



The State Bar *of California*

Admissions Program Fee Analysis

Finance Committee, May 19, 2022

Introduction

- Fee-for-service programs are intended to be self-supporting
- These programs not supported by the General Fund
- Programs recommended for review every five years (*starting in 2017*)



History: 2017 Fee Review

- Admissions Programs reviewed
 - Foreign Legal Consultants
 - Multijurisdictional Practice
 - Pro Hac Vice
 - Practical Training Law Students
 - Out-of-State Atty Arbitration Counsel
 - Law School Regulation
 - Legal Specialization MCLE Providers
- Attorney Regulation & Consumer Resources
 - MCLE Providers
 - Limited Liability Practice
 - Law Corporations



- Admissions Programs reviewed

- Foreign Legal Consultants → *no increase*
- Multijurisdictional Practice → *no increase*
- Pro Hac Vice → *no increase*
- Practical Training Law Students → *no increase*
- Out-of-State Atty Arbitration Counsel → *no increase*
- Law School Regulation → *annual reporting +20%, inspections +25%*
- Legal Specialization MCLE Providers → *increases in MCLE Provider fees (SAP +\$37, MAP +\$150)*



History: 2017 Fees Not Reviewed

- Admissions

- General Bar Exam → *increase +5% in 2015, +5% in 2016*
- First-Year Law Students' Exam → *increase +5% in 2015, +5% in 2016*
- Moral Character Determination → *increase +5% in 2015, +5% in 2016*



Current Program Review Progress

- Admissions Programs reviewed
 - Foreign Legal Consultants (FLC)
 - Multijurisdictional Practice (MJP)
 - Pro Hac Vice (PVH)
 - Practical Training Law Students (PTLS)
 - Out-of-State Attorney Arbitration Counsel (OSAAC)
 - Provisional Law Licensing (PLL)
 - Law Office Study (LOS)
 - Law School Regulation (LSR)
 - Legal Specialization (LS)
 - General Bar Exam (GBX)
 - First-Year Law Students' Exam (FYLSX)
 - Moral Character Determination (MCD)



Admissions Programs Summary (Deficit)

Future Projected Program Operating Results	Revenue	Cost	Net
Bar Exam (BX)	\$ 12,569,652	\$ 16,198,920	\$ (3,629,269)
Moral Character Determination (MCD)	\$ 4,218,625	\$ 6,200,664	\$ (1,982,039)
First-Year Law Students' Exam (FYLSX)	\$ 466,025	\$ 1,980,356	\$ (1,514,331)
Law School Regulation (LSR)	\$ 297,279	\$ 786,745	\$ (489,466)
Law Office Study (LOS)	\$ 22,201	\$ 103,635	\$ (81,434)
Out-of-State Attorney Arbitration Counsel (OSAAC)	\$ 73,300	\$ 110,998	\$ (37,698)
Pro Hac Vice (PHV)	\$ 178,175	\$ 192,866	\$ (14,691)
Practical Training Law Students (PTLS)	\$ 112,018	\$ 116,044	\$ (4,027)
Total			\$ (7,752,954)



How We Got Here

1. Lower revenue:
 - General decreasing trend in Bar Exam applicants the past few years
 - ExamSoft issues in 2021 resulting in credits/refunds forecasted in 2022 budget
2. Increased costs:
 - Services expense increasing – new PSI vendor to administer Bar Exam
 - Exam related expense increasing
 - Proctor rates have increased an average of 57% from 2020
 - Testing accommodation costs have increased



Admissions Fund Revenue and Expense Trend (Summary)

Admissions Fund	2020 Budget	2020 Actuals	2021 Budget	2021 Actuals	2022 Budget
Total Revenue	\$ 20,885,643	\$ 22,151,309	\$ 19,494,030	\$ 18,966,971	16,581,900
Indirect Costs	\$ 5,236,690	\$ 5,236,694	\$ 6,130,032	\$ 6,130,032	\$ 6,948,492
Total Expense	\$ 23,275,728	\$ 20,006,465	\$ 23,500,592	\$ 18,887,139	\$ 25,554,623
Net	\$ (2,390,085)	\$ 2,144,844	\$ (4,006,562)	\$ 79,832	\$ (8,972,723)
Indirect Costs % of Total Expense	22.5%	26.2%	26.1%	32.5%	27.2%
Total Admissions FTE		64.2		69.2	69.8
Admissions Fund Balance				\$ 10,648,525	\$ 1,675,802



