

MINNESOTA BOARD OF CONTINUING LEGAL EDUCATION 2017 ANNUAL REPORT

Including

MINNESOTA LAWYER REGISTRATION OFFICE



MINNESOTA BOARD OF CONTINUING LEGAL EDUCATION AND MINNESOTA LAWYER REGISTRATION OFFICE ANNUAL REPORT: 2017

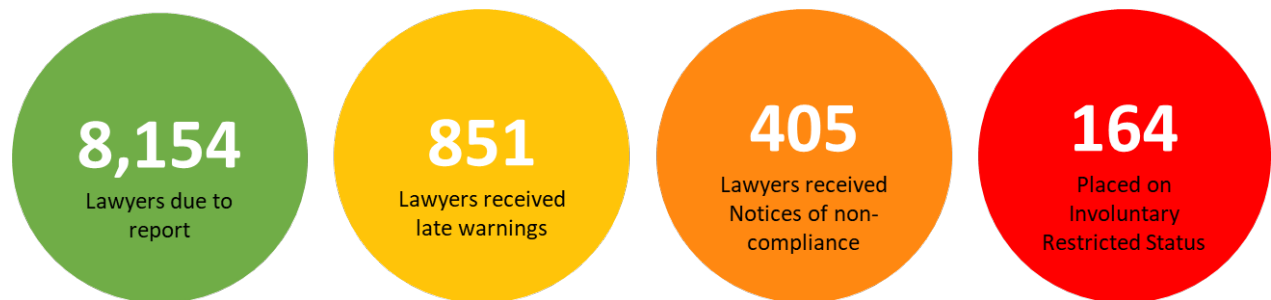
The Minnesota Board of Continuing Legal Education (Board) administers Minnesota lawyers' compliance with their continuing legal education (CLE) requirements. The Board accredits CLE courses in compliance with the CLE Rules and removes from active status those lawyers who fail to comply with their CLE requirements.

The CLE Board oversees the Lawyer Registration Office (LRO). LRO maintains the official database of Minnesota-licensed lawyers, processes annual registration statements for all Minnesota-licensed lawyers, and issues certificates of good standing.

All Minnesota lawyers listed in the public LRO database are designated as either "Authorized" or "Not authorized" to practice law, depending upon their lawyer registration payment status, CLE compliance status, and disciplinary status.

I. LAWYER CLE COMPLIANCE

To maintain an active license, each Minnesota lawyer must attend and report at least 45 hours of accredited CLE courses every three years, including three credit hours of Ethics and Professional Responsibility and two credit hours of Elimination of Bias. Each lawyer is assigned to reporting categories "1," "2," or "3," based on the year the lawyer was admitted to the Bar.



