

**Electronic Filing Committee
Finance Subcommittee
Meeting Minutes
March 5, 2010**

Subcommittee Members Present:

Steve Grieb, Co-chair
Hon. James Fleetwood
Virginia Taylor

Gordon Lansford, Co-chair
Mary Kadel (via conference call)
Don Troth

E-Filing Committee Members Present:

Justice Marla Luckert
Steve Berndsen

Kelly O'Brien

Others Attending:

Deb Hipp – Courthouse News Service

General Discussion:

I. Update on meeting of the full committee held on Wednesday, March 3, 2010.

The Court has approved the interim report and instructed members of the committee to proceed with e-filing. Next steps include applying for a Byrne Memorial JAG grant and releasing a Request for Proposal (RFP).

Steve Berndsen stated that grant requests will be due sometime mid-April. However, the federal government will need to inform us if there are funds available before submitting a request. Finance subcommittee members will have a chance to review the grant application before submission. Staff from the Office of Judicial Administration will transmit the documents through the Governor's Grant Portal. Notification of any grant monies awarded should be sometime in June with funds becoming available July 1, 2010.

There were seven responses to the Request for Information (RFI) and the next step is to proceed with the Request for Proposal (RFP). It was stated that there is a potential for more RFPs to be submitted than there were RFIs. The RFPs need to include multiple mechanisms for payment structures.

II. Payment processing options: What types of payments could be accepted to pay filing fees.

Currently, the district courts accept credit or debit card payments for traffic citations. When over-the-counter charges start being accepted, key pads will be available and users can input their pin number for debit transactions. There will still be a 4% fee involved. A system allowing ACH and draw down processing was discussed. JSI (the FullCourt vendor) informed us that if you want to do business with VISA, you have to charge the same rate to process ACH/eChecks that you charge for credit/debit transactions.

We have checked with Kansas.gov and they do ACH and charge a \$3 flat fee. Kelly stated that if we use a payment service provider there will have to be negotiations to determine what that fee will be. There is also the option of setting up our own system. Steve Berndsen said he's been talking to Shawnee County and they have a manual process that processes three to five transactions per week. They batch and lump the payments. Their accounting clerk logs in to their online banking account and they pull up a predesigned template that has the banking information for the number of attorneys registered within their system. That process would be much more difficult if it was expanded for statewide e-filing if it was mandatory because of the volume and number of transactions. That's where the service provided by a payment provider becomes more feasible. They have the ability to run them through batch processes. They can do ACH and e-checks through the automated clearinghouse which has the proper security levels to allow those transfers to go back and forth through the system. The state uses a similar system for income tax purposes which are processed online through their own equipment. They have a relationship with the State Treasurer and the State Treasurer acts as their banker. Because they're doing it all in-house they have decided to absorb some of the costs of the ACH transfers. Kelly stated that they have different laws and exemptions, so they are allowed to charge a lower rate than other agencies can. Steve stated that even though they process it in-house they still charge a flat fee of \$2 or 2.5% of the balance, whichever is higher, and that's with them doing all the internal work and getting some of the breaks that go with tax payments. Other types of payments that are made to the Department of Revenue are processed through Kansas.gov and Kansas.gov charges their convenience fees.

To process the number of payments that occur in courts throughout the state would require a large staff. Plus there would still be some nominal fees that are assessed even for the most simplistic transfers on the ACH side. The issue becomes once you move into the electronic payment processing world there will be fees associated with that. The committee felt that these fees should be kept as low as possible. In addition, a payment system will need to be set up in the Appellate Clerk's Office.

Justice Luckert asked about people being able to establish accounts with us that are paid down. JSI said that this was something they would be willing to program in to the FullCourt system. They would charge their standard contract rate for programming services. That is how some other states have been able to reduce some fees associated with processing payments. It was noted that significant clerk involvement would be required to manage draw down accounts. There are no counties currently using draw down accounts. For fax filing, the credit card number is on the fax and the court system absorbs the fee. The committee felt that the judicial system cannot absorb a 3% fee for all filings. One of the companies that submitted an RFI said they encouraged the use of PayPal. The lowest rate PayPal would give is 2.2% plus a 30¢ flat fee to the end user with a guarantee of over \$100,000 worth of transactions a month. If they serve as a payment processor for ACH e-checks, their flat fee was 2.9% plus 30¢ or \$5, whichever is lower.

Kelly said that, until it's mandated, filers would still be able to manually file and the filers may start to realize the savings they get from e-filing by not having to have staff leave their office to file. Judge Fleetwood felt that timing was bad because of all the other fees now being charged. It was mentioned that the federal government mandates e-filing and with an electronic payment processing fee involved of 2.5 to 3%. There was an idea presented that we should charge the user the same amount to file whether it's manually or electronically.

III. Questions on Supreme Court decisions made in January.

No discussion.

IV. Discussion on possible charge structure to support on-going system costs.

Steve Grieb had e-mailed out charts to the subcommittee that showed ways of generating revenues to cover costs. This concept has been minimally presented to the Court but not in-depth. It was felt that the end result would be something in the middle based on how RFPs come in.

Date and time of next meeting to be determined. Meeting adjourned.