

S T A T E B A R O F M I C H I G A N



Board of Commissioners

Agenda and Materials

June 9, 2023

STATE BAR OF MICHIGAN
BOARD OF COMMISSIONERS
FRIDAY, JUNE 9, 2023
9:00 A.M.
GRAND HOTEL
AGENDA

State Bar of Michigan Statement of Purpose

“...The State Bar of Michigan shall aid in promoting improvements in the administration of justice and advancements in jurisprudence, in improving relations between the legal profession and the public, and in promoting the interests of the legal profession in this state.”

Rule 1 of the Supreme Court Rules Concerning the State Bar of Michigan

- I. Call to Order.....James W. Heath, President

CONSENT AGENDA

- II. **Minutes**
A. April 28, 2023 Board of Commissioners meeting*
B. February 9, 2023 Executive Committee meeting*
- III. **President’s Activities**.....James W. Heath, President
A. Recent Activities*
- IV. **Executive Director’s Activities**.....Peter Cunningham, Executive Director
A. Recent Activities*
- V. **Finance**.....Erika L. Bryant, Chairperson
A. FY2023 Financial Reports through April 2023*
- VI. **Professional Standards** Lisa J. Hamameh
A. UPL Claims**
- VII. **Communications and Member Services** Joseph P. McGill, Chairperson
A. Liberty Bell Award*
- VIII. **Public Policy** Daniel D. Quick, Chairperson
A. Model Jury Instructions*

LEADERSHIP REPORTS

- IX. **President’s and Executive Director’s Report** James W. Heath, President
Peter Cunningham, Executive Director
- A. Introduction of Guests
B. Justice for All Commission Update
C. SBM Officer Elections Update
D. SBM 2023 Election Update
- X. **Representative Assembly Report** Gerrow D. Mason, Chairperson
- XI. **Young Lawyers Section Report** Colemon L. Potts, Chairperson

SPECIAL COMMITTEE

- XII. **Strategic Planning Committee** Thomas H. Howlett, Chairperson
A. 2023–24 Committee Resolution*

COMMISSIONER COMMITTEES

- XIII. **Public Policy**..... Daniel D. Quick, Chairperson
A. Court Rules**
B. Legislation**
- XIV. **Finance**.....Erika L. Bryant, Chairperson
A. Financial Report
B. FY 2024 Preliminary Budget – Key Budget Assumptions*
- XV. **Audit**Erika L. Bryant, Chairperson
- XVI. **Professional Standards** Lisa J. Hamameh, Chairperson
- XVII. **Communications and Member Services** Joseph P. McGill, Chairperson

FOR THE GOOD OF THE PUBLIC AND THE PROFESSION

- XVIII. **Comments or questions from Commissioners**
- XIX. **Comments or questions from the public**
- XX. **Adjournment**

*Materials included with agenda.

**Materials delivered or to be delivered under separate cover or handed out.

STATE BAR OF MICHIGAN
BOARD OF COMMISSIONERS MEETING MINUTES

President Heath called the meeting to order at 9:24 a.m. on Friday, April 28, 2023, in the Boardroom at the Michael Franck building in Lansing, Michigan.

Commissioners present:

David C. Anderson	Suzanne C. Larsen
Yolanda Bennett	James W. Low
Kristina A. Bilowus	Gerard Mantese
Erika L. Bryant, Treasurer	Gerrow D. “Gerry” Mason
Aaron V. Burrell	Joseph P. McGill, Vice President
Hon. B. Chris Christenson	Thomas P. Murray Jr.
Thomas P. Clement	Valerie R. Newman
Tanya Cripps-Serra	Takura N. Nyamfukudza
Sherrie Detzler	Nicholas M. Ohanesian
Robert A. Easterly	Daniel D. Quick, President-Elect
Hon. Kameshia D. Gant	Colemon L. Potts
Lisa J. Hamameh, Secretary	John W. Reiser
James W. Heath, President	Hon. Kristen D. Simmons
Thomas H. Howlett	Hon. Erane C. Washington

Commissioners absent:

Hon. David A. Perkins	Danielle Walton
Delphia T. Simpson	Mark Wisniewski
Matthew B. Van Dyk	

Guests Present:

David Watson, ICLE

State Bar staff present:

Peter Cunningham, Executive Director
April Alleman, Succession Planning Program Counsel
Drew Baker, General Counsel
Margaret Bossenbery, Executive Coordinator
Sarah Brown, Brand Designer
Gregory Conyers, Program Director, Diversity Development Program
Darin Day, Program Director, Outreach
Robinjit Eagleson, Ethics Counsel
Katherine Gardner, UPL Counsel
Tatiana Goodkin, Chief Financial Officer
Robert Mathis, Pro Bono Services & Justice Initiatives Counsel
Molly Ranns, Director, Lawyers & Judges Assistance Program
Marjory Raymer, Director of Communications
Janna Sheppard, Administrative Assistant
Jeanette Socia, Director of Human Resources
Laurin Thomas, Public Services Counsel
Kari Thrush, Program Director, Lawyer Services
Nathan Triplett, Director of Governmental Relations
Anne Vrooman, Program Director, Research & Development
Meng Xiong, IT Director

Consent Agenda

The Board received the minutes from the January 20, 2023, Board meeting.

The Board received the minutes from the January 5, 2023, Executive Committee meeting.

The Board received the recent activities of the president.

The Board received the recent activities of the executive director.

The Board received the FY 2022 financial reports through February 2023.

The Board received the 2022 report of the State Bar of Michigan Retirement Plan.

The Board received the 2022 report of the State Bar of Michigan Retiree Healthcare Trust.

The Board received Client Protection Fund (CPF) claims.

The Board received Model Criminal Jury Instructions.

The Board received section bylaw amendments from the American Indian Law Section.

The Board received section bylaw amendments from the LBTGQ Section.

Mr. Heath asked if any items needed to be removed from the consent agenda. There was none. A motion was offered to approve the consent agenda. The motion was seconded and approved.

LEADERSHIP REPORTS

President and Executive Director's Report: James Heath, President and Peter Cunningham, Executive Director.

Justice For All (JFA) Commission

Mr. Cunningham provided an overview of the most recent work of the JFA commission. Including recently adopted recommendations from the triage and referral workgroup, which included an assessment of SBM's Lawyer Referral Service. The workgroup is cochaired by Anne Vrooman, SBM's Director of Research and Development, and SBM staff will evaluate the recommendations and discuss with other stakeholders, including the Board of Commissioners to determine how to best implement the recommendations.

Mr. Cunningham introduced Ms. Gardner and Ms. Eagleson, who provided an update on the work of the Regulatory and Practice Reform Committee. The committee's workgroup on Activities by Non-Lawyers is expected to issue recommendations in the coming months, and the co-chairs of the Regulatory Reform Committee will be presenting the recommendations on Mackinac Island in June as a part of the Great Lakes Legal Conference.

Commission on Diversity Equity and Inclusion (DEI)

Mr. Cunningham reported that the DEI Commission is currently working with a strategic planner to develop a plan and structure and expects to complete that work by the end of the 2023 calendar year.

Rule 21 Update

Mr. Cunningham introduced Ms. Alleman who is the Bar's succession planning program counsel, and she made a presentation on how the Bar is implementing the new SBR 21 which requires mandatory succession planning for all private practice attorneys. The new rule goes into effect in September 2023, but in late May or June of 2023, attorneys will be able to login to their SBM profile to identify an interim administrator or choose to have the SBM IAP program name one for them. They will also be able to register to be added to the list from which the IAP will be able to choose for individuals who opt to pay the \$60 fee and have SBM identify an interim administrator for them.

Officer Election Materials

Ms. Bossenbery shared that letters and materials for potential candidates must be submitted by June 6, 2023, to Peter Cunningham and James Heath. The submission deadline for petitions for open Board of Commissioner and Representative Assembly seats is Sunday, April 30, 2023.

Miscellaneous Updates

Mr. Cunningham shared that the sewer line project at the State Bar building is complete. The project came in well under budget at \$65,000.

The State Bar of Michigan building is now open to the public for meeting use.

Upcoming State Bar Events

State Bar staff shared details of several upcoming SBM-sponsored events including:

Brunch for Bars on Sunday, April 30, the morning following the Wolverine Bar Association's Barrister's Ball. The Brunch for Bars has over 200 people registered for the event to be held at Andiamo's in Detroit.

The Lawyers and Judges Assistance Program will host their second virtual wellness program on Friday, May 26, 2023, at 10:00 a.m. This event will feature nationally renowned Rhonda McGee, an expert on mindfulness.

The Pro Bono Workshop will be held on May 16, 2023, at the State Bar building. There are currently 45 people registered. Justice Megan Cavanagh will be attending the event to speak on lawyer wellness along with Molloy Ranns.

This year's Michigan Legal Milestone event will be held on August 25, 2023, in Idlewild, Michigan. This year's legal milestone highlights the accomplishments of Percy Langster, who was the first elected black prosecuting attorney in the United States.

President's Report

Mr. Heath informed the group that he has attended numerous events hosted by bar associations around the state. He encouraged others to attend events in their area in support of Mr. Heath and SBM.

Mr. Heath, Mr. Cunningham, and Mr. Triplett were joined by Justice Zahra and Jennifer Bentley from the Michigan State Bar Foundation to lobby Michigan's Congressional delegation for continued funding for the Legal Services Corporation as part of ABA Day in Washington, DC. Mr. Heath reported that this important work has resulted in bipartisan support for funding for civil legal aid among Michigan's delegation.

Strategic Planning Report

Mr. Howlett provided a report from the Strategic Planning Committee, which included the final report on the e-Journal review that the committee conducted last year. The data indicates that the e-Journal is actively used by more than 15,000 subscribers. There are approximately 5,000 subscribers who access the journal each day. The only webpage that is more actively used on the SBM website is the member directory.

The committee conducted a survey of e-Journal users to learn more about how the e-Journal is utilized. The survey indicated that the e-Journal is very popular even though there have been no updates to the layout in over ten years, and it has a very high net promoter score of 64, which ranges from -100 to 100. Through the survey, the committee has identified that operationally, the format could be improved, and it could be easier to subscribe to, as it is currently difficult to do. The committee also identified that the e-Journal is a potential untapped revenue source for the Bar.

The committee also received the report on strategic plan activities, which has been distributed to all Board members. The plan for the staff is to meet in August to discuss all the programs included in the report and have a final report for the Strategic Planning Committee to review early in the bar year. This will allow the committee to identify ways to improve programs which impact the strategic plan and help align any changes with the budgeting process.

The committee has proposed an extension of the current strategic plan with some minor changes as it is set to expire at the end of this year. A motion was made and seconded to extend the current strategic plan through 2027. There are minor revisions that would be adopted with the approval of the extension. The motion was approved.

Representative Assembly (RA) Report: Gerrow D. Mason, Chairperson

Mr. Mason shared that the next RA meeting is scheduled for tomorrow, April 29, 2023, and will be entirely virtual. Jennifer Bentley will be giving a presentation on the Access to Justice Fund and Greg Conyers will give a presentation on the Faces of Justice pipeline program. A call-to-action survey is to be sent to all RA members to encourage them to be more involved leaders. Mr. Ohanesian and Mark Jane will present on potential reforms to the RA, to be voted on in September. Mr. Mason shared that he will not be able to attend the meeting, and in his absence, Ms. Bennett will be running the meeting.

Young Lawyers Section (YLS) Report: Colemon L. Potts, Chairperson

Colemon Potts reported that the YLS section has held several virtual events, each with great attendance. There was a gathering of YLS members in Grand Rapids, and at an expungement fair which was held in Southfield. They have also hosted a webinar on mental health with Molly Ranns as a presenter.

On June 23, the YLS will host a welcome reception at Comerica Park in Detroit for the Tigers game. The welcome reception will be held in the Tigers Club. The section has been working hard to plan 'The Summit' for June 24, which will be held at Little Caesars Arena in Detroit. This event has been designed to target young lawyers and law students. There will be six substantive programs from sections of the State Bar in the morning, which will include the IT section, Federal Bar Association, Real Property section, Insurance section, ADR section, and Business Law section. There will be a keynote speaker, an introduction to the Bar, recognition of the vendors and sponsors with a roundtable and showcase session, and the presentation of the outstanding lawyer award. There will also be a reception following the summit in the Beer Garden at Little Caesars Arena. All are encouraged to attend.

COMMISSIONER COMMITTEES

Public Policy: Dan D. Quick, Chairperson

Mr. Quick provided the report for the Public Policy committee.

Legislation

HB 4173 (Aiyash) Criminal procedure: sentencing; criminal justice policy commission; create. Amends 1927 PA 175 (MCL 760.1 - 777.69) by adding secs. 34a & 34b to ch. IX.

A motion was offered that this is *Keller* permissible. The motion to support was seconded and approved. A motion was offered and supported to support HB 4173, specifically the (H-1) substitute, with the following amendments:

- The membership of the Commission should be altered to ensure that it is balanced, and representative of the interests and stakeholders involved in, and impacted by, sentencing policy. Similar to the Joint Task Force on Jail and Pretrial Incarceration. The (H-1) membership is too heavily weighted toward law enforcement and prosecutors, while leaving out or underrepresenting other valuable perspectives.
- The Chair of the Commission should not be the Commission's "chief of staff," nor should the Chair be a paid position.
- The Legislature should also give consideration to language charging the Commission with making recommendations as to the extent to which sentencing guidelines should or should not apply to habitual offenders and the extent to which sentencing guidelines should apply to probation violations or be modified if applied to probation violations.

The motion to support was seconded and approved.

