



## 'It's hurting the city;' Pontiac wants state to run court

### Cash-strapped Pontiac struggles to fund court

Of The Oakland Press

As Pontiac struggles to eliminate a \$6.3 million deficit and prevent an even larger shortfall by the end of the fiscal year, city leaders hope to unload the costly job of funding the 50th District Court.

By state statute, the city has a legal obligation to fund the court, although it operates independently - meaning if court revenue doesn't meet expenses, the city must make up the difference.

Mayor Clarence Phillips said the 50th District Court in downtown Pontiac has been running at a deficit for at least 15 years.

"We're having budget problems of our own, laying off people and trying to cut costs wherever we can," Phillips said. "But in the midst of this financial chaos, the court continues to have cost overruns year after year, and it's hurting the city."

Although known to bump heads in the past, Phillips and Pontiac City Council financial consultant Jan Lazar do share one common interest. Both say it's time for the state to take over district courts.

Chief District Judge Preston Thomas wants the county to take it over.

### **Expenses exceed revenue**

"The locals have to keep trying to make it up in their budget," Lazar said. "How much cutting do you do? The state could take over and have a lot more control over how revenue flows and inconsistencies. Once over the shock, the change would be beneficial for all concerned."

According to city budget reports, the court's revenue shortfall has grown from about \$680,000 in 2001 to about \$1.45 million at the end of the 2006-2007 fiscal year. Thomas said he could not confirm if the numbers were accurate, but pointed out the funding problem should not be blamed on the court.

"This is state law," he said. "We have no control over this, and we're not a revenue-generating body. ... We're not designed or required to generate funds or income. How would you feel if your mother, father, sister or brother had to come before this body and the outcome of their case was determined on the basis of generating income for the city?"

Back in June, Phillips asked all departments to cut spending by 10 percent to reduce the city's deficit, but said he was told by Thomas that wasn't a

possibility at the court.

"They let us know they don't have to comply like other departments because they are a separate entity of government," Phillips said. "Unfortunately, the court is not willing to help the city with its financial struggles."

Thomas said unlike other courts that have revenue-generating departments - like a traffic division or fully staffed probation department - 50th District Court doesn't, because of funding cuts.

"The city seems to think that because they have to fund us, they can dictate the operations of this court," Thomas said. "We get into this argument every year. Just because they're mandated to fund us by law doesn't mean that we are a department of the city."

Like Phillips and Lazar, Thomas said he'd also like to see the state - or possibly the county - take over.

"I, too, would like to see this umbilical cord cut, because the city's condition is dragging us down also," he said.

In the court's defense, Phillips agreed, "they don't get the kinds of cases that generate much revenue."

"But this is unfair to the city, and we need help right now," he said. "If we've got a court that has runaway expenses, how does a city facing a \$6 million deficit ever balance its budget?"

### **Funding district courts**

Marcia McBrien, spokeswoman for Michigan Supreme Court administrative offices, confirmed there are no provisions for state assumption of trial court funding. She said, even at times when a city has been put into receivership by the state, the state has not assumed financial obligations of a district court.

"There is nothing in the constitution that addresses it," she said.

Effective in 1969, the state constitution mandated the Legislature to create three classes of district courts, which designate who is responsible for funding their operations.

With a first-class district court, there is one court for the entire county, and the county oversees funding.

A second-class court receives funding from both the county and local municipalities.

With a third-class court, such as the 50th District Court in Pontiac and the 51st District Court in Waterford Township, the municipality has sole responsibility for subsidizing their courts.

A portion of the county funding for second-class courts comes from all county taxpayer dollars - which, as an example, means Pontiac taxpayers help fund the 52-3rd District Court in Rochester Hills.

"It's a form of double-taxing - we're being taxed to support our own operations and those supported by the county," said Robert Seeterlin, Waterford Township's fiscal and human resources director. "The state has to recognize that this is a problem."

When this law became effective, Seeterlin and Phillips said their communities were large enough and profitable enough to support their own courts, unlike communities such as Rochester Hills, which was previously the less-populous Avon Township.

"A long time ago, when Pontiac was thriving, it could support a court. But now, it can't," Phillips said.

Seeterlin added: "Back then, local government wanted to have control. But we used to get a lot more funding in state revenue sharing. Now courts are a burden and they don't bring in enough revenue to cover their costs."

Waterford tried in 2005 to have the county take over its court operations, but the county did not want to assume responsibility.

Third-class district courts cover the cities of Madison Heights, Ferndale, Hazel Park, Royal Oak, Berkley, Huntington Woods, Oak Park, Pleasant Ridge, Southfield, Lathrup Village, Farmington, Sylvan Lake, Keego Harbor, Orchard Lake Village, Birmingham, Bloomfield Hills, Troy, Clawson and Pontiac. The same goes for the townships of Royal Oak, Southfield, Farmington, West Bloomfield, Bloomfield and Waterford. All others in Oakland County are funded by the county.

Robert Daddow, deputy county executive, said he sometimes hears complaints from municipalities because the county subsidizes the 52nd District courts. The county took over operation of four district courts - Novi, Rochester Hills, Clarkston and Troy - in the 1980s. But he said the other municipalities wanted to keep their courts because, at that time, they were revenue makers.

### **'Unfair funding'**

This funding gap has been a contentious issue between cities and district courts for years. Although it would be no easy feat to win support to turn over entire court operations to the state, Lazar said it could be done with a majority vote of the state House and Senate and the governor's approval.

"It would be a change in state law," she said. "The governor and everybody keeps saying let's have cooperation and intergovernmental relations and all that good stuff. The biggest problem local communities have is the result of state law."

Lazar said when financially stressed cities such as Pontiac try to cut the district court's budget, the court administrator can appeal to the State Supreme Court and say what the city gave is not enough, and the supreme court will make the city give more. Even when the district court does not bring in enough revenue, she said the state still gets its share.

Regardless, state Rep. Tim Melton, D-Auburn Hills, whose district also includes Pontiac, said it may be hard to get help from the state with

Michigan's financial situation.

"I don't know if the state is the best (governing agency) for the district courts," he said. "At some point, somebody's losing money. Is it going to be the county, state or city?"

Instead, he thinks the state should fund courts more equitably.

"I think when funding comes down for the courts, we should make it equitable," Melton said. "Circuit court gets a ton of money from the state. I think the formula needs to be looked at. It is a very complex issue."

Daddow said the state statutes covering district courts "are all screwed up."

"They really need to start from scratch," he said. "Let's figure out what to do with district courts now. Until someone is willing to take it up in Lansing and do reform, I think it will be difficult to have any organization shifts."

There is the possibility of some savings. McBrien said the Michigan Supreme Court has recommended 50th District Court could do with one fewer judgeship.

The governor has not filled the post left vacant when Judge Leo Bowman moved to Circuit Court.

Daddow said if Thomas requested help to ease financial difficulties, it might be given. Daddow offered to pull together resources from three or four district courts around the county to meet with Thomas and give their input.

"The reality is there would be ways to assist them," he said.

Contact staff writer Kaniqua Daniel Smothers at (248) 745-4714 or [kaniqua.daniel@oakpress.com](mailto:kaniqua.daniel@oakpress.com).

Contact staff writer Diana Dillaber Murray at (248) 745-4628 or [diana.dillaber@oakpress.com](mailto:diana.dillaber@oakpress.com).

Staff writer Stephen Frye contributed to this story.

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