SUPERIOR COURT OF CALIFORNIA
COUNTY OF SAN FRANCISCO

Civil Assessment Backfill Funding

WORKLOAD FORMULA ADJUSTMENT REQUEST

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9/8/2026

To assure equal access, fair treatment, and the just and efficient resolution of disputes for all people asserting their rights under the law.

The Legislative Context: Why the Backfill Exists

AB 177 (2021) — The Legislature's Intent

Assembly Bill 177, signed September 23, 2021, eliminated the old system of civil assessments effective January 1, 2022. The Legislature's stated intent: **"to eliminate the range of administrative fees that fund elements of the criminal legal system."** The legislature specifically wanted to end the practice of basing courts' operations funding on the fees they collect.

Courts lose a significant, recurring revenue source

AB 177 and AB 199 cap new assessments at $100, with revenue going to counties instead of the courts.

State provides General Fund backfill

The 2022 Budget Act provides $110M in ongoing General Fund appropriations specifically to replace the eliminated revenue. The backfill's entire purpose is **revenue replacement** — not new investment.

Distribution creates unequal replacement

FMS adopted the WF new-money methodology — designed for distributing **new** resources — to distribute **replacement** revenue. Courts above 100% were excluded entirely. SF lost $2M and received $0.

The backfill was not new investment. It was a state promise to replace revenue the legislature had eliminated. Every court that lost civil assessment revenue had a legitimate claim on that replacement. The distribution methodology determined who received it — and who did not.

What San Francisco Lost

SF Civil Assessment Revenue — Actual History

From SF Superior Court finance records:

2018–19	$2,323,163	
2019–20	$3,031,822	*Pre-COVID high*
2020–21	$1,078,069	*COVID impact*
2021–22	$1,281,772	*Last year received*
2022–23	$0	*Eliminated by AB 199*
4-yr avg	**$1,928,706**	*2018–22*

This was real operating revenue the court budgeted for annually.

X **Backfill received: $0**

SF Received No Civil Assessment Replacement Funding

Not because SF operations did not rely upon that revenue. Not because the workload formula determined that SF should be cut. But because of where SF happened to stand in a funding percentage snapshot taken at the moment the distribution was designed.

How the Distribution Unfolded

June 2022

FMS had four distribution options — deliberately chose the WF new-money methodology

Staff presented four options: (A) WF new-money methodology, (B) proportional via WF need, (C) proportional via WF allocation, (D) other proportional factor. FMS voted 6–2 to adopt Option A. SF was above 100% and received $0. The other options — proportional approaches that would have included SF — were available but not chosen.

2022–23

$110M distributed under WF new-money methodology — SF receives $0, loses $2M in operating revenue

Courts above 100% received nothing regardless of how much they had relied upon that revenue, even though the backfill was designed to **replace** that loss. SF lost approximately $1.28M in civil assessment revenue and received $0 in replacement.

May 2023

FMS switched methodology to address reduction — Scenario 4/5 adopted, SF stays at $0

Facing a $12.5M reduction, FMS rejected re-running the WF new-money methodology (Scenarios 1, 3) due to volatility concerns and adopted a proportional reduction from the 2022-23 base (Scenario 4, 5-4 vote). TCBAC ultimately adopted the slightly different Supplemental Scenario 5 (15-1). However, SF remained at $0. This action permanently froze backfill amounts into the base.

2024–25

$97M statewide reduction — SF's WF% drops sharply, falling below 100%

The Budget Act of 2024 included a $97M ongoing reduction applied proportionally. Due to increased Workload Formula Need, SF dropped from 118% to 100.1% before the cut, and under 100% after it. The original justification for the backfill exclusion no longer applies.

Jan 2026

SF submitted this ARP — FMS is actively reviewing WF allocation methodologies

San Francisco submitted this ARP on January 15, 2026. The FMS work plan for 2025-26 includes review of WF allocation methodologies. This request is timely and consistent with the committee's current work agenda.

Three Problems with the Approach Taken

1. The legislative intent was to provide replacement funding to backfill lost revenue. It should not have been treated as new money.

2. The Workload Formula percentage is too volatile a benchmark to use as a trigger for permanently cutting operations funds, especially in the case of San Francisco.

3. Freezing the 2022-23 distribution into permanent base — rather than recalculating through the formula — locked a structural misalignment into every court's base allocation.

The Fundamental Problem: The Wrong Tool Was Used

WF new-money methodology asks:

"We have extra resources — where do they do the most good?"

Under this logic, courts above 100% are excluded because they already have enough. This makes complete sense when distributing genuinely new resources.

Appropriate for: new judgeship funding, new appropriations.

Replacement revenue asks:

"Who lost revenue, and how do we make them whole again?"

