

Summary

This document is the first monthly status report from the Michigan Judicial Council’s Alternative Funding for Trial Courts Workgroup. The workgroup’s mission is to develop a plan to implement the recommendations of the Trial Court Funding Commission, pursuant to [Public Act 47 of 2024](#). The [recommendations](#) are designed to standardize, simplify, and enhance trial court funding across the state, to improve justice and efficiency for courts and the public.

To assist in this mission, the workgroup has created four implementation teams, each with specific goals for completing pieces of the work. Implementation teams consist of members nominated by organizations and associations impacted by this work. The implementation teams will report up to the workgroup on a monthly basis, and each status report will be compiled and shared with leadership from the court, the legislature, and relevant stakeholder groups, plus posted publicly on the One Court of Justice website (<https://www.courts.michigan.gov/administration/special-initiatives/trial-court-funding/>).

The highlights from this month’s report include the successful launch of each of the four implementation teams and the start of work by [Maner Costerisan](#), a public accounting firm. Their role is to collect and analyze the financial inflow and outflow amounts of all Michigan trial courts, providing a clear understanding of operational costs and the flow of generated revenue. The implementation teams and workgroup are being supported by consultants and staff from [The Pew Charitable Trusts](#).

Please review the project overview and status reports from each implementation team on the subsequent pages. If you have questions, you can contact your representatives on the workgroup, or reach out to Erika Parks at eparks@pewtrusts.org or Emilie Tarsin at TarsinE@courts.mi.gov.

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Project Overview

Michigan Judicial Council

Alternative Funding for Trial Courts Workgroup

The Trial Court Funding Commission (TCFC), created by Public Act 65 of 2017, identified three key challenges with the current trial court funding system:

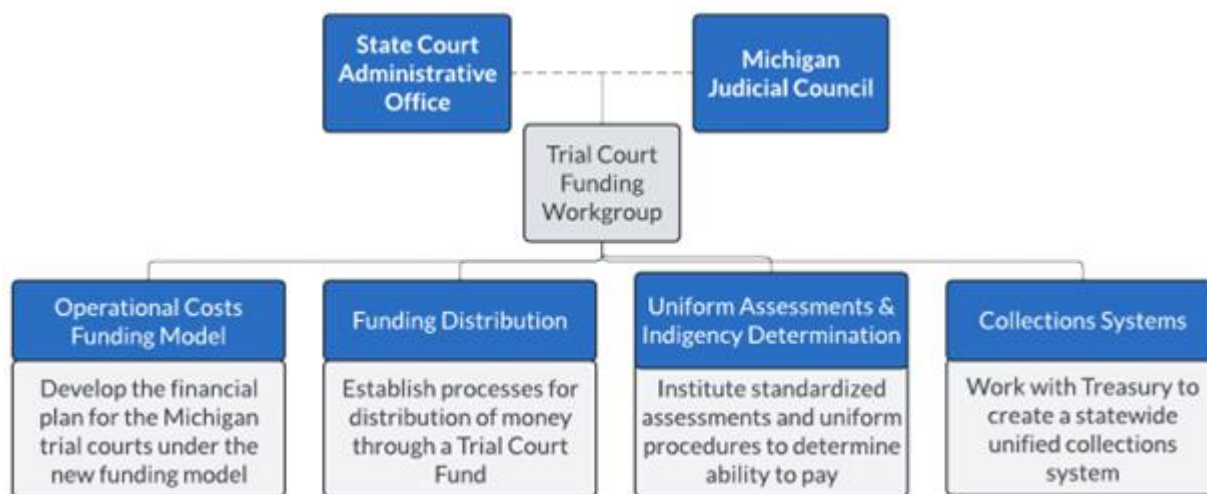
1. A real or perceived conflict of interest between judges' impartiality and their obligation to use the courts to generate operating revenue.
2. Inadequate court funding from all sources due to over-reliance on local government funding.
3. Unequal access to justice for court users, harming the most vulnerable who have the least access to financial resources.



