

MEMORANDUM



**DATE:** September 28, 2015  
**TO:** All Interested Parties  
**FROM:** Robin R. Risko, Senior Fiscal Analyst  
**RE:** Civil Filing Fee Fund

The Civil Filing Fee Fund was created by Public Act 138 of 2003 (MCL 600.171) to consolidate a variety of previously assessed fees and their respective funds into one location. Revenue from the fund is distributed to a variety of programs and fund sources on a percentage basis. All of the fund sources are created within the Department of Treasury and distributions are made on a monthly basis.

**Funding Sources**

Filing claims in civil court requires a variety of fees to be paid. Fees vary depending on the value of the civil case. In district court, filing fees range from \$25 to \$150. In circuit and probate court, filing fees are \$150. A portion of filing fee revenue is transmitted to the state and deposited into 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 distributions for FY 2013-14.

**Figure 1 – FY 2013-14 Civil Filing Fee Fund Distributions**

Funding Recipients	Distribution Rate	Amount Distributed (Millions)
<b>Judiciary</b>		
Community Dispute Resolution Program	5.2%	\$1.7
Judicial Technology Improvement Fund	11.1%	3.6
Court Equity Fund	8.2%	2.6
State Court Fund	48.5%	15.7
<b>Judges' Retirement System/Court Fee Fund</b>		
Deposited in Judges' Retirement System*	24.0%	3.1
Remainder transferred to Court Fee Fund		4.7
<b>Legislative Retirement System</b>		
	1.5%	0.5
<b>State General Fund</b>		
	1.5%	0.5
<b>Total</b>	<b>100.0%</b>	<b>\$32.4</b>

\*Amount is determined by actuary  
 Source: State Court Administrative Office

The remainder of this memorandum provides descriptions of each fund that receives revenue from the Civil Filing Fee Fund.

## **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 other forms of voluntary dispute resolution as an alternative to lawsuits or trial. Dispute resolution services are provided by trained volunteers, who provide services in the areas of domestic relations, guardianship, child welfare, and special education, and who serve as trainers, outreach workers, administrators, workshop facilitators, and office assistants. Services are available at no cost to indigent participants.

There were 37,008 individuals involved in cases in FY 2013-14, with 14,725 of those cases disposed. Also in FY 2013-14, a resolution rate of 70% was realized when all parties agreed to use program services, the average mediation period was 22 days, and meetings lasted on 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 \$1.7 million in FY 2013-14. Eighteen dispute resolution centers received \$1.5 million in grant funding through the Community Dispute Resolution Fund, which is managed by the State Court Administrative Office.

## **Judicial Technology Improvement Fund**

The Judicial Technology Improvement Fund was created by Public Act 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 an integrated statewide judicial information system, development and support of a statewide telecommunications infrastructure for criminal justice information systems, and to pursue other technology innovations that will result in enhanced public service and access to local trial courts. Current projects include the development, implementation, and oversight 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. This totaled \$3.6 million in FY 2013-14.

## **Court Equity Fund**

The Court Equity Fund was established by Public Act 374 of 1996 (MCL 600.151b) to provide funding assistance to counties for trial court operations. The Civil Filing Fee Fund directly provided \$2.6 million of the Court Equity Fund's \$48.4 million of funding in FY 2013-14, not including funds that enter the Court Equity Fund via the State Court Fund or the Court Fee Fund. Other FY 2013-14 sources of revenue include the Justice System Fund (\$10.8 million), the State Court Fund (\$22.4 million), the Court Fee Fund (\$2.2 million), and the state General Fund (\$10.4 million).

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 activity, 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.

## **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 the Justice System Fund, service fees on child support payments, and other fees from trial courts (e.g., motion fees). In total, this fund collected \$29.0 million in FY 2013-14, with \$15.7 million of these funds originating from the Civil Filing Fee Fund.

Payments from the fund 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 \$22.4 million in FY 2013-14.

Indigent Civil Legal Assistance receives 23% of the remaining balance, totaling \$6.3 million in FY 2013-14. This fund provides legal assistance and representation to indigent people involved in civil litigation. The State Court Administrative Office receives the remaining 1% of funds, approximately \$300,000 in FY 2013-14, for data collection and oversight and monitoring of the fund.

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

The Judges' Retirement System, managed by the Office of Retirement Services in the Department of Technology, Management, and Budget, receives 24.0% of the Civil Filing Fee Fund's revenue, or \$7.8 million in FY 2013-14. 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. This totaled \$3.1 million in FY 2013-14.

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 (\$0.0 in FY 2013-14); the Court Equity Fund (\$2.2 million in FY 2013-14); and for operational expenses of the trial courts, including circuit and probate judges' salaries (\$2.5 million in FY 2013-14).

## **Legislative Retirement System**

The Michigan Legislative Retirement System receives 1.5% of the balance of the Civil Filing Fee Fund (\$500,000 in FY 2013-14), 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 (MCL 38.1001 - 1080). 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.