

Proposed 2017 Budget Adjustments - By Item

Item	Cost Center	Object Code	Account Description	2017 Adopted Budget	Proposed Adjustment	2017 Amended Budget	Explanation
1) Budget Amendment Due to Variance:							
1	32	30120	Voluntary Dues/Donations	(600,000)	(300,000)	(900,000)	Justice Gap and LSTF donations were conservatively budgeted due to the uncertainties of online billing. Year to Date donations have exceeded both annual budgets. Staff recommends increasing the Justice Gap budget by \$300K and Legal Services by \$175K.
	28	30120	Voluntary Dues/Donations	(6,325,000)	(175,000)	(6,500,000)	
2	37	34510	Investment Income	-	(200,000)	(200,000)	Bank Settlement Investment Income not budgeted for 2017. May YTD Actual has surpassed \$100K. Staff recommends increasing the budget by \$200K.
3	20009	31210	Applicant Fees-New July	(5,000,000)	(300,000)	(5,300,000)	There was a decline of 280 February New Attorney Applicants (1,364 vs 1,644) compared to the prior year. At a rate of \$983 per applicant, this resulted in \$300K less revenue than was budgeted, assuming the same number of applicants as the prior year.
	20009	31120	Attorney Applic.-New February	(1,560,000)	300,000	(1,260,000)	
	20009	31220	Attorney Applicant Fees-New July	(1,450,000)	(500,000)	(1,950,000)	For July, there are 499 more general applicants compared to the prior year (7,981 vs. 7,482 at a rate of \$677), 502 more attorney applicants (2,051 vs. 1,549 at a rate of \$983). Combined, there are 1,001 more applicants. The laptop fee, at a rate of \$153, has exceeded the annual budget by approximately \$150K. Staff recommends increasing New Applicant Fees (July) by \$300K, New Attorney Applicant Fees (July) by \$500K, and Laptop Fees (July) by \$100K. Staff further recommends reducing New Attorney Applicant Fees (February) by \$300K to align the exam income with the 2017 trend.
	20009	31240	Laptop Fee-July	(1,260,000)	(100,000)	(1,360,000)	

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2) Budget Amendment to Correct Technical Inaccuracies:							
4	10801	35710	MCLE Self Study Test	-	(120,000)	(120,000)	MCLE Study Revenue was not included in the adopted budget due to a technical error. Staff recommends increasing the budget by \$120K.
5	18004	38331.01	BOA-Pass Thru to Foundation	-	156,000	156,000	Revenue offset to capture estimated Royalty Income for BOA, UPS, and Office Max was not included in the budget due to a technical error. Staff recommends increasing the budget for this revenue reduction by \$156K.
6	10001	40159	Miscellaneous Benefits	-	84,000	84,000	Supplemental benefits for Pay in lieu of benefits, Housing, and 457 reimbursement. Staff recommends increasing the budget by \$84K.
7	20009	35720	MCLE Provider Fees	(9,000)	9,000	-	MCLE revenue transferred from Admissions Fund to Member Services, but was redundantly captured in Admissions. Staff recommends reducing the budget by \$254K to remove this duplicate amount.
	20009	35730	MCLE Provider Renewal Fees	(140,000)	140,000	-	
	20009	35740	MCLE Activity Fees	(105,000)	105,000	-	
8	23001	44100	Reporting and Transcribing	100,000	(100,000)	-	Removal of redundant budget for employment investigations.
9	74001	47310	Sections Assessment	83,100	(83,100)	-	Correction of Sections Assessment amounts.
	80001	47310	Sections Assessment	61,400	(61,400)	-	
10	23310	42180	Parking - Lease Contracts	-	140,000	140,000	Contractual obligation for LA Parking.
11	10408	40110	Salaries - Regular	767,800	79,100	846,900	Transfer of personnel costs between programs. Impact is neutral.
	10408	40140	Payroll Tax Allocation	58,700	6,051	64,751	
	10408	40150	Fringe Allocation	214,400	22,093	236,493	
	10310	40110	Salaries - Regular	24,124,900	(79,100)	24,045,800	
	10310	40140	Payroll Tax Allocation	1,852,800	(6,051)	1,846,749	
	10310	40150	Fringe Allocation	6,738,100	(22,093)	6,716,007	
	23001	40115	Salaries - Special	-	95,000	95,000	
	23001	40140	Payroll Tax Allocation	-	7,268	7,268	
	10310	40115	Salaries - Special	95,000	(95,000)	-	
	10310	40140	Payroll Tax Allocation	-	(7,268)	(7,268)	

