



The State Bar of California

OPEN SESSION

AGENDA ITEM

IV.A. SEPTEMBER 2022

DATE: September 16, 2022

TO: Members, California Board of Legal Specialization

FROM: Adrian Galang, Program Supervisor, Legal Specialization

SUBJECT: Report on Key Financial and Operational Indicators

EXECUTIVE SUMMARY

This agenda item reports on key financial and operational key indicators. These key indicators include the 2022 financial statements for the first quarter of 2022, ending on March 31, 2022, reporting on Legal Specialization program annual fees; the total number of certified specialists; the total number of resignations; and an update on the 2022 Group 1 Legal Specialist Continuing Legal Education (LSCLE) compliance.

BACKGROUND

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

DISCUSSION

YEAR-TO-DATE FINANCIAL REPORT

Legal Specialization Budget

The State Bar 2022 financial statements for Fiscal Quarter 2, ending on June 30, have not been completed. However, as reported at the last CBLS meeting, financial statements for Fiscal Quarter 1, ending on March 31, 2022, indicate that 2022 actual revenue is generally in line with projections made at the start of the budget year (see Attachment A). Currently, the Legal

Specialization expenses stand at 78.9 percent under budget¹. However, staff anticipate incurring the costs for the Legal Specialist Examinations development and item banking system later in the year, which will bring the budgeted and actual budgets into closer alignment. Based on projected 2022 revenue compared to expenses, there is an expected overall \$184,158 positive change in current net position.

Legal Specialization Program Annual Fees

Annual 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 sent monthly email reminders to all specialists who had yet to remit their annual fees². All reminders are 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 September 1, 2022, there were 14 specialists who have not yet remitted the 2022 Legal Specialization Program Annual Fee. Estate Planning, Trust & Probate Law has the highest number of outstanding payments (5), accounting for a third of the overall total. All specialists in Admiralty & Maritime Law, Bankruptcy Law, Franchise & Distribution Law, Immigration & Nationality, and Legal Malpractice Law have submitted their annual fees. The following table provides a breakdown of specialists who have not yet paid fees by specialty area.

Specialty Area	# of Specialists Who Have Not Paid the 2022 Legal Specialization Program Annual Fee
Admiralty & Maritime Law	-
Appellate Law	1
Bankruptcy Law	-
Criminal Law	1
Estate Planning, Trust & Probate Law	5
Family Law	3
Franchise & Distribution Law	-
Immigration & Nationality Law	-
Legal Malpractice Law	-
Taxation Law	1
Workers' Compensation Law	3

Item IV.D. of the agenda includes a recommendation for revocation of certifications for specialists who have failed to submit the annual fee.

¹ State Bar 2022 Adopted Final Budget, <https://www.calbar.ca.gov/Portals/0/documents/reports/2022-State-Bar-Adopted-Budget.pdf>

² State Bar Rule 3.111(B) provides that, "A certified specialist who fails to make timely payment of a required fee will be notified of the delinquency and may be assessed a late charge. Failure to pay the annual fee or late charge within thirty days of notice of delinquency may result in suspension of certification."

TOTAL NUMBER OF CERTIFIED SPECIALISTS

As of September 1, 2022, there are 4,883 certified specialists, a decrease of 125 certified specialists as compared to September 1, 2021. Attachment B illustrates a breakdown of the current and prior year count of specialists by areas of specialization. Only Immigration & Nationality Law saw an increase in numbers, with an increase of two new specialists. Franchise & Distribution Law did not experience a change. The remaining nine areas all saw decreases, where Criminal Law, Family Law, and Workers' Compensation Law each had decreases over 20, amounting to a decrease of 77 specialists between the three areas over the last year.

TOTAL NUMBER OF RESIGNATIONS BY REASON

There have been 123 resignations of certificates of specialization from January 1, 2022, through September 1, 2022, which is in line with the 149 resignations experienced 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 (50). Staff anticipate that this number will increase slightly through the end of the year.

LEGAL SPECIALIST CONTINUING LEGAL EDUCATION (LSCLE) COMPLIANCE REPORTING

2022 Group 1 LSCLE Compliance

Program rules require certified specialists to report 36 hours of LSCLE, due at the same time as their general Minimum Continuing Legal Education (MCLE) reporting requirements³. For 2022, Compliance Group 1 reporting opened on December 1, 2021, and there was a total of 1,764 specialists (including dual specialists) who were due to report LSCLE compliance by February 1, 2022 (Attachment E). Since reporting opened, staff sent monthly email reminders using the State Bar email service to all specialists who had yet to submit their LSCLE compliance. Licensees who failed to report MCLE compliance by the February deadline were notified of noncompliance, assessed a \$75 late fee⁴, and were given until June 30, 2022, to report or else face suspension of their license. Specialists were separately notified that they had until June 30, 2022, to meet their LSCLE requirements to continue their certification. No financial penalty was imposed for late LSCLE compliance. As of September 1, 2022, there are 40 specialists (2.2 percent) in Compliance Group 1 still due to report 2022 LSCLE Compliance.

Item IV.E. of the agenda includes a recommendation for revocation of certifications for specialists in Compliance Group 1 who have failed to meet their compliance reporting obligations.

³ State Bar Rule 3.114(A)(2) requires that, "certified specialists: at least thirty-six hours during the specialist's Minimum Continuing Legal Education (MCLE) compliance period. The specialist must report specialty education compliance to the State Bar when reporting MCLE compliance."

⁴ State Bar Schedule of Charges and Deadlines,

https://www.calbar.ca.gov/Portals/0/documents/rules/Rules_Appendix_A_Sched-Chgs-Deadlines.pdf

ATTACHMENT(S) LIST

- A.** State Bar 2022 Operating Revenue, Operating Expenses, and Changes in Net Position (Non-General Funds) for Three Months Ended March 31, 2022
- B.** Total Number of Certified Specialists as of September 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 1