SB 73 (Shink) Civil rights: public records; identity of parties proceeding anonymously in civil actions alleging sexual misconduct; exempt from disclosure under freedom of information act. Amends sec. 13 of 1976 PA 442 (MCL 15.243).

A motion was offered that this is *Keller* permissible. The motion to support was seconded and approved. A motion was offered and supported to support SB 73. The motion to support was seconded and approved.

Interlock Devices and Specialty Court Authorization

SB 134 (Johnson) Courts: drug court; specialty court authorization to issue a restricted license requiring an ignition interlock device; modify. Amends secs. 1084 & 1091 of 1961 PA 236 (MCL 600.1084 & 600.1091).

SB 135 (Hertel) Vehicles: registration; issuance of a restricted license requiring the installation of ignition interlock device and specialty court admission; modify. Amends secs. 83 & 304 of 1949 PA 300 (MCL 257.83 & 257.304).

A motion was offered that this is *Keller* permissible. The motion to support was seconded and approved.

A motion was offered and supported to support SB 134 & SB 135. The motion to support was seconded and approved.

SB 150 (Chang) Property tax: tax tribunal; methods for tax tribunal to hold small claims hearings; expand to include telephonically or by videoconferencing. Amends sec. 62 of 1973 PA 186 (MCL 205.762).

A motion was offered that this is *Keller* permissible. The motion to support was seconded and approved. A motion was offered and supported to support SB 150. The motion to support was seconded and approved.

Bill Package Implementing the Task Force on Juvenile Justice Reform Recommendations

A motion was offered that #8 and #10 are not *Keller* permissible, and that #1, #2, #3, #4, #5, #6, #7, #9, #11, #12, and #13 are *Keller* permissible as each is reasonably related to the functioning of the courts, while some are also reasonably related to the availability of legal services. The motion to support was seconded and approved.

A motion was offered that if legislation is introduced as expected, the BOC should approve #1, #2, #3, #4, #6, #9 as written. Additionally, the BOC should approve #5, #7, and #12 with amendments. Lastly, the motion states that the BOC should oppose #11 & #13. Once legislation is introduced, the BOC will take an e-vote.

Revised Pretrial Reform Bill Package

A motion was offered that this is *Keller* permissible. The motion to support was seconded and approved. A motion was offered and supported to support the Revised Pretrial Reform Bill Package. The BOC will take an e-vote once legislation is introduced.

Executive Budgets: Michigan Indigent Defense Commission for the 2023-2024 Fiscal Year Department of the Judiciary for the 2023-2024 Fiscal Year

A motion was offered that the MIDC budget is *Keller* permissible. The motion to support was seconded and approved. A motion was offered and supported to support the Executive Budget and oppose any reduction in MIDC funding below the Executive Budget, because such reduced funding will leave MIDC unable to implement its mandatory standards and to meet the state's constitutional obligation to provide counsel to indigent criminal defendants. The motion to support was seconded and approved.

A motion was offered that the Judiciary budget is *Keller* permissible. The motion to support was seconded and approved. A motion was offered and supported to approve the Judiciary budget. The motion to support was seconded and approved.

Court Rules

1. ADM File No. 2022-16: Proposed Amendment of MCR 7.211

The proposed amendment of MCR 7.211(C)(7) would modify the Court of Appeals process for handling confessions of error.

A motion was offered and supported to support ADM File No. 2022-16. The motion was approved.

2. ADM File No. 2022-13: Proposed Amendment of MCR 9.123

The proposed amendment of MCR 9.123(D)(3) would clarify that a disbarred attorney who was sentenced to incarceration following a felony conviction and who wants to be reinstated to the bar must wait until six months after completing the sentence.

A motion was offered and supported to support ADM File No. 2022-13. The motion was approved.

3. ADM File No. 2021-30: Proposed Amendments of MCR 9.220, 9.221, 9.223, 9.232, and 9.261

The proposed amendments of MCR 9.220, 9.221, 9.223, 9.232, and 9.261 would help protect the confidentiality of a grievant who submits a request for investigation to the Judicial Tenure Commission.

A motion was offered and supported to oppose the proposed amendments of Rules 9.220, 9.221, 9.223, 9.232, and 9.261. The motion was approved.

4. ADM File No. 2022-03: Proposed Amendment of MCR 1.109

The proposed amendment of MCR 1.109(D)(1)(b) would allow attorneys to provide personal pronouns in document captions and require courts to use those personal pronouns when addressing the party or attorney, either verbally or in writing, unless doing so would result in an unclear record. The Court is interested in receiving comments addressing the constitutional implications of this proposal.

A motion was offered and supported to support ADM File No. 2022-03, and authorize all Sections to advocate their respective positions, including inconsistent positions. The motion was approved.

Finance: Erika L. Bryant, Chairperson

Ms. Bryant provided a report of the committee's review of the 2023 financial reports. As of February 28, 2023, the SBM administrative fund had a net position of \$11.4 million, which is an increase of \$1.6 million since the beginning of the fiscal year. SBM net position (without the retiree healthcare trust) increased by \$1.2 million due to operating revenues exceeding expenses by \$1,000,000, as well as interest income of \$208,691. Operating result was favorable to budget by \$441,487. The positive variance was due to lower expenses for payroll and benefits, lower non-labor expenses, and higher interest income. Revenues were slightly lower. Retiree healthcare trust investments increased in value by \$400,000 to \$3.9 million due to improved stock market. Excluding income from retiree healthcare trust, which is not included in the budget or forecasted, an increase in net position of \$1.5 million is projected with a favorable year end budget variance of \$356,387. This variance is smaller than in prior years mostly due to higher interest income. The Client Protection Fund has a net position of \$2.3 million, which has increased by \$192,958 since the beginning of the fiscal year.

As of February 2023, the number of active, inactive, and emeritus members and who are in good standing is 46,441 attorneys, which is a net decrease of 332 attorneys since the beginning of the year. The number of paying attorneys has decreased by 866 but there have been 469 new members who have joined the bar since the beginning of the year. The decrease in paying members appears to be caused by the lower number of new attorneys joining the bar and a higher number of members retiring and choosing emeritus status.

The committee reviewed the credit card processing fee and has recommended to the fee remain at 2.5% for the FY 2024 Bar year. Ms. Bryant reviewed the timeline for the budget. The 2023-2024 budget

meeting with the Finance Committee is scheduled for June 28, 2023, as a hybrid meeting. All Board members are invited to attend the meeting either virtually or in person, especially anyone interested in running for Treasurer.

Audit Committee: Erika Bryant, Chairperson

Ms. Bryant shared that the committee doesn't usually meet after they complete the bulk of the work necessary to prepare for the annual audit. However, the committee wanted to share that in March the auditors completed their post-audit review of our FY 2022 financial reports, and the post-audit review was issued on March 29, 2023.

Professional Standards: Lisa J. Hamameh, Chairperson

Ms. Hamameh provided a report on the ABA House of Delegates appointments. The committee met and reviewed the materials of two applicants: Janet Welch and Thomas Lavigne. Ms. Welch was recommended for a two-year term, which would expire in 2025, and Mr. Lavigne was recommended for a one-year term.

A motion was made and seconded to appoint Janet Welch to a two-year term, expiring at the end of the ABA meeting in 2025, and Thomas Lavigne to a one-year term, expiring at the end of the ABA meeting in 2024. The motion was approved.

Communications and Member Services (CAMS): Joseph P. McGill, Chairperson

Mr. McGill provided the report from the CAMS Committee.

State Bar of Michigan Awards

Mr. McGill said that the SBM Awards Committee met on Tuesday, March 28, 2023, and recommends the following nominees to the Board to receive 2023 State Bar of Michigan Awards.

The committee recommends Nancy Diehl, Joseph Kimble, and John Sier to receive the Roberts P. Hudson Award; Hon. Timothy Kenny to receive the Frank J. Kelley Distinguished Public Service Award; Professor Vivak Sankaran to receive the John W. Reed Michigan Lawyer Legacy Award; and James Rinck to receive the John W. Cummiskey Pro Bono Award.

A motion was offered and supported to accept the recommendations of the Awards Committee. The motion was approved.

Partnership Opportunity

Mr. McGill shared with the Board a new program offered by SoFi, which would offer refinancing for both federal and private student loan debt. There are no application fees and debt can be prepaid, as well as variable and fixed rates depending on the applicant's credit score. SBM would receive \$100 per application.

A motion was made and seconded to authorize this new partner program. The motion was approved.

Upcoming Event

Mr. McGill reported that the 50-year celebration will be held on Thursday, May 25, 2023, at the Inn at St. Johns in Plymouth from 12:00 p.m. to 2:00 pm.

FOR THE GOOD OF THE PUBLIC AND THE PROFESSION

Comments or questions from Commissioners

There were none.

Comments or questions from the public

There were none.

Adjournment

The meeting was adjourned at 12:27 p.m.

**State Bar of Michigan
Executive Committee Virtual Meeting
Thursday, February 9, 2023
4:00 p.m.**

President Heath called the meeting to order at 4:02 p.m.

Members Present: President James W. Heath, President-Elect Daniel D. Quick, Vice President Joseph P. McGill, Secretary Lisa Hamameh, Treasurer Erika L. Bryant, Representative Assembly Chair Gerrow (Gerry) Mason, RA Chair-Elect Yolanda Bennett, and Commissioners Aaron V. Burrell, Suzanne Larsen, and Hon. David Perkins

Members Absent: None

State Bar Staff Present: Peter Cunningham, Executive Director; Drew Baker, General Counsel; Margaret Bossenbery, Executive Coordinator; Nancy Brown, Assistant Executive Director; and Nathan Triplett, Director of Governmental Relations

Minutes:

A motion was offered to approve the January 5, 2023 minutes. The motion was seconded and approved.

President and Executive Director's Report

Mr. Heath informed the committee he attended the ABA Midyear meeting along with Mr. McGill and Mr. Cunningham, is attending a Fowling Event with the Wayne and Oakland County YLS, and the Asian Pacific Bar Association.

Mr. Cunningham provided the committee with an update on the SBM membership fee status and the Interim Administrators Program (IAP) program.

Representative Assembly (RA)

Mr. Mason informed the committee he has talked with Coach Harbaugh, head coach of the University of Michigan's football team, about working on an ATJ fundraising event. Mr. Mason wants to see 100% contributions from the RA and BOC members to the ATJ campaign.

Mr. Mason stated that he would like a Face of Justice Program and an ATJ presentation at a future RA meeting.

Contract for Replacement of Sewer Pipe

A motion was offered to accept the contract selected once Ms. Baker reviewed it. Committee members with suggestions regarding the contract will contact Ms. Baker. The motion was seconded and approved.

ADM File No. 2022-37: Proposed Administrative Order No. 2022-X

A motion was offered to oppose this proposed administrative order. The motion was seconded and approved.

ADM File No. 2021-35: Proposed Amendment of MCR 7.202

A motion was offered to take no action on this proposed amendment but to allow sections to advocate for their position. The motion was seconded and approved.

March 3, 2023 Board Meeting

Mr. Heath informed the committee that unless there are any objections from the committee members, he will cancel the March 3, 2023 Board meeting.

Barristers Ball

A motion was offered to purchase two tables for the Wolverine Bar Foundation/Bar Association's Barristers' Ball taking place on Saturday, April 29, 2023. These tickets will be provided to the Executive Committee members and a guest. The motion was seconded and approved.

Mr. Cunningham mentioned that the Brunch for Bars will take place on Sunday, April 30

Other Items

There were none.

Adjournment

The meeting was adjourned at 4:20 p.m.

President James W. Heath
President's Activities
April 29 through June 10, 2023

Date	Event	Location
April 29	Representative Assembly meeting	Virtual
April 29	Wolverine Bar Association Barristers' Ball	Detroit
April 30	SBM Brunch for Bars	Detroit
May 17	Grand Traverse, Leelanau, and Antrim Counties Bar Association meeting	Acme
May 18 – 19	ICLE Probate Conference	Acme
May 23	Berrien County Bar Association Annual meeting	Stevensville
May 24	Executive Committee meeting	Virtual
May 25	50 Year Golden Celebration	Plymouth
June 1	Pipeline Summit	Farmington Hills
June 8 - 10	Great Lakes Legal Conference	Mackinac Island
June 9	Board of Commissioners meeting	Mackinac Island

Executive Director Peter Cunningham
Executive Director Activities
April 29 through June 10, 2023

Date	Event
April 29	Representative Assembly meeting
April 29	Wolverine Bar Association Barristers' Ball
April 30	Brunch for Bars
May 2	Justice For All (JFA) Resource Workgroup
May 2	Diversity, Equity, and Inclusion (DEI) Executive Team
May 4	Quarterly All Staff meeting
May 8	JFA Resource Committee meeting
May 9	Strategic Planning Committee meeting
May 11	JFA Executive Team meeting
May 12	DEI Commission meeting
May 15	U.S. Courts Bench Bar Dinner
May 16	Pro Bono Workshop
May 16	Meeting with Justice Cavanaugh on Interim Administrator Program
May 18 – 19	ICLE Probate and Estate Planning Institute
May 22	Meeting with David Watson, Executive Director of ICLE
May 24	Executive Committee meeting
May 25	50 Year Golden Celebration
May 30	Finance Committee Meeting
June 1	Pipeline Summit
June 2	DEI Commission meeting
June 7	Michigan Supreme Court Public Administrative Hearing
June 7	Public Policy Committee meeting
June 8	JFA Committee Executive Team meeting
June 8 – 10	Great Lakes Legal Conference
June 9	Board of Commissioners meeting

State Bar of Michigan Financial Results Summary

For the Seven Months Ended April 30, 2023
Fiscal Year 2023

Administrative Fund - Summary of Results as of April 30, 2023

Operating Revenue	\$7,656,986
Operating Expense	<u>\$6,295,637</u>
Operating Income (Loss)	\$1,361,349
Non-Operating Income (Loss)	<u>\$792,481</u>
Change in Net Position	<u>\$2,153,830</u>
Net Position, October 1, 2022	\$9,813,122
Net Position, April 30, 2023	\$11,966,952

As of April 30, 2023, Net Position excluding Retiree Healthcare Trust was \$9,127,881, an increase of \$1,688,828 since the beginning of the year and favorable to budget by \$668,397.