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3) Budget Amendment to Capture Unanticipated Incomes and Expenses:							
12	20001	43510	Professional Services	68,500	100,000	168,500	Additional consultants will be engaged to conduct studies regarding the bar exam. Staff recommends increasing the budget by \$100K.
13	12447	36010	Grant Revenue	-	(10,000)	(10,000)	Bar Foundation Grant in the amount of \$10K for Effective Lawyering Curriculum.
	12447	40550	Travel - Volunteers	-	5,000	5,000	
	12447	43510	Professional Services	-	5,000	5,000	
14	16001	40110	Salaries - Regular	113,800	24,495	138,295	Transfer of personnel costs between programs. Impact is neutral.
	16001	40140	Payroll Tax Allocation	8,700	1,874	10,574	
	16001	40150	Fringe Allocation	31,800	6,841	38,641	
	23001	40110	Salaries - Regular	2,951,600	(24,495)	2,927,105	
	23001	40140	Payroll Tax Allocation	225,800	(1,874)	223,926	
	23001	40150	Fringe Allocation	824,400	(6,841)	817,559	
	23350	40110	Salaries - Regular	886,800	21,820	908,620	
	23350	40140	Payroll Tax Allocation	67,800	1,669	69,469	
	23350	40150	Fringe Allocation	247,700	6,094	253,794	
	18002	40110	Salaries - Regular	103,500	(21,820)	81,680	
	18002	40140	Payroll Tax Allocation	7,900	(1,669)	6,231	
	18002	40150	Fringe Allocation	28,900	(6,094)	22,806	
4) Initiatives funded from Projected General Fund Savings:							
15	10310	40110	Salaries - Regular	NA	(550,000)	NA	OCTC Salary and Benefit Savings to fund new initiatives.
	26	42190	Repairs and Maintenance - Building	NA	550,000	NA	Office Reconfiguration to Support OCTC Expansion. 100% financed by OCTC salary saving
16	26	42010	Building Improvements	1,700,000	430,000	2,130,000	Increase in Howard building improvement costs \$430K. Approximately 62% or \$267K is allocated to the GF. The remaining cost of \$163K will be allocated to various (non-General Fund) programs.
	26	47210	Indirect Cost Allocation	NA	(430,000)	NA	
17	19030	41540	Equipment - Hardware Purchases	-	700,000	NA	Oracle ERP Upgrade. Projected expenses for 2017 is \$700K. 74% or \$518K is allocated to the GF. Remaining cost for \$182K will be allocated to various non-General Fund programs.
	19	47210	Indirect Cost Allocation - IT Fund	NA	(700,000)	NA	
18	23101	43510	Professional Services	550,000	150,000	700,000	Provision for profession service fees related to policy and procedures review and internal control audit in 2017. approximately 58% or \$87K will be allocated to the GF and remaining costs for \$63K will be allocated to various non-GF programs.
	23	47210	Indirect Cost Allocation	NA	(150,000)	NA	

2017 Budget Amendment Summary by Fund

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Fund Description	12/31/2016 Reserve Balance	2017 Adopted Budget					2017 Budget Amendment				
		Revenue	Expense	Indirect Cost	Fund Transfers	12/31/2017 Reserve Balance	Increase/ (Decrease) in Revenue	Increase/ (Decrease) in Expenses	Estimated Change in Indirect Cost	Amount Funded by Savings	12/31/2017 Reserve Balance After Amendment
						(A)	(B)	(C)	(D)	(E)	(A)+(B)-(C)-(D)-(E)
Consolidated General Fund											
General Fund (10)	11,860,000	68,714,000	(55,758,000)	(18,171,000)	(1,600,000)	5,045,000	120,000	532,000	952,000	(1,484,000)	5,165,000 (1)
Building Fund (26)	4,291,000	1,365,000	(1,700,000)	986,000	-	4,942,000		430,000	(430,000)	-	4,942,000
Legal Educ. And Dev. Fund (18)	7,934,000	2,154,000	(242,000)	-	-	9,846,000	(156,000)	(29,600)	5,000	-	9,714,600
LA Facility Fund (35)	(4,948,000)	447,000	(2,300,000)	2,300,000	-	(4,501,000)			-	-	(4,501,000)
Public Protection Fund (25)	6,510,000	-	-	-	-	6,510,000			-	-	6,510,000
Support & Adm (23)	-	-	(24,333,000)	24,733,000	(400,000)	-		293,000	(293,000)	-	-
Technology Fund (19)	3,851,000	-	(4,334,000)	(784,000)	400,000	(867,000)		700,000	(667,000)	-	(900,000) (2)
Fixed Asset Fund (15)	-	-	-	-	-	-			-	-	-
Benefit Reserve Fund (34) (Designated)	-	-	-	-	-	-	-	-	-	-	-
Total Consolidated General Fund:	29,498,000	72,680,000	(88,667,000)	9,064,000	(1,600,000)	20,975,000	(36,000)	1,925,400	(433,000)	(1,484,000)	20,930,600
Special Revenue Fund Group:											
Admissions Fund (20)	4,158,000	20,956,000	(16,449,000)	(4,694,000)	1,000,000	4,971,000	346,000	100,000	225,000	-	4,992,000
Annual Mtg Fund (14)	(81,000)	-	-	-	-	(81,000)			-	-	(81,000) (3)
Grant Fund (12)	452,000	6,000	(6,000)	-	-	452,000	10,000	10,000	-	-	452,000
Sections (70-89)	7,898,000	9,006,000	(7,358,000)	(1,655,000)	-	7,891,000		(144,500)	86,000	-	7,949,500
Total Special Revenue Fund Group:	12,427,000	29,968,000	(23,813,000)	(6,349,000)	1,000,000	13,233,000	356,000	(34,500)	311,000	-	13,312,500
Restricted Fund Group:											
Legislative Activities Fund (16)	552,000	102,000	(330,000)	(66,000)	-	258,000	-	33,200	3,000	-	221,800
Elimination of Bias Fund (17)	470,000	-	(433,000)	(100,000)	-	(63,000)	-	-	5,000	-	(68,000) (4)
Lawyer Assistance Program (21)	2,989,000	2,085,000	(1,201,000)	(449,000)	-	3,424,000	-	-	16,000	-	3,408,000
Legal Specialization Fund (24)	6,109,000	430,000	(4,609,000)	(764,000)	(1,000,000)	166,000	-	-	43,000	-	123,000
Client Security Fund (27)	1,439,000	8,030,000	(6,734,000)	(564,000)	1,600,000	3,771,000	-	-	16,000	-	3,755,000
Info. Tech Special Assessment Fund (31)	1,217,000	-	-	-	-	1,217,000	-	-	-	-	1,217,000 (2)
Legal Service Trust Fund (28)	5,608,000	12,450,000	(14,471,000)	(718,000)	2,133,000	5,002,000	175,000	-	37,000	-	5,140,000
Equal Access Fund (29)	1,753,000	19,653,000	(19,225,000)	(15,000)	-	2,166,000	-	-	-	-	2,166,000
Justice Gap Fund (32)	1,659,000	602,000	-	(9,000)	(2,133,000)	119,000	300,000	-	-	-	419,000
Bank Settlement Fund (37)	44,103,000	-	(5,503,000)	(30,000)	-	38,570,000	200,000	-	2,000	-	38,768,000
Total Restricted Fund Group:	65,899,000	43,352,000	(52,506,000)	(2,715,000)	600,000	54,630,000	675,000	33,200	122,000	-	55,149,800
Grand Total:	107,824,000	146,000,000	(164,986,000)	-	-	88,838,000	995,000	1,924,100	-	(1,484,000)	89,392,900

