

AGENDA ITEM

III.A DECEMBER 2017

DATE: December 19, 2017

TO: Members, Ad Hoc Transition Committee

FROM: Leah T. Wilson, Executive Director

SUBJECT: Executive Director Report on Transition Activities

Over the course of the last 90 days I have met with each member of the Board of Trustees (Board), a number of State Bar (Bar) staff, several legislators, and other key external stakeholders. I have also carefully read and re-read many past studies and reports, some of which are over 30 years old. These documents offer remarkably relevant perspectives on the challenges facing the Bar today. In addition to diving into the current and historical context, I am working to build a meaningful structure for shared leadership through the Bar's new Leadership Team as well as the broader executive staff, and mapping out areas of focus for 2018. In sum, I have been in a lightning round phase of information gathering, infrastructure building, and planning.

Common themes have emerged through this process and among the varied internal and external stakeholders that I have met with, as well as in the historical documents that I have read. I share these themes with you below.

First, there is a shared understanding that the Bar is undergoing transition, and that the Executive Director is responsible for orchestrating a successful navigation through significant change. Certainly, there are specific known changes we need to address, including those that flow from the pending review of our extensive committee structure and the transition of the State Bar Sections to a stand-alone entity. However, we need to be alert to emerging requirements for change that will stem from the macro – for example the evolving and increasingly technologically based landscape for the delivery of legal services – to the micro – such as the changing demographics of the Bar's workforce. The reality is that the Bar will need to transform into an organization that anticipates, embraces, and capably manages repeated cycles of change. This will require a transition of the culture of the Bar itself.

Second, both the Board and State Bar staff see the Executive Director as an externally facing position, one that is an advocate and champion for the Bar and is accountable for educating the public about the work the Bar does to fulfill its mission. Increasing public awareness about the Bar, and changing the narrative about our organization, will be critical to our shared success.

Third, there was alignment around the belief that addressing staff morale must be foundational to my role as Executive Director. While the impact of union negotiations on current morale should not be underestimated, staff interviews illuminated a wider problem. Many staff describe management as not asking them to provide input regarding the work that they do, initiating changes without seeking feedback regarding outcomes or impact, and being obstacles to staff development, either by passive lack of interest or encouragement, or more assertive negativity. Developing and sustaining a management infrastructure that has both *the smarts* (knowing how to do the work) and the *organizational health* (reflecting the values and cultural norms that we want to demonstrate at the State Bar) will be essential to building staff morale.

Fourth, with respect to culture, another common theme centered around the need to improve on the Bar's history regarding compliance and transparency. Be it legislative mandates or State Audit recommendations, there is a consistent emphasis on the need for the Bar to be compliant. Coupled with compliance is transparency. A perceived lack of transparency can sometimes be mistaken for a failure to be compliant, or, more frequently, the intent to hide unfavorable facts. As the Executive Director, compliance, coupled with transparency, will be front and center in my leadership.

Lastly, a critical cross-cutting theme relates to responsible fiscal management, closely tied with increasing discipline system resources. A smooth annual fee bill process, a licensing fee increase, enhanced collections, and cutting waste, were routinely suggested as key Executive Director priorities.

I have learned much over my transition period. I will now begin the work of actualizing identified thematic priorities as a road map for my tenure as Executive Director. I look forward to a broad and inclusive evaluation of the results of my initial efforts in this regard next year.

Concurrent with this work on an effective transition to my new position, I am maintaining an active oversight role on a number of State Bar initiatives, ensuring that "the trains keep running"; some of this work is briefly highlighted below.

- **Fingerprinting:** Proposed California Rules of Court (rules) that will require re-fingerprinting for the vast majority of active attorneys are currently out for comment. The Board will consider the comments and any revisions to the rules at its January meeting, with the goal of submitting a final set of proposed rules to the Supreme Court in February, 2018. A proactive communication strategy notifying attorneys regarding the upcoming requirement has already begun.
- **Transition of the State Bar Sections:** The legal implementation of the separation of the Sections is nearly complete. The office lease and employee lease agreements with the California Lawyers Association (CLA) have been executed. The CLA bylaws have been drafted and approved by the Council of Sections and the plan for transition of legal control has been finalized.

