

## William C. Statler

Fiscal Policy ■ Financial Planning ■ Analysis ■ Training ■ Organizational Review

# MEMORANDUM

August 30, 2016

TO: Leah Wilson, Chief Operating Officer, State Bar of California  
Christine Wong, Director of Finance. State Bar of California

FROM: Bill Statler *W.C. Statler*

SUBJECT: DISCIPLINARY PROCEEDINGS COST RECOVERY REVIEW

The State Bar recently reviewed its indirect cost allocation methodology and adopted an updated Cost Allocation Plan in March 2016 reflecting the results of that review. In follow-up to this, the State Bar wants consistency between the methodology used in the 2016 Cost Allocation Plan in allocating indirect costs to programs and the approach used for disciplinary proceeding cost recovery. Current disciplinary fees were last reviewed in a comprehensive fashion by the State Bar in January 2011, based on a detailed cost analysis prepared by HF&H Consultants (HFH) in December 2010 (2010 Report).

This report presents findings and recommendations regarding the indirect cost allocation approach currently used in setting disciplinary fees compared with the 2016 Cost Allocation Plan. While discussed in greater detail below, the following is the “Short Story.”

- **Sound Methodology but Not Transparent or Clear.** The basic cost recovery methodology is sound. However, the 2010 Report lacks transparency and clarity on how labor costs (including benefits and indirect costs) were developed and how costs translate into specific fees.
- **No Linkage with Cost Allocation Plan – and No Clear Path to Do So.** The 2010 Report develops its own indirect cost allocation methodology. Rather than doing this separately, it makes sense to use the State Bar’s “regular” indirect cost allocation methodology instead. However, as discussed below, even if all other factors remain the same, it will not be possible to simply replace the indirect cost factors used in the 2010 Report with the 2016 Cost Allocation Plan indirect rate, since it is not clear how the 2010 Report rate was developed and applied.
- **Time for a Comprehensive Update.** It makes sense to update the rates annually using an established index as set forth under current policy. However, at some point, a

comprehensive update is in order. Even if the rates set back in 2011 (which were based on 2009 data) have been updated as allowed, the underlying cost base and time assumptions are now seven years old. For this reason, many agencies have set polices to do a comprehensive cost study (like the 2010 Report) every five years, with annual adjustments in between based on established benchmarks (like the Consumer Price Index). With this approach, it would be timely for the State Bar to undertake a more comprehensive review of its disciplinary proceedings cost recovery.

**BACKGROUND**

The State Bar has been required to recover costs for disciplinary proceedings since 1986 (Attachment 1), with the first fees adopted by the Board in 1988. Starting in 1997, the State has contracted with HFH for assistance in developing and updating the cost recovery methodology and resulting rates. Following detailed reviews by HFH in 1998 and 2002, the most recent analysis was prepared by HFH in 2010 and approved by the Board in 2011. The following are key features of the current model and rates (the full 110-page report, including the Board Report, is available by clicking on: [Disciplinary Proceedings Cost Recovery](#)).

**Fixed Fee Approach**

Consistent with the first model developed by the State Bar in 1988, and reaffirmed by HFH in three studies since then, fixed fees are set based upon the “average cost” of disciplinary proceedings at various stages of the system, rather than upon variable “actual” costs for each specific disciplinary case. While fees have increased over the time, the basic rate structure has remained the same. The following summarizes the fees recommended in the 2010 report:

**Figure 1. HFH Recommended Fees: 2010 Report**

Case Type	Settlement Level						
	Default	Level 1	Level 2	Level 3	Level 4	Level 5	Level 6
Original	\$ 4,060	\$ 2,797	\$ 3,269	\$ 5,182	\$ 6,779	\$ 15,287	\$ 18,700
Conviction	\$ 2,739		\$ 2,287	\$ 4,906	\$ 6,440	\$ 11,726	\$ 16,762
Prob Revoc		\$ 2,191					
Rule 955		\$ 2,325					
+Investigation	\$ 892	for each investigation over one.					
+Resignation	\$ 125	for each resignation.					
(added to all other applicable costs)							

