

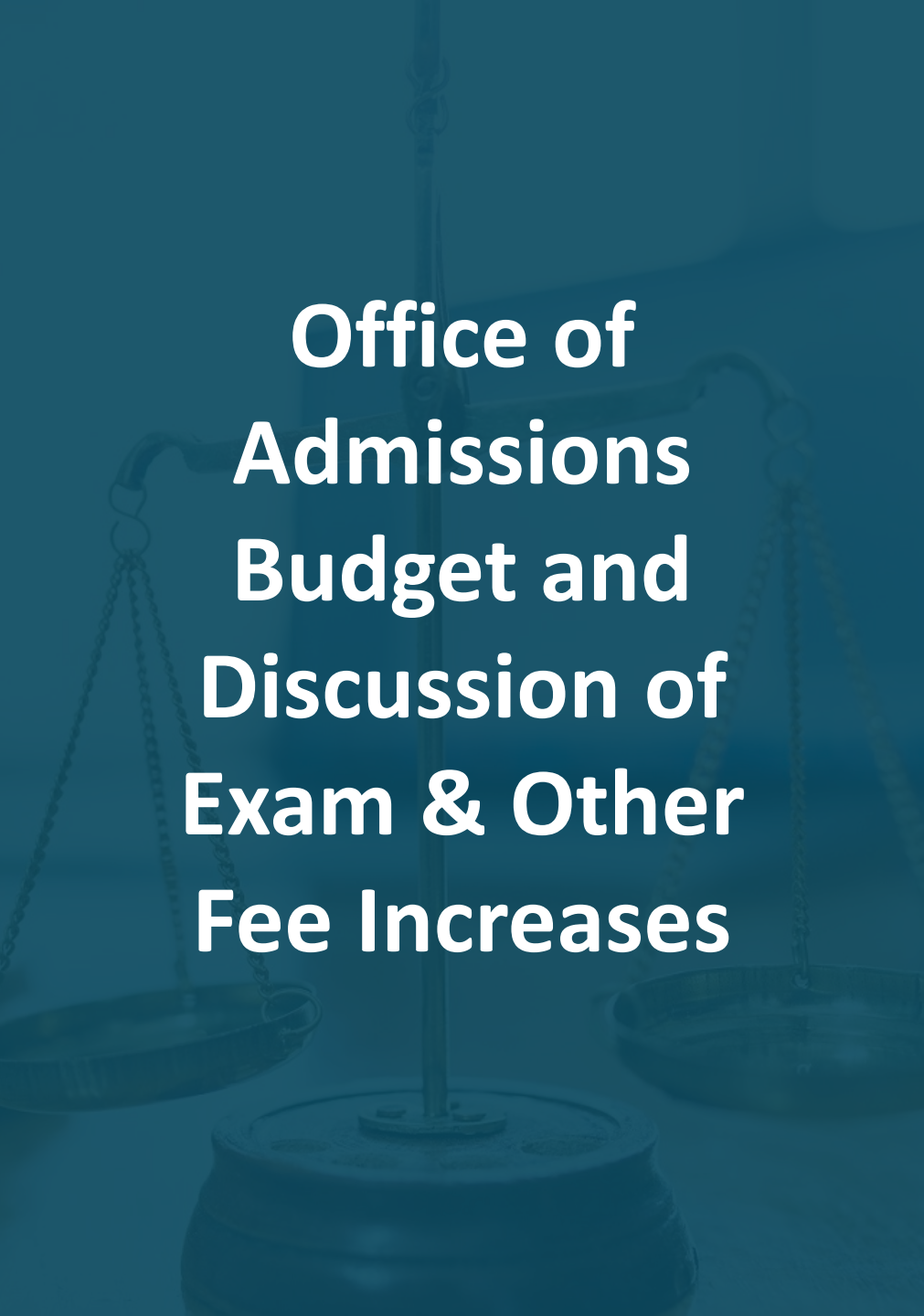


The State Bar *of California*

Director's Report

Amy Carmen Nuñez, Director

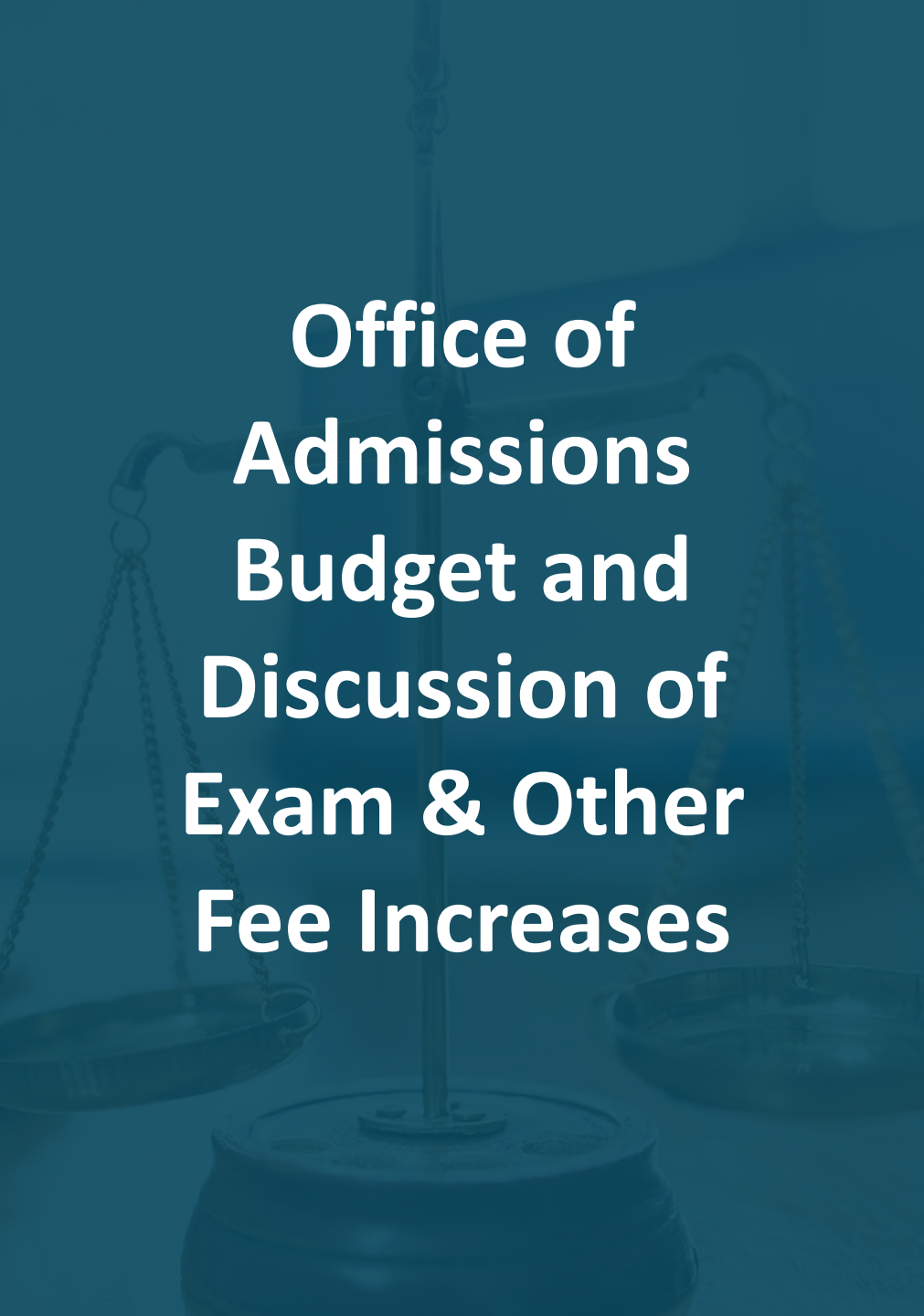
Committee of Bar Examiners, January 27, 2023



Office of Admissions Budget and Discussion of Exam & Other Fee Increases

- Years without fee increases and increasing costs have resulted in a significant structural deficit
- Costs significantly outweigh revenue for many services
- Services with the highest negative financial impact include the CBX, FYLSX and MC
- State Bar policy requires fee review every 5 years/ review currently underway
- Seeking input on policy decisions related to potential fee increases





Office of Admissions Budget and Discussion of Exam & Other Fee Increases

- Budget concerns driven by two primary factors
 - Declining Revenue
 - Increasing Costs



Declining Revenue: CBX

February California Bar Examination Administrations	Total	Percent Change from Previous Administration
2018	6168	
2019	6060	-2%
2020	5393	-11%
2021 (remote)	3844	-29%
2022	3942	3%

