

**MICHIGAN SUPREME COURT  
COURT COLLECTIONS ADVISORY COMMITTEE  
FINAL REPORT  
JULY 1, 2009**

**INTRODUCTION**

By letter dated May 27, 2004, then Chief Justice Maura D. Corrigan authorized the State Court Administrative Office to create a Court Collections Advisory Committee to develop recommendations for ways to improve the collection of court ordered financial sanctions. The collection of child support was excluded from this task.

As needed, the Committee met diligently in the discharge of its responsibilities. Virtually all of the original members of the Committee remain.

**SUMMARY OF PREVIOUS REPORTS**

During this process, the Committee has submitted three interim reports. A brief summary of these reports is important for an understanding of the Committee's final recommendations.

In December, 2004, the Committee issued its first report. In that report, the Committee noted that it had completed an in-depth survey of all Courts in Michigan regarding collection practices. A comprehensive series of questions had been developed and sent to all Courts in the State. Every Court answered and returned its questionnaire. The responses were fairly consistent, highlighted by these findings:

- A significant amount of money remains uncollected;

- There is no uniform system of standards for reporting uncollected levies or for writing off uncollectible assessments;
- More than one-half of all Michigan Courts have no written collection policies;
- Courts universally favor training programs for Judges and staff, enhanced statutory and court rule authority, and the acquisition and use of technological tools to assist in the collection effort; and
- The use of private sector collection services is under utilized.

The Committee next attempted to assess judicial collection efforts of other states. Believing Arizona to be well along on statewide implementation of court collection efforts, the Committee conducted a telephonic interview with court officials from Maricopa County, which has the largest Court system in that State. While the information the Committee received was appreciated, it was evident that efforts in Arizona were in no greater state of development than in Michigan.

Rather than spend additional time examining the collection efforts of other states, the Committee utilized the services of an organizational consultant, Mr. Kerry Laycock, to assist the Committee in arriving at a consensus adoption of a Goals/Options Matrix that helped the Committee identify its priorities and ways to achieve them.

Not surprisingly, the Matrix addresses most, if not all, of the collection shortcomings identified in the surveys we received from the Michigan Courts. Among the issues addressed were the development of a mandated SCAO collections and reporting policy, the adoption of statutory and court rule provisions, establishment of priorities for payment plans and application of monies received, and the ultimate

mandatory adoption and implementation of collection plans by all Courts after refinement through pilot projects. The Matrix also identified a timeline for implementation consisting of three phases, covering not more than four years from the date of the approval of the concept.

With approval of the Court, regional sub-committees were created to include judicial, court administrative and elected officials representing a cross section of each judicial region in the State. Sub-committees were chaired by members of the Committee and diligently met on a continuing basis in Lansing and other geographical areas in Michigan. These sub-committees were charged with the responsibility of making recommendations to the Committee on matters regarding suggested court rule and statutory amendments and the updating of the SCAO manual on Court Collections. Of at least equal importance was the charge to develop and initiate Court Collection projects throughout the State in the several Court types and geographical regions. These efforts provided valuable insight and direction.

The Committee also met with high ranking officials of the Michigan Department of Corrections and other governmental agencies and officials. Presentations highlighting the emphasis on Court Collections were made at State Conferences involving County Clerks, Prosecuting Attorneys and Municipal Associations, among others.

The Committee met with Mr. Mark Gates, Deputy Supreme Court Counsel, to discuss and develop potential statutory amendments to enhance Court Collection efforts based upon recommendations the Committee received from these various sources. The Committee further utilized input from the various sources to develop continuing updates to the Court Collections Manual.

At its regular meetings, the Committee also received input and feedback from Judges and other judicial officials regarding the relative effectiveness of pilot projects and programs. Most important was the capable assistance and dedication of SCAO staff, particularly Ms. Beth Barber, in assimilating data, following through on critical assignments and reporting on the successes and shortcomings of our initiatives.

As practices worthy of emulation began to emerge, the Committee collaborated with the Michigan Judicial Institute to tape these experiences and best practices for presentation at the Annual Court Conference and at MJI Seminars. These presentations are Court specific to address the needs of the Circuit, Family and District Courts.

While the Committee recommends that each Circuit, Family and District Court in Michigan have an approved collections program in place, it purposely avoids the endorsement of any specific program or approach. Michigan Courts are as diverse as the people they serve. Our pilot projects and collective experience amply demonstrate that what may serve one community's needs may not work as well in another. Rather, this decision is best left to the individual Courts, who are in the best position to assess programs necessary to assure accountability in the judicial process.

Throughout this process, we have received the incredible support and assistance from Mr. Carl Gromek, State Court Administrator, and Ms. Beth Barber, Trial Court Collections Project Manager, specially assigned to us for this project. Countless other SCAO staff personnel were involved in this process.

I believe that it is a positive reflection upon our Courts, their staffs and elected officials throughout the State of Michigan when I report that no Judge, official or agency ever refused or stalled in response to our requests for assistance. The State of Michigan is well served by these highly motivated and committed public servants.

## **RECOMMENDATIONS**

Respectfully, the Committee proposes five recommendations to the Supreme Court of Michigan. Although discussed in greater detail in this report, they are summarized as follows:

1. The Supreme Court should adopt an Administrative Order directing all Circuit Courts, Circuit Court Family Divisions, District Courts and Municipal Courts to develop and comply with collection program requirements established by SCAO.
2. The Supreme Court should adopt an Administrative Order requiring these Courts to submit receivables and collections reports to the SCAO annually.
3. The Supreme Court should support legislation that allows Courts to assess a time payment fee to defray the costs of collecting and managing monies assessed for or received by the Courts.
4. The Supreme Court should work with the appropriate staff, agencies and/or associations to amend or enact legislation that enhances the Court's ability to enforce and collect Court-Ordered financial obligations.
5. Collections should remain a high priority for the Supreme Court and the SCAO should be charged with the responsibilities of encouraging judicial cooperation,

effectuating cultural change, educating the stakeholders, and establishing reporting requirements and other automated standards for collections.