Applicant Count Trend

Number of Applicants/Fee Payers	2019 Actual	2020 Actual	2021 Actual	2022 Forecast
Practical Training Law Students (PTLS)	1,726	1,557	1,851	1,914
Law Office Study (LOS)	175	256	103	166
First-Year Law Students' Exam (FYLSX)	726	763	754	550
Moral Character Determination (MCD)	6,584	7,124	7,625	7,500
Bar Exam (BX)	15,443	18,669	13,787	12,959



Testing Accommodation (TA) Trend

Test Taker Count History	2018	2019	2020	2021
February Exam	343	353	363	226
July Exam	546	493	586	497
Total Accommodated Population at TA Test Centers	889	846	949	723
Total Taking Examination	13,896	13,387	13,923	11,460
TA Popluations % of Total Taking Examination	6.4%	6.3%	6.8%	6.3%

Between 2018-2020, the per unit cost was 13x to 16x higher for TA vs non-TA applicants

Per Applicant Cost	2018	2019	2020	2021
February CBX				
Non-TA	\$ 121	\$ 126	\$ 146	\$ 276
TA	\$ 2,337	\$ 2,428	\$ 2,430	\$ 6,150
July CBX				
Non-TA	\$ 194	\$ 278	\$ 145	TBD
TA	\$ 2,423	\$ 2,942	\$ 2,322	TBD
Average				
Non-TA	\$ 158	\$ 202	\$ 146	\$ 276
TA	\$ 2,380	\$ 2,685	\$ 2,376	\$ 6,150
TA/Non-TA Ratio	15.1	13.3	16.3	22.3



Methodology to Assess Fee Increase

Revenue

- Forecast based on a 4-year historical applicant trend; validated by Admissions team
- Forecasted applicant count x current fee = revenue

Expense

- Program Labor and Benefits cost based on:
 - Allocation of each FTE's time spent on program x fully burdened personnel costs per FTE
- Management (FTE not assigned to a program):
 - Sum of all FTE's not assigned to a program x fully burdened personnel costs per FTE
 - Cost assigned proportionally based on program FTE size
- Indirect Cost:
 - Based on 2022 budget for SF and LA interfund Allocation
- Other External Costs:
 - Based on 2022 Budget and adjusted for one-time items and future run-rate additions
 - Include Temp/Contractors, Build Ops, Services, Supplies, Equip, Other Exp, and Exam Related



Operating Projection Calculation:

+ Projected Revenue

– (Employee + Indirect + External Costs)

= Need for Fee Adjustment?

Bar Exam (BX) Operating Projection

	Current Fee	2022 Projection	Revenue
Attorney applicant fee	\$ 983	3,809	\$ 3,743,756
General applicant fee	\$ 677	9,151	\$ 6,194,889
Laptop fee	\$ 153	13,728	\$ 2,100,308
Late fee A	\$ 50	2,004	\$ 100,200
Late fee B	\$ 250	1,722	\$ 430,500
Test Center Change Fee	\$ 15	-	\$ -
Projected Program Revenue			\$ 12,569,652

Projected Program Cost **\$ 16,198,920**

Current Projected Program NET: **\$ (3,629,269)**

New Fee Amount w Increase	Increase of ~ 43%				
Attorney applicant fee	\$ 968	-1.5%	3,809	\$ 3,687,047	
General applicant fee	\$ 968	43.0%	9,151	\$ 8,858,691	
Laptop fee	\$ 219	43.0%	13,728	\$ 3,003,440	
Late fee A	\$ 72	43.0%	2,004	\$ 143,286	
Late fee B	\$ 358	43.0%	1,722	\$ 615,615	
Test Center Change Fee	\$ 15	0.0%	-	\$ -	
Projected Program Revenue w Fee Increase				\$ 16,308,078	

