



NEW JERSEY STATE BAR ASSOCIATION

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Hon. Heather Joy Baker
Clerk of the Supreme Court of New Jersey
Comments on the Proposed Disciplinary Budget
Hughes Justice Complex
P.O. Box 970
Trenton, NJ 08625-0970

Dear Ms. Baker:

The New Jersey State Bar Association appreciates the opportunity to review the Disciplinary Oversight Committee's (DOC) proposed 2024 budget for the attorney disciplinary system. We also extend our appreciation to the members of the DOC for their dedicated service to the Supreme Court and the legal community in monitoring the budget and operations of our disciplinary system.

In 2023, the disciplinary system budget included a \$27 increase in the annual assessment. The 2024 proposal includes an additional increase of \$28, raising it from \$173 to \$201. The two-year increase, from \$148 to \$201, represents a nearly 38% increase in the assessment. The amount is significant and will cause financial hardship for many attorneys and law firms.

We note and appreciate that the budget does bring the reserve from approximately 30% of the operating budget to less than 10%, which we have long advocated for. The stated reason for the increased assessment is to add staff to the Office of Attorney Ethics. The additional staff will be solely dedicated to ensuring more timely disposition of grievances, investigations, hearings and subsequent proceedings. That is a goal we have also advocated for and that we fully support.

There is another element of the budget, however, that appears to be a significant factor driving the increase in the assessment, and that is the fringe benefit rate (FBR) that accompanies each salary. The projected rate for the 2024 budget is 76.15% of each salary. That rate has increased exponentially over the last several years. The rate of increase is alarming.

We recognize that the rate is negotiated with the federal government, but the cost of fringe benefits must be addressed in whatever way possible as the burden of an FBR that represents more than three-quarters of an employee's salary is untenable, unprecedented and cannot be justified. Nor is

it sustainable. For context, the FBR in 2020 was 45.15% of salary. For 2024, it is 76.15%, more than 30% higher than it was four years ago.

What has caused a 30% increase in this expense in just four years? What measures have been taken or are being considered to contain or even reduce the fringe benefit expense?

While the cost of health insurance has certainly increased, in preparing budgets we are all faced with making choices to control these costs. We note in the budget on page 2 that current labor contracts are expiring on June 30, 2024. We believe that the FBR is something that must be carefully looked at and addressed during the review for new labor contracts. The reserve amount is now under 10% so that will no longer be a source of funding to offset these increasing costs. Similarly, these costs should not be passed on to attorneys each and every year as they continue to increase. If the FBR cannot be reduced to something reasonable and comparable, the increasing expense will inevitably compel a reduction in the number of staff in order to keep the personnel expense and the operating costs in line. That, in turn, will impede the goal that we all share of reducing unnecessary delays in moving disciplinary cases and minimizing the financial and emotional burden those delays cause to the attorneys under investigation.

The NJSBA is grateful for the opportunity to once again comment on the DOC's budget proposal, and we commend the members of the DOC for their desire to ensure that our disciplinary system remains fiscally sound.

If the NJSBA can be of any assistance to you or the Supreme Court in further review of the budget proposal, we look forward to that opportunity.

Very truly yours,



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