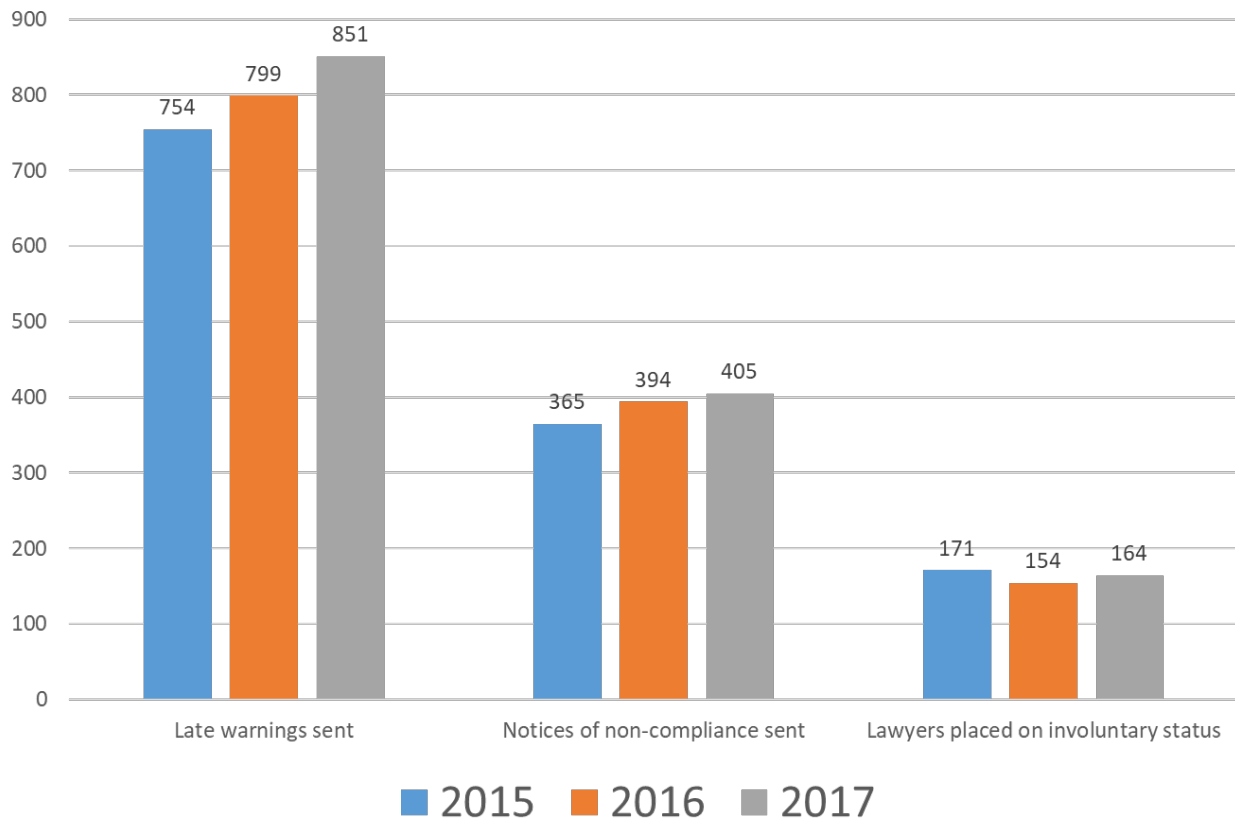
8,154 Category 3 Minnesota-licensed lawyers were due to report CLE compliance on or before August 31, 2017 for the July 1, 2014 to June 30, 2017 reporting period.

If a lawyer fails to complete and report CLE in a timely manner, a warning letter is sent followed by a Notice of Non-Compliance.

In September 2017, the Board office sent 851 warning letters to Category 2 lawyers, slightly more than the 799 sent in 2016. In October 2017, the Board sent 405 Notices of Non-Compliance, compared to 394 in 2016.

A lawyer has 30 days following receipt of the Notice of Non-Compliance to take one of these actions: 1) complete his or her coursework; 2) request an extension; 3) request to be placed on voluntary restricted status; or 4) request a hearing before the Board. If the lawyer does not take one of these actions, the Board will request that the Court place the lawyer's license on involuntary restricted status.

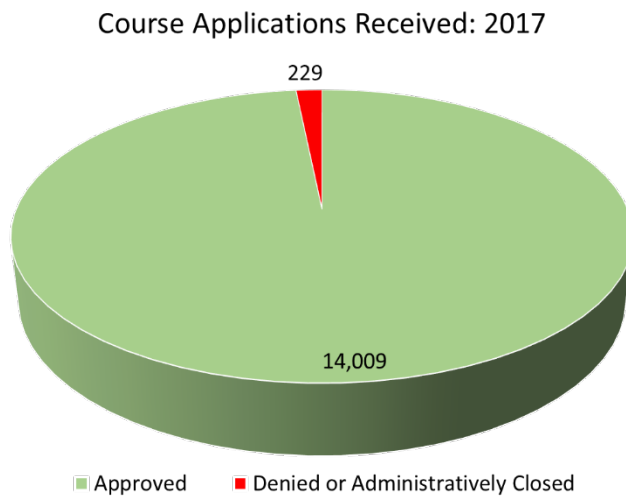
By the end of 2017, 164 Category 3 lawyers remained out of compliance, compared to 154 in 2016. Those lawyers' names were sent to the Court in late December, along with a request that the Court place their licenses on involuntary status for failure to comply with CLE requirements for the 2014-2017 reporting period.



