

Summary

This document is the second 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, and posted publicly on the Michigan Courts’ [Trial Court Funding webpage](#).

The highlights from this month’s report include ongoing updates to the implementation teams from [Maner Costerisan](#) on their financial data collection and analysis and from the State Court Administrative Office on the Court Operations Resource Report (CORR). In addition, implementation teams are reviewing examples from other states, including California, Minnesota, and Kansas, and the Uniform Assessments & Indigency Determination Implementation Team has made several initial decisions related to the process for indigency determinations.

Please review the 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.

Contents

| | |
|---|---|
| Summary..... | 1 |
| Implementation Team Status Reports | 2 |
| Operational Costs Funding Model Implementation Team | 2 |
| Funding Distribution Implementation Team | 3 |
| Uniform Assessments & Indigency Determination Implementation Team | 4 |
| Collections Systems Implementation Team | 5 |
| Distribution List..... | 6 |

Implementation Team Status Reports

Operational Costs Funding Model Implementation Team

Status Report #2

Submitted by Captain: Michael Bosanac

Date Submitted: November 6, 2024

Part I: Overview of Team Charge

This implementation team will be developing the financial plan for the 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 which 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.

Part II: Status Update and Wins

At our November 6 meeting, we were joined by Rod Taylor from Maner Costerisan to discuss their methodology for collecting financial information from courts and local funding units. This update included how they're calculating and developing facility lifecycle costs, which will inform how the state budgets facility capital improvements. We also had a lively discussion about what we can learn from other states, which will inform future decision-making and expert presentations to the team. Casey Chiappetta from The Pew Charitable Trusts presented how Kansas and California fund their trial courts. In recent years, Kansas has shifted away from relying on fines and fees, instead appropriating most of the court's funding from the state general fund. California has a similar model to the proposed Michigan model, with a Trial Court Trust Fund distributing dollars across the state according to workload assessments. We will be gathering more specific information on how they are managing facility capital funding as this team will be creating a plan for Michigan.

We've also added additional members to our team and revisited our original charge to ensure everyone is on the same page. We are on track with the timeline to have our concept paper and legislative proposal by fall 2025.

Part III: Plan to Complete Work and Next Steps

Over the next few months, we will be focusing on developing the method and process to fund court facilities' future capital improvements, a component of our team's charge. To do this, 6-8 team members will be researching best practices from other states and creating a draft plan for our implementation team to approve that lays out a methodology and process to fund these capital costs.

Work is underway to schedule presentations and share information with other implementation teams. By January, we will have the Judicial Council of California present on their Trial Court Trust Fund, facility improvements, and process for distributing monies to trial courts with both the Operational Costs and Funding Distribution implementation Teams.

Funding Distribution Implementation Team

Status Report #2

Submitted by Co-Captains: Sue Dobrich & Julie Bovenschen

Date Submitted: November 6, 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. An overview of those goals is below:

- Draft legislation to establish the Trial Court Fund
 - Develop a plan for the inclusion of local governments that fund trial courts, soliciting their input during the development of recommendations and legislative drafting
- Develop a formula and process for distributing trial court revenue, based on the Court Operations Resource Report (CORR)
 - Work with Treasury to determine the distribution of money to courts and reporting
 - Develop 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 second meeting on October 16. At that meeting, John Ropp from SCAO presented on the methodology behind the CORR. The findings from the CORR will be used to determine the formula for distribution of money to local funding units. John was followed by Mike Bosanac, chair of the Operational Costs Team, who gave an overview of his team's charge and how it intersects with the work of the Funding Distribution Team.

The co-chairs of the Funding Distribution Team also revised our team's workplan and created a Gantt chart for our work. The next three months will be focused on looking at how other states distribute money to local funding units and determining the process by which the Michigan Department of Treasury should distribute funds.

Part III: Plan to Complete Work and Next Steps

At the next Funding Distribution meeting on November 20, Eshaan Kawlra from the Pew Charitable Trusts will give a presentation on the Trial Court Trust Fund in California, followed by Q&A. Eshaan will follow up with a survey for implementation team members, which will collect questions for members of the California Judicial Council. Eshaan will work with other implementation teams to set up a joint presentation from those groups no later than January.

The second half of the meeting will include a short presentation from Katina Litterini and Judge Michelle Appel on the work of the Collections Implementation Team. There will then be ample time for discussion on what considerations our team must make in determining the distribution model for the Trial Court Fund.

