

The background of the slide is a photograph of the interior of the Michigan House of Representatives chamber. The room is a large, ornate hall with a high, vaulted ceiling. The walls are made of dark wood, and the floor is also wood. There are many rows of desks and chairs arranged in a semi-circle, facing a central area. The lighting is warm and comes from recessed lights in the ceiling. The overall atmosphere is formal and grand.

Michigan Trial Court Funding Commission

Executive Overview

Michigan House of Representatives

Judiciary Sub-committee

March 10, 2021

INTRODUCTION

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Served as Member of Trial Court Funding Commission

-Appointee of Michigan Association of Counties

INFORMATION OUTLINE

- Background on Michigan Trial Court Funding*
- Current Funding Model*
- Finances of Michigan Courts*
- A New Funding Model*
- Thoughts on some Action Steps*
- Discussion/Idea Exchange*

Trial Court System Overview

Notes on Michigan Trial Court System:

❖ 165 Court Funding Units

❖ 242 trial courts in Michigan

❑ 57 Circuit Courts

❑ 78 Probate Courts

❑ 103 District Courts

❑ 4 Municipal Courts

➤ 559 total circuit, district, probate and municipal Judges

➤ 9,000 employees

❑ **Legislative response:** Authorized trial courts to levy costs. Statute included sunset provision extending this authority to October 17, 2020 (Act 64 of 2017). Act 151 of 2020 extended again to **October 2022.**