The Committee thanks the Court for the honor of serving in this important task.

On behalf of the Committee and, with all due respect, I remain

Very Truly Yours,

Philip D. Schaefer, Chairperson  
9<sup>th</sup> Circuit Court Judge, Retired

## Recommendations

### **Recommendation 1      Administrative Order – Program Requirements**

**The Supreme Court should adopt an administrative order directing all circuit courts, circuit court family divisions, district courts, and municipal courts to comply with court collections program requirements established by the SCAO.**

#### Discussion:

In order to hold courts accountable for improving collections, courts should be required to comply with court collections program requirements established by the SCAO, including the implementation of a collections program that meets specific minimum standards. See *Court Collections Program Requirements* (Appendix D) and *Court Collections Program Models* (Appendix E) for further details.

### **Recommendation 2      Administrative Order – Reporting Requirements**

**The Supreme Court should adopt an administrative order requiring all circuit courts, circuit court family divisions, district courts, and municipal courts to submit receivables and collections reports to the SCAO annually.**

#### Discussion:

The SCAO has established deadlines and standards applicable to the reports required from all circuit courts, circuit court family divisions, district courts, and municipal courts. These reports are necessary to monitor and measure the impact of collections program. Although all courts are cooperating in this initiative, not all courts are yet submitting these reports to the SCAO for a variety of reasons unique to each court.

### **Recommendation 3      Funding for Collections Programs**

**The Supreme Court should support legislation that allows courts to assess a time payment fee to defray the costs of collecting and managing moneys assessed or received by the courts.**

#### Discussion:

If collections programs are required, independent funding sources will be important. Legislation should be enacted that allows courts to assess a time payment fee if the litigant does not pay in full on the day the court imposes financial obligations. The money collected for this fee should be dedicated solely to improve, maintain, and enhance the ability to collect and manage moneys assessed or received by the courts. This fee should be placed high in the priority of payment (after minimum state cost and before other costs).

#### **Recommendation 4 Proposed Changes to Court Rules and Legislation**

**The Supreme Court should work with the appropriate staff, agencies, and/or associations to amend or enact legislation that enhances the courts' ability to enforce and collect court-ordered financial obligations.**

##### Discussion:

Lack of enabling legislation is a barrier to efficient and effective collection of court-ordered financial obligations. In addition, there are inconsistencies in certain statutes that should be corrected. The Supreme Court should work with Trial Court Services to prioritize the legislative and court rule changes recommended by the Collections Advisory Committee and work towards enacting the proposed changes. See *Proposed Legislative/Court Rule Changes* (Appendix G).

#### **Recommendation 5 Responsibilities of the SCAO**

**Collections should remain a high priority for the Supreme Court and the SCAO should be charged with the responsibilities of encouraging judicial cooperation, effectuating cultural change, educating the stakeholders, and establishing reporting requirements and other automated standards for collections.**

##### Discussion:

##### Encouraging judicial cooperation:

Judicial cooperation and consistency is essential. This applies equally to staff and officials affiliated with court operations. In that regard, the SCAO should consider these options, among others:

- Present collections program requirements to judges and court administrators at administrative and judicial meetings and conferences.
- Provide actual program results (costs and revenues).
- Convey how a collections program can create positive public relations for the judge and court.
- Provide courts with collections information such as collections rates and collections programs implemented by the courts.
- Commitment and leadership in this area should be one of the factors considered when appointing a chief judge.

##### Effectuating cultural change:

It is important to continue to increase awareness and keep collections in the forefront with positive and increased visibility. To accomplish this, the SCAO could:

- Emphasize the benefits to the various stakeholders.
- Focus on the importance of compliance and enforcement in the judicial process rather than meeting financial quotas.

- Demonstrate the value of collections programs, share credit for successes, and provide constant feedback on successful collections efforts at administrative and judicial meetings and conferences.
- Promote statewide consistency among judges.
- Provide simple starting points, resources, tools, strategies, software, etc.
- Facilitate problem solving to address the needs of the courts.
- Have a resource person available to court staff.

#### Educating the stakeholders:

It is also important to continue to educate the stakeholders, particularly the judges. When facilitating or developing educational programs, the SCAO should consider the following:

- Promote communication and cooperation, which are critical to success.
- Have other courts, agencies, and the SCAO present ideas and best practices.
- Focus on programs and tools that create the expectation that financial obligations will be met and payers will be held accountable for meeting them.
- Educate and communicate through press releases, public relations, the collections website, regional meetings or training sessions, SCAO mail, and local and statewide association meetings.
- Education and communication with judges should include a presence at new judges schools to demonstrate the value of collections.
- Have judges present at regional judges meetings, where regional collections rates and collections programs implemented by the courts can be shared.
- Provide tools to educate and communicate collections strategies with the funding units and the public at large.
- Encourage courts to share knowledge and experiences with other courts and their staffs.

#### Establishing reporting requirements and other automated standards for collections:

The SCAO should:

- Continue and expand the data collections process so that courts can review their progress on collections over time.
- Keep abreast of emerging technologies and systems that will enhance the collections process and educate courts on their availability.