

The Virginia Indigent Defense Commission
Budget Committee Meeting
1604 Santa Rosa Road, Suite 200
Richmond, Virginia
May 13, 2013

Budget Committee Chair, Maria Jankowski, called the meeting to order at 11:05 am. Other Commission members in attendance were Kristen Howard, Delegate Randall Minchew, and Judge Edward Hanson. Administrative staff included Executive Director, David Johnson; Deputy Director, DJ Geiger; Budget and Finance Director, Jewell Hudson; Financial Services Manager, Amber Brown; and Administrative Assistant, Diane Pearson.

Quorum requirements have been met.

The first item on the agenda is to approve the minutes of the previous Budget Committee meeting.

Judge Hanson made a motion approving the May 21, 2012 Budget Committee meeting minutes. Ms. Howard seconded the motion. The motion carried.

The next item on the agenda is the FY13 budget update.

Ms. Geiger said that in the meeting materials is a cover sheet for FY13. The first item is expenditures. There are a couple of months of expenditures listed so you can see the trend. You can see what is remaining and what has been expended to date. This is based on the budgeted amount.

We are basically on track with our expenditures. In the Remaining Budget Column note that we only have one payroll in June so the anticipated expenditure in the 1100 category will not be as high. In July we will have three payrolls, so this balances out.

We are anticipating having some money left over at the end of the year.

The first page of the chart includes our Public Defender Offices and is the bulk of our budget. The second page is our Capital Defender Offices. The third page is the Legal Defense Regulatory Services which is our Standards of Practice Enforcement. The final page is the Administrative Office which includes HR, IT, Training, and Fiscal.

The expenditures are shown through March 2013 because we do not have access to expenditures until about a week after the end of the month. This anticipates three remaining months of expenditures for the fiscal year.

In the 2200 Series, for each service area, we have not spent much to date, but we are about to spend a whole lot because we are doing the computer refreshes and purchasing copiers that the Commission approved in the March meeting. We have \$11 million remaining on the chart, but we will be spending that in the next couple of months.

We will have some money left in the 1500 series, which includes rent, because we prepaid three months of rent last year.

The next item is turnover and vacancy. The chart contains information through April 9th. We are still below what we had budgeted. We have realized about 52% of what we budgeted. This is approximately \$322,000. We budgeted for \$744,000 in FY13, which was a reduction, based on not meeting the previous year's projected amount. In FY12 we budgeted over a million dollars because that is what it had been for so many years. For FY14 we will be budgeting one percent which is around \$393,000.

It is good that we have stability with fewer people leaving but it is not producing the turnover and vacancy savings that we used to have.

Mr. Johnson added that our biggest problem once was too much turnover and now we do not have enough.

Ms. Geiger said we are projecting that we will end FY13 with about \$98,000. That is in part because when the funding was provided for the bonuses this year we actually ended up getting more than we gave out so this allowed us a little extra money. Another thing that was helpful is that we prepaid three months of FY13 rent at the end of FY12. For FY13 we only paid nine months rent and that was a savings of about \$600,000. This has actually allowed us to purchase the copiers and do the computer refresh. Otherwise we would not be in a position to do that.

The \$98,000 assumes we have already paid the required judicial reversion for FY13 which was \$38,000, purchased copiers with a year of maintenance; the telephone maintenance is included as well. We mentioned that Alexandria will be brought into the agency's IT network. This was approved at the last Commission meeting. We also ordered some furniture, and put security walls up in Roanoke and Bedford. The projection also includes renewing some licenses and subscriptions for our antivirus and antispyware software, encryption, Google mail, and the prepayment of two months of rent for FY14. We do not have enough to prepay three months this year.

We will not know until April 2014, after the General Assembly session, if we will get the \$98,000 back.

For the June Commission meeting we will have the May expenditures.

Ms. Geiger continued with FY14. The spreadsheets in your materials show two full years of expenditure history. We looked at what we spent previously, where we are headed, projected what we are going to spend in this fiscal year, and then proposed an amount for FY14.

Something that is slightly different in this year's approach is that last year we took the projected turnover and vacancy savings, and the projected rent savings and then appropriated them within the proposed FY13 budget. In other words, on paper, we proposed spending over and above the amount appropriated by the General Assembly. This year we are only going to propose expending the amount the General Assembly appropriated to us. There will be a wish list at the end because we run out of money when we do it that way.

A few notes on the proposed budget. Under the category of Personnel Costs, Sub Object Code 1123 previously was used to track part time employee costs, but the amounts are salaries and should be included in 1124. Sub Object Code 1123 is for people who are subject to the Personnel Act, which we are exempt from, so we are clarifying that and moving it. So for FY12 Sub Object Code 1124 (Salaries, Other Officials) our expenditures were \$27,385,773. We are proposing \$28,978,744 for FY14 which encompasses the part time salaries.

