

AGENDA ITEM

IIIC March

DATE: February 27, 2012

TO: Member Oversight Committee

FROM: Peggy Van Horn, Chief Financial Officer

SUBJECT: Proposed Membership Fee Waiver

EXECUTIVE SUMMARY

During its February 2, 2012 meeting, the Board Operations Committee approved a request from Trustee Samson Elsbernd for a referral to the Membership Oversight Committee for the purpose of establishing a waiver for members who earn less than \$20,000 per year. A waiver for this population was eliminated from State Bar Rule 2.16(c) by the Board in 2011.

This item provides background on the recent Board decision to eliminate this waiver from State Bar rules. The item also sets forth a proposal from Trustee Elsbernd to establish a new waiver for the extremely low income attorneys (those earning \$20,000 or less).

BACKGROUND

Before its elimination in 2012, the State Bar offered a 100% waiver of fees for attorneys whose gross annual income from all sources was \$20,000 or less. The revenue loss associated with this waiver was:

- 2006 - \$26,678
- 2007 - \$46,693
- 2008 - \$71,403
- 2009 - \$162,839
- 2010 - \$330,878
- 2011 - \$391,211

During that six year period, the revenue loss from this waiver increased 1300%. This revenue loss, combined with the fact that the Bar already provides a statutory waiver of 25% for attorneys earning \$40,000 or less, were factors in the Board's decision to eliminate the waiver.

DISCUSSION

Trustee Elsbernd requests that the Committee consider reestablishing a waiver for extremely low income attorneys. For 2012, the federal poverty guidelines for household earnings for a family of four are approximately \$24,000. Mr. Elsbernd requests the Committee to consider establishing a waiver for members whose total household earnings are \$20,000 or below and that the amount of the waiver be 50%. This proposed waiver differs from the previous waiver in that it clarifies that total gross household income be the threshold for determining eligibility (in place of the previous wording of total annual income from all sources). In the past, the interpretation of income to be included in the calculation was not always consistent. In addition, this fee waiver would allow a 50% reduction in the annual fee in place of the previous waiver of 100% of the annual fee. This option would be proportional to the existing low income scaling criteria that provides a 25% fee reduction for members whose individual annual income from all sources is \$40,000 or less.

FISCAL / PERSONNEL IMPACT:

Based on the 2012 revenue loss, approval of this new low income waiver of 50% of the annual fee could reasonably be estimated at \$200,000.

RULE AMENDMENTS:

Approval of this proposal would require a change to the Bar's rules.

BOARD BOOK IMPACT:

None

RECOMMENDATION

Should the Member Oversight Committee agree with Trustee Elsbernd's recommendation, it should direct staff to develop language to be incorporated into State Bar Rule 2.16 (c) to be presented to the Committee at its May meeting.

PROPOSED BOARD COMMITTEE RESOLUTION:

Should the Member Oversight Committee agree with the above recommendation, the following resolution would be appropriate:

RESOLVED, that the Member Oversight Committee approves the waiver as proposed by Trustee Elsbernd and directs staff to develop language to be incorporated into State Bar Rule 2.16 (c) to be presented to the Committee at its May meeting.