

## Collections Initiatives:

Trends in  
Michigan Courts

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## Collections Advisory Committee

- Hon. Philip D. Schaefer, 9<sup>th</sup> Circuit Court, Kalamazoo County – Chair
- Hon. Craig D. Alston, 74<sup>th</sup> District Court, Bay County
- Hon. Paul H. Chamberlain, Isabella County Trial Court
- Hon. Alton T. Davis, 46<sup>th</sup> Circuit Trial Court, Crawford, Kalkaska and Otsego Counties

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## Collections Advisory Committee

- Mr. Michael J. Dillon, Court Administrator, 12<sup>th</sup> District Court, Jackson County
- Hon. Julie A. Nicholson, 52<sup>nd</sup> District Court, Rochester Hills, Oakland County
- Hon. Michael F. Skinner, Eaton County Probate Court
- Hon. David L. Stowe, Grand Traverse County Probate Court

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## Top Priority

- Enforcing court-ordered financial sanctions
  - Judiciary's credibility
  - Judiciary's responsibility

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## Judiciary's Credibility

Courts must send the public a firm and consistent message that their orders will be enforced.

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## Judiciary's Responsibility

- To assure victims are made whole
- To share its burden of fiscal responsibility

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## Committee charged with:

Developing a statewide strategy for improving the enforcement and collection of court-ordered financial sanctions.



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## Strategy was to include:

- Methods to promote cultural change
- Data collection
- Training needs of judges and court staff
- Identification and implementation of cost-effective collections practices

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## Collections Surveys

Response rate exceeded 95% overall!



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## Survey Results and Interim Report

- No uniform system of standards for reporting outstanding receivables
- No standard practices for writing off uncollectible debt
- Significant number of courts do not have written collections policies

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## Survey Results and Interim Report

- Private sector is under utilized in collections efforts in Michigan
- District courts pay closer attention to delinquent accounts than other courts
- Intergovernmental officials and agencies share collection responsibilities with circuit courts, often across county lines

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## Survey Results and Interim Report

- Courts would like to see:
  - Increased training programs for judges and court staff
  - Acquisition and use of better technological tools
  - Enhanced court rule and statutory authority for better collections practices

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## Survey Results and Interim Report

- A surprising number of courts do not utilize the authority of MCR 1.110
- Significant number of courts still utilize a combination of automated and manual systems for monitoring outstanding receivables

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## Arizona Judiciary

- Faced a funding crisis in the early part of the decade
- Beginning stages of developing an efficient collections system for their courts that are the equivalent of district courts in the state of Michigan

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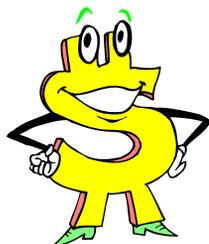
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## Statewide Strategy

Strategy approved by the Michigan Supreme Court on June 2, 2005.



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## Statewide Strategy

One size does not fit all!



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## Implementation Schedule

Phase 1 – 6-12 months

- Update policy
- Refine standard report and establish reporting requirements
- Define and implement communication strategy
- Develop and implement technical support and training

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## Implementation Schedule

Phase 2 – 6-12 months from end of Phase 1

- Voluntary participants who could serve as mentor courts
- Refine policy and systems, identify best practices throughout the State
- Communication and education for jurisdictions not in the initial (voluntary) implementation
- Develop plan for statewide implementation

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## Implementation Schedule

Phase 3 – 1-2 years from end of Phase 2

- Statewide implementation
- Collections Advisory Committee will continue to guide and review pilots and implementation

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## Collections Guidelines

- *Michigan Trial Court Collections – A Design and Implementation Guide for Collections Programs*
- Collection policy guidelines
- Model write off policy

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## Collections Guidelines

- Reviewing, updating, and refining as part of approved strategy
- <http://courts.michigan.gov/scao/resources/standards/#collect>

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## Standardized Reporting



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## Standardized Reporting

- Provide improved collection management information to the courts and SCAO
- Monitor court collections and identify best practices and courts that may need direct technical assistance
- Provide feedback to the courts – statewide and regional averages

