



STATE BAR OF WISCONSIN

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MEMORANDUM

To: Carrie Janto, Deputy Clerk
From: Patrick J. Fiedler, President
Copy: George Brown, Executive Director
Date: January 2, 2014
Re: Petition 13-09 - Emeritus and New Member Dues - Petitioner's
Response to Questions from the Court

In a letter dated November 11, 2013, Commissioner Julie Rich requested a response to questions from the Court regarding the State Bar of Wisconsin's petition related to classes of membership and membership dues and reduction of dues.

Petition 13-09 affects two different classes of members of the State Bar of Wisconsin. The first affects those members who are or have reached the age of 70 years. The second class is those members who are just beginning their legal careers and have practiced less than five years.

The State Bar believes as a matter of policy and fairness, as expressed through its Board of Governors, that the cost of services provided to the practicing attorney should be shared by those who have chosen to continue to practice, even those who have reached the age of 70. The Senior Lawyers Division Board voted to support this petition with one exception; that member expressed that it was his belief that as long as an attorney actively practices law he or she should be paying full dues. The Board of Governors chose this two-tiered approach to give attorneys who are, perhaps, winding down their practices, the opportunity to pay less than full dues.

The second purpose of this petition provides for extending from three to five years those attorneys who are eligible for New Member status. Asking new members to reveal how much money they make in order to determine their dues is distasteful. The Board of Governors determined that they would treat all members of this class equally. There remains a confidential process for members to request from the State Bar of Wisconsin President a waiver of dues based on individual circumstances.

Can Emeritus members practice law?

Yes. Under SCR 10.03 (3)(a), "The class of active members includes all members of the state bar except the judicial members and inactive members."

Members of the State Bar who are 70 to 75 years of age may self-select their status as Active Emeritus or Senior Emeritus. How will the State Bar monitor lawyers' selection and compliance with the requirements of the respective options?

Those members who have selected a category of emeritus membership will fall within the appropriate age bracket. However, as with judicial membership, our members self-select their appropriate membership category. We do not currently audit membership status.

How are "equivalent billable hours" determined and who makes that determination?

"Equivalent billable hours" is based on an assumption that a full time attorney would, in a firm environment, be expected to bill 1600 hours per year. Therefore, a part time attorney would bill 800 hours per year. As with other member classifications the attorney would self-report his or her eligibility to the State Bar.

If an attorney misreports his/her status, would that attorney be subject to professional discipline?

No. As is currently the case with misreporting a status on dues, the status would simply be corrected.

Can attorneys between the ages of 70 and 75 who do not practice law at all select Inactive status?

Yes. Any attorney at any age who does not practice law in Wisconsin can select Inactive status.

If an attorney who is currently on Inactive status reaches the age of eligibility to select Emeritus status, must the attorney first become Active in order to select Emeritus status?

An inactive member must complete the required continuing legal education credits required to transfer to active status. SCR 10.03 (3)(bm) states, "Any inactive member in good standing may change his or her classification to that of an emeritus member if otherwise qualified to become an emeritus member *provided that no inactive member who has not actively practiced law in this state or in another state during the last two years may be transferred to emeritus status until the board of bar examiners certifies that the member has completed the continuing legal education requirements required for transfer to active status and the transfer is approved by the supreme court.*" (Emphasis added.)

The State Bar estimates that the change in the new Active Emeritus category would result in an approximate revenue decrease of \$144,000 annually. Please explain this estimate.

The \$144,000 (originally stated as \$144,144) relates to the expansion from three to five years for the Active New class of membership. That number was based on projected fiscal 2014 membership which included 1,287 members that were to begin their fourth year of practice and retain Active New status for an additional year and those members about to begin their fifth year of practice who would be reclassified from Active to Active New. The current difference between Active New and Active dues is \$112. Multiplying the dues amount by the number of affected members results in a total of \$144,144.

That estimate was based on an implementation date of July 1, 2013. The same calculation for expected membership numbers as of July 1, 2014, total \$121,520 with 1,089 affected members.

The proposed changes to the Emeritus status have the opposite effect since members who reach 70 years of age will continue paying either full or half dues until they reach age 75. Members who have already reached aged 70 and elected Emeritus status will be grandfathered in under the current rules. There are currently 160 Active members that could elect either Active Emeritus or Senior Emeritus for fiscal 2015. Assuming half report each, paying full or half dues, \$26,880 of additional dues revenue will be generated in fiscal 2015.

With the two changes, total revenues for the Bar will decrease by \$94,640.

The amounts above only apply to dues revenues for the State Bar. Assuming the court assessments for the BBE and OLR are treated in the same manner, those agencies will also experience a decrease in revenues unless they increase the per member rates.

Thank you for the opportunity to clarify these matters. If you have any additional questions, please do not hesitate to contact me, Executive Director George Brown or Public Affairs Director Lisa Roys.