The Michigan Judicial Council's Alternative Funding for Trial Courts Workgroup has been charged with addressing these challenges by developing a blueprint for implementing the TCFC's recommended solutions. To establish a stable court funding system with uniform assessments and centralized collections, Michigan must create a Trial Court Fund that:

- Receives all trial court assessments and state general fund payments,
- Distributes them to fund trial courts based on their operational requirements, and
- Retains decision-making about local trial court operations at the local level.

Public Act 47 of 2024 provided a roadmap for the workgroup, which will oversee four implementation teams leading on specific pieces of the work.



Stakeholders participating in this work include:

Association of Black Judges of MI; MI Association for Family Court Administration; MI Association of Chiefs of Police; MI Association of Circuit Court Administrators; MI Association of Counties; MI Association of County Clerks; MI Court Administrators Association; MI Department of Technology, Management & Budget; MI Department of Treasury; MI District Judges Association; MI Indigent Defense Commission; MI Judges Association; MI Municipal League; MI Probate and Juvenile Registers' Association; MI Probate Judges Association; MI Sheriffs' Association; MI Townships Association; Prosecuting Attorneys Association of MI; State Bar of MI

Implementation Team Status Reports

Operational Costs Funding Model Implementation Team

Status Report #1

Submitted by Captain: Michael Bosanac

Date Submitted: October 4, 2024

Part I: Overview of Team Charge

We will be developing the financial plan for Michigan Trial Courts under the new Trial Court Funding Model. This means developing a system for determining and recommending minimum funding, informed by the Court Operations Resource Report (CORR) and the maintenance of effort, determined by Maner Costerisan, the public accounting firm with whom the Michigan Judicial Council is working. We will also be determining the estimated additional annual costs to the Department of Treasury to operate the collections system for the courts and a proposed source and mechanism to fund these related costs. At the end of this work, we will have drafted white papers along with legislative proposals to move forward with implementation. The work will include analysis of the changes from a new funding model including amounts for maintenance of effort for local funding units.

Part II: Status Update and Wins

On September 12, we kicked off our implementation team's work in an initial meeting and discussion. In this meeting, our captain outlined how this work came to be, the mission for this implementation team, and the timeline for completion. A PowerPoint presentation, available on the team's resource page, was the guide for sharing this information. Additionally, we were joined by staff from Maner Costerisan, who will be analyzing financial and case data on local and state court expenditures and revenues. They presented a high-level overview of their timeline and data collection methods. Work was already underway scheduling demonstrations and information sharing with State Court Administrative Office (SCAO) data systems team.

During our second meeting on October 2, John Ropp, analyst with SCAO, presented on the methodology used in the CORR, how weighted caseload studies have been used in the past, and how this will inform our team's work. As part of CORR, court personnel record their time in a time study, informing determinations for how many court personnel are needed in the judicial districts to handle case-related work. The findings from the CORR will then be merged with financial data to inform trial court funding.

We are on track with the timeline and related goals—including assigning roles and responsibilities, discussing the different components of the financial plan, reviewing the scope of work, and bringing in experts—all generally aligned with the original workplan and goal completion date. Our goal is to be methodical in the collection effort, and to allow for more time to access financial data, we've modified the timeline to push Maner Costerisan's presentation and discussion on the data collection model and associated methodologies to meeting #3.

Part III: Plan to Complete Work and Next Steps

Aligning with the work plan, in our next meeting on November 6, we will be joined by staff from Maner Costerisan. They will provide an update for collecting financial data from across the court system and funding units. We will continue to meet with other implementation team captains and other representatives to understand potential synergies and alignment between groups, as well as to identify any joint discussions as needed.

Funding Distribution Implementation Team

Status Report #1

Submitted by Co-Captains: Sue Dobrich & Julie Bovenschen

Date Submitted: October 2, 2024

Part I: Overview of Team Charge

This implementation team will be developing details and process mapping for a new Michigan trial court funding model. This has several components, including:

- Drafting legislation to establish the Trial Court Fund
 - Developing a plan for the inclusion of local governments that fund trial courts
 - Soliciting their input during the development of recommendations and legislative drafting
- Developing a formula and process for distributing trial court revenue, based on the Court Operations Resource Report (CORR)
 - Working with Treasury to determine the distribution of money to courts
 - Developing the formula for providing estimated range of state general fund expenditures that may be required to address a shortfall in the trial court's ability to fund the difference

Part II: Status Update and Wins

The Funding Distribution Team had its kickoff meeting on September 26. The meeting began with introductions, followed by a presentation from Judge Dobrich on the impetus for this work, the goals of our implementation group, and timelines moving forward.

