

**Dues Issues Update
Representative Assembly**

October 8, 2015

The State Bar of Michigan

How Dues Are Set

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

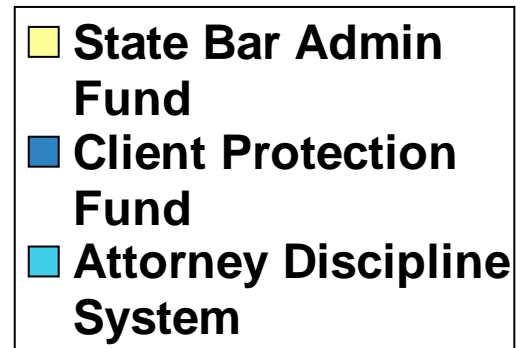
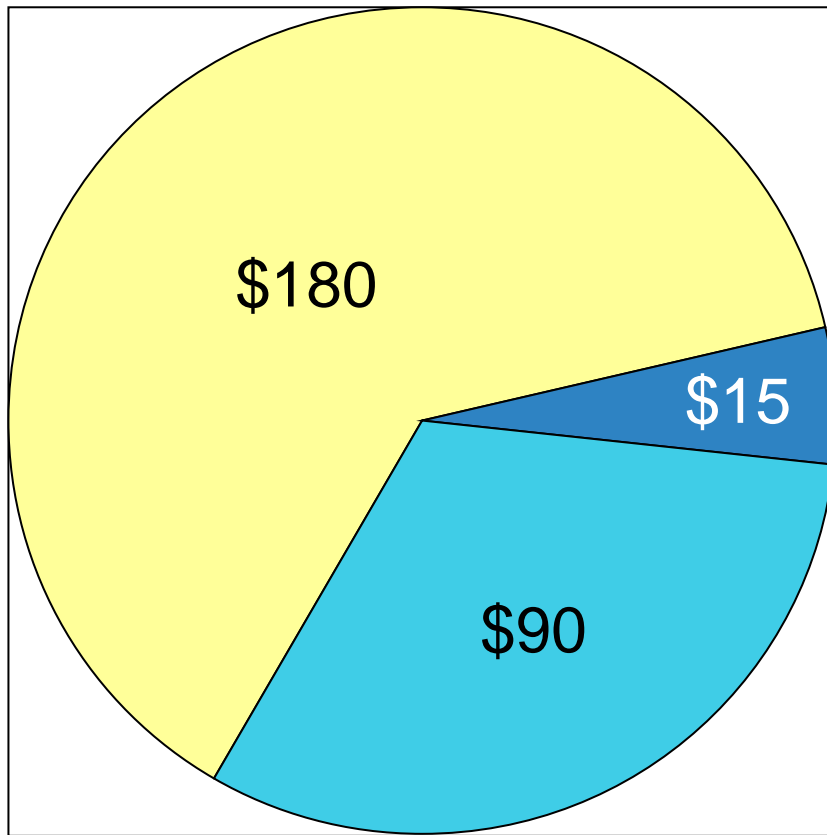
Representative Assembly has exclusive authority on behalf of the State Bar of Michigan to recommend a dues increase to the Michigan Supreme Court.

Special Issues committee identified for further review

- **Graduated dues scale** for newer lawyers
- **Lower or no discipline fee** for inactive members
- **Lower or no discipline fee** for retired members
- **Requirements to return to active status**

2015-16 State Bar of Michigan Active Member Dues

(Highest Dues Level for Active Member)



Total Dues
\$285

2015-16 State Bar of Michigan Annual Dues

	Active	Active 50 yrs service	Inactive	Inactive 50 yrs service	Emeritus
State Bar	180.00	0.00	90.00	0.00	0.00
Client Prot Fund	15.00	15.00	7.50	7.50	0.00
Atty Discipline	<u>90.00</u>	<u>90.00</u>	<u>90.00</u>	<u>90.00</u>	<u>0.00</u>
Total Dues	\$285.00	\$105.00	\$187.50	\$97.50	\$0.00