Original Disciplinary Matters	Conviction Referral Proceedings
a. Default cases	a. Default cases
b. Level One: Settlement prior to filing of a Notice of Disciplinary Charges	b. Level One: Does not apply
c. Level Two: Settlement during first 120 days of proceeding	c. Level Two: Settlement during first 120 days of p roceeding
d. Level Three: Settlement before Pretrial Statement is filed	d. Level Three: Settlement before Pretrial Statement is filed
e. Level Four: Settlement before trial but after Pretrial Statement is filed or a one-day trial	e. Level Four: Settlement before trial but after Pretrial Statement is filed or a one-day trial
f. Level Five: Multi-day trial	f. Level Five: Multi-day trial
g. Level Six: Review Department proceedings	g. Level Six: Review Department proceedings



- **Labor costs.** Based on salary and benefit data provided by the State Bar, HFH developed hourly labor cost rates for the staff involved in disciplinary proceedings. Employee titles were grouped into general classifications that corresponded to the disciplinary tasks performed. Average annual salaries were developed for these groups, since individual tasks might be performed by employees with different salary classifications. Annual salaries were divided by 1,885 to reflect available hours, net of vacation, sick and holidays. As discussed below, the report states that hourly rates include benefits, but it is not clear how these were determined.
- **Indirect costs.** The report develops a cost allocation plan (separate from the one that the State Bar concurrently prepared for allocating indirect costs to its programs), organized into two groups: indirect overhead and direct overhead. As discussed below, it is not clear why there are two types or how indirect costs are allocated to labor costs.

## FINDINGS AND RECOMMENDATIONS

The original workscope called for a “review of disciplinary proceeding cost recovery, focused solely on the indirect cost portion.” As reflected in the findings and recommendations below, addressing just the indirect cost portion alone separately from other cost recovery factors is not possible. Accordingly, while addressing the indirect cost issue, this report takes a broader look at disciplinary proceedings cost recovery.

❶ **Basic Methodology Sound.** The basic approach of using “average” processing costs in setting fees makes sense. In developing these, HFH used a very structured and detailed process in assigning hours to tasks, and then applying “fully burdened” labor cost rates that include salaries, benefits and indirect costs.

❷ **But 2010 Report Not Transparent or Clear.** The Executive Summary and follow-on discussion of methodology are generally well-written and clear; and very detailed calculations are provided (83 pages of them in the Appendix). However, how the assumptions and calculations translate to the results is not clear. For example, it is not clear how:

- Indirect costs are reflected in the hourly labor rates
- Salaries and wages are calculated
- Productive annual hours were set at 1,885 (compared with analyses in other organizations, this is typically closer to 1,788 for exempt employees; and 1,677 for non-exempt, including breaks during the day)

Attachment 2 (an excerpt from the *Cost Allocation Review, January 2016*) provides an example of a more transparent approach to developing “full cost” hourly labor rates that clearly shows linkages between salary, benefits, productive hours and indirect costs. This hourly labor cost approach would work effectively in concert with the “time-to-process” approach developed by HFH.

It is also not clear how the cost data in the 2010 Report Appendix (after time and labor costs are applied) translate into the specific fees proposed. For example, I would assume that the “TOTALS” column in Exhibit 1F (Attachment 3) would tie to the recommended fee. For example, Attachment 3 shows the total cost for an “Original Disciplinary Matter” (O) at

Level 5 is \$10,186. Accordingly, I would expect this to be the fee in the report (see Attachment 3 or Figure 1 above), but it is not: it is \$15,287. I am reasonably confident that there is a reconciling link between the two numbers, but it is not clear in the report what this might be.