YTD Operating Revenue variance - \$7,953, unfavorable to budget (0.1%):

Operating revenue was lower primarily due to lower license fee and related revenue and credit card processing fee recovery revenue, offset by higher LRS and C&F revenues.

YTD Operating Expense variance - \$465,231, favorable to budget (6.9%):

Salaries and Employee Benefits/ Payroll Taxes – \$129,020, favorable (2.8%)

- Under budget due to lower salary expenses (\$77,477), and lower payroll taxes and benefits (\$51,543).

Non-Labor Operating Expenses - \$336,211, favorable (15.4%)

- Legal - \$36,415, favorable (34.4%) – Under budget primarily in C&F and General Counsel.
- Public and Bar Services - \$105,656, favorable (20.6%) – Under budget primarily in Outreach and IT due to timing of expenses.

- Operations and Policy - \$194,140, favorable (12.4%) – Under budget with the largest variance in Finance due to lower credit card processing fees, depreciation, EO, Facilities, Digital, and Print and Design expenses.

YTD Non-Operating Revenue Budget Variance - \$679,312 favorable to budget 600%:

- Interest income is favorable to budget by \$211,119 (186.6%).
- Retiree Health Care Trust net investment gain of \$468,193 (this amount is *not* budgeted).

Cash and Investment Balance

As of April 30, 2023, the cash and investment balance in the State Bar Admin Fund (net of “*due to Sections, Client Protection Fund, and Retiree Health Care Trust*”) was \$10,978,736, an increase of \$3,654,163 from the beginning of the year primarily due to collection of license fees.

SBM Retiree Health Care Trust

As of April 30, 2023, the SBM Retiree Health Care Trust investments were \$4,006,334, an increase of \$465,007 since the beginning of the year. The change is due to investment gains of \$477,567, net of advisor fees of \$12,560.

Capital Budget

Year-to-date capital expenditures totaled \$188,912, or 33.3% of the FY 2023 capital expenditures budget of \$568,100.

Client Protection Fund

The Net Position of the Client Protection Fund as of April 30, 2023 totaled \$2,281,861, an increase of \$160,070 from the beginning of the year. Claims expenses totaled \$209,751, including \$143,013 of authorized but not paid claims awaiting signed subrogation agreements.

SBM Membership

As of April 30, 2023, the active, inactive, and emeritus membership in good standing totaled 46,628 attorneys, a net decrease of 145 attorneys since the beginning of the year; the number of paying attorneys decreased by 680. A total of 519 new attorneys have joined SBM since the beginning of the year.

**STATE BAR OF MICHIGAN
ADMINISTRATIVE FUND**

Unaudited and For Internal Use Only

**FINANCIAL REPORTS
April 30, 2023**

FY 2023

Note: License fee revenue is recognized and budgeted as earned each month throughout the year.

State Bar of Michigan
Statement of Net Position
Administrative Fund
For the Seven Months Ending April 30, 2023

	3/31/2023	4/30/2023	Increase (Decrease)	%	Beginning of FY 2023 10/1/22
ASSETS AND DEFERRED OUTFLOWS					
Cash	\$540,379	\$472,542	(\$67,838)	(12.6%)	\$2,451,119
Investments	14,710,573	14,180,261	(530,312)	(3.6%)	7,953,650
Accounts Receivable	39,418	50,896	11,478	29.1%	54,731
Due from (to) CPF	(264)	(263)	1	(0.3%)	(4,068)
Due to Sections	(3,710,726)	(3,673,804)	36,922	(1.0%)	(3,076,129)
Prepaid Expenses	305,297	298,525	(6,772)	(2.2%)	396,913
Lease Receivable	36,487	35,627	(860)	(2.4%)	41,636
Capital Assets	3,144,837	3,133,092	(11,745)	(0.4%)	3,193,128
SBM Retiree Health Care Trust	3,996,376	4,006,334	9,958	0.2%	3,541,327
Total Assets	\$19,062,377	\$18,503,210	(\$559,168)	(2.9%)	\$14,552,308
Deferred outflows of resources related to pensions	38,227	38,227		0.0%	38,227
Deferred outflows of resources related to OPEB	616,028	616,028		0.0%	616,028
Total Deferred outflows of resources	654,255	654,255		0.0%	654,255
Total Assets and Deferred Outflows of Resources	19,716,632	19,157,465	(559,168)	(2.8%)	15,206,563
LIABILITIES, DERERRED INFLOWS AND NET POSITION					
Liabilities					
Accounts Payable	\$517	\$506	(\$10)	(2.0%)	\$336,346
Accrued Expenses	663,791	675,849	12,058	1.8%	633,546
Deferred Revenue	5,206,733	4,358,718	(848,015)	(16.3%)	2,263,179
Net Pension Liability	232,483	232,483		0.0%	232,483
Net OPEB Liability	872,429	872,429		0.0%	872,429
Total Liabilities	6,975,953	6,139,985	(835,968)	(12.0%)	4,337,983
Deferred Inflows Leases	37,301	36,596	(705)	(1.9%)	41,530
Deferred Inflows of resources related to pensions	103,071	103,071		0.0%	103,071
Deferred Inflows of resources related to OPEB	910,857	910,857		0.0%	910,857
Total Deferred inflows of resources	1,051,229	1,050,524	(705)	(0.1%)	1,055,458
Total Liabilities and Deferred Inflows	8,027,182	7,190,509	(836,673)	(10.4%)	5,393,441
Net Assets					
Invested in Capital Assets, Net of Related Debt	3,144,837	3,133,092	(11,745)	(0.4%)	3,193,128
Restricted for Retiree Health Care Trust	2,829,118	2,839,075	9,958	0.4%	2,374,069
Unrestricted	5,715,495	5,994,789	279,292	4.9%	4,245,924
Total Net Position	11,689,450	11,966,956	277,504	2.4%	9,813,122
Total Liabilities, Deferred Inflows and Net Position	\$19,716,632	\$19,157,465	(\$559,168)	(2.8%)	\$15,206,563
Net Position <u>excluding</u> the impacts of retiree health care	\$8,860,332	\$9,127,881	\$267,546	(0.4%)	\$7,439,053

	3/31/2023	4/30/2023	Increase (Decrease)	%	Beginning of FY 2023 10/1/22
--	-----------	-----------	------------------------	---	------------------------------------

Note: Cash and investments actually available to the State Bar Administrative Fund, after deduction of the "Due to Sections" and "Due to CPF" and not including the "Retiree Health Care Trust" is \$10,978,736 (see below)

CASH AND INVESTMENT BALANCES

Cash (including CD's and Money Market)	\$540,379	\$472,542	(\$67,838)	(12.6%)	\$2,451,119
Investments	14,710,573	14,180,261	(530,312)	(3.6%)	7,953,650
Total Available Cash and Investments	15,250,952	14,652,803	(598,150)	(3.9%)	10,404,769
Less:					
Due to Sections	3,710,726	3,673,804	(36,922)	(1.0%)	3,076,129
Due to CPF	264	263	(1)	(0.3%)	4,068
Due to Sections and CPF	3,710,990	3,674,067	(36,923)	(1.0%)	3,080,196
Net Administrative Fund Cash and Investment Balance	11,539,962	10,978,736	(561,227)	(4.9%)	7,324,573

State Bar of Michigan
Statement of Revenue, Expense and Net Assets
For the Seven Months Ending April 30, 2023

YTD FY 2023 Increase (Decrease) in Net Position Summary

	Actual YTD	Budget YTD	Variance	Percentage	Prior Year Actual YTD	Variance	Percentage
Operating Revenue							
- License Fees, Dues & Related	6,436,734	6,458,019	(21,285)	(0.3%)	4,580,346	1,856,388	40.5%
- All Other Op Revenue	1,220,252	1,206,920	13,332	1.1%	958,955	261,297	27.2%
Total Operating Revenue	7,656,986	7,664,939	(7,953)	(0.1%)	5,539,301	2,117,685	38.2%
Operating Expenses							
- Labor-related Operating Expenses							
Salaries	3,294,469	3,371,946	(77,477)	(2.3%)	3,089,402	205,067	6.6%
Benefits and PR Taxes	1,154,121	1,205,664	(51,543)	(4.3%)	1,092,546	61,575	5.6%
Total Labor-related Operating Expenses	4,448,590	4,577,610	(129,020)	(2.8%)	4,181,948	266,642	6.4%
- Non-labor Operating Expenses							
Legal	69,455	105,870	(36,415)	(34.4%)	101,048	(31,593)	(31.3%)
Public and Bar Services	406,920	512,576	(105,656)	(20.6%)	369,010	37,910	10.3%
Operations and Policy	1,370,672	1,564,812	(194,140)	(12.4%)	1,213,286	157,386	13.0%
Total Non-labor Operating Expenses	1,847,047	2,183,258	(336,211)	(15.4%)	1,683,344	163,703	9.7%
Total Operating Expenses	6,295,637	6,760,868	(465,231)	(6.9%)	5,865,292	430,345	7.3%
Operating Income (Loss)	1,361,349	904,071	457,278	50.6%	(325,991)	1,687,340	(517.6%)
Non-operating Revenue (Expenses)							
Investment Income	324,288	113,169	211,119	186.6%	26,695	22,406	83.9%
Investment Income - Ret HC Trust	468,193	-	468,193	N/A	(703,314)	(379,545)	N/A
Loss on Disposal of Capital Asset	-	-	-	N/A	-	-	N/A
Net Non-operating Revenue (Expenses)	792,481	113,169	679,312	600%	(676,619)	1,469,100	(217%)
Increase (Decrease) in Net Position	2,153,830	1,017,240	1,136,590	N/A	(1,002,610)	3,156,440	N/A
Net Position - Beginning the Year	9,813,122	9,813,122	-	0.0%	11,773,220	(1,960,098)	(16.6%)
Net Position - Year-to-Date	11,966,952	10,830,362	1,136,590	10.5%	10,770,610	1,196,342	11.1%
Increase (Decrease) in Net Position Excluding Ret HC Trust Investment Income (Loss)	1,685,637	1,017,240	668,397	65.7%	(299,296)	1,984,933	(663.2%)

Administrative Fund
Statement of Revenue, Expense, and Net Assets
Administrative Fund
For the Seven Months Ending April 30, 2023

	Actual YTD	Budget YTD	Variance	Percentage	Prior Year YTD	Variance	Percentage
Revenue							
Legal							
Ethics	\$1,800	\$2,925	(\$1,125)	(38.46%)	\$1,500	\$300	20.00%
Character & Fitness	295,360	257,843	37,517	14.55%	216,025	79,335	36.72%
Legal Total	297,160	260,768	36,392	13.96%	217,525	79,635	36.61%
Public and Bar Services							
Lawyer Services	125,759	124,350	1,409	1.13%	128,383	(2,624)	(2.04%)
Bar Leadership Forum	24,080	10,000	14,080	140.80%	7,432	16,648	224.00%
Upper Michigan Legal Institute	-	15,000	(15,000)	(100.00%)	14,292	(14,292)	(100.00%)
50 Year Honoree Celebration	4,880	3,350	1,530	45.67%	-	4,880	0.00%
Practice Management Resource Center	2,505	1,750	755	43.14%	-	2,505	0.00%
Lawyer Referral Service	122,404	87,502	34,902	39.89%	134,299	(11,895)	(8.86%)
LJAP	31,992	33,206	(1,214)	(3.66%)	28,357	3,635	12.82%
Public and Bar Services Total	311,620	275,158	36,462	13.25%	312,763	(1,143)	(0.37%)
Operations and Policy							
License Fees	6,436,734	6,458,019	(21,285)	(0.33%)	4,580,346	1,856,388	40.53%
Other Revenue	393,182	466,706	(73,524)	(15.75%)	214,554	178,628	83.26%
Bar Journal Directory	213	-	213	0.00%	-	213	0.00%
Bar Journal	136,507	130,602	5,905	4.52%	128,198	8,309	6.48%
Print and Design	26,860	23,905	2,955	12.36%	30,035	(3,175)	(10.57%)
e-Journal	24,569	22,070	2,499	11.32%	23,380	1,189	5.09%
Digital	30,141	27,711	2,430	8.77%	32,500	(2,359)	(7.26%)
Operations and Policy Total	7,048,206	7,129,013	(80,807)	(1.13%)	5,009,013	2,039,193	40.71%
Non-Operating Revenue							
Investment Income - SBM Operations	324,288	113,169	211,119	186.55%	26,695	297,593	1,114.79%
Investment Income - Ret HC Trust	468,193	-	468,193	0.00%	(703,314)	1,171,507	(166.57%)
Total Non-Operating Revenue	792,481	113,169	679,312	600.26%	(676,619)	1,469,100	(217.12%)
Total Revenue	8,449,467	7,778,108	671,359	8.63%	4,862,682	3,586,785	73.76%

State Bar of Michigan
Statement of Revenue, Expense and Net Assets
Administrative Fund
For the Seven Months Ending April 30, 2023