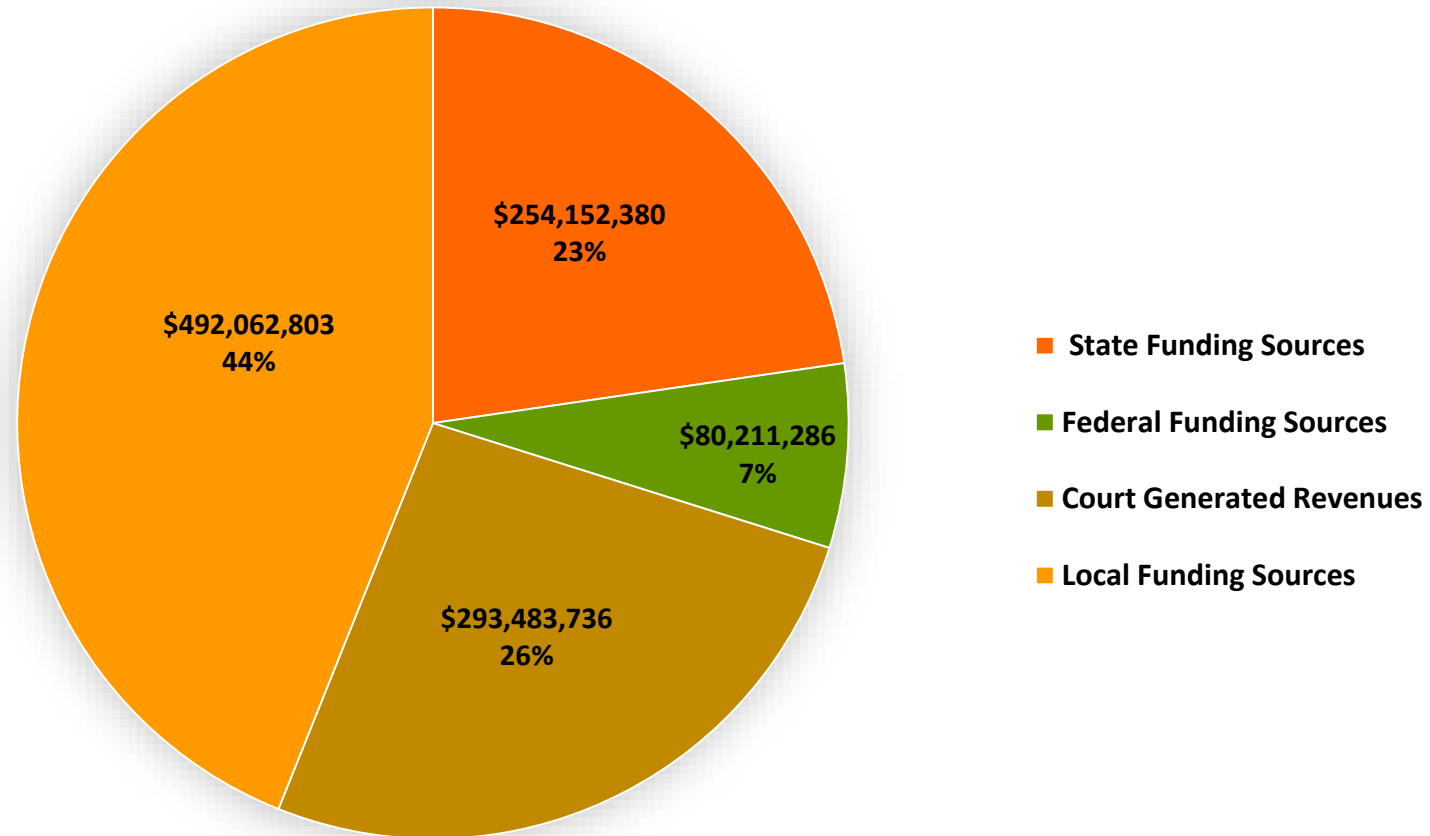
Financial Snapshot—Michigan Courts

Data as of 2017 Financials

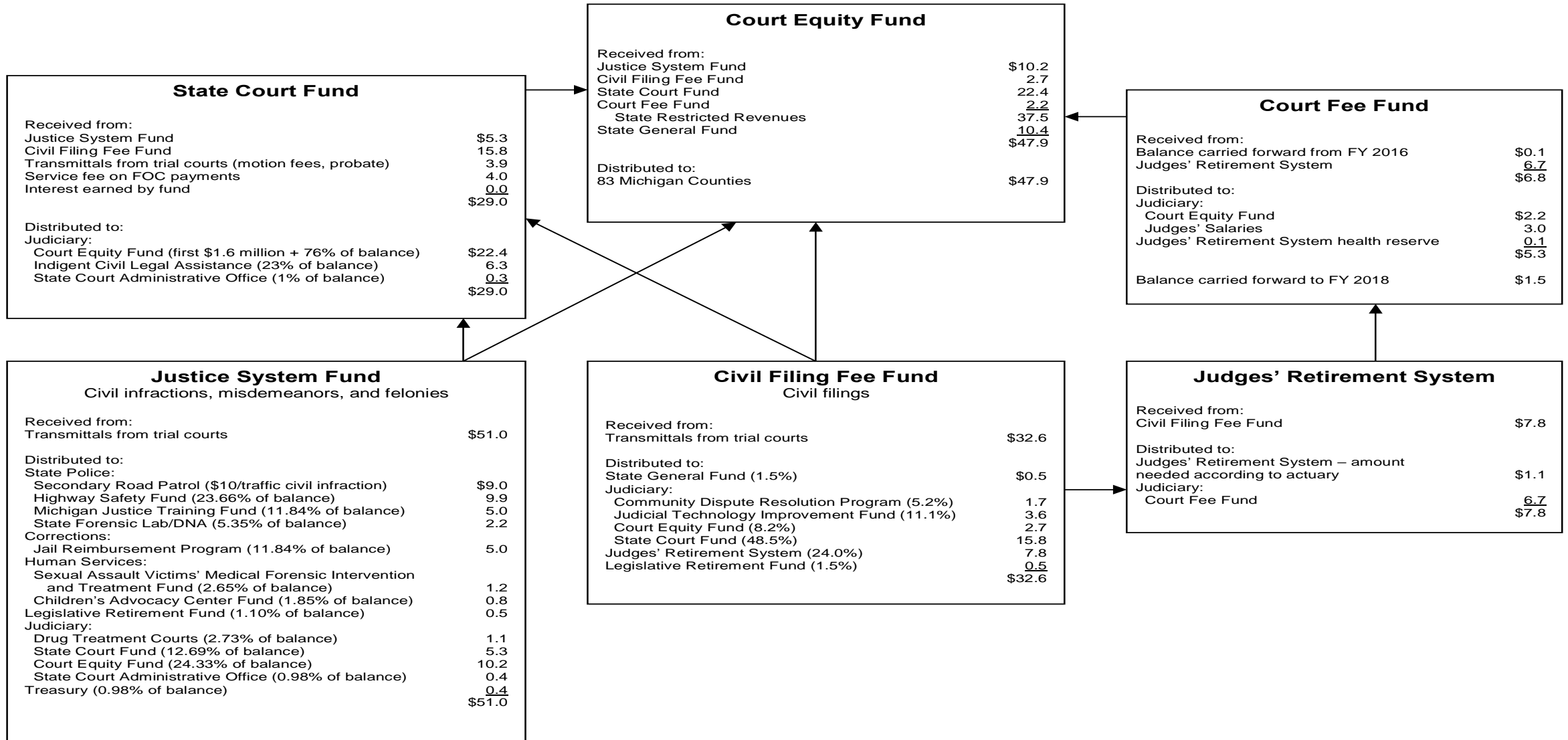
Line Item	Projection (Range Mean)	Range with 95 Percent Confidence
Total court expenditures	\$1.29 Billion	\$1.14 Billion to \$1.44 Billion
Total court assessments (retained by the local unit)	\$255.1 Million	\$218.8 Million to \$291.4 Million
Total state remittances	\$134.5 Million	\$132.6 Million to \$136.4 Million

