

## Municipal Court Funding

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### What the OIG Found

Evaluators reviewed Municipal Court funding between 2008 and 2015 and found that three entities were responsible for funding the Court (City, State, and Court), but the ambiguity of the legal framework failed to delineate clearly each entity's responsibilities. The resulting financial practices raised numerous concerns regarding the transparency, accuracy, and legality of the Court's funding structure.

### Why was the Court's funding structure a problem?

**Informal financial arrangements** between the City and the Court **reduced** the Court's financial **transparency**.

A full picture of **Court funding could not be determined** without reviewing **three sets of financial records**.

The City and Court reported **conflicting information about payroll expenses** and amounts "owed" by the Court.

The City **did not meet its obligation to fully fund the Court**, and the payroll arrangement **facilitated deficit spending**.

The Court's **dependence on fines and fees** to fund operations increased the **risk of impeding due process rights**.

The pending consolidation of Municipal Court and Traffic Court in 2017 provides the courts an opportunity to implement a more efficient and transparent funding structure for the combined entity. Municipal Court cost \$4.7 million to operate in 2015, roughly 20 percent more than it cost to operate in 2008, while Traffic Court cost \$5.5 million as of 2012, according to a prior OIG report. An effective consolidation process should identify operational efficiencies and cost savings.

### What the OIG Recommended

The work-arounds developed to navigate the Court's ambiguous funding responsibilities raised concerns about improper accounting, transparency, and had the potential to undermine defendants' due process rights. The City should fully fund Municipal Court operations through a General Fund appropriation, and the Court and the City should improve the transparency of their financial arrangements. In addition, the City should lobby the state legislature to repeal the laws that establish fees to fund Municipal Court.

The Municipal Court should develop performance measures that provide the City with evidence of its operational and financial needs. Better performance measures could enable Court judges to base arguments for additional funding on evidence and increase the likelihood that the City's response to well-founded requests for resources would meet the Court's funding requirements and offset the Court's need for self-generated revenues.

### Purpose of This Report

A large number of New Orleans residents come into contact with the Court each year; in 2015 roughly 25,000 new cases were filed. Despite this, information on its funding and performance were limited. This report documents the full revenues and expenditures for Municipal Court during the years 2008 through 2015, examines whether the City and Court followed applicable laws regarding funding the Court, and determines whether the Court developed performance measures sufficient to assess the Court's needs and effectiveness. This report is the fifth installment in a wider examination of New Orleans justice system funding.