	Actual YTD	Budget YTD	Variance	Percentage	Prior Year YTD	Variance	Percentage
Expense							
Legal							
Ethics	\$2,154	\$4,085	(\$1,931)	(47.27%)	\$1,818	\$336	18.48%
Client Protection Fund Dept	6,877	3,265	3,612	110.63%	9,466	(2,589)	(27.35%)
Interim Administrator Program	260	515	(255)	(49.51%)	-	260	0.00%
Character & Fitness	19,905	33,338	(13,433)	(40.29%)	17,248	2,657	15.40%
UPL	3,561	6,656	(3,095)	(46.50%)	2,370	1,191	50.25%
General Counsel	5,049	23,821	(18,772)	(78.80%)	41,261	(36,212)	(87.76%)
Human Resources	1,185,770	1,239,854	(54,084)	(4.36%)	1,121,431	64,339	5.74%
Salaries	778,500	778,815	(315)	(0.04%)	669,550	108,950	16.27%
Legal Total	2,002,076	2,090,349	(88,273)	(4.22%)	1,863,144	138,932	7.46%
Public and Bar Services							
Inaugural and Awards Luncheon (Formerly Annual Meeting)	9,977	10,000	(23)	(0.23%)	-	9,977	0.00%
Lawyer Services	19,499	19,650	(151)	(0.77%)	14,314	5,185	36.22%
Bar Leadership Forum	13	13	-	0.00%	-	13	0.00%
UMLI	-	-	-	0.00%	2	(2)	(100.00%)
50 Yr. Golden Celebration	6,065	5,195	870	16.75%	-	6,065	0.00%
Practice Management Resource Center	4,626	7,174	(2,548)	(35.52%)	2,982	1,644	55.13%
Lawyer Referral Service	3,954	6,667	(2,713)	(40.69%)	1,361	2,593	190.52%
Outreach	53,419	67,176	(13,757)	(20.48%)	30,274	23,145	76.45%
Diversity	10,323	12,360	(2,037)	(16.48%)	4,306	6,017	139.74%
LJAP	6,416	10,681	(4,265)	(39.93%)	3,456	2,960	85.65%
Technical Services	292,628	373,660	(81,032)	(21.69%)	312,315	(19,687)	(6.30%)
Salaries	1,206,095	1,213,987	(7,892)	(0.65%)	1,132,051	74,044	6.54%
Total Public and Bar Services	1,613,015	1,726,563	(113,548)	(6.58%)	1,501,061	111,954	7.46%
Operations and Policy							
Administration	82,521	83,198	(677)	(0.81%)	77,019	5,502	7.14%
Financial Services	569,800	658,148	(88,348)	(13.42%)	568,569	1,231	0.22%
Bar Journal	203,034	208,467	(5,433)	(2.61%)	200,429	2,605	1.30%
Print and Design	25,793	36,381	(10,588)	(29.10%)	18,695	7,098	37.97%
Digital	76,514	87,956	(11,442)	(13.01%)	79,547	(3,033)	(3.81%)
e-Journal	8,465	9,995	(1,530)	(15.31%)	7,130	1,335	18.72%
General Communications	2,753	9,479	(6,726)	(70.96%)	3,018	(265)	(8.78%)
Executive Office	10,130	36,392	(26,262)	(72.16%)	17,657	(7,527)	(42.63%)
Board of Commissioners	31,413	40,640	(9,227)	(22.70%)	13,255	18,158	136.99%

	Actual YTD	Budget YTD	Variance	Percentage	Prior Year YTD	Variance	Percentage
Expense							
Representative Assembly	3,437	9,600	(6,163)	(64.20%)	9,077	(5,640)	(62.14%)
Governmental Relations	39,729	41,940	(2,211)	(5.27%)	33,417	6,312	18.89%
Research and Development	6,532	11,638	(5,106)	(43.87%)	422	6,110	1,447.87%
Facilities Services	232,807	252,656	(19,849)	(7.86%)	182,895	49,912	27.29%
Justice Initiatives	77,744	78,322	(578)	(0.74%)	2,156	75,588	3,505.94%
Salaries	1,309,874	1,379,144	(69,270)	(5.02%)	1,287,801	22,073	1.71%
Operations and Policy Total	2,680,546	2,943,956	(263,410)	(8.95%)	2,501,087	179,459	7.18%
Total Expense	6,295,637	6,760,868	(465,231)	(6.88%)	5,865,292	430,345	7.34%
Revenue	8,449,467	7,778,109	671,358	8.63%	4,862,682	3,586,785	73.76%
Increase (Decrease) in Net Assets	\$2,153,830	\$1,017,241	\$1,136,589	111.73%	(\$1,002,610)	\$3,156,440	(314.82%)
Human Resources Detail							
Payroll Taxes	245,332	260,160	(14,828)	(5.70%)	226,414	18,918	8.36%
Benefits	908,789	945,504	(36,715)	(3.88%)	866,132	42,657	4.92%
Other Expenses	31,649	34,190	(2,541)	(7.43%)	28,884	2,765	9.57%
Total Human Resources	1,185,770	1,239,854	(54,084)	(4.36%)	1,121,430	64,340	5.74%
Financial Services Detail							
Depreciation	248,949	269,500	(20,551)	(7.63%)	253,630	(4,681)	(1.85%)
Other Expenses	320,852	388,648	(67,796)	(17.44%)	314,939	5,913	1.88%
Total Financial Services	569,801	658,148	(88,347)	(13.42%)	568,569	1,232	0.22%
Salaries							
Legal	778,500	778,815	(315)	(0.04%)	669,550	108,950	16.27%
Public and Bar Services	1,206,095	1,213,987	(7,892)	(0.65%)	1,132,051	74,044	6.54%
Operations and Policy	1,309,874	1,379,144	(69,270)	(5.02%)	1,287,801	22,073	1.71%
Total Salaries Expense	3,294,469	3,371,946	(77,477)	(2.30%)	3,089,402	205,067	6.64%
Non-Labor Expense Summary							
Legal	69,455	105,870	(36,415)	(34.40%)	101,048	(31,593)	(31.27%)
Public and Bar Services	406,920	512,576	(105,656)	(20.61%)	369,010	37,910	10.27%
Operations and Policy	1,370,672	1,564,812	(194,140)	(12.41%)	1,213,286	157,386	12.97%
Total Non-Labor Expense	1,847,047	2,183,258	(336,211)	(15.40%)	1,683,344	163,703	9.72%

State Bar of Michigan
Administrative Fund
FY 2023 Capital Expenditures vs Budget
For the Seven Months Ending April 30, 2023

	YTD Actual	YTD Budget	YTD Variance	Notes and Variance Explanations	FY 2023 Year-End Forecast	Total Approved FY 2023 Budget	Projected Year-end Variance
FACILITIES, FURNITURE & OFFICE EQUIPMENT							
Replacement of floor copiers/scanners	-	-	-	Completed in FY 2022	\$ -	\$ 27,000	\$ (27,000)
HVAC system controller upgrade	-	-	-		35,600	35,600	\$ -
Projector replacement for meeting rooms	-	-	-		15,000	20,000	\$ (5,000)
Wiring closet racks	12,098	10,000	2,098		12,098	10,000	\$ 2,098
New microfiche machine	-	-	-		8,000	8,000	\$ -
New security system camera and DVR replacement	-	-	-		-	10,000	\$ (10,000)
Print center color printer	47,785	47,785	-		47,785	46,700	\$ 1,085
Upgrade of the virtual meeting room equipment for BOC meetings	-	-	-		20,000	20,000	\$ -
Sewer line replacement (added in January 2023)	-	-	-		65,420	120,000	\$ (54,580)
Total Facilities, Furniture & Office Equipment:	\$59,883	\$57,785	\$2,098		\$ 203,903	\$ 297,300	\$ (93,397)
INFORMATION TECHNOLOGY							
<u>IT Infrastructure:</u>							
Replacement of ethernet switches for rooms 2, 3, 4 and garden level	7,229	7,229	-		\$ 27,000	\$ 52,000	\$ (25,000)
Wiring upgrade for the data center	-	-	-		-	10,000	\$ (10,000)
<u>Application Software Development:</u>							
Receivership /Interim Administrator Program data portal	40,600	40,600	-		40,600	40,600	\$ -
E-commerce Store	8,700	8,700	-		11,600	11,600	\$ -
E-commerce Events	29,000	29,000	-		29,000	29,000	\$ -
API Development for NetSuite or Sage Intacct	17,400	17,400	-		23,200	11,600	\$ 11,600
E-commerce License Fee Updates	-	-	-		34,800	34,800	\$ -
e-Services Application to Court e-Filing (mi-File)	-	-	-		-	11,600	\$ (11,600)
Firm Administration and Billing	-	-	-		11,600	23,200	\$ (11,600)
Website Functionality Enhancements	11,600	11,600	-		11,600	11,600	\$ -
Character & Fitness Application Module (for BLE)	11,600	11,600	-		23,200	11,600	\$ 11,600
Volunteer Application (Accessibility updates)	-	-	-		5,800	5,800	\$ -
Consumer Portal (LRS)	2,900	2,900	-		17,400	17,400	\$ -
Total Information Technology:	\$ 129,029	\$ 129,029	\$ -		\$ 235,800	\$ 270,800	\$ (35,000)
Total Capital Budget:	\$ 188,912	\$ 186,814	\$ 2,098		\$ 439,703	\$ 568,100	\$ (128,397)

**STATE BAR OF MICHIGAN
CLIENT PROTECTION FUND**

Unaudited and For Internal Use Only

**FINANCIAL REPORTS
April 30, 2023**

FY 2023

Note: License fee revenue is recognized and budgeted as earned each month throughout the year.

State Bar Of Michigan
Client Protection Fund
Comparative Statement of Net Assets
For the Seven Months Ending April 30, 2023

	3/31/2023	4/30/2023	Increase (Decrease)	%	Beginning of FY 2023 10/1/22
Assets					
Cash-Checking	\$21,027	\$22,303	\$1,276	6.1%	\$27,190
Savings	234,769	235,303	534	0.2%	183,275
Investments	2,429,010	2,427,902	(1,108)	(0.0%)	2,081,625
Account Receivable	-	-	-	0.0%	1,625
Due From SBM	264	263	(1)	(0.3%)	4,068
Total Assets	\$2,685,070	\$2,685,771	\$701	0.0%	\$2,297,783
Liabilities					
Claims Payable	\$2,500	\$143,013	\$140,513	5620.5%	\$56,531
Deferred Revenue	314,018	260,896	(53,121)	(16.9%)	119,460
Total Liabilities	316,518	403,909	87,392	27.6%	175,991
Fund Balance					
Fund Balance at Beginning of Year	2,121,791	2,121,791	-	0.0%	1,834,119
Net Income (Expense) Year to Date	246,761	160,070	(86,690)	(35.1%)	287,672
Total Fund Balance	2,368,552	2,281,861	(86,690)	(3.7%)	2,121,791
Total Liabilities and Fund Balance	\$2,685,070	\$2,685,770	\$701	0.0%	\$2,297,782

Client Protection Fund
Statement of Revenue, Expenses, and Changes in Net Assets□
For the Seven Months Ending April 30, 2023

	2023 YTD	2022 YTD
Income:		
3-7-00-000-0005 Contributions Received	19,895	1,916
3-7-00-000-0050 License Fees Assessment	377,125	373,534
3-7-00-000-0051 Pro Hac Vice Fees	6,960	6,375
3-7-00-000-0890 Claims Recovery	16,614	23,175
Total Income	420,593	405,000
Expenses:		
3-9-00-000-0200 Claims Payment	209,751	181,575
3-9-00-000-0910 Administrative Fee	105,000	100,625
3-9-00-000-0994 Bank Service Charges	245	245
Total Expenses	314,996	282,445
3-7-00-000-0921 Gain or Loss on Investment	51,412	125
3-7-00-000-0920 Interest and Dividends	3,062	1,198
	54,473	1,323
Increase/Decrease in Net Position	160,070	123,878
Net Position, Beginning of Year	2,121,791	1,834,119
Net Position, End of Period	2,281,861	1,957,997