New Program NET: **\$ 109,158**

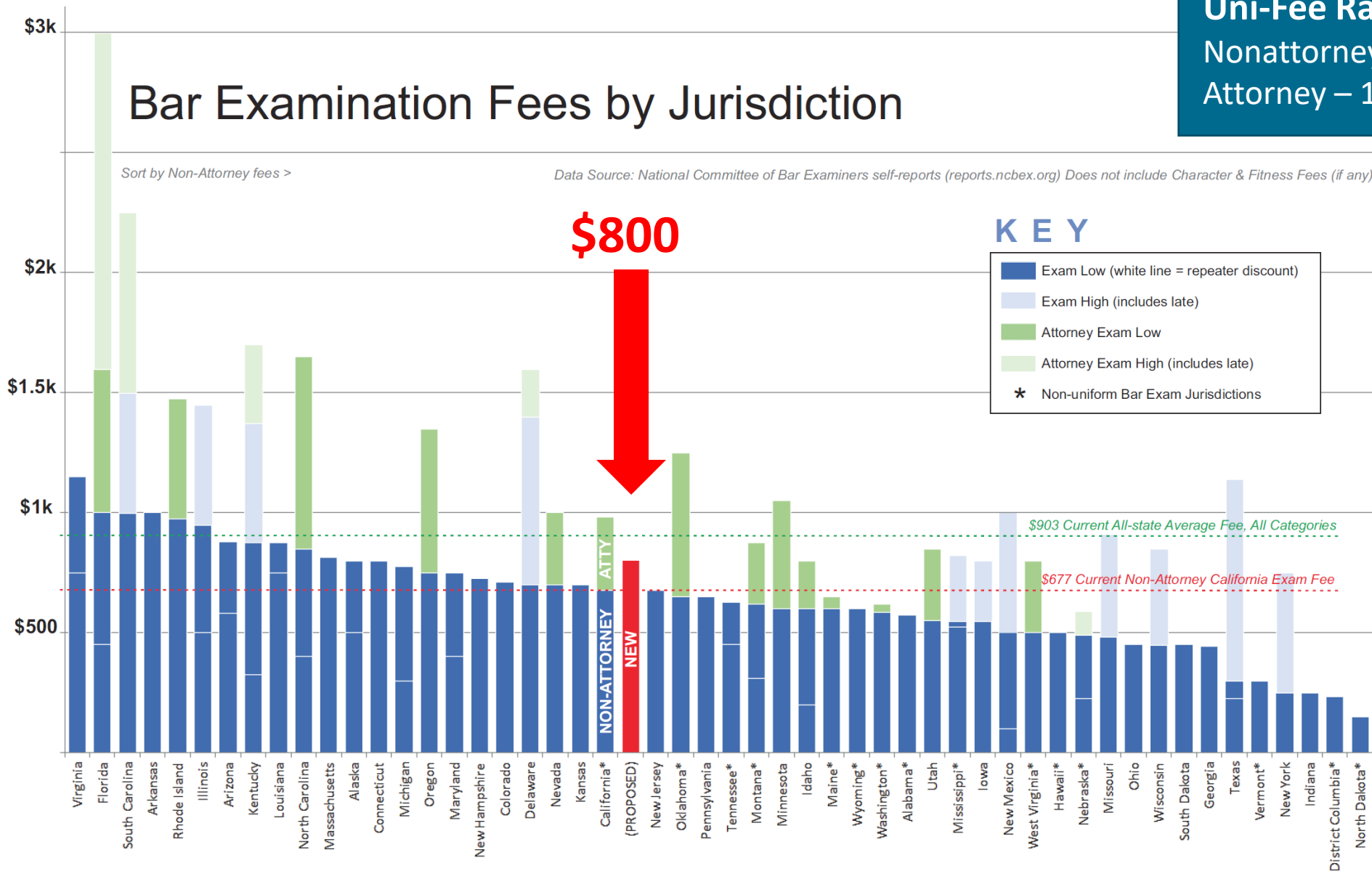
Admissions Initial Proposal	New Fee		2022 Projection	Revenue
Attorney applicant fee:	\$ 800	-18.6%	3,809	\$ 3,046,800
General applicant fee:	\$ 800	18.2%	9,151	\$ 7,320,400
Laptop fee:	\$ 153	0.0%	13,728	\$ 2,100,308
Late fee A:	\$ 75	50.0%	2,004	\$ 150,300
Late fee B:	\$ 300	20.0%	1,722	\$ 516,600
Test Center Change Fee	\$ 15	0.0%	-	\$ -
Projected Program Revenue w Fee Increase				\$ 13,134,408

