



The State Bar of California

OPEN SESSION AGENDA ITEM 704 JANUARY 2024

DATE: January 18, 2024

TO: Members, Board of Trustees

FROM: Donna S. Hershkowitz, Chief of Programs / Legislative Director

SUBJECT: Update on Admissions Fee Increases Related to California Accredited Law Schools: Plan for Further Refinement

EXECUTIVE SUMMARY

This agenda item is informational only, updating the Board of Trustees on the progress of developing a final recommendation for fee increases related to the annual inspection and the annual report for California Accredited Law Schools (CALS).

BACKGROUND

The cost of all expenses for Admissions' operations is paid from the Admissions Fund. Admissions Fund revenue comes from the fees charged by the Office of Admissions to applicants for its programs and services. The Admissions Fund is not supported by the State Bar General Fund or the State General Fund. Over the last five years Admissions revenue has generally been decreasing; at the same time, expenditures have been increasing, leading to a significant structural deficit.

In [September 2023](#), following two rounds of public comment, the Board approved increases to many admissions service fees to reduce that deficit.

Annually, California Accredited Law Schools (CALS) pay certain fees to the State Bar for accreditation. One such fee is intended to cover all the services related to accreditation, including review of the annual report to assess ongoing compliance with accreditation rules, engagement with the law schools, development and enforcement of accreditation rules, responding to accreditation and compliance questions, guiding the schools to maintain compliance with accreditation requirements, and to otherwise performing the responsibilities of an accrediting agency. This fee is submitted with the Annual Compliance Report, hence

termed the Annual Report fee. Currently, it stands at \$2,170, which is far below the cost of providing these services. In September staff proposed that the Annual Report fee be increased to \$22,9000.

CALS also pay a fee for a formal inspection which is scheduled generally every five years. That fee is paid with advance deposits of \$4,400 each year for five years, for a total deposit of \$22,000. Despite rising accreditation costs, these fees haven't changed in five years. The September agenda item proposed to raise this deposit to \$8,000 per year, for a total of a \$40,000 deposit. This increase accompanied a change in the hourly rate (from \$275 to \$350) that is used to assess the final, true costs of the inspections.

Expenditures on law school regulation for 2023 were projected to exceed revenue by \$555,000. Fee increases were proposed to bring the revenue and expenditures into better alignment and end the subsidization of law school regulation by other admissions services areas as the Admissions Fund could no longer support excess costs in any program area.

At the September meeting, the Board considered whether, instead of a set Annual Report fee per school, a better approach might be assessing fees to the CALS based on enrollment numbers. Such a tiered fee structure has been in place for the unaccredited law schools for several years. The Board looked at different approaches to creating a tiered fee structure. However, responding to the fact that these fees were going to be passed on to law students, in addition to the other fee increases adopted, the Board directed that the proposed increases on the fees assessed to the CALS be adjusted downward. To receive feedback on a revised proposal that included both a tiered structure and an overall downwards adjustments of both Annual Report and formal inspection fees, the Board directed an additional 30-day [public comment period](#).

DISCUSSION

Following the direction of the Board to adjust the proposed fee increases downward, staff circulated for public comment a revised proposal seeking input on whether to reduce the amount the fee increase proposed for the annual report by one-third or by two-thirds. The public comment opportunity noted that reducing the proposal by one-third would align the increase in the annual report fee proposed for CALS with that adopted by the Board in September for unaccredited schools. The more substantial two-thirds reduction was proposed in light of the unanticipated revenue received in 2023 of about \$2 million, which put the Admissions Fund in a somewhat better fiscal condition than anticipated at the onset of the fee review effort. After selecting the preferred amount of the fee, commenters were asked for input on different approaches to tiering the fee based on school size. They were also presented with the option to set a per student fee, regardless of the size of the school.

