



# The State Bar of California

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## **OPEN SESSION AGENDA ITEM IV.A. MARCH 2022**

**DATE:** March 18, 2022

**TO:** Members, California Board of Legal Specialization

**FROM:** Amy C. Nuñez, Director, Office of Admissions

**SUBJECT:** Report on Financial and Operational Key Indicators

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### **EXECUTIVE SUMMARY**

A report on financial and operational key indicators is attached for consideration during the March 2022 California Board of Legal Specialization (CBLS) meeting.

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### **BACKGROUND**

The CBLS is provided with key operational indicators at each meeting to assist with program oversight.

### **DISCUSSION**

#### **YEAR-TO-DATE FINANCIAL REPORT**

##### **Legal Specialization Budget**

The State Bar 2022 Final Budget projects that 2021 actual revenue<sup>1</sup> will exceed the projections included in prior estimate by 5.8 percent, totaling (\$130,986) (see Attachment A). The budget projects 2021 Legal Specialization expenses to be nearly 50 percent under prior estimates. Based on projected 2021 revenue compared to expenses, there is an expected overall \$681,533 positive change in current net position. This projection was known at the time staff worked the relevant members of CBLS to develop a spend down plan for the reserve balance.

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<sup>1</sup> The State Bar has not yet completed the 2021 year end budget closeout.

## **Legal Specialization Program Annual Fees**

Annual Fee Billing for Fiscal Year 2022 began on December 1, 2021, and specialists had until February 1, 2022, to submit payment of the \$360 Legal Specialization Program Annual Fee. Since billing opened, staff have been sending monthly email reminders to all specialists who had yet to submit their annual fees. The email was transmitted using the State Bar email service. Specialists who did not submit their program fees (as of February 11, 2022) have been assessed a \$75 late fee, in accordance with Rule 3.111 of the Rules of the State Bar. As of March 1, 2022, there were 129 specialists who have not yet submitted the 2022 Legal Specialization Program Annual Fee. Family Law has the highest proportion of outstanding payments (41), accounting for a third of the overall total. All specialists in Admiralty & Maritime Law and Legal Malpractice Law have submitted their annual fees. The following table provides a breakdown of those specialists by specialty area.

<b>Specialty Area</b>	<b># of Specialists Pending 2022 Annual Fee</b>
Admiralty & Maritime Law	-
Appellate Law	4
Bankruptcy Law	3
Criminal Law	13
Estate Planning, Trust & Probate Law	27
Family Law	41
Franchise & Distribution Law	1
Immigration & Nationality Law	4
Legal Malpractice Law	-
Taxation Law	9
Workers' Compensation Law	27

Staff continues to send monthly electronic reminders to all specialists who have not yet remitted their fees.

## **TOTAL NUMBER OF CERTIFIED SPECIALISTS**

As of March 1, 2022, there are 4,923 certified specialists, a decrease of 85 certified specialists as compared to March 1, 2021. Attachment B breaks down the current and prior year specialists by area of specialization. Only Immigration & Nationality Law saw an increase in numbers, with an increase of 3 new specialists. Franchise & Distribution Law saw no change. The remaining nine areas all saw decreases, with Family Law, Criminal Law, Estate Planning, Trust & Probate and Taxation Law having double-digit decreases, with a decrease of 60 specialists between the four areas over the last year.

## **TOTAL NUMBER OF RESIGNATIONS BY REASON**

There have been 77 resignations of certificates of specialization from January 1, 2022, through March 1, 2022, as compared against 149 for the entirety of 2021, and 137 in 2020 (Attachment C). Nearly half of the 2022 resignations are due to specialists retiring from the practice of law

(32), and staff anticipate that this number will increase slightly through the end of the year. However, the total number of resignations seems comparable to the previous two years.

## **LEGAL SPECIALIST CONTINUING LEGAL EDUCATION (LSCLE) COMPLIANCE REPORTING**

### **2021 Group 2 LSCLE Compliance**

2021 Compliance Group 2 reporting opened on December 1, 2020, and there were a total of 1,397 specialists (including dual specialists) who were due to report LSCLE compliance by February 1, 2021 (Attachment D). Licensees who failed to report MCLE compliance by the February deadline were notified of noncompliance, assessed a \$75 late fee, and were given until June 30, 2021 to report. The LSCLE deadline was similarly extended, except there was no financial penalty for late LSCLE compliance. Staff have sent numerous electronic and physical letters, in addition to calling pending specialists. As of March 1, 2022, there are 78 specialists (5.6 percent) in Compliance Group 2 now nearly one-year overdue LSCLE Compliance reporting.

Item IV.E. on the CBLS' agenda includes a recommendation for revocation of certifications for specialists in Compliance Group 2 who have failed to meet their compliance reporting obligations.

### **2022 Group 1 LSCLE Compliance**

2022 Compliance Group 1 reporting opened on December 1, 2021, and there were a total of 1,764 specialists (including dual specialists) who were due to report LSCLE compliance by February 1, 2022 (Attachment E). Licensees who failed to report MCLE compliance by the February deadline were notified of noncompliance, assessed a \$75 late fee, and are given until June 30, 2022 to report. The LSCLE deadline was similarly extended, except there was no financial penalty for late LSCLE compliance. As of March 1, 2022, there are 431 specialists (24.4 percent) in Compliance Group 1 still pending LSCLE Compliance reporting.

Staff will continue to send monthly electronic reminders to all Group 1 specialists who are pending compliance.

## **ATTACHMENT(S) LIST**

- A.** Legal Specialization portion of State Bar Final 2022 Budget
- B.** Total Number of Certified Specialists as of March 1, 2022
- C.** Total Number of Resignations by Reason, 2020 and 2021 Annual v 2022 Year to Date
- D.** Total Number of Certified Specialists in Compliance Group 2
- E.** Total Number of Certified Specialists in Compliance Group 1