Summary of Cash and Investment Balances by Financial Institution

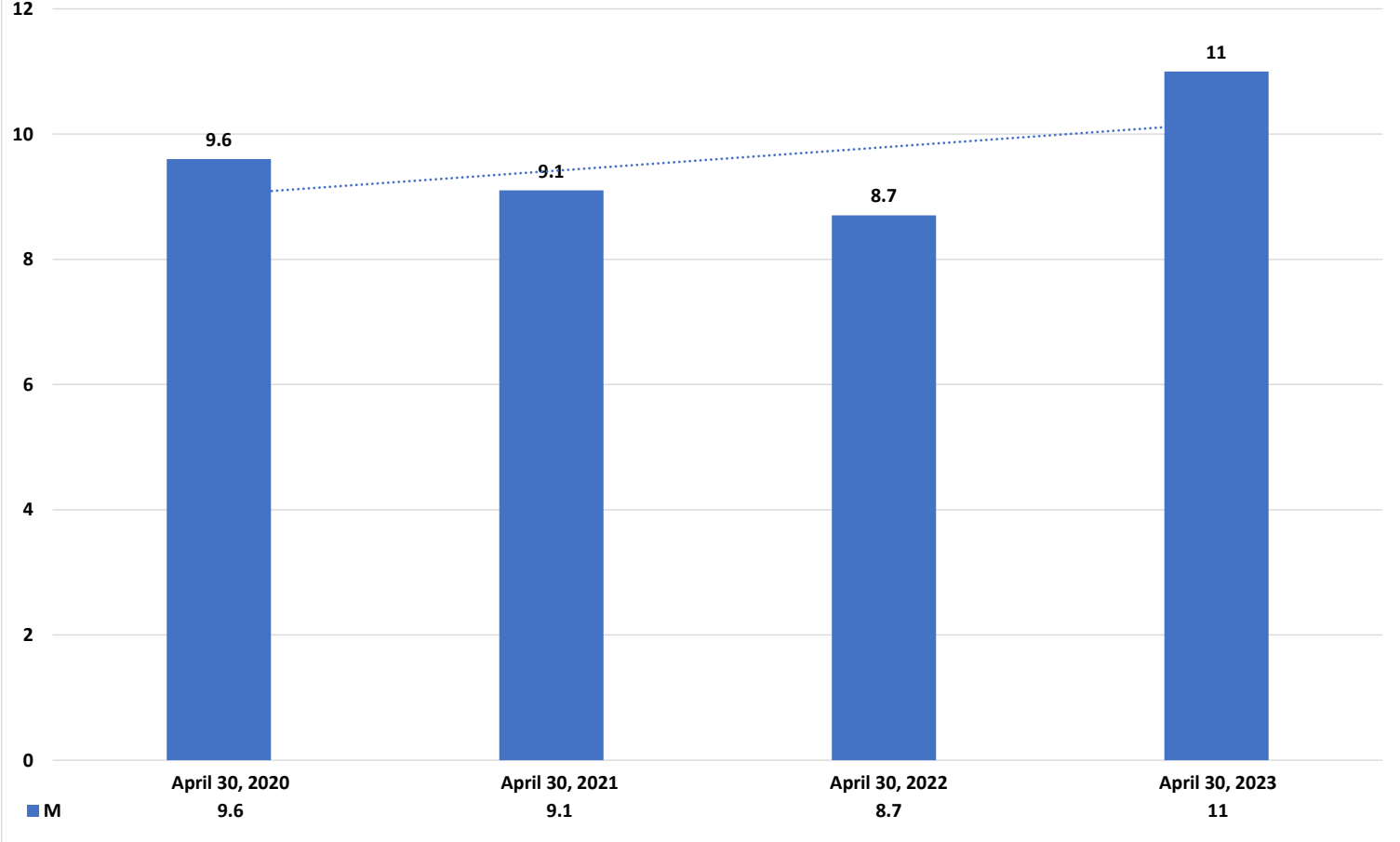
4/30/2023

Assets	Bank Rating	Financial Institution Summary	Interest Rates	Fund Summary
		SBM Chase Checking \$ 184,568.67		Client Protection Fund \$ 2,685,508
		SBM Chase Credit Card \$ 18,311.90		State Bar Admin Fund \$ 14,652,803
		SBM Chase E Checking \$ 4,220.00		(including Sections)
		SBM Chase Payroll \$ (357.62)		Attorney Discipline System \$ 5,638,459
		SBM Chase Savings \$ 512.72	0.05%	
		ADS Chase Checking \$ 5,982.48		SBM Retiree Health Care Trust \$ 4,006,334
		ADS Chase Petty Cash \$ 3,997.53		ADB Retiree Health Care Trust \$ 1,314,616
		CPF Chase Checking \$ 22,303.14		AGC Retiree Health Care Trust \$ 4,048,132
\$3.4 Trillion	5 stars	CPF Chase Savings \$ 15,460.60	0.05%	
		** Chase Total \$ 254,999.42		Total \$ 32,345,851
		SBM Horizon Bank Money Market \$ 9.06	0.50%	
\$7.6 Billion	5 stars	Horizon Bank Total w/CD \$ 2,015,306.34		
		SBM Fifth Third Commercial Now \$ 2,299.88	0.30%	
\$206 Billion	5 stars	Fifth Third Total \$ 2,299.88		
		Grand River Bank Money Market \$ 10,145.92	1.75%	
\$511 Million	4 stars	Grand River Bank Total w/CD \$ 10,145.92		
		MSUCU Savings \$ 56.09	0.00%	
		MSUCU Checking \$ 9,985.54	0.00%	
		MSU Credit Union Total \$ 10,041.63		
\$7.3 Billion	5 stars	MSU Credit Union Total w/CD \$ 1,005,988.17		
		LAFUCU Savings \$ 5.00		
\$987 Million	5 stars	LAFUCU Total w/CD \$ 5.00		
		CASE Cr Un \$ 6.38		
\$399 Million	5 stars	CASE Cr Un Total w/CD \$ 6.38		
		SBM Flagstar ICS Checking \$ 29,544.41	3.15%	
\$25 Billion	5 stars	ADS Flagstar ICS Checking Account \$ 142,693.31	3.15%	
		CPF Flagstar ICS Checking \$ 219,842.27	3.15%	
		Flagstar Bank FDIC Insured \$ 392,079.99		
				State Bar Admin Fund Summary
				Cash and Investments \$ 14,652,803
				Less:
				Due (to)/from Sections \$ (3,673,804)
				Due (to)/from CPF \$ (263)
				Due to Sections and CPF \$ (3,674,067)
				Net Administrative Fund \$ 10,978,736
				SBM Average Weighted Yield: 4.53%
				ADS Average Weighted Yield: 4.47%
				CPF Average Weighted Yield: 4.36%
				Notes:
				- Average weighted yields exclude retiree health care trusts.
				- All amounts are based on reconciled book balance and interest rates as of 04/30/2023.
				- CDARS when used are invested in multiple banks up to the FDIC limit for each bank.
				- Funds held in bank accounts are FDIC insured up to \$250,000 per bank.
				- The SBM funds held with Charles Schwab in the Retiree Health Care Trusts are invested in 74% equity securities, 24% in bonds, and 2% in money market funds.
				- As of 04/30/2023, the funds held by SBM attributable to ADS were \$40,081.95
				- Bank Star rating from Bauer Financial.
				- Lockbox fees are offset by 0.30% p.a. on average monthly balance (**)
				- Actual unreconciled Chase balance per statements was \$267,926.48(**).

Assets	Bank Rating	Financial Institution Summary	Interest Rates	Maturity	
N/A	N/A				
		SBM US Treasuries			
		ZS1 \$	545,033.96	4.65%	7/6/23
		XQ7 \$	1,509,735.33	4.84%	7/13/23
		ZZ5 \$	247,277.78	4.92%	7/20/23
		Y29 \$	543,427.27	4.96%	7/27/23
		YW3 \$	2,599,110.05	4.50%	5/4/23
		W47 \$	1,546,817.87	4.60%	5/18/23
		ZF9 \$	997,169.17	4.65%	5/25/23
		ZG7 \$	747,237.45	4.69%	6/1/23
		X53 \$	248,524.22	4.53%	6/15/23
		ZR3 \$	495,973.46	4.59%	6/29/23
		Y37 \$	986,833.47	4.67%	8/3/23
		US Gov MM Fund-SXX \$	701,876.98	4.32%	-
		SBM US Treasuries Total	\$ 11,169,017.01		
		CPF US Treasuries			
		ZS1 \$	743,228.12	4.65%	07/06/23
		YW3 \$	99,965.77	4.50%	05/04/23
		ZF9 \$	99,716.92	4.65%	05/25/23
		ZQ5 \$	993,026.94	4.55%	06/22/23
		ZR3 \$	99,194.69	4.59%	06/29/23
		Y37 \$	148,025.02	4.67%	08/03/23
		YJ2 \$	244,744.59	4.02%	10/05/23
		CPF US Treasuries Total	\$ 2,427,902.05		
		ADS US Treasuries			
		UG Gov MM Fund \$	510,267.60	4.16%	
		YW3 \$	2,299,212.73	4.50%	05/04/23
		W47 \$	1,147,639.06	4.60%	05/18/23
		ZG7 \$	448,342.47	4.59%	06/01/23
		ZP7 \$	497,483.16	4.81%	06/08/23
		Y37 \$	542,758.41	4.67%	08/03/23
		ADS US Treasuries Total	\$ 5,445,703.43		
		US Treasuries Total	\$ 19,042,622.49		
		SBM Flagstar Savings	\$ 253,315.72	3.71%	
			\$ 253,315.72		
\$25 Billion	5 stars	SBM-CD First National Bank of America	\$ -		
		SBM-CD First National Bank of America	\$ -		
		SBM-CD MSU Credit Union	\$ -		
		SBM-CD MSU Credit Union	\$ 241,441.59	4.26%	05/21/23
\$6.8 Billion	5 stars	Horizon Bank	\$ 244,613.68	4.26%	05/01/23
		Horizon Bank	\$ 244,613.68	4.26%	05/01/23
		Horizon Bank	\$ 255,434.02	4.85%	06/06/23
		Horizon Bank	\$ 255,434.02	4.85%	06/06/23
		Horizon Bank	\$ 255,434.02	4.85%	06/06/23
		Horizon Bank	\$ 255,434.02	4.85%	06/06/23
		Horizon Bank	\$ 252,166.92	4.63%	06/11/23
\$7.6 Billion	5 stars	Horizon Bank	\$ 252,166.92	4.63%	06/11/23
		Bank CD Totals	\$ 3,011,243.82		
		Total Cash & Investments (excluding Schwab)	\$ 22,976,769.31		
		SBM - Charles Schwab (Ret HC Trust)	\$ 4,006,333.55	Mutual Funds	
		ADB - Charles Schwab (Ret HC Trust)	\$ 1,314,615.70	Mutual Funds	
		AGC - Charles Schwab (Ret HC Trust)	\$ 4,048,131.95	Mutual Funds	
		Charles Schwab Totals	\$ 9,369,081.20		
		Grand Total (including Schwab)	\$ 32,345,844.13		
		Total amount of cash and investments (excluding Schwab) not FDIC insured	\$ 2,526,293.93	10.99%	

Assets & Ratings updated 4/12/2023

State Bar of Michigan Cash & Investments
Excluding Sections, Client Protection Fund and Retiree Health Care Trust
For the Seven Months Ending April 30, 2023
\$11M



Note: The State Bar of Michigan has no bank debt outstanding

Monthly SBM Attorney and Affiliate Report - April 30, 2023

FY 2023

	September 30 2016	September 30 2017	September 30 2018	September 30 2019	September 30 2020	September 30 2021	September 30 2022	April 30 2023	FY Increase (Decrease)
Attorneys and Affiliates In Good Standing									
Active	41,921	42,100	42,342	42,506	42,401	42,393	42,395	41,865	(530)
Less than 50 yrs serv	40,725	40,833	40,973	41,036	40,559	40,504	40,680	39,966	(714)
50 yrs or greater	1,196	1,267	1,369	1,470	1,842	1,889	1,715	1,899	184
Voluntary Inactive	1,250	1,243	1,169	1,139	1,192	1,097	1,072	1,114	42
Less than 50 yrs serv	1,230	1,217	1,142	1,105	1,149	1,055	1,030	1,064	34
50 yrs or greater	20	26	27	34	43	42	42	50	8
Emeritus	1,841	1,973	2,204	2,447	2,727	3,033	3,306	3,649	343
Total Attorneys in Good Standing	45,012	45,316	45,715	46,092	46,320	46,523	46,773	46,628	(145)
Fees paying Attorneys (Active & Inactive less than 50 yrs of Serv)	41,955	42,050	42,115	42,141	41,708	41,559	41,710	41,030	(680)
Affiliates									
Legal Administrators	13	13	10	10	8	5	2	2	-
Legal Assistants	405	400	401	393	317	219	214	237	23
Total Affiliates in Good Standing	418	413	411	403	325	224	216	239	23
Total Attorneys and Former Attorneys in the Database									
	September 30 2016	September 30 2017	September 30 2018	September 30 2019	September 30 2020	September 30 2021	September 30 2022	April 30 2023	FY Increase (Decrease)
State Bar of Michigan Attorney and Affiliate Type									
Attorneys in Good Standing:									
ATA (Active)	41,921	42,100	42,342	42,506	42,401	42,393	42,395	41,865	(530)
ATVI (Voluntary Inactive)	1,250	1,243	1,169	1,139	1,192	1,097	1,072	1,114	42
ATE (Emeritus)	1,841	1,973	2,204	2,447	2,727	3,033	3,306	3,649	343
Total Attorneys in Good Standing	45,012	45,316	45,715	46,092	46,320	46,523	46,773	46,628	(145)
Attorneys Not in Good Standing:									
ATN (Suspended for Non-Payment of Dues)	5,743	5,888	6,072	6,246	6,416	6,472	6,588	6,917	329
ATDS (Discipline Suspension - Active)	418	430	439	440	445	449	454	456	2
ATDI (Discipline Suspension - Inactive)	18	19	19	24	25	25	25	25	-
ATDC (Discipline Suspension - Non-Payment of Court Costs)	3	16	15	16	16	14	14	15	1
ATNS (Discipline Suspension - Non-Payment of Other Costs)	99	94	95	98	100	102	106	106	-
ATS (Attorney Suspension - Other)*	1	-	1	1	2	-	-	-	-
ATR (Revoked)	534	562	583	596	613	623	634	642	8
ATU (Status Unknown - Last known status was inactive)**	2,074	2,070	2,070	2,070	2,070	2,070	2,047	2,047	-
Total Attorneys Not in Good Standing	8,890	9,079	9,294	9,491	9,687	9,755	9,868	10,208	340
Other:									
ATSC (Former special certificate)	145	152	155	157	158	164	167	169	2
ATW (Resigned)	1,539	1,612	1,689	1,798	1,907	2,036	2,143	2,252	109
ATX (Deceased)	8,720	9,042	9,287	9,524	9,793	10,260	10,664	10,876	212
Total Other	10,404	10,806	11,131	11,479	11,858	12,460	12,974	13,297	323
Total Attorneys in Database	64,306	65,201	66,140	67,062	67,865	68,738	69,615	70,133	518

* ATS is a new status added effective August 2012 - suspended by a court, administrative agency, or similar authority

** ATU is a new status added in 2010 to account for approximately 2,600 attorneys who were found not to be accounted for in the iMIS database
The last known status was inactive and many are likely deceased. We are researching these attorneys to determine a final disposition.