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## Standardized Reporting

### Requirements:

- Amount owed in total
- Amount owed by age
- Amount owed by category/account
- Amount owed by case type
- Percent collected by case type

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## Standardized Reporting

Implementation timeline:

- August 2005 – Reporting requirements distributed to all system providers
- July 15, 2006 – Initial reports to be submitted to SCAO by all trial courts
- July 15 – Reports to be submitted annually by all trial courts

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## Order to Remit Prisoner Funds



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## Order to Remit Prisoner Funds

- July 16, 2004 – State Court Administrative Memorandum 2004-09 distributed to courts
- Issue at time of sentence and attach to judgment of sentence
- Issue for any defendant in prison that owes the court money

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## Order to Remit Prisoner Funds

### Match Process:

- February 25, 2005 – memo distributed to all system providers
- Allows for automatic generation of orders
- Every prisoner that owes the court money should have an order to remit prisoner funds

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## Order to Remit Prisoner Funds

	Total	Paid	% Paid
Number of Orders	4,543	1,205	26.52%
Restitution Owed	\$7,272,534	\$ 49,971	0.69%
Other Owed	\$2,157,004	\$158,163	7.33%
Total Owed	\$9,429,538	\$208,134	2.21%



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## 20% Late Penalty

- Required pursuant to MCL 600.4803
- Win/Win Situation
  - Comply with statute
  - Generate revenue that remains local

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## 20% Late Penalty

40<sup>th</sup> Circuit Court, who recently began assessing the 20% late penalty, has collected \$3,115 in late penalties in three months.



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## COLLECT Software

- Interacts with JIS
- Notifies defendants of outstanding balances with supplemental mailings
- Increases compliance with court judgments

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## COLLECT Software

### Costs:

- Software – \$0
- Installation and training provided by DMC Consulting @ \$90/hour plus travel costs
- Mailers – \$0.25 to \$0.30 per mailer
- Postage – varies

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## COLLECT Software

### Costs:

SCAO will provide the funds for the installation and training, subject to later repayment through JIS user bills. Reimbursement to SCAO will begin six months after installation and will be divided equally on each user bill for one year.

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## COLLECT Software

### Costs:

- On-going support, as needed by court and provided by DMC @ \$90/hour
- Maintenance and enhancements – included in JIS maintenance fee

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## COLLECT Software

### District Court:

- Initial Investment = \$8,500 per court
- Amounts Collected
  - 54B District Ct., East Lansing - **\$11,249** (5 days)
  - 38<sup>th</sup> District Court, Eastpointe - **\$190,000** (3 mos.)
  - 30<sup>th</sup> District Ct., Highland Park - **\$405,713** (1 yr.)



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## COLLECT Software

Circuit Court:

- Pilot courts
  - 7<sup>th</sup> Circuit Court, Genesee County
  - 14<sup>th</sup> Circuit Court, Muskegon County
  - 40<sup>th</sup> Circuit Court, Lapeer County
  - 42<sup>nd</sup> Circuit Court, Midland County

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## COLLECT Software

Circuit Court:

Approximately six weeks after implementation in the final pilot court, the software will be made available to all JIS circuit courts.

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## Successful Collection Efforts

Critical Elements:

- Accurate financial information and defendant balances
- Accurate addresses



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## Locator Services

- SCAO working with DMC Consulting and ChoicePoint to provide locator services utilizing national data bases to locate defendants
- Piloted in 30<sup>th</sup> District Court, Highland Park
  - Collected additional **\$110,819** in four months

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## Locator Services

- Beginning pilot in 8<sup>th</sup> District Court, Kalamazoo County
- If successful, will be an available option for COLLECT software users
- Goal = statewide contract in order to take advantage of volume discounts

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## Automated Telephone Messages

SCAO working with DMC Consulting and Courtland Consulting to provide an automated telephone message system.



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## Automated Telephone Messages

- Court prepares the message
- System contacts defendants with an outstanding balance due the court
- System provides the defendant with the address and phone number of the court
- Piloted in 30<sup>th</sup> District Court, Highland Park
  - Collected additional **\$107,938** in four months

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## Questions

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