Funding Sources to Michigan Courts

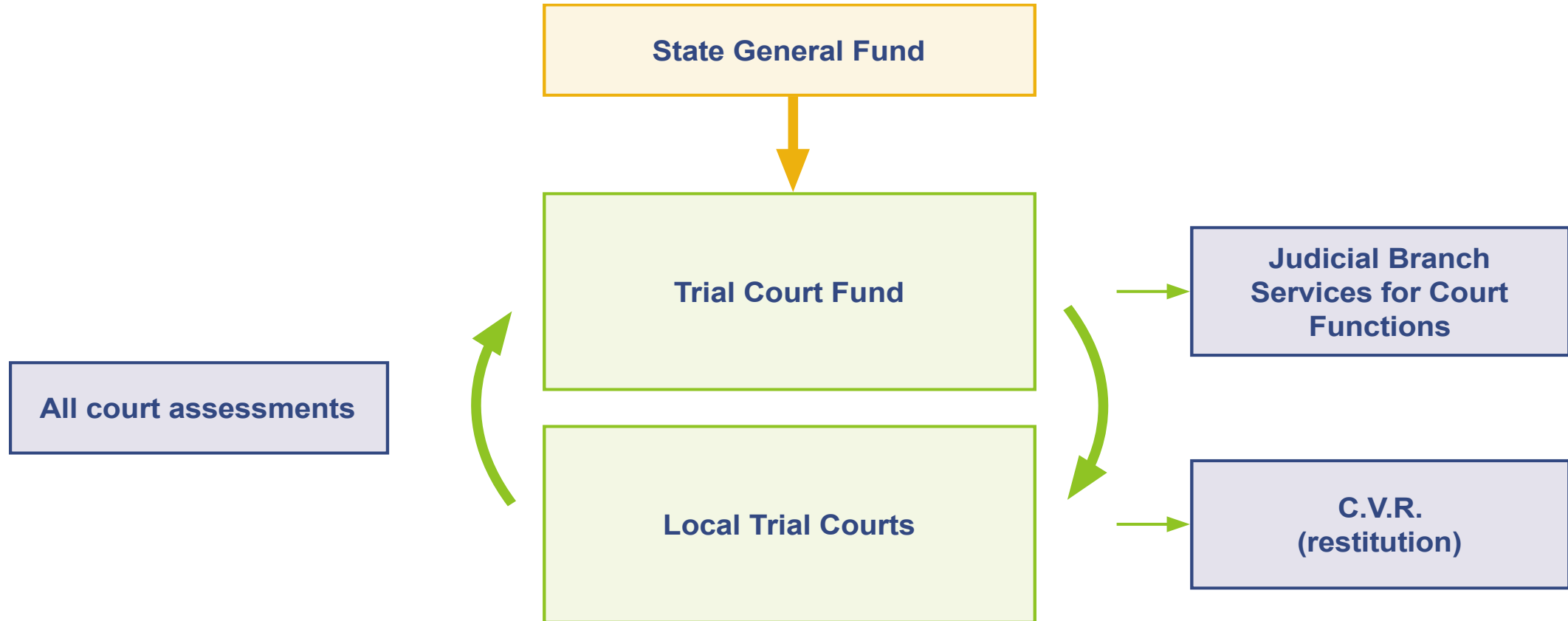
CALCULATION OF TOTAL REVENUES PROVIDED TO COURTS BY UNITS OF GOVERNMENT



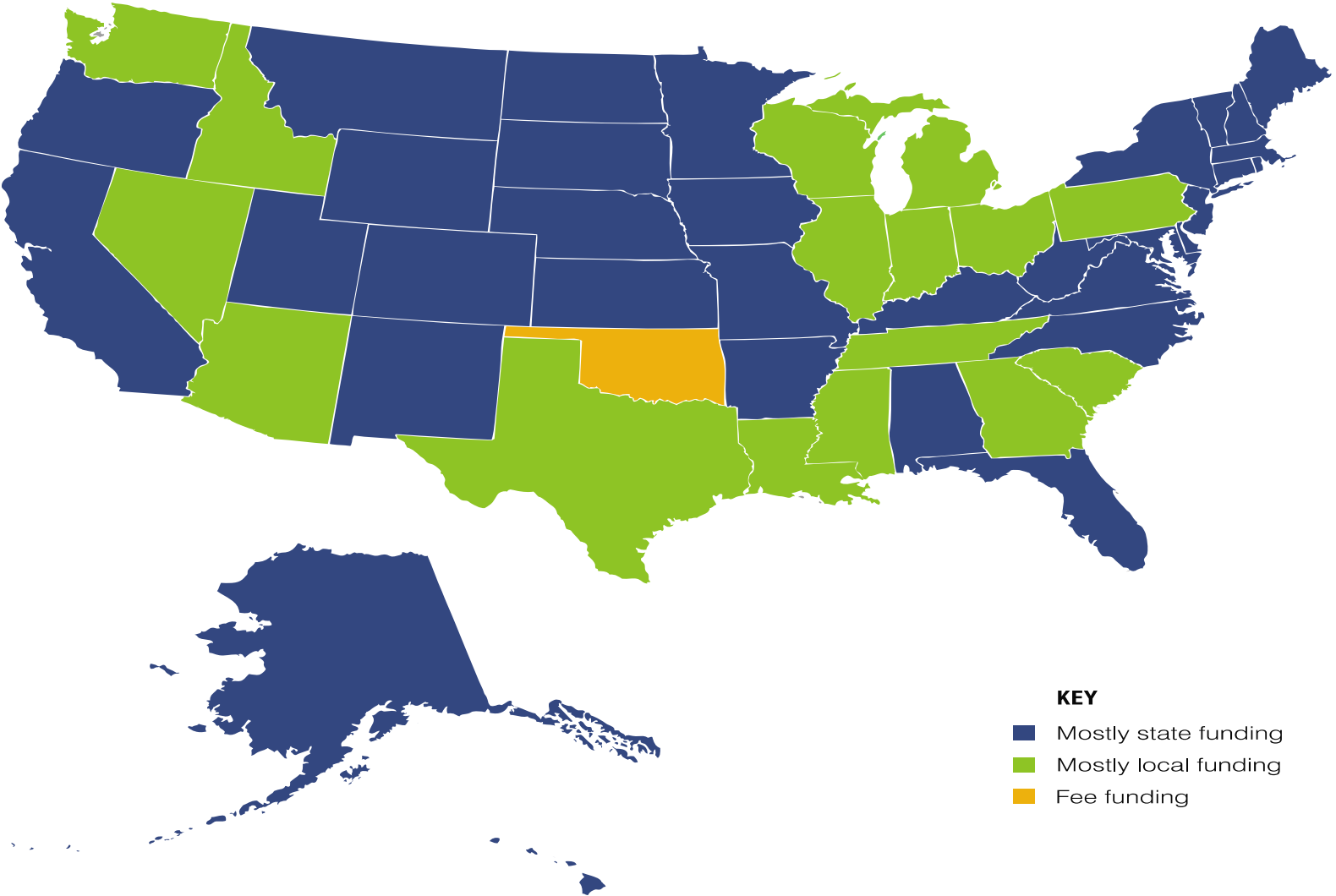
Michigan's Current Funding Structure



A New Funding Model for Michigan Courts



National Perspective-Court Funding



<i>Data as of year-end 2017</i>	1st District Court: Retained by Local Unit	38th Circuit Court (Including Juvenile)	Probate Court	Total All Monroe County Court System	All State Courts Grand Totals
A. SOURCES OF DIRECT FUNDING:					
State Grants/Payments ¹	\$ 175,510.68	\$ 154,518.78	\$ 363,114.84	\$ 2,709,416	\$ 216,123,605
State Court Equity Funding ²		\$ 612,679.00		\$ 612,679	\$ 38,028,774
Federal Grants/Payments ³				\$ 1,381,251	\$ 80,211,286
Fines/Fees/Charges for Service ⁴	\$ 2,760,033.20	\$ 43.00	\$ 92,736.13	\$ 3,478,558	\$ 227,463,324
