

Agenda Item

Feb 143

DATE: January 25, 2012

TO: Members, Planning, Program Development and Budget Committee
Members of the Board of Governors

FROM: John Chiappetta, Director of Budget

SUBJECT: Recommendation to Adopt the 2012 Proposed State Bar Budget

Executive Summary

On November 29, staff met with the Planning, Program Development and Budget Committee to receive guidance on developing the 2012 Budget. At the conclusion of the meeting, the PPDB Committee instructed staff to develop an interim status quo Budget for 2012. This agenda item seeks Board approval to amend the 2012 budget to reflect the Board's strategic initiatives as identified during its January 2012 Planning Session.

BACKGROUND

Throughout 2011, the Budget Subcommittee worked with staff to develop a plan to provide long range financial stability for the General Fund without the need for an immediate increase in member dues. With the passage of SB 163 in October, the Board is now required to develop a 5 year strategic plan to be submitted to the Legislature by February 15, 2012.

Due to the timing of the fee bill adoption, there was inadequate time for the Board to develop the 5 year plan before the required adoption of a spending plan for 2012. In a meeting with the Planning, Program Development, and Budget Committee on November 29th, staff recommended the development of an interim "status quo budget" to provide spending authority until the Board was able to complete its strategic plan. This budget was adopted by the Board in a special meeting held on December 15, 2011.

The Board of Trustees met on January 6 & 7 to bring the Board and staff together to discuss the future of the State Bar and the implications of change for our public protection mission, for the organization of the practice of law, for legal career paths, for law schools and for the lawyers sense of professional responsibility and identity.

The Board discussed the State Bar's core functions and considered operational initiatives and concrete actions that would inform the development of the Five-Year Strategic Plan. These initiatives have now been incorporated in the 2012-2014 Proposed Budget.

As with the interim budget, the proposed 2012-2013 budget incorporates the terms of the recently ratified Memorandum of Understanding with SEIU regarding salary adjustments for the coming year and includes actual rates for the Bar's medical/dental insurance and CalPers retirement contributions.

The revised budget also includes the estimated cost of the five year capital investment program that the Board identified as a key strategic initiative to bring about a culture of change and continuous improvement in the State Bar.

A detailed description of the revenues, expenditures, and fund conditions is included in the budget document.

SUMMARY

Adoption of the 2012-2014 Proposed Budget will replace the interim budget adopted in December 2011. This budget incorporates the initiatives outlined in the Board's strategic plan and upon Board adoption, will be submitted to the Legislature on the February 15th due date.

BOARD BOOK / ADMINISTRATIVE MANUAL

No impact.

RESOLUTIONS:

Proposed Board Committee Resolution

If the Committee of Planning, Program Development and Budget agrees that the 2012-2014 Proposed Budget be adopted, the following resolution would be appropriate:

RESOLVED, that the Committee of Planning, Program Development and Budget recommends that the Board of Governors approve the adoption of the 2012-2014 State Bar Budget, in the form attached to these minutes as Attachment A and made a part hereof.

Proposed Board Resolution

RESOLVED, upon recommendation from the Board Committee on Planning, Program Development and Budget, that the Board hereby approves the adoption of the 2012-2014 State Bar Budget in the form attached to these minutes as Attachment A and made a part hereof.

Exhibit A
Proposed Budget for 2012-14
Fiscal Year 2012

Fund	Beginning Balance	2012 Revenues	2012 Expenditures	Transfers In	Transfers Out	Ending Balance
General Fund	8,100,000	58,027,600	63,483,461	0	944,000	1,700,139
Admin of Justice Fund	4,972,000	3,405,800	2,157,877	1,250,000	2,000,000	5,469,923
Admissions Fund	3,851,000	19,891,332	19,150,796	0	1,000,000	3,591,536
Building Assessment Fund	6,040,000	2,100,000	50,622	0	0	8,089,378
Client Security Fund*	-7,214,000	7,200,000	10,831,693	0	0	-10,845,693
Discipline Fund	1,156,000	0	0	0	1,156,000	0
IT Assessment Fund	4,102,000	1,700,000	40,983	0	5,700,000	61,017
Justice Gap Fund	307,000	850,000	19,287	0	1,124,000	13,713
Lawyer Asst Program Fund	1,577,000	1,900,000	1,959,946	0	1,250,000	267,054
Legal Services Trust Fund	908,000	24,862,659	28,603,574	3,124,000	0	291,085
Legal Specializations Fund	2,048,000	1,698,900	1,640,347	0	0	2,106,553
180 Howard Street Fund	7,641,000	800,000	4,300,000	0	0	4,141,000
Technology Projects Fund	106,000	0	5,725,000	8,800,000	0	3,181,000
Annual Meeting Fund	213,000	900,000	1,001,736	0	0	111,264
Sections Funds	7,397,000	7,544,080	6,924,766	0	0	8,016,314
Public Protection Fund	6,469,000	32,500	0	0	0	6,501,500
Total	47,673,000	130,912,871	145,890,088	13,174,000	13,174,000	32,695,783

* The negative balance in the Client Security Fund reflects accrued future payouts from the fund; the current cash balance in the fund is non-negative.

