

# AGENDA ITEM

May 141

Admissions Fees –  
Proposed Adjustments

**DATE:** April 17, 2009

**TO:** Members, Board of Governors  
Members, Board Committee on Planning, Program Development and Budget

**FROM:** The Committee of Bar Examiners  
Gayle Murphy, Senior Executive, Admissions

**SUBJECT:** Admissions Fees – Proposed Adjustments

## EXECUTIVE SUMMARY

The Committee of Bar Examiners of The State Bar of California (Committee) requests approval of proposed adjustments to the Admissions Fees and approval of a Schedule of Admissions Administrative Fees. The proposed adjustments are needed to ensure that the Admissions Fund has sufficient revenue to support expenses and to establish adequate carry forward balances. **The proposed resolutions recommend that the bar examination fee adjustments, which would become effective with administration of the February 2010, 2011 and 2012 bar examinations, be approved; that the proposed adjustments to the other Admissions Fees, which would become effective January 1, of 2010, 2011, and 2012, be approved; and, that the proposed Schedule of Admissions Administrative Fees be approved, effective immediately.**

## SUBJECT/ISSUE

Whether proposed adjustments to the Admissions Fees for 2010, 2011, and 2012 and a Schedule of Admissions Administrative Fees should be approved.

## BACKGROUND

The activities of the Committee of Bar Examiners (Committee) and the Office of Admissions are funded entirely by applicant fees, law school fees and interest income, which are consolidated in the Admissions Fund, a State Bar of California restricted fund. The Admissions Fund receives no support from the General Fund or from member dues.

In 1999, the Board of Governors (Board) approved a budget plan for the Admissions Fund that included five annual adjustments of fees intended to finance the cost of Admissions operations for any particular year by the group of applicants who go through the admissions procedure in that year and to establish a carry forward of approximately \$1,000,000. In addition, the Board instructed the Committee to prepare annual budgets that would maintain the established carry forward and that would cover the costs for any particular budget year based on the costs of the preceding year. The underlying concept was that it was more equitable to applicants as a whole to have annual relatively small adjustments rather than more substantial adjustments every three to four years. The last adjustment in Admissions fees was approved by the Board on June 23, 2005, which became effective in 2006. Due to an increase in the number of applicants in 2006 and 2007, the 2006 fee increase was adequate to ensure that the costs of administering the Admissions' program were appropriately covered by the fees collected.

Through 2007, the reserve or prior year's carry-forward did not have to be used to cover expenses. Beginning in 2008, however, expenses exceeded revenue, which required use of a portion of the reserve. The prior year's carry-forwards have been:

2005	\$1,869,937
2006	\$3,423,532
2007	\$3,852,694
2008	\$3,000,864
2009	\$1,874,504 (2009 budget approved by the Board)

As discussed above, there has been a general consensus that a reserve in the Admissions Fund should always be maintained. This would be available in the event there is an incident that might require an unplanned expenditure of funds, such as a security breach or catastrophic event like an earthquake or flood that would substantively affect an administration of an examination. The reserve grew to over \$3,000,000 in 2007, but was used to cover expenses last year and this year and will quickly be depleted if the fees are not adjusted.

During this same time period as shown below, the cost of administering the Admissions' programs has grown significantly. While salary cost is one of the contributing factors associated with the increase in expense, the cost of renting examination-related facilities, compensating the proctors and independent contractors, the Interfund and outside contracts, such as purchase of the Multistate Bar Examination (MBE), have also increased substantially over the last several years.

2005	\$13,824,150
2006	\$15,304,433
2007	\$16,785,842
2008	\$17,752,880
2009	\$18,867,519 (2009 budget approved by the Board)

In projecting future budgets, the reserve soon will be depleted as the cost of the Admissions' programs will continue to exceed anticipated revenues. At this time, the Admissions Fund has a projected negative year-end balance of approximately \$260,000 in 2010 and \$2,860,000 in 2011, which would continue to build significantly thereafter, if a fee adjustment (or substantive changes to the Admissions' programs) is not implemented.

Certain savings that could be made in the 2009 budget have been identified by Office of Admissions' staff, which would result in an approximate reduction of \$600,000 in the 2009 budget that was previously approved by the Board of Governors. At the same time, revenue has been less than anticipated at the time the 2009 budget was originally prepared, which requires an adjustment to the operating revenue figure of \$640,000. Income fluctuates depending on each year's examination pass rates and the number of failing applicants who elect to retake the examination. Appendix A is a summary of the consolidated Admissions Fund budget, which was modified to reflect staff's best revenue and expense predictions at this time for 2009.

In addition to the standard admissions fees, the Committee believes a schedule of fees for administrative services, such as copying and preparing documents for applicants, that applicants request from the Office of Admissions should be adopted and approved by the Board. Applicants often request copies of their applications and/or documents related to the admissions process or ask that customized letters be prepared for them so that they may apply for admission in other states. Currently, many of the proposed administrative fees are charged, but it is believed that they should be memorialized through adoption by the Committee and approval by the Board.