Other Assessments				\$ 52,534	\$ 16,386,362
Court Appointed Attorney Fee Reimbursements	\$ 114,237.56	\$ 86,020.26	\$ 37,777.64	\$ 238,035	\$ 8,912,815
Other Revenues	\$ 28,343.90	\$ 399.75	\$ 60.00	\$ 214,128	\$ 40,721,237
General Fund Contribution ⁵				\$ 2,342,002	\$ 271,893,191
TOTAL SOURCES OF DIRECT FUNDING	\$ 3,078,125.34	\$ 853,660.79	\$ 493,688.61	\$ 11,028,603	\$ 899,740,593
B. EXPENDITURES:					
Salaries and Benefits ⁶	\$ 3,407,746.40	\$ 773,526.38	\$ 2,042,533.37	\$ 11,596,633	\$ 659,835,036
Operating Expenditures	\$ 428,059.34	\$ 509,336.34	\$ 432,911.87	\$ 2,219,010	\$ 364,583,150
Security Services ⁷	\$ 250.00			\$ 8,470	\$ 10,071,282
Indirect Cost Allocations				\$ 489,356	\$ 42,707,389
Capital Technology Costs				\$ -	\$ 10,447,071
Facility Costs ⁸				\$ -	\$ 32,266,278
TOTAL EXPENDITURES	\$ 3,836,055.74	\$ 1,282,862.72	\$ 2,475,445.24	\$ 14,313,469	\$ 1,119,910,205