New Program NET: **\$ (3,064,513)**

Deficit Change: **\$ 564,756**

National Committee of Bar Examiners

Uni-Fee Ranking
Nonattorneys – 23rd to 12th
Attorney – 16th to 25th



Summary of Fee Increases

Program	Deficit	Fee Category	Current Fee	Break Even Fee	% Change of Current Fee	Admissions Initial Proposal	% Change of Current Fee
Bar Exam	(\$3,629,269)	GBX Attorney Application	\$983	\$968	-1.5%	\$800	-18.6%
		GBX Application	\$677	\$968	43.0%	\$800	18.2%
		GBX Laptop	\$153	\$219	43.1%	no change	no change
		GBX Late A	\$50	\$72	44.0%	\$75	50.0%
		GBX Late B	\$250	\$358	43.2%	\$300	20.0%
		GBX Test Center Change	\$15	\$15	0.0%	\$50	233.3%
Moral Character Determination	(\$1,982,039)	MCD Application	\$551	\$810	47.0%	\$650	18.0%
		MCD Extension	\$265	\$390	47.2%	\$350	32.1%
First-Year Law Students' Exam	(\$1,514,331)	FYLSX Applicant	\$624	\$2,683	330.0%	\$750	20.2%
		FYLSX Laptop	\$153	\$658	330.1%	no change	no change
		FYLSX Late A	\$250	\$1,075	330.0%	\$275	10.0%
		FYLSX Late B	\$50	\$215	330.0%	\$75	50.0%
		FYLSX Change writer/laptop	\$15	\$65	333.3%	\$50	233.3%
Law Office Study	(\$81,434)	LOS Semi-annual Reports	\$105	\$494	370.5%	\$150	42.9%
		LOS Notice of Intent	\$158	\$743	370.3%	\$250	58.2%
OSAAC	(\$37,698)	OSAAC Application	\$50	\$55	10.0%	\$75	50.0%
Pro Hac Vice	(\$14,691)	PHV Application	\$50	\$55	10.0%	\$65	30.0%

red = below break-even estimate

green = above break-even estimate



Impact of Fee Increases to Bridge Deficit

Programs	Future Projected Program Operating Results		
	Revenue	Cost	Net
Bar Exam (BX)	\$ 12,569,652	\$ 16,198,920	\$ (3,629,269)
Moral Character Determination (MCD)	\$ 4,218,625	\$ 6,200,664	\$ (1,982,039)
First-Year Law Students' Exam (FYLTX)	\$ 466,025	\$ 1,980,356	\$ (1,514,331)
Law School Regulation (LSR)	\$ 297,279	\$ 786,745	\$ (489,466)
Law Office Study (LOS)	\$ 22,201	\$ 103,635	\$ (81,434)
Out-of-State Attorney Arbitration Counsel (OSAAC)	\$ 73,300	\$ 110,998	\$ (37,698)
Pro Hac Vice (PHV)	\$ 178,175	\$ 192,866	\$ (14,691)
Practical Training Law Students (PTLS)	\$ 112,018	\$ 116,044	\$ (4,027)
Total			\$ (7,752,954)