Under this logic, every court that relied on civil assessment revenue has a legitimate claim. Courts above 100% lost revenue too. Excluding them doesn't make them whole — it leaves their operational loss permanently unaddressed.

Appropriate for: civil assessment backfill.

The Result: Courts below 100% had their civil assessment revenue loss fully or partially replaced. Courts above 100% absorbed their loss entirely — not because the Workload Formula determined they should be cut, but because the WF new-money methodology was designed to answer a different question. SF lost approximately $2M annually (4-year avg: $1.93M) and received $0 in replacement. The gap is permanent and compounds every year.

Note: Even under the Resource Guide's 'new money' classification, Scenario 3's proportional approach is consistent with how the formula distributes new-money allocations to all courts.

The 100% threshold is too volatile a benchmark

San Francisco's WF funding % **dropped 18%** in a single year:

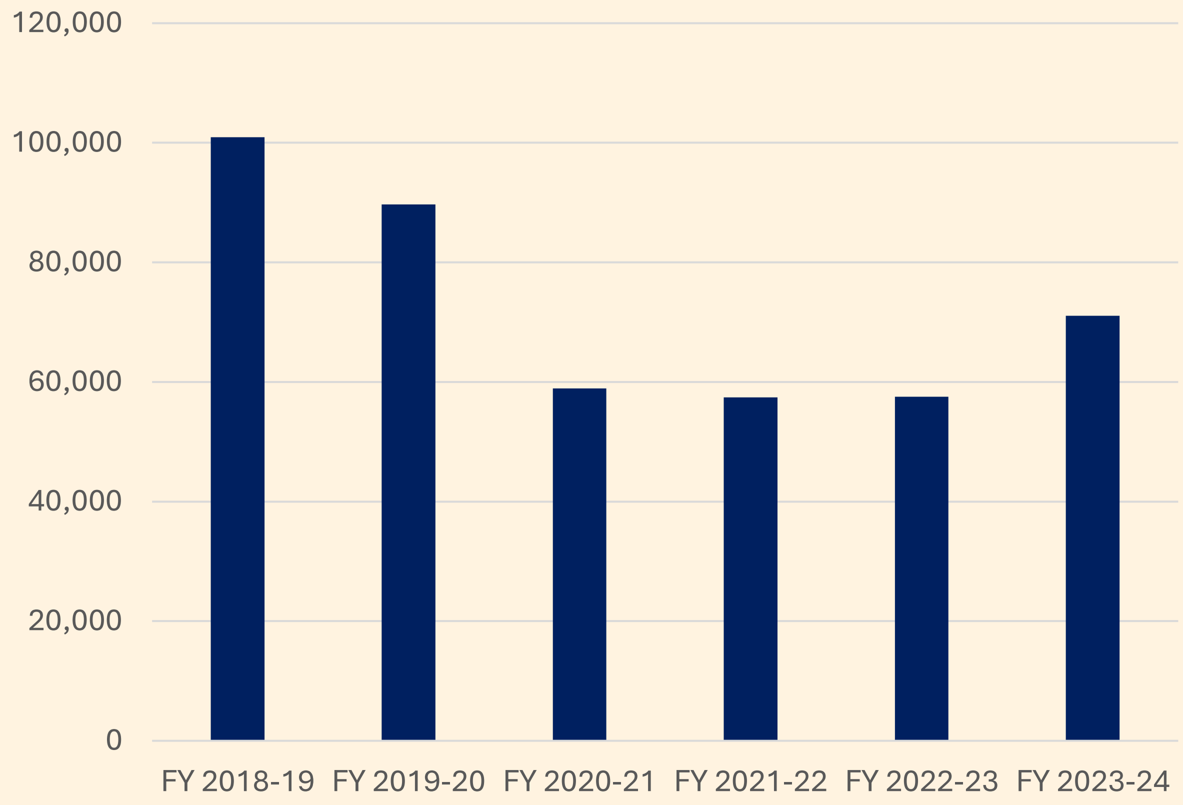
from **118.0%** (FY 24–25) → **100.1%** (FY 25–26, before equity cut)

driven by formula inputs, not by any change in SF's actual dollar allocation.

Yet crossing the 100% threshold triggers permanent exclusion from replacement revenue.

The 100% threshold is too volatile a benchmark

TABLE. SFSC Total Filings: FY 2018-FY 2024



San Francisco filings plunged by **nearly half** during the COVID lockdown and remained at that level for **three straight years**.

Most other counties reopened and started recovering in a year or two, or experienced smaller drops. SF County (not the Court) remained essentially closed for three full years, severely depressing court filings.

Because RAS and the WF use a three-year window with a one-year lag, this meant that SF's COVID filing numbers dominated the formula when the backfill allocations were made.