There was discussion regarding the health care changes.

Delegate Minchew joined the meeting.

Under Contractual Services; the 1200 Sub Object Codes are basically the bread and butter expenditures. This series includes printing, telephone, internet connection, broadband, training, travel for training, fiscal services, attorney services, electrical repair services, and some IT operating costs.

Sub Object Code 1253 (Equipment Repair and Maintenance Services) is our copier maintenance. The proposed amount should be \$79,373 instead of \$62,164. We received the costs a little bit late. That is based on the purchase of the new copiers and is all inclusive with toners, maintenance and parts being covered. The new copiers will have scanning, faxing, and copying capabilities.

Sub Object Code 1275 (Computer Software Maintenance Services) should be \$108,020 instead of \$105,820. The difference in the amount covers additional licenses for the capital offices for Case Map software. Case Map software allows them to track case events. Our basic Case Management System does not provide that capability. Capital cases are more event driven than other crimes.

Sub Object Code 2218 (Computer Software Purchases), because of the increases to the other two line items we decreased this line item.

The next chart includes the Service Areas. The proposed budget is broken down and shown by service area. Again, our four service areas are:

Public Defender Offices	32701
Capital Defender Offices	32702
Regulatory (SOPE)	32703
Administration	32722

In the Administrative costs we included some IT costs, the software costs, and some of the training costs for the entire agency. We try to allocate costs to the individual offices for services or goods where we can. If it's too complicated, we carry those costs centrally, within the administrative area.

For example, on the first page of the services areas chart, Sub Object Code 1242 is Fiscal Services. This is the amount paid to the Payroll Service Bureau for processing our payroll. In theory, we could divide it out to every office based on the number of employees in each office, but that would be a nightmare to try to get that down to the penny.

Mr. Johnson said that in comparison to our overall agency budget our administrative costs are pretty low.

Ms. Geiger said that there are a few training costs like larger rooms for conferences that we will carry in the administrative area as well. If we can divide the costs of a conference out to an office, we will do that but dividing the costs of a microphone and projection equipment over thirty offices is ridiculous, so we just carry some of those centrally. That is why some of the administrative costs look a little skewed.

Another example is Sub Object Code 2218 (Off the Shelf Software). The \$80,000 is not all administrative, but is carried in that section because there are so many softwares that are involved in that and so many ways you would have to divide it.

There was discussion regarding the regulatory section.

Ms. Geiger said that the Standards of Practice position was added as an enforcement component through the Appropriations Act. We salvaged two positions when we closed the Appellate Office and brought them here to the Administrative Office. One is Catherine Zagurskie who is the Senior Appellate Coordinator. She provides assistance to the Appellate Supervisors in all of the offices and assists with training and the Appellate Policies. Catherine Mullins is the Legal Resource Attorney. She also helps with training and serves as a back up to Catherine Zagurskie on some of the appellate needs.

The last chart is the proposed budget by Cost Codes. The amounts allocated agency wide and by the service areas, were then allocated across the cost codes. For Administration, we have

the Commission cost code for per diems, meals, and box lunches, etc. There are sub cost codes for Training Administration and Certification and non Certification training. The Administrative service area catches everything that isn't related to the public defender or capital defender offices except the Standards of Practice Enforcement.

We stayed within the General Assembly's appropriated amount. When we ran out of money we stopped.

The amounts that are in here and are proposed do not include the two percent salary increase. The reason is that it is not 100 percent confirmed yet. If it goes through there will be a central appropriations adjustment to all the agencies to cover the amount of the salary increase. We did not put it in and have not assumed anything with that.

We looked at previous expenditures and anticipated increases. Our Norfolk office consolidated its lease to one floor; it had been on two floors. With their lease renewal, we moved to one floor, saving about \$40,000 per year in rent. We are no longer paying rent for the appellate office in FY14; we were finally able to terminate that lease. Each of our leases has an escalation term so there are increases based on when the annual rent starts. Also there are other ongoing costs like broadband, email, all of those things we have every year.

We have proposed prepaying two months rent this fiscal year, so that in FY14 we will only have ten months of rent. This will be a savings of about \$390,000 in FY14.

The turnover and vacancy savings we have projected is about one percent of the salaries which is about \$393,000. That would, when added to the rent savings, hopefully, provide us a savings of \$792,000.

We did not include in the proposed budget funds for the required FY14 \$200,000 judicial reversion. The reversion was tied to the requirement that we review the Capital offices workload, structure, and staffing.

We did not include an estimated \$24,000, or an estimated \$2000 per month, for our current vendor to continue hosting our website, Case Management System and Attorney Certification System.

