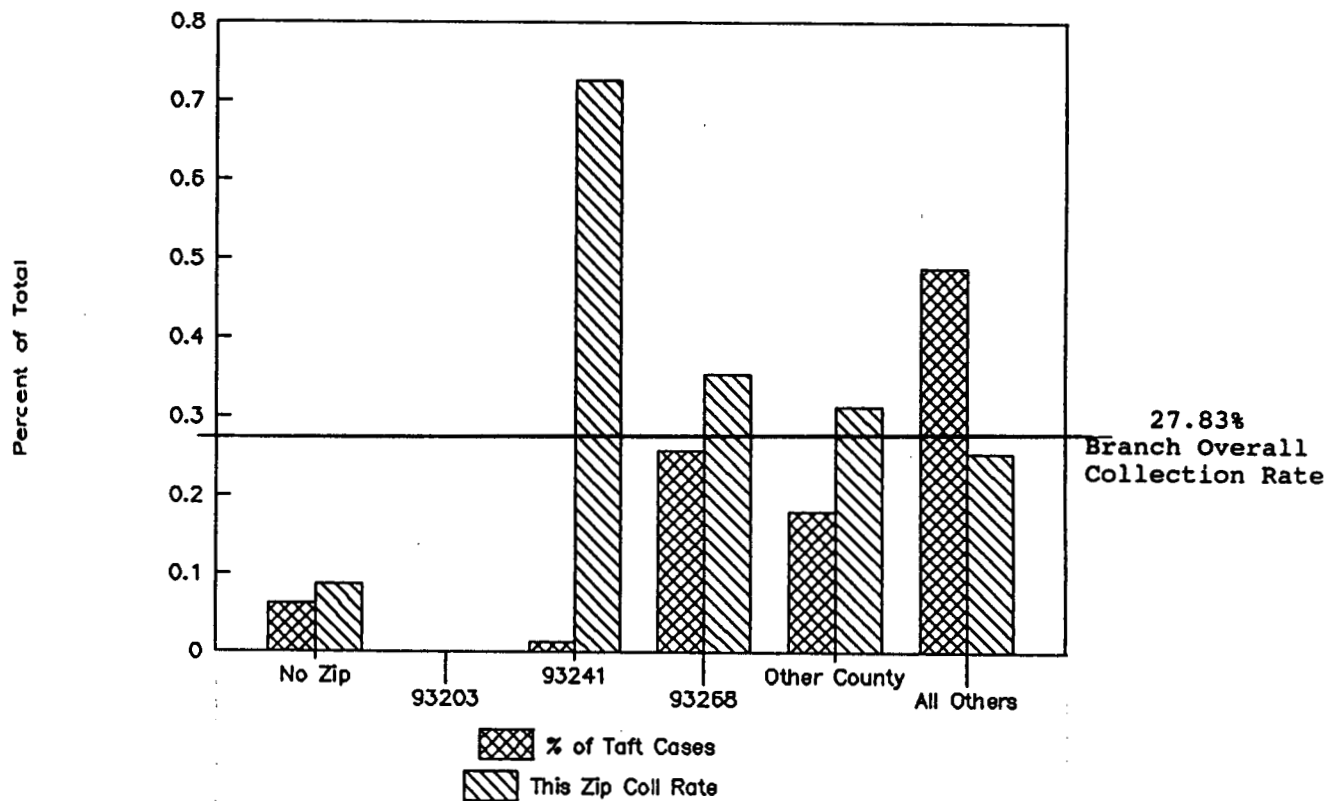
LAMONT COLLECTION RATES BY ZIPCODE

Based on 412 AR's



TAFT COLLECTION RATES BY ZIPCODE

Based on 311 AR's



be significant. Out-of-County collections are generally dependent on the Court's ability to effect the lives of the individuals owing the court. Drivers license holds and vehicle registration limitations are the most effective tools available. Collection rates for Out-of-County debts are generally consistent between branches. If the State of California can increase the effectiveness of the available sanctions, rates for out of county collections will improve. Within the county there are more possibilities to improve collections, which will be discussed in detail in the study's recommendations.

DAY ONE COLLECTIONS

Overall collection rates for accounts when first day payments are received is between 11 and 12 percent greater than for "Non-Day-One" cases. Table 2 and the Graphs that follow on page 19 clearly indicate the advantage. In some cases the Day-One-Payment is the only

DAY ONE PAYMENT RESULTS BY COURT BRANCH
Lamont Branch overall collection rates: \$335,100 assessed \$76,200 collected = 22.74% collection rate.
Taft Branch overall collection rates: \$300,162 assessed \$83,542 collected = 27.83% collection rate.