II. CLE COURSE REVIEW

CLE staff members review each submitted course accreditation application to verify that the course has legal content, that the faculty meets Rule qualifications, and that the course content meets the CLE Rule 5 standards for approval. If additional information is requested and the sponsor does not provide, the application is administratively closed.

Staff reviewed 14,238 course applications during 2017, compared to 13,452 reviewed in 2016, a 5.84% increase.



Courses in the special categories of Elimination of Bias and Ethics are reviewed closely to ensure compliance with Rule requirements. Of the courses for which credit was applied in 2017, 3,514 courses had at least one segment qualifying for Ethics credit, an increase from 3,112 in 2016, and 570 courses had at least one segment qualifying for Elimination of Bias credit, compared to 549 in 2016.

III. ON-DEMAND CREDITS

In 2014, the Court amended the Rules to permit lawyers to claim up to 15 credits for on-demand viewing within the 45 credit hour CLE reporting period. In 2017, the Board filed its final report with the Court addressing the impact of the amendments on compliance.



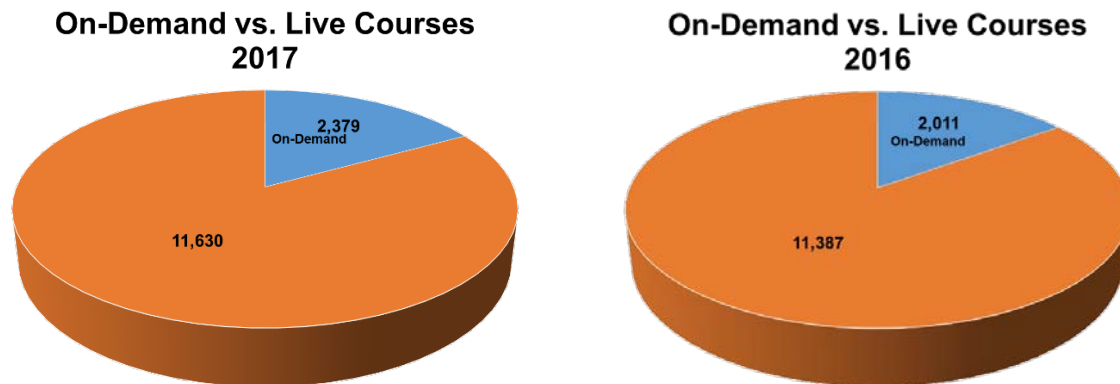
Conclusions from the 2017 report:

- No negative impact on number of live courses
- A significant number of lawyers are taking on demand, but few are taking maximum
- EOB and ethics are most popular
- Administratively, process is working well
- Program has been successfully implemented

The Board reported to the Court on the number of on-demand courses approved, the top on-demand courses attended, the top providers, and attorney attendance. The Board also surveyed lawyers and

sponsors and reported on availability and quality of courses. The entire report is available through Minnesota Appellate Court Case Management System, but the conclusions are contained in the chart above.

In 2017, approximately 17% of courses offered were on-demand, 2% more than in 2016. As of December 31, 2017, 4,070 of the 8,154 lawyers due to report in 2017 had claimed CLE credit for an on-demand course. Six hundred and sixty (660), roughly 8%, reported the maximum number of on-demand credits.



