

# AGENDA ITEM

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**DATE:** September 2, 2014

**TO:** Members, Board Committee on Operations  
Members, Board of Trustees

**FROM:** Thomas A. Miller, General Counsel  
Dina E. Goldman, Supervising Sr. Asst. General Counsel

**SUBJECT:** California Bar Foundation Request to Increase Suggested  
Donation Amount on State Bar Fee Statement

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## EXECUTIVE SUMMARY

The California Bar Foundation ("Foundation") was incorporated in 1989 under its former name the Foundation of the State Bar of California. The Foundation was created as a supporting organization to the State Bar, to support the functions and the charitable, educational, and public benefit purposes of the State Bar. Since the creation of the Foundation, the State Bar has included on its annual member fee statement a line recommending a voluntary donation to the Foundation. The amount of the recommended donation that currently appears on the fee statement is \$50. The Foundation requests that the Board approve increasing the amount of the recommended donation to \$75. The Foundation will agree to spend all revenue obtained through the fee statement on projects related to the State Bar's mission and in compliance with legal limitations and restrictions applicable to the Bar.

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## BACKGROUND

The California Bar Foundation ("Foundation") was incorporated in 1989 under its original name of the Foundation of the State Bar of California. The Foundation was created as both a tax-exempt charitable organization under section 501(c)(3) of the Internal Revenue Code and a supporting organization to the State Bar under section 509(a)(3) of the Internal Revenue Code. At its July meeting, the Board of Trustees approved the Foundation's request to become an independent 501(c)(3) nonprofit corporation. Since its creation, the Foundation has received part of its funding through a recommended voluntary donation line that appears on the State Bar's annual member fee statement. Currently, the recommended donation is \$50. In 2013, the Foundation raised approximately \$238,000 in revenue from the voluntary donations received through the fee statement.

In accordance with the Board action taken in July, the Foundation will sign an agreement with the State Bar confirming that it will spend all revenue that it receives from the State Bar on projects related to the Bar's mission and in compliance with legal limitations or restrictions that may apply to the State Bar as a state agency.

## **ISSUE**

Should the Board of Trustees approve the Foundation's request to increase from \$50 to \$75 the suggested donation line to the Foundation on the State Bar's annual fee statement?

## **DISCUSSION**

Since 1991, the Bar has included a line with a recommended donation to the Foundation on the annual fee statement. Currently, the recommended amount of donation is \$50. In 2013, the Foundation received approximately \$238,000 in revenue through donations received via the recommended donation on the fee statement. The Foundation has requested that the Board increase the recommended donation to \$75 with the hope that the Foundation will receive increased amounts of revenue from donations.

The Foundation's mission is to champion full and equal access to the justice system, invest in the next generation of California's lawyers, educate Californians about their rights and responsibilities under the law, and promote philanthropy throughout the legal community. To advance this mission, the Foundation funds projects and scholarships. In July, when the Board approved the Foundation's request to become an independent non-profit corporation, the Board's resolution directed that staff execute an agreement with the Foundation to ensure that money that flows to the Foundation from the State Bar will be spent only on projects related to the Bar's mission and subject to applicable legal restrictions. That agreement is currently being finalized. Any revenue received by the Foundation through the fee statement would be required to be spent on projects which forward the Bar's mission and comply with legal limitations or restrictions that are applicable to the State Bar as a state agency.

## **FISCAL / PERSONNEL IMPACT:**

The impact that the requested increase may have on the total donations to the Foundation or to other funds listed on the fee bill are unknown.

## **RULE AMENDMENTS:**

N/A

## **BOARD BOOK IMPACT:**

N/A

## **RECOMMENDATION**

The California Bar Foundation requests that the Board of Trustees increase from \$50 to \$75 the suggested donation line to the Foundation on the State Bar's annual fee statement.

## **PROPOSED BOARD COMMITTEE RESOLUTION:**

Should the Board Committee on Operations agree with the Foundation's request, the following resolution would be appropriate:

**RESOLVED**, that the Board Committee on Operations recommends that the Board increase from \$50 to \$75 the suggested donation line to the California Bar Foundation on the State Bar's annual fee statement, subject to execution of the agreement between the State Bar and the Foundation regarding appropriate expenditures and legal restrictions on revenue the Foundation obtains through the State Bar.

## **PROPOSED BOARD OF TRUSTEES RESOLUTION:**

Should the Board concur with the Board Committee on Operations' recommendation, the following resolutions would be in order:

**RESOLVED**, that upon the recommendation of the Board Committee on Operations, the Board hereby increases from \$50 to \$75 the suggested donation line to the California Bar Foundation on the State Bar's annual fee statement, subject to execution of the agreement between the State Bar and the Foundation regarding appropriate expenditure of and legal restrictions on revenue the Foundation obtains through the State Bar.