LAMONT BRANCH

<u>Day One Payment</u>	<u># of ARs</u>	<u>% of Tot</u>	<u>Assessed/Collected</u>	<u>Collection Rate</u>
YES	90	21.84%	\$75,893/\$24,359	32.10%
NO	322	78.15%	\$259,206/\$1,841	20.00%

TAFT BRANCH

<u>Day One Payment</u>	<u># of ARs</u>	<u>% of Tot</u>	<u>Assessed/Collected</u>	<u>Collection Rate</u>
YES	28	09.00%	\$15,661/\$6,078	38.81%
NO	283	81.00%	\$284,501/\$77,463	27.22%

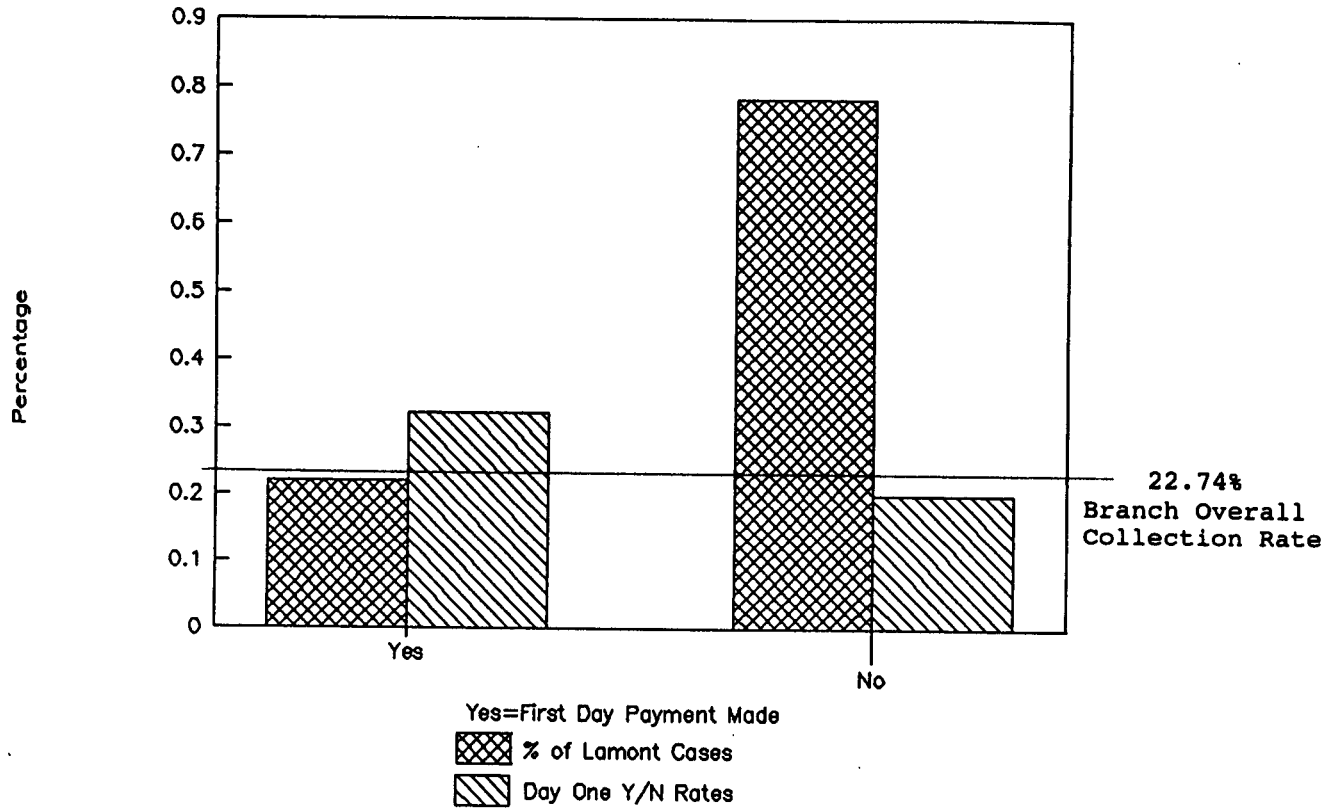
Table 2: Day One Payment Results

payment ever received, but it is certainly better than those where no money is ever collected. In Lamont 30.83% of the sample cases, and 29.58% in Taft, had never had a payment made. What a potential source of income! More than 2,000 accounts where no money was ever received. Just \$25 per case would be \$50,000.

Collection rates for Day-One-Payment accounts for both branches are significantly higher than Non-Day-One accounts. Only 9% of Taft's accounts and 20% of Lamont's are receipting money on the day the case is heard. The Lamont Branch does emphasize receiving some money

