

AGENDA ITEM

704 MARCH 2017

DATE: March 10, 2017

TO: Members, Board of Trustees

FROM: Leah Wilson, Chief Operating Officer
Christine Wong, Chief Financial Officer

SUBJECT: 2017 Final Budget: Summary of Changes Since Jan 26

EXECUTIVE SUMMARY

On January 26, 2017, the Board of Trustees adopted the State Bar's 2017 Final Budget. Pursuant to resolution (JAN_702), the Board authorized staff to make technical adjustments and corrections the Budget prior to submitting it to the Legislature and Supreme Court on February 15, 2017.

This agenda summarizes those technical adjustments in corrections, which in the aggregate increased the 2017 budget by \$331,000.

BACKGROUND

None.

DISCUSSION

On February 15, staff filed the 2017 Proposed Final Budget with the Legislature and the Supreme Court. That filing is provided as Attachment A.

Outlined below are changes between the January 26, 2017, version of the budget approved by the Board and the February 15 submission. A summary of the fiscal impact of these changes on the Consolidated Fund Condition and Reserve Levels Statement is provided as Attachments B and C respectively.

1. Personnel & Benefit Costs – revised assumptions to include anticipated special pay for separation, a 5% step increases for all confidential staff to match what was afforded to represented employees, and a 2.5% increases State Bar Court judges effective July 1. The 2017 5% budgeted salary increase for judges is projected at the same level as in the 2016 budget. In addition, the Budget presented on Jan 26 included salary increases for a few executives by error. With the correction of that misstatement, the net fiscal impact of Personnel and Benefit Cost changes is \$121,500.

2. Finger Printing (Admissions) – increased budget by \$30,000 due to operational change resulting in increased fingerprint processing charges.

3. Professional Services (Finance) – increased budget provision by \$130,000 for the 2017 California State Audit performance audit fee. This fee was estimated for \$250,000 when the contract was not finalized during the budget development process. The final contracted fee is

\$375,000. The adjustment is to capture the additional fee that was under budgeted in the January 26 Budget.

4. Professional Services (Office of Executive Director) – increased by \$100,000 for estimated personnel investigation and other professional services costs.

5. Computer Software (IT) – increased budget by \$50,000 for future enterprise project software upgrade; this purchase was underbudgeted in January.

6. Temporary Help (IT) – reduced budget by \$100,000 to reflect actual 2017 funding needs.

7. LAP Chargeback (to Admissions) – expense chargeback from LAP to Admissions for costs associated with LAP services provided to pre-admits referred to the program by the Committee of Bar Examiner. \$41,925 budget increase for Admissions with corresponding decrease to LAP.

8. CMS Maintenance & Professional Services (IT) – revised budget line items from Professional Services to Software Maintenance for \$178,290 due to misclassification.

In addition, the December 31, 2016, projected beginning reserve balances were restated to reflect the most current fiscal position of each fund. The indirect costs are also updated accordingly to reflect the above budget adjustments. The revised 2017 indirect costs are \$31,304,000, an increase of \$100,000 compared to \$31,304,000 in the Budget presented to the Board on January 2, 2017. Net budget increases from the above adjustments are \$330,690.

FISCAL/PERSONNEL IMPACT

None.

RULE AMENDMENTS

None.

BOARD BOOK IMPACT

None.

BOARD GOALS & OBJECTIVES

BOARD COMMITTEE RECOMMENDATIONS

None.

ATTACHMENT(S) LIST

A. 2017 Proposed Final Budget

B. Summary of Budget Changes

C. Revised Consolidated Fund Condition and Reserve Levels Statement