Our implementation team is on track with the timeline and related goals set out in our workplan, including reviewing overall project outlines and timelines, discussing different components of the new trial court funding model, and overviewing the scope of our work for the upcoming months.

Part III: Plan to Complete Work and Next Steps

In alignment with the workplan, we have invited John Ropp and Laura Hutzler to present on the process and methodology of the CORR during our next implementation team meeting on October 16. We will send out pre-reading materials from John so implementation team members can familiarize themselves with the CORR and its purpose.

Since our work aligns very closely with that of the Operational Costs Funding Model team, team captain Mike Bosanac will also be presenting on the scope of their work during that meeting. We will continue to identify synergies between groups and identify experts to attend joint discussions in the upcoming months.

Uniform Assessments & Indigency Determination Implementation Team

Status Report #1

Submitted by Co-Captains: Beth Gibson and Paul Stutesman

Date Submitted: October 4, 2024

Part I: Overview of Team Charge

Our charge is to “develop fixed costs/standardize assessments.” Assessment of costs will be in consultation with SCAO and the accounting firm working with the Operational Costs Funding Model Team. Standardizing assessments refers to fines, fees, and other costs assessed to defendants, and the goal is to make these more equitable for people statewide. In doing so, we are seeking to help ensure that the administration of justice is kept separate from the business function of the court in accordance with constitutional and judicial principles. In addition to recommending standardized assessments, our team will identify and recommend uniform standards for determining indigency/ability to pay and will analyze options and recommend a mechanism to address regional difference of costs.

Part II: Status Update and Wins

We held two meetings during the first month of the project (September 16 and 30). All team members attended the kickoff meeting, and eleven people attended the second meeting.

We reviewed relevant language from reports and legislation that will serve as our team’s touchstone throughout the process, including the Trial Court Funding Commission’s Final Report, the Alternative Funding for Trial Courts Workgroup Report & Recommendations, and Public Act 47.

Our charge refers to applying “the indigency standard used by the Department of Health and Human Services” but there is no single MDHHS standard. Our team is working on identifying useful/relevant standards or sets of criteria. *Note:* The workplan notes that the legal standards applicable in indigency determinations are [769.1k\(10\)](#); [MCR 6.425](#), [MCR 6.610](#); and [Bearden v. Georgia](#). MIDC standards also seem relevant. See also *in forma pauperis* [standards](#).

We identified a need to agree on common definitions for assessments, fees, fines, costs, and any other necessary terms in order to facilitate team discussion. We also want to make sure we clearly define fixed costs and standardized assessments in the context of our charge.

The following definitions are provided in Appendix A of the Trial Court Funding Commission’s Final Report:

- “Assessments” is an umbrella term that includes fees (for directly-provided individual services), fines (punishments imposed for violations of law), and court costs (any cost reasonably related to the actual costs incurred by the trial court, e.g., salaries/benefits, goods/services, facilities maintenance).
- “Court expenses” is also defined, more broadly than court costs, to include various programs and services (this seems less relevant to our mandate).

We also discussed the following questions:

- Is our task concerning fees only or fines and costs also? What are the parameters of a Fee Schedule? In other words, which of the above-defined terms are under our purview?

- This discussion is ongoing. Co-captains will discuss with Tom Boyd and others.
- Are we looking at how to determine indigency for assessment (i.e., court imposition of financial obligations), or for collection (i.e., under what circumstances the state should or shouldn't seek to collect money owed)?
 - According to the Alternative Funding for Trial Courts Workgroup Report & Recommendations, ability to pay should be determined at sentencing and before the referral is made for collection to Treasury. This will prevent individuals who will never be able to pay from undergoing collection efforts, saving time and money.
- How is the money courts are collecting complying with the court directive that the courts not be funded on defendants' backs? Is our task constitutionally infirm? If not, why not?
 - Our task is to craft something reasonable and appropriate, and that we think will work; statute provides for this currently. See also *People v Johnson*.
- What does it mean to come up with consistent costs across the board? How should we think about consistency?
 - We are still working on this!