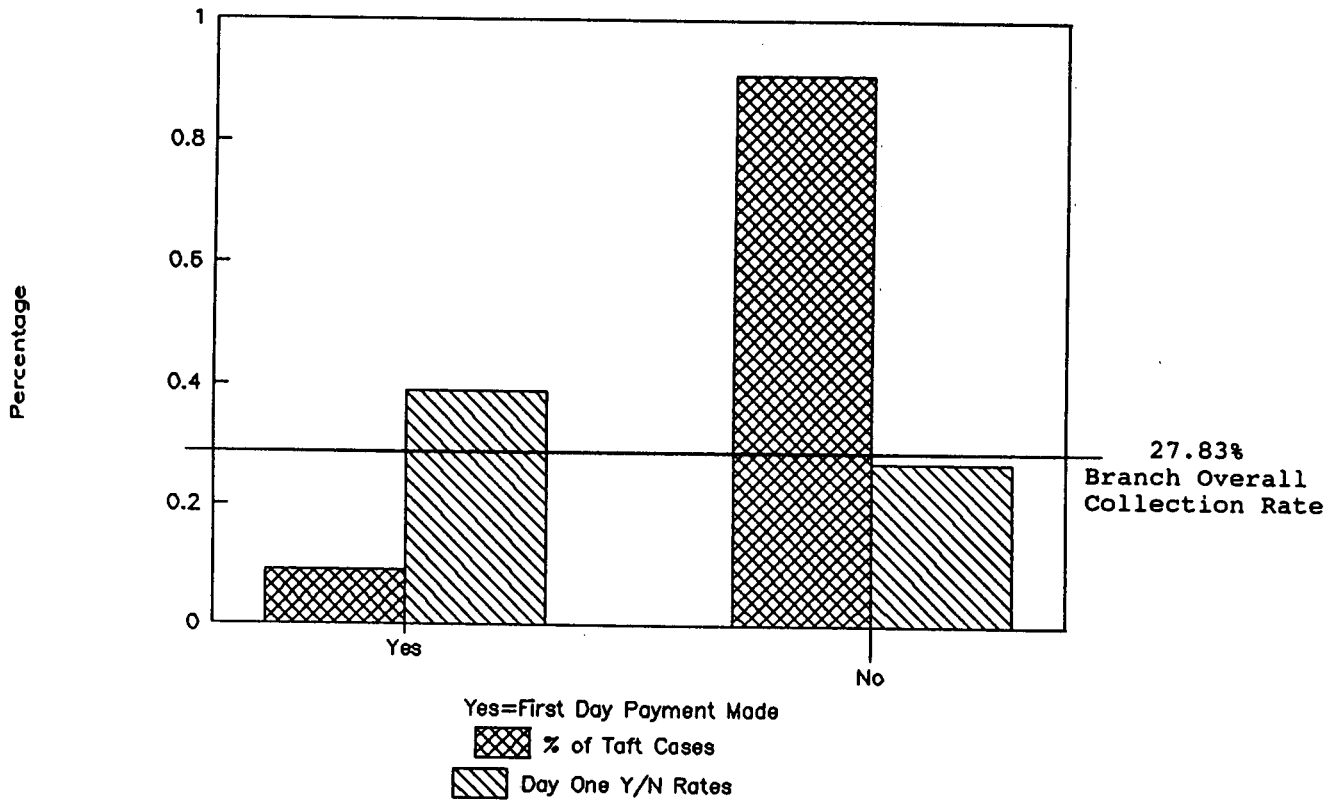
LAMONT DAY-ONE Y/N COLLECTION RESULTS

Lamont 412 AR's



TAFT DAY-ONE Y/N COLLECTION RESULTS

Taft 311 AR's



on the day of court, but Taft has not. The number of cases receiving Day-One payments and the results was as expected. This is consistent with the recommendations found in most of the collections literature reviewed. The earlier a client is put in the "habit" of paying, the more likely payments will continue.

PAYMENT AND FINE AMOUNTS

Results from this study would not necessarily support the idea that the lower the payment the more likely is collection, but, the higher the payment the lower is the rate of collection. Table 3 and the Graphs that follow display the collection rates for different amounts. Most accounts are established in the \$41-\$60 per month category and the collection rates at these

PAYMENT COLLECTION RATES FOR EACH COURT BRANCH **LAMONT BRANCH**

<u>Payment amounts</u>	<u># of ARs</u>	<u>% of Tot</u>	<u>Assessed/Collected</u>	<u>Collection Rate</u>
\$20-\$40/Month	112	27.18%	\$53,714/\$ 8,032	14.95%
\$41-\$60/Month	276	66.99%	\$256,775/63,481	24.72%
\$61-\$80/Month	6	1.46%	\$ 3,636/ \$770	21.17%
\$81 +/Month	18	4.37%	\$20,974/\$3,917	18.68%
<u>Fine = < \$500</u>	<u>192 AR's</u>	<u>46.6%</u>	<u>\$58,068/\$15,230</u>	<u>26.23%</u>