	1st	38th	Probate Court	Total	All State
<i>Data as of year-end 2017</i>	District	Circuit		All Monroe County	Courts
	Court:	Court		Court System	Grand Totals
	Retained by Local Unit	(Including Juvenile)			
C. CALCULATION OF TOTAL REVENUES PROVIDED TO COURTS BY UNIT OF GOVERNMENT					
Total State Funding Sources	\$ 175,511	\$ 767,198	\$ 363,115	\$ 3,322,095	\$ 254,152,380
State Funding Sources as a % of Total Expenditures	4.58%	59.80%	14.67%	23.21%	23%
Total Federal Funding Sources	\$ -	\$ -	\$ -	\$ 1,381,251	\$ 80,211,286
Federal Funding Sources as a % of Total Expenditures	0.00%	0.00%	0.00%	9.65%	7%
Court Generated Revenues	\$ 2,902,615	\$ 86,463	\$ 130,574	\$ 3,983,256	\$ 293,483,736
Court Generated Revenues as a % of Total Expenditures	75.67%	6.74%	5.27%	27.83%	26%
Total Local Funding Sources ¹¹	\$ 757,930	\$ 429,202	\$ 1,981,757	\$ 5,626,868	\$ 492,062,803
Local Funding Sources as a % of Total Expenditures	19.76%	33.46%	80.06%	39.31%	44%
D. AMOUNTS REMITTED TO STATE OR OTHER UNITS					
Remitted to State	\$ 1,291,992	\$ 270,794	\$ 136,302	\$ 1,699,500	\$ 102,181,725
Remitted to Other Governmental Units ¹²	\$ 247,824	\$ -	\$ -	\$ 248,653	\$ 10,616,940
Remitted to Library	\$ 1,268,543	\$ 70,387	\$ -	\$ 1,338,930	\$ 14,051,657



STATE of MICHIGAN
 DISTRICT COURT - FIRST JUDICIAL DISTRICT
 106 East First Street - Monroe, Michigan 48161
 MONROE COUNTY

1st DISTRICT COURT ANNUAL REPORTS

REVENUES ¹	2012	2013	2014	2015	2016	2017	2018	2019	2020
Judicial Salary Reimbursement	\$137,712	\$137,172	\$137,172	\$137,172	\$137,172	\$137,172	\$128,379	\$ 137,172	\$ 137,172
Caseload Assistance Reimbursement	24,199	30,144	28,225	28,867	24,480	35,486	30,278	25,671	28,744
Juror Reimbursement	1,433	1,473	2,295	2,130	2,402	2,852	1,947	2,651	1,620
Fines, Costs and Fees	5,273,290	5,576,131	5,092,097	5,039,815	5,518,181	5,716,613	6,132,148	6,193,072	3,860,729
Total Revenues	\$5,436,634	\$5,744,920	\$5,259,789	\$5,207,984	\$5,682,235	\$5,892,123	\$6,292,752	\$6,358,566	\$ 4,028,265
g									
DISTRIBUTIONS ²									
State of Michigan	\$1,175,835	\$1,291,680	\$1,192,698	\$1,161,239	\$1,262,716	\$1,291,992	\$1,416,943	\$ 1,392,170	\$ 920,511
County of Monroe	2,789,656	2,913,691	2,752,578	2,676,201	2,973,158	3,078,125	3,174,401	3,224,699	2,109,498
County Cities	54,066	76,713	73,733	75,204	63,365	58,282	67,302	67,065	46,416
County Townships	47,458	45,867	59,872	49,015	41,949	64,279	54,832	79,870	20,818
County Villages	96,688	82,841	81,123	106,337	97,442	120,581	181,334	198,230	138,507
County Library	1,272,931	1,334,128	1,099,785	1,139,988	1,243,605	1,278,864	1,397,940	1,396,532	792,515
Total Distributions	\$5,436,634	\$5,744,920	\$5,259,789	\$5,207,984	\$5,682,235	\$5,892,123	\$6,292,752	\$6,358,566	\$ 4,028,265
BUDGETED EXPENDITURES ³									
# Full-Time Employees (Including 3 Judges)	40	41*	41	41	41	41	41	41	41
New Cases Filed	34,174	35,733	32,698	31,240	33,530	34,686	36,523	34,345	20,621
Court Funded Revenue to Expense Ratio	77.9%	78.7%	74.0%	71.9%	77.8%	80.2%	81.6%	88.0%	58.4%