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

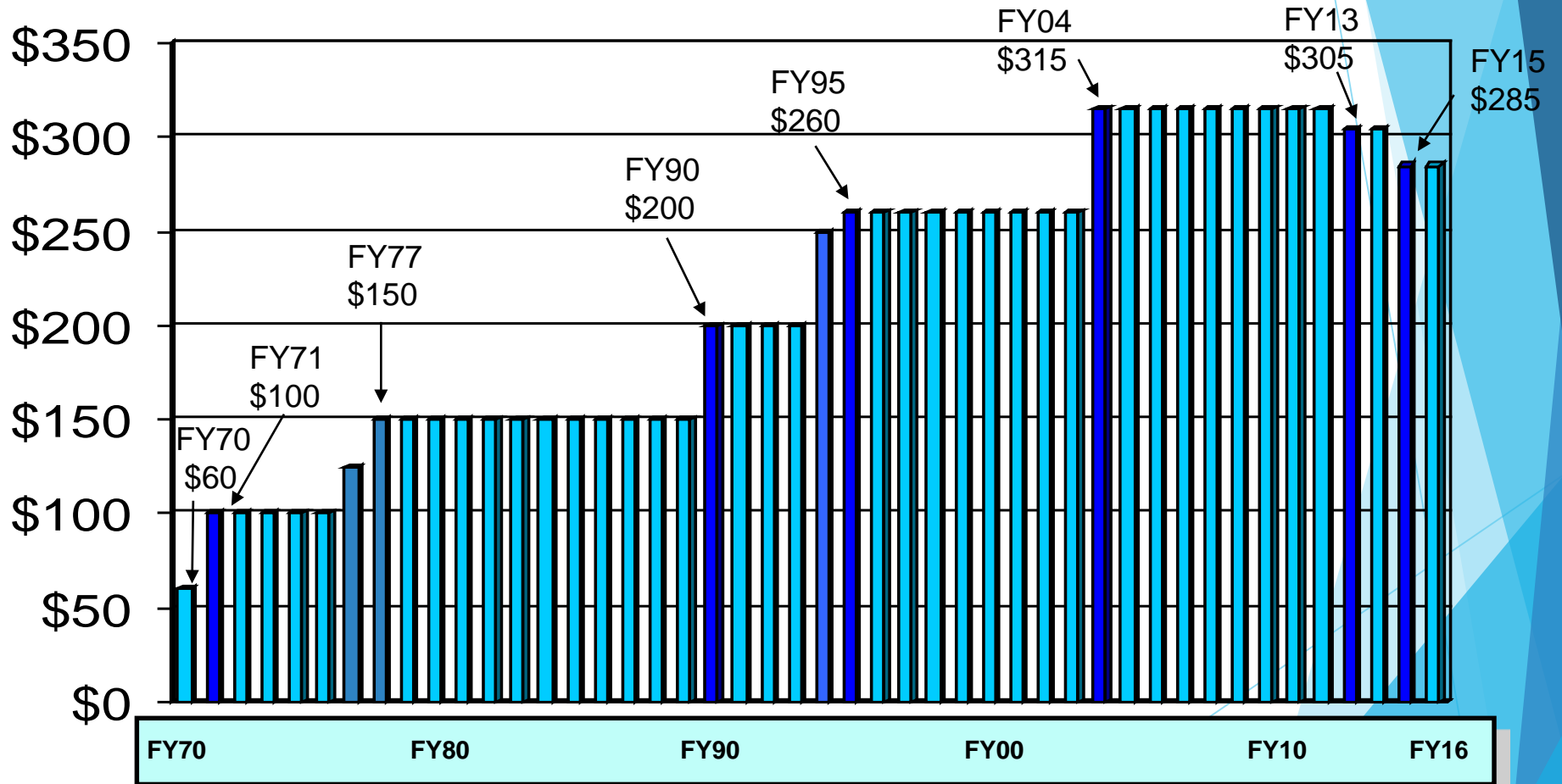
Active Duty Military - active dues are waived for up to 4 years

No other dues discounts or waiver (hardship, new attorney, judicial, etc.)

