

Superior Court of California

County of San Francisco



KATHERINE FEINSTEIN
PRESIDING JUDGE

August 22, 2011

Judicial Council of California
455 Golden Gate Avenue
San Francisco, CA 94102

via email and US Mail

Re: Request for Supplemental Funding

Dear Madame Chief Justice and Members of the Judicial Council:

As you know, the San Francisco Superior Court is facing a dire budget catastrophe, which compels us to seek \$20.4 million in emergency funding to be allocated over the next three years. As a result of three years of unsustainable state budget cuts, our Court is faced with a huge cumulative deficit. The magnitude of this crisis has left us with no alternative but to lay off 177 employees and close 25 civil courtrooms. Our Court's financial condition compels us to pursue a course of action that shuns one-time fixes in favor of a sound strategy that will help us avoid yet another significant reduction in service to our constituents before June 30, 2014.

While the Court is proceeding with plans to dismantle the Civil Division and lay off nearly 40 percent of our staff on September 30, 2011, I write to implore the Council to utilize its existing authority, and obtain any necessary new or additional authority, from the Legislature and Governor to redirect judicial branch funds to help the San Francisco Superior Court, and other courts that require an emergency infusion, keep courtrooms open and adequately staffed.

The San Francisco Superior Court faces an especially harsh solution to our deficit this year precisely because we mistakenly followed the AOC's guidance last year. In May 2010, we were poised to lay off 122 employees. The very day we were scheduled to deliver those notices, AOC leaders called upon us not to issue those layoff notices. These leaders claimed the delivery of layoff notices would jeopardize a pending \$230 million legislative package of new revenues and redirection of branch funds intended to backfill prior cuts. AOC leaders were certain that this deal would be fully enacted. We acquiesced to the AOC's direction and relied upon their representations. However, the AOC's confidence in its bargain with Sacramento was misplaced. In fact, the branch lost \$55 million, after lawmakers cut an additional \$30 million and the Governor line-item vetoed another \$25 million from funding restorations. Even more detrimental to our Court was the resulting consequence of the delay in the implementation of our restructuring plan. This delay alone now forces us to lay off 80 more employees than we would have had to lay off last year. Had the Court not relied on the AOC's representations, and proceeded with its restructuring plan last year, we would have ended FY 2010-11 with a \$15 million reserve, which would have solved our current year's deficit and made this very request unnecessary.

It is incumbent on the Judicial Council to pursue every possible remedy that could help the San Francisco Superior Court avoid a catastrophic elimination of public service and access to justice. Just three years ago, the Court had 591 employees and a \$90 million budget. With the adoption of a hiring freeze in April 2009, the Court has a vacancy rate of 18 percent, which equates to 484 employees. After next month's layoffs, the Court will reorganize and begin operations with a staff of just 307 employees. Specifically, the Court will either lay off or separate:

- 11 Subordinate Judicial Officers;
- 15 Management Staff;
- 24 Court Reporters;
- 88 Deputy Court Clerks;
- 18 Legal Researchers or Attorneys;
- 5 Family Court Mediators;
- 3 Probate Investigators;
- 1 Probate Examiner; and
- 12 Administrative Support Staff.

Through disciplined fiscal management, our Court was able to rebuild its reserves last fiscal year from \$280,000 to \$4.6 million. However, as you know, the Judicial Council's policy requires the Court to maintain a fund balance of \$3.2 million, leaving just \$1.4 million in discretionary funds. The Court remains in a perilous fiscal condition. Despite the size of our budget, we have one of the lowest reserve percentages of the state's 58 trial courts.

There is no doubt that the judicial branch will sustain additional cuts in the next two fiscal years. This creates a three-year problem for our Court. Expenditure of the Court's reserves is part of our long-term solution, *but not our short-term solution*. The Court's reduction in force in 2011 will save a total of \$17 million over the next two fiscal years. This will result in an increase of our reserves to \$11.5 million. With these reserves and continuation of our budget austerity measures, we must manage a projected cumulative \$20.4 million deficit. This deficit will force us to spend all but \$2.06 million of our reserves by the end of FY 2013-2014.

The Court has shared these budget projections with AOC staff on more than one occasion. We have received no indication from anyone at the AOC that the financial picture we present is flawed in any way. In fact, it is based on the AOC's own budget projections. The Court has also shared with the AOC all of our efforts to reduce spending and increase revenues over the past three years, which include:

- A hiring freeze since April 2009;
- Staff furloughs in 2009 and 2010, saving \$2.6 million;
- Limited Service Days and staff furloughs in 2011, saving \$1.1 million;
- Operations changes, including the elimination of an overnight bail office, saving \$800,000;
- Renegotiated contracts for janitorial and document storage services, saving \$1.2 million;
- Installation of a VoIP telephone system, saving \$1.6 million;
- Recovery of \$566,000 in indigent defense and Civil Grand Jury costs from the City and County of San Francisco;
- Recovery of \$350,000 in transcript costs from the City and County of San Francisco; and

- Adoption of revenue measures, including an escheatment program and increased collections of civil assessment fees, generating \$1.6 million.

The Court and its employees have done all we can in the past three years to avoid what awaits us on October 3, 2011, which is the near total cessation of our civil operation and the dispatch of 177 of our employees to the end of California's lengthening unemployment lines. We know that judicial branch cuts will not abate in Sacramento, given the lack of support for adequate trial court funding. We also firmly believe that there are funds available within the branch which could be allocated to our Court if only there was the will to do so. To date, we have received no offer of financial assistance from the AOC. Therefore, we must urgently implore the Judicial Council to reallocate substantial branch resources to the financially troubled trial courts, including the Court that is your next-door neighbor.

Sincerely,



Katherine Feinstein
Presiding Judge

cc: Hon. Cynthia Ming-mei Lee, Assistant Presiding Judge, Superior Court of California, County of San Francisco
Mr. T. Michael Yuen, Court Executive Officer, Superior Court of California, County of San Francisco