Proposed Budget for 2012-14
Fiscal Year 2013

Fund	Beginning Balance	2013 Revenues	2013 Expenditures	Transfers In	Transfers Out	Ending Balance
General Fund	1,700,139	61,027,600	64,646,899	2,000,000	0	80,840
Admin of Justice Fund	5,469,923	3,405,800	2,037,680	0	4,150,000	2,688,043
Admissions Fund	3,591,536	19,891,332	19,507,850	0	0	3,975,018
Building Assessment Fund	8,089,378	18,100,000	26,050,614	0	0	138,764
Client Security Fund*	-10,845,693	7,400,000	10,846,629	0	0	-14,292,322
Discipline Fund	0	0	0	0	0	0
IT Assessment Fund	61,017	1,800,000	40,973	0	1,800,000	20,044
Justice Gap Fund	13,713	850,000	19,281	0	830,000	14,432
Lawyer Asst Program Fund	267,054	2,000,000	1,994,637	0	0	272,417
Legal Services Trust Fund	291,085	24,850,000	27,879,186	2,830,000	0	91,899
Legal Specializations Fund	2,106,553	1,930,028	1,664,554	0	0	2,372,027
180 Howard Street Fund	4,141,000	1,900,000	6,000,000	0	0	41,000
Technology Projects Fund	3,181,000	0	2,325,000	1,800,000	0	2,656,000
Annual Meeting Fund	111,264	778,000	1,004,759	150,000	0	34,505
Sections Funds	8,016,314	7,544,080	6,997,816	0	0	8,562,578
Public Protection Fund	6,501,500	32,500	0	0	0	6,534,000
Total	32,695,783	151,509,340	171,015,878	6,780,000	6,780,000	13,189,245

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Proposed Budget for 2012-14
Fiscal Year 2013

Fund	Beginning Balance	2013 Revenues	2013 Expenditures	Transfers In	Transfers Out	Ending Balance
General Fund	1,700,139	61,027,600	64,646,899	2,000,000	0	80,840
Admin of Justice Fund	5,469,923	3,405,800	2,037,680	0	4,150,000	2,688,043
Admissions Fund	3,591,536	19,891,332	19,507,850	0	0	3,975,018
Building Assessment Fund	8,089,378	18,100,000	26,050,614	0	0	138,764
Client Security Fund*	-10,845,693	7,400,000	10,846,629	0	0	-14,292,322
Discipline Fund	0	0	0	0	0	0
IT Assessment Fund	61,017	1,800,000	40,973	0	1,800,000	20,044
Justice Gap Fund	13,713	850,000	19,281	0	830,000	14,432
Lawyer Asst Program Fund	267,054	2,000,000	1,994,637	0	0	272,417
Legal Services Trust Fund	291,085	24,850,000	27,879,186	2,830,000	0	91,899
Legal Specializations Fund	2,106,553	1,930,028	1,664,554	0	0	2,372,027
180 Howard Street Fund	4,141,000	1,900,000	6,000,000	0	0	41,000
Technology Projects Fund	3,181,000	0	2,325,000	1,800,000	0	2,656,000
Annual Meeting Fund	111,264	778,000	1,004,759	150,000	0	34,505
Sections Funds	8,016,314	7,544,080	6,997,816	0	0	8,562,578
Public Protection Fund	6,501,500	32,500	0	0	0	6,534,000
Total	32,695,783	151,509,340	171,015,878	6,780,000	6,780,000	13,189,245

* The negative balance in the Client Security Fund reflects accrued future payouts from the fund; the current cash balance in the fund is on-negative.

Proposed Budget for 2012-14
Fiscal Year 2014

Fund	Beginning Balance	2014 Revenues	2014 Expenditures	Transfers In	Transfers Out	Ending Balance
General Fund	80,840	66,127,600	65,533,925	1,700,000	0	2,374,515
Admin of Justice Fund	2,688,043	3,405,800	2,069,345	0	1,850,000	2,174,498
Admissions Fund	3,975,018	19,891,332	19,629,305	0	0	4,237,045
Building Assessment Fund	138,764	0	-985	0	0	139,749
Client Security Fund*	-14,292,322	7,500,000	10,887,786	0	0	-17,680,108
Discipline Fund	0	0	0	0	0	0
IT Assessment Fund	20,044	0	-798	0	0	20,842
Justice Gap Fund	14,432	850,000	19,566	0	830,000	14,866
Lawyer Asst Program Fund	272,417	2,000,000	2,028,252	0	0	244,165
Legal Services Trust Fund	91,899	21,850,000	22,624,210	830,000	0	147,689
Legal Specializations Fund	2,372,027	1,766,827	1,706,375	0	0	2,432,479
180 Howard Street Fund	41,000	1,400,000	1,400,000	0	0	41,000
Technology Projects Fund	2,656,000	0	2,650,000	0	0	6,000
Annual Meeting Fund	34,505	900,000	1,019,622	150,000	0	64,883
Sections Funds	8,562,578	7,544,080	7,046,860	0	0	9,059,798
Public Protection Fund	6,534,000	32,500	0	0	0	6,566,500
Total	13,189,245	133,268,139	136,613,463	2,680,000	2,680,000	9,843,921

* The negative balance in the Client Security Fund reflects accrued future payouts from the fund; the current cash balance in the fund is non-negative.