N/R - not reported

Notes: Through April 30, 2023 a total of 519 new attorneys joined SBM.



p 517-346-6300

p 800-968-1442

f 517-482-6248

www.michbar.org

To: Board of Commissioners
From: Daniel Quick, Awards Committee Chair
Date: May 26, 2023
Re: 2023 State Bar of Michigan Liberty Bell Award Recommendation

306 Townsend Street
Michael Franck Building
Lansing, MI
48933-2012

The State Bar of Michigan Awards Committee recommends that Amy Iseler receive the 2023 State Bar of Michigan Liberty Bell Award.

Ms. Iseler received the Ingham County Bar Association’s 2023 Liberty Bell Award in recognition of her tireless advocacy for individuals in the throes of alcohol and drug addictions.

As a probation officer and substance abuse counselor, Ms. Iseler was instrumental in the establishment of Ingham County’s Drug Court, and provided case management for the county’s Veteran’s Treatment Court. She has helped secure housing, employment, and residential treatment for countless members of these high-risk populations, and worked to ensure their continued stability. According to those who know her best, her entire adulthood has been dedicated to serving others.

We believe Ms. Iseler embodies everything this award stands for.



**FROM THE COMMITTEE
ON MODEL CRIMINAL
JURY INSTRUCTIONS**

The Committee on Model Criminal Jury Instructions solicits comment on the following proposal by August 1, 2023. Comments may be sent in writing to Andrea Crumback, Reporter, Committee on Model Criminal Jury Instructions, Michigan Hall of Justice, P.O. Box 30052, Lansing, MI 48909-7604, or electronically to MCrimJI@courts.mi.gov.

PROPOSED

The Committee proposes a new jury instruction, M Crim JI 37.1c (Using False Documents to Deceive Principal or Employer), for the crime found at MCL 750.125(3). The instruction is entirely new.

**[NEW] M Crim JI 37.1c Using False Documents to Deceive
Principal or Employer**

- (1) The defendant is charged with the crime of using a false document(s) to deceive a principal or employer. To prove this charge, the prosecutor must prove each of the following elements beyond a reasonable doubt:
- (2) First, that [(*identify agent or employee*) / the defendant] was the agent or employee of [*name principal or employer*].
- (3) Second, that the defendant [*Select (a) or (b)*]¹
 - (a) [gave / used] a [receipt / account / invoice / (*describe other document*)] concerning the business of [*name principal or employer*] to [*identify agent or employee*].
 - (b) [used / approved / certified] [a receipt / an account / an invoice / a (*describe other document*)] concerning the business of [*name principal or employer*].
- (4) Third, that the [receipt / account / invoice / (*describe other document*)] contained a statement that [was materially false, erroneous, or defective / failed to fully state any commission, money, property, or other

valuable item² given to (*identify agent or employee*) / the defendant) or agreed to be given to (him / her)].

- (5) Fourth, that when the defendant [gave / used / approved / certified] the [receipt / account / invoice / (*describe other document*)], [he / she] intended to deceive [*name principal or employer*].

Use Note

1. Use “(a)” where it is alleged that the defendant gave a document to the agent/employee of the principal in order to deceive or cheat the principal. Use “(b)” where the defendant is an agent/employee of the principal and was the person who is alleged to have approved or used a document to deceive or cheat the employer/principal.
2. The court may identify the specific money or property in lieu of reading this entire phrase.

Public Policy Position
Model Criminal Jury Instructions 37.1c

Support

Explanation:

The Committee voted unanimously to support Model Criminal Jury Instructions 37.1c.

Position Vote:

Voted For position: 17

Voted against position: 0

Abstained from vote: 0

Did not vote (absent):9

Contact Persons:

Nimish R. Ganatra ganatran@washtenaw.org

Sofia V. Nelson snelson@sado.org



**FROM THE COMMITTEE
ON MODEL CRIMINAL
JURY INSTRUCTIONS**

The Committee on Model Criminal Jury Instructions solicits comment on the following proposal by August 1, 2023. Comments may be sent in writing to Andrea Crumback, Reporter, Committee on Model Criminal Jury Instructions, Michigan Hall of Justice, P.O. Box 30052, Lansing, MI 48909-7604, or electronically to MCrimJI@courts.mi.gov.

PROPOSED

The Committee proposes a new jury instruction, M Crim JI 40.4 (Furnishing Alcohol to a Minor), for the crime found at MCL 436.1701. The instruction is entirely new.

[NEW] M Crim JI 40.4 Furnishing Alcohol to a Minor

(1) Defendant is charged with the crime of selling or furnishing alcohol to a minor. To prove this charge, the prosecutor must prove each of the following elements beyond a reasonable doubt:

(2) First, that the defendant knowingly sold or furnished¹ alcohol to [*name minor complainant*].

(3) Second, that [*name minor complainant*] was under 21 years of age.

(4) Third, that when defendant sold or furnished the alcohol, the defendant knew or should have known that [*name minor complainant*] was under 21 years of age or failed to make a diligent effort² to determine whether [*name minor complainant*] was under 21 years of age by inspecting [*name minor complainant*]'s pictured identification.

[*Where the aggravating element has been charged under MCL 436.1701(2):*]

(5) Fourth, that the consumption of the alcohol obtained by [*name minor complainant*] was a direct and substantial cause of [(*name minor complainant*)'s death / an accidental injury that caused (*name minor complainant*)'s death].

Use Note

1. *People v Neumann*, 85 Mich 98, 102; 48 NW 290 (1891), provided a definition of *furnishing*: “letting a minor have liquor.”
2. *Diligent inquiry* is further defined in MCL 436.1701(11)(b).

Public Policy Position
Model Criminal Jury Instructions 40.4

Support with Amendment

Explanation:

The committee voted unanimously (17) to support the proposed model criminal jury instructions with an amendment to change the language to “knew or didn’t make diligent inquiry” to be consistent with the statute.

Position Vote:

Voted For position: 17

Voted against position: 0

Abstained from vote: 0

Did not vote (absent):9

Contact Persons:

Nimish R. Ganatra ganatran@washtenaw.org

Sofia V. Nelson snelson@sado.org



FY 2023-24 COMMITTEE RESOLUTION

Foundational Principles

Committees Do Not Speak for the State Bar of Michigan.

Regardless of its jurisdiction, no committee, task force, commission or work group speaks for the State Bar. To the extent that any public activity or programming can be interpreted as a decision of the State Bar of Michigan or an expression of an ideological viewpoint, the activity or programming must be authorized in advance, in accordance with the bylaws of the State Bar of Michigan. Further, no standing or special committee has authority to bestow an award or significant honor. Any award or significant honor recommended by a standing or special committee to be bestowed must be approved by the Board of Commissioners or Representative Assembly, as appropriate.

Committees Are Advisory to the Board of Commissioners.

Unless explicitly noted otherwise in their jurisdictions, committees are advisory to the Board of Commissioners.

Committees Are Encouraged to Collaborate.

Committees with overlapping subject-matter jurisdictions are encouraged to communicate regularly about their committees' work and collaborate where appropriate.

Resolution

RESOLVED: That, pursuant to Article VI of the Bylaws of the State Bar of Michigan, the Board of Commissioners adopt the committees of the State Bar of Michigan for FY 2023-24 with the following changes from the FY 2022-23 committee roster.

- Changes to the jurisdiction statements of five committees:
 - Michigan Bar Journal Committee
 - Judicial Ethics Committee
 - Justice Initiatives Committee
 - Lawyers and Judges Assistance Committee
 - Professional Ethics Committee

TO: Board of Commissioners
FROM: Strategic Planning Committee
DATE: May 30, 2023
RE: **FY 2023-2024 Committee Recommendations**

As part of its jurisdiction, the Strategic Planning Committee is tasked with reviewing and making recommendations concerning committees. Based on recommendations of SBM staff and Strategic Planning Committee discussions, the Committee makes the following committee recommendations for FY 2023-2024 to the Board of Commissioners:

I. Recommended Changes to Committee Jurisdiction Statements

Michigan Bar Journal Committee

Recommended Change:

The following proposed changes more accurately reflect current staffing and production of the Michigan Bar Journal, taking into account the updated guidelines for the Michigan Bar Journal article submissions and theme editors that were recommended by the Michigan Bar Journal Committee and approved by the Board of Commissioners in July 2022.

Changes

Provide recommendations to the Board of Commissioners ~~on any changes concerning the~~ regarding the Michigan Bar Journal consistent with the State Bar’s strategic plan and provide regular editorial assistance to ~~the editor of the~~ Michigan Bar Journal staff by:

- Developing annual plans for the content of each Michigan Bar Journal issue.
- Soliciting, ~~and~~ reviewing, and editing feature articles and columns submitted ~~submissions~~ to the Michigan Bar Journal.
- Recommending collaborations to advance the communication and member service objectives of the Strategic Plan.
- Reviewing and evaluating metrics for evaluating to measure the effectiveness of the Michigan Bar Journal.

Jurisdiction Statement with proposed changes:

Michigan Bar Journal Committee

Provide recommendations to the Board of Commissioners regarding the Michigan Bar Journal consistent with the State Bar’s strategic plan and provide regular editorial assistance to Michigan Bar Journal staff by:

- Developing annual plans for the content of each Michigan Bar Journal issue.

- Soliciting, reviewing, and editing feature articles and columns submitted to the Michigan Bar Journal.
- Recommending collaborations to advance the communication and member service objectives of the Strategic Plan.
- Reviewing and evaluating metrics to measure the effectiveness of the Michigan Bar Journal.

Judicial Ethics Committee

Recommended Change:

The proposed change removes the first sentence of the current jurisdiction statement: “The jurisdiction of the Standing Committee on Judicial Ethics is derived from authority granted under the Board of Commissioners and oversight provided by the Professional Standards Committee.” The change is recommended as it is a redundant and unnecessary statement.

Jurisdiction Statement with proposed change:

Judicial Ethics Committee

The Standing Committee on Judicial Ethics offers analysis and guidance concerning the Michigan Code of Judicial Conduct, and, to the extent that they relate to judicial conduct in Michigan, on provisions of the Michigan Rules of Professional Conduct, the ABA Model Rules of Professional Conduct, and other applicable standards of professional conduct, as well as emerging issues of professional conduct affecting judges and judicial candidates by:

- Rendering informal advisory opinions on judicial ethics, which are published on the State Bar of Michigan website.
- Rendering proposed formal advisory opinions for consideration by the Board of Commissioners.
- Update published opinions as rules, case law, and legislation are modified.
- Recommend amendments and provide comments to proposed amendments to the Michigan Code of Judicial Conduct and other standards of professional conduct that relate to judicial conduct, to the Board of Commissioners or Representative Assembly for consideration.
- Provide comments and recommend amendments to court rules or legislation affecting professional ethics that relate to judicial conduct and report such recommendations to the Board of Commissioners or Representative Assembly for consideration.
- Drafting resources relevant to professional ethics as it relates to judicial conduct, which are published on the State Bar of Michigan website.
- Consult with external stakeholders on various professional ethics topics.
- Consult with the Judicial Tenure Commission to discuss trends, data, and insights as it relates to judicial conduct and needed advisory guidance.
- Review and evaluate available metrics measuring the effectiveness of national and state efforts to reduce conduct subject to judicial discipline.

Note: Members are nominated by and drawn from among the membership of the judicial bench, Michigan Judges Association, the Michigan Probate Judges Association, the Michigan District Judges Association, the Michigan Association of District Court Magistrates, and the Referees Association of Michigan. Pursuant to operating rules adopted by the Board of Commissioners, informal ethics opinions and other general resources of this Committee are made public on the Committee’s own initiative, without approval of the Board of Commissioners. This Committee may have more than 15 members.

Justice Initiatives Committee

Recommended Change:

The proposed change would replace the term “gender identity” within the list of underserved populations with the term “gender and sexual minorities.” Gender identity is not a group, but gender and sexual minorities are a group and includes the entire LGBTQTIA community, and more accurately fits within the context of the sentence.

Current bullet point:

- Developing and recommending proposals for proactive programs to benefit underserved populations, including the poor, racial and ethnic minorities, gender identity, juveniles, domestic violence survivors.

Proposed bullet point:

- Developing and recommending proposals for proactive programs to benefit underserved populations, including the poor, racial and ethnic minorities, gender and sexual minorities, juveniles, domestic violence survivors.

Jurisdiction Statement with proposed change:

Justice Initiatives Committee

Support the State Bar’s access to justice efforts by:

- Developing and recommending proposals for proactive programs to benefit underserved populations, including the poor, racial and ethnic minorities, gender and sexual minorities, juveniles, domestic violence survivors.
- Supporting resources for civil legal aid programs.
- Providing recommendation and support for the State Bar’s pro bono legal services program.
- Recommending John W. Cumiskey Award recipient.
- Identifying the need for any workgroups to support the jurisdiction of the committee.
- Conferring and coordinating regularly with the Access to Justice Policy, Affordable Legal Services, and Online Legal Resource and Referral committees on common strategic goals.
- Identifying possible collaborations to support the committee’s jurisdiction.

