



# The State Bar of California

OFFICE OF THE EXECUTIVE DIRECTOR

Date: February 29, 2024

To: Members, Board of Trustees

From: Leah T. Wilson, Executive Director

Subject: Follow-Up from February 26, 2024, Meeting and Recommendations for Amount and Composition of Fee Increase Request

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**I. Suggested Licensing Fee Increase Request Cap: \$150**

**II. Fee Increase Request Elements**

**A. Maintaining Public Protection (previously: Sustaining Core Operations)**

**A.1. Statutory Requirements:**

6145.1.(a) (1) The California State Bar shall prepare a report providing written justification for how it would use revenue generated by an increase in the mandatory annual license fee authorized by Section 6140 for active licensees and Section 6141 for inactive licensees.

(2) This report shall include the State Bar's calculation of the necessary fee increase to maintain its existing operations and service levels and provide clear justification for any differences from the amounts calculated by the California State Auditor in its April 2023 audit.

**A.2. Recommended and Prioritized Components, Maintaining Public Protection:**

1. \$21: Lease Payment Costs
2. \$35: Contractual Obligations to Staff and Core Operating IT Licensing Costs (previously entitled Structural Deficit)
3. \$39: Eliminating Forced Vacancy Rates
4. ~~\$14: PTO/Sick Leave Accrual~~ (staff recommends eliminating this component of request)

**Grand Total, Maintaining Public Protection: \$95 (reflects the adjustment of licensee projection inc. to 1%)**

**B. Increasing Public Protection (previously: Expanding Impact)**

**B.1. Statutory Requirements:**

(3) This report shall also include the State Bar's assessment of all programs and activities that require additional support from the annual license fee.

**B.2. Recommended and Prioritized Components, Increasing Public Protection:**

1. \$14.50: OCTC Staffing\*
2. \$15.75: IT\*\*

3. \$8.75: CTAPP\*\*\*
4. \$4.50: CRU\*\*\*\*
5. \$6.50: Diversion\*\*\*\*\*
6. ~~\$1.25: Attorney Rep Pilot~~
7. ~~\$2.00: EOB~~
8. ~~\$3.25: In-Person Meetings~~
9. ~~\$5.75: JNE Commission~~

\*On-going request split into thirds. Cost of this element was revised downward by \$4 to reflect impact of Diversion Program

\*\*On-going only. Staff proposes a one-time IT ask, amount TBD, not to be included under cap

\*\*\*If assessed to CTA lawyers only, \$41.25 increase for attorneys w/out and \$60.25 increase for those with

\*\*\*\*\$1.25 for three years to achieve backlog reduction; \$3.25 thereafter

\*\*\*\*\$2.00 for three years to support new MFA mediation program; \$4.50 thereafter

**Grand Total, Increasing Public Protection: \$50.00**

**Grand Total, Maintaining + Increasing: \$145**

#### C. Net Impact on Licensees of \$150 Proposed Max Increase

- Current mandatory base fee: \$404
- Current mandatory fees including CSF, LAP, and mandatory base fee: \$463
  - Includes a \$5 IT special assessment that will end in 2024
- Base mandatory fee with \$150 fee increase: \$554
- Mandatory fees total with \$150 increase (\$4): \$608
  - 24% increase

### III. [Options for Structuring Fee](#)

#### IV. Required Format for Presentation of Total Request

##### Statutory requirements

6145.1(a)(4) This report shall also include information on how the State Bar proposes to use any potential additional funding resulting from any potential increase in the mandatory annual license fee. Specifically, for every twenty-five-dollar (\$25) incremental increase in the mandatory annual license fee for active licensees and corresponding six dollars and twenty-five-cent (\$6.25) incremental increase in the mandatory annual license fee for inactive licenses the State Bar shall report, at a minimum, the following:

(A) \*\*\*

(B) A description of which State Bar programs and activities would be funded by the revenue generated from the incremental increase and any recent major operational or procedural changes implemented in those programs and activities.

(C) [For funding related to increasing public protection, a] detailed justification for the amount of funding proposed . . . what outcomes are expected to be achieved, and what, if any, deficit would remain for the activity or program along with what aspects of the activity or program would be unachievable due to the deficit. . . .

<b>Option 1</b>	
<b>Priority Order</b>	<b>\$25 Increment (or less)</b>
1.	Lease Payments (\$21)
2.	Contractually committed COLAs and Merit Increases (\$26)
3.	Core Operating IT Licensing Costs (\$9)
4.	Vacancy Rate Adjustment (\$39)
6.	OCTC Staffing (\$14.50)
7.	IT (\$15.75)
8.	CTAPP and CRU (\$13.25)
9.	Diversion (\$6.50)

<b>Option 2</b>	
<b>Priority Order</b>	<b>\$25 Increment (or less)</b>
1.	Lease Payments (\$21)
2.	Contractual Obligations to Staff and Elimination of Forced Vacancy Rates (=\$26+\$39 or \$65)
3.	Core Operating IT Licensing Costs (\$9.00)
4.	OCTC Staffing (\$14.50)
5.	IT (\$15.75)
6.	CTAPP and CRU (\$13.25)
7.	Diversion (\$6.50)