Fee Increase to Breakeven		Admissions Initial Proposal	
Revenue	Net	Revenue	Net
\$ 16,308,078	\$ 109,158	\$ 13,134,408	\$ (3,064,513)
\$ 6,201,379	\$ 715	\$ 4,988,750	\$ (1,211,914)
\$ 2,003,908	\$ 23,552	\$ 566,250	\$ (1,414,106)
\$ 793,697	\$ 6,952	\$ 297,279	\$ (489,466)
\$ 104,342	\$ 708	\$ 22,201	\$ (81,434)
\$ 112,882	\$ 1,884	\$ 109,950	\$ (1,048)
\$ 195,993	\$ 3,126	\$ 267,263	\$ 74,396
\$ 118,029	\$ 1,985	\$ 112,018	\$ (4,027)
	\$ 148,080		\$ (6,192,110)

Total deficit decrease with Admissions recommended fee increases	\$ 1,560,844
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Possible Solutions

1. Fee Increases

- Differences between charging full cost of services provided vs. Admissions recommendations
- Attorneys and students to pay the same exam fees?
- Should some programs subsidize others?

2. Fund Subsidies

- Partial funding from the General Fund
- CA's General Fund
- Use Legal Specialization excess fund balance

3. Cut costs

- Need to determine where and how





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QUESTIONS



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Backup Slides

Moral Character Determinations (MCD) Operating Projection

	Current Fee	2022 Projection	Revenue
Applicant fee	\$ 551	7,500	\$ 4,132,500
Extension fee	\$ 265	325	\$ 86,125
Projected Program Revenue			\$ 4,218,625

Projected Program Cost \$ 6,200,664

Current Projected Program NET: \$ (1,982,039)

New Fee Amount w Increase	Increase of ~ 47%		
Applicant fee:	\$ 810	7,500	\$ 6,074,775
Extension fee:	\$ 390	325	\$ 126,604
Projected Program Revenue w Fee Increase			\$ 6,201,379

New Program NET: \$ 715

Admissions Initial Proposal	New Fee	2022 Projection	Revenue
Applicant fee	\$ 650	7,500	\$ 4,875,000
Extension fee	\$ 350	325	\$ 113,750
Projected Program Revenue w Fee Increase			\$ 4,988,750

New Program NET: \$ (1,211,914)

Deficit Change: \$ 770,125



First-Year Law Students' Exam (FYLSX)

Operating Projection

	Current Fee	2022 Projection	Revenue
Applicant fee	\$ 624	550	\$ 343,200
Laptop fee	\$ 153	525	\$ 80,325
Late fee A	\$ 250	150	\$ 37,500
Late fee B	\$ 50	100	\$ 5,000
Change writer to laptop fee	\$ 15	-	\$ -
Projected Program Revenue			\$ 466,025

Projected Program Cost \$ 1,980,356

Current Projected Program NET: \$ (1,514,331)

New Fee Amount w Increase	Increase of ~ 330%		
Applicant fee	\$ 2,683	550	\$ 1,475,760
Laptop fee	\$ 658	525	\$ 345,398
Late fee A	\$ 1,075	150	\$ 161,250
Late fee B	\$ 215	100	\$ 21,500
Change writer to laptop fee	\$ 65	-	\$ -
Projected Program Revenue w Fee Increase			\$ 2,003,908

New Program NET: \$ 23,552

Admissions Initial Proposal	New Fee	2022 Projection	Revenue
Applicant fee	\$ 750	550	\$ 412,500
Laptop fee	\$ 200	525	\$ 105,000
Late fee A	\$ 275	150	\$ 41,250
Late fee B	\$ 75	100	\$ 7,500
Change writer to laptop fee	\$ 50	-	\$ -
Projected Program Revenue w Fee Increase			\$ 566,250

New Program NET: \$ (1,414,106)

Deficit Change: \$ 100,225



Law School Regulation (LSR) Operating Projection

	4 YR Average
	Revenue
Annual Report Fees	\$ 136,119
School Visitation ²	\$ 161,159
Projected Program Revenue	\$ 297,279

Projected Program Cost	\$ 786,745
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Current Projected Program NET:	\$ (489,466)
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	Increase of ~ 310%	Projection	
CALS Annual Report	\$ 6,727	16	\$ 107,632
CALS Inspection	\$ 13,640	16	\$ 218,240
UnAcc Annual A	\$ 2,248	1	\$ 2,248
UnAcc Annual B	\$ 3,379	12	\$ 40,548
UnAcc Annual C	\$ 4,480	5	\$ 22,398
UnAcc Inspection A	\$ 4,294	1	\$ 4,294
UnAcc Inspection B	\$ 5,580	12	\$ 66,960
UnAcc Inspection C	\$ 6,820	5	\$ 34,100
Total Potential Increase			\$ 496,419