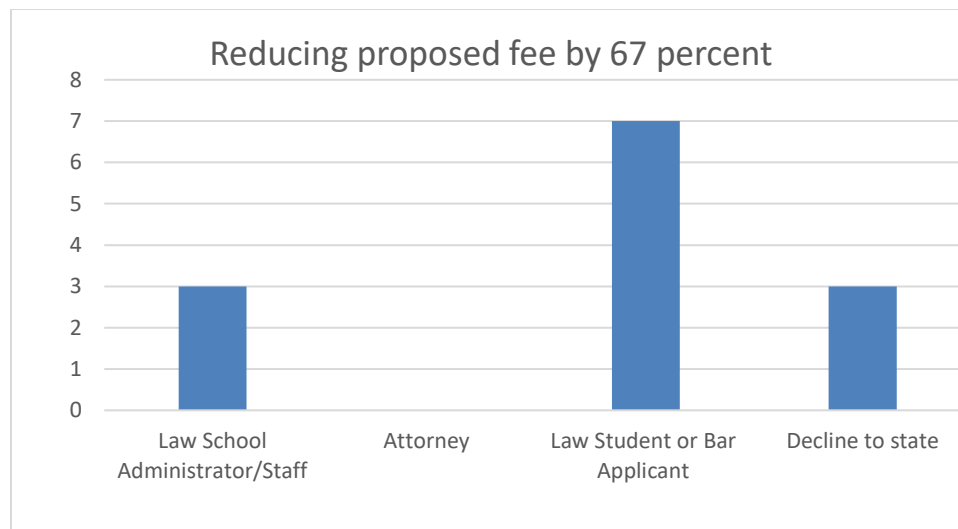
With regard to the inspection fee, the public comment opportunity noted that creating a new tiered approach seemed unjustified as a historical review of the cost of inspections revealed the cost was not tied to the size of the school. A review of the last 10 inspections showed minor variations in hours based on enrollment. Schools with enrollment between 100 and 299 had the

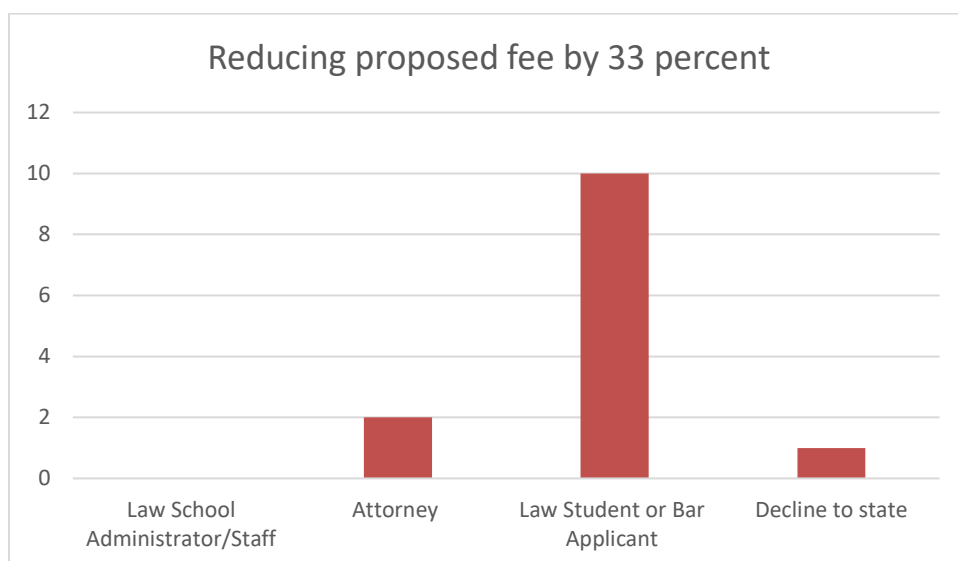
lowest average number hours; with schools with 0–99 students or 500+ students having the highest average hours. The average cost of inspections, at the newly approved rate of \$350/hour, would be \$37,500, up from \$29,500 under the prior annual rate. The prior State Bar proposal recommended increasing the advance payment to \$8,000 per year for five years, totaling \$40,000. As with the current fee structure, after the inspection there is a “true up” and if actual costs exceed the amount paid, the school must transmit the additional amount. Similarly, the State Bar would return any amount paid in excess of the actual costs. Public comment was therefore sought on adjusting the advance fee to \$7,500, keeping it at \$8,000, or reducing it to \$7,000 annually.