Lawyers and Judges Assistance Program

Recommended Change:

The proposed change is a minor change that would delete the first sentence of the Note that follows the jurisdiction statement: “The LJAP Committee may carry out programming consistent with this jurisdiction and within allocated budgetary resources, without explicit approval by the Board of Commissioners or Professional Standards Committee.” This change is recommended as it is an unnecessary and redundant statement. Removing it will make it more consistent with other committee jurisdiction statements.

Jurisdiction Statement with Proposed Changes:

Lawyers and Judges Assistance Committee

Propose and support measures to advance the well-being of lawyers, judges, and law students by:

- Recommending, developing, and supporting programs and educational presentations that provide assistance to law students, lawyers, and judges regarding substance use issues, mental health issues, anxiety, and general wellness.
- Reviewing and making recommendations concerning proposed statutes and court rules affecting assistance to lawyers and judges faced with personal and professional problems related to substance use and mental health issues.
- Monitoring national trends and data on attorney and judge wellness and treatment.
- Determining how the committee’s work might interact with and support work of the Professional Ethics, Judicial Ethics, Character and Fitness, and Client Protection Fund committees, including by conferring and coordinating regularly with them on trends, data, insights, and metrics.
- Being aware of and discussing metrics measuring the effectiveness of national and state efforts to reduce attorney drug and alcohol addiction and depression.
- Reviewing and evaluating metrics measuring.

Note: This committee may have more than 15 members and may include non-State Bar members.

Professional Ethics Committee

Recommended Change:

The proposed change removes the first sentence of the current jurisdiction statement: “The jurisdiction of the Standing Committee on Judicial Ethics is derived from authority granted under the Board of Commissioners and oversight provided by the Professional Standards Committee.” The change is recommended as it is a redundant and unnecessary statement.

Jurisdiction Statement with Proposed Change:

Professional Ethics Committee

The Standing Committee on Professional Ethics offers analysis and guidance concerning the Michigan Rules of Professional Conduct, and, to the extent that they relate to attorney conduct in Michigan, provisions of the Michigan Code of Judicial Conduct, the ABA Model Rules of Professional Conduct, and other applicable professional conduct standards, as well as emerging issues of professional conduct affecting lawyers:

- Rendering informal advisory opinions on professional ethics, which are published on the State Bar of Michigan website.
- Rendering proposed formal advisory opinions on professional ethics for consideration by the Board of Commissioners.
- Update published opinions as rules, case law, and legislation are modified.
- Recommend amendments and provide comments to proposed amendments to the Michigan Rules of Professional Conduct and other standards of professional conduct that relate to lawyer conduct, to the Board of Commissioners or Representative Assembly for consideration.
- Provide comments and recommend amendments to court rules or legislation affecting professional ethics that relate to lawyer conduct and present recommendations to the Board of Commissioners or Representative Assembly for consideration.

- Drafting resources relevant to professional ethics as it relates to lawyer conduct, which are published on the State Bar of Michigan website.
- Consult with external stakeholders on various professional ethics topics.
- Consult with the Attorney Grievance Commission and the Attorney Discipline Board to discuss trends, data, and insights as it relates to lawyer conduct and advisory guidance.
- Review and evaluate available metrics measuring the effectiveness of national and state efforts to reduce conduct subject to professional discipline and promote professionalism and civility.

Note: Pursuant to operating rules adopted by the Board of Commissioners, informal ethics opinions and other general resources of this Committee are made public on the Committee’s own initiative, without approval of the Board of Commissioners. This Committee may have more than 15 members.

II Committee Jurisdiction Statements (with proposed changes)



SBM Committee Jurisdictions

FY2023-24 with Proposed Changes

Standing Committees

- Access to Justice Policy
- Affordable Legal Services
- American Indian Law
- Awards
- Character and Fitness
- Civil Procedure and Courts
- Client Protection Fund
- Criminal Jurisprudence & Practice
- Diversity & Inclusion
- Judicial Ethics
- Judicial Qualifications
- Justice Initiatives
- Law School Deans
- Lawyer and Judges Assistance
- Michigan Bar Journal
- Online Legal Resources and Referral Center
- Past Presidents Advisory Council
- Professional Ethics
- Professionalism and Civility
- Public Outreach and Education
- Unauthorized Practice of Law
- United States Courts

Access to Justice Policy Committee

Support the State Bar of Michigan's public policy program by:

- Reviewing and making recommendations on proposed court rules and legislation concerning access to justice, particularly access policy issues that impact underserved populations.
- Making recommendations for administrative, court rule, and statutory changes concerning access to justice, particularly access policy issues that impact underserved populations.
- Collaborating with other State Bar committees to provide feedback on proposed administrative, court rule, and statutory changes related to civil practice in the courts.

Affordable Legal Services Committee

Support the State Bar of Michigan's access to justice and member services goals by:

- Reviewing, developing, and recommending innovative practices to provide low-cost legal services and evaluating efforts to expand access to affordable legal services for persons of modest means, including low bono services; non-profit law firms and sliding scale civil legal services; online dispute resolution and alternative dispute resolution services; lean process analysis, both at law practice and court administrative levels; alternative fee agreements; and fixed fee packages.
- Identifying the need for any workgroups to support the jurisdiction of the committee.
- Conferring and coordinating regularly at least annually with the Justice Initiatives and Online Legal Resources and Referral Center committees.
- Identifying possible collaborations to support the committee's jurisdiction.
- Reviewing and evaluating metrics.

Note: This committee may have more than 15 members.

American Indian Law Committee

Support the State Bar of Michigan's efforts to support effective and appropriate interaction between sovereign tribal courts and state and federal courts, and on the practice of law in those courts by:

- Reviewing and making recommendations on relevant proposed court rules and legislation.
- Proposing court rule, legislative, or policy changes to advance more effective and appropriate interaction between sovereign tribal courts and state and federal courts.

Awards Committee

Support the nomination process for and recommend recipients of awards made in the name of the State Bar of Michigan, by:

- Assisting in the management of the timetable for soliciting, reviewing, and recommending award nominations.
- Providing input on effective solicitation of awards to ensure a high-quality pool of diverse nominees.
- Providing recommendations on the establishment of new awards or discontinuation of existing awards.
- Offering guidance on how best to honor awardees and create an inspiring and accessible online archive of award recipients.

Character and Fitness Committee

Support the work of the State Bar of Michigan conducted under the direction and authority of the Board of Law Examiners and Michigan Supreme Court by:

- Investigating the character and fitness of candidates for admission to the Bar pursuant to Rule 15, Section 1, of the Supreme Court Rules Concerning the State Bar of Michigan. This work product is provided to the Board of Law Examiners for its consideration. The work product is not provided to, or subject to approval by, the Board of Commissioners or Representative Assembly.
- Making recommendations on changes to rules concerning admissions related to character and fitness, and SBM interaction with Michigan law schools concerning character and fitness.
- Meeting on a biennial basis with the Board of Law Examiners.
- Determining how the committee's work might interact with and support the work of the Professional Ethics, Judicial Ethics, Lawyers and Judges Assistance, and Client Protection Fund committees, including through conferring and coordinating regularly with them on trends, data, insights, and metrics.
- Suggesting metrics for measuring the effectiveness of the work carried out by the Character and Fitness committee.

Note: This committee may have more than 15 members. The work of this committee is conducted pursuant to the authority, and under the oversight of, the Board of Law Examiners. The committee's and district committees' work product is not provided to, or subject to review by, the Board of Commissioners or any other entity of the State Bar of Michigan.

Civil Procedure and Courts Committee

Support the public policy program of the State Bar of Michigan by:

- Reviewing and making recommendations on proposed court rules and legislation related to civil practice in the courts.
- Making recommendations for administrative, court rule, and statutory changes concerning improvements in the administration, organization, and operation of Michigan state courts.
- Collaborating with other State Bar committees to provide feedback on proposed administrative, court rule, and statutory changes related to civil practice in the courts.

Note: This committee may have more than 15 members.

Client Protection Fund

Advise the Board of Commissioners on the operation of the Client Protection Fund program pursuant to the [Client Protection Rules](#) adopted by the Board of Commissioners by:

- Making recommendations on the reimbursement of claims authorized by the Board of Commissioners.
- Proposing or advising on revisions to rules and policies concerning the Client Protection Fund.
- Recommending subrogation actions to recoup monies paid from the Client Protection Fund.
- Reviewing and recommending loss prevention measures to minimize claims and public loss.
- Determining how the committee's work might interact with and support the work of the Professional Ethics, Judicial Ethics, Lawyers and Judges Assistance, and Character and Fitness committees, including through conferring and coordinating regularly with them on trends, data, insights, and metrics.
- Being aware of and discussing metrics measuring the effectiveness.

Criminal Jurisprudence and Practice Committee

Support the public policy program of the State Bar of Michigan by:

- Reviewing and making recommendations on proposed court rules and legislation related to criminal jurisprudence and practice.

- Making recommendations for administrative, court rule, and statutory changes concerning improvements in criminal jurisprudence and practice.
- Collaborating with other State Bar committees to provide feedback on proposed administrative, court rule, and statutory changes related to criminal jurisprudence and practice in the courts.

Note: This committee may have more than 15 members.

Diversity and Inclusion Advisory Committee

Support the diversity goals of the SBM Strategic Plan by:

- Identifying strategies to promote a diverse and inclusive voice in all State Bar of Michigan work and communications.
- Recommending practices, tools, and strategies to advance diversity and inclusion at the SBM staff level, section and committee levels, and throughout the justice system.
- Encouraging examination of the status of diversity and inclusion efforts of Michigan law firms, courts, and law schools.
- Suggesting methods for celebrating successful diversity and inclusion efforts.
- Identifying the need for any workgroups to support the jurisdiction of the committee.
- Identifying possible collaborations to support.

Note: This committee may develop and carry out collaborative programs consistent with this jurisdiction, and within allocated budgetary resources, with approval of the Executive Committee.

Judicial Ethics Committee

The Standing Committee on Judicial Ethics offers analysis and guidance concerning the Michigan Code of Judicial Conduct, and, to the extent that they relate to judicial conduct in Michigan, on provisions of the Michigan Rules of Professional Conduct, the ABA Model Rules of Professional Conduct, and other applicable standards of professional conduct, as well as emerging issues of professional conduct affecting judges and judicial candidates by:

- Rendering informal advisory opinions on judicial ethics, which are published on the State Bar of Michigan website.
- Rendering proposed formal advisory opinions for consideration by the Board of Commissioners.
- Update published opinions as rules, case law, and legislation are modified.
- Recommend amendments and provide comments to proposed amendments to the Michigan Code of Judicial Conduct and other standards of professional conduct that relate to judicial conduct, to the Board of Commissioners or Representative Assembly for consideration.
- Provide comments and recommend amendments to court rules or legislation affecting professional ethics that relate to judicial conduct and report such recommendations to the Board of Commissioners or Representative Assembly for consideration.
- Drafting resources relevant to professional ethics as it relates to judicial conduct, which are published on the State Bar of Michigan website.
- Consult with external stakeholders on various professional ethics topics.
- Consult with the Judicial Tenure Commission to discuss trends, data, and insights as it relates to judicial conduct and needed advisory guidance.
- Review and evaluate available metrics measuring the effectiveness of national and state efforts to reduce conduct subject to judicial discipline.

Note: Members are nominated by and drawn from among the membership of the judicial bench, Michigan Judges Association, the Michigan Probate Judges Association, the Michigan District Judges Association, the Michigan Association

of District Court Magistrates, and the Referees Association of Michigan. Pursuant to operating rules adopted by the Board of Commissioners, informal ethics opinions and other general resources of this Committee are made public on the Committee's own initiative, without the approval of the Board of Commissioners. This Committee may have more than 15 members.

Judicial Qualifications Committee

As requested by the Governor, evaluate candidates for possible appointment to judicial vacancies and report in confidence to the Governor.

Note: The evaluations of this committee are advisory only to the Governor and are not provided to, or subject to approval by, the Board of Commissioners or Representative Assembly. The chief staff attorney of the Attorney Grievance Commission serves as reporter for this committee. Chairs of the committee may serve more than three two-year terms. This committee may have more than 15 members.

Justice Initiatives Committee

Support the State Bar's access to justice efforts by:

- Developing and recommending proposals for proactive programs to benefit underserved populations, including the poor, racial and ethnic minorities, gender and sexual minorities, juveniles, domestic violence survivors.
- Supporting resources for civil legal aid programs.
- Providing recommendations and support for the State Bar's pro bono legal services program
- Recommending John W. Cumiskey Award recipient.
- Identifying the need for any workgroups to support the jurisdiction of the committee.
- Conferring and coordinating regularly with the Access to Justice Policy, Affordable Legal Services, and Online Legal Resource and Referral committees on common strategic goals.
- Identifying possible collaborations to support.

Note: This committee may have more than 15 members and may include non-State Bar members.

Law School Deans Committee

Confer on issues and subjects that affect the law schools of Michigan and the State Bar, and its members, including legal preparation, law school admissions, education, standards, and testing of candidates for admission to the bar.

Note: This committee meets upon the initiative of a majority of the Michigan law school deans. Its membership includes the officers of the State Bar and the executive director of the Board of Law Examiners.

Lawyers and Judges Assistance Committee

Propose and support measures to advance the well-being of lawyers, judges, and law students by:

- Recommending, developing, and supporting programs and educational presentations that provide assistance to law students, lawyers, and judges regarding substance use issues, mental health issues, anxiety, and general wellness.
- Reviewing and making recommendations concerning proposed statutes and court rules affecting assistance to lawyers and judges faced with personal and professional problems related to substance use and mental health issues.

