



The State Bar of California

A Fee Increase Is Needed to Protect the Public

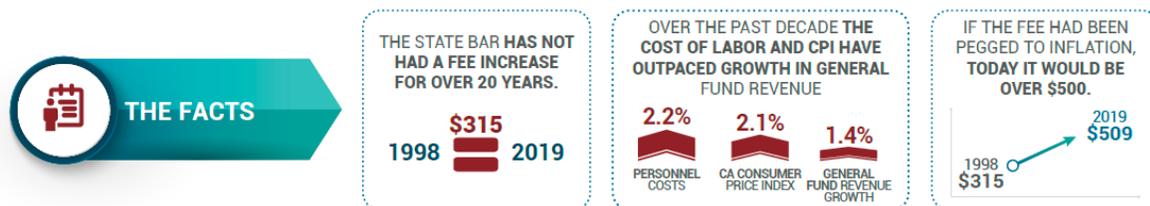
Today's State Bar of California is more cost-effective, technologically advanced, and efficient than at any time in its history. The State Bar:

- Licenses the state's 250,000 attorneys.
- Is responsible for disciplining attorneys, processing 16,000 complaints annually.
- Protects the public from predatory non-attorneys.
- Administers the bar examination to more than 10,000 potential licensees annually.

Its statutory mission also includes improving access to justice for low-income Californians and fostering diversity and inclusion in the legal profession.

Why A Fee Increase Is Needed

While the agency's responsibilities and costs have grown, its funding has not. The State Bar has sustained itself without a license fee increase for 20 years. Had normal inflationary adjustments been made, the licensing fee would adequately cover the agency's costs.



Main Drivers

Labor and Benefit Costs: Eighty percent of State Bar employees are represented by SEIU, and more than 70 percent of personnel costs are for represented staff. Over the past decade, increases in labor costs and sheer inflation have outpaced the growth of General Fund revenue. Labor costs have risen due to negotiated wage and salary increases and cost-of-living adjustments. Benefit costs have also risen, even with efforts to maximize savings.

Discipline Case Processing Needs: The State Bar made significant improvements last year in its core regulatory function of disciplinary case processing. We have prioritized cases, elevating those that pose the greatest potential harm to the public. We also stepped up efforts to stop the unauthorized practice of law and deepened reforms to make the Office of Chief Trial Counsel more efficient. As a result, the agency has cut by almost a third the number of active, high-priority cases in backlog and increased law enforcement UPL referrals by over 50 percent; progress we need to continue and hope to expand with additional staffing funded by a licensing fee increase.

Reforms Lead to Savings

The State Bar has extensively improved operations to ensure that our fiscal and human resources, use of technology, and business processes align with our core mission—protecting the public. We have:

- Trimmed more than \$5.2 million in General Fund costs and expenditures;
- Worked to maximize rental income from vacant space in our San Francisco building;
- Implemented new systems and technologies to improve efficiency as well as service for both the public and State Bar licensees;

- Extensively reorganized our workforce to increase efficiencies and reduce backlogs; and
- Vastly streamlined our job classification structure, aligned compensation to comparable sectors of the labor market, and implemented a 40-hour work week for all employees.

Funding Needs

The State Bar’s funding needs include ongoing and one-time components:



California State Auditor Affirms Need for Fee Increase

The State Auditor recommended:

- \$71 ongoing increase to hire discipline staff, cover cost-of-living adjustments (COLAs), expand retiree health, and address the structural deficit
- \$95 one-time increase for capital and information technology investments to be spread over five years
- \$3 multiyear increase to support reserve replenishment
- \$40 one-time increase for the Client Security Fund
- A fee holiday for the Lawyer’s Assistance Program (LAP)

Legislative Analyst Affirms Need for Fee Increase

The Legislative Analyst (LAO) provided three funding options:

- "Low" or “bare bones: option addresses only the State Bar's operating deficit and funding for a 2020 COLA. It postpones all hiring for critically needed discipline staff.
- The “medium” option would fund two elements beyond the “low” option: six discipline hires (less than a third what the State Auditor recommended) and computer equipment replacement.
- The “high” option is the only viable choice to enable the State Bar to move its public protection mission forward. It would fund the operating deficit, 2020 COLAs for employees, and 16 discipline hires, as well as expansion of equitable retiree health benefits to all staff.

SB 176

The fee bill, as amended by the Assembly, includes:

- \$71 ongoing increase to hire discipline staff, cover COLAs, expand retiree health, and address the structural deficit
- \$40 one-time increase for capital improvements to be spread over 10 years
- \$25 one-time increase for technology investments to be spread over five years
- \$3 increase to support reserve replenishment
- \$40 increase for the Client Security Fund
- \$1 LAP fee