TAFT BRANCH

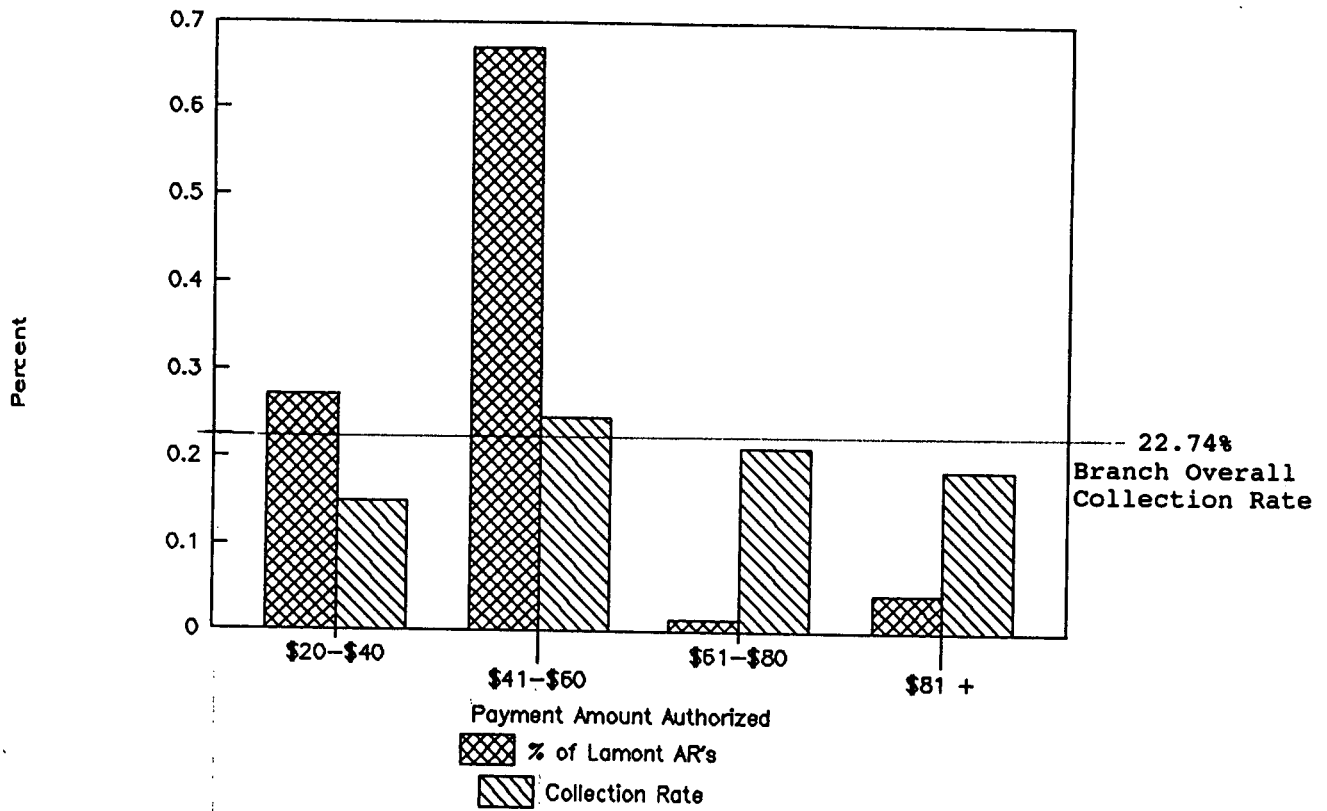
<u>Payment amounts</u>	<u># of ARs</u>	<u>% of Tot</u>	<u>Assessed/Collected</u>	<u>Collection Rate</u>
\$20-\$40/Month	2	.64%	\$ 1,743/\$,000	0.00%
\$41-\$60/Month	264	84.89%	\$250,472/\$73,604	29.39%
\$61-\$80/Month	38	12.22%	\$ 39,209/\$8,638	22.03%
\$81 +/Month	7	2.25%	\$ 8,738/\$1,300	14.88%
<u>Fine = < \$500</u>	<u>76 AR's</u>	<u>18.49%</u>	<u>\$27,366/\$8277</u>	<u>30.25%</u>

Table 3: Payment levels and Collection Rates

levels exceed the court's average rate. As the payment level increases, the collection rates decline significantly. What is most interesting about the payment levels data, is that generally the court will offer payment levels somewhere around \$50 per month. Exceptions are