**EFFECTIVE DATE OF PROPOSAL**

If approved by the Board, the proposed adjustments in Admissions Fees would be implemented beginning with administrations of the February 2010, 2011 and 2012 bar examinations; for other selected Admissions Fees, January 1, 2010, 2011 and 2012; and the Schedule of Admissions Administrative Fees would be implemented immediately following approval by the Board.

**FISCAL AND PERSONNEL IMPACT**

There is no anticipated personnel impact. If the Board does not approve the recommended adjustments, however, there will be a substantial impact to the Committee's ability to conduct its business, and would, most likely, also impact staffing levels. Significant reductions in expenses cannot be realized in the absence of wholesale changes to the current admissions process, such as reducing the length of the bar examination from three days to two. Any such changes would have to go through the consideration and approval process, which in the past has taken several years to complete. In addition, the California Business and Professions Code requires two years notice be given if substantive changes to the bar examination are made.

To address anticipated negative variances in the future, the Committee adopted proposed adjustments in the primary Admissions Fees of 5% for 2010, 2011 and 2012, subject to the approval of the Board, which are noted below:

Fee Category	Existing Fee	Proposed Fees		
		2010	2011	2012
Bar Examination Application: General Applicant	\$529	\$556	\$584	\$614
Bar Examination Application: Attorney Applicant	\$769	\$808	\$849	\$892
First-Year Law Students' Examination Application	\$488	\$513	\$539	\$566
Laptop Fee	\$119	\$125	\$132	\$139
Registration: General Applicant	\$92	\$97	\$102	\$108
Registration: Attorney Applicant	\$166	\$175	\$184	\$194
Moral Character Determination Application	\$431	\$453	\$476	\$500
Moral Character Extension Application	\$206	\$217	\$228	\$240
Appeal of Adverse Determination of Moral Character	\$100	\$500	\$500	\$500
Admission Certificate	\$69	\$73	\$77	\$81

If the adjustments are approved, the carry forward should be sufficient at least through 2012, as detailed in Appendix B.

The following is a proposed fee schedule for the various copy services and other services provided:

Document	Proposed Fee	Comment
Registration form	\$20	Copy of original or reproduction of online
First year examination application	\$20	Copy of original or reproduction of online
Bar examination application	\$20	Copy of original or reproduction of online

Moral character application	\$25	Copy of paper application on file
Pass list	\$25	Standard pass list
Duplicate results	\$15	Requests after 60 days of release of results
Letters of verification	\$15	Registration, payment of fees, admission
Duplicates of computer letters	\$15	If still available from computer system
MBE scores	\$25	Verify score or eligibility for transfer
Hand score MBE Scantron	\$25	Last administered examination only
Laptop answers	\$25	Last administered examination only
Admissions studies	\$25	Only those previously released to the public
Originals of eligibility documents	\$20	Copies for file to return originals to applicant
Law study evaluation	\$20	Copies of prior law study evaluations
Law study plan	\$20	Copies of law study plans with evaluations
Copy of Other Documents	\$5.00 first page; \$.50 each additional page	

**BOARD BOOK/ADMINISTRATIVE MANUAL IMPACT**

None

**RULE AMENDMENTS**

None

**SCHEDULE OF CHARGES AND DEADLINES AMENDMENTS**

A copy of the current fee schedule is attached as Appendix C. The proposed new fee schedules have been consolidated into the State Bar's Schedule of Fees and Deadlines format and are attached as Appendix D.

**PROPOSED BOARD COMMITTEE RESOLUTION**

If the Board Committee on Planning, Program Development and Budget agrees with the Committee of Bar Examiners' recommendation that the Admissions Fees be adjusted and a Schedule of Admissions Administrative Fees be approved, the following resolution would be appropriate:

**RESOLVED**, upon recommendation of the Committee of Bar Examiners, the Board Committee on Planning, Program Development and Budget recommends that the Board of Governors approve the proposed adjustments in Admissions Fees, in the form attached and made a part hereof, the bar examination related-fees to be effective with administration of the February 2010, 2011 and 2012 examinations and the other Admissions Fees effective January 1, 2010, 2011 and 2012.

**FURTHER RESOLVED**, that upon recommendation of the Committee of Bar Examiners, the Board Committee on Planning, Program Development and Budget recommends that the Board of Governors approve the Schedule of Admissions Administrative Fees in the form attached and made a part hereof, effective immediately following this action of the Board.

**PROPOSED BOARD RESOLUTION**

Should the Board of Governors concur with the recommendation of the Board Committee on Planning,

Program Development and Budget, adoption of the following resolution would be appropriate:

**RESOLVED**, upon the recommendation of the Board Planning, Program Development and Budget Committee, the Board of Governors hereby approves the proposed adjustments in Admissions Fees, in the form attached and made a part hereof, the bar examination-related fees to be effective with administration of the February 2010, 2011 and 2012 examinations and the other Admissions Fees effective January 1, 2010, 2011 and 2012.

**FURTHER RESOLVED**, upon recommendation of the Board Planning, Program Development and Budget Committee, the Board of Governors hereby approves the Schedule of Admissions Administrative Fees, in the form attached and made a part hereof, to be effective immediately following this action of the Board.

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