**③ Separate Indirect Cost Allocation.** The 2010 Report independently develops indirect cost allocations. While this may have made sense in 1998, before the State Bar developed its first formal Cost Allocation Plan with assistance from Deloitte Touche in 1999, it does not make sense to have done so in subsequent years. (My assumption is that the workscope was simply carried-over from prior cost assessments, and thus a duplication of the cost allocation effort.)

Unfortunately, even if all other factors remain the same, it will not be possible to simply replace the indirect cost factor rate used in the 2010 Report with the 2016 Cost Allocation Plan indirect rate, since it is not clear how the 2010 Report rate was developed and applied.

For example, as reflected in the summary below, the State Bar organization-wide indirect cost for 2016 is 38.8%. (The rate for the General Fund is 44.2%: a case could be made that since disciplinary actions are funded from the General Fund, that this is the rate that should be used: this is a discretionary judgment call).

**Figure 3. 2016 Cost Allocation Plan Summary (In Thousands)**

Fund	Indirect Costs	Direct Costs	Indirect Cost Rate
General Fund	22,146	50,147	44.2%
Annual Meeting	86	565	15.2%
Legislative Activities	147	434	33.9%
Elimination of Bias	302	838	36.0%
Legal Education	79	297	26.6%
Admissions	4,634	16,723	27.7%
Lawyer Assistance	447	1,133	39.4%
Legal Specialization	462	1,026	45.0%
Client Security	744	1,566	47.5%
Legal Services	725	1,426	50.9%
Equal Access	14	190	7.4%
Justice Gap	23	-	N/A
Sections	1,536	6,425	23.9%
<b>Total</b>	<b>\$31,345</b>	<b>\$80,769</b>	<b>38.8%</b>

*Source: 2016 Cost Allocation Plan, Approved by the Board on March 11, 2016*

Conceptually, with all other factors remaining the same, this rate could be inserted into the 2010 Report rate model. However, as discussed above, there is no clear linkage in the 2010 Report on how its indirect cost allocation model is reflected in the hourly labor costs. (That said, under the sample provided in Attachment 2, this could be readily done.)

**④ Complicated Annual Rate Adjustment Factor.** On one hand, the current policy to automatically adjust rates based on changes in an established benchmark makes sense (pending a more comprehensive update at some point). However, given other assumptions

that have greater impact on rates, the current formula that weights and combines two different indexes is unduly complicated. The following outlines how these two indexes would be calculated from January 2012 through 2016:

**Figure 4. Automatic Annual Fee Adjustment : 2012 to 2016**

	Index *		% Increase	% Weight	% Increase
	2012	2016			
Employment Cost Index (ECI) Management, Professional and Related	100.000	103.500	3.50%	60%	2.10%
Consumer Price Index, All Urban Consumers (CPI-U) for the San Francisco, Oakland, San Jose Metropolitan Area	235.331	261.019	10.92%	40%	4.37%
Total Increase: 2012 to 2016					6.47%
Average Annual Increase:					1.26%

\* Indexes: ECI: Quarter Ending September; CPI-U: October

Most agencies would simply use the CPI-U benchmark (some agencies use regional CPI-U's while others use the U.S. CPI-U, since it is available more often and often considered statistically more valid because it has a larger data base).

Regardless of the index used, the timeframe should be clearly identified. If the goal is to adjust fees on January 1 of each year, then the most recent month that this will be available for fee-setting for the CPI-U for the San Francisco-Oakland-San Jose Metropolitan Area is October (the index is only issued bi-monthly). The ECI is only issued quarterly, so the September report is the most likely one to use – although this results in a slightly different timeframe for the two indexes. (These are the timeframes used in Figure 4).

⑤ **Even with Annual Adjustments, Perform Comprehensive Updates Periodically.** As noted above, many agencies have adopted performing a comprehensive cost study (like the 2010 Report) every five years, with annual adjustments in between based on established benchmarks (like the CPI). With this approach, it would be timely for the State Bar to undertake a comprehensive review of its disciplinary proceedings cost recovery.