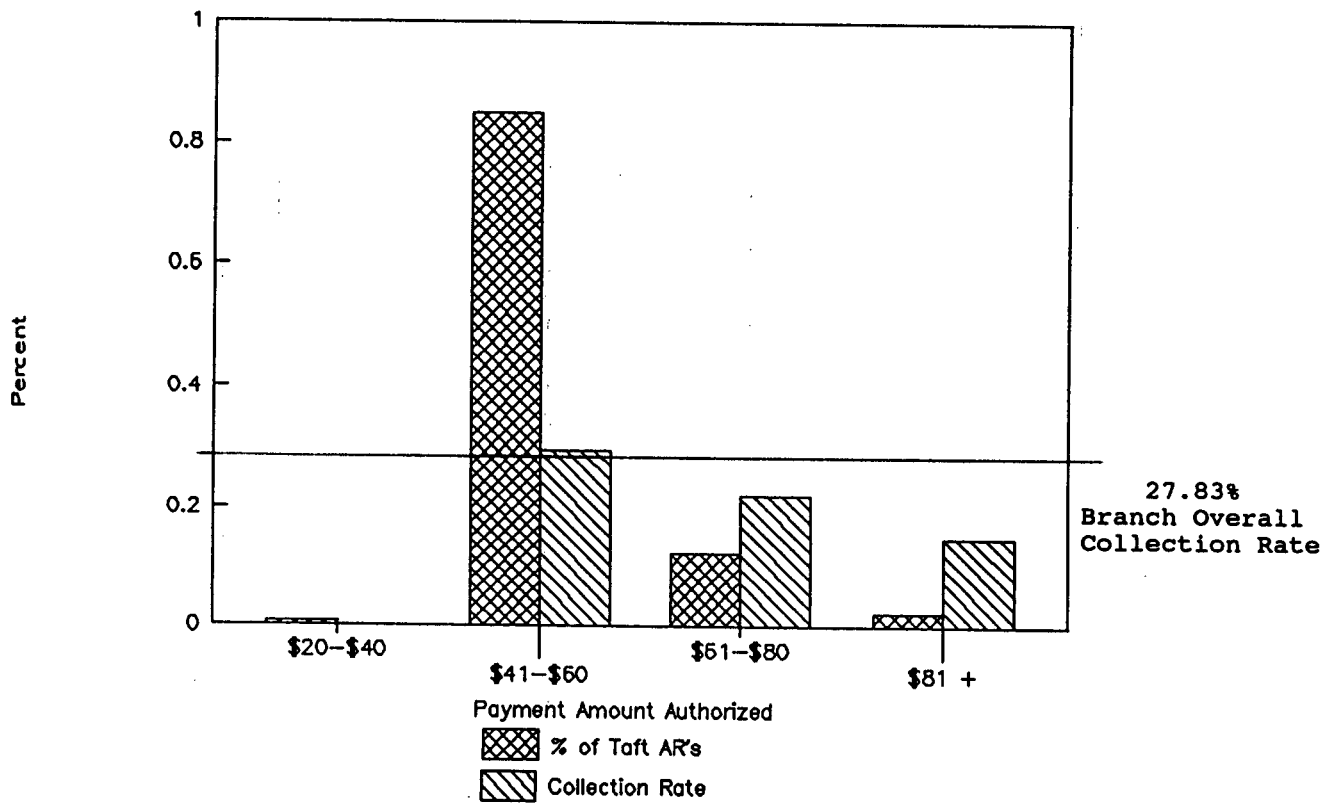
LAMONT COLLECTION RATES BY PAYMENT AMT

Lamont 412 AR's



TAFT COLLECTION RATES BY PAYMENT AMT

Taft 311 AR's



"generally" requested by the client. This is the case for both higher and lower payment amounts. The results of this study would suggest that no matter what the client might request, the court is perhaps better served if the payment level remains at the lower level.

In support of Day Fine operations, collection rates for fines of less than \$500 are significantly higher than those set above. Unfortunately, as indicated earlier in the report, the opportunity for the court to influence the level of a fine is minimal. Most are mandated by the State. For those fines where the Judge feels some discretion, perhaps considerations of the ability to pay may cause the court to increase overall collection levels.

WARRANTS AS ENFORCEMENT

Probably the most disturbing finding of the study was the almost complete failure of the Lamont Branch to issue warrants, timely or otherwise. Although nearly 75% of the accounts in Lamont's sample were more than 120 days past due, only 21% had warrants. In Taft the percentages were more closely aligned. The warrant is only one more tool available to the court, a tool apparently avoided by the Lamont Branch.

As a result of this finding, the Lamont Branch staff has spent two Saturdays and a Judicial Holiday at work issuing warrants. The Sheriff has notified the individuals by mail that a warrant has been issued. More than 2,000 warrants have been issued in Lamont in one month. The Lamont Branch has already seen the increased collections resulting from this work.

The collection rate for the Taft Branch for cases with warrants is significantly higher than Lamont's. This is evidence that warrants can help increase revenues for the court. Collection rates on Taft cases without warrants is lower than the overall average for the court. Cases

without warrants are not past due and are most likely the newer cases.

WARRANTS ISSUED BY COURT BRANCH				
Lamont Branch:	307 of 412 (74.5%) are over 120 days delinquent			
Taft Branch:	189 of 311 (61%) are over 120 days delinquent			
<u>LAMONT BRANCH</u>				
<u>Warrant Issued</u>	<u># of ARs</u>	<u>% of Tot</u>	<u>Assessed/Collected</u>	<u>Collection Rate</u>
YES	88	21.36%	\$54,682/\$11,122	20.34%
NO	324	78.64%	\$280,418/65,078	23.21%
<u>TAFT BRANCH</u>				
<u>Warrant Issued</u>	<u># of ARs</u>	<u>% of Tot</u>	<u>Assessed/Collected</u>	<u>% Collected</u>
YES	176	56.59%	\$134,264/\$57,211	42.61%
NO	135	43.41%	\$135,898/\$26,311	19.36%