The Department of General Services (DGS) contracts for IT hosting and development services expired. They issued a new procurement and the company that had all of our eggs in its basket lost all of the bids. We will be seeking to extend that, hopefully for a year, until we can move to a new vendor. The problem is that the vendor created several of our programs for us. We are not finished converting to the new case management system and are still working on some issues with ACeS. We are kind of mid-stream and ACeS works through the website, so all of those things are intertwined. Until we can get through this transition and move to a new vendor, we are estimating that it will cost about \$24,000 in hosting and programming fees.

The other item we are proposing to pay with the projected savings is an IT security audit of our new Case Management System. The VITA security standards require us to audit all of our sensitive systems. Sensitive systems contain either confidential information or information that has to be accessible all the time. We are auditing ACeS (the attorney certification software) this fiscal year. That is sensitive because the court has to have access to the list of certified attorneys in order to appoint. It is a smaller system so we audited it this year. The Case Management System was not ready to be audited because we were moving from the server driven environment to an on line system. We should be done with the conversion by the end of this fiscal year, and then we want to have it audited while we have the vendor under contract so if the auditor finds something, they can fix it before we move to a new vendor.

There was discussion regarding the transition to the new vendor.

We had thirty-three different data bases of case information spanning a couple of decades coming into the upgraded Case Management System. The new system should be more manageable and searchable and easier to use, but it still has to be audited full scale. The estimate our IT Director provided on the security audit for the Case Management System is approximately \$35,000. We are hoping it will be less.

The judicial reversion, the hosting of our website, Case Management System, ACeS, and the IT security audit are proposed to be paid out of the savings from the prepaid two months rent and the turnover and vacancy savings that we are projecting.

On the following items, we are asking for approval, on a contingency basis and only if money is available:

- to make changes as needed to new Case Management System, we suspect there will be glitches, fixes that need to be done, or things that they may find in the audit that we will have to have the programmers come back in to do. We are estimating that there could be a need for up to \$55,000 to make those changes.

- to IT, additional operational funds, in case something breaks down or we need network equipment, phone equipment, etc., we are asking for \$48,500.

We are moving the Alexandria Public Defender Office from the city's network to our network. However, that does not require us to move the phone system. The City has agreed at this point to let us keep the phones that are there. If they change their minds and require us to get our own, we are estimating it will be about \$16,000. Again, it is not budgeted, it is a contingency, and in the event that this does happen, we would like to have a contingent approval for that.

The list of items proposed for funding as well as those requested for contingency approval total about \$378,500. Subtracting that amount from the estimated savings on the two months rent and the turnover and vacancy, leaves us a reserve for emergencies of approximately \$414,000.

The next item is not needed as part of an additional or separate appropriation, because we can cover it in the existing proposed budget for the Administrative Office. When Carlos Hopkins was here, he was the Director of Training and Certification. He also oversaw the Standards of Practice position. When he left, we redesigned the position moving the training portion to Human Resources and moving attorney certification to the Standards of Practice Enforcement Attorney position. We added a training manager position, which we determined we did not need because the attorneys in the Administrative Office, the Legal Resource Attorney, the Senior Appellate Coordinator, and the Standards of Practice Enforcement Attorney were able to help us substantively with the training materials. The Human Resources department was able to pick up the logistics.

As a result of the Training Manager position no longer being necessary, we would like to use some of the salary from that position to meet our requirements under IT Security to obtain an ISO.

The ISO (Information Security Officer) has to meet certain certification requirements. Currently, Ms. Geiger is the ISO and the required certifications will make it impossible for her to continue as such. They are redefining the role of the ISO. We are looking to hire a part time, hourly ISO. We looked at possibly sharing a position with another agency, but that is complicated with regard to benefits, etc. Some agencies are using their IT Directors as the ISO, however, under the IT Security Standard requirements, this is a conflict.

Mr. Johnson said he does not think this to be a full time position.

Based on the average salaries being paid by state agencies to full time ISO's, the costs work out to about \$45 per hour. If we hire at a flat rate on an hourly basis, no benefits are involved. The hours would be no more than twenty per week. The bulk of the hours will be involved in the initial set up, and will decrease thereafter. This will keep the costs within the salary range of the Training Manager position.

There was discussion regarding the time frame of when VITA (Virginia Information Technology Agency) started this ISO requirement.

There is a report every year regarding the progress of each agency in meeting all of the IT security standards.

This position is not funded so we are trying to figure out a way to get it done without negatively impacting the agency. It is something we need; we just need to figure out a way to pay for it.

Ms. Howard made a motion approving the 2014 proposed budget. Judge Hanson seconded the motion. The motion carried.

There was no further business.

Delegate Minchew made a motion to adjourn. Ms. Howard seconded the motion. The motion carried.

The meeting adjourned at 12:15pm.

Respectfully Submitted:

Approved By:

Diane Z. Pearson, Administrative Assistant

David J. Johnson, Executive Director