PUBLIC COMMENT

In addition to posting the public comment opportunity on the State Bar website and notifying all those who had signed up to receive public comment, the Office of Admissions shared the public comment opportunity with all law school deans and with law students registered with Admissions who attend CALS. Of the 26 comments received, 19 were from law students or bar applicants, 4 were from law school faculty, administrators, or staff, and 2 were from attorneys. (See Attachment A)

Interestingly, one-half the commenters supported reducing the proposed fee by two-thirds with the other half supporting reducing the fee by one-third. The comments breakdown is as follows:





A review of the comments expressed no strong leading contender for how to structure or tier the fees, regardless of amount. The vast majority of commenters (88 percent) recommended lowering the payment toward inspections to \$7,000 per year, down \$1,000 from the proposal's \$8,000.

NEED FOR FURTHER REFINEMENT OF THE PROPOSAL

Deans of 11 California Accredited Law Schools submitted a joint comment on behalf of the CALS (see letter linked in the comment chart). Although staff is not in full agreement with all of the points raised in the letter, staff believes that the deans raise important issues and that additional time and refinement of the proposal is needed to ensure transparency, fairness, and accuracy. To that end, between the January and March Board meetings, staff will meet with the CALS jointly to:

- Review financial information, including that previously shared with decisionmakers, as to the disparity between annual revenue and expenditures related to law school regulation and some other financial questions raised by the CALS in their public comment.
- Discuss a method to identify two levels for the annual report fee – one applicable to those schools that are jointly accredited, and one applicable to schools that are accredited only by the Committee of Bar Examiners.
- Discuss alternative methods for determining student enrollment numbers on which to base the annual report fee.
- Revise the requirement that CALS advance one-fifth of the anticipated inspection fee annually and develop a recommendation for requiring the anticipated inspection fee to be deposited in the year the inspection is scheduled to be completed.

Staff will return to the Board in March, following these discussions with the CALS with a final recommendation. As part of the refinement of the proposal, staff will propose a change to the name of the annual report fee. The fee is intended to cover the costs of accreditation services provided by the State Bar and the Committee of Bar Examiners. The date for submission of the

fee is tied to the submission of the annual report. However, it would be more accurate to refer to the fee as an annual accreditation services fee.

FISCAL/PERSONNEL IMPACT

The fee increases proposed in September 2023 for the inspection and annual report for the CALS was projected to increase revenue by approximately \$425,000. Delaying adoption of fee increases until March is not anticipated to have a significant impact on revenue that will be realized.

AMENDMENTS TO RULES OF THE STATE BAR OF CALIFORNIA

Appendix A

AMENDMENTS TO BOARD OF TRUSTEES POLICY MANUAL

None

STRATEGIC PLAN GOALS & IMPLEMENTATION STEPS

Goal 2. Protect the Public by Enhancing Access to and Inclusion in the Legal System

- a. 1. Increase the number of attorneys admitted through special admissions programs.

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- c. 5. Continue the Mindsets in Legal Education Initiative and evaluate the merits of expanding the program.

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- c. 6. Conduct an equity and cost focused analysis of the impact of various options for administration of the bar exam on exam pass rates, including remote and open-book formats.

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- c. 7. Provide implicit bias trainings for bar exam proctors and graders to reduce any potential bias.

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- c. 8. Continue to diversify the exam development and grading pool.