Table 4: Warrants Information/Collection Rates

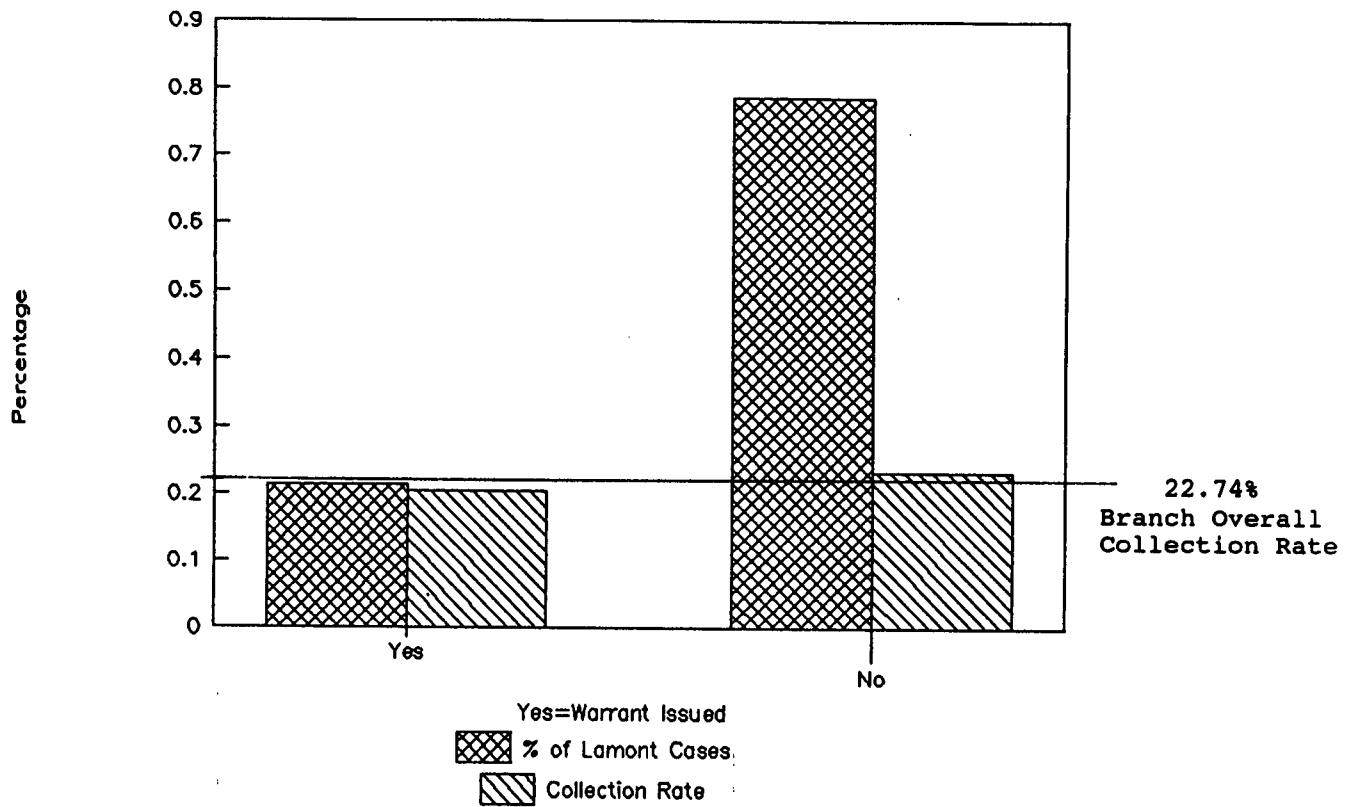
A collection rate of 42% on cases with warrants in Taft is extremely encouraging. The Account Clerk at Taft makes every effort to issue warrants quickly and the statistics support the benefits of her getting the job done. The results definitely justify the effort. If only one payment results from the issuing of the warrant, it was worth the effort. The Lamont Branch has set up procedures to issue warrants when accounts are between 60 and 90 days past due.

The literature reviewed provided example after example of the importance of keeping the debt continuously before the client. Between the delinquency notices sent at the 30 day mark and the warrant, the court must keep the debt foremost in the individual's mind.

Failure to issue warrants was strictly an administrative shortfall. The judges have complained about the failure to issue, but the extent of the problem had not been completely identified before this study. Failure-to-Pay warrants were what didn't get done when assets were unavailable. Eventually the problem became so overwhelming that it seemed an insurmountable problem. When leadership emphasis and resources were allocated, the problem was corrected.