Note: (1) Staff proposes to fund the GF budget increase for \$1,484,000 with projected GF savings.

(2) The \$900K projected negative balance in the Technology Fund is due to the \$4.1 million CMS project cost budget in 2017.

In 2015, Board approved to spend the \$1.2M fund balance in the IT Special Assessment Fund to finance the CMS project.

When the CMS project cost is finalized by end of 2017, staff will prepare fund transfer from the IT Special Assessment Fund to correct the negative balance in the Technology Fund.

(3) \$81K negative fund balance in the Annual Meeting Fund is from prior year deficit. Staff will propose resolution to correct this fund balance in the next board meeting.

(4) The 2017 adopted budget projected \$0 revenue in the EOB Fund because of the elimination of \$5 optional fee in the 2017 Fee Bill.

Fees collected in EOB Fund as of May 2017 is approximately \$90K. Staff will propose resolution to correct the deficit in the next Board meeting.

Proposed 2017 Budget Adjustments - Impact to the Unconsolidated General Fund

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<u>Description</u>	<u>Cost Center</u>	<u>Changes - GF</u>	<u>Explanation</u>
		\$	
A. Revenue:			
1. MCLE Self Study	10801	120,000	Budget Adj #4 - Technical adjustment
Total Increase/(Decrease) to Revenue		<u><u>120,000</u></u>	
<u>Description</u>	<u>Cost Center</u>	<u>Changes - GF</u>	<u>Explanation</u>
		\$	
B. Operating Expenses:			
1. Separation pay cost center correction	10310	(102,268)	Budget Adj #11 - Technical adjustment - expense was incorrectly recorded in OCTC in the adopted budget
2. Cost Center correction for Case Administrator's salary	10310	(107,244)	Budget Adj # 11 -Payroll budget correction
	10408	107,244	
3. Executive Director Office: Executive Benefits	10001	84,000	Budget Adj #6 -Technical adjustment
OCTC - Office Reconfiguration	10310	550,000	Budget Adj #15- OCTC Office configuration. 100% financed by OCTC saving
Total Increase/(Decrease) to Operating Expenses		<u><u>531,732</u></u>	
C. Increase to Indirect Cost Allocation:			
		<u>GF Allocation %</u>	
1. Separation pay cost center correction	23001	102,268	58% Budget Adj #11 -Technical adjustment
2. Employment Investigations	23001	(100,000)	58% Budget Adj # 8 -Removal of redundandant budget amount
3. Parking Lease Contracts	23310	140,000	58% Budget Adj #10 -Technical adjustment: unbudgeted charges
4. Finance Internal Control Audit	23101	150,000	58% Budget Adj # 18 - internal control audit and policies review.
5. Howard Street Building Improvement	26	430,000	62% Budget Adj # 16-Howard Bldg improvement
10. Oracle ERP System Upgrade	19030	700,000	74% Budget Adj # 17 - Oracle ERP system upgrade
Estimated Indirect Costs Allocated to GF:		<u>\$ 952,000</u>	
Net Impact to the General Fund		<u><u>\$ 1,363,732</u></u>	