IV. CLE EMERITUS LAWYER PROGRAM

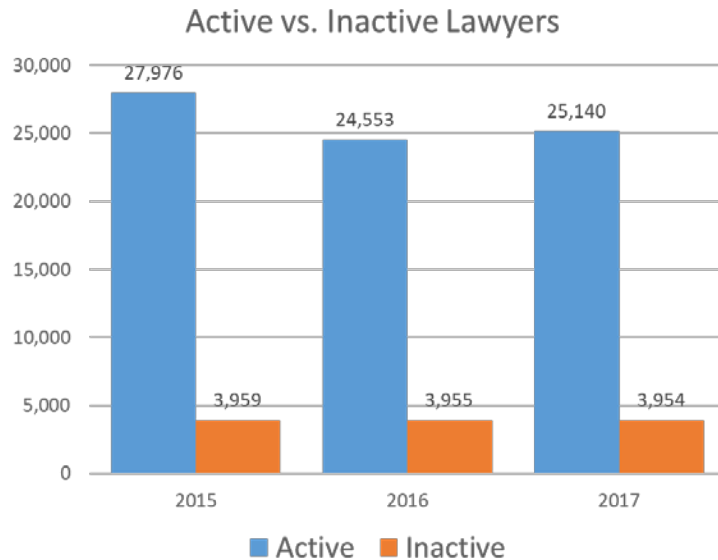
The Emeritus Lawyer program permits retired Minnesota lawyers to represent pro bono clients who have been referred by an approved legal services provider. An Emeritus lawyer is one who has elected retired status under the Lawyer Registration Rules and who complies with the specific CLE requirements outlined in Rule 14 of the CLE Rules which provides that Emeritus lawyers attend three hours of CLE related to the area or areas of pro bono law in which they intend to practice. Between January 1, 2017 and January 30, 2017, 10 lawyers sought and received Emeritus status, and one lawyer renewed his status. Three lawyers elected not to renew their status. As of December 31, 2017, 20 retired lawyers were participating in the Emeritus Lawyer program. Additional information is available on the Board's website.

V. SUPERVISORY AUTHORITY OF THE CLE BOARD OVER THE LAWYER REGISTRATION OFFICE

The CLE Board has had supervisory authority over the Lawyer Registration Office since August 1, 2014. The Lawyer Registration Office's budget remains separate from the budget of the CLE office.

VI. LAWYER REPORTING OBLIGATIONS

In 2017, the Lawyer Registration Office processed 28,718 annual registration statements, compared to 28,508 processed in 2016, an increase of .74%. There were 24,620



payments processed online by credit card, debit card, or ACH payment, compared to 21,307 online payments in 2016. Online payments accounted for approximately 76% of all payments received, compared to 74% in 2016. This increase is attributable to a new \$10 paper filing fee that the Court adopted effective with the January 1, 2016 registration cycle.

During the 2017 calendar year, there were a total of 25,140 active licensed lawyers in Minnesota, compared to 24,553 in 2016. As of

December 31, 2017, a total of 3,954 lawyers were on inactive status, compared to 3,955 lawyers in 2016.¹

VII. FUNDING

CLE

Board revenues are generated from Lawyer Registration fees and fees derived from CLE late filing fees, CLE lawyer reinstatement fees, affidavit filing fees, and course applications. In calendar year 2017, these fees generated revenue totaling \$341,927. **Table 2** shows the fees received in 2017 compared to those received in the past three calendar years.

The Board's revenue decreased by \$27,325 in 2017, primarily from course accreditation fees. The Board receives a \$35 application fee for each course submitted by paper that is more than 60 minutes in length that is not a video replay of a previously approved course. Effective January 1, 2016, courses submitted online had a reduced application fee of \$20. Revenue received in 2017 from course accreditation fees decreased by \$23,237, compared to 2016 revenue. Revenue from paper affidavit fees continued to decrease slightly in 2017 as more lawyers move to online reporting of CLE hours.

¹ "Inactive" status means the lawyer is in good standing, but not authorized to practice law. This group of lawyers is considered to be licensed.