**CONCLUSION**

While it is not possible to fully assess how current fees might be affected by solely adjusting them by the results of the 2016 Cost Allocation Plan, it is likely that they are significantly under-recovering costs for two reasons, even if the time spent on disciplinary proceedings activities remains the same:

- **Indirect Costs Likely Higher.** The 2016 Cost Allocation Plan allocates \$31.3 million in indirect costs, whereas the 2010 Report only allocates \$22.6 million (Attachment 4) – although this number may be \$26.5 million: as noted above and reflected in Attachment 4, it not clear how the 2010 Report allocates “indirect and direct overhead” to labor costs.

That said, using the conservative \$26.5 million as the base, this reflects an increase of 18% since 2009 (the base year for the 2010 Report). In short, indirect costs attributable

to disciplinary proceedings are likely higher in 2016 than they were in the 2010 Report. (A likely key factor in this change is the added debt service for the Los Angeles offices).

- **Labor Costs Likely Higher.** As noted above, the 2010 Report uses 1,885 as the basis for productive hours. However, actual productive hours are likely much closer to 1,700, depending on the exemption status of the position. Adjusting for this factor alone would increase fees by 11%. Additionally, even if salaries have remained relatively stable and within the composite increase of 6.47%, benefit costs – especially for CalPERS retirement – are likely to have increased at a rate significantly greater than this.

Given these changes, a comprehensive update to disciplinary proceedings cost recovery would be timely.

### **ATTACHMENTS**

1. State Bar Disciplinary Proceedings Cost Recovery
2. Sample Hourly Labor Costs
3. 2010 Report Excerpt: “Total Costs” (Appendix 1F)
4. 2010 Report Excerpt: Overhead Costs (Appendix 1A)



# THE STATE BAR ACT

## ATTACHMENT 1

### **§ 6086.10 Payment of Cost of Disciplinary Proceedings**

(a) Any order imposing a public reproof on a member of the State Bar shall include a direction that the member shall pay costs. In any order imposing discipline, or accepting a resignation with a disciplinary matter pending, the Supreme Court shall include a direction that the member shall pay costs. An order pursuant to this subdivision is enforceable both as provided in Section 6140.7 and as a money judgment.

(b) The costs required to be imposed pursuant to this section include all of the following:

(1) The actual expense incurred by the State Bar for the original and copies of any reporter's transcript of the State Bar proceedings, and any fee paid for the services of the reporter.

(2) All expenses paid by the State Bar which would qualify as taxable costs recoverable in civil proceedings.

(3) The charges determined by the State Bar to be "reasonable costs" of investigation, hearing, and review. These amounts shall serve to defray the costs, other than fees for the services of attorneys or experts, of the State Bar in the preparation or hearing of disciplinary proceedings, and costs incurred in the administrative processing of the disciplinary proceeding and in the administration of the Client Security Fund.

(c) A member may be granted relief, in whole or in part, from an order assessing costs under this section, or may be granted an extension of time to pay these costs, in the discretion of the State Bar, upon grounds of hardship, special circumstances, or other good cause.

(d) In the event an attorney is exonerated of all charges following a formal hearing, he or she is entitled to reimbursement from the State Bar in an amount determined by the State Bar to be the reasonable expenses, other than fees for attorneys or experts, of preparation for the hearing.

(e) In addition to other monetary sanctions as may be ordered by the Supreme Court pursuant to Section 6086.13, costs imposed pursuant to this section are penalties, payable to and for the benefit of the State Bar of California, a public corporation created pursuant to Article VI of the California Constitution, to promote rehabilitation and to protect the public. This subdivision is declaratory of existing law. (Added by Stats. 1986, ch. 662. Amended by Stats. 2003, ch. 334.)