New Program NET:	\$ 6,952
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	Old Fee	New Fee
CALS Annual Report	\$ 2,170	\$ 8,897
CALS Inspection	\$ 4,400	\$ 18,040
UnAcc Annual A	\$ 725	\$ 2,973
UnAcc Annual B	\$ 1,090	\$ 4,469
UnAcc Annual C	\$ 1,445	\$ 5,925
UnAcc Inspection A	\$ 6,925	\$ 28,393
UnAcc Inspection B	\$ 9,000	\$ 36,900
UnAcc Inspection C	\$ 11,000	\$ 45,100

No Admissions Initial Proposal



Law Office Study (LOS) Operating Projection

	Current Fee	2022 Projection	Revenue
Semi-annual Reports	\$ 105	75	\$ 7,823
Notice of Intent	\$ 158	91	\$ 14,378
Projected Program Revenue			\$ 22,201

Projected Program Cost \$ 103,635

Current Projected Program NET: \$ (81,434)

New Fee Amount w Increase	Increase of ~ 370%		
Semi-annual Reports	\$ 494	75	\$ 36,766
Notice of Intent	\$ 743	91	\$ 67,577
Projected Program Revenue w Fee Increase			\$ 104,342

New Program NET: \$ 708

Admissions Initial Proposal	New Fee	2022 Projection	Revenue
Semi-annual Reports	\$ 150	75	\$ 11,175
Notice of Intent	\$ 250	91	\$ 22,750
Projected Program Revenue w Fee Increase			\$ 33,925

New Program NET: \$ (69,710)

Deficit Change: \$ 11,725



Out-of-State Attorney Arbitration Counsel (OSAAC) Operating Projection

	Current Fee	2022 Projection	Revenue
OSAAC Application Fee	\$ 50	1,466	\$ 73,300
Projected Program Revenue			<u>\$ 73,300</u>

Projected Program Cost			<u>\$ 110,998</u>
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Current Projected Program NET:			<u><u>\$ (37,698)</u></u>
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New Fee Amount w Increase	Increase of ~ 54%		
OSAAC Application Fee	\$ 77	1,466	\$ 112,882
Projected Program Revenue w Fee Increase			<u>\$ 112,882</u>

New Program NET:			<u><u>\$ 1,884</u></u>
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Admissions Initial Proposal	New Fee	2022 Projection	Revenue
OSAAC Application Fee	\$ 75	1,466	\$ 109,950
Projected Program Revenue w Fee Increase			<u>\$ 109,950</u>

New Program NET:	<u><u>\$ (1,048)</u></u>
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Deficit Change:	<u><u>\$ 36,650</u></u>
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Pro Hac Vice (PHV) Operating Projection

	Current Fee	2022 Projection	Revenue
PHV Application Fee	\$ 50	3,564	\$ 178,175
Projected Program Revenue			<u>\$ 178,175</u>

Projected Program Cost	<u>\$ 192,866</u>
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Current Projected Program NET:	<u><u>\$ (14,691)</u></u>
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New Fee Amount w Increase	Increase of ~ 10%		
PHV Application Fee	\$ 55	3,564	\$ 195,993
Projected Program Revenue w Fee Increase			<u>\$ 195,993</u>

New Program NET:	<u><u>\$ 3,126</u></u>
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Admissions Initial Proposal	New Fee	2022 Projection	Revenue
PHV Application Fee	\$ 75	3,564	\$ 267,263
Projected Program Revenue w Fee Increase			<u>\$ 267,263</u>

New Program NET:	<u><u>\$ 74,396</u></u>
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Deficit Change:	<u><u>\$ 89,088</u></u>
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Practical Training Law Students (PTLS) Operating Projection

