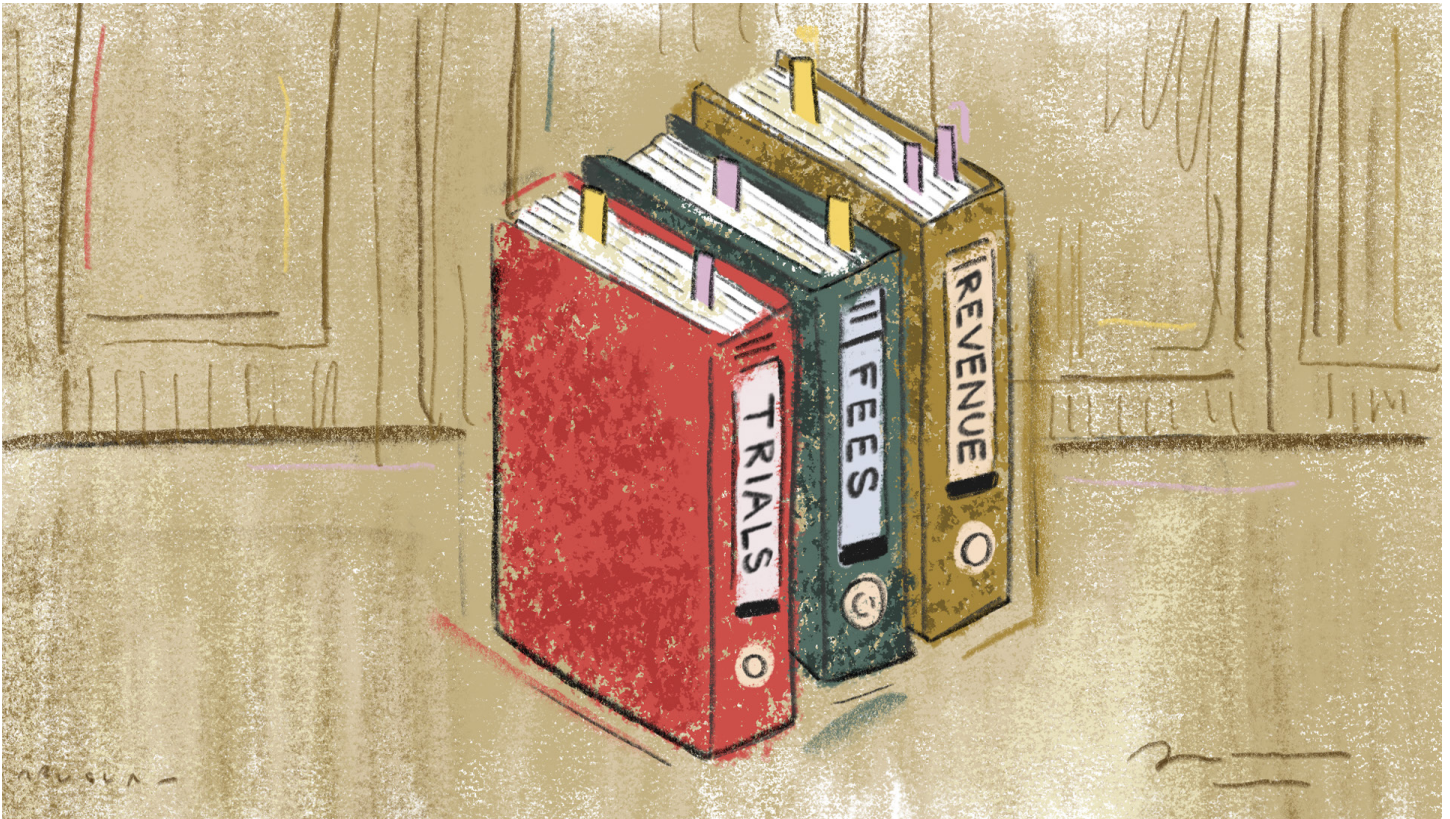




State Court Funding: Insights From Michigan

How reliance on local revenue sources and court fines and fees can introduce conflicts of interest and instability

State trial courts in the U.S. tend to rely on funding from similar types of sources—among them, state and local general revenue funds, fines and fees, taxes, and federal grants—but their budgetary structures are complex and not always clear to policymakers or even court leaders. Greater understanding of how money moves through court systems can help ensure that their operations are sustainable and fair, and that courts work in ways that bolster public trust.

