



The State Bar *of California*

# Discussion of 2023 Budget

Finance Committee, January 19, 2023

# Agenda

- Budget Scenarios
  1. Revised preliminary budget (\$5M)
  2. Less GF reserve spending (\$3M)
  3. More reserve spending (\$8M)
- Spending Authority Pending Formal Budget Adoption



# Scenario 1: Revised Budget, \$5M use of Reserves

	Projected Revenues	Project Expenses	Overall Deficit	Projected Reserve
General Fund	\$91.4M	\$96.3M	(\$4.9M)	\$5.4M

## ➤ GF budget assumptions:

- recent COLA fully funded
- 15% salary savings based on historical trends
- 2 in-person sub-entity meetings and 4 BOT in-person meetings
  - JNE all in-person meetings but reduced 1 vs 2-day meetings
- IT spending to support core operations plus limited funds for IT infrastructure, security, strategic plan initiatives
- funding in MAAD for 1 additional external auditor to handle OCTC/2201 matters
- SF building costs budgeted only 6 months → building sold in latter part of 2023
- 4 new positions in OCTC
- \$400K in to support access and DEI work not funded by grants
- \$150K in staff training
- \$200K for communications
- \$100K in staff travel
- Eliminated one vacant position and second position budgeted only for 6 months



## Scenario 2: \$3.3M use of Reserves

	Projected Revenues	Project Expenses	Overall Deficit	Projected Reserve
General Fund	\$91.4M	\$94.7M	(\$3.3M)	\$7.0M

### ➤ GF budget assumptions:

- No more than 1/3 of reserves used
- Same assumptions as scenario 1, except:
  - Eliminate 4 new OCTC positions - \$449K
  - Eliminate all temp and casual help - \$940K
  - Reduce in-person BOT meeting to 2 per year - \$23.6K
  - Reduce in-person JNE meetings to 2 per year - \$84K
  - Reduce staff training and communications budget - \$110K
- Total reductions = \$1.6M



## Scenario 3: \$8.1M use of Reserves

	Projected Revenues	Project Expenses	Overall Deficit	Projected Reserve
General Fund	\$91.4M	\$99.5M	(\$8.1M)	\$2.2M

### ➤ GF budget assumptions:

- More use of reserves
- Same assumptions as scenario 1, except:
  - Fund entire year of SF building operations - \$1.7M
  - Fund entire year of SF debt service payments - \$870K
  - Addition of professional services for 2201 program - \$400K
  - Addition of IT professional services - \$230K
- Total additions = \$3.2M
- Decrease salary savings from 15% to 10% - \$4.7M (not included above)



# Other Discretionary Budget Components

- Discretionary items to consider for additional savings:
  1. 6 month freeze on all open/vacant positions – \$791K
  2. Cut licensee preventative education funding - \$146K
  3. Cut CTAPP customer service support - \$100K



# Spending Authority

- November 2022 obtained spending authority through budget adoption not to exceed \$105M
- Requesting additional \$75M in spending authority to cover the anticipated spending in February