Footnotes:
¹ Reimbursement formula set by the State of Michigan as established by State law for Fines, Costs and Fees
² Monies collected by 1st District Court and disbursed among various government units as set by State law
³ Budgeted Expenditures includes all 1st District Court Salaries, Wages & Benefits (including Judges) and Operating Expenses for the year
⁴ Collections Coordinator position adopted as permanent, fulltime position by Monroe County BOC in 2013



STATE of MICHIGAN

DISTRICT COURT - FIRST JUDICIAL DISTRICT

106 East First Street - Monroe, Michigan 48161

MONROE COUNTY

1st DISTRICT COURT ANNUAL REPORTS

REVENUES¹	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Judicial Salary Reimbursement	\$137,172	\$137,172	\$137,172	\$137,172	\$137,172	\$137,172	\$137,172	\$137,172	\$137,172
Caseload Assistance Reimbursement	32,724	29,433	30,367	32,107	45,786	50,966	48,495	47,719	51,343
Juror Reimbursement	0	12,159	8,481	10,138	10,215	7,145	3,485	3,440	5,378
Fines, Costs and Fees	<u>5,194,127</u>	<u>5,812,749</u>	<u>5,875,708</u>	<u>6,398,373</u>	<u>6,360,867</u>	<u>6,178,026</u>	<u>5,737,384</u>	<u>5,601,557</u>	<u>4,707,184</u>
Total Revenues	\$5,364,023	\$5,991,513	\$6,051,728	\$6,577,790	\$6,554,040	\$6,373,309	\$5,926,536	\$5,789,888	\$4,901,077

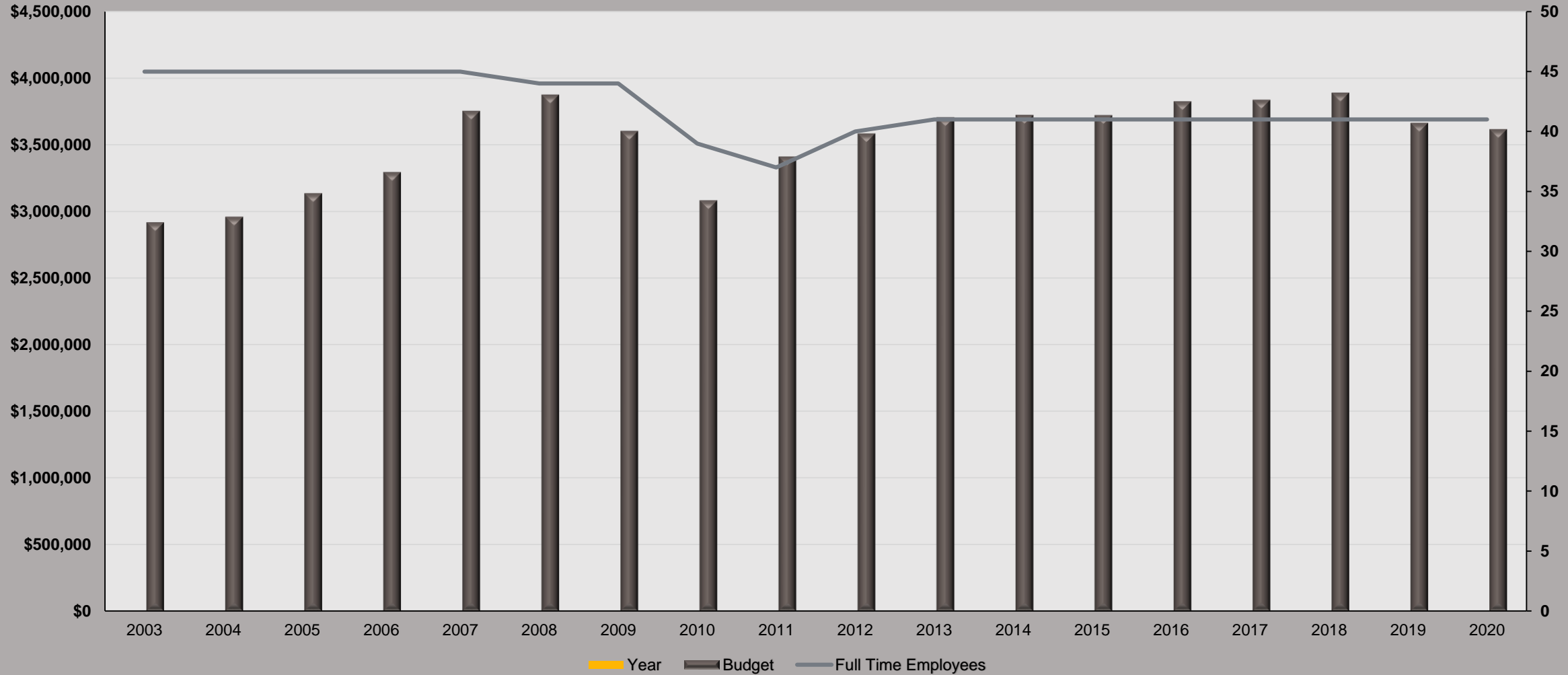
DISTRIBUTIONS²									
State of Michigan	\$1,210,256	\$1,529,503	\$1,582,400	\$1,496,308	\$1,486,485	\$1,426,139	\$1,328,888	\$1,260,154	\$1,104,298
County of Monroe	2,994,875	3,222,118	3,251,909	3,346,592	3,354,054	3,269,731	3,150,307	3,009,889	2,766,568
County Cities	133,739	136,168	124,614	104,732	86,610	72,458	65,000	67,052	57,337
County Townships	141,456	162,376	199,462	133,193	123,154	80,655	67,624	54,358	59,693
County Villages	40,847	23,708	29,906	42,425	50,187	70,132	92,630	93,662	92,364
County Library	<u>842,850</u>	<u>917,640</u>	<u>863,437</u>	<u>1,454,540</u>	<u>1,453,550</u>	<u>1,454,194</u>	<u>1,222,087</u>	<u>1,304,773</u>	<u>820,817</u>
Total Distributions	\$5,364,023	\$5,991,513	\$6,051,728	\$6,577,790	\$6,554,040	\$6,373,309	\$5,926,536	\$5,789,888	\$4,901,077