Table 2: CLE Receipts for Calendar Years 2015-2017

Fee	2015	2016	2017
Lawyer Registration fees	\$121,579	\$30,964	\$30,342
Late affidavit/non-compliance filing fees	\$86,400	\$84,025	\$85,230
Reinstatement fees	\$22,125	\$25,000	\$22,085
Course accreditation fees	\$332,037	\$225,913	\$202,676
Paper affidavit fees	\$4,880	\$3,350	\$2,930
Total	\$567,021	\$369,252	\$341,927

Despite decreases in the amounts of revenue being received from the various sources, the Board has adequate revenue from existing funding sources to fund its operations.

LRO

The Lawyer Registration Office is responsible for collecting lawyers' annual registration fees that are allocated among the various Court Boards and other entities in accordance with Supreme Court rules. The Boards and entities to which the funds it collects are allocated include the Lawyer Registration Office, Board of Law Examiners, Board of Continuing Legal Education, Lawyers Professional Responsibility Board, Client Security Fund (CSF), and the Legal Services Advisory Committee (LSAC).

LRO is funded by an allocation from the Lawyer Registration Fee, late fees, and requests for certificates of good standing and duplicate licenses. **Table 3** shows the Lawyer Registration revenue for the past three years.

Table 3: LRO Receipts for Calendar Years 2015-2017

Fee	2015	2016	2017
Lawyer Registration fees	\$113,211	\$116,356	\$87,783
Late fees	\$155,134	\$152,102	\$263,393
Paper filing fees	\$18,290	\$74,520	\$60,716
Misc.	\$64,612	\$60,402	\$79,966
Total	\$351,247	\$403,380	\$491,858

There was a sharp increase in the number of late fees collected in 2017. A number of factors contributed to this, including an issue with electronic transmission of some of the October 1, 2017 reminders sent from the Minnesota Attorney Registration System (MARS) that was discovered after the October 1, 2017 filing deadline. Although lawyers have an obligation to complete their registration statement on a timely basis even if the reminder is not received, the Board office did offer to waive late fees and issue refunds to anyone assessed a late fee due to the email issue. The Board worked closely with its IT vendor and ITD to ensure that the issue will not happen again. In addition, a recent rule change causes the late fee to be assessed immediately, whereas in the past the late fee was not assessed for a few days as it was tied to suspension and the office wanted

to make sure to process postmarked mail. The new rules also assess an additional reinstatement fee if the lawyer does not pay by the 1st day of the following month. The reinstatement fees are reflected under “Misc.” payments.

In 2017, LRO collected approximately \$7.2 million in total revenue from Minnesota lawyers. **Table 4** lists the six lawyer payment categories of annual registration fees, as well as the three categories that do not generate fees. **Table 5** shows the allocations effective with the July 1, 2017 statement period.

Table 4: Registration Fees

Status	Fee prior to 1/1/16 statements	Fee effective with 1/1/16 statements
Active Status	\$254	\$248
Active Status - Income Less Than \$25,000	\$226	\$220
Active Status - Lawyers on Fulltime Military Duty ²	-	-
Active Status - Lawyers Admitted Fewer than Three Years	\$120	\$114
Active Status - Lawyers Admitted Fewer than Three Years - Income Less Than \$25,000	\$106	\$100
Inactive Status - MN Resident or Out-of-State	\$211	\$205
Inactive Status - MN Resident or Out-of-State - Income Less Than \$25,000	\$183	\$177
Inactive Status – Retired	-	-
Inactive Status - Permanent Disability	-	-

Table 5: Fee Allocations Effective with October 1, 2017 Statements

	\$ 100	\$ 114	\$ 177	\$ 205	\$ 220	\$ 248
BLE	\$ 29	\$ 29	\$ 29	\$ 29	\$ 29	\$ 29
CLE	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1
OLPR	\$ 26	\$ 26	\$ 83	\$ 83	\$ 122	\$ 122
CSF	\$ 6	\$ 6	\$ 6	\$ 6	\$ 6	\$ 6
LSAC1³	\$ 23	\$ 37	\$ 43	\$ 71	\$ 47	\$ 75
LSAC2⁴	\$ 13	\$ 13	\$ 13	\$ 13	\$ 13	\$ 13
LRO	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2

² Active duty military are exempt from paying attorney fees. See *Minnesota Statute 325.56*,

³ LSAC1: Payments allocated to Legal Services Advisory Committee for civil legal services and grant program purposes.