Three Structural Problems That Resulted

1 **Misalignment with the Workload Formula is now locked into the base of SF (and all courts).**
Courts received backfill payments added to their permanent base that were not aligned with the Workload Formula because they were first treated as new money and then were allocated outside the formula. Meanwhile, SF received zero. That difference is now locked into base allocations on both sides — meaning the gap between what the formula says SF needs and what it actually receives is permanently larger than it would have been under a proportional distribution.

2 **Courts above 100% were penalized twice for the same thing.**
The Workload Formula already denies new money to courts above 100% and cuts them in consecutive no-new-money years — that is one equity mechanism. Scenario 5 applied an additional, larger reduction on top. No other funding source works this way. AB 177 directed the state to replace lost civil assessment revenue for all courts. The distribution methodology permanently excluded courts above 100% from any replacement — leaving their revenue loss entirely unaddressed, contrary to the backfill's purpose.

3 **The gap grows larger every year — it does not stay fixed.**
Annual cost-of-living increases are a percentage of each court's base. Courts that received backfill compound from a higher base; SF compounds from a lower one. A $1.3M gap in 2023 becomes a multi-million-dollar gap over a decade — not because workloads diverged, but because starting points were set differently. Additionally, SF pays the operational cost of assessing and collecting civil assessment fees while receiving nothing in return.

The Human Cost: Access to Justice

The approximately $2 million annual revenue loss is not an accounting abstraction. It shows up in how we serve the public every day:

Clerk's Office & Case Processing

Civil assessment revenue supported clerk's office positions tied to case volume. A permanently lower base means fewer positions we can sustain — longer wait times and slower case processing for the people we serve.

Calendar & Caseflow Management

Staff who manage calendaring and caseflow directly affect how quickly cases move. Losing this capacity means cases sit longer, backlogs grow, and litigants facing housing, family, and financial crises wait more.

Self-Help & Public Counter Services

San Francisco has a high proportion of self-represented litigants who depend on public counter and self-help services. These are among the first functions affected when base funding falls short.

Why This Gets Worse Every Year

Annual cost-of-living adjustments are a percentage of base. Courts that received backfill compound upward; SF compounds downward — not because workload differs, but because replacement revenue was withheld. The gap widens every year.

This is not just a San Francisco issue.

Any court at or above 100% when the backfill was designed received nothing — regardless of how much civil assessment revenue it had been relying on. The committee is deciding a fundamental policy question:

When the legislature eliminates a revenue source all courts relied on, should replacement funding go to every court in proportion to its workload — or only to courts that happened to be below 100% on the day the replacement was designed?

Affirming the current approach has three permanent consequences:

- Courts that were well-funded when the backfill was designed are permanently penalized for that — not because their workload is less, but because of where they stood on a particular day. And due to formula volatility, that snapshot may no longer accurately reflect a court's current funding position.
- AB 177 directed the state to replace the revenue courts lost when civil assessments were eliminated. The state provided the backfill for exactly that purpose. But the equity-step distribution left courts above 100% with no replacement at all — meaning the legislature's intent to make courts whole was only partially honored. Courts above 100% still bear their full revenue loss.
- Courts that relied on civil assessment revenue and lost it are still bearing that loss in full, while courts that relied on it less received partial or full replacement. This is the inverse of what a replacement methodology should produce.

Scenario 3: The Right Tool for Replacement Revenue

Why Scenario 3 fits a replacement-revenue problem:

- Every court participates proportionally to its WF allocation — the same basis on which civil assessment revenue was lost across the system
- No categorical exclusions based on a one-time or highly volatile funding percentage snapshot
- Courts above 100% receive the same proportional share as all others — no more, no less
- Same total pool ($46.8M) — same statewide WF funding percentage (94.8%) — no one gains extra
- Aligns with how other statewide adjustments (inflationary, equity) are incorporated via the formula
- Consistent with the legislature's intent that all courts be made whole for lost civil assessment revenue
- Analyzed and costed by JC Budget Services in May 2023 — no new modeling required

Addressing the 2023 volatility concern

The 2023 committee concern was legitimate: re-running the WF new-money methodology produced swings of -100% to +553%. We are not asking the committee to disregard that.

Volatility is a transition design problem — not a reason to permanently apply the wrong methodology.

Proposed three-year phase-in:

- Year 1: Blend 50% Scenario 3 / 50% current
- Year 2: Blend 75% Scenario 3 / 25% current
- Year 3+: Full Scenario 3

Year 1 hold-harmless: no court's reduction exceeds 10% year-over-year.

No court is harmed abruptly. The correction is managed and predictable.

