



The State Bar of California

OPEN SESSION AGENDA ITEM NOVEMBER 2023 FINANCE COMMITTEE IV.B

DATE: November 16, 2023

TO: Members, Finance Committee

FROM: Aracely Montoya-Chico, Chief Financial Officer

SUBJECT: Request for 2024 Spending Authority Pending Formal Budget Adoption and 2024 Preliminary Budget Assumptions

EXECUTIVE SUMMARY

The State Bar's annual budget must be adopted and filed with the Legislature by February 28 each year. With respect to the 2024 budget, Board adoption will occur at the Board's January 2024 meeting or at a specially set meeting in February. State Bar staff needs spending authority for the period January 1, 2024, through Board adoption of the final budget. The Finance Committee charter delegates authority from the Board of Trustees to the Finance Committee to provide this authorization.

In addition, the preparation of the 2024 budget is underway by the Office of Finance. This agenda item highlights some of the key assumptions being incorporated into the development of the budget.

BACKGROUND

The Board Book delegates the responsibility to approve spending authority pending final board approval of a budget to the Finance Committee.

The Office of Finance has begun the 2024 budget development process. As part of this effort, key assumptions and budget principles have been established. This agenda item and the related discussion affords the Finance Committee the opportunity to weigh in on these assumptions and principles.

DISCUSSION

The Board of Trustees' adoption of the final annual budget is anticipated to occur in late January or February. As such, staff is requesting spending authority through the date of Board adoption of the final 2024 budget. This authorization is limited to average monthly expenditures for the prior year in addition to expenditures previously approved by the Board of Trustees.

The Finance Committee is also asked to consider the preliminary underlying assumptions guiding the 2024 budget development process. These include:

- a. Basing the budget on the 2024 projected budget submitted to the legislature in August 2023 (see Attachment A). Note that this projection reflected the cost of ownership, rather than leaseback, of 180 Howard Street. This aspect of the budget will need to be finalized once the status of the building sale is known.
- b. Amending the August 2024 budget projection numbers in mission critical areas such as personnel costs, with a particular focus on those areas where costs have escalated subsequent to the August submission (for example, health care premium costs).

FISCAL/PERSONNEL IMPACT

Spending authority is sought for approximately two months' worth of expenditures, an amount that totals \$115 million. Of that amount, nearly \$90 million is for grant disbursements expected to be paid during the first two months of the year.

AMENDMENTS TO RULES

None

AMENDMENTS TO BOARD OF TRUSTEES POLICY MANUAL

None

STRATEGIC PLAN GOALS & IMPLEMENTATION STEPS

None – compliance

RECOMMENDATIONS

Should the Finance Committee concur in the proposed action, passage of the following resolution is recommended:

RESOLVED, that the Finance Committee provides spending authority to the State Bar staff for the period January 1, 2024, to the date of the Board of Trustees' adoption of the 2024 budget at an expenditure level not to exceed \$115 million.

ATTACHMENT LIST

- A. [August 2023 Legislature Update](#)