⁴ LSAC2: Payments allocated to Legal Services Advisory Committee for a lawyers assistance program.

VIII. STAFF

The Continuing Legal Education Board and Lawyer Registration Office share staff with the Board of Law Examiners. The allocations of time are as follows: Director (30%), Managing Attorney (30%), Lawyer Licensing Manager (30%), Staff Attorney (32%), and IT/Finance Administrator (34%). The CLE and LRO Administrator, Liz Vanderbeek, handles the day-to-day operations of the department along with a staff of three CLE and LRO Specialists. Ms. Vanderbeek is active in the Continuing Legal Education Regulators Association (CLEreg), a national organization promoting best practices among CLE regulators.

In April 2017, Margaret Fuller Corneille retired from the Director position after serving in the role for more than 30 years.

The Court appointed Emily Eschweiler as her successor, effective April 2017. Ms. Eschweiler began working for the Board in 2006 as a Staff Attorney and advanced to Assistant Director in 2011. In June 2017, Natasha Karn joined the office as the Managing Attorney (previously the Assistant Director position).

IX. BOARD MEMBERS

The Board is comprised of 12 Board members and a chairperson. Three members are public members; one member is a district court judge; the Minnesota State Bar Association nominates six lawyer members to the Board; and the other three lawyer members nominate themselves for membership. All are appointed by the Minnesota Supreme Court.

The Minnesota Supreme Court appoints each member to a staggered 3-year term, with no member serving more than two 3-year terms. In 2017, the Board was comprised of the following members:

- Nancy McLean, Chair, Hennepin County Attorney's Office - Retired
- Ravindra Chintapalli, Public Member
- Craig T. Dokken, Henningson & Snoxell, Ltd.
- Samuel J Edmunds, Sieben Edmunds PLLC
- John B. Gordon, Lawyer
- Moira Grosbard, Public Member
- Jenna M. Peterson, Redwood County Attorney's Office
- Kevin D. Hofman, Halleland Habicht
- William C. Kuhlmann, Security Bank & Trust Co.
- Brett W. Olander, Walsh & Gaertner, P.A.
- Cheryl Ryland, Public Member
- Constance Tuck, Minnesota Department of Human Services, Retired
- Hon. Edward T. Wahl, Judge of the Fourth Judicial District

Justice Margaret Chutich was the 2017 Supreme Court liaison to the Board.

X. CONCLUSION

The Board continues to operate with adequate funds generated by course accreditation fees and by an allocation from the Lawyer Registration fee. The number of sponsors using OASIS continues to increase. The number and quality of available CLE programs continues to meet the needs of Minnesota lawyers for continuing professional education.

The Board continues to expand and refine its use of technology in the administration of the Continuing Legal Education Rules and the Rules on Lawyer Registration. The expanded use of technology continues to be the most efficient way to administer the two sets of rules, as well as the most effective way to serve Minnesota lawyers and course sponsors.

The Lawyer Registration function touches every licensed Minnesota lawyer and is the official and sole source of public information identifying those lawyers who are authorized to practice law in Minnesota and those who are not authorized. The Lawyer Registration Office database is the definitive source that lawyers, judges, and the public rely upon for this important information. The Lawyer Registration Office is on firm financial ground and is able to continue to seek greater efficiencies in its operations while increasing customer service to the lawyers and judges of the State of Minnesota.

Respectfully submitted,

MINNESOTA BOARD OF CONTINUING LEGAL EDUCATION



Nancy McLean
Chair



Emily J. Eschweiler
Director



Date