	Current Fee	2022 Projection	Revenue
PTLS Application Fee	\$ 55	1,914	\$ 105,243
PTLS Change Fee	\$ 25	271	\$ 6,775
Projected Program Revenue			\$ 112,018

Projected Program Cost **\$ 116,044**

Current Projected Program NET: **\$ (4,027)**

No Admissions Initial Proposal

New Fee Amount w Increase	Increase of ~ 5%		
PTLS Application	\$ 58	1,914	\$ 110,983
PTLS Change Fee	\$ 26	271	\$ 7,046
Projected Program Revenue w Fee Increase			\$ 118,029

New Program NET: **\$ 1,985**



Admissions Fund Revenue and Expense Trend (Summary)

Admissions Fund	2018 Budget	2018 Actuals	2019 Budget	2019 Actuals	2020 Budget	2020 Actuals	2021 Budget	2021 Actuals	2022 Budget
Total Revenue	\$ 23,061,300	\$ 23,591,151	\$ 20,941,700	\$ 21,764,644	\$ 20,885,643	\$ 22,151,309	\$ 19,494,030	\$ 18,966,971	16,581,900
Indirect Costs	\$ 5,002,163	\$ 4,650,141	\$ 5,420,600	\$ 5,420,600	\$ 5,236,690	\$ 5,236,694	\$ 6,130,032	\$ 6,130,032	\$ 6,948,492
Total Expense	\$ 22,608,963	\$ 20,210,230	\$ 21,861,600	\$ 21,497,119	\$ 23,275,728	\$ 20,006,465	\$ 23,500,592	\$ 18,887,139	\$ 25,554,623
Net	\$ 452,337	\$ 3,380,921	\$ (919,900)	\$ 267,525	\$ (2,390,085)	\$ 2,144,844	\$ (4,006,562)	\$ 79,832	\$ (8,972,723)
Indirect Costs % of Total Expense	22.1%	23.0%	24.8%	25.2%	22.5%	26.2%	26.1%	32.5%	27.2%
Total Admissions FTE		69.2		65.0		64.2		69.2	69.8



Admissions Fund Revenue and Expense Trend (Detailed)

Admissions Fund	2018 Budget	2019 Budget	2020 Budget	2021 Budget	2022 Budget
Total Revenue	\$ 23,061,300	\$ 20,941,700	\$ 20,885,643	\$ 19,494,030	16,581,900
Personnel Costs	\$ 7,732,400	\$ 7,626,400	\$ 7,989,367	\$ 8,402,000	\$ 7,721,454
Building Operations	\$ 91,300	\$ 94,600	\$ 104,252	\$ 72,142	\$ 39,045
Services	\$ 1,849,200	\$ 1,681,800	\$ 1,691,650	\$ 1,527,902	\$ 5,854,210
Supplies	\$ 275,700	\$ 216,900	\$ 156,823	\$ 96,009	\$ 79,158
Equipment	\$ 79,500	\$ 92,200	\$ 61,275	\$ 259,409	\$ 460,880
Other Expenses	\$ 439,600	\$ 411,700	\$ 447,700	\$ 378,169	\$ 187,159
Exam Related Expenses	\$ 6,039,100	\$ 6,217,400	\$ 6,762,969	\$ 6,534,929	\$ 4,164,225
Indirect Costs	\$ 5,002,163	\$ 5,420,600	\$ 5,236,690	\$ 6,130,032	\$ 6,948,492
Transfers Out	\$ 1,100,000	\$ 100,000	\$ 825,000	\$ 100,000	\$ 100,000
Total Expense	\$ 22,608,963	\$ 21,861,600	\$ 23,275,728	\$ 23,500,592	\$ 25,554,623
Net	\$ 452,337	\$ (919,900)	\$ (2,390,085)	\$ (4,006,562)	\$ (8,972,723)
Indirect Costs % of Total Expense	22.1%	24.8%	22.5%	26.1%	27.2%

- Services increased by \$4.3M from \$1.5M to \$5.9M in 2022 vs 2021
- Exam Related decreased by \$2.4M from \$6.5M to \$4.2M in 2022 vs 2021
- PSI Contract \$3.9M
- Exam Room costs and Proctor rates have increased