ATTACHMENT LIST

- A. Public Comment Chart

ATTACHMENT A

#	Name or Organization	Classification	Law School Admin/ Faculty	Which proposed adjustment to the prior fee increase proposal do you recommend?	Which method of fee tiering?	Recommended Annual Payment toward Inspection Costs	Comments
1	California Accredited Law Schools	Nonattorney	x	Reducing proposed fee by 67 percent	Option 3: no tiers (assessment per student, regardless of school size)	\$7,000	See https://fs22.formsite.com/sbcta/files/f-364-86-26027418_TkWlZVow_CALS_Public_Comment_re_Fee_Increases_120423.docx
2	Maria Popovici	Law Student		Reducing proposed fee by 67 percent	Option 1: three tiers (aligned with tiered fees for unaccredited law schools)	\$7,000	
3	SANDRA L BROOKS	Nonattorney	x	Reducing proposed fee by 67 percent	Option 3: no tiers (assessment per student, regardless of school size)	\$7,000	
4	James Patrick O'Neill Jr	Nonattorney		Reducing proposed fee by 67 percent	Option 3: no tiers (assessment per student, regardless of school size)	\$7,000	See https://fs22.formsite.com/sbcta/files/f-364-86-26004740_vloJlI73_ggq.docx
5	Anonymous	Decline to state		Reducing proposed fee by 33 percent	Option 3: no tiers (assessment per student, regardless of school size)	\$7,000	CA State Bar should follow-up on reports of corrupt lawyers and judges and then FINE these bad actors. Use that fund to off-set a percentage of the fee increase. You can start in Sonoma County: DA Carla Rodriguez DDA Robert Waner Judge Laura Passaglia McCarthy

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							<p>Then move to CA family court. Susan Bassi can get you started, she's been publishing about corruption for years.</p> <p>You'll have such a financial surplus by the end you won't have to worry about money again. You really should be taking reports of corruption more seriously, start there. Sonoma County is making a mockery of the judicial system & of California Bar standards.</p>
6	Lilit Hovsepyan	Law Student or California Bar Applicant		Reducing proposed fee by 33 percent	Option 1: three tiers (aligned with tiered fees for unaccredited law schools)	\$7,000	
7	Arti Denterlein	California Bar Applicant		Reducing proposed fee by 67 percent	Option 3: no tiers (assessment per student, regardless of school size)	\$7,000	
8	Roberta A Vu	California Attorney		Reducing proposed fee by 33 percent	Option 1: three tiers (aligned with tiered fees for unaccredited law schools)	\$7,000	<p>I am a Provisionally Licensed Attorney. (this was not an option".</p> <p>As a professional working in industry, I would like to understand if the Cal Bar is considering alternative options to the current 'audit' approach. Consider what is the goal of the fee-revenue? coverage of expenses? OR- shouldn't it be aligned to the goal of assessment?</p> <p>For example, in industry, we take a risk based approach to our audits. Could th eCal Bar</p>

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							identify relevant risk factors and metrics (other than enrollment) that could be used to evaluate the schools? What about pass rates on the bar exam? pass rates on the FYLSE (I know that's not required for an accredited school, but should it be?) If a school has mitigated risks, might their fee be lower?
9	Ralph Sasson	California Bar Applicant		Reducing proposed fee by 33 percent	Option 3: no tiers (assessment per student, regardless of school size)	\$8,000	As a current applicant for licensure to practice law, I firmly believe the Bar's fees should be as high as reasonably possible for everything. A well-funded Bar is a strong Bar, and a strong Bar is infinitely more capable of casting a wide (and efficient) net in carrying out its most basic and important function: Regulating and overseeing the practice of law. "Learning" from one's mistakes necessarily includes implementing appropriate measures to ensure the same mistakes don't happen again. In this regard, I submit that the Bar would be best served not by reducing, but actually increasing, all proposed fees.
10	Emma Joann Doty	Law Student		Reducing proposed fee by 67 percent	Option 2: four tiers (recognizing more difference in size of law schools)	\$7,000	
11	Mary Nguyen	Law Student		Reducing proposed fee by 67 percent	Option 3: no tiers (assessment per	\$7,000	

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					student, regardless of school size)		
12	SARAH A CHAR	Law Student		Reducing proposed fee by 33 percent	Option 3: no tiers (assessment per student, regardless of school size)	\$8,000	I am suggesting maximum fees, HOWEVER.. I'd like to also propose that DISCOUNTS to these fees could be created based on success rate of graduating students, number of students graduated, GPAs of graduating students, minority attendance, scholarships available and MORE. So there is a MAXIMUM FEE, however...this fee can be lowered based on the success of the school for achievers, performers, and underrepresented types of peoples.
13	Tevis Verrett	Law Student		Reducing proposed fee by 67 percent	Option 2: four tiers (recognizing more difference in size of law schools)	\$7,000	
14	Oxana B Kravchenko	California Bar Applicant		Reducing proposed fee by 33 percent	Option 1: three tiers (aligned with tiered fees for unaccredited law schools)	\$7,000	There is inflation, but it is hard on everyone. Low fees to schools mean low fees for students
15	Darrell Perkins	Law Student or California Bar Applicant		Reducing proposed fee by 67 percent	Option 2: four tiers (recognizing more difference in size of law schools)	\$7,000	
16	Anonymous	Law Student or California Bar Applicant		Reducing proposed fee by 33 percent	Option 2: four tiers (recognizing more difference in size of law schools)	\$7,000	