In 2019, a statutorily mandated commission found that Michigan’s trial court funding system was marked by real or perceived judicial conflicts of interest stemming from an “obligation to use the courts to generate revenue” and by insufficient financial resources.¹ On the basis of those findings, the Legislature in 2024 directed the Michigan Judicial Council (MJC), via the State Court Administrative Office, to develop a plan to address these concerns and create a more balanced financial partnership between the state and local governments.²

As part of this effort, MJC partnered with The Pew Charitable Trusts’ courts and communities project and the Michigan accounting firm Maner Costerisan to examine funding flows using data from 134 of the state’s 135 local

court funding units, which are primarily counties but can also be cities or other municipal levels of government that provide financing for a local trial court. The final report shows how two key features of the state’s funding structure—heavy reliance on local sources and court fines and fees—may contribute to conflicts of interest and financial instability and undermine the equitable operation of the court system.³

Michigan trial courts are a \$1.2 billion business

Michigan trial courts consist of 303 individual circuit, district, probate, and municipal courts that cost approximately \$1.2 billion a year to run. Operational expenses include salaries and benefits for court personnel, security services, indirect cost allocations, and facility-related costs. The total figure includes \$802 million for circuit, district, and probate court operations; \$28 million for problem-solving courts that address mental health and drug use, as well as the particular needs of families and veterans; and \$370 million in costs associated with court-related programs, mainly the state and local child welfare fund (Child Care Fund) and child support (Friend of the Court) systems, both of which are funded by local, state, and federal dollars under Title IV.

Local sources provide more than half of Michigan’s trial court financing

Court budgetary needs fall primarily on local government funding units. Counties support all but eight trial courts and provide more than half (59%) of the trial courts’ \$1.2 billion budget. State and federal contributions account for less than one-quarter (23%) of the budget, and the remainder—20%—comes from court-assessed fines and fees (including court costs) collected from people who have a court case. (Percentages total more than 100 due to rounding.)

Local contributions are sourced from the locality’s general fund, mostly from property tax revenue. These contributions total \$704 million, including allocations for medical benefits and local pensions for trial court judges, court employee salaries and benefits, and administrative costs such as technology, human resources, and capital improvements.

This high reliance on local sources means that communities with strong revenue streams and high property taxes are able to provide robust services and programs, while courts with fewer resources may have limited staffing and reduced service availability.

Fines and fees make up 20% of court funding but lack stability as a revenue source

Money collected from people with court cases in Michigan accounts for a significant portion of court budgets and averages \$242 million each year. These dollars support a range of judicial functions, including community dispute resolution, judges’ retirement and health benefits, indigent civil legal assistance, and technology improvement.

In addition, portions of that revenue support noncourt functions. State and local funding units distribute an annual average of \$20.5 million in fines and fees revenue to state police and correctional facilities; \$19 million to public libraries; and \$15.9 million to reimburse local government units.

Despite a few courts generating excess proceeds, court fines and fees generally are not a stable revenue source. In 2022 and 2023, district courts collected only 47% of total assessed fines and fees, and circuit courts collected just 12%, reinforcing research that these assessments produce low returns.⁴

And the returns in Michigan get worse over time. A 10-year review of district court collections shows that most payments occur in the first year after assessments are imposed and then decline sharply. In 2023, average collection rates fell from 49% in year one to 13% in year two and 4% in year three. Moreover, year one collections in Michigan have steadily fallen over time, dropping from an average of 57% in 2005 to 49% in 2025. This trend is consistent with patterns nationwide—across 19 states, median collection rates declined by 33% from fiscal years 2018 to 2022.⁵

Michigan’s funding model affects courts’ integrity and people’s livelihoods

Because of inconsistent levels of local funding across jurisdictions, some Michigan courts offer resources such as pilot programs to complement existing services, while other courts struggle even to keep their doors open five days a week. MJC noted that judges—who have discretion to determine how much money to assess—can be put in “a position of feeling pressured” to impose fines and fees to raise revenue, rather than prioritizing accountability, rehabilitation efforts, and the administration of justice. Investigations and reviews of case law in other states have found that such pressures can create real or perceived conflicts of interest that compromise the courts’ role as impartial decision-makers.⁶

With its degree of reliance on fines and fees, Michigan’s funding model also creates a situation in which people who are least able to pay are counted on to fund essential government services. Court debt, layered on top of basic living expenses, can often force difficult trade-offs for households. And when individuals miss payments, they may face escalating penalties, including arrest, forfeited drivers’ licenses, and repeat court involvement—consequences that can destabilize employment, finances, and health outcomes.⁷

State policymakers and court leaders can collaborate to restructure court funding models

By examining their trial court funding structure, Michigan court leaders and policymakers have gained a clearer picture of the system’s fiscal makeup, how money flows through it, and its implications for courts and the people they serve. At a time when many states are facing constrained budgets and confidence in state courts is lagging, state leaders have an increased incentive to find stable sources of court funding that preserve the credibility of judicial officers.