### **§ 6140.7 Disciplinary Costs Added to Membership Fee**

Costs assessed against a member publicly reproofed or suspended, where suspension is stayed and the member is not actually suspended, shall be added to and become a part of the membership fee of the member, for the next calendar year. Unless time for payment of discipline costs is extended pursuant to subdivision (c) of Section 6086.10, costs assessed against a member who resigns with disciplinary charges pending or by a member who is actually suspended or disbarred shall be paid as a condition of reinstatement of or return to active membership. (Added by Stats. 1986, ch. 662. Amended by Stats. 1996, ch. 1104; Stats. 2004, ch. 529.)

## HOURLY LABOR RATES

### OVERVIEW

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The following schedules identify hourly labor rates for all regular City positions based on five key factors:

- **Annual Salary.** Based on the top of the salary range in accordance with the prevailing practice of California cities and to ensure reasonable cost recovery.
- **Benefits.** FICA, Medicare, retirement, group insurance, life insurance and other paid benefits.
- **Productive Hours.** Annual regular hours—generally 2,080 less vacation, sick leave, holidays and break hours.
- **Citywide Indirect Costs.** Services such as legal services, accounting, personnel and facility maintenance.
- **Departmental and Program Administration Costs.** Support costs internal to the operating departments that are not allocated as part of the Cost Allocation Plan.

Each schedule summarizes the specific factors in calculating hourly labor rates. The following summarizes how these five cost components are used in arriving at a full-cost hourly labor rate, using a Police Officer position as an example (page 40 under “Police”).

**Hourly Compensation.** The first step is to arrive at an hourly compensation cost (exclusive of organization-wide and departmental indirect costs) as follows:

- **Annual Salary.** This is based on the top of the salary range for Police Officer of \$64,140.
- **Benefits.** The benefits costs such as FICA Medicare, CalPERS retirement, group insurance, life insurance and other paid benefits are added to the base salary. In this case, the total cost of benefits for a

Police Officer is 78.9% of salary, for total annual compensation of \$114,718.

- **Productive Hours.** To determine the hourly cost of services, we need to divide the total annual cost of salaries and benefits by the number of hours actually worked during the year. This is determined by taking the annual base of 2,080 hours (52 weeks per year times 40 hours per week) and reducing it by paid time-off such as vacation, sick and holidays. For this position, total productive hours annually are 1,788, resulting in an hourly cost of \$64.16 (\$114,718 divided by 1,788).

**Indirect Costs.** Once the direct hourly compensation has been determined, we need to add the support costs incurred by the organization and the department. In the case of the Police Department, the Cost Allocation Plan has identified an organization-wide indirect cost of 33.5% (Table 5.2 on page 10). In addition, we need to identify support costs internal to the department, such as dispatch, records and department administration. This ratio of department support costs (\$739,600) to direct costs (\$3,694,600) is 20.0%. To avoid “double counting” for the same costs, the departmental indirect cost rate is only applied to “direct” positions; it is not allocated to “support” positions.

**Total Costs.** The full-cost hourly rate is then determined by adjusting the hourly total compensation cost (in this case, \$64.16) by the organization-wide indirect cost rate (33.5%) and the departmental indirect cost rate (20.0%), for a total hourly cost of \$102.81.

### ORGANIZATION

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Positions are organized into the same basic groupings as the Budget and Cost Allocation Plan:

- Police
- Community Development
- Community Services
- Public Works Maintenance
- Wastewater and Water Enterprise Operations
- General Government

## ATTACHMENT 2

## Appendix B.10

### POLICE LABOR RATES

	Annual Salary	Paid Benefits Rate	Total Compensation	Productive Hours	Hourly Rate	Indirect Cost Rate		Hourly Billing Rate
						Citywide	* Program	
<b>Patrol Services</b>								
Police Officer	\$64,140	78.9%	\$114,718	1,788.0	\$64.16	33.5%	20.0%	\$102.81
Police Sergeant	77,304	78.9%	138,263	1,788.0	77.33	33.5%	20.0%	123.92
<b>Police Admin</b>								
Police Chief	135,200	35.7%	183,439	1,788.0	102.59	33.5%	0.0%	136.98
Police Commander	110,000	35.7%	149,248	1,676.3	89.04	33.5%	0.0%	118.88
Records Supervisor	57,624	52.1%	87,632	1,676.3	52.28	33.5%	0.0%	69.80
Police Services Technician	44,640	52.1%	67,886	1,676.3	40.50	33.5%	0.0%	54.07

