

AGENDA ITEM

111 MARCH 2015

DATE: February 19, 2015

TO: Members, Board Executive Committee
Members, Board of Trustees

FROM: Michael G. Colantuono, Board of Trustees
James P. Fox, Board of Trustees

SUBJECT: President's Reimbursement Policy– Proposal to Revise Board Book, Tab 8, Article 1, Section 5 (a) (b) (c)

EXECUTIVE SUMMARY

Currently the President of the State Bar receives a \$30,000 annual allowance, disbursed at the President's discretion, for extraordinary expenses beyond normal State Bar reimbursement for necessary expenses connected with the performance of his/her duties.

The President is also currently compensated for his actual and necessary expenses for attendance at non-State Bar events at which he or she appears on behalf of the Bar.

On January 16, the Audit Committee considered revisions to Board Book, Tab 8, Article 1, Section 5 (a)(b)(c), to specify that:

1. \$30,000 is appropriated on a continuing basis to fund the reasonable and necessary expenses of the President;
2. the President may be reimbursed for his or her cost to attend an event as a representative of the State Bar;
3. such reimbursements shall be funded from sources other than mandatory dues; and
4. such reimbursements shall be consistent with the requirement of Business & Professions Code section 6028, subdivision (c) that no attorney Trustee be compensated for service.

President Holden has asked that Trustees Colantuono and Fox present their findings to the Board Executive Committee at its March 12, 2015 meeting.

BACKGROUND

In 1971 the Board established the Presidential stipend to offset extraordinary expenses paid for by the President for which normal State Bar reimbursement was not available (Board Book, Tab 8 - Board Compensation, §5). The amount in effect from 1988 – 2005 was \$24,000. It was increased to \$30,000 in 2006.

Pursuant to a policy the Board adopted in 1985, the President receives reimbursement for necessary expenses connected with the performance of his/her duties related to attendance at non-State Bar events. Historically this has meant attendance at the ABA Midyear Meeting, ABA Bar Leadership Institute (BLI), Western States Bar Conference, ABA Annual Meeting – National Conference of Bar Presidents (NCBP), and district meetings and local bar outreach. (Board Book, Tab 8 – Board Compensation, §6).

Attorney Board members are reimbursed only for necessary expenses connected with the performance of their duties. Business and Professions Code section 6028 (b) expressly states “...no member of the board shall receive any other compensation than his or her necessary expenses connected with the performance of his or her duties as a member of the board.”

Pursuant to Business and Professions Code section 6028 (c), Public Members may receive fifty dollars (\$50) per day for each day actually spent in the discharge of official duties, the amount not to exceed five hundred dollars (\$500) per month. Public Members are also compensated for necessary expenses connected with the performance of their duties.

Bar staff asked the Audit Committee to consider further elaborating the current policy regarding the President’s Allowance to provide greater guidance to the President and future Presidents and Bar staff as to allowable uses of that funding. The Audit Committee referred the request to the President and he tasked Trustees Colantuono and Fox with developing a proposal for that elaboration to be considered by the Board Executive Committee.

The language proposed here provides a continuing appropriation of \$30,000 for the reasonable and necessary expenses of the President, limits it to expense reimbursement, and follows existing Bar policy for business and travel expenses of Bar management staff. It does clarify, however, that the President may use the appropriated funds to purchase tickets and to cover other costs to attend events on behalf of the Bar.

Business and Professions Code section 6024 describes the duties of the president as follows:

1. presiding at all meetings of the State Bar and of the board; and
2. that the president may vote only in the case of a tie vote of the other members of the board present and voting.

(Origin: State Bar Act, §17. Amended by Stats. 1985, ch. 465.)

However, a review of activities outlined in the Presidents Handbook reveals a greater scope of duties, which include those related to district meetings and outreach to stakeholders and constituents which will necessarily require more travel and other expenses than are incurred by other Trustees.

RECOMMENDATION

If the State Bar is to continue to approve funding the appropriation for the President's additional expenses pursuant to Board Book, Tab 8, Article 1, Section 5, Trustees Colantuono and Fox recommended the Board adopt the proposed amended language to clarify that it is to be used for reasonable and necessary expenses and that the President may also be reimbursed for his or her cost to attend an event as a representative of the State Bar. However, such reimbursements must be funded from sources other than mandatory dues and consistent with the requirement of Business & Professions Code section 6028, subdivision (c) that no attorney Trustee be compensated for service.

FISCAL / PERSONNEL IMPACT

None

RULE AMENDMENTS

None

BOARD BOOK IMPACT

Amend Tab 8, Article 1, Sections 5 and 6 and replace with a new Section 5 as attached.

PROPOSED BOARD COMMITTEE RESOLUTION:

Should the Board Executive Committee agree with the above recommendation, the following resolution would be appropriate:

RESOLVED, that the Board Executive Committee approves the revisions to Tab 8, Article 1, Sections 5 and 6 of the Board Book, as attached, and recommends that the Board direct staff to make those changes.

PROPOSED BOARD OF TRUSTEES RESOLUTION:

Should the Board concur with the Board Executive Committee's recommendation, the following resolution would be in order:

RESOLVED, that upon the recommendation of the Board Executive Committee, the Board hereby approves the revisions to Tab 8, Article 1, Sections 5 and 6 of the Board Book, as attached, and directs staff to make those changes.