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17	Anonymous	Decline to state		Reducing proposed fee by 33 percent	Option 2: four tiers (recognizing more difference in size of law schools)	\$7,000	
18	Gabrielle Rosenberg	Law Student	x	Reducing proposed fee by 67 percent	Option 2: four tiers (recognizing more difference in size of law schools)	\$7,000	
19	Dr. Ian Paul Winans	Decline to state		Reducing proposed fee by 33 percent	Option 3: no tiers (assessment per student, regardless of school size)	\$8,000	<p>I made the mistake of getting involved with a fake Law school. Taft Law school. Not only does this school not teach anything, schools that are like Taft, should be charged a higher rate and no excuses of cut backs should be made for the payments to the State bar. Unaccredited law schools are all degree mills and they force students to purchase other Law study programs in order to "keep up" with the needed material, rather than actually teaching. These schools are handing out Fake JD's and the students are lied about their prospective options the entire time they are enrolled.</p> <p>In relation to the proposal, the funds should be increased, to assist the State bar in providing its services and expanding new services such as grants. The State Bar should also force the schools not to pass this cost down to the student, as it gives schools the flexibility to over</p>

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							<p>charge and continue profiteering off of this procedural change. Flat rate per student will also allow those "inexpensive" schools that actually have good education platforms to continue their positive results. While forcing degree mills that bulk enroll to pay up for their marketing campaigns that only focus on raising their enrollment numbers for getting Financial Aid.</p> <p>The State bar could also use this funding to create study programs or court challenges for students across the state, to compete for grants and other concepts.</p>
20	ISRAEL ECHEVERRIA	Law Student		Reducing proposed fee by 33 percent	Option 1: three tiers (aligned with tiered fees for unaccredited law schools)	\$7,000	<p>I just want you to know that your agency might have corrupts working for you. with one year school of law to take the baby bar to the degree of passing grades, the samples given the passing grade can only be possible if the passing student new before hand the questions and practice to write ahead of time. I mean somebody in your department might be selling to schools or selective people who resale the passing questions to practice and do good. There is no way with one year of law school one can pass the exam. No school teaches legal writing in the first year. I do not buy it. Yet they do anything to disqualify people, like me whom</p>

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							was honestly taking those exams for 14 times giving up.
21	Nicole Focone	Decline to state		Reducing proposed fee by 33 percent	Option 1: three tiers (aligned with tiered fees for unaccredited law schools)	\$7,000	
22	Tara Campbell	Law Student		Reducing proposed fee by 67 percent	Option 3: no tiers (assessment per student, regardless of school size)	\$7,000	
23	Richard Davis Barthelemy	Law Student		Reducing proposed fee by 67 percent	Option 3: no tiers (assessment per student, regardless of school size)	\$7,000	
24	DR. ALEX A. NAGHIBI	California Bar Applicant		Reducing proposed fee by 33 percent	Option 1: three tiers (aligned with tiered fees for unaccredited law schools)	\$7,000	
25	Ingrid Wilson	Decline to state		Reducing proposed fee by 67 percent	Option 2: four tiers (recognizing more difference in size of law schools)	\$7,000	
26	Susan Lea	California Attorney		Reducing proposed fee by 33 percent	Option 2: four tiers (recognizing more difference in size of law schools)	\$7,000	Accreditation is confirmed by BAR test passing scores. The students at accredited schools tend to have a much higher passing rate for the Bar test. One of the problems concerning this fee matter is that the BAR has also changed the exam and has allowed some students to

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							automatically pass the exam by signing up for a 6 month program. My experience with younger lawyers over the past 20++ years has shown me that very few new lawyers continue to study or learn.