July California Bar Examination Administrations	Total	Percent Change from Previous Administration
2018	9560	
2019	8560	-10%
October 2020 (remote)	9317	8%
2021 (remote)	7803	-19%
2022	8227	5%



Declining Revenue: FYLSX

June First-Year Law Students' Examination Administrations	Total	Percent Change from Previous Administration
2018	332	
2019	355	7%
2020 (remote)	317	-11%
2021 (remote)	289	-9%
2022 (remote)	282	-2%

October First-Year Law Students' Examination Administrations	Total	Percent Change from Previous Administration
2018	280	
2019	331	18%
(November) 2020 (remote)	336	2%
2021 (remote)	306	-9%
2022 (remote)	290	-5%



Increased Costs: CBX Administration

California Bar Examination	Standard Cost	TA Cost	% Change from Previous Administration on Standard	% Change from Previous Administration on TA
February 2018	\$104.33	\$2,076.99		
July 2018	\$114.40	\$2,309.43		
February 2019	\$106.87	\$2,428.01	2%	17%
July 2019	\$140.16	\$2,295.83	23%	-1%
February 2020	\$129.42	\$2,067.93	21%	-15%
July/October 2020*	\$130.12	\$1,916.39	-7%	-17%
February 2021*	\$153.61	\$5,097.34	19%	147%
July 2021*	\$163.89	\$3,353.47	26%	75%
February 2022	\$426.79	\$3,809.61	178%	-25%
July 2022	\$354.38	\$1,848.44	116%	-45%

* Denotes exam was remotely proctored.





Admissions FTE Count Remains Constant

Budget Year	# of Approved FTE's in Admissions
2018	61.15
2019	60.3
2020	60.75
2021	63.25
2022	63.25



Expenses, Revenue & Reserve for FYs 2018-2022

	2018	2019	2020	2021	2022*
Revenue					
42-Other Fees	(7,617,956)	(7,353,466)	(7,262,578)	(7,401,868)	(8,427,325)
43-Exam Fees	(14,821,023)	(14,058,872)	(14,592,604)	(11,571,766)	(11,193,389)
44-Grants	(1,706)	(235)	(77,747)	-	
45-Other Revenues				(75)	(161)
47-Investment Income	(150,466)	(352,071)	(218,355)	6,738	2,870
49-Transfer In	(1,000,000)				
Revenue Total	(23,591,151)	(21,764,644)	(22,151,284)	(18,966,971)	(19,618,005)
Expense					
50-Personnel Costs	6,268,415	7,339,964	7,801,055	7,250,673	7,252,315
51-Building Operations	84,066	93,620	20,507	27,845	20,319
52-Services	1,570,477	1,930,537	1,087,495	1,254,623	4,747,876
54-Supplies	279,610	116,771	46,369	39,512	38,402
55-Equipment	67,576	60,521	6,537	250,059	410,743
56-Other Expenses	364,492	386,660	154,606	93,396	202,820
57-Exam Related Expenses	5,824,139	6,046,995	4,823,719	3,736,513	4,893,031
59-Indirect Costs	4,650,141	5,420,600	5,236,694	6,130,032	6,992,942
69-Transfers Out	1,101,314	101,451	826,491	101,389	101,389
Expense Total	20,210,230	21,497,119	20,003,474	18,884,043	24,659,838
(surplus)/deficit (actuals)	(3,380,921)	(267,525)	(2,147,810)	(82,928)	4,941,833
Reserve Balance	8,150,263	8,417,788	10,565,598	10,648,527	5,706,694

Methodology

- Current model created by Deloitte in 2001
- Thorough review in 2016 found that “The methodology for preparing the State Bar indirect cost allocations is technically sound”
- Indirect cost model uses industry standards to allocate based on usage
 - HR & IT based on full time employee
 - Finance based on budget amount
 - General services based on square footage use



Guiding Principles & Focus

- Attorney applicants should generally realize larger fee increases than non-attorney applicants.
- Programs like Pro Hac vice and Registered In-House Counsel should support others like Registered Legal Aid Attorney and Military Spouse Attorney Programs.
- Will focus on areas with the greatest gaps and need for immediate attention: CA Bar Exam, FYLSX and Moral Character today



Questions?