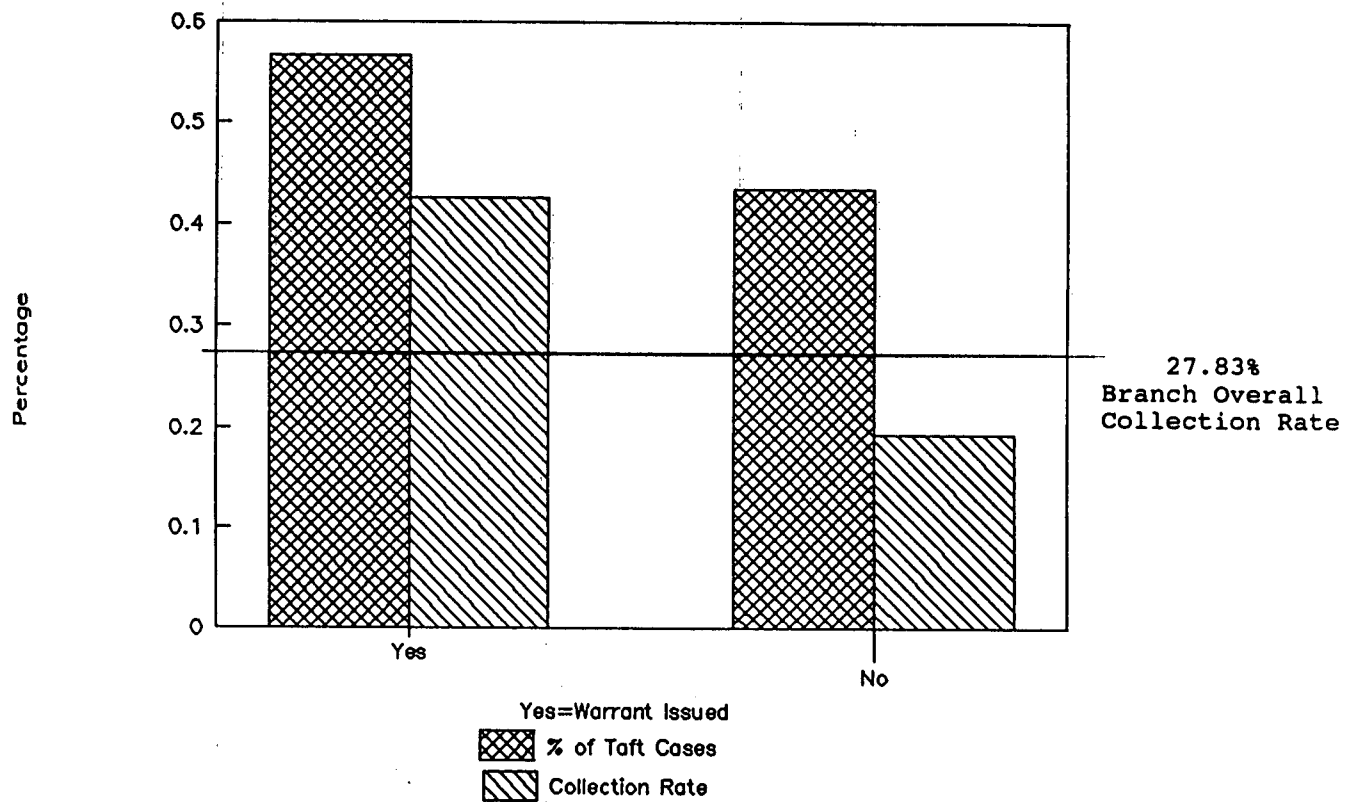
WARRANT yes/no & COLLECTION RATES

Lamont 412 AR's



WARRANT yes/no & COLLECTION RATES

Taft 311 AR's



CONCLUSIONS

There is hope, and there are things to be done beyond our current efforts. Revenue levels can be increased. Collection rates are changeable. The literature available does contain information of benefit to the court. Having data specific to South Kern Municipal Court provides credibility to the recommendations.

Day one collection efforts do help! The numbers are clear that too many cases are never seeing the first payment let alone the last. The court charges \$35.00 to establish and monitor an account and consensus among most court managers is that it is not enough. Collecting nothing on an account creates costs and recoups nothing. Reality is that people don't come to court without money in their pocket. However, as cited early in this report, when the judge allows the first request for payments, so goes the remainder of the day.

Payments and fine amounts do matter! Although the total assessment imposed often has little flexibility, the amount of payment authorized clearly does. Keeping the payment as a perceived "doable" is important to the effort. If it is too large the client may be more unwilling to pay. Insuring the client understands that the ability to modify the court ordered payment may be modified has proven beneficial in this effort. Keeping the payments low, but not too low, seems the appropriate conclusion.

Warrants are more than a necessary evil! They work. They do help to increase the amount of money collected. They do help increase compliance with court ordered payments. Although the Sheriff does not serve warrants of less than \$5,000 (which is where most of the court's fall), the notification letter does create activity and generate payments. The Lamont

Branch recently issued 2,000 warrants, thereby increasing collections for the court by more than 10%.