SBM Dues History

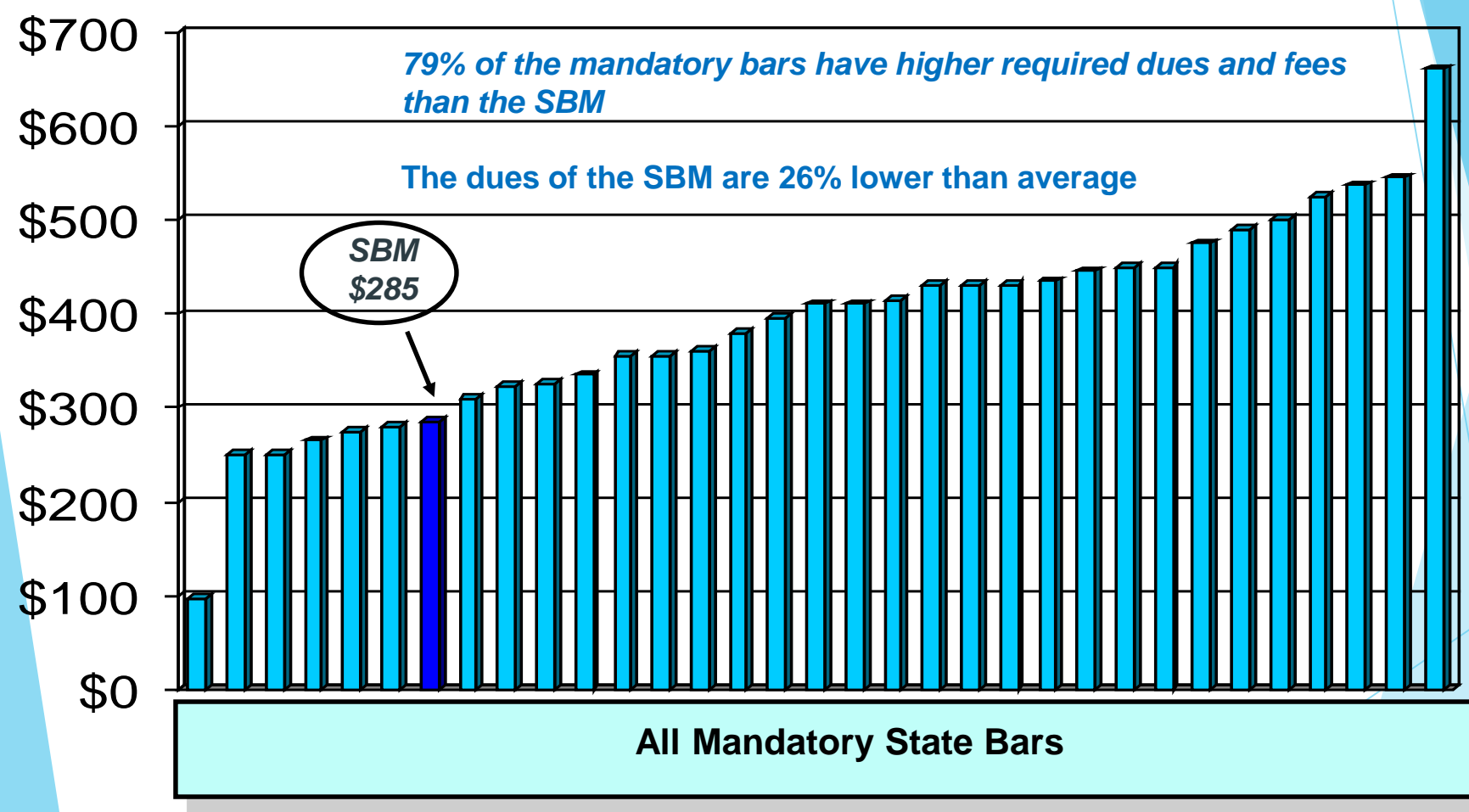
*Top Dues Level – Active Member
(Since 1970)*

