



The State Bar *of California*

2023 General Fund Fee Increase Recommendations

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Board of Trustees, May 18–19, 2023

Fee Review Policy

- State Bar reviews fee for services every five years
 - Pursuant to 2017 internal policy
 - Finance Committee recently adopted amendments
 - Requiring review every three years
 - Requiring annual CPI adjustment as legally authorized
- Current review began in March 2022
 - Admissions Fees
 - General Fund Fees
- Board action sought today
 - Approve General Fund fee increases
 - Discuss Admissions fee increase proposals → separate agenda item



General Fund Fee Review Action to Date

- Finance Committee reviewed General Fund service fees:
 - Minimum Continuing Legal Education
 - Certificates of Standing
 - Law Corporations
 - Limited Liability Partners (LLP)
 - Lawyer Referral Services
 - Mandatory Fee Arbitration
 - MCLE Provider Certification
- At its meetings in July 2022, Nov 2022, and May 2023
- Two fee amendment proposals issued for public comment in Nov 2022:
 - LLP
 - MCLE Provider



State Auditor Releases Report

- Recommended licensing fee increase of \$24 (active) and \$6 (inactive) to fully cover cost of service provision
 - Fee increase of all service fee would be at level required to achieve full cost recovery
- Intent was to use less licensing fee revenue to subsidize programs operating at a deficit
- Fees recommended for adjustment today will generate \$1.7 million in additional General Fund revenue:
 - Less than State Auditor recommended
 - LRS and MFA fees not recommended for increase at this time
 - Sufficient to fully cover costs of related services



General Fund Programs



Fee Proposals Not Subject to Impacted Stakeholder Comment

| Service Area | Fee Type | | | |
|--------------------------|------------------------|---------------------|---------------|--------|
| Certificates of Standing | Fee for 2 Certificates | Fee per Certificate | | |
| Current | \$25 | n/a | | |
| Proposed | n/a | \$40 | | |
| | | | | |
| Law Corporation | Application | Renewal | Late | |
| Current | \$200 | \$75 | \$100 | |
| Proposed | \$250 | \$100 | \$110 | |
| | | | | |
| MCLE (Attorney) | Late | E-Mod | Reinstatement | Credit |
| Current | \$75 | \$75 | \$200 | \$25 |
| Proposed | \$100 | \$100 | \$300 | \$100 |



Limited Liability Partnerships

Application Fees

| Fee Type | Current | Proposed |
|------------------------|---------|----------|
| First 2 Partners | \$100 | \$110 |
| Per Partner Thereafter | \$50 | \$55 |
| Cap | \$2,500 | None |

Renewal Fees

| Fee Type | Current | Proposed |
|------------------------|---------|----------|
| First 2 Partners | \$75 | \$85 |
| Per Partner Thereafter | \$25 | \$30 |
| Cap | \$2,500 | None |

Impact of Proposal

- 99 LLPs impacted by removal of cap
- Comment were sought from these firms
- 6 comments received; most were not in support of raising cap but not eliminating it
- Finance Committee considered but determined cap elimination appropriate



MCLE Provider Certification

| Fee Type | Current | Proposed (for-profit) | Proposed (nonprofit) |
|--------------------------------------|---------|-----------------------|----------------------|
| SAP Applications | \$90 | \$150 | \$150 |
| MAP Applications | \$360 | \$600 | \$460 |
| MAP Renewals (@3 yrs) | \$360 | (below) | (below) |
| MAP Renewals (@2 yrs) | n/a | \$600 | \$460 |
| SAP Late (1-30 days) | new | \$90 | \$90 |
| SAP Late (31 days –2 years) | new | \$210 | \$210 |
| MAP Late Renewals (1- 30 days) | new | \$300 | \$300 |
| MAP Late Renewals (31 days –2 years) | new | \$750 | \$750 |
| MAP Reinstatement | new | \$50 | \$50 |

Fee Structure Changes

- MAP renewals every 2 years instead of every 3 years
- Introduction of new nonprofit discounts
- New late fee tiers for SAP and MAP filings
- Proposed fees in line with similar fees in other jurisdictions



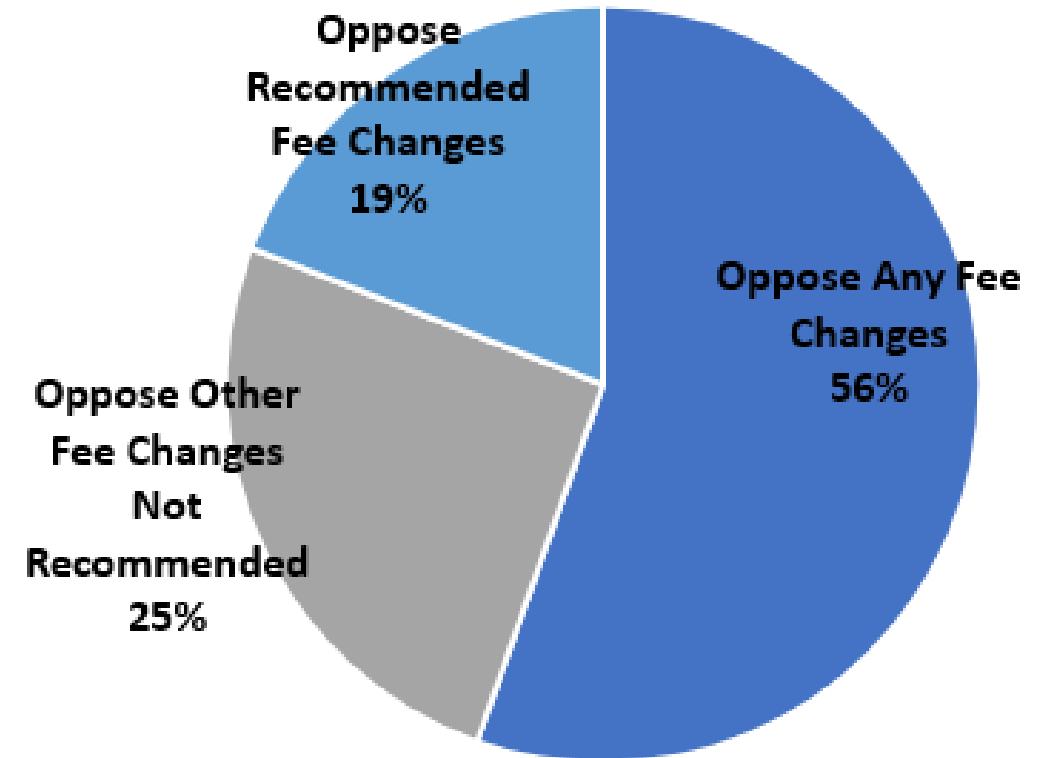
MCLE Provider Stakeholder Solicitation

Solicited MCLE Provider Input on:

- Proposed fee increases on existing registration and renewals
 - MAP renewal period change from 3 to 2 years
 - Lower application and renewal fees for nonprofit providers
 - Proposed new late fees be established
- 2,173 active providers contacted, 660 responses received

Comments Received:

- 194 object to any fee increases
- 89 object to fee increases that are not being proposed
- 67 object to proposed fee increases
 - 28 object to SAP/MAP application/renewal increase
 - 27 object to late fees
 - 12 object to change to renewal period from 3 to 2 year



Questions?

