

PROPOSED NEW DESCRIPTION OF FUNDS

PROGRAM FUNDS

Restricted Funds

- ***Client Security Fund.*** Maintains funds from which members' clients can be reimbursed for pecuniary losses resulting from dishonest conduct on the part of their attorneys. Such reimbursement is discretionary and, currently, is not to exceed \$100,000 per application for reimbursement on any one transaction, as prescribed by the Board of Trustees. This fund is replenished through annual assessments of \$40 per active member and \$10 per inactive member.
- ***Elimination of Bias and Bar Relations Fund.*** Supports activities with voluntary bar associations and programs that address concerns of access and bias in the legal profession. This fund is supported by a fee of \$5 and is part of the annual membership fees; however, members who do not wish to fund these activities have the option to not remit this fee.
- ***Equal Access Fund.*** Since 1999, the California Budget Act has included funds to provide free legal services in civil matters for indigent Californians. The funds are in the budget of the State Judicial Council for grants to be administered by the State Bar's Legal Services Trust Fund Commission through the Equal Access fund. The Judicial Council contracts with the State Bar for the administration of these funds, which currently consist of grants to approximately 100 nonprofit legal aid organizations, and reimburses the State Bar for its administrative expenses. In 2005, the Uniform Civil Fees and Standard Fee Schedule Act (AB 145) was approved by the Legislature and the Governor. The Act established a new distribution of \$4.80 per filing to the Equal Access Fund. These revenues were collected by the trial courts starting in January 2006 to fund grants to nonprofit legal aid organizations for the grant year.
- ***Information Technology Special Assessment Fund.*** The Information Technology Special Assessment Fund is used to upgrade the State Bar's information technology systems, including purchasing and maintenance costs of both computer hardware and software. This fund was supported by a special assessment fee of \$10 from all active members, which sunsetted after December 31, 2013.
- ***Justice Gap Fund.*** Used to help close the justice gap for needy Californians by voluntary donations to legal aid, pursuant to AB 2301. Members may contribute more or less than the recommended donation or elect to make no donation.
- ***Lawyer's Assistance Program Fund.*** Established for the protection of the public, the courts and the legal profession by providing education, remedial and rehabilitative programs to those members of the State Bar who are in need of assistance as a result of disability related to substance abuse or mental illness. This fund is replenished through annual assessments of \$10 per active member and \$5 per inactive member.

- ***Legislative Activities Fund.*** Accounts for the consideration of measures that are deemed outside of the parameters established in Keller vs. the State Bar, the purview determination and any litigation in support or defense of that lobbying. Such activities are funded by members electing to support these activities. This fee of \$5 is part of the membership fees; however, members have the option to not remit this fee.
- ***Legal Services Trust Fund.*** Used to expand the availability and improve the quality of existing free legal services in civil matters to indigent persons and to initiate new programs that would provide such services. Under this program, interest earned on certain client trust accounts held by California attorneys is legally required to be forwarded to the State Bar and, after deduction of the State Bar's administrative costs, the remainder is to be distributed as grants. In addition, the Trust Fund is supplemented by an increase in the annual fee mandated by Section 6140.03 of the Business and Professions Code. In 2015, section 6140.3 allocated \$40 of the membership fee to the Trust Fund. Under the legislation, members may elect to reduce their fees by this amount if they choose not to support the activities authorized under this bill. The funding associated with the \$40 optional fee will be directed to the State Bar's Legal Services Trust Fund Program for distribution to nonprofit organizations that provide free civil legal services to low-income Californians.
- ***Legal Specialization Fund.*** Accounts for the certification of legal specialists in areas of family law; criminal law; taxation law; immigration and nationality law; workers' compensation law; personal and small business bankruptcy law; estate planning, trust and probate law; and appellate law. Resources are provided by application fees, certification fees, recertification fees and annual membership fees.

Special Revenue Funds

- ***Admissions Fund.*** Accounts for fees and expenses related to administering the bar examination and other requirements for the admission to the practice of law in the State of California.
- ***Annual Meeting Fund.*** Accounts for Annual Meeting registration fees and expenses. The Annual Meeting Fund allocates its revenues and expenses among itself, the Conference of Delegates of California Bar Associations, which operates as an independent entity, and the Sections Fund.
- ***Grants Fund.*** Used to account for the various grants received and special projects undertaken by the State Bar.
- ***Sections Fund.*** Accounts for the activities of sixteen sections, which consist of specific practice areas or areas of professional interest and provides members with a vehicle for communicating with each other, educating themselves, and commenting on relevant legislation. Resources are provided through assessments of the sections' membership and revenue from seminars and workshops.

General Fund

All other revenues, expenditures and other uses will be accounted for in the General Fund. These funds will be generally available for State Bar purposes, subject to budget priorities set by the Board. Consolidation of these funds will supersede previous Board policy regarding use of these funds. However, previous policy adopted by the Board, requiring adoption of the budget at the cost center level in addition to the fund level, and requiring reporting and approval of interdepartmental cost-center transfers, remains in place and unchanged.

Current funds that are recommended for consolidation into the General Fund are:

- *General Fund*
- *Howard Building Fund*
- *Legal and Education Development Fund*
- *Los Angeles Facility Fund*
- *Public Protection Fund*
- *Support and Administration Fund*
- *Technology Improvement Fund*
- *Fixed Assets Fund*
- *Benefits Reserve Fund*

FIDUCIARY FUND

State Bar Access and Education Fund. The Foundation is a nonprofit public benefit corporation that conducts activities that are charitable and educational on behalf of the State Bar. The Foundation is governed by a Board of Directors that consists of the Executive Director, Deputy Executive Director and Assistant Secretary. The State Bar provides administrative services to the Foundation in a third party, trustee capacity. These funds are not available for the State Bar's operations.