States seeking to strengthen their court funding structures can use the following questions to help clarify court operations costs, funding sources and contributions, the allocation of money, and the potential implications of a given financial structure:

- How much does it cost to run state courts?
- What share of court operations do court assessments cover?
- How many courts lack sufficient resources to operate at full capacity?

Guided by the answers to these questions, and with input from court officials, local governments, lawyers, and law enforcement agencies, MJC is now working to restructure its court funding model by shifting away from overreliance on local funding and fines and fees.⁸ As one Michigan county administrator told the publication *Legal News*, “Having the state as a more balanced funding partner ... will provide local governments with financial predictability and reduce the need for local courts to assess excessive costs on court users to generate revenue. The plan strives to create better outcomes for all stakeholders.”⁹

Endnotes

- 1 Michigan Legislature, Public Act 65 of 2017, House Bill 4613 (2017), <https://www.legislature.mi.gov/Bills/Bill?ObjectName=2017-HB-4613>. State of Michigan Trial Court Funding Commission, "Trial Court Funding Commission Final Report," 2019, https://www.courts.michigan.gov/4a099a/siteassets/reports/tcfc_final_report_9-30-2019.pdf.
- 2 Michigan Legislature, Trial Court Funding Act of 2024, (2024), <https://www.legislature.mi.gov/Laws/MCL?objectName=mcl-Act-47-of-2024>. "Michigan Judicial Council," Michigan Supreme Court, 2026, <https://www.courts.michigan.gov/administration/special-initiatives/mjc/>.
- 3 Michigan Judicial Council, "Alternative Funding for Trial Courts: Implementation Recommendations," 2025, <https://www.courts.michigan.gov/4abfd3/siteassets/committees,-boards-special-initiatives/trial-court-funding/final-trial-court-funding-concept-paper-for-publication.pdf>.
- 4 Lillian Patil and Tanisha Pierrette, "Imposing Instability: How Court Fines and Fees Destabilize Government Budgets and Criminalize Those Who Cannot Pay," Fines and Fees Justice Center, 2025, https://finesandfeesjusticecenter.org/wp-content/uploads/2025/07/Imposing-Instability_FinalPDF.pdf.
- 5 Lillian Patil and Tanisha Pierrette, "Imposing Instability: How Court Fines and Fees Destabilize Government Budgets and Criminalize Those Who Cannot Pay."
- 6 Glenn Harlan Reynolds and Penny J. White, "The New Due Process: Fairness in a Fee-Driven State," Tennessee Law Review 88 (2021): 1025-59, https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4040335.
- 7 "Cascading Consequences of Fines and Fees on Rural Communities," Darcy White, The Pew Charitable Trusts, June 4, 2026, <https://www.pew.org/en/research-and-analysis/articles/2026/06/04/cascading-consequences-of-fines-and-fees-on-rural-communities>.
- 8 Lauren Gibbons, "Report: Change How Michigan Courts Are Funded, Standardize Fines and Fees," Bridge Michigan, November 6, 2025, <https://bridgemi.com/michigan-government/report-change-how-michigan-courts-are-funded-standardize-fines-and-fees/>.
- 9 "Michigan Judicial Council Unveils Funding Plan," Detroit Legal News, November 11, 2025, <https://legalnews.com/Home/Articles?DataId=1590706>.

For more information, please visit:
pew.org/en/projects/courts-and-communities

The Pew Charitable Trusts

Contact: Maria Borden, communications manager

Email: mborden@pewtrusts.org

Project website: pew.org/en/projects/courts-and-communities

Founded in 1948, **The Pew Charitable Trusts** uses data to make a difference. Pew addresses the challenges of a changing world by illuminating issues, creating common ground, and advancing ambitious projects that lead to tangible progress.