### Paid Benefits and Productive Hours

	Sworn		Non-Sworn
	Management	Other	Office
<b>Total Paid Benefits Rate</b>	<b>35.7%</b>	<b>78.9%</b>	<b>52.1%</b>
Fica and Medicare	7.65%	7.65%	7.65%
Health Insurance	8.48%	13.52%	23.89%
Life/LTD Insurance	0.28%	0.40%	0.39%
Retirement	11.15%	32.59%	12.62%
Workers Compensation	8.11%	10.98%	6.78%
POST Incentive	0.00%	5.00%	0.00%
Uniform	0.00%	1.22%	0.75%
Special Assignment Pay	0.00%	7.50%	0.00%
<b>Total Productive Hours</b>	<b>1,788.0</b>	<b>1,788.0</b>	<b>1,676.3</b>
Total Days (2080 hours)	260.0	260.0	260.0
Vacation Leave *	(15.0)	(15.0)	(15.0)
Sick Leave **	(7.5)	(7.5)	(7.5)
Holidays	(14.0)	(14.0)	(14.0)
Productive Days	223.5	223.5	223.5
Productive Hours	1,788.0	1,788.0	1,788.0
Breaks (30 minutes daily)			(111.8)

\* Based on five years of service

\*\* Based on 50% use of accrual

### Program Indirect Cost Rate

Police Administration	524,600
Dispatch	215,000
Program Indirect Costs	739,600
Other Police Costs	3,694,600
<b>Police Direct Costs</b>	<b>\$4,434,200</b>
<b>Program Indirect Cost Rate</b>	<b>20.0%</b>

\* Program indirect costs are not allocated to support positions.

### ATTACHMENT 3

SBCTask\$

# of Cases	Type	Level	99	100	TOTALS
9	O	D	\$ -	\$ -	\$ 1,987.66
14	O	1	\$ -	\$ -	\$ 1,231.57
4	O	2	\$ -	\$ -	\$ 1,681.96
23	O	3	\$ -	\$ -	\$ 3,558.19
9	O	4	\$ -	\$ 4.95	\$ 3,476.04
12	O	5	\$ -	\$ -	\$10,186.30
9	O	6	\$ -	\$ 19.23	\$13,648.43
			\$ -	\$ -	
	C	D	\$ -	\$ -	\$ 1,742.43
11	C	1	\$ -	\$ 2.75	\$ 1,700.36
9	C	2	\$ -	\$ 3.02	\$ 3,877.11
6	C	3	\$ -	\$ 4.67	\$ 5,705.33
11	C	4	\$ -	\$ 4.95	\$ 9,188.24
7	C	5	\$ -	\$ 78.57	\$10,468.74
			\$ -	\$ -	
10	P		\$ -	\$ 5.49	\$ 1,771.06
			\$ -	\$ -	
11	N		\$ -	\$ 2.47	\$ 2,073.47