Part III: Plan to Complete Work or Next Steps

We are working on identifying methods/best practices for indigency determination. We will pull together relevant indigency standards and present to them to the implementation team to continue our discussion. We may seek expert input from MDHHS or MIDC on how determinations are carried out.

We are also interested in identifying an expert from Minnesota who can help us understand the state's overall process of switching to unified judiciary and specifically how they approached the task of adjusting cost by region.

We will also seek clarity from the leaders of the full workgroup on the parameters of our charge.

Collections Systems Implementation Team

Status Report #1

Submitted by Co-Captains: Michelle Appel & Katina Litterini

Date Submitted: September 30, 2024

Part I: Overview of Team Charge

Develop statewide uniform collections system for court debt and a scalable model to pilot in counties already working with Treasury. The model must include the following:

- a. Age of debt to be centrally collected.
- b. Method of transmittal to the state and monies to local court and funding unit from Treasury.
- c. Timing of transmittal/distribution and any Treasury costs charged for collections administrative services.
- d. Disposition of funds received by the state.
- e. Priority of payments for money collected from individuals with financial obligations owed to other governmental agencies.
- f. Financial reports of receipts and disbursements from Treasury by court, funding unit, and in aggregate.

The team will utilize pilot counties or courts already working with Treasury to assist in determining the costs of increasing capacity of Treasury to manage all court collections. Additionally, the team will assist in developing amendments to the existing Treasury memorandum of understanding (MOU) and estimate the additional annual cost to Treasury to operate the proposed system and provide as a budget model for financial team planning and incorporate into the costs of operating Michigan Trial Courts.

Part II: Status Update and Wins

The Collections Systems Team had its kick-off meeting on September 26. The meeting served as initial introduction of all members, an overview of the Trial Court Funding Commission report and legislation, and a summary of the responsibilities of the Collections Systems Team over the next 12 months. The team also finalized monthly meeting dates and ensured all members have access to SharePoint.

Part III: Plan to Complete Work and Next Steps

Our next steps are to revise and update the Collections Systems Team workplan to align with goals and realistic time standards. We also plan to invite stakeholders from other states with similar unified collections systems (e.g., Arizona, Ohio, and Minnesota) to share their experiences with the Collections Systems Team at an upcoming meeting.

Distribution List

This status report is being sent to leadership and select members of the following agencies, associations, committees, and organizations. If you would like to suggest additional recipients, please contact Emilie Tarsin at TarsinE@courts.mi.gov.

- American Civil Liberties Union (ACLU) of Michigan
- Association of Black Judges of Michigan (ABJM)
- Michigan Association for Family Court Administration (MAFCA)
- Michigan Association of Chiefs of Police (MACP)
- Michigan Association of Circuit Court Administrators (MACCA)
- Michigan Association of Counties (MAC)
- Michigan Association of County Clerks (MACC)
- Michigan Court Administrators Association (MCAA)
- Michigan Department of Corrections (MDOC)
- Michigan Department of Health & Human Services (MDHHS)
- Michigan Department of Technology, Management & Budget (DTMB)
- Michigan Department of Treasury
- Michigan District Judges Association (MDJA)
- Michigan House Appropriations Subcommittee on Judiciary
- Michigan House Judiciary Committee
- Michigan Indigent Defense Commission (MIDC)
- Michigan Judges Association (MJA)
- Michigan Municipal League (MML)
- Michigan Probate and Juvenile Registers' Association (MPJRA)
- Michigan Probate Judges Association (MPJA)
- Michigan Senate Appropriations Subcommittee on Corrections and Judiciary
- Michigan Senate Civil Rights, Judiciary, and Public Safety Committee
- Michigan Sheriffs' Association (MSA)
- Michigan Supreme Court
- Michigan Townships Association (MTA)
- Prosecuting Attorneys Association of Michigan (PAAM)
- State Bar of Michigan (SBM)