BUDGETED EXPENDITURES³									
	\$2,916,315	\$2,959,420	\$3,134,657	\$3,293,007	\$3,752,589	\$3,874,748	\$3,601,984	\$3,081,511	\$3,410,670
# Full-Time Employees (Excluding Judges)	45	45	45	45	45	44	44	39	37
New Cases Filed	48,209	45,606	48,247	46,825	44,991	43,187	39,508	37,104	31,858
County Revenue to Expense Ratio	102.7%	108.9%	103.7%	101.6%	89.4%	84.4%	87.5%	97.7%	81.1%

Footnotes:¹ Reimbursement formula set by the State of Michigan as established by State law for Fines, Costs and Fees² Monies Collected by 1st District Court and Distributed among various government units as set by State law³ Budgeted Expenditures includes all 1st District Court Salaries, Wages & Benefits (including Judges) and Operating Expenses for the year

18 Years 1st District Court

Monroe 1st District Court 2003-2020



1st District Court Receipts-State/County Disbursements

Monroe 1st District Court-Receipts & State/County Disbursements



FORWARD LOOKING STEPS

- ✓ Have to begin somewhere-HB 4447 is a good place to begin
- ✓ Solutions should be scalable and phased-in
- ✓ Other state's transformation took 10 years
- ✓ Agency with authority & accountability can start to implement recommendations of the TCFC.
- ✓ Changes are going to impact courts and others:
 - Should not be a deterrent to commence
 - Each year numbers change: revenues, expenses, case counts (see following slides)
- ✓ All five (5) recommendations of TCFC focus on improving court system



Conclusion & Thank You!