Consideration of Inactive Member Dues
Special Issues Committee
Representative Assembly

April 30, 2016

The State Bar of Michigan
How Dues Are Set

Michigan Supreme Court sets dues pursuant to court rule, administrative order.

Representative Assembly has exclusive authority on behalf of the State Bar of Michigan to recommend a dues increase to the Michigan Supreme Court.
Recommendation from the Task Force on the Role of the State Bar of Michigan (2014) regarding Inactive dues

**Recommendation:** Reduce Inactive member dues

**Rationale:** Although Michigan’s active dues are below the national average, Michigan’s inactive dues are among the highest in the nation.
2015-16 State Bar of Michigan Active Member Dues
(Highest Dues Level for an Active Member)

Total Active Dues: $285

- State Bar Admin Fund: $180
- Client Protection Fund: $15
- Attorney Discipline System: $90
2015-16 State Bar of Michigan Inactive Member Dues
(Highest Dues Level for an Inactive Member)

Total Inactive Dues
$187.50
(66% of Active dues)

The SBM and CPF portions are reduced to 50% of the Active member dues level, and the ADS portion is the same as the Active member dues level.
2015-16 State Bar of Michigan Annual Dues

<table>
<thead>
<tr>
<th></th>
<th>Active</th>
<th>Active 50 yrs service</th>
<th>Inactive 50 yrs service</th>
<th>Inactive</th>
<th>Inactive</th>
<th>Emeritus</th>
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<tr>
<td>State Bar</td>
<td>$180.00</td>
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<td>90.00</td>
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<tr>
<td>Atty Discipline</td>
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<td>90.00</td>
<td>90.00</td>
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<td>$105.00</td>
<td>$187.50</td>
<td>$97.50</td>
<td>$0.00</td>
<td>$0.00</td>
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**Active** Member - privilege granted to practice in Michigan, receive full benefits of membership

**Inactive Member** - cannot practice law, but receives all other member benefits. Must be recertified by the BLE after 3 consecutive years of inactive status to regain active status

**Emeritus Member** - 30 years membership or 70 years of age - cannot practice law, but receives all other member benefits

**Active Duty Military** - active dues are waived for up to 4 years

No other dues discounts or waiver (hardship, new attorney, judicial, etc.)
SBM Active Member Dues History

Top Dues Level – Active Member
(Since FY 1970)

Annual Dues

$0 $50 $100 $150 $200 $250 $300 $350

FY70 FY80 FY90 FY00 FY10 FY16

FY70 $60 FY71 $100 FY77 $200 FY90 $260 FY95 $315 FY04 $315 FY13 $305 FY15 $285

Active member dues were decreased FY 2013 and FY 2015 due to decreases in the ADS portion ordered by the Michigan Supreme Court.
SBM Inactive Member Dues History

- Prior to FY 2004, there was no charge for Inactive members.

- In 2003, the Representative Assembly recommended implementation of a new Inactive dues amount at half the amount of Active dues for the SBM and CPF, but did not make a recommendation on the ADS portion.

- In 2003 the Supreme Court ordered Inactive dues for the SBM and CPF portions at half the level of Active dues, but did not reduce the ADS portion for Inactive members.

- Inactive member dues were decreased in FY 2013 and FY 2015 due to decreases in the ADS portion ordered by the Michigan Supreme Court.
As of February 29, 2016 there were 20 Inactive members with 50 or more years of service, who pay only the CPF portion ($7.50) and ADS portion ($90) for a total of $97.50.
SBM Active Dues Comparison to Mandatory Bars

Top Active Dues Level -- all required fees other than mandatory continuing legal education

79% of the mandatory bars have higher required dues and fees than the SBM

The dues of the SBM are 26% lower than average

All Mandatory State Bars
SBM Active Dues Comparison to All States

All Required Regulatory Fees
except mandatory continuing legal education

67% of the U.S. jurisdictions have higher required dues and fees than the SBM

The dues of the SBM are 19% lower than average

SBM $285

All States – Total Required Regulatory Fees other than mandatory continuing legal education
79% of the mandatory state bars have an “inactive member” dues

Of the mandatory bars with inactive membership fees, 69% of the mandatory bars have lower required inactive dues and fees than the SBM.

The inactive dues of the SBM are currently 32% higher than average.
79% of the mandatory state bars have an “inactive member” dues

Of the mandatory bars with inactive membership fees, 88% of the mandatory bars have lower required Inactive dues and fees as a percent of Active dues than the SBM.

The SBM Inactive dues as a percent of SBM Active dues are currently 173% higher than average
The Case for Lowering Dues for Inactive Members

Rationale

Members who are not practicing have a lower burden on the discipline system and should not subsidize it as much as active members. Inactive members use less SBM services.

79% of mandatory bars have inactive status, and Michigan’s inactive dues are currently among the highest.

Who’s Affected

1,285 Inactive members, including 20 with 50 or more years of service

Recommendations: Reduce Inactive dues from $187.50 to $125 (reduce Inactive 50 or more years of service from $97.50 to $65).

Fiscal Impact

• Reduces revenue by $80K annually.
SBM Inactive Dues Comparison to Mandatory States

All Required Regulatory Fees except mandatory continuing legal education

79% of the mandatory state bars have an “inactive member” dues

Of the mandatory bars with inactive membership fees, 69% of the mandatory bars have lower required inactive dues and fees than the SBM.

The inactive dues of the SBM are currently 32% higher than average

The proposed inactive dues of $125 would be in the lower 40%
Of the mandatory bars with inactive membership fees, 88% of the mandatory bars have lower required Inactive dues and fees as a percent of Active dues than the SBM.

The SBM Inactive dues as a percent of SBM Active dues are currently 173% higher than average.
Summary and Next Steps

- SBM Active dues well below average. With no mandatory CLE, total cost to practice in Michigan among lowest in the U.S.

- SBM Inactive dues well above average, and the ratio of Inactive dues to Active dues compared to other mandatory states is 173% higher than average.

- Reduction in the level of Inactive dues proposed would make Michigan Inactive dues lower than average and help address concerns of Inactive members.

- Special Issues Committee focused on Inactive dues reduction.

- Fiscal and impact analysis now underway re. impact on discipline system and SBM, for further recommendation on balancing reduction between the affected systems.

- If approved by RA, the proposal will be presented to the Michigan Supreme Court for consideration.