Annual Dues



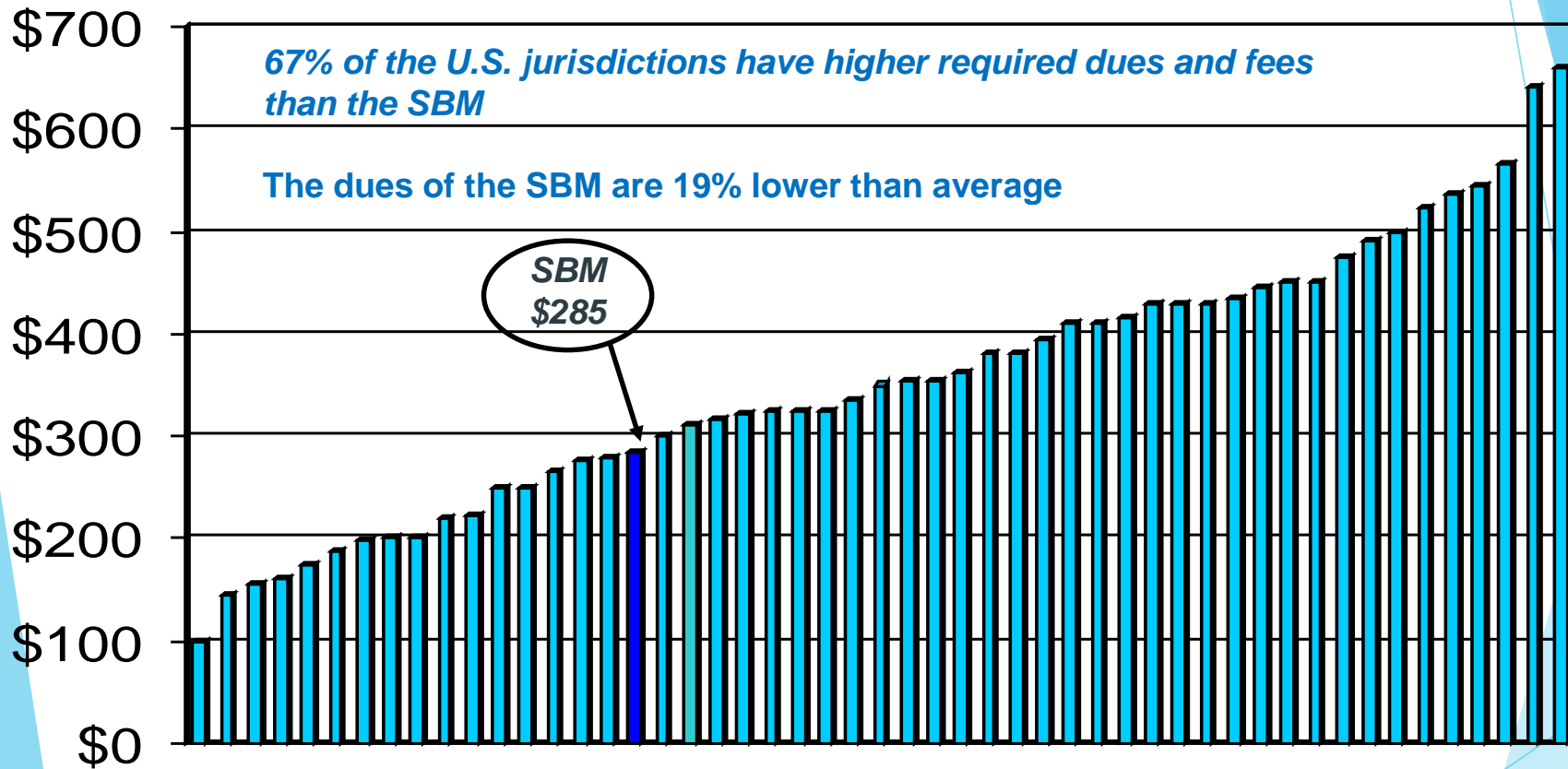
SBM Active Dues Comparison to Mandatory Bars

