

# Analyst urges lawmakers to cut bar budget

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SACRAMENTO — The state's legislative analyst reported Thursday that the State Bar of California's proposed 1988 budget should be reduced by at least \$1.2 million — a cut that would eliminate the need for planned dues hikes.

Instead of raising dues as much as \$15 this year, only a \$1 increase would be needed. Lawyers in the bar for more than three years now pay about \$275 a year.

The independent fiscal agency's report, the first-ever major review of the bar budget proposal, recommended improvements in fiscal practices and suggested legislation requiring the bar to reveal more detailed fiscal information.

The study is the second critical report of bar operations released this week in the capital. On Monday, Bar Monitor Robert Fellmeth issued a scathing critique of the lawyer discipline program.

The analyst's office, which reviews all state agencies' budgets for lawmakers, recommended reducing the 1988 bar budget by \$1.2 million to \$26.4 million. But the report might have urged further cuts if analysts were given access to information about an unexamined \$21 million in that budget. The bar contended it was not required to disclose data about that part of its spending plan.

The analyst also proposed the Business and Professions Code be amended to require the bar to include estimated revenues, expenses

and staffing levels for all bar programs and funds.

Efforts to reach bar officials for comment were unsuccessful. Bar spokeswoman Anne Charles was unfamiliar with the report, and she said bar President Orville "Jack" Armstrong and Executive Director Herbert Rosenthal were unavailable.

Cheryl Stewart, who supervised the report, said this is the first year a comprehensive written analysis has been prepared for the Legislature. Some figures were provided last year.

Stewart said information provided by the bar was not complete.

"We had some problems last year because of the inconsistency of the numbers," she said. "Some of the figures just didn't add up.

The 1988 information was in better conformance, but we still need more information."

The analyst said the bar failed to meet the statutory deadlines for budget submission. The "baseline budget" was submitted four months after the deadline, and the final budget was two months late, the report said.

The analyst recommended that the Legislature:

- Delete a \$623,000 "emergency reserve" proposed for the general fund because it represents contingency budgeting, which is contrary to the Legislature's general budget policies.

- To the extent that line managers are aware of this reserve, it reduces their incentive to control costs," the report said. "The bar

does not need a reserve. . . Many of the bar's programs, unlike those of most state agencies, are not determined by statute, but instead are established at the direction of the bar's Board of Governors. The board can, if necessary, exercise considerable management discretion to redirect funds.

. . . In addition, the fees paid by the members . . . are a very stable source of revenue."

- Increase salary savings in the general fund by \$500,000 and reduce the fee increase accordingly. The bar should establish a "position-control" system and study actual staffing needs to help the Legislature evaluate future personnel budgets, the report said. Stewart said the bar implied it needs more positions, but couldn't

back that up.

- Delete \$100,000 "budgeted" error for depreciation expenses, and reduce the fee increase accordingly.

- Require the bar to submit a preliminary Los Angeles building plan for legislative approval.

- Limit the use of the bar building fund. Stewart said the purpose and use of money allocated to the building fund vaguely defined, and the fund needs more legislative oversight to assure money is spent only intended purposes.

- Demand reports at budget hearings on the bar's efforts to accelerate the budget development cycle.

The report, Stewart said, rep

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sents the first time the bar "has been subjected to this kind of scrutiny," although the bar has been cooperative and is open to improvements in its budgeting process.

"We're trying to make recommendations to improve the budget process," Stewart said. "We have seen substantial improvement. There is room for more improvement."

The analyst's report, and the earlier report of the bar monitor, also represent significant new oversight by the state Legislature over the activities of the bar.

Stewart said areas in which there is unclear use and handling of bar funds include the Client Security Fund, which reimburses persons harmed by attorneys, and the Admissions Program, which includes the processes by which persons are admitted to the bar.

"We have no information on those programs [or their funding]," Stewart said.

The 1988 proposed bar budget is \$27.7 million, of which 63.5 per cent is allocated to disciplinary activities. The total proposed general fund budget is an increase of \$3.2 million, or 13 per cent above estimated 1987 expenditures. That increase would be supported by a \$2.3-million dues hike and \$1.1 million in surplus revenue from prior years, according to the report.

"The bar states that the discipline program is its highest budget priority," the report states. "In 1985, the bar allocated about 48 per cent of its general fund budget to the discipline program. For 1988 it proposes to allocate about 64 per cent to this program."

The bar proposes to add additional staff for the discipline program, and to increase salaries. A major criticism by the bar monitor earlier this week was the high turnover, low morale and

comparatively low pay for discipline program employees.

But the analyst said the bar is "overbudgeting its personnel costs" and may have "authorized more positions than it needs."

"The bar advises that it fully expects to meet the program goals established by the Legislature for the discipline program," the analyst reported. "Specifically, it expects to be able to initiate an investigation of all complaints within 180 days of receipt by Dec. 31, 1987. The bar has not produced any evidence of adverse effects on programs resulting from staff vacancies."

"In addition, the bar does not maintain workload standards that would allow its own management, much less the Legislature, to

determine appropriate program staffing levels," the analyst concluded.

The major bar dues bill, SB 457, was introduced by Sen. Barry Keene, D-Benicia. It would increase fees by \$15 for persons who have been members over three years.

Sen. Robert Presley, D-Riverside, whose legislation last year created the state Bar Monitor, said he would recommend that Keene increase the fee by another \$25 to pay for reforms suggested by the monitor.

Another fee bill, AB 1994 by Assemblyman Tom McClintock, R-Thousand Oaks, would increase the general membership fee by \$3 to \$5, but would eliminate the authorization for the \$25 a member discipline fee.