Uniform Assessments & Indigency Determination Implementation Team

Status Report #2

Submitted by Co-Captains: Beth Gibson and Paul Stutesman

Date Submitted: November 6, 2024

Part I: Overview of Team Charge

This implementation team's 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 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 team meetings in October, on the 14th and 28th. Team co-captains also met with State Court Administrator Tom Boyd. We discussed several questions with Judge Boyd that had arisen in our initial meetings. The principal takeaways were: 1) our team's work includes both civil and criminal assessments; 2) the goal is to develop formulas/determine how judges should approach assessments in a uniform way, rather than assigning fixed dollar amounts; and 3) further legal research/analysis is needed to determine what this can include. We are not seeking to eliminate financial penalties – deterrence/behavioral modification through assessments may work for things like speeding and drunk driving – but we want to separate public safety-related assessments from assessments for court funding.

In our team meetings, the team reviewed a number of indigency standard examples from other Michigan agencies, other states, and federal forms. The team discussed and decided through consensus to decline to include a partial indigency standard in our recommendations; to set a threshold of 133% of the federal poverty level as qualifying as indigent for purposes of how financial assessments may be made; that there should be a (non-notarized) form developed that identifies appropriate criteria for indigency determinations; and that this determination should be made at sentencing in order to most accurately reflect the person's actual financial means. We have begun discussing how to balance seeking accurate information with the administrative burdens of extensive verification processes. This discussion is ongoing.

Team leaders also updated the work plan to more accurately reflect our work to date and anticipated activities going forward.

Part III: Plan to Complete Work or Next Steps

Co-captains and staff will identify all the categories of financial assessments that fall within the team's purview and identify how they're administered now and what the team recommends instead.

We are coordinating with other implementation teams to schedule expert visits and develop questions for those experts. Our team's areas of interest pertain mainly to how states that have curbed the collection of "user" fees have addressed any court funding shortfalls created by that change, whether through legislative appropriation or otherwise.

Collections Systems Implementation Team

Status Report #2

Submitted by Co-Captains: Michelle Appel & Katina Litterini

Date Submitted: November 4, 2024

Part I: Overview of Team Charge

This implementation team's goal is to develop a statewide uniform collections system for court debt and a scalable model to pilot in counties already working with Treasury. The model must include:

- a. Age of debt to be centrally collected.
- b. Method of transmittal of assessments to the state and of monies from Treasury to local courts and funding units.
- 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), estimate the additional annual cost to Treasury to operate the proposed system, and provide a budget model for financial team planning and to incorporate into the costs of operating Michigan Trial Courts.

Part II: Status Update and Wins

Since the first team meeting, the Collections Team co-captains have been troubleshooting how to get the technological side of the pilot completed. This includes securing funding information system updates and preparing Treasury to be able to work seamlessly with pilot sites. Co-captains have met with SCAO, leadership in interested pilot sites, other implementation team captains, and the information system vendor, Deloitte, to work towards the most cost-effective solution.

The Collections team had its second team meeting on October 24. The bulk of the meeting was spent explaining the current collections system to all members, to ensure everyone has a common understanding of how the system works now and is positioned to provide input on the design of the pilot that would serve to improve upon existing practices. Members discussed practical considerations for how a pilot, and ultimately a new system, would work at the local level. Members also discussed learning from other states who have a centralized collections system, starting with Minnesota.

Following the October team meeting, co-captains and staff met with the Finance Director and other staff from the Minnesota Judicial Branch to learn more about their centralized collection system. Highlights from that discussion will be shared at the next Collections Implementation Team meeting in November.

Part III: Plan to Complete Work and Next Steps

Over the next couple of months, our key goals are to finalize the technological solutions for the pilot, confirm which courts will participate as pilot sites, and begin developing the framework for the pilot as an implementation team.

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 Association of District Court Magistrates (MADCM)
- Michigan Association of District Court Probation Officers (MADCPO)
- 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 Criminal Justice Committee
- 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 State Planning Body
- Michigan Supreme Court
- Michigan Townships Association (MTA)
- Northern Michigan Juvenile Officers Association
- Prosecuting Attorneys Association of Michigan (PAAM)
- State Bar of Michigan (SBM)
- Southeast Michigan Court Administration Association (SEMCA)