- **Completion of Bar Exam Report Due December 1:** The State Bar timely submitted a final report to the Supreme Court on the 2017 Studies of the California Bar Exam on December 1, 2018.
- **Planning for 2018 California Job Analysis:** Staff have begun planning for the 2018 California Job Analysis which will tell us what new California attorneys need to know in terms of both skills and substantive knowledge. A joint meeting of representatives from the Committee of Bar Examiners and the Board of Trustees will address this topic on December 19.
- **Employee Onboarding Program:** The Bar will launch an employee onboarding program by the end of 2017. This program will serve to educate staff about each functional area of the Bar, the Board of Trustees and Board governance, and the Bar's Five-Year Strategic Plan. All staff, not just new hires, will participate in the onboarding program over the course of 2018. This program will provide better cross functional awareness and collaboration, and will support needed changes in the Bar's organizational culture.
- **2017 All Staff Survey:** An All Staff Survey was issued in 2015. The same survey will be re-issued before the end of this year. Administration of the same survey will provide important baseline/growth data for the Leadership Team and the Board to consider. 2017 results will specifically be reviewed by the Board at its January Strategic Planning Session, which includes a panel on employee morale and engagement.
- **Building the 2018 Budget:** The Board approved the proposed 2018 budget at its November meeting. We are developing the final proposed 2018 budget for the Board's consideration at its January meeting. This budget will include recommendations for additional reserve spending to support technology investments critical to the Bar's ability to become a more efficient and agile organization, better supporting its employees and the public we serve.
- **Strategic Planning:** We have prepared a preliminary update on progress on 2017-2022 Strategic Plan implementation. A final version reflecting 2017 accomplishments will be prepared and published in the coming weeks. A great deal of work is going into preparation of the 2018 Strategic Planning Session scheduled for early next year. Subsequent to that session, Strategic Plan objectives will be updated, and a revised Plan published accordingly.

- **Transition of the State Bar Life Insurance Program to a New Carrier:** In November 2016, American General Life Insurance, the State Bar's sponsored life insurance carrier, informally advised the Bar that it intended to stop providing insurance through association programs. Given the Bar's responsibility to exercise due diligence in the selection of a new carrier generally, as well as the fact that the life program carries sizeable excess reserves (ranging from \$48-\$60 million), staff from Office of the General Counsel and the Office of Research and Institutional Accountability (ORIA) have partnered with two independent experts to assist us in managing the process for selection of a new carrier.
- **Transition of Affinity and Insurance Programs to the State Bar Foundation:** The Foundation is reviewing revisions to the Memorandum of Understanding approved by the Board of Trustees at its meeting December 1. We anticipate a January 1, 2018, effective date for the transition of affinity and insurance program administration to the Foundation. The Bar will continue to directly manage the process for selection of a new life program carrier as outlined above.
- **Discipline:** ORIA has been carrying out a workload evaluation for the State Bar Court (SBC), the Office of the Chief Trial Counsel (OCTC), and the Office of Probation. The workload analysis will enable the Bar to evaluate the resource allocation within these three major components of the discipline system, identify bottlenecks, determine the adequacy of staffing levels, and quantify the need for more staff. The Board will receive the results of the workload study at its March meeting.
- **Collections and the Client Security Fund:** In 2017 the Bar ramped up its collections activity, centralizing many of the related functions in ORIA. To date, this effort has resulted in a disappointing amount of revenue. The Client Security Fund (CSF) report that is due to the legislature in March 2018 will include recommendations for legislative changes that can be made to enhance our ability to collect, thereby increasing revenue available for the CSF. In addition, OCTC is implementing new procedures that should bolster the collection of discipline costs and restitution.