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



SBM Active Dues Comparison to All States

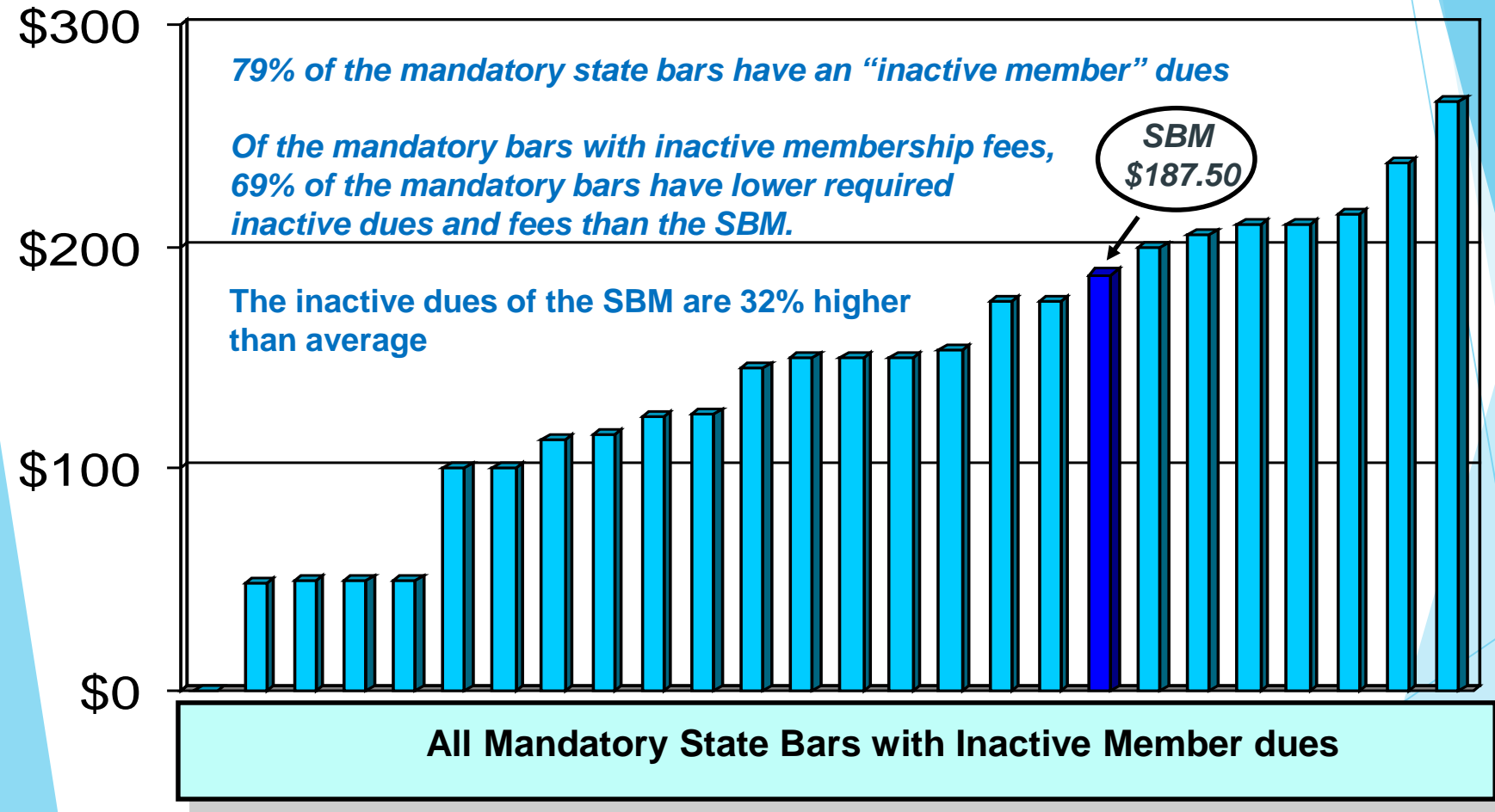
*All Required Regulatory Fees
except mandatory continuing legal education*



All States – Total Req. Regulatory Fees other than mand. contin. legal education

SBM Inactive Dues Comparison to All States

*All Required Regulatory Fees
except mandatory continuing legal education*



Dues Theory – who should receive dues discounts or waivers for funding the State Bar, Attorney Discipline System, and Client Protection Fund?