- Monitoring national trends and data on attorney and judge wellness and treatment.
- Determining how the committee's work might interact with and support work of the Professional Ethics, Judicial Ethics, Character and Fitness, and Client Protection Fund committees, including by conferring and coordinating regularly with them on trends, data, insights, and metrics.
- Being aware of and discussing metrics measuring the effectiveness of national and state efforts to reduce attorney drug and alcohol addiction and depression.
- Reviewing and evaluating metrics measuring.

Note: This committee may have more than 15 members and may include non-State Bar members.

Michigan Bar Journal Committee

Provide recommendations to the Board of Commissioners consistent with the State Bar's strategic plan and provide regular editorial assistance to Michigan Bar Journal staff by:

- Developing annual plans for the content of each Michigan Bar Journal issue.
- Soliciting, reviewing, and editing feature articles and columns submitted to the Michigan Bar Journal.
- Recommending collaborations to advance the communication and member service objectives of the Strategic Plan.
- Reviewing and evaluating metrics to measure the effectiveness of the Michigan Bar Journal.

Online Legal Resource and Referral Center Committee

Provide guidance and recommendations concerning the development and operation of the SBM Online Legal Resource and Referral Center, and the integration of the State Bar's pilot lawyer referral (LRS) program into the Center, through:

- Identifying strategies for the recruitment of qualified LRS panel members.
- Evaluating pilot progress.
- Proposing standards and rules for participation.
- Suggesting potential collaborations.
- Advising on marketing to the public.
- Reviewing and advising on integration with SBM enhanced profile directory and tools.
- Assessing metrics to help measure the effectiveness of the Online Legal Resource and Referral Center in advancing Strategic Plan goals.
- Providing input on how ethics rules relate to the pilot and its development.
- Conferring and coordinating regularly with the Justice Initiatives and Affordable Legal Services committees.
- Suggesting metrics to measure the effectiveness of the Online Legal Resource and Referral Center and lawyer referral program efforts.
- Identifying the need for any workgroups to support the jurisdiction of the committee.

Past Presidents Advisory Council

Provide counsel and recommendations on all matters concerning the State Bar, at the request of the Board of Commissioners.

Note: The membership of the committee consists of all past presidents of the State Bar of Michigan.

Professional Ethics Committee

The Standing Committee on Professional Ethics offers analysis and guidance concerning the Michigan Rules of Professional Conduct, and, to the extent that they relate to attorney conduct in Michigan, provisions of the Michigan Code of Judicial Conduct, the ABA Model Rules of Professional Conduct, and other applicable professional conduct standards, as well as emerging issues of professional conduct affecting lawyers:

- Rendering informal advisory opinions on professional ethics, which are published on the State Bar of Michigan website.
- Rendering proposed formal advisory opinions on professional ethics for consideration by the Board of Commissioners.
- Update published opinions as rules, case law, and legislation are modified.
- Recommend amendments and provide comments to proposed amendments to the Michigan Rules of Professional Conduct and other standards of professional conduct that relate to lawyer conduct, to the Board of Commissioners or Representative Assembly for consideration.
- Provide comments and recommend amendments to court rules or legislation affecting professional ethics that relate to lawyer conduct and present recommendations to the Board of Commissioners or Representative Assembly for consideration.
- Drafting resources relevant to professional ethics as it relates to lawyer conduct, which are published on the State Bar of Michigan website.
- Consult with external stakeholders on various professional ethics topics.
- Consult with the Attorney Grievance Commission and the Attorney Discipline Board to discuss trends, data, and insights as it relates to lawyer conduct and advisory guidance.
- Review and evaluate available metrics measuring the effectiveness of national and state efforts to reduce conduct subject to professional discipline and promote professionalism and civility.

Note: Pursuant to operating rules adopted by the Board of Commissioners, informal ethics opinions and other general resources of this Committee are made public on the Committee's own initiative, without approval of the Board of Commissioners. This Committee may have more than 15 members. "

Professionalism and Civility Committee

The Special Committee on Professionalism and Civility intends to be a resource to lawyers, judges, and those involved in the administration of justice to help promote the highest standards of personal conduct of lawyers and judges in the practice of law as articulated in Michigan Supreme Court Administrative Order No. 2020-23 - Professionalism Principles ("Professionalism Principles") and any subsequent orders.

The Special Committee will maintain an educational and promotional plan to (i) help ensure that the culture of the legal profession is consistent with the Professionalism Principles and (ii) secure commitments from those who participate in the legal profession to comply with the Professionalism Principles. The Committee will develop a consistent message to be used by the Committee and will enlist others to help educate and work with all stakeholders in the administration of justice, including lawyers, judges, court staff, law firms, public and private employers of lawyers, law students, law schools, applicants to be admitted to the State Bar of Michigan, and others who participate in the legal process, including members of the public.

Public Outreach and Education Committee

Support the public education services of the State Bar of Michigan

- Assisting in developing educational events and programs advancing lay understanding of law and the legal profession, with particular emphasis on community programs, including Law Day and Constitution Day.
- Providing review and recommendations concerning the State Bar of Michigan's online resources available to the public.
- Exploring and assessing opportunities for collaboration in public outreach consistent with SBM strategic goals with local bar associations, non-legal professional associations, and other external entities.
- Conferring and coordinating regularly with the Unauthorized Practice of Law committee to discuss how each committee's work might interact with and support the other's work.

Unauthorized Practice of Law Committee

Provide advice on and support for the State Bar of Michigan's unauthorized practice of law responsibilities under Rule 16 of the Supreme Court Rules Concerning the State Bar of Michigan:

- Proposing and supporting measures to educate the public and the legal profession about unauthorized practice of law issues.
- Providing guidance to the Board of Commissioners concerning matters involving the alleged unauthorized practice of the law (UPL), including recommendations on the filing and prosecuting of actions to enjoin the unauthorized practice of law.
- Proposing and advising on revisions to courts rules and legislation related to the unauthorized practice of law.
- Determining how the committee's work might interact with and support work of the Professional Ethics, Public Outreach and Education, and Affordable Legal Services committees, including through conferring and coordinating regularly with them on trends, data, insights, and metrics.
- Reviewing and evaluating metrics for measuring the effectiveness of efforts to carry out the responsibilities of the State Bar of Michigan under Rule 16, MCL 600.916, and MCL450.681.

Note: UPL activity of the State Bar of Michigan is subject to the ongoing oversight of the Michigan Supreme Court and recommendations of the committee on specific UPL prosecution must be approved by the Board of Commissioners. This committee may have more than 15 members.

United States Courts Committee

Provide advice and recommendations concerning the State Bar of Michigan's interaction with federal courts in Michigan and on practice of law in those courts by:

- Reviewing and making recommendations on proposed federal court rule amendments.
- Proposing court rule, legislative, or policy changes to improve practice in federal courts in Michigan.
- Developing and collaborating on projects and events focused on federal practice and the relationship between state and federal courts.

FY 2024 Preliminary Budget

Key Budget Assumptions

Ver. 05.30.2023

The FY 2024 budget is based on continuing to operate existing programs and services consistent with the Strategic Plan and in compliance with SBM financial safety margin policy for the lifecycle of the 2023 fee increase.

Operating Revenues

License Fees and Related Revenues

License Fees – Projecting a 1.2% decrease (\$134,000) for license fee revenue in FY 2024. This projection is based on the forecasted number of active and inactive paying members, including trends in new attorney applications and estimated attorney attrition.

Other Operating Revenues

Other operating revenues are projected to be 3.4% higher than FY 2023 budget (\$56,000).

- The new Interim Administrator Program (IAP) will be fully launched in FY 2024. IAP revenues are budgeted at 1,500 members choosing to enroll in SBM's program at a cost of \$60/member (est. +\$90,000).
- New revenues from UBE transfer applicants (+\$37,000).
- Less projected revenue from credit card surcharge fee due to more members choosing other payment methods (-\$91,000).
- Decreased demand for services from sections (-\$9,000).
- Decreased projection in revenue from partner programs (-\$3,000).
- Anticipated lower revenue for ticket sales for the Inaugural and Awards Luncheon (-\$12,000).
- Projected increase in referral fees from the lawyer referral service (+\$10,000).
- Modest increases projected in Great Lakes Legal Conference and 50-Year Honoree Luncheon revenues (+\$5,500).
- Less revenue from ethics seminars due to lower number of participants (-\$2,375).
- Advertising revenues remain flat.
- Higher rent from Michigan State Bar Foundation (5% CPI adjustment per lease agreement).
- Continuing charging Client Protection Fund and Attorney Disciple System for administrative services at cost.

Non-Operating Revenues

Investment Income – Projecting an average interest rate of 3.5% on higher investment balances (est. +\$324,000).

Operating Expenses

Labor – Salaries, Benefits & Payroll Taxes

Budgeted staffing in FY 2024 of 75.5 FTE, same as FY 2023. Total cost of salaries, benefits, and taxes is projected to increase by 3.3%.

Salaries – Estimated to increase by 3.5% which is a combination of 2% COLA, step increases and market adjustments (est. \$82,000), and the annual \$50,000 incentive compensation.

Benefits – No changes in benefit plans being offered. The hard cap established by the Publicly Funded Health Insurance Contributions Act (PA 152) sets the limits on the amounts an employer can contribute to the employee medical insurance and requires that employees pay the premium amount over the caps. Blended FY 2024 rates increased by 4.1% to \$7,627 for single, \$15,950 for two-person, and \$20,801 for family coverage. No changes in payments for opting out of medical coverage. No changes in premiums for vision, long-term disability, short-term disability, group term life, and accidental death and dismemberment insurance. Five percent increase in cost of dental insurance.

No changes in retirement plans. Three percent increase in retiree health care premiums for current retirees paid to the State of Michigan.

Payroll Taxes – Taxes are based on budgeted salaries, no wage cap for Medicare tax, 2023 social security wage cap of \$160,200 and \$167,700 for 2024. No changes to the employer FICA and Medicare tax rates.

Non-Labor Expenses

Anticipating an average increase of 2.2% on non-labor operating expenses (\$84,000) compared to FY 2023 budget. Continue conducting committee and other meetings virtually when feasible. This helps save costs and enhances participation. BOC meetings are budgeted to be in-person, and RA meetings are budgeted to be hybrid with in-person and virtual options.

Existing programs and services are expected to continue with no significant budgetary changes, except as noted below:

- Slightly higher costs for Client Protection Fund due to pursuit of litigation to recover costs (+\$6,800).
- Support for Michigan Legal Help (\$50,000) and ATJ Fundraising (\$75,000) is continuing at FY 2023 levels.
- Higher building operating expenses, including utilities, maintenance, and insurance (+\$23,250).
- Lower credit card processing fees (-\$73,000) due to less credit card payments.
- Increases in property tax payment to the City of Lansing (+\$4,000), echeck and lockbox fees (+\$5,000), audit fees (+\$3,000), and depreciation (\$15,000).
- Higher expenses for record storage, bar cards, and postage (+\$6,300).
- *Bar Journal* costs for paper, postage, and printing costs have increased dramatically in the current fiscal year and the trend is likely to continue in FY 2024 (+\$42,000).
- Higher e-mail and electronic publishing platform costs (+\$3,000).
- Lower costs for in-house print and design due to lower printing volumes (-\$8,000).

- Presidential Inauguration and Awards Luncheon (formerly Annual Meeting) – In person at the same location as the Board of Commissioners and RA meeting in Southeast Michigan; savings due to lower video services costs (-\$6,100).
- 50-Year Honoree Luncheon costs are increasing due to higher attendance and food costs (+\$10,000).
- Great Lakes Legal Conference expenses budgeted higher due to venue and food costs (+\$25,800).
- LJAP will continue to access funds donated to the Program by SBM members through the license renewal process to the Michigan State Bar Foundation.
- An increase in the IT budget due to additional IMIS (database) contractor services (+\$35,000) and computer replacements (+\$15,000), offset by lower software subscription and other services (-\$16,000).

Capital Expenditures

FY 2024 capital expenditures are estimated at \$250,000 (FY 2023 budget: \$568,100). Major planned IT infrastructure upgrades have been completed and thus lower capital expenditure spending is anticipated in FY 2024.

- Same scope for member portal and e-commerce development as in FY 2023, estimated at \$230,000 for three developers at \$19,100 per month; contract fees are expected to increase by 10%.
- Conference room equipment and security upgrades (est. \$20,000).

FY 2024 Proposed Budget Potential Upsides & Risks

Potential Upsides

- Labor savings due to vacancy float and lower benefits expenses.
- Additional savings due to virtual meetings and events.
- SBM retiree healthcare trust may start paying retiree healthcare premiums which would eliminate the need to use SBM operating funds for this purpose.

Potential Risks

- Lower-than-anticipated license fee revenue resulting from higher-than-anticipated reduction in paying members.
- Lower-than-anticipated other operating revenues (advertising, print, lawyer referral services, character & fitness, and interest income).
- The Interim Administrator Program was planned to be cost neutral; however, it may take a few years for the program to stabilize before we can predictably measure its budgetary impact. Less members may choose to enroll in the SBM program than budgeted, and costs for the program could be higher than anticipated.
- Higher-than-anticipated operating costs due to inflation.
- Unexpected litigation.
- Business interruption costs associated with spikes in COVID-19.

SBM

STATE BAR OF MICHIGAN

MICHAEL FRANCK BUILDING
306 TOWNSEND STREET
LANSING, MI 48933-2012

www.michbar.org