

**Court Budget Situation May Be Getting Better But Court Closures  
And Staff Reductions Will Continue Beginning July 1st**

On June 14th, both houses of the California state legislature passed a budget package that restores \$63 million to the judiciary's coffers. \$60 million will go to the trial courts and \$3 million will go to the courts of appeal and the California Supreme Court.

Even though this is the first budget increase the judiciary has seen in years, the effects of the new funding will probably not be felt immediately here in Los Angeles. Budget woes have forced the Superior Court of the County Los Angeles to shut down courthouses and eliminate many essential services. Despite the funding increase, courthouses in West Los Angeles, Malibu, Huntington Park, Whittier, Pomona and San Pedro will close their doors July 1st and 177 staff members of the Superior Court will be laid off by the end of this month, with many of those who have not lost their jobs receiving pay cuts and demotions. These cost-cutting measures are part of a larger plan in which the state's court budget has been cut by \$1 billion in the last five years.

Even without the court closures, long term delays have become the norm. For example, I am representing a client in a breach of contract action in Los Angeles Superior Court in downtown Los Angeles. The complaint was filed in 2011. After discovery was completed, a trial date was set for May 2013. In late April, a few weeks before the trial was scheduled to begin, because of the court closures and resulting reorganization, the case was taken off calendar and reassigned to a new judge. The trial is now delayed for almost a year - to the first half of 2014. I don't expect that the new trial date will be moved forward because of the injection of new funds into the system.

This pattern is repeating itself throughout the trial courts here in southern California. Attorneys and litigants should not be surprised if they are assigned trial dates that are far into 2014 as courts are shuttered and services cut. Furthermore, long delays should also be expected in calendaring dates for motions to be heard.

What do the delays mean for businesses involved in disputes? In lawsuits involving the failure to pay money, the delays will generally help defendants who are debtors at the expense of creditors who must now wait long periods of time to get paid. In addition, defendants may try and take advantage of the delays by playing games with discovery because they know that with the courts downsizing, hearings on motions to compel will take longer to calendar. Motion practice in general should also be expected to take longer. Overall, the delays make finding the right litigation strategy and lawyers who can execute that strategy in line with the client's overall business goals more important than ever.

If you have any questions or comments, I would be delighted to hear from you.

Law Office of Michael Chung  
213.700.0198  
mchung@lo-mc.com