



NEW JERSEY STATE BAR ASSOCIATION

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VIA E-MAIL AND REGULAR MAIL

Hon. Mark Neary
Clerk of the Supreme Court
Hughes Justice Complex; P.O. Box 970
Trenton, New Jersey 08625-0970

Re: Comments on 2019 Proposed Disciplinary Budget

Dear Mr. Neary:

Thank you for allowing the New Jersey State Bar Association the opportunity to review the 2019 budget for the attorney disciplinary system proposed by the Disciplinary Oversight Committee (DOC).

We extend our gratitude to the members of the DOC for their dedication and service to the Supreme Court and bar in monitoring the budget and operations of our disciplinary system.

The NJSBA is pleased to see that the DOC recommends no increase for this year in the current annual assessment paid by attorneys. However, as noted in the information attached to the budget, the NJSBA continues to be concerned about the amount of the DOC's reserve, and the projections about its depletion. Paris Eliades, the NJSBA representative on the DOC, provided details to the committee about how the predictions to use reserves as a means to balance the budget have annually fallen far short of the actual reserve use. It is this significant over-forecasting that has resulted in a reluctance to lower the annual registration fee, which has been repeatedly requested by the NJSBA given the large reserves.

This year, the same pattern appears to be projected in the proposed budget. The information that accompanies the proposed budget specifies that the anticipated reserve at the end of 2018 will be over \$3 million, or 24 percent of the budget. Yet, in just three years, by the end of 2021, the reserve is projected to be reduced to only 3.1 percent of the budget, or roughly \$400,000. There is no explanation provided as to how it is anticipated that more than \$2.5 million will be spent in such a short time frame.

While the NJSBA urges once again, that a lower assessment may be in order due to the large reserve, we understand there may be valid reasons for the projected deficits that are not apparent from the information provided. The NJSBA, therefore, requests additional information

before it can provide meaningful comment to the proposed budget. The information accompanying the proposed budget references a detailed budget narrative. That narrative would likely contain much of the information needed by the NJSBA. Some of the questions the NJSBA has include:

What were the actual revenues and expenses for the last fiscal year, as compared to the budgeted revenues and expenses?

Specifically, what accounts for the projected need for future deficit spending?

Is it anticipated that there will be a significant decrease in revenues and, if so, in what area and why?

Are additional expenses anticipated and, if so, what are they?

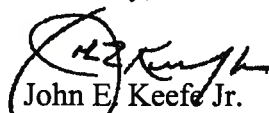
What are the specific expenses associated with each expense line, in particular the lines noted as "other" and "emoluments"?

Are there any strategies that can be implemented now to achieve cost savings over the long term, help alleviate the need for deficit budgeting in the future and provide a comfort level to allow for a reduction in fees?

Again, the NJSBA commends the members of the DOC for their diligence and dedication, and their desire to ensure that our disciplinary system remains fiscally sound. The NJSBA would like the opportunity to assist the DOC in its work by engaging in a more thorough and transparent examination of the budget and providing meaningful commentary about projected trends and potential savings, especially in light of the projected depletion of \$2.5 million in reserve funds in just three years with no clear explanation as to the cause.

I look forward to your response and am available to discuss the request further at your convenience.

Sincerely,


John E. Keefe Jr.
President

/sab

cc: Evelyn Padin, Esq., NJSBA President-Elect
Angela C. Scheck, NJSBA Executive Director