

## MEMORANDUM



**DATE:** January 11, 2012  
**TO:** All Interested Parties  
**FROM:** Erik Jonasson, Fiscal Analyst  
**RE:** Civil Filing Fee Fund

The Civil Filing Fee Fund was created by Public Act 138 of 2003 (MCL 600.171) to condense a variety of previously assessed fees and their respective funds into one location, which then distributes this revenue to a variety of programs and funds on a percentage basis. These funds and distributions are created within the state treasury, with distributions made on a monthly basis.

### Funding Sources

Filing claims in civil court require a variety of fees, which can vary depending on the value of the civil case. In district court, these costs can range from \$25 to \$150. In circuit and probate court, these filing fees are \$150. A portion of this fee is transmitted to the state and deposited in the Civil Filing Fee Fund.

### Distribution Formula

Revenue from the Civil Filing Fee Fund is distributed monthly in accordance with MCL 600.171. The chart below outlines these descriptions for FY 2010-11.

**Figure 1 - Civil Filing Fee Fund Recipients, FY 2010-11**

Funding Recipients	Distribution Rate	Amount Distributed (Millions)
<b>Judiciary</b>		
Community Dispute Resolution Program	5.20%	\$1.9
Judicial Technology Improvement Fund	11.10%	\$4.1
Court Equity Fund	8.20%	\$3.1
State Court Fund	48.50%	\$18.1
<b>Judges Retirement System/Court Fee Fund</b>	24.00%	
Deposited in Judges' Retirement System*		\$0.0
Remainder transferred to Court Fee Fund		\$8.9
<b>Legislative Retirement Fund</b>	1.50%	\$0.6
<b>State General Fund</b>	1.50%	\$0.6
<b>Total</b>	100.00%	<b>\$37.3</b>

\*Amount determined by actuary is deposited in the Judges' Retirement System; remainder is deposited in the Court Fee Fund

**Source: State Court Administrative Office**

## **Judicial Technology Improvement Fund**

The Judicial Technology Improvement Fund was created by PA 78 of 2003 (MCL 600.175) and is administered by the State Court Administrative Office's Judicial Information Systems division. The fund is used for the development and support of a statewide judicial information system, development and support of a statewide telecommunications infrastructure for criminal justice information systems, and to pursue technology initiatives to improve access to local trial courts. Current projects include the development of new case management systems, electronic filing, on-line payment of traffic tickets, data warehousing of pending and closed cases, and courtroom video technology.

The Judicial Technology Improvement Fund receives 11.1% of the Civil Filing Fee Fund's distributions, totaling \$4.1 million in FY 2010-11.

## **Community Dispute Resolution Program**

The Community Dispute Resolution program was created by Public Act 206 of 1988 (MCL 961.1551-1564) to provide for mediation and dispute resolution as an alternative to lawsuits or trial. Dispute resolution services are provided by trained volunteers, and services are available at no cost for indigent participants.

This program closed 14,656 cases involving 34,267 individuals in 2010. In 2010, a resolution rate of 66% was realized when all parties agreed to use program services. The average mediation period is 22 days, with each meeting lasting an average of about 90 minutes.

The Community Dispute Resolution Program receives 5.2% of the funds distributed from the Civil Filing Fee Fund. This totaled approximately \$1.9 million in FY 2010. In 2010, twenty dispute resolution centers received grants through the Community Dispute Resolution Fund, which is managed by SCAO.

## **State Court Fund**

The State Court Fund was established by Public Act 189 of 1993 (MCL 611.151a). The Civil Filing Fee Fund provides 48.5% of its balance to the State Court fund, which also receives revenue from Justice System Fund, service fees on child support payments, and other fees from trial courts. In total, this fund collected \$31.5 million in FY 2010-11, with \$18.1 million of these funds originating from the Civil Filing Fee Fund.

These payments are distributed to three sources: the Court Equity Fund, Indigent Civil Legal Assistance, and the State Court Administrative Office. The Court Equity Fund receives the majority of these distributions, claiming the first \$1.6 million as well as 76% of the remaining balance. This totaled \$24.3 million in FY 2010-11.

Indigent Civil Legal Assistance received 23% of the remaining balance, totaling \$6.9 million. This fund provides legal assistance and representation to indigent people involved in civil litigation. SCAO received the remaining 1% of funds (approximately \$300,000) for data collection and monitoring of the fund.

## **Court Equity Fund**

The Court Equity Fund was established by Public Act 374 of 1996 to provide funding assistance for trial court operations. The Civil Filing Fee Fund directly provided \$3.1 million of the Court Equity

Fund's \$54.0 million of funding in FY 2010-11, not including funds that enter the Court Equity Fund via the State Court Fund or the Court Fee Fund. Other FY 2010-11 sources of revenue include the Justice System Fund (\$11.4 million), the State Court Fund (\$24.3 million), the Juror Compensation Reimbursement Fund (\$2.6 million), the Court Fee Fund (\$2.2 million), and the State General Fund (\$10.4 million).

In FY 2010-11, Court Equity Fund General Fund revenue was decreased by \$2.6 million. A transfer from the Juror Compensation Reimbursement Fund was authorized by the legislature in order to offset these General Fund reductions, and will not be part of future transfers into the Court Equity Fund (barring any future legislation). The remaining funds are provided to the Court Equity Fund by formulas in statute or based on General Fund appropriations annually approved by the Legislature.

The fund is disbursed quarterly within the state fiscal year to county governments, based on a statutory formula that establishes each county's share. The formula includes two factors: the caseload activity of the circuit and probate courts and the number of judgeships in each county. The first factor, caseload, takes into account new cases filed for the most recent three years in a county's circuit and probate courts and compares the county's proportion of these filings for the three years to the total filings for the state. The second factor compares the number of judgeships within the county to total judgeships for the entire state.

### **Judges' Retirement System and Court Fee Fund**

The Judges' Retirement System, managed by the Office of Retirement Services in the Department of Technology, Management, receives 24.0% of the Civil Filing Fee Fund's revenue or \$8.9 million in FY 2010-11. Under MCL 38.2304(4), the retirement system deposits into the reserve for employer contributions the amount needed from these fees to sustain the required level of publicly financed contributions based on the most recent actuarial valuation. The last time an employer contribution was required from these fees was FY 2006-2007. The actuarial evaluation as of 9/30/11 is currently being completed and may require an employer contribution for FY 2011-12.

After withholding any necessary funds for the Judges' Retirement System, remaining funds are deposited into the Court Fee Fund (MCL 38.2217). To the extent that funds are available, MCL 38.2217 provides for distributions to address shortfalls in the Judges Retirement System reserve for health benefits (\$0.3 million in FY 2010-11); the Court Equity Fund (\$2.2 million in FY 2010-11); and for operational expenses of the trial courts, including circuit and probate judges' salaries (\$7.1 million in FY 2010-11).

### **Legislative Retirement System**

The Michigan Legislative Retirement System receives 1.5% of the balance of the Civil Filing Fee Fund (\$0.6 million), which accounts for about one quarter of the system's funding. The remaining amount is provided by the General Fund and the Justice System Fund.

The Legislative Retirement system is contained within the legislative branch, where it is administered by an 11-member board of current and former members of the legislature, as provided for by Public Act 261 of 1957. Investment services are provided by private investment managers. The revenue is used primarily to provide health care and other benefits to system members and their spouses, dependents, survivors, and beneficiaries.