Concepts for consideration:

- Should all members receiving same benefits pay same dues?
- Should members at beginning or end of their careers pay less?
- Should members with hardships, disabilities, or financial distress pay less?
- Should members in the military, education or in government pay less?
- What is the administrative cost of administering exceptions compared to their value?

Issue: Reduced dues for new lawyers

Rationale

New lawyers generally have less income and carry more debt

Pros

- Help ease transition from student to practicing member.
- 22 other mandatory bars (67%) have lower or free dues for new or newer lawyers.

Cons

- Based on faulty generalization about lawyer income. Some new lawyers are better off financially than many older members.
- Potential negative fiscal impact, decreasing SBM ability to provide services of particular value to new members.

Issue: Lower or Waived Disciplinary Fee for Inactive Members

Rationale

Members who are not practicing do not burden the discipline system and should not be required to subsidize it.

73% of mandatory bars have inactive status, and Michigan's inactive dues are among the highest.

Who's Affected

- 1,227 Inactive members

Fiscal Impact

- 10% reduction reduces ADS revenue by \$11K annually.
- 25% reduction reduces ADS revenue by \$28K annually
- Full waiver reduces ADS revenue by \$110K annually, or about 3% of ADS revenue.

Issue: Lower or Waived Dues and Fees for “Retired” Members

Rationale

A total of 42% of mandatory bars have lower or waived fees for retired members.

Who’s Affected

- 207 “retired” Inactive and 2,211 “retired” Active members.

Impacts/Issues

- “Retired” is self reported with no consistent definition.
- “Retired members, if Active and still practicing law, could still be burden on discipline system.
- SBM already has discount for members with 50 or more years of service, Emeritus status and Inactive status.
- ADS revenue would be reduced by up to \$218K annually, or about 6% of ADS revenue. There could also be some impact on SBM revenue.

Issue: Requirement to Return to Active Status

Current Rule

Inactive members must be recertified, and may be required to retake the bar exam, if their inactive status exceeds 3 years.

Rationale for a Change

- 3 years is an arbitrary time limit.
- No empirical evidence that skills/knowledge deteriorate over any particular period of professional inactivity.
- No requirement that Active members who pay active status dues are keeping up their skills and knowledge.
- Many other jurisdictions less restrictive.

Options to Consider

- MCLE alternative for inactive extension or recertification.
- Different time period.

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.
- Further analysis of active/inactive conditions and dues needed.
- No clarity about “retired” Active lawyers is a problem.
- New member dues reduction could have significant fiscal impact.
- Attorney Discipline System and BLE must weigh in.
- SBM Strategic Planning C’mtee & 21st Century Practice Task Force looking at some of the same issues.
- Further work needed by RA committees to develop recommendations.

Submit Questions or Comments

www.michbar.org/generalinfo/assembly

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REPRESENTATIVE ASSEMBLY

- RA Home
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Current Assembly Issues & Proposals

Date: October 8, 2015
Location: Suburban Collection Showplace, 46100 Grand River Ave., Novi, MI 48374

Memorandum

Agenda

Directions

Parliamentary Procedures

April 25, 2015, Summary of Proceedings

Clerk Nomination

Vacancies

Special Issues Committee Dues Issues

Submit Questions or Comments

Michael Franck Award Nomination

Unsung Hero Award Nomination

Proposed Amendment to Rules 3.605, 3.606, 3.928, 3.944, 3.956, 6.001, 6.425, 6.445, 6.610, and 6.933 of the Michigan Court Rules

Proposed Amendments to Rules 2.116 and 2.119 of the Michigan Court Rules

Proposed Resolutions to Amend the Michigan Constitution to Delete or Modify the Prohibition on Being Appointed or Elected to Judicial Office After Age 70.

www.michbar.org/generalinfo/assembly

[Submit Questions or Comments](#)