

# AGENDA ITEM

## 703 NOVEMBER 2016

**DATE:** November 14, 2016

**TO:** Members, Board of Trustees

**FROM:** Leah Wilson, Chief Operating Officer

**SUBJECT:** Electronic Bar Cards, Electronic Billing, and Electronic Payment of State Bar Membership Fees

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### EXECUTIVE SUMMARY

In light of the goal of identifying potential General Fund cost-savings that can be used to increase funding for the discipline system, State Bar staff has identified a number of potential modifications that will advance that objective relating to 1) billing and payment of State Bar membership fees; and 2) State Bar cards. This Agenda Item provides an update on the projects that are currently underway in these areas.

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### BACKGROUND

At the Board of Trustees meeting on October 2, 2016, staff presented 1) its plan to provide the State Bar Membership Fee Statement electronically; and 2) its pursuit of various changes regarding electronic payment of membership fees, including the development of new functionality so firms and agencies will be able to pay State Bar fees online. Staff has also developed an Electronic Bar Card for 2017, so that individual attorneys will be able to download and print paper bar cards. Firms and individual attorneys will still be able to order plastic bar cards, if needed. This Agenda Item provides an update on staff's pursuit of these initiatives.

### DISCUSSION

#### Electronic Billing and Payment

At the Board of Trustees meeting on October 2, 2016, staff presented its plan to provide the State Bar Membership Fee Statement electronically, pursuant to Rule 9.7 of the California Rules of Court, instead of mailing those statements. That plan continues to move forward. Electronic billing will be implemented, starting with the 2017 fee statement.<sup>1</sup> Staff has begun publicizing

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<sup>1</sup> There are about 500 attorneys who have filed a formal exemption from the requirement to maintain an e-mail address with the State Bar. There are also about 3,500 inactive attorneys who are less than 70 years old, and therefore pay fees, who have not registered through My State Bar Profile and provided the State Bar with an e-mail address. The fee statement will continue to be mailed to both of these groups of attorneys.

the change widely before implementation, in order to alert members and law firms and ease the transition from paper to electronic billing.

As reported on October 2, 2016, staff is also pursuing various changes regarding electronic payment of membership fees. Although individual State Bar members can currently pay their membership fees online, electronic payment is not required.<sup>2</sup> Previously, there has been no parallel functionality for firm or agency electronic payment. IT is currently developing such functionality, with the intention to deploy for the 2017 billing cycle.

As part of those efforts, staff has sought input and feedback from governmental, private, and non-profit law firms in order to finalize requirements and subsequently test the system. Specifically, staff circulated surveys to law firms, corporate law departments, non-profit organizations, and public agencies on September 22<sup>nd</sup> and September 26<sup>th</sup>. Many respondents indicated an interest in viewing a demo of the online agency billing and payment application once developed. Those demos were held via webinar on October 14<sup>th</sup> and October 18<sup>th</sup>. Approximately 33 representatives of a mix of private and public agencies participated in the webinars. Feedback received has been used to modify the application. Overall, the initial overview of the application was well received.

On October 26<sup>th</sup>, IT conducted another demo and released user acceptance and pilot testing schedules. Internal users from Member Records and Compliance and Finance tested the application during the week of November 7<sup>th</sup>. During the week of November 14<sup>th</sup>, external agency volunteers will begin testing the application. The goal is to complete all testing and technical adjustments by the end of November. Based on the progress that has been made to date, staff plans to disseminate 2017 fee statements electronically, and to support online payment for both firms and individuals.<sup>3</sup> Due to the uncertainties associated with any significant technology initiative, concurrent planning is being done that will enable the State Bar to initiate status quo paper statement mailing in lieu of the online approach, should the need arise.

As a matter of timing, neither electronic nor paper fee statements can be finalized at this time. The exact content of the 2017 fee statement is still unknown, pending the outcome of the State Bar's request to the Supreme Court for a special regulatory assessment. The Supreme Court's action will have an impact on numerous aspects of the fee statement, including the amount of any mandatory membership fees that may be assessed and the extent to which any add-on assessments may be imposed.

### **Electronic Bar Cards**

Currently, all State Bar members, both active and inactive, receive a physical bar card, at an annual cost in excess of \$300,000.

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<sup>2</sup> Approximately 35-40% of members currently pay online.

<sup>3</sup> Experiences garnered with the 2017 billing process, will inform future staff recommendations regarding a transition to *mandatory* electronic payment.

A recent survey included in the *California Bar Journal* revealed the following:

How do you use your bar card?		
Answer Options	Response Percent	Response Count
Don't use it at all	51.0%	502
To enter courthouses	43.0%	423
To enter jails or prisons	18.8%	185
To show proof of license to clients	6.5%	64
Other (please specify)		90
<b>answered question</b>		<b>984</b>
<b>skipped question</b>		<b>44</b>

These findings are consistent with anecdotal feedback received regarding bar card utilization.

The Office of Information Technology has developed a sample e-bar card that members can download and print. This card can be used in a manner similar to what is now commonplace in the auto insurance realm. IT staff has also developed functionality that enables members, or firms paying on behalf of individual attorneys, to affirmatively request a plastic bar card at the time of payment. Implementing the e-bar card should not prove disruptive to members who require a physical card. State Bar staff is engaged in a proactive and comprehensive information and education campaign designed to inform members of the need to affirmatively request a plastic card at the time of payment.<sup>4</sup>

#### **FISCAL/PERSONNEL IMPACT**

Currently, all State Bar members receive a plastic bar card, at an annual cost in excess of \$300,000. Staff anticipates a substantial savings resulting from the implementation of electronic bar cards, but the precise amount of the savings will depend on the number of attorneys who continue to request a plastic card. The State Bar will realize an immediate savings of approximately \$220,000 by providing the 2017 membership fee statement electronically (\$80,000 for printing and \$140,000 for postage).

#### **RULE AMENDMENTS**

None at this time.

#### **BOARD BOOK IMPACT**

None at this time.

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<sup>4</sup> Implementation of the e-bar card, as well as the electronic billing and payment changes discussed above, were recently publicized in an article in the November 2016 *California Bar Journal*.