What We Are Asking For

1

Determine that the factor is not currently accounted for

The Workload Formula does not currently account for the permanent loss of civil assessment revenue when replacement funding is allocated as new money or is allocated outside the formula based on prior year distributions. The formula continues to recognize SF's workload and cost structure — but the adopted backfill strategy excludes SF from replacement funding based solely on prior-year allocation status rather than current assessed need. We ask the committee to determine that this constitutes a factor not currently accounted for in the formula.

2

Recommend Scenario 3 as the ongoing allocation methodology

Direct Judicial Council Budget Services to incorporate civil assessment backfill funding into the Workload Formula on a proportional basis consistent with Scenario 3, analyzed and costed by JC Budget Services in May 2023 — with a phased implementation over three years and a Year 1 hold-harmless capping any court's reduction at 10% year-over-year. This restores methodological consistency, equity, and transparency without reopening prior-year allocations.

3

Approve an interim WF adjustment if full adoption isn't taken today

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OE&E Locality Adjustment

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The Problem at a Glance

18.76%

SF-Bay Area RPP Premium above state average

$23,970

Current flat OE&E/FTE for ALL California courts (except Cluster 1)

$28,467

Locality-adjusted OE&E/FTE for SF Bay Area courts

The Workload Formula already adjusts for regional **labor** costs — but not for **non-personnel OE&E** costs.
Every California court (except Cluster 1) receives the same flat OE&E rate per FTE, regardless of whether it operates in San Francisco or a rural county.
This structural gap systematically underfunds high-cost courts.

What is OE&E, and why does location matter?

OE&E includes cost categories highly sensitive to local markets:

- Facilities & janitorial contracts
- IT services & infrastructure
- Professional services
- Record storage costs
- Equipment purchases & maintenance
- Cloud & software licensing
- IVR & phone systems

These costs vary dramatically by region:

- Service contracts priced at local market rates
- IT and professional service vendors charge Bay Area premiums
- Janitorial & facilities costs tied to local labor and real estate service costs
- Record storage costs highly sensitive to cost of rent.

Real-World Impacts: San Francisco Superior Court

Without adjustment, underfunding compounds annually — forcing repeated short-term mitigations instead of sustainable operations.

Aging Case Management Systems

Civil & Family Law CMS is 25 years old
Juvenile CMS is more than 35 years old
Ongoing Criminal CMS maintenance underfunded

Hardware Crisis

Court is recalling old equipment because it lacks funds for new workstations

Failing Infrastructure

IVR system is antiquated and near failure
Replacement deferred year after year

No Path to Modernization

Cannot invest in new Civil CMS
Cannot build cloud data warehouse
No budget for technology-driven efficiency

Proposed Solution: The BEA Regional Price Parity Index

Adjusted OE&E/FTE = Average OE&E/FTE × (3-Year Average RPP / Statewide Average RPP)

Why the BEA RPP Index?

- Published annually by U.S. Dept. of Commerce
- Designed to adjust regional price differentials
- Covers 26 California MSA regions
- Expressed as % of national price level — ideal for inter-regional comparison
- Objective, publicly available, non-manipulable
- 3-year average smooths year-to-year volatility

Sample OE&E/FTE Comparison

Region	RPP (3-yr avg)	OE&E/FTE
Napa	112.4	$26,936
Solano	110.4	$26,456
Santa Cruz	112.1	$26,873
Los Angeles/Orange	114.3	$27,390
San Francisco Bay Area	118.8	$28,467
Santa Clara	113.2	$27,141

Broader Impact: A Statewide Equity Solution

This is not a court-specific exception — it is a uniform methodological refinement that applies to ALL courts.

High-Cost Courts Benefit

- Receive funding that reflects actual market costs
- Can invest in modernization and sustainability
- End cycle of deferred maintenance & short-term patches
- Equitable access to justice for urban populations

Lower-Cost Courts Unharmed

- Cluster 1 floor remains intact.
- Underfunded courts eventually need emergency fixes that pull from same pot
- Access to justice that fails anywhere weakens the judiciary everywhere

Workload Formula Gains Integrity

- Labor costs already adjusted regionally — OE&E should be too
- BEA data is independent, consistent, and auditable
- Predictability: courts can plan multi-year budgets
- Consistent with WF principles of equity & transparency

What We Are Asking For

1

Determine that the factor is not currently accounted for.

The Workload Formula presently does not account for any variation in operating costs per FTE between non-Cluster 1 courts. It allocates the same funding per FTE whether the court is operating in Shasta or Santa Clara.

2

Recommend the use of the BEA RPP Index to adjust OE&E in the same manner that labor costs are presently adjusted in the Workload Formula with BLS data.

This request does not seek retroactive funding changes or the revision of prior-year allocations.

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Thank You

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