Attachment A

# ATTACHMENT 4

## Overhead

### Indirect Overhead

Cost Center	2009		Net Op. Exp.	Recoverable Factor	Gross Recoverable Overhead	Net Recoverable Overhead	Direct Labor Overhead Mark-up
	Actual Op. Exp	Less Atty/ Mgr Labor					
<b>Executive Director</b>							
Management, Oversight and Planning	953,502		953,502	100%	953,502		
Board Support - Secretariat	1,849,712		1,849,712	100%	1,849,712		
Judicial Evaluations	897,406		897,406	100%	897,406		
<b>Finance</b>							
Financial Planning and Analysis	1,379,003		1,379,003	100%	1,379,003		
Accounting	716,277		716,277	100%	716,277		
Procurement	366,463		366,463	100%	366,463		
Member Billing	1,140,223		1,140,223	100%	1,140,223		
<b>General Counsel</b>							
General Counsel	3,746,925		3,746,925	100%	3,746,925		
<b>Human Resources</b>							
Compensation Administration	264,412		264,412	100%	264,412		
Recruiting and Development	833,123		833,123	100%	833,123		
Employee Relations	404,463		404,463	100%	404,463		
Records and Information Systems	333,601		333,601	100%	333,601		
<b>Information Technology</b>							
Base Services	5,724,517		5,724,517	100%	5,724,517		
<b>Operations</b>							
Administrative Services	2,532,825		2,532,825	100%	2,532,825		
Facilities Management	399,578		399,578	100%	399,578		
Risk Management	641,269		641,269	100%	641,269		
Library & Research Services	462,969		462,969	100%	462,969		
<b>Subtotal - Indirect Overhead</b>	<b>22,646,269</b>		<b>22,646,269</b>		<b>22,646,269</b>	<b>10,208,938</b>	<b>55.86%</b>

# ATTACHMENT 4

## Overhead

### Direct Overhead

Cost Center	2009		Net Op. Exp.	Recoverable Factor	Gross Recoverable Overhead	Net Recoverable Overhead	Direct Labor Overhead Mark-up
	Actual Op. Exp	Less Atty/ Mgr Labor					
<b>Enforcement - Chief Trial Counsel</b>							
Management	1,523,289	(997,903)	525,386	100%	525,386		
Intake	3,854,346	(1,267,863)	2,586,483	100%	2,586,483		
Trial	18,600,838	(8,762,905)	9,837,933	100%	9,837,933		
Central Administration	4,485,832	(259,650)	4,226,182	100%	4,226,182		
Abandoned and Unauthorized Practices	1,404,607	(436,698)	967,909	100%	967,909		
Subtotal - Enforcement -Chief Trial Counsel	29,868,912	(11,725,019)	18,143,893		18,143,893		
<b>State Bar Court</b>							
Administration	1,271,846	(236,469)	1,035,377	100%	1,035,377		
Hearing Department	4,726,207	(2,638,312)	2,087,895	100%	2,087,895		
Review Department	1,609,055	(1,268,913)	340,142	100%	340,142		
Subtotal - State Bar Court	7,607,108	(4,143,694)	3,463,414	100%	3,463,414		
<b>Probation</b>							
Subtotal - Probation	713,931	(179,229)	534,702	100%	534,702		
<b>Mandatory Fee Arbitration</b>							
Subtotal - Mandatory Fee Arbitration	603,128	(150,980)	452,148	0%	0		
Subtotal - Direct Overhead	38,793,079	(16,198,922)	22,594,157		22,142,009		
Less:							
Directly Recoverable Non-Atty Emp Labor					18,277,234		
Net Direct & Alloc portion Indirect Overhead					3,864,775	2,066,882	11.3%
Total - All Overhead	61,439,348	(16,198,922)	45,240,426		26,511,044	12,275,820	67.16%

### Labor

#### Total Labor for Recoverable Non-Attorney Employees

		Recoverable/ Discipline	Recoverable/ General Fund
Chief Trial Counsel	14,737,854		
State Bar Court	2,406,809		
Probation	485,953		
Mandatory Fee Arbitration	646,618		
Subtotal	18,277,234	53.48%	45.08%

#### Total Labor & Benefits for All Discipline Employees

Chief Trial Counsel	26,462,873		
State Bar Court	6,550,503		
Probation	665,182		
Mandatory Fee Arbitration	495,638		
Subtotal	34,174,196		84%

#### Total Labor & Benefits for All General Fund Employees

40,543,736