The court's clients are more local than perceived! Although many cases are generated by non-Kern County residents, the majority are local. Therefore, local law enforcement can significantly affect collections and enforcement of court orders. The best example is that Taft's police force is very active with warrants and the resultant collection rate for that Zipcode (93268) is the highest. (Clearly related to the timely issuing of warrants)

RECOMMENDATIONS

The court must improve operations in several areas. Getting money on the day the individual is at court will significantly improve court results. This will take judicial support and some modifications to current operating procedures in the Taft Branch. Setting up accounts is a time-consuming operation and generally the Account Clerk prefers time to complete the task. The money can be taken into a Trust Account and later withdrawn and credited to the AR. It will take a modification of current thinking, but the benefit will outweigh the effort.

The judges should contact local law enforcement to request their increased effort on Failure to Pay warrants. The letters they send are beneficial. However, by arresting even one or two individuals, as Santa Maria has proven, the word spreads fast and the impact can be dramatic. With a little effort the local law enforcement agency can increase enforcement of court orders and collections.

The County should pursue a centralized collections process. The studies reviewed, and this study confirms, that to collect from some individuals requires no effort. However, reality is that most will require constant actions. This court is not staffed at a level that allows the intense

effort required, nor would setting-up a program for just this court be cost effective, but on a County wide basis it makes sense. Keeping the obligation foremost in the clients mind is central to collections.

NEXT

In a year or so the enforcement levels and collection levels within the court should be evaluated. Efforts already taken and soon to be taken that will improve issuing of warrants and collection of first payments on the day an individual comes to court must be evaluated. The effectiveness of these efforts should be evaluated and improvements made where required. If money becomes available, the court should improve screening of the ability to pay.

CASE	.
FINE	.
PAYMENT	/ /
COURT DATE	/ /
MONTHS	
PAID TO DATE	.
DAYONE	
LAST PAYMENT	/ /
WARRANT	
DAYS PASTDUE	
ETHNIC	
ZIP CODE	

A-4

APPEND	*C:>*LAMONTAR	*Rec: EOF/34	*	*NUM
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APPENDIX 4

COLLECTIONS INFORMATION:

TAFT/LAMONT

CASE NO.	TOTAL FINE:	PAYMENT AMT:
DATE FINE IMPOSED:	TOTAL NO OF PAYMENTS	
MM/YY		
AMOUNT PAID TO DATE:	FIRST DAY PAYMENT:	Y N
DATE OF LAST PAYMENT:	WARRANT ISSUED:	Y N
MM/YY		
NUMBER OF DAYS PAST DUE	0-30 31-60 61-90 91-120 120+	
ETHNIC BACKGROUND (IF KNOWN)	HISP BLK WHT OTHR	

TAFT/LAMONT

CASE NO.	TOTAL FINE:	PAYMENT AMT:
DATE FINE IMPOSED:	TOTAL NO OF PAYMENTS	
MM/YY		
AMOUNT PAID TO DATE:	FIRST DAY PAYMENT:	Y N
DATE OF LAST PAYMENT:	WARRANT ISSUED:	Y N
MM/YY		
NUMBER OF DAYS PAST DUE	0-30 31-60 61-90 91-120 120+	
ETHNIC BACKGROUND (IF KNOWN)	HISP BLK WHT OTHR	

TAFT/LAMONT

CASE NO.	TOTAL FINE:	PAYMENT AMT:
DATE FINE IMPOSED:	TOTAL NO OF PAYMENTS	
MM/YY		
AMOUNT PAID TO DATE:	FIRST DAY PAYMENT:	Y N
DATE OF LAST PAYMENT:	WARRANT ISSUED:	Y N
MM/YY		
NUMBER OF DAYS PAST DUE	0-30 31-60 61-90 91-120 120+	
ETHNIC BACKGROUND (IF KNOWN)	HISP BLK WHT OTHR	

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A-3

APPENDIX 3

A/R MASTER FILE MAINTENANCE

CASE# 1213038760 VIOL 243 VEH WARRANT 00 00 00 BAL 75 00
 NAME [REDACTED] JUDGMENT 11 23 92 AMT 75 00
 ADDRESS [REDACTED] LAST PAYMENT 00 00 00 AMT 0 00
 LAMONT, CA ZIP 93241 DUE 25 00

- DISTRIBUTION -

CODE.....AMT CODE.....AMT CODE.....AMT CODE.....AMT
 046 20 00 018 55 00

- PAYMENTS -

DATE	AMT DUE	AMT PAID	DATE	AMT DUE	AMT PAID
1. 01 10 93	25 00		2. 02 10 93	25 00	
3. 03 10 93	25 00		4.		
5.			6.		
7.			8.		
9.			10.		
11.			12.		

A/R FEE WAIVED

A/R MASTER FILE MAINTENANCE

CASE# _____ VIOL _____ VEH _____ WARRANT _____ BAL
 NAME _____ JUDGMENT _____ AMT
 ADDRESS _____ LAST PAYMENT _____ AMT
 ZIP _____ DUE

CODE.....AMT CODE.....AMT CODE.....AMT CODE.....AMT
 - DISTRIBUTION -
 CODE.....AMT CODE.....AMT

DATE	AMT DUE	AMT PAID	DATE